



**HOUSE ARMED SERVICES SUBCOMMITTEE ON TACTICAL AIR AND LAND FORCES
CURT WELDON, PENNSYLVANIA
CHAIRMAN**

PRESS RELEASE

For Immediate Release:
April 26, 2006

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Opening Statement of Chairman Curt Weldon

*Tactical Air & Land Forces Subcommittee Markup of H.R. 5122, the National
Defense Authorization Act for Fiscal Year 2007*

WASHINGTON, D.C. – This morning the Tactical Air and Land Forces Subcommittee meets to markup H.R. 5122, the National Defense Authorization Act for Fiscal Year 2007. I would like to thank the ranking member, Neil Abercrombie from Hawaii for his and his staff's help in putting this mark together. Before you is a summary of bill and report language related to programs of subcommittee jurisdiction within Titles I and II.

The subcommittee's jurisdiction includes \$73 billion in Department of Defense (DOD) procurement and research and development. This mark includes \$3.8 billion in additional funding in Titles I and II. We have added nearly \$500 million in procurement for the National Guard and Reserve components.

In addition, in the full committee markup we hope to add an additional \$3.4 billion in the authorization of supplemental appropriations for service requirements for programs under the jurisdiction of the subcommittee.

Our proposed legislation for HR 5122 includes:

- Multiyear procurement for V-22;
- Multiyear procurement for the F-22, contingent upon receiving the necessary supporting justification from the Department of Defense;
- Multiyear procurement for medium tactical vehicles;
- A requirement for a funding profile for the Army's Modular Force Initiative -- referred to as modularity;
- A limitation on funding Bridge to Future Networks until submission of a report;
- A requirement to fund the Alternate Engine for the F-35 Joint Strike Fighter; and
- A requirement to accomplish a Defense Acquisition Board Review of the Future Combat Systems program.

Major program adjustments recommended include:

- \$1.4 billion additional funding for 20 F-22 aircraft. As you know last year the Air Force proposed procuring 29 F-22s in Fiscal Year 2007. The actual Fiscal Year 2007 budget request included \$2 billion, but the requested funding was all for subassemblies, with no aircraft being requested. This amounts to incremental funding of F-22 aircraft. Congress, to my knowledge, has not approved the incremental funding for major aircraft programs in decades. In rare cases, Congress has authorized and appropriated funds for incremental funding for major shipbuilding programs.

- \$408 million has been added for the alternate engine for the Joint Strike Fighter, F-35 aircraft program. Because of the problems with the F100 engine for the F-15 and F-16 in the late 1970s and early 1980s, and the resulting evolution of the competitive F110 alternative fighter engine, Congress has for the last 10 years supported an alternate engine program for the F-35. The annual engine competition that resulted from the alternative fighter engine program for the F-15 and 16 resulted in an estimated savings of approximately \$4 billion in life cycle costs -- a 21 percent savings -- as well as improved reliability and maintainability for both competing engines.

Fighter engines cost around \$10 million each. With the current planned purchase of up to nearly 3,100 F-35s and the likelihood of as many as 4500-6,000 engines being required to support the F-35 over its lifetime, it does not take significant savings through a competitive program to recoup the initial R&D investment. These savings would be in addition to improved performance, reliability, maintainability, and technical innovation expected through competitive versus sole source contracts.

- The committee has added \$318 million for the Army National Guard to fund equipment requirements for a revised increase in end strength of 17,100 personnel.
- The final significant program increase is \$276 million for M-1 tank and Bradley fighting vehicle upgrades. The Army has budgeted for only 50 percent of what they say their modularity requirement is for Bradley upgrades and only 25 percent of what they say their requirement is for M-1 tank upgrades. Instead of the Army paying \$3 million per Bradley upgrade, if done at the minimum economic order quantity rate, the Army is paying \$8 million per vehicle -- 2 ½ times what we should be paying. Instead of paying \$5 million for an M1 tank upgrade, the Army is paying \$7.4 million a tank. Our \$276 million recommended increase would fund the economic order quantity for each vehicle.

