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November 12, 2024

Department of Government Efficiency (DOGE)

Subj: Recommendations to Drive Out Waste and Fraud at DOD

Dear Mr. Musk and Mr. Ramaswamy:

Pres.-elect Trump's DOGE announcement today included commitments to drive out massive waste and fraud, drive large scale structural reform, and give the people a smaller Government, with more efficiency and less bureaucracy. There is low-hang fruit to accomplish these objectives by reforming how DOD acquires weapon systems and other major capital assets.

Simply:

1. Get rid of regulations (FAR and DFARS) and compliance reviews for managing certain programs that use cost plus contracts. The regulations require contractors to be compliant with "Earned Value Management System" (EVMS) guidelines in the EVMS Standard EIA-748. EIA-748 is a sham set of rules that is authored by the NDIA. EIA-748 is something like GAAP but full of loopholes and ambiguities that allow the contractor to submit false reports of cost and schedule performance.
2. Replace award fees (profit) that are based on subjective criteria. Use incentives to deliver products that work, on time, instead of merely executing "statements of work."
3. Reduce the DCMA compliance review work force and reassign some of them to be systems engineers and to focus on the product. We need engineers, not bean counters.

Background and detailed implementation plans are provided in the following letters to the Trump Transition Team and in the white paper, *Earned Value Management: "When you come to a fork in the road..."* —Paul Solomon 7/25/2024.

Letters to Trump Transition Committee:

Subj: DoD De-Regulation - Under Budget and Ahead of Schedule, 8 years Later, dated November 6, 2024

Subj: 2025 Presidential Transition Project: PMI Project Management, not NDIA Earned Value, dated November 7, 2024

Subj: 2025 Presidential Transition Project: PMI Project Management, not NDIA Earned Value (Part 3), dated November 10, 2024

The letters may be downloaded from www.pb-ev.com at the Acquisition Reform tab and the white paper from the White Paper tab.

Earned Value Management, Waste, and Fraud

The EVM metrics have been described in the following ways at congressional hearings, by GAO, and in independent reports that were submitted to the HASC and SASC:

1. murky and flawed at best-misleading at worst
2. easily manipulated and inadequate to the task
3. botched
4. A program could perform ahead of schedule and under cost according to EVM metrics but deliver a capability that is unusable by the customer

A widely used EVM metric is the “Cost Performance Index” (CPI). When I was a Northrop Grumman employee on the F-35 program, all employees received the attached appreciation message from Janis Pamiljans, the VP and F-35 Program Manager. Regarding award fee, the program managers stated “we achieved an “Exceptional” score, the highest possible overall rating, and earned greater than 95% of the available fee pool...as well as excellent progress on other key events: • **Continuously improving CPI.**

Years later, a U.S. Appeals Court ruling on my whistleblower lawsuit against Lockheed Martin and Northrop Grumman discussed the CPI. An excerpt follows:

The DCMA report states that Lockheed “was using management reserve funds to alter its own and subcontractor performance levels and cost overruns.” The report identified **Lockheed’s purpose: “to prevent the cost performance index (CPI) from worsening.”**

..we also conclude that the DCMA and GAO reports allege facts that make a potentially fraudulent scheme readily identifiable: LMC and its subcontractors were violating contracting regulations by using their management reserve budgets to compensate for over-budget expenditures that would have otherwise raised their cost performance indexes and estimates at completion reported to the government.

..the model Joint Strike Fighter System Design and Development contract, which Solomon concedes was publically available at the time he filed his complaint, **explicitly cites cost performance index reporting as a criteria for the disbursement of award fees.**

More information about the alleged fraud is at the F-35 Whistleblower Case tab.

Please act on my acquisition reform recommendations. My credentials include a letter of appreciation from Sen. McCain for my pro bono support to him for several years. I was also an Army Finance Officer during the Vietnam War era.

Respectfully,

Paul Solomon

Appendix



From the F-35 Program Manager

To: All F-35 Lightning II Employees

June 25, 2007
F-35 PA07-09

Highest Rating for F-35 Lightning II Program

Following is a message for the entire F-35 Lightning II Team that I am especially proud to share with you. Award Fee ratings are a direct result of excellent execution to plan and that depends on excellent people. Thank you for your hard work that helps make this program successful.

sig.

*Janis Pamiljans
Vice President, Tactical Systems
and F-35 Program Manager*

To Our F-35 Teammates,

It is our pleasure to pass on news regarding the F-35 Team's outstanding performance during Award Fee Period 11, which ran from 1 November 2006 through 30 April 2007. Our JSFPO customer notified us on 29 May that we achieved an "Exceptional" score, the highest possible overall rating, and earned greater than 95% of the available fee pool, plus additional fee rolled over from previous periods. The JSF Air System Contractor (Team JSF) has not earned an overall Exceptional rating since 2002 and this period's score is the highest so far in SDD.

In making this award, the JSFPO noted a great many important milestones, including AA-1 and CATB first flights and initial flight worthiness certifications, as well as excellent progress on other key events:

- BF-1 major assembly deliveries
- Air Systems Critical Design Review
- Continuously improving cost performance (CPI)
- High responsiveness to all customer expectations

Brig Gen Davis and BGen Heinz characterized our Period 11 performance as the "best period in the program to date," a remarkable statement given a program of such complexity at this critical phase of development.

It is gratifying to know that we are meeting our customer's expectations, and the Period 11 Award Fee result represents the most concrete affirmation possible. We owe this outcome to the thousands of talented and enthusiastic men and women who made it happen including our JSFPO counterparts. Whether you are a design or manufacturing engineer, an assembly mechanic, a flight test engineer, a logistician, an affordability facilitator, an administrative assistant, or serve in any other of the dozens of disciplines on the program, you should be proud of the great work that you accomplish every day. It is only through your dedication and skill that this kind of recognition is possible.

Of course, success in Period 11 is not a guarantee of continuing success; we must focus on designing and building the most capable air system possible in future periods. Even knowing that many challenges remain ahead, we are fully confident you are the team that will meet and overcome those challenges and cause the F-35 Program to be the most successful major weapon system development program in history.

We are proud to be on your team!

/s/ Dan Crowley, Tom Burbage, Janis Pamiljans, Tom Fillingham