



THE DEFENSE MONITOR

PROJECT ON GOVERNMENT OVERSIGHT

CDI Joins POGO

BY DANIELLE BRIAN, EXECUTIVE DIRECTOR
PROJECT ON GOVERNMENT OVERSIGHT

In 1971, the Center for Defense Information was founded by a truly independent group of retired military officers to analyze military matters, inform decision-makers and the public, and influence policy. CDI became an alternative voice to what founders Admiral Gene LaRocque and Admiral Eugene Carroll believed was a Pentagon that was pushing self-serving data and analysis at decision-makers.

CDI took no money from defense contractors or the government, and they published fact-based research and policy advice that put basic national security needs front and center. What set the organization apart from typical DC think tanks was that it was led by conscientious military officers—retired generals, admirals, colonels, majors, captains—who were challenging ill-informed conventional wisdom and self-interested defense contractor disinformation rather than promoting it.

For over four decades, CDI has evolved, as all healthy organizations do. Although the original admirals and generals are no longer at the helm, their maverick spirit of loyal dissent lives on. Former CDI people are scattered throughout journalism and defense analysis. From challenging the need to exceed Cold War spending levels to challenging ill-advised military interventions to questioning unaffordable, under-performing weapon systems, CDI has been at the forefront of independent research on the central issues in defense policy. Most recently, veteran Capitol Hill staffer and GAO assistant director Winslow Wheeler has directed CDI's Straus Military Reform Project, conducting research and providing analysis that speaks, even if occasionally disrespectfully, truth to power. This May, the Project On Government Oversight was proud to welcome Winslow and the magnificent CDI legacy into our family.

CDI and POGO have always shared a passion for exposing hypocrisy and challenging nonsense in the Pentagon, White House, and Congress. Now we will be doing it together, and we couldn't be more pleased! Look for CDI's work on a new section of POGO.org in the near future as we continue that important legacy.

Defense Budget Sequester Not All It's Cracked Up to Be

BY WINSLOW WHEELER, DIRECTOR, STRAUS MILITARY REFORM PROJECT

Pentagon budget watchers are fixated on January 2, 2013. Because last year's "Super Committee" in Congress failed to secure a broad budget deal, the Budget Control Act of 2011 will automatically remove \$1.2 trillion from federal spending—apportioned *unequally* between discretionary and mandatory spending and payments on the national debt. A large portion of those automatic cuts will hit the Pentagon; as a result, the misinformation, hysteria, and politicking from defense spending boosters are dominating the media.

The noise about sequestering defense funds is the embodiment of the dysfunction in Washington. Both Republicans and Democrats have declared themselves in a state of near-panic about it, and most have a plan, which conveniently advances their own agenda to the exclusion of anyone else's. The likelihood of bridging the differences any time soon is zero; agreement is not even intended. The debate has not moved one inch beyond the 2011 stand-off pitting taxes, entitlements, and defense spending against each other. It's the "Stupor" Committee all over again.

Some say a lame duck Congress after the elections will find the common ground to undo sequester. That will require today's horde of finger-pointers to look beyond self-indulgence. Good luck with that.

The irony is that one of the few unifying beliefs in Washington—that the Department of Defense (DOD) must be protected from sequester—is quite misinformed. The plaything of politicians, data are not used to bridge differences; they are used *(Continued on p. 2)*

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to widen them, and when information suggests an outcome that is undesired or outside conventional wisdom, it is ignored.

For example, the amount of cuts the defense budget faces is routinely misrepresented: The Congressional Budget Office (CBO) has repeatedly testified the sequester would cause the national defense budget function to lose \$492 billion over nine years, but even now some reporters and big money advocates like Senator Lindsey Graham (R-SC) are saying the cuts would be \$600 billion. CBO further explains that sequester would impose a \$55 billion reduction in 2013; others, like Lockheed's infamous but often-quoted, consultant Loren Thompson say it would be \$60 billion; still others say more. It all depends on what "baseline" you start with: the one set by the Budget Control Act (BCA); the larger amount of the Obama defense budget request for 2013; or the amount the House Republicans want. Baselines are useful things—pick the one you want for the purposes you have.

It gets wild when Washington debates percentages. Using self-serving assumptions, two different think tanks reported sequester would impose 15 percent or 7.5 percent reductions on defense in 2013, even though CBO says 10 percent. By including or excluding accounts the BCA may or may not require to be subject to sequester, analysts change the denominator to arrive at the "indefensible" 15 percent cut, or the less intimidating 7.5.

