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TESTIMONY OF

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UNDER SECRETARY OF DEFENSE

(ACQUISITION, TECHNOLOGY & LOGISTICS)

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COMMITTEE ON ARMED SERVICES

AIR AND LAND FORCES SUBCOMMITTEE

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Mr. Chairmen and distinguished members of the Subcommittee, I welcome the chance to appear before you today to discuss the F-22A Raptor. My testimony today will provide background and rationale for the Department's decision on obligation of FY 2009 authorized and appropriated F-22A advance procurement funds. Specifically, I will address the Department's intent to extend production, minimize taxpayer exposure to financial risk, and provide the incoming administration the flexibility to make a decision on continued F-22A production beyond the Department of Defense program of record.

F-22A FY 2009 Advance Procurement

As you are aware, the FY 2009 President's Budget did not contain Advance Procurement funds for a Lot 10 buy of F-22A aircraft. The FY 2009 President's Budget was consistent with the Department's stated position that the current program of record of 183 F-22A aircraft are adequate to meet the Department's tactical aircraft force structure requirements. The current F-22A aircraft program of record, combined with a larger force of F-35 Joint Strike Fighter aircraft, will provide a robust and right-sized 5th generation strike fighter inventory.

The FY 2009 DoD Authorization and Appropriations Acts provided \$523 million for Advanced Procurement for F-22A aircraft. Section 134 of the FY2009 National Defense Authorization Act directed that not more than \$140 million of

the F-22A Advanced Procurement funds were authorized for obligation until the President certified to the Defense Committees on the national interest of continued F-22A production or termination. The certification is due to the Committees no earlier than January 21, 2009, and no later than March 1, 2009. The Advanced Procurement funding, as well as the restrictions on the authorization of those funds, is in line with the Department's intent to provide enough flexibility for the next Administration to make a long-term decision regarding continued F-22A production.

F-22A Lot 10 Acquisition Strategy

On November 10, 2008, I signed an Acquisition Decision Memorandum (ADM) that directed the Air Force to begin Lot 10 procurement for four (4) F-22A aircraft. The ADM allowed the Air Force to obligate up to \$50 million of Advanced Procurement funds to purchase long lead items for four (4) F-22A aircraft. The ADM also allowed the Air Force to negotiate a priced Advanced Procurement option for the long lead items for 16 additional F-22A aircraft. Further, the ADM directed the Air Force to submit a revised Lot 10 Acquisition Strategy within 30 days for my approval and to provide certification recommendations pursuant to section 134 of the FY 2009 National Defense Authorizations Act, referenced above.

This approach provides an adequate bridge until at least January, 2009, without imposing significant additional costs on the taxpayer for any future course of action. First, it is inappropriate to spend an additional \$90 million of Advance Procurement for 16 aircraft that the Nation may not purchase, particularly when that decision can be deferred at limited cost and risk. Second, the taxpayer will not pay significant additional costs for additional F-22A aircraft if the balance of the \$140 million is obligated in January, 2009. Finally, if the decision on obligating additional F-22A Advanced Procurement funds is deferred until March, 2009, the Department of Defense still only faces estimated additional costs on the order of amounts Congress has permitted DoD to obligate.

My objective with the ADM is, to the maximum extent possible, comply with Congressional direction, execute an acquisition strategy that is consistent with the Department's stated position, and minimize the financial risk to the Department and ultimately, the country. The ADM represents a prudent approach that preserves F-22A options with a conscious effort to carefully use every single taxpayer dollar. The ADM also reflects a DoD strategy which implements Secretary Gates' commitment to allow the next Administration to reconsider the current decisions on the F-22A production program.

F-22A Budget Factors

In addition to the advance procurement issue, the question of full funding for a follow-on Lot 10 is pertinent to this discussion. Consistent with the current Department of Defense position on F-22A production, there is no funding in the current FY 2010 budget. Naturally, the F-22A program status may change when the incoming Administration reviews this issue, provides the certification required by section 134, and submits the FY 2010 President's Budget. However, the lack of approximately \$2.5 billion to fully fund additional F-22A aircraft in FY 2010 amplifies the need for prudence and restraint in committing Advance Procurement funds for additional F-22A parts.

Consistent with Secretary Gates' decision to bridge F-22A production for the next Administration, the Department intends to request four (4) F-22A aircraft in the FY 2009 GWOT Supplemental request. This approach was attempted in the initial FY 2009 Bridge Supplemental request; however, the F-22A aircraft were removed to allow for more urgent Department priorities to be included. Even if the four (4) F-22A aircraft are approved via supplemental request, approximately \$2.5 billion would be required in FY 2010 to fully fund the remaining 16 F-22A aircraft.

In addition to finding funding for additional aircraft, the F-22A program requires funding to continue their modernization plan, resource the operations and

maintenance accounts required to achieve reliability goals, and standup the required depot and infrastructure to support the programmed inventory. The Air Force faced considerable pressures in submitting a balanced budget to the Department for FY 2010. The addition of 20 F-22A aircraft at a cost of more than \$3B would clearly add to that challenge.

The Department's analysis supports the current F-22A program of record. The analysis determined that the appropriate number of F-22A aircraft combined with a larger number of F-35 aircraft provided the Nation with a 5th generation capability necessary to handle the most stressing of wartime scenarios. Inherent in that analysis is the ability to procure the correct mix of these very capable aircraft. Continued procurement of F-22A aircraft could, for example, jeopardize the Department's ability to procure the F-35 in the quantities required to maintain affordability and deliver the required capability to the Services as soon as possible. The Department believes that spending more money than is required to provide the warfighters the correct mix of capability and quantity of aircraft is not the best use of tax dollars. The Department faces many funding challenges and an investment that merely adds redundancy, at a high cost, to an already robust force risks the ability to meet the Department's needs in other equally important mission areas.

I again thank the Subcommittee for their time in allowing me to present the Department's positions on this important program.