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January 21, 2015

The Honorable John McCain
Chairman, Senate Armed Services Committee
241 Russell Senate Office Building
Washington, DC 20510

Subject: Cost Controls on the F-35 and Need for Acquisition Reform of Earned Value Management

Dear Sen. McCain:

On Oct. 25, 2011, I sent you a letter with the same subject as above (attached). Since then, F-35 program costs have continued to rise, the development schedule has slipped, and there has been no acquisition reform of earned value management (EVM).

I appreciate the interest that you and your NAVAIR liaison aides have shown in my acquisition reform recommendations, especially LCDR Micah Murphy. Now that you have become Chairman and Micah has been reassigned, I am asking you directly to consider taking specific oversight actions. My recommendations will support the goals of WSARA.

Both Industry and DoD have declined to improve the validity and management value of EVM with regard to linking EVM to technical performance.

- In 2013, the NDIA approved a cosmetic revision to the “EVM System Standard,” ANSI-748. NDIA rejected my recommendations that the linkage of earned value to technical performance be required, not optional, on development programs.
- In 2015, DoD issued a revision to DoD Instruction, 5000.02, “Operation of the Defense Acquisition System.” The revision did not include my recommendations that there be contractual requirements to integrate EVM with technical performance and systems engineering.
- Finally, there have been no changes to DFARS with regard to EVM.

On Dec. 10, 2014, I sent an email to Micah and to your new aide, Mr. Taylor. It included the following recommendations for your action.

“Thanks for your interest, communications, and encouragement regarding my advocacy for acquisition reform. I hope that Sen. McCain, in his new role, will consider my recommendations to:

1. Propose legislation that may lead to a current assessment of the validity and effectiveness of EVM, including the effectiveness and deficiencies of the relevant DFARS clauses and DoDI 5000.02. In my opinion, there has been no improvement since DoD submitted its assessment following passage of WSARA.
2. Oversee the effectiveness and validity of EVM on the F-35 program.
3. Request GAO’s assistance with regard to the above items.”

There is a perfect, timely opportunity regarding the F-35. As you know, Dr. Michael Gilmore, just issued the “DOT&E FY2014 Annual Report.” Dr. Gilmore reported serious deficiencies with hardware and software used to develop data files that are needed to identify enemy radar and “are essential to conducting effective combat operations against advanced enemy air defenses.” He also reported deficiencies in the

Block 2B software in fusion, radar, passive sensors, identification friend-or-foe and electro-optical targeting.

I recommend that you request the GAO to determine if the F-35 EVM Contract Performance Reports (CPR) include behind schedule conditions that are consistent with Dr. Gilmore's assessments. If the CPRs are inconsistent, the GAO should examine Lockheed Martin's EVM processes as applied to the F-35 to determine why the reports are inaccurate. It is also recommended that GAO examine the DCMA's EVM compliance surveillance reports to determine if DCMA has detected and reported inconsistencies between the reported earned value and actual technical performance achieved.

I would be happy to assist the GAO, *pro bono*, in developing an audit program.

I believe that the GAO report will provide information that can lead to better program management of the F-35 program and needed acquisition reforms

A handwritten signature in blue ink that reads "Paul J. Solomon". The signature is fluid and cursive, with a long horizontal stroke at the end.

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