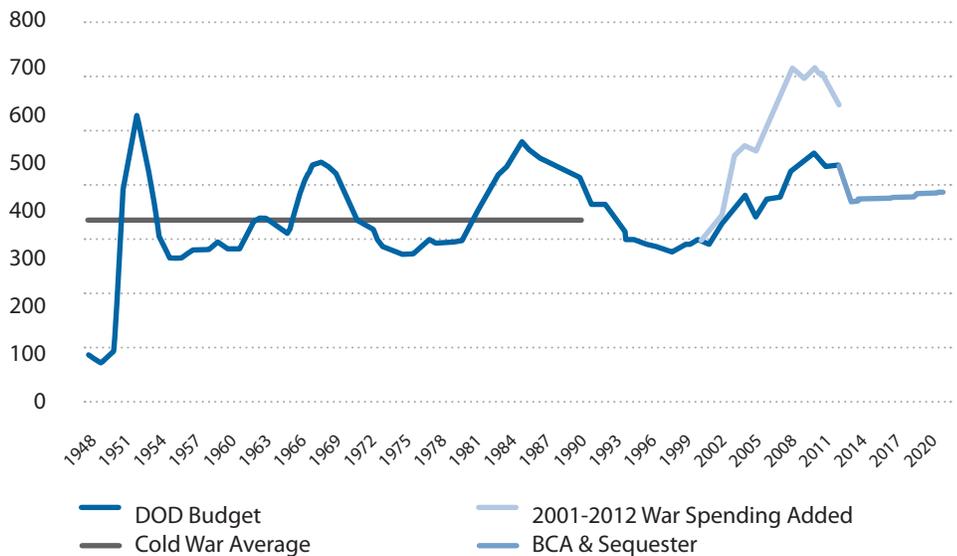
As the politicians pursue their agendas, they ignore important realities.

CBO reports that sequester will reduce the "base" (non-war) part of the defense budget to \$491 billion in 2013, and it will be supplemented by

additional war spending in the Overseas Contingency Operations (OCO) account. CBO also told us the \$491 billion base amount would return the Pentagon to its 2006 level of spending, adjusted for inflation. See Figure 1.

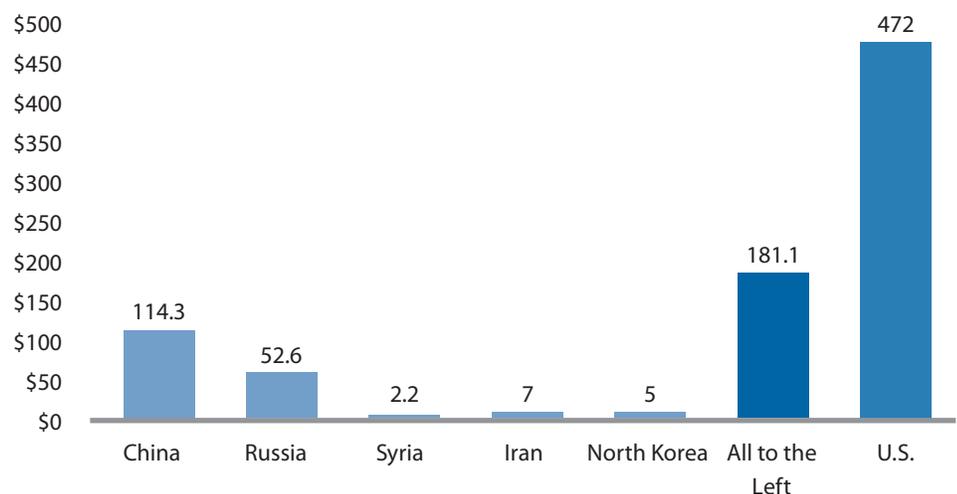
That 2006 level is more than \$30 billion above average Cold War spending, and it is about \$100 billion above the previous lows following other big defense spending periods—the Korean and Vietnam wars and the Reagan era. If the OCO account is

FIGURE 1:
DOD Budget 1948-2021 in 2012 Constant Dollars



Source: Table 6-8 in National Defense Budget Estimates for FY 2012. Office of the Under Secretary of Defense (Comptroller) March 2011 and CBO Testimony to Joint Select Committee on Deficit reduction, October 26, 2011 p. 18.

FIGURE 2:
US vs. China, Russia, Cuba, Iran and North Korea at the "Doomsday" Level



Notes: The dollar figures are in billions, and the data is from 2011. Source: Stockholm International Peace Research Institute analysis, <http://www.sipri.org/yearbook/2011/04/04A>

included, the spread is larger.

Seen from the perspective of what other, potentially unfriendly countries spend, the U.S. would remain a giant among unequals. In Figure 2 below, note the comparison against China, Russia, Syria, Iran, and North Korea—combined.

Nonetheless, there are challenges: namely, the abrupt one-year decline from 2012 to 2013, made more problematic by the mindless way sequester threatens to cut.

The problems are not insurmountable. First, the president, whoever he may be in January, will need to resist the shibboleth that only more money can “fix” the Defense Department. It is counter-intuitive, but more money has resulted in less defense, not more.

Next, relief is needed from the mindless cutting. While most point to statutes that seem an iron-clad mandate to cut in automatic and equal amounts in every program, project, and activity in accounts subject to sequester, others have pointed to authorities that the president can exercise to obviate the across-all-boards nature of the cutting. The speculation is not idle; the Office of Management and Budget (OMB) has the sole authority to interpret the BCA, and the more flexible options are clearly being considered. By exploiting that authority, the president should make the mindless into something rational.

To achieve the abrupt \$55 billion drawdown in one short year, the focus should be on hardware and contracted services. The acquisition budget is stuffed with production of systems still in their initial—laboratory—testing. Termed “acquisition malpractice” by DOD’s top acquisition official, this politically driven—buy it before you fly it—routine should be terminated immediately by suspending production of all hardware programs that have not completed their testing. (Precisely how some of our most successful programs were acquired in the past.) Such a move could immediately save many billions, such as from the outrageous F-35 program and its almost \$6 billion in procurement in 2013.

