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## THE SUBMARINE INDUSTRIAL BASE COUNCIL

February 28, 2017

**TO:** Submarine Suppliers

**FROM:** James I. Jelinek, Co-Chair  
Keith Macdowall, Co-Chair  
Patricia Herschkowitz, Co-Chair

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Welcome to the Submarine Industrial Base Council's 26th annual Supplier Days. We want to thank you for your ongoing support. Your participation in Supplier Days and SIBC programs throughout the year helps ensure that our elected representatives understand the importance and value of submarines and the submarine industrial base.

As we prepare to engage Congress on Fiscal Year (FY) 2018 Defense spending, we are coming off another successful year for submarine programs. The anomaly obtained for the Columbia-Class ballistic missile submarine in the 6-month Continuing Resolution for the first half of FY17 represents the bi-partisan support for submarines on Capitol Hill. While Congressional support clearly reflects the importance of Columbia-Class to our nation's security, it also reflects the effectiveness of the SIBC and more specifically, the hard work of SIBC members like you.

With a new Congress, it is crucial that every member of Congress understand the importance of our nation's submarine programs and that the requests outlined below support both national and economic security, with the submarine industrial base providing thousands of high-quality jobs across the country. We must ask Congress to:

- **Support an additional \$200 million for a total of \$2.135 billion in advance procurement (AP) funding in addition to the President's budget request for two Virginia-Class submarines and the Virginia Payload Module (VPM) design in FY18.** The SIBC supports the DOD funding of \$3.296 billion for the procurement of two Virginia-Class submarines. This will ensure that we can continue building two submarines per year, which is essential to sustain production efficiencies and ensure our nation's security and continued undersea dominance. However, an additional \$200 million for a total of \$2.135 billion in advance procurement (AP) funding is required in FY18 to avoid increasing ship construction spans by up to one year while incurring additional costs of up to \$400 million and exacerbating the projected shortfall of fast attack submarines starting in the mid-2020s. Higher AP funding will increase the shipyard's ability to place orders for long lead time material and reduce risk to the industrial base by increasing the ability to manage workload and retain skilled workers. As the total number of U.S. attack submarines reaches a low point and our SSGNs retire, submarine strike capacity will drop by 60 percent. Adding VPMs to future Virginia-Class submarines is a cost-effective and innovative way to restore this critical undersea strike gap. \$72 million in RDT&E funding is needed to continue development of the VPM in FY18. The first VPM equipped Virginia-Class submarine begins construction in FY19.
- **Support funding for Columbia-Class ballistic missile submarine (SSBN) development.** The current Ohio-Class SSBNs are the nation's most survivable nuclear deterrent. The SIBC supports authorization and appropriation of DOD funding of \$1.934 billion (\$1.147B in RDT&E, \$787M in SCN) and DOE funding of \$157 million in FY18 for Columbia-Class ballistic missile submarine development that will support a FY21 start to construction, mitigate risk to the industrial base, and provide stability to reduce program costs.

The numbers we are requesting at this year's Supplier Days for Columbia-Class are based on projections for the FY18 in the FY17 President's Budget submission. The requests for Virginia-Class are based on projected FY18 budget submission. President's Budget FY18 is expected to be released this May. The SIBC is planning a follow-on "Call for Action" campaign to engage Congress once the proposed budget becomes available. A draft of the May messaging to Congress is on the reverse side of this letter.

Thank you again for participating in this year's Supplier Days. Your time and effort make a real difference and are greatly appreciated.

## DRAFT TEMPLATE—Call for Action: SIBC Letter to Members of Congress Planned for May 2017

Dear [Insert name of Member of Congress]:

As Congress considers the Fiscal Year 2018 President's Budget submission, I urge you to [support an additional \$200 million for a total of \$2.135 billion in advance procurement (AP) funding in addition to the President's budget funding levels for both the Virginia-Class and Columbia-Class submarine programs].

As a member of the Submarine Industrial Base Council representing this country's more than 5,000 submarine suppliers, I am proud of our contribution to U.S. national security. [Insert company name] agrees with the President, Secretary of Defense, and Chief of Naval Operations in recognizing that the U.S. must maintain a strong submarine force and nuclear deterrent. We need to expeditiously move forward on the Columbia-Class ballistic missile submarine (SSBN) program as a replacement for the current Ohio-Class SSBN and continue to build multiple Virginia-Class attack submarines (SSN) per year to ensure the United States maintains undersea dominance. I ask that you:

**Authorize and appropriate an additional \$200 million for a total of \$2.135 billion in advance procurement (AP) funding in addition to the President's budget request for two Virginia-Class submarines and the Virginia Payload Module (VPM) design in FY18.** Funding two Virginia-Class submarines in FY18 enables the Navy to sustain U.S. undersea dominance, minimize the shortfall of attack submarines, and sustain cost savings gained by efficiencies from maintaining a steady two submarines per year production rate. **An additional \$200 million in AP funding is required** to support the Virginia Payload Module (VPM) detailed design efforts and long lead time material procurement. Without this additional AP, construction spans will increase up to one year while incurring additional costs of up to \$400 million and exacerbate the projected shortfall of fast attack submarines starting in the mid-2020s. VPM is the most cost effective way to restore the Navy's undersea strike capacity, which will drop by 60% as the current SSGN force will be retired by 2028. VPM's open architecture design enables the submarine to deliver a large variety of capabilities including weapons, unmanned systems including Large Displacement Unmanned Undersea Vehicles, seabed sensors and other undersea capabilities.

**Authorize and appropriate DOD funding of \$1.934 billion (\$1.147B in RDT&E, \$787M in SCN) and DOE funding of \$157 million in FY18 for Columbia-Class ballistic missile submarine development.** Ballistic missile submarines (SSBNs) will soon carry nearly 70 percent of the U.S. treaty accountable operational nuclear deterrent arsenal and are the most survivable leg of the nuclear triad. The Ohio-Class SSBNs begin to reach their end of service life in 2027. Between 2032 and 2040, the Navy will only have the minimum SSBN force structure necessary to meet USSTRATCOM's strategic deterrent requirements. Delivery of the Columbia-Class on schedule maintains the minimum force structure necessary to meet USSTRATCOM's requirements.

Furthermore, funding these two programs at these levels will help us maintain current levels of employment and preserve the exiting submarine design and manufacturing industrial base, avoiding design and manufacturing skill atrophy and the associated increases in both program risk and cost.

My company, which employs [INSERT ## of employees] people in [INSERT STATE], is a proud member of the submarine industry and has a strong interest in the future of nuclear submarine programs. Along with other submarine suppliers in [INSERT STATE/REGION], we want you to be aware of our role in this industry so essential to our national security.

**I ask for your strong support for funding the Virginia-Class and Columbia-Class submarine programs as outlined above.** With your help, we can continue to design and build the world's best nuclear-powered submarines that help keep America safe today and tomorrow. Please convey your support to members of the [House/Senate] Armed Services Committee and the [House/Senate] Appropriations Defense Subcommittee.

Thank you for your consideration, and please contact me directly if I can provide any additional information.

Sincerely,

[Signature]

[Your Name]

[Title]

[Company]