The Truth About Military Spending
MORE DEFENSE DOLLARS DON’T GUARANTEE A BETTER MILITARY

BY DANIEL L. DAVIS, CENTER FOR DEFENSE INFORMATION MILITARY ADVISORY BOARD

Everyone agrees that federal spending is out of control, yet there’s little appetite to go after bloated Pentagon budgets. Americans from the left, right, and center all too often give the military a pass because they grudgingly believe current levels of defense spending are necessary for national security.

But is there such a thing as too much defense spending? Is it possible that, counterintuitively, more defense dollars could make us less safe?

Yes. The fact is, that is exactly what’s happening. There are tens of billions of defense dollars being wasted every year. That’s not just bad for our checkbook. It’s bad for our military effectiveness.

The problem is two-fold. First, there is the Pentagon acquisition system, which fails to deliver affordable and effective weapons on time. Second, this failed system is overseen by a Congress that rewards the waste with additional dollars for modernization at the cost of near- and medium-term readiness.

Consider the ineffective weapon systems the Pentagon tries to develop. One infamous example is the Future Combat System (FCS), an Army program that was meant to replace...
Sixteen years after a V-22 Osprey crash killed 19 Marines, the Pentagon has finally cleared the names of the two pilots the Marine Corps had improperly blamed. The about-face comes after a fourteen-year campaign by Representative Walter Jones (R-NC) to clear Lt. Col. John Brow’s and Major Brooks Gruber’s names after meeting Major Gruber’s widow, Connie, at the funeral. According to Stars and Stripes, Jones made more than 150 speeches on the House Floor to bring attention to the issue.1

Following the crash, military investigators concluded that the pilots were not at fault, but the Marine Corps publicly insisted that it was “human-error” rather than admit any deficiencies with the V-22 itself.2 Despite the Marine Corps’ position, problems with the propellers creating “brown-out” and other factors led the Director of Operational Test and Evaluation (DOT&E) to declare the MV-22 “not operationally suitable” later that year.3

“Anyone familiar with the accident agrees that the pilots were not at fault,” Jones told POGO in a 2011 interview. William Lawrence, who was in charge of testing the V-22s from 1985 to 1988, told him he was “convinced [the crash] was the result of poor design and possible inadequate training.” He added that the flight crew, including Colonel Brow and Major Gruber, “could not have understood the actions necessary to prevent the crash.”4

The letter clearing the pilots’ names, signed by Deputy Secretary of Defense Bob Work, seems to come to a similar conclusion regarding the innocence of the pilots:

“After considering all of the links in the chain that led to this particular accident, I disagree with the characterization that the pilots’ drive to accomplish the mission was “the fatal factor” in the crash...[I]t is clear that there...
MILITARY SPENDING CONTINUED FROM PAGE 1

America’s workhouse armored vehicles that were built in the 1980s. After more than a decade, the program was cancelled after spending $20 billion and producing exactly zero new vehicles. Meanwhile, our potential adversaries have produced several new iterations of tanks and other armored vehicles.

A recent Center for Strategic and International Studies report estimates taxpayers lost $59 billion in acquisition failures from 2001 to 2010, and shows that the problem is systemic. Last year the Government Accountability Office (GAO) found that, despite years of recommendations on ways to correct development failures, the Pentagon “still lacks the capacity to fully implement reforms, particularly in the areas of cost estimating, program assessment, systems engineering, and developmental testing.”

Then, on top of the Pentagon’s inability to effectively manage major acquisition programs, Congress supports systems that primarily benefit its members’ constituents and campaign supporters, further compromising the U.S. military’s ability to field a force that is properly equipped and trained. A look at where the defense dollars go—and where key Members of Congress get their financial support—is very telling.