Similarly, there are rich savings to be found in immediately suspending, if not terminating, contracting in 2013 for services that should be provided by government employees. There is a gigantic domain of more than \$200 billion in total contracted services in 2013 to select from.

There are other ways, as well. If we have a president in January 2013 worth electing, he will use his authority and budgetary legerdemain to save money rather than to squander it. If that doesn’t happen, the day of reckoning will only have been delayed. ■

An Additional Word from POGO

Less Spending, More Jobs

BY BEN FREEMAN, PH.D., POGO INVESTIGATOR

For nearly a year, defense contractors seem to have been claiming that there’s a direct correlation between spending on defense and the number of jobs created by that spending. Could the connection between contract dollars and jobs be that direct?

As Winslow mentioned in his article on sequestration, the Congressional Budget Office estimates that, if the sequestration axe falls, the DOD’s base budget would still be larger than it was in 2006 (adjusted for inflation). So POGO asked a simple question: How many people did the major defense contractors employ in 2006?

POGO analyzed reports filed with the Securities and Exchange Commission by the nation’s five top defense contractors—Lockheed Martin, Boeing, General Dynamics, Northrop Grumman, and Raytheon. We found that those five contractors actually employed more people in 2006 than they did in 2011, going from a total of 577,200 people employed to 558,900. And according to data from the Federal Procurement Data System, the amount of money the government awarded the companies rose from about \$101 billion in 2006 (adjusted for inflation) to \$113 billion in 2011, an increase of more than 10 percent.

In other words, total employment at the companies declined over the six-year period even as the total federal contract dollars awarded to the firms rose.

Lockheed Martin chief executive Robert Stevens has said the potential reductions in Pentagon spending would be “a blunt-force trauma to industry.” Yet Lockheed, for example, was awarded \$10.4 billion more by the government for 2011 than for 2006 (adjusted for inflation, a 32 percent increase), and at the end of 2011 it employed 17,000 fewer employees than in 2006 (a 12 percent decrease).

In light of this, despite much of the Pentagon contractor industry’s rhetoric, the connection between Pentagon spending and jobs isn’t so clear cut.

This article is an excerpt and update of a piece first published in the August 15 issue of Government Executive and is presented here with permission of Government Executive. The article was originally published with the title “The Cuts Won’t Be Disastrous, But Their Mindless Application Could Be Avoided,” found at <http://www.govexec.com/magazine/features/2012/08/truth-consequences/57395/>.

How the F-35 Nearly Doubled In Price (And Why You Didn't Know)

BY WINSLOW WHEELER, DIRECTOR, STRAUS MILITARY REFORM PROJECT

On June 14, the Government Accountability Office released a new oversight report on the F-35: *Joint Strike Fighter: DOD Actions Needed to Further Enhance Restructuring and Address Affordability Risks*. As usual, it contained some important information on growing costs and other problems.

Fresh bad news on the F-35 has apparently become so routine that the fundamental problems in the program are plowed right over. One gets the impression, especially from GAO's own title to its report, that we should expect the bad news, make some minor adjustments, and then

move on. But a deeper dive into the report offers a more profound, and disturbing, bottom line.

In its summary, GAO states the F-35 program now projects "costs of \$395.7 billion, an increase of \$117.2 billion (42 percent) from the prior 2007 baseline." The much more complete story is in Table 1 (below) from the report.

The summary uses the wrong baseline. As the table shows, the cost documentation of the F-35 program started in 2001, not 2007. There has been a lot more cost growth than the "\$117.2 billion (42 percent)" stated.

Back in 2001, the total acquisition

cost of the F-35 was to be \$233.0 billion. However, that original \$233 billion was supposed to buy 2,866 aircraft, not the 2,457 currently planned: making it \$162 billion, or 70 percent, more for 409, or 14 percent, fewer aircraft. Adjusting for the shrinkage in the fleet, I calculate the cost growth for a fleet of 2,457 aircraft to be \$190.8 billion, or 93 percent.

The cost of the program has almost doubled over the original baseline; it is not an increase of 42 percent.

Now, you know why DOD loves the rubber baseline.

When assessing the other, even larger, "sustainability" cost implica-

Table 1: JSF Program Cost and Quantity Estimates over Time

	October 2011 (system development start)	December 2003 (2004 replan)	March 2007 (approved baseline)	June 2010 (Nunn-McCurdy)	March 2012 (approved baseline)
Expected Quantities					
Development	14	14	15	14	14
Procurement (U.S. only)	2,852	2,443	2,443	2,443	2,443
Total	2,866	2,457	2,458	2,457	2,457
Cost Estimates (then-year dollars in billions)					
Development	\$34.4	\$44.8	\$44.8	\$51.8	\$55.2
Procurement	196.6	199.8	231.7	325.1	335.7
Military construction	2.0	0.2	2.0	5.6	4.8
Total program acquisition	\$233.0	\$244.8	\$278.5	\$382.5	\$395.7
Unit Cost Estimates (then-year dollars in millions)					
Program acquisition	\$81	\$100	\$113	\$156	\$161
Average procurement	69	82	95	133	137
Estimated Delivery and Production Dates					
First production aircraft delivery	2008	2009	2010	2010	2011
Initial operational capability	2010-2012	2012-2013	2012-2015	TBD	TBD
Full-rate production	2012	2013	2013	2016	2019

Source: GAO analysis of DOD data.

tions of the F-35, GAO makes a major methodological error.

