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United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, DC 20510-6050

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November 3, 2016

The Honorable Ashton B. Carter
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Carter:

I am extremely disappointed to learn of yet another delay in the completion of the System Development and Demonstration (SDD) phase of the F-35 Joint Strike Program with an associated cost overrun that may be upwards of \$1 billion. This latest setback appears to call into question some of the recent determinations and actions of Department of Defense senior leaders regarding the development of this critical but troubled program.

On April 26, 2016, the F-35 Program Executive Officer, Lieutenant General Christopher Bogdan, testified to the Senate Armed Services Committee: "We will be finishing our development program in late 2017." Additionally, General Bogdan recently stated that while the schedule to conclude the development phase of the F-35 may slip, completion of that phase would require no additional funds. These statements now appear to be inaccurate.

Similarly, on September 9, 2016, Secretary of the Air Force Deborah James certified to the committee that "the FY16 Low Rate Initial Production (LRIP) Lot 10 F-35A aircraft to be delivered during FY18 (first aircraft delivered in January 2018) will have full Block 3F hardware, software, and weapons carriage." In the accompanying certification recommendation letter, the Air Force's top acquisition officer, Lieutenant General Arnold Bunch, wrote, "I am assured adequate funding is available within the F-35 program to complete Block 3F development." This latest delay and cost overrun seems to undermine these certifications.

Finally, on May 25, 2016, the committee received the Department's interim response to our direction in the National Defense Authorization Act for Fiscal Year 2016 that the Department either revalidate the current requirement for the total number of F-35 aircraft to be procured, or identify a new requirement. In that letter, Deputy Secretary of Defense Robert Work stated, "While a review of the total program of record quantity is thus prudent, the focus of the Department for the foreseeable future is to acquire F-35s at the highest rate affordable in our budget." I am having difficulty reconciling the maintenance of the current requirement with the troubled performance, continued delays, and persistent cost overruns of this program.

What is perhaps most troubling, however, is that other senior Department leaders appear to have foreseen this latest delay and cost overrun. The Director of Operational Test and Evaluation, Dr. J. Michael Gilmore, warned as early as last year of delays in the completion of the development phase of the F-35, which is a prerequisite for commencing operational test and evaluation. Indeed, Dr. Gilmore testified at the same hearing on April 26, 2016 as General Bogdan and Frank Kendall, the Under Secretary of Defense for Acquisition, Technology and Logistics, that "the program will not be ready to begin operational tests and evaluation until mid-calendar year 2018 at the earliest." This warning appears to have been quite prescient.

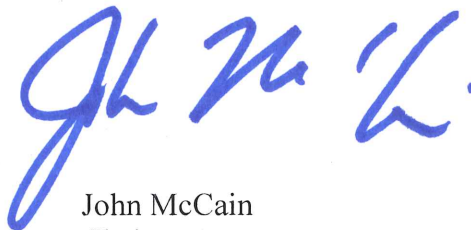
In light of this recent setback, please provide responses to the following questions:

- 1) When will the Department complete the SDD phase of the F-35?
- 2) How many additional funds, in each upcoming fiscal year budget, will be required to complete F-35 SDD?
- 3) What other service priorities will not receive funding in fiscal year 2018 due to the SDD delay and cost overrun?
- 4) Is Secretary James' Block 3F full combat capability certification, as required by the Fiscal Year 2016 NDAA, still valid?
- 5) How will this delay and cost overrun affect the current overall schedule for Joint Strike Fighter deliveries to the Services?
- 6) When will you complete the operational test and evaluation phase?
- 7) When will you make the Milestone C/Full Rate Production decision?
- 8) Will you defer any planned F-35 capabilities from SDD into the F-35 Follow-on Modernization program?
- 9) How will the SDD delay affect the Follow-on Modernization program?
- 10) When will you provide your final response either to revalidate the current requirement for the F-35 Joint Strike Fighter total program of record quantity or identify a new requirement for the total number of F-35 aircraft that the Department would ultimately procure?

The committee appreciates the complexity of fielding cutting-edge technologies such as the F-35 fighter aircraft and is fully committed to providing the very best equipment to our warfighters. At the same time, we owe the American taxpayer a thorough accounting of the cost, schedule, and performance of these very expensive weapons system programs.

I look forward to your reply to my questions above, and I thank you for your support to the men and women of the Department of Defense and your continued service to our Nation.

Sincerely,



John McCain
Chairman