



The Honorable John McCain
Chairman, Committee on Armed Services
United States Senate
218 Russell Senate Office Building
Washington, DC 20510

February 25, 2016

Dear Chairman McCain:

We write to urge you to allow the advanced purchase of materials needed for the construction of the next two U.S. Navy *Gerald R. Ford*-class aircraft carriers, *Enterprise* (CVN 80) and the yet-to-be-named CVN 81.

Buying materials in advance for the construction of the next two *Gerald R. Ford*-class aircraft carriers in 2016 will save taxpayers nearly \$400-\$500 million over the course of their construction and will keep the industrial base strong.

The advance purchase of construction materials in bulk ensures:

- **Reduced construction costs**

Over the last several decades, there have been several successful shipbuilding costs-saving programs that have involved buying materials in advance. These multiple ship material procurement initiatives have saved at least ten percent when compared to single ship procurements. In the 1980s and 1990s, the *Nimitz*-class aircraft carrier program experienced notable cost efficiencies from multi-ship buys.

The projected cost savings of the bulk buy is approximately \$400-\$500 million calculated over the construction period for both ships—roughly eleven percent savings from the programs of record's single ship procurement profile.

- **Greater efficiency in construction**

The advance purchase of materials for aircraft carrier construction ensures the availability of products and parts as the construction of these aircraft carriers progresses in the shipyard, reducing delays and minimizing lost time.

- **A stronger industrial base**

A bulk buy of materials for the construction of the next two new U.S. Navy aircraft carriers will inject stability and predictability to the supply chain. The companies that provide parts and products for the construction of aircraft carriers will be able to maintain a healthy and robust workforce, invest in machinery and job training improvements to boost the production processes, increase efficiencies, and drive down the cost of components and products.

ACIBC



As one of our supply-chain members stated recently, “If the nation is committed to building these carriers, and doing it at the lowest cost with the greatest efficiency, then it makes perfect sense to buy in bulk.”

On behalf of the more than 1,110 small, medium and large businesses from 46 states that provide parts and products for the U.S. Navy’s newest aircraft carriers, we are committed to building and maintaining America’s aircraft carrier force in the most cost efficient way and at the greatest value for the taxpayer. For CVN 80 and CVN 81, it starts with authorizing the bulk buy of materials this year.

The time is now to leverage potential efficiencies in the aircraft carrier industrial base to reduce construction costs on future *Ford*-class carriers, a critical objective given the fiscally constrained shipbuilding budget.

Thank you for your consideration, and we look forward to watching your leadership on this issue.

Sincerely,

Rick Giannini
Chair, ACIBC
President and CEO
Milwaukee Valve Company

Darrell Grow
Vice-Chair, ACIBC
Chief Operating Officer
Ammcon Corporation

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