On page 11, GAO cites DOD's goal for the additional operating, logistics and support costs ("sustainment") of the F-35. GAO focuses on the F-35A variant and cites the new, March 2012 goal: \$35,200 per flight hour, compared to \$22,500 for the F-16. For years, DOD has cited the F-16 as the comparison aircraft for calculating costs to operate the F-35; now it is hoping the F-35 will be only 56 percent more than the cost to sustain the F-16.

GAO, quite properly, offers some skepticism that this goal can be met. It states that the F-35A is not achieving its own criteria for mean time between failures, falling 30 percent short in 2011 (page 30); GAO reports that operational testers said "JSF is not on track to meet...operational suitability requirements" (page 17); and finally, GAO says the program is experiencing "excessive time for low observable repair and restoration, low reliability, and poor maintainability performance" (page 17). After all that, GAO politely calls the sustainability cost goal "a significant challenge" (page 31).

GAO is also correct to point out DOD management's declaration that the current F-35 operating cost estimate, "\$1.1 trillion for all three variants based on a 30-year service life," (page 10) is "unaffordable and simply unacceptable in the current fiscal environment" (page 11).

However, comparing the F-35 to the F-16 is a major error; the two aircraft have very, very little in common. While they both are single engine designs that were planned to cost less than their contemporary higher-cost complements (the F-15 and the F-22 respectively), the basic similarity stops there. The F-16 is a



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far, far more simple design, and it met its inherent affordability goal. The F-35 is a multi-role, multi-service design with stealth and many other highly complex (so-called "5th Generation") attributes added in. It is a far, far more intricate aircraft and, as a result, has failed to meet any affordability goal.

The F-35A has much more in common with the F-22. To better predict unknown F-35 costs, we should start with known F-22 operating costs, which in 2010 were \$63,929 for each hour it has flown. It is that amount that should serve as the starting point for considering plausible F-35 operating costs. Optimistically speaking, we can make a downward adjustment for the F-35, even if GAO found it is encountering problems. While highly optimistic, perhaps a 20 percent improvement over the F-22 can be analytically useful.

Assuming that, the F-35 would cost \$51,143 per hour to fly. Rather than an F-35A operating cost that is 56 percent more than the non-analogous F-16, it is more plausible, and analytically conservative, to calculate an operating cost that is 80 percent less than the highly comparable F-22.

Posing the question in that manner, however, presents a serious dilemma: if the currently projected estimate of operating costs for the F-35—\$1.1 trillion—is "unaffordable and simply unacceptable," what is the meaning of a plausible, even if optimistic, operating cost that is well above that unsustainable \$1.1 trillion?

During the nine years I worked in GAO's methodology division, specializing in national security evaluations, we took very seriously the selection of reasonable criteria for the purposes of comparing DOD systems. When DOD's criteria were biased, we selected more appropriate ones. In this recent report, GAO failed to take that step.

The F-35 should now be officially called "unaffordable and simply unacceptable." All that is lacking is a management that will accept—and act—on that finding. ■

This article is excerpted from a piece first published on Battleland, Time Magazine's blog, which can be found at <http://nation.time.com/2012/07/09/f-35-nearly-doubles-in-cost-but-you-dont-know-thanks-to-its-rubber-base-line/>.

What Congress Isn't

A Revealing, If Painful, F-35 Experience in Canada

BY WINSLOW WHEELER, DIRECTOR, STRAUS MILITARY REFORM PROJECT

When Canada's left-of-center New Democratic Party (NDP) invited me to testify before a mock hearing (on Parliament Hill with only NDP members present) on the country's purchase of the U.S. F-35 Joint Strike Fighter, I was confident I knew what to expect.

Like members of the U.S. Congress, I expected the Canadian politicians to give vaguely informed (sometimes stunningly misinformed) statements about the F-35. When they finally got to any questions, I expected those to be read off of staff memos in a manner so clumsy that it was clear the questioner had only the dimmest understanding, if any, of the words he or she was reading. In other words, I didn't expect much, but the opportunity to inform the debate in Canada about the high cost and low performance of the F-35 was important; so I accepted the invitation.

My expectations were completely wrong. The differences between Canadian politicians and members of Congress are utterly stunning. In Canada, I found two novel political behaviors unheard of in the United States: Opposition politicians actually try to understand the issue they are talking about, and they take offense at being lied to.

My re-orientation to what modern politicians can be started when, lo and behold, without giving windy and poorly informed opening statements, the parliamentarians asked questions directly relevant to my testimony about the cost to buy and operate the Canadian version of the F-35. They were not reading off or cribbing from memos but were react-

ing to what I had said; we interacted with an actual discussion—one member at a time. They probed my estimate of the potential \$200 million-per-aircraft cost—not the \$75 million Canada's Department of National Defense (DND) had been advertising.

