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Congress of the United States
House of Representatives
Washington, DC 20515

February 12, 2010

The Honorable Robert M. Gates
Secretary of Defense
The Pentagon
Washington, D.C. 20301-1000

Dear Mr. Secretary:

Thank you for testifying before the House Armed Services Committee last week regarding the FY2011 Department of Defense budget. As you remember, I raised the issue of the Navy's strike fighter shortfall, and the use of a multi-year procurement contract to purchase additional F/A-18 Super Hornets. After reviewing the issue further, I would like to correct the record regarding some of the numbers that were referenced.

In response to my question, you testified that a multi-year procurement of F/A-18's through 2013 was not pursued by DoD even though it would generate an estimated cost savings of 6.5%; a savings that falls short of the non-statutory threshold of 10% on multi-year contracts. I have two concerns regarding this answer. First, in section 128 of the National Defense Authorization Act for Fiscal Year 2010, Congress has already given the Navy conditional authority to enter into a multi-year contract for F/A-18's, even if the 10% savings is not reached. In fact, in the conference report accompanying the Act (House Report 111-288), the conferees noted that, "...this provision is also intended to reflect the concerns that, in light of the continuing increase in the strike-fighter shortfall, definitive actions that mitigate the stated shortfall cannot be delayed for too much longer. Should the Quadrennial Defense Review and the 30-year aviation procurement plan warrant a change in the programs-of-record for either the F/A-18E/F or EA-18G, the conferees expect that the Department of the Defense will give full and fair consideration to buying additional F/A-18E/F or EA-18G aircraft under a multiyear contract." Moreover, the House and Senate Appropriations Committees also agreed that a multi-year contract made sense for the F/A-18 program and for taxpayers.

Secondly, the 6.5% savings quoted in your testimony seems to be based on an F/A-18 Procurement Cost Comparison report submitted to Congress by the Under Secretary of Defense for Acquisition, Technology, and Logistics last August. The report had as a basis for its calculation the purchase of 89 F/A-18 E/F/G's, which is now outdated. The recently submitted FY2011 budget calls for the purchase of 124 F/A-18 E/F/G's over the future years defense program, a procurement increase of 39% over that projected by Under Secretary Carter. This procurement increase will likely represent an aggregate savings of taxpayer dollars that far exceeds 6.5%, if purchased using a multi-year contract.

Nonetheless, if the savings were only 6.5% on 89 aircraft, this would still save \$315 million, according to the DoD report referenced above. Adding 35 aircraft and an additional year of procurement could easily push the savings close to \$500 million. While this is a tiny fraction of DoD's overall budget, the fact that you are so willing to forgo this savings is troubling. A half a billion dollars here and there quickly adds up to real money. To ignore this potential savings for taxpayers is concerning to me and, I believe, to my colleagues in Congress. Alternately, this savings could be applied toward closing the Navy's fighter gap or relieving the Navy's budget in other areas. To date, I have not heard a compelling reason for walking away from such savings, from either your testimony or Under Secretary Carter's report. Without further justification, ignoring the opportunity to save a half a billion dollars seems to be a bad decision.

I look forward to your response and working with you closely as we move through the authorization and appropriation process this year.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Todd Akin". The signature is written in a cursive, somewhat stylized font.

W. Todd Akin
Member of Congress