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The Honorable Pete Hegseth  
Secretary of Defense  
1010 Defense Pentagon  
Washington, DC 20301-1010

Subj: Avoid Future F-35 Disasters and DOD Contractors' Fraud, Waste, and Abuse

Dear Hon. Secretary of Defense Hegseth:

This letter augments my letter, Subj: Fix Weapon Acquisition Process; Terminate Use of Earned Value Management Standard, dated January 26, 2025. I am now focusing on the F-35 program cost overruns, delays, and profits. I have been warning legislators, DoD officials, and OMB officials about these issues since 2007 and providing solutions. I even warned then Pres.-elect Trump in 2016.

No one has taken corrective actions. My solutions will also overcome cultural and institutional barriers to innovation at speed and scale which is a critical requirement for achieving the goals of the National Defense Strategy.

### **F-35 Status per DoD DOT&E**

Per the *DoD FY 2024 Annual Report*, "the operational suitability of the F-35 fleet continues to fall short of Service expectations and the requirements defined in F-35 Modernization Block 4 CDD and the JSF Operational Requirements Document (ORD)." The F-35 is not reliable or maintainable:

- The U.S. F-35 fleet remained below the requirements defined in the ORD for some overall *reliability metrics*.
- The average *maintenance* durations are longer than the ORD requirements.
- The mean corrective maintenance time for critical failures remains almost double or more than the threshold requirement.

### **Failed Oversight of F-35 Cost and Schedule Performance**

I first informed a legislator about misleading reports of F-35 cost and schedule performance in a letter to Rep. Henry Waxman, subj: Award Fees, Contract Oversight and Lockheed Martin, dated March 10, 2008. Excerpts:

Defense contracts misused incentives that were tied to achieving contractually-required reports of cost and schedule performance, called Earned Value Management (EVM) reports....the use of these incentives poses a risk that the contractors might sacrifice providing objective program status reporting in favor of "making the number" and that they may "manage data and reports." I have evidence that Lockheed Martin (LM) has "managed data" in order to "make the number" on the F-35 program...LM submitted monthly EVM reports which are the basis of semi-annual award fee claims. These reports misstated cost and schedule performance. Consequently, LM received unjustified award fees and understated the final program costs, thereby avoiding Nunn-McCurdy scrutiny.

I informed Sen. McCain about misleading reports in 2011 and began to cover software in a letter dated January 21, 2015. That was ten years ago. Since then, I have contacted many legislators (including chairmen of HASC and SASC), DoD officials (OSD, AF, Army, Navy, DCMA, OIG), OMB Directors, and the NDIA to request specific acquisition reforms. Policies and guides were improved but harmful regulations were not removed. Harmful contract clauses and incentives were not removed.

I believe that acquisition reforms have been obstructed by contractors in the traditional military/industrial complex that are represented by the NDIA and CODSIA, as asserted in my previous letter to you.

My most recent letter was to SASC Chairman Wicker, subj: *Recommendations to Restore Freedom's Forge*, dated January 31, 2025.

Excerpts:

Strategic Objectives and Tactics proposed to Mr. Feinberg

... adopt the following strategic objectives and tactics to fix the acquisition process

1. Hold contractors and DoD program managers accountable for outcomes.
2. Tear down NDIA's barrier to entry facing non-traditional defense contractors.
3. Eliminate regulations that increase costs and enable false reporting.
4. Institutionalize digital engineering.

Implementation Tactics

1. Revoke DFARS EVM regulation. Compliance requirements and reviews divert a program manager's focus from the product to the process. Reward real engineering, not financial engineering.
2. Reduce personnel at contractors and DoD that perform non-value-added tasks.
3. Replace periodic, misleading, manipulated EVM reports of schedule and cost performance with real-time, automated status reports that are based on Authoritative Sources of Truth. Replace botched metrics with outcome-based metrics.
4. Provide goals to USD nominees, Mr. Duffey and Mr. Michael.
5. Establish common objectives with Sec. Def. Hegseth and Mr. Vought.