The members' questions were constructed by the members themselves on the spot and reflected that several of them had done their homework. For example, Matthew Kellway of Ontario had clearly read and understood an article in *Proceedings*, the U.S. Naval Institute's journal, written by the U.S. chief of naval operations, Admiral Jonathan Greenert, questioning whether radar-evading "stealth" technology was viable: a key question in Canada where "stealth" dominates the debate about

the F-35 almost as much as cost.

Most remarkable was their predisposition to listen, integrate the new information they heard, synthesize it to formulate a new understanding, and then ask more questions to cycle through the analytical process.

After the mock hearing, the staffer of the parliamentarian who convened the event (Malcolm Allen of Ontario) informed me that Mr. Allen, a senior member, had a total staff of just four people. As a former U.S. Senate staffer, I was dumbfounded, but that explained a lot.

Members of the Canadian Parliament are not surrounded by an incessant beehive of the 20 or so staff people that every U.S. representative has or the 50 to 100 that every senator has. Members of Congress

"Without giving windy and poorly informed opening statements, the parliamentarians asked questions directly relevant to my testimony about the cost to buy and operate the Canadian version of the F-35."

have people literally telling them where to go every 30 minutes, handing them talking points, and stuffing their heads with a constant stream of memos telling them what to think—or rather what the staffer thinks the member wants to be told. This passive and self-serving approach to information dominates Capitol Hill: the principals expect to be fed advice and information at every event to enable them to get through it sounding as if they are in command of the substance. They go through the day like wind-up dolls, dishing out what they are served by their horde of handlers.

The result of the Canadian approach is Parliament's ability to uncover when it is being deceived and to act on it. Last year, Canada's DND was insisting the total cost of their F-35s would be about \$19 billion. Suspicious, some opposition parliamentarians asked the Parliamentary Budget Office (PBO, an organization analogous to the U.S. Congressional Budget Office) to look at costs. PBO estimated the cost would be \$29 billion—\$10 billion more.

The governing Conservative Party and the DND attacked aggressively, saying the PBO "got it wrong" and "significantly inflated" costs, but that did not end the debate. Canada's Auditor General (analogous to our Government Accountability Office) took another look at F-35 costs and confirmed that DND had badly under-stated costs and, in fact, had deliberately withheld that \$10 billion from the estimate it had given Parliament.

The reaction in Canada was most un-American. The DND officials associated with the now-discredited

cost figure were publicly disowned, even by the government, which took responsibility for the F-35 purchase and gave it to the Minister for Public Works. The government also supported, albeit reluctantly, a new independent study on the F-35's cost. Two competent and independent investigations re-set the debate and effectively dishonored senior defense officials. Those officials have not yet been forced to actually resign, but they are given little public credibility on the matter and a "motion of contempt" has been left pending in Parliament against at least one of them.

In the United States, we don't punish officials for offering misleading statements; we promote them. In 2008, the Air Force's manager for the F-35 program, Major General Charles R. Davis, asserted that the "flyaway" cost of its F-35As would be between \$60 and \$70 million. Contemporary with Davis' forecast, GAO had been writing reports warning Congress about optimistic estimates of F-35 cost and schedule. The GAO was roundly ignored.

In 2012, real-time DOD data for production shows a flyaway cost about double Davis' prediction. For being wrong by a factor of at least two, Davis was given a promotion to lieutenant general and a new job: to oversee the entire Air Force acquisition budget—more than \$40 billion annually.

Similarly, from 2009 to 2011 Ashton Carter served as the undersecretary of defense for acquisition, technology, and logistics, overseeing all Pentagon weapons purchases. He took special interest in the F-35 program and frequently reported to Congress. Carter was confronted

"In the United States, we don't punish officials for offering misleading statements; we promote them."

with an analysis from a Joint Estimating Team (JET) predicting much higher costs and further delays than what DOD was reporting at the time. Carter postured in favor of the JET reports, but he implemented only some of their recommendations—ignoring especially the long-term cost growth implications. A subsequent GAO report made all that clear and still—two years later—all additional F-35 cost growth has not been acknowledged.

Today, Carter is a prime candidate to replace Secretary of Defense Leon Panetta if President Obama wins re-election.

Because of their emphasis on oversight and accountability, there is a chance the Canadians will reverse their mistaken plan to buy the F-35. In the United States, it seems clear that we will blithely move deeper into the F-35 disaster. ■

This article is excerpted from a piece first published in the September 6 issue of Foreign Policy with permission of Foreign Policy. The article was originally published with the title "Parliamentary Lights," found at http://www.foreign-policy.com/articles/2012/09/06/parliamentary_lights.

F-22 Safety Problems

Air Force Still Not Opening Up



DOD PHOTO BY THE U.S. AIR FORCE (RELEASED)

BY ANNA MEIER, POGO FELLOW

The F-22 Raptor has a record-breaking physiological incident rate: there have been two breathing-related fatal F-22 crashes since 2008, and 23 reported cases of hypoxia-like symptoms amongst its pilots. The fighter plane's failings made national news in May when two pilots announced on *60 Minutes* that they were refusing to fly after experiencing "extreme disorientation" while flying the F-22.

