

Litton Seeks \$77 Million To Cover Ship Cost Rise

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Litton Industries has told the Navy it needs \$77 million more to cover cost increases in its \$2.2 billion contract to build 30 destroyers at Pascagoula, Miss., Rep. Les Aspin (D-Wis.) said yesterday.

"Obviously Litton Industries is continuing to botch up the management of its so-called 'shipyard of the future' in Pascagoula," said Aspin. "It is becoming increasingly obvious that despite promises piled upon promises by Litton and the Navy, the Pascagoula shipyard continues to be a disaster."

He said the new cost overrun pushes the total contract increase to \$476 million. It is probable that Litton will be forced to request \$150 million more beyond that figure, said Aspin.

Litton has begun construction on only a few of the ships, he said. "What's most frightening is that these huge cost increases are occurring so early in the program, before real massive construction has begun," said the congressman.

He called upon the Navy either to cut back or cancel much of the destroyer program.

The Navy said in a response to Aspin that Litton has exceeded the contract target price but has not gone beyond the contract's ceiling price for the work.

The increases in the target price, said a spokesman, were partially due to rising labor costs.

"The Navy is carefully monitoring the . . . program at Litton, is satisfied with progress and believes that cost growth is under control," he said.

Aspin said he would ask Congress's General Accounting Office to investigate the cost increases.

GAO recently completed one investigation into the program, blaming the problem on mismanagement by Litton and the difficulty of building the ships in a new automated shipyard.

GAO said that Litton was taking steps to correct the problems and had brought new expertise and stability to its management at Pascagoula.

Aspin, however, said it is becoming obvious that Litton is well on its way to producing "another huge procurement disaster which is riddled by cost overruns, inefficiency, waste and mismanagement."

No mention of cost in history with Litton