Recommended program adjustments are made to FCS, the F-35, and the VH-71 presidential helicopter program. As I mentioned, setting aside all the General Accounting Office (GAO) criticisms detailed in our hearing on FCS, I don't believe the Army can fund FCS, Modularity, and Reset within the funds programmed over the next five years. Something will have to give.

FCS is currently a \$200 billion dollar program and is expected by the GAO and Congressional Budget Office (CBO) to grow substantially. It is difficult to know the real costs of FCS because it is funded across dozens of lines within the Army budget. The official request for Fiscal Year 2007 is \$3.9 billion. Our estimate of the cost of the program this year is at least \$5.9 billion.

The cost of modularity has grown from \$20 billion to \$52.5 billion. The current budget assumes at least \$5.0 billion a year for modularity through 2011. This commitment to fund modularity was made to the Army by the Office of the Secretary of Defense (OSD) two years ago. However, it was recently reported that \$25 billion will be cut from the Army over the six year period beginning with the Fiscal Year 2008 budget. Reset costs for Iraq are expected to be an additional \$72.3 billion, beginning in Fiscal Year 2008 through 2012.

My point with this litany of costs confronting the Army as compared to the level of funding we can expect in future years is that we are going down the same path with Army programs as we did on tactical aircraft. Where, as example, we spent so much on F-22 R&D and stretched the program out so long we will end up buying only 183 of the 750 aircraft planned procurement. With FCS, we face a large R&D bill at the same time we will have to fund reset and modularity. There exists a high probability, that like tactical aircraft, we will spend large sums on R&D and not have enough money left to buy the FCS force structure planned. It is already evident we have too many programs being funded at inefficient rates. An example is the one I cited, where we only have half the necessary funds programmed for Bradley upgrades to meet modularity requirements and are currently paying \$8 million for a Bradley upgrade instead of \$3 million because of doing the upgrades at such an inefficient rate.

FCS is a \$3.9 billion program in Fiscal Year 2007 and includes another \$2 billion in complementary programs. We are three years into SDD and there is still no independent cost estimate. None of the required reports from last year dealing with transportability, lethality, and survivability issues have been submitted to Congress as required by law. Projected dates for maturation of critical technologies have slipped. Design and production maturity would not be demonstrated under the current program plan until after the production decision is made. CBO notes that based on historical trends, the FCS program costs can be expected to grow 60 percent.

Due to our concerns and those voiced by the GAO and CBO, our recommended legislation for FCS would require a Defense Acquisition Board, go/no go decision, after preliminary design review, not later than September 30, 2008.

Our mark reflects an objective of balancing the health and capability of the current force with the needs of future Army capability. We recommend a reduction in the FCS program of \$325 million, approximately 6 to 8 percent, for unjustified program cost increases and excess management reserve.

Our concern with the F-35 is one of excess R&D and procurement concurrency. DOD is committing to the procurement of aircraft before any testing has been accomplished. The first test aircraft, now scheduled to fly in October or November of this year, is not a production representative aircraft and first-flight has just slipped 2-3 months. Because of R&D and procurement concurrency, the Committee cut the Fiscal Year 2006 request last year for long lead funding for 5 production aircraft, but overall, Congress supported the long lead funding request. This year, we are recommending that we not increase Fiscal Year 2008 production above the 5 aircraft planned in Fiscal Year 2007 because of the lack of testing. Consequently, we recommend cutting the long lead funding by \$241 million for 11 aircraft of the 16 aircraft intended for procurement in Fiscal Year 2008.

Like the F-35, we believe that the R&D and procurement plan for VH-71 is too concurrent. Last year, the program manager agreed that the program schedule was high risk. Congress directed that the schedule be changed to reduce schedule risk. The Department did not comply. The subcommittee mark recommends cutting \$39 million for the purchase of long lead materials for three increment two aircraft to reduce program concurrency.

I believe that this mark supports the priorities of the Members and unfunded priorities of the Department of Defense. The chair will now recognize Mr. Abercrombie, the ranking member on the subcommittee for any opening remarks he would like to make.

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