After years of looking into these problems—alleged to be just "oxygen quantity" deficiencies—the Air Force has announced that it has everything under control. In press briefings, testimony before Congress, and in an F-22 Scientific Advisory Board Report, the Air Force has tried to convince Congress and the public that it has isolated the issues plaguing the Raptor.

But some defense experts aren't convinced. Winslow Wheeler, director of the Straus Military Reform Project, and Pierre Sprey, who played a major role in conceiving and designing both the F-16 and A-10 aircraft, say the Air Force still has a long way to go in proving its investigation is complete, reliable, and transparent.

While the Air Force is arguing

that the primary culprit is a valve and vest that only put moderate pressure on the pilot's chest, Wheeler and Sprey are unconvinced. Neither the F-22's pressure vest nor the valve itself is new. In fact, they were developed for the F-15 and F-16 twenty-four years ago and proved to have so little benefit in relieving high G "blackouts," that both those aircraft stopped using them in 1994. And none of the pilots had previously complained of the constricting effect the valve supposedly causes.

Maj. Gen. Charlie Lyon, the Air Force's leading spokesman on the investigation into the F-22's problems, has repeatedly referenced unprecedented altitudes and G forces experienced by F-22 pilots as another contributing factor. But, Sprey questions this assertion:

Chief of Staff Norman Schwartz and General Lyon have been pushing the notion that the F-22 is doing all kinds of hard maneuvering above 50,000 feet that no other fighter is capable of. This is simply false. First of all, the F-22 at Mach 1.6 can't sustain level flight above 47,000 feet without using afterburner—and if it uses afterburner, within minutes it runs so low on fuel it has to leave combat to run for home or for refueling. Secondly, lots of fighters besides the F-22 can get to 60,000 feet or over, including the F-15, F-16A, Typhoon, Rafale, and Gripen. And each of these fighters, having lighter wing loading than the F-22, can maneuver harder (that is, pull higher G) than the F-22, whether subsonic or supersonic and whether at high altitude or low altitude.

Sprey also raises concerns about the Air Force's testing for toxins, and about the Air Force's assertion that they've explained why F-22 maintenance workers have suffered ailments similar to those of the pilots:

Doing lots of standard tests on pilots who were incapacitated doesn't prove a thing, especially if the tests were performed hours or days after the possible exposure to toxins. There are toxins in stealth coatings that react so rapidly with lung tissue that they are very hard to detect in blood, urine, or tissue samples. And these same toxins are known to have debilitating effects on both breathing and on brain function.

Even something as simple as the Air Force's distinction between "unexplained" and "explained" incidents raises huge suspicions—after all, the more incidents you can put in the "explained" box, the less of a problem you have to admit to. General Lyon was quick to categorize essentially all the maintenance people incidents as explained. What's the definition of an "explained" incident? Why haven't we been shown a complete list of explained incidents along with the alleged explanations?

In other words, after all the fancy words, the Air Force is saying, "trust us." For someone like me who's spent nearly 50 years grappling with the Pentagon's bureaucratic distortions and cover-ups, "trust us" isn't good enough.

One example of the pitfalls of trusting the Air Force's accounts of its own investigations was related to POGO by congressional staffers privy to a briefing by a member of the F-22 Scientific Advisory Board. According to the staffers, the Air Force briefer lacked a basic understanding of the nature of the F-22's stealth coatings, where they are located on the aircraft, and how they are repaired. The

Air Force official claimed, for example, that there was no stealth coating inside the engine inlets feeding the pilot's air system. In fact, those engine inlets are completely lined with stealth coatings, according to both F-22 design engineers and F-22 maintainers. Indeed, Air Force mishap reports make it clear there are also stealth coatings inside the engines themselves. One Air Force accident investigation report even found that the F-22 major mishap was caused by inlet stealth coatings breaking off and being ingested into an engine.

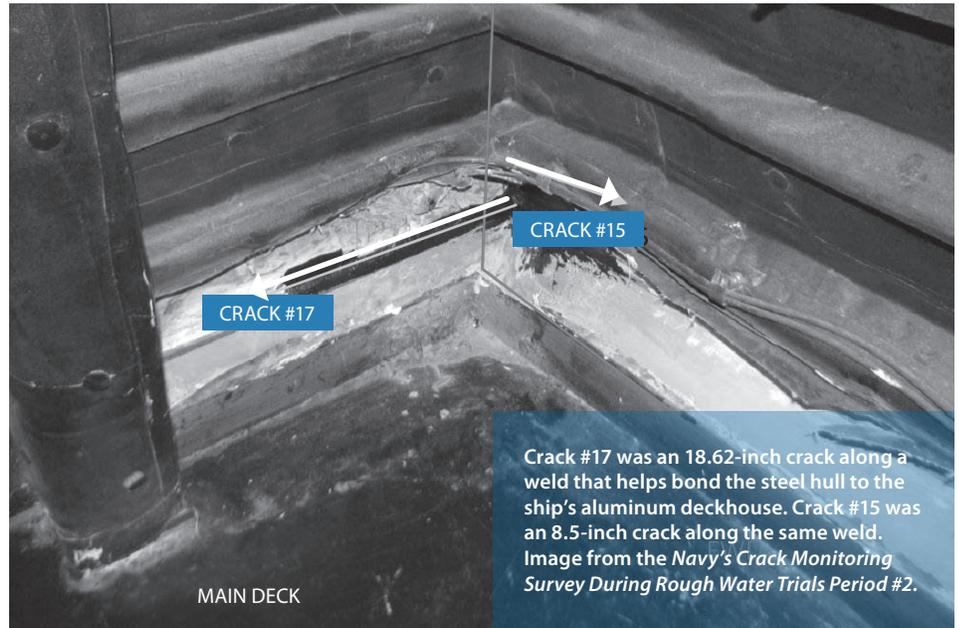
Winslow Wheeler is also concerned about the Air Force investigation's disturbing lack of transparency and candor with Congress and the public.