Readiness determines whether our troops are fit to fight and is largely funded through the operations and maintenance accounts. But the U.S. Army has seen its training and maintenance funds slashed by almost 40 percent since fiscal year 2012 while the amount of money the services spend on major weapon systems, even during sequestration and other dips in defense spending, has remained steady. The Public Broadcasting Service reported in January 2016 that “the military services’ modernization portfolio in November 2008 was $1.64 trillion. The latest reports, from March 2015, show a value of $1.62 trillion.”

The pressure placed on Congress by the defense industry is relentless, with the defense industry spending a stunning $128 million on lobbying Congress in 2014 to support defense projects and bills that benefit them instead of training and support for our armed forces.

Open Secrets analysis found that the primary reason these private firms spend so much supporting and lobbying Members of Congress is expressly to secure “government contracting services and earmarks and influence[ing] the defense budget to make those contracts more likely.”

Most contributions are steered toward members on the committees that authorize and appropriate this money. Chairman of the House Armed Services Committee have been particular favorites.

In his final run for Congress in 2012, then-House Armed Services Committee Chairman Buck McKeon (R-CA) received a staggering $703,400 from the defense industry. After retiring from Congress in 2014, McKeon established a consulting firm in Washington, boasting to prospective customers that his company “adeptly crafts and implements messaging strategies, and raises the profile of a client’s initiative by getting it in front of key, influential figures.” In the 2014 election cycle, the current chairman of that committee, Representative Mac Thornberry (R-TX) received $427,850 in campaign contributions from the defense industry, equaling almost a third of all his contributions. He has coincidentally been one of the biggest advocates for increased defense spending.

Major acquisition failures, and the sway the defense industry holds over legislators, will continue until ordinary voters hold the military and elected leaders accountable for the way they spend taxpayers’ dollars. We need to realize that our national security will not be strengthened by spending more on defense. We need to decide our funding levels, and how the funds are allocated, based solely on what will create the most effective military possible. Choices made with this mentality will produce a military that is both adequately trained and modernized. Maintaining the status quo will likely further degrade our overall ability to defend the nation’s vital interests.
Pentagon’s 2017 Budget Was Mardi Gras for Defense Contractors

BY MANDY SMITHBERGER, DIRECTOR OF THE CDI STRAUS MILITARY REFORM PROJECT

Mardi Gras is an occasion for gluttony, masks, and general revelry. This year, the Pentagon celebrated Fat Tuesday with the release of its fiscal year 2017 budget request, tossing out a variety of baubles for defense contractors.1

Overall the Pentagon requested $582.7 billion in discretionary funding, a $2.4 billion increase from last year’s enacted level of spending. The request includes $58.8 billion for a “war spending” account named the overseas contingency operations (OCO) account, which is often used as a slush fund for myriad programs that have little to nothing to do with our wars.2 The proposed budget continues a trend of Pentagon spending well above historical norms, with our total national security spending for next year at nearly $1.1 trillion.3

This is the first budget since Congress passed the Bipartisan Budget Act of 2015, which increased Pentagon spending caps for the base budget to include $548 billion in fiscal year 2016 (an increase of $25 billion over the spending caps previously mandated by the Budget Control Act) and $551 billion for fiscal year 2017 (an increase of $15 billion).4 The bill also set a floor for the OCO account of $58.8 billion for both years.

While all of this means there’s a lot of bad news in the defense budget, there is some good news, as well. The Air Force has temporarily delayed its campaign to retire the A-10, admitting that it is too useful against Syria and the Islamic State to mothball just yet. We continue to be concerned, however, by previous Air Force efforts to thwart congressional intent by reducing A-10 readiness and effectiveness.5 Preserving the A-10 is also insufficient for the future of close air support. Representative Martha McSally (R-AZ) is leading efforts to ensure the Air Force develops a next-generation A-10 before it mothballs additional A-10s. “There is no aircraft, either in the fleet or in development, that can replace the Warthog’s unique capabilities,” McSally wrote, referencing the fact that the F-35 Joint Strike Fighter is insufficient to fulfill the role. “The specific mission set for CAS/[forward air controller-airborne]/[combat search and rescue] requires a specific aircraft, not one that is a jack-of-all-trades but a master of none.”6

