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U.S. House of Representatives

Washington, DC 20515-6035

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ERIN C. CONATON, STAFF DIRECTOR

February 16, 2010

The Honorable Robert Gates
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Gates:

As you heard during your February 3rd testimony before the House Armed Services Committee, there appears to be a major disconnect between the perspectives of the Department and the Committee regarding the F-35's F136 alternate, competitive fighter engine program. We maintain great respect for your judgment and the sincerity of your position, but have not been provided any analysis that supports your view. In fact, the best "business case" information the committee has received clearly supports continued development of the alternate engine. Therefore, we are concerned by your reference to a possible Presidential veto over this issue, and we are equally concerned that the Department has not provided us with the "business case" analysis you have referenced, despite our repeated requests.

Approximately seventy-five percent of the development investment has already been made in the alternate engine. From various sources, including the 2007 analysis by the Department's Cost Analysis Improvement Group, we understand that for little or no net additional cost to the taxpayer, the alternate engine competition improves the F-35 program by addressing potential aircraft weight growth. The follow-on alternate engine may meet this challenge through evolving technology. Other advantages include insurance against fleet-wide engine problems, growth paths for propulsion systems, enhanced contractor responsiveness, technological innovation, improved operational readiness and a more robust industrial base. Consequently, we were surprised by the Department's 2006 decision not to include a request for funding in the fiscal year 2007 budget for the F136, after ten years of defending it for all the reasons we have listed.

Since the Department's about face, Congress has invested an additional \$1.75 billion in the alternate engine. Most of this additional investment came after the Department's 2007 analysis concluded that the alternate engine program lifecycle cost considerations were "not compelling" because then year dollar projections showed a \$2.2 billion savings while present value dollar projections showed a \$1.2 billion dollar loss. It is very possible that our additional fiscal year 2007-2010 investments changed the cost case from "not compelling" to a "net savings," a rare win, win for defense dollar expenditures. At the very least, our recent investments in the alternate engine make breakeven more likely going forward.

We will not detail here the accumulated testing failures, required redesigns, major cost growth and repeated delays experienced thus far with the baseline engine. We simply note that, in our view, these problems bolster

the case for a competing alternate engine. History tells us that competition serves the taxpayer well – especially when it comes to fighter engines.

In an August 2009 speech in Fort Worth, you mentioned that the “business case” did not support the alternate engine program. The committee requested a copy of that “business case” and was told by your legislative affairs staff that there was no formal analysis, beyond the Department’s 2007 study. Yet you again referenced the “business case” during the February 3rd hearing and in your February 1st meeting with chairmen and ranking members of the congressional defense committees.

Therefore, we respectfully request that you immediately provide the Committee with the “business case” analysis you referenced in testimony that supports discontinuing the alternate engine program for the F-35.

Very truly yours,

IKE SKELTON
Chairman

HOWARD “BUCK” McKEON
Ranking member

GENE TAYLOR
Chairman
Seapower and Expeditionary Forces
Subcommittee

TODD AKIN
Ranking member
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