"The Air Force's Scientific Advisory Board report opted to simply justify the already presented conclusions, rather than follow a scientific method to reach a valid solution to the F-22 safety problem." Wheeler said. "That congressional offices and the press have already been misinformed about key elements of the problem is a huge concern," he added. "These issues must be given extremely close scrutiny by non-DOD independent experts."

POGO agrees: Whether it's the Government Accountability Office or another independent body specializing in safety issues, outside oversight of the investigation is essential to ensure that the lives of F-22 pilots and ground crew are adequately protected. The Air Force's first priority ought to be the well-being of its people. Requiring pilots to resume flying the F-22 after the Air Force Scientific Advisory Board announced it hadn't found the root cause of the problems indicates the Air Force's priority is image and hardware, not people. ■

Off Course

Did Navy Underplay Steering Problem Before Awarding Ship Contract?



BY BEN FREEMAN, PH.D., POGO INVESTIGATOR

The Navy's newest combat ship is like a Swiss Army knife—it does a lot of things, it just doesn't do any of them well. The Littoral Combat Ship (LCS) is designed to travel in shallow coastal waters and engage in one of three primary missions—minesweeping, anti-submarine warfare, or surface warfare. Unfortunately, it has yet to prove it can accomplish any of these missions.

There are two variants of the LCS: one built by a team led by Lockheed Martin and the other built by a team led by General Dynamics. In April POGO released a number of documents showing that the Lockheed Martin-built USS *Freedom* (LCS-1)—the Navy's first ship of this class—has been plagued by flawed designs and failed equipment since being commissioned, has at least 17 known cracks, and has repeatedly been beset by engine-related failures.

From the time the Navy accepted LCS-1 from Lockheed Martin on September 18, 2008, until the ship went into dry dock in the summer of 2011—not even 1,000 days later—there were 640 chargeable equipment failures on the ship. On average then, something on the ship failed on two out of every three days.

Yet the Navy continued to tell Congress that all was well with the LCS program. Secretary of the Navy Ray Mabus told the Senate Armed Services Committee in December 2010 that both variants of the LCS were performing well and that "LCS-1, the *Freedom*, demonstrated some of the things we can expect

during her maiden deployment earlier this year.” Then-Chief of Naval Operations Admiral Gary Roughead echoed this praise for the LCS-1, stating “I deployed LCS earlier than any other ship class to assure we were on the right path operationally. It is clear to me that we are.”

Mabus and Roughead failed to mention that during the approximately two-month deployment when the ship traveled from Mayport, Florida, to its home port in San Diego,

“The Lockheed Martin-built USS Freedom has been plagued by flawed designs and failed equipment since being commissioned, has at least 17 known cracks, and has repeatedly been beset by engine-related failures.”

California, there were more than 80 equipment failures on the ship. These failures were not trivial, and placed the crew of the ship in undue danger. For example, on March 6, 2010, while the ship was in the midst of counter-drug trafficking operations there was a darken ship event (the electricity on the entire ship went out), temporarily leaving the ship adrift.

Mabus and Roughead also failed to mention that in a test conducted a little over a month before they testified before the Senate Armed Services Committee, a fundamental flaw had been discovered on LCS-1. According to internal Navy records obtained by POGO and *Aviation Week*, LCS-1 “is inherently directionally unstable.” A report from the ship’s calm water trials, which ended in early November 2010, states that LCS-1 is difficult to steer and “requires many...adjust-

ments to maintain a straight course.”

Other documents obtained by POGO show that Navy officials urged personnel involved in the LCS program to down-play the poor test results because of “the down select”—the moment of truth when the government was supposed to choose between the two rival models, declaring one team of shipbuilders the winner in this multi-billion dollar shipbuilding competition. James R. Garner, who at the time was

commanding officer of the USS *Freedom*, on Dec. 15, 2010, wrote to a subordinate, “I had a healthy conversation with Dan Brintzinghoffer [of the Naval Surface Warfare Center - NAVSEA] today and he asked that we not use terms directional instability or the like in any briefings or discussions...The bottom line is concern with respect to the down select.”

On Dec. 22, 2010, one week after those emails were written, Congress authorized the Navy to buy both the Lockheed and General Dynamics variants. Congressional overseers of the combat ship program told POGO that they were not made aware of the ship’s testing results prior to that decision.

Why wasn’t Congress told? A Navy spokeswoman, Lieutenant Courtney Hillson, said Navy personnel “limited discussion” of test

results, because, “[A]llowing widespread discussion of preliminary trial results for USS *FREEDOM* before USS *INDEPENDENCE* [the General Dynamics ship] underwent her trials could potentially impact ... source selection by creating unfair comparisons between the ships.”