The Pentagon is also proposing to cut one ship from the Littoral Combat Ship (LCS) program, saving taxpayers $206 million. We recommended pausing the Littoral Combat Ship in our Bakers’ Dozen priorities for Congress.7 In its latest annual report, the Pentagon’s testing office found that in two exercises the LCS struggled to fend off a swarm of small attacking vessels, with the attackers penetrating the “keep-out” zone.8 These are only a few of the problems prompting the leadership of the Senate Armed Services Committee to question the future of the program and its ability to be effective and survivable in combat.9

Unfortunately, from there the budget is more decidedly mixed. The budget includes $46 million for the Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System (JLENS), the Army blimp made infamous when it broke loose this past fall.10 The Pentagon also asked Congress to fund 63 F-35s at $10.1 billion,
## TOTAL US NATIONAL SECURITY SPENDING, 2016-2017 (All figures are $billions in then-year $)

<table>
<thead>
<tr>
<th>National Security Program</th>
<th>2016 as Enacted</th>
<th>2017 as Requested</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>DoD Base Budget (Discretionary)</td>
<td>521.7</td>
<td>523.9</td>
<td>The “base” budget purportedly contains all routine, peacetime expenses; however, DoD and Congress have loaded tens of billions of such base spending into the Overseas Contingency Operations fund for declared wartime expenses. See below.</td>
</tr>
<tr>
<td>DoD Base Budget (Mandatory)</td>
<td>6.8</td>
<td>7.9</td>
<td>DoD often does not count this mandatory spending in its budget presentations to the public; however, being for military retirement and other DoD-only spending, it is as much a part of the DoD budget as military pay and acquisition.</td>
</tr>
<tr>
<td>DoD Base Budget (Total)</td>
<td>528.5</td>
<td>531.8</td>
<td>“Total” spending is discretionary and mandatory combined.</td>
</tr>
<tr>
<td>Overseas Contingency Operations</td>
<td>58.6</td>
<td>58.8</td>
<td></td>
</tr>
<tr>
<td><strong>DoD Subtotal (Total)</strong></td>
<td><strong>587.1</strong></td>
<td><strong>590.6</strong></td>
<td></td>
</tr>
<tr>
<td>DOE/Nuclear (Total)</td>
<td>20</td>
<td>20.5</td>
<td>For nuclear weapons activities</td>
</tr>
<tr>
<td>“Defense-Related Activities” (Total)</td>
<td>8.3</td>
<td>8.4</td>
<td>This spending is usually just for international FBI activities, Selective Service, the National Defense Stockpile, and other miscellaneous defense-related activities.</td>
</tr>
<tr>
<td>National Defense (Total)</td>
<td>615.4</td>
<td>619.5</td>
<td>This is the OMB budget function “National Defense” (also known as “050”), which is sometimes confused as Pentagon-only spending.</td>
</tr>
<tr>
<td>Military Retirement Costs Not Scored to DoD</td>
<td>12.2</td>
<td>14.5</td>
<td>This category shows funds paid by the Treasury for military retirement programs, minus interest and contributions from the DoD military personnel budget. The data for the amounts shown here are in functions 600, 900 and 950. As DoD-unique spending they should be displayed as part of the DoD budget, but they are not by either DoD or OMB.</td>
</tr>
<tr>
<td>DoD Retiree Health Care Fund Costs</td>
<td>-5.6</td>
<td>-5.9</td>
<td>These are net costs to the Treasury for this DoD health care program. See functions 550, 900, and 950. As DoD-unique spending, they should be displayed as part of the DoD budget, but they are not by either DoD or OMB.</td>
</tr>
<tr>
<td>Veterans Affairs (Total)</td>
<td>164.4</td>
<td>179.2</td>
<td></td>
</tr>
<tr>
<td>International Affairs (Total)</td>
<td>59.4</td>
<td>58.1</td>
<td></td>
</tr>
<tr>
<td>Homeland Security (Total)</td>
<td>51.2</td>
<td>49.7</td>
<td>Includes Homeland Security spending in DHS for federal agencies not shown on this table (thereby excluding DoD, DOE, State, and VA)</td>
</tr>
<tr>
<td>Share of Interest on the Debt</td>
<td>100.2</td>
<td>123</td>
<td>Total On-Budget Federal Outlays are $4 trillion in 2016 and $4.1 trillion in 2017. Total gross interest paid (outlays) on Treasury debt is $447.3 billion in 2016 and $551.7 billion in 2017. The calculable shares of defense-related spending relative to the federal totals at 22.4% in 2016 and 22.3% in 2017.</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>997.2</strong></td>
<td><strong>1,038.1</strong></td>
<td></td>
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Despite the most damning testing report of the F-35 program to date,\(^1\) but there may be two bright spots on the F-35. First, the Pentagon rejected a proposal from the F-35 program office to approve a block buy. Second, the Air Force deferred purchasing five F-35As this year and reduced its procurement by 45 aircraft over the next five years, perhaps because one of the major conclusions of the testing report is that the Air Force is unlikely to be able to declare initial operational capability (IOC) on time for its variant. More likely, though, the decision is the first indicator that the costs of the next Long-Range Strike Bomber will drive reductions in the F-35 program.\(^12\)

