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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

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July 14, 2011

The Honorable Leon E. Panetta
Secretary of Defense
The Pentagon
Washington, DC 20301-3000

Dear Secretary Panetta:

The Committee has received the Omnibus Reprogramming (FY 11-21 PA). This request proposes to reallocate \$264 million from other activities to pay for cost growth on the first three F-35 low rate initial production lots (LRIPs 1-3). In addition, the Department informs the Committee that an additional \$496.2 million needs to be found by the DOD within the F-35 program to pay for cost overruns on LRIPs 1-3.

The Committee is concerned about three quarters of a billion dollars in increases in these three contracts since last year. That raises many questions that must be answered before a decision is made on this reprogramming, including: (1) what are our legal obligations to pay these increases; (2) what would be the effect if the use of these funds for these contracts were to be denied in the reprogramming; (3) what are the alternatives to reprogramming for these funds; (4) to what extent are these funds on LRIPs 1-3 recoverable now and in future negotiations; (5) what would be our legal obligations and our costs if we were to terminate the F-35 program now; and (6) how does the Department intend to prevent excessive overruns in the future and how will the Department ensure that taxpayers will not have to pay for them?

We would appreciate a prompt response to these questions so that we may consider the answers in evaluating this reprogramming request.

Sincerely,


John McCain
Ranking Member


Carl Levin
Chairman