

FRENCH HILL
2ND DISTRICT, ARKANSAS



COMMITTEE ON FINANCIAL SERVICES
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ENTREPRENEURSHIP, AND CAPITAL
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March 29, 2019

The Honorable Richard V. Spencer
Secretary
Department of the Navy
1300 Navy Pentagon
Washington, DC 20350-0001

Dear Secretary Spencer:

I write today to inform you that your agency is this month's recipient of my Golden Fleece Award. I am awarding this to the United States Navy for its ship procurement policy, which has resulted in incomplete and defective ships routinely being delivered to the Navy.

According to a 2017 report by the Government Accountability Office (GAO) that reviewed eight ships valued at a total of \$6.3 billion, the GAO found that "they were provided to the fleet with varying degrees of incomplete work and quality problems," and that 90% of the deficiencies on these eight ships were not fixed prior to final delivery to the Navy.¹ Further, the incentive structures within the shipbuilder's contracts have resulted in U.S taxpayers being financially responsible for 96% of shipbuilder's deficiencies.²

Over the last 30 years, the Navy has spent an average of \$16 billion annually on new warships, and the Navy has requested \$24 billion for new warships in its FY2020 budget. The delivery of warships with flaws costs the taxpayers money and, most importantly, hurts the Navy's readiness. Our federal agencies must be good stewards of our federal taxpayer dollars, and I am committed to ensuring effective practices at our Nation's federal agencies. Should you require any additional authority from Congress to address these concerns, I urge you to notify us as soon as possible. I thank you for your consideration, and I look forward to working with you to address this important issue.

Sincerely,

French Hill
Member of Congress

¹ U.S. Government Accountability Office. GAO-17-418. *Navy Shipbuilding: Policy Changes Needed to Improve the Post-Delivery Process and Ship Quality*. July 2017.

² U.S. Government Accountability Office. GAO-18-238SP. *Navy Shipbuilding: Past Performance Provides Valuable Lessons for Future Investments*. June 2018.