The Navy’s pattern of obfuscation continued even after Congress authorized funding for both versions of the ship. When an LCS officer inquired in January 2011 about obtaining the full test results, a Navy test official wrote that the data was “still under a gag order.” Grant Rossignol, another official at NAVSEA, wrote “I was told by PMS 501 [the LCS Program Office] not to show our results to anyone else until they gave permission...The bottom line is they didn’t like what the results said.”

The results weren’t made widely available to the ship’s crew until more than a year after the trials were concluded according to a person close to the LCS program, who spoke on condition of anonymity.

While the LCS program was withholding this information, Navy Secretary Mabus named the “Competition Excellence Acquisition Team of the Year” in the summer of 2011. Ironically, the honor went to the Littoral Combat Ship Price Analysis Team, which was instrumental in getting Congress to buy both variants—effectively ending competition in the LCS program. The team even included Dan Brintzinghoffer, who reportedly opposed using the “terms directional instability or the like in any briefings or discussions,” prior to the acquisition decision. ■



\$6-Billion Boondoggle

BY DANA LIEBELSON, POGO'S BETH DALEY FELLOW;
AND MIA STEINLE, POGO INVESTIGATOR

A decade ago, the Department of Energy and its semi-autonomous National Nuclear Security Administration conceived the idea for a new facility that would enable the nation to build more nuclear weapons. As the project's estimated cost increased by billions, and as its opening was pushed back by years, experts expressed doubts that the new nuclear facility was necessary.

The nuclear facility would not only replace an existing building, but would expand the NNSA's manufacturing and sustainment of plutonium pits, a primary component of nuclear weapons. However, as POGO demonstrated in January in its report, *Energy Department Plans to Waste Billions of Dollars on Unneeded Los Alamos Lab Facility*, the nuclear facility's mission, cost, and design have spiraled out of control.

Shortly after POGO released its report on CMRR-NF, the President opted to delay the nuclear facility by at least five years. In the President's fiscal year 2013 budget request to Congress, he said that the NNSA and its nuclear laboratories found "existing infrastructure in the nuclear complex" that could accommodate the missions that were to go to CMRR-NF.

Several months later, the congressional committees that determine nuclear weapons funding did not appropriate funds to CMRR-NF in their FY 2013 appropriations bills, thereby upholding the President's request. However, the congressional defense authorizers sought to grant funding to the nuclear facility in the National Defense Authorization Act for FY 2013. The defense authorization bill had not been passed at the time of publication.

Here are the top eight reasons Congress should put an end to this boondoggle, known as the Chemistry and Metallurgy Research Replacement-Nuclear Facility (CMRR-NF):

- 1 **CMRR-NF is a massive money pit.** During a decade of planning, its estimated cost has climbed from \$375 million to almost \$6 billion. Given the budget cuts many departments and agencies are facing, it makes no sense to pour money into an unnecessary project.
- 2 **The U.S. is committed to shrinking its nuclear arsenal.** In 2011, the U.S. ratified the New START Treaty, which calls for the U.S. and Russia to draw down deployed strategic nuclear warheads to 1,550 each over the first seven years of the treaty. However, CMRR-NF could store enough plutonium to make 1,500 additional warheads, which, if built and deployed, would push the U.S. well over treaty limits.
- 3 **The facility is not a significant jobs creator.** CMRR-NF would create only a few hundred temporary construction jobs. This would have "little or no noticeable socio-economic impact" on the surrounding region, according to a report by the Department of Energy.
- 4 **CMRR-NF could be vulnerable to an earthquake.** Given the catastrophic earthquake at the Fukushima Daiichi Nuclear Power Plant in Japan, seismic concerns about nuclear facilities cannot be dismissed. Data show that the risk of a major earthquake occurring at the site of CMRR-NF is considerably higher than previously thought.
- 5 **CMRR-NF is being designed and constructed at the same time.** The Department of Energy is relying on a design-build strategy for CMRR-NF, in which design and construction occur concurrently, with one contractor overseeing both stages. This strategy has led to technological failures, delays, and huge cost increases for past projects.
- 6 **The NNSA has a track record of poor project management.** The Government Accountability Office has expressed concerns time and again that NNSA projects are consistently overpriced and significantly behind schedule. The NNSA is currently responsible for two other behemoths of overspending: the \$4.9 billion Mixed Oxide Fuel Fabrication Facility, and the \$6.5 billion Uranium Processing Facility.
- 7 **Existing facilities could carry out the nuclear weapons mission at a lower cost to taxpayers.** The Los Alamos National Laboratory—the proposed home of CMRR-NF—recently released a study that determined the Laboratory can maintain its plutonium pit manufacturing and sustainment needs without the new nuclear facility.
- 8 **Simply put, it's a project without a cause.** Back in 2007, the House Appropriations Committee recommended that construction of CMRR-NF be delayed because it has "no coherent mission." A former nuclear laboratory vice president, Bob Peurifoy, said it best: "Pit production enabled by CMRR-NF is not needed to maintain U.S. nuclear weapons for decades to come...as a result, the Nuclear Facility might just sit there with nothing to do."



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