I supported Sen. McCain during 2011-2018 with assessments and recommendations regarding weapon systems acquisition reform and oversight of the F-35 program. I know how to cut out waste, fraud, and abuse in acquiring weapon systems and how to achieve your objectives. This letter, the white papers, and letters to and from Sen. McCain may be downloaded from [www.pb-ev.com](http://www.pb-ev.com) at the Acquisition Reform and "White Paper" tabs.

## Defense Contractor Profits

Establish effective profit incentives for contractors to perform and discontinue subjective award fees on cost-plus award fee contracts. Lockheed Martin, Northrop Grumman, and other F-35 subcontractors have been earning subjectively determined award fees (profit) based on administering non-value-added processes, such as EVM, despite failing to deliver needed weapon capabilities. For example, DoD guidance includes criteria to be used in determining how much profit should be awarded regarding the sham EVM process. That process was called "manipulated, botched, and "garbage in, garbage out." The "garbage" quote was used by Senators Collins and Murray. Example from the DoD EVM Implementation Guide:

<b>VERY GOOD</b>	<p><b>Contractor meets all GOOD requirements plus the following:</b></p> <ul style="list-style-type: none"> <li>• Contractor constantly scrutinizes expenditure forecasts to ensure accuracy and currency. Contractor prepares and develops program cost and schedule data that provides clear government visibility into current and forecast program costs and schedule. Schedule milestone tracking and projections are accurate and reflect true program status. Contractor maintains close and timely communications with the government.</li> </ul>
<b>EXCELLENT</b>	<p><b>Contractor meets all VERY GOOD requirements plus the following:</b></p> <ul style="list-style-type: none"> <li>• Contractor consistently submits a high quality EAC that is current and realistic. Reported expenditure profiles are accurate. Contractor develops comprehensive and clear schedule data that provides excellent correlation with technical performance measures and cost performance reports and permits early identification of problem areas. Schedule milestone tracking and projections are accurate and recognize potential program impacts.</li> </ul>

Just provide incentives to develop and test a weapon system that works, on time and on schedule, or better. See my letter to DCMA Director Gen. Masiello, subj: DCMA EVM Award Fee Guidance, dated November 16, 2024. Buy a product that works, not a statement of work (SOW).

**EVM: "...easily Manipulated and Inadequate to the Task" (a)**



- EIA-748 Enables Easy Manipulation:  
4 Legs of the stool to fool:
1. Measure work (SOW), not technical performance (Product)
  2. % Complete Earned Value Technique with "90% Rule"
  3. Rework not planned (Budget from MR)
  4. Deferred Functionality not Accounted For

(a) Commission on PLANNING, PROGRAMMING, BUDGETING AND EXECUTION  
Report finding: "EVM systems have long been criticized as..."



## Pres. Trump's Commitments

On Sep 7, 2016, presidential nominee Donald Trump spoke at the Union League of Philadelphia about military preparedness. He said:

"I will ask Congress to fully offset the costs of increased military spending. In the process, we will make government leaner and more responsive to the public.

I will ask that savings be accomplished through *common sense* reforms that *eliminate government waste and budget gimmicks* – and that protect hard-earned benefits for Americans."

So, please act within DoD, with OMB, and with Congress to:

- Cut out fraud, waste, and abuse.
- Overcome the cultural and institutional barriers to innovation at speed and scale and achieve the goals of the National Defense Strategy.
- Achieve Pres. Trump's commitments.
- **Avoid more F-35** outcomes.

My white papers include specific reform actions for you and the Director, OMB. These include getting statutory authority to remove the EVM regulation and clause. My white papers cite the benefits of using Project Management Institute standards and guides but I do not recommend any regulatory requirements or compliance reviews.

Yours truly,

A handwritten signature in blue ink that reads "Paul J. Solomon".

Paul Solomon

CC:

Hon. Glen Grothman, HOAC      Hon. Adam Smith, HASC  
Hon. Ken Calvert, HAC      Hon. Mike Rogers, HASC  
Hon. Robert J. Wittman, HASC      Hon. Donald Norcross, HASC  
Hon. Ro Khana, HASC      DOGE  
Hon. Carlos Del Toro, Secretary of the Navy  
Hon. David L. Norquist, NDIA  
Anthony Capaccio, Bloomberg News