Other “savings” offered, including closing military bases through a Base Realignment and Consolidation (BRAC) process, are dead on arrival to Congress in an election year because it would translate into losing jobs for their districts.

The Pentagon still refuses to break free from war-spending budget gimmicks. While OCO is supposed to be for emergency spending related to our wars overseas, it has repeatedly been used by both the Pentagon and Congress as a slush fund.\(^13\) The use of this fund allows lawmakers and the Pentagon to avoid the spending caps. As Taxpayers for Common Sense pointed out, if OCO were an agency, its $58.8 billion budget would make it the fifth largest in the federal government.\(^14\) But even before the budget came out, Republicans on the House Armed Services Committee protested that $583 billion for Pentagon spending (which includes OCO) wasn’t enough and sent a letter to the Budget Committee urging an additional $15 to $23 billion for OCO—which could easily compensate for the limited weapons program cuts.\(^15\) While the Pentagon supported the budget deal as a “positive step,” Defense Secretary Ash Carter has suggested he is open to spending more.\(^16\)

During a press conference announcing the budget, Vice Chairman of the Joint Chiefs of Staff General Paul Selva immediately dismissed concerns that Pentagon spending is too low to support our national security needs. “We have the most powerful military in the world,” said General Selva. “We are far from gutted...You have in your joint force today the most powerful army on the planet, the most flexible and determined Air Force on the planet, the most capable Navy on the planet, and a Marine Corps no one can match.”\(^17\)

The proposed budget includes increased funding for readiness, which determines how ready our forces are to fight. Readiness, funded through the operations and maintenance account, has been underfunded by the Pentagon and Congress in the past. But it’s misguided to blame this on spending caps; the real culprit is over-prioritizing weapon systems. Despite complaints from some proponents of increased Pentagon spending that modernization of weapons has been unduly underfunded in previous budgets since the Budget Control Act, a recent AP fact-check found that funding has largely remained stable at about $1.6 trillion.\(^18\) Instead, Congress and the Pentagon have responded to budget caps by cutting training and maintenance. As former Pentagon analyst Chuck Spinney has pointed out, robbing readiness to pay for over-priced and over-complicated weapon systems is a “death spiral” regular practice of Congress and the Pentagon, even at the highest budget levels. Without fundamental reforms—far more likely to occur under reduced spending that encourage competition and smarter choices—taxpayers should continue to be concerned about a Pentagon largely unaccountable for wasteful spending and mismanagement.

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11. For more on this, see “The F-35: Still Failing to Impress” on page 7.
The F-35: Still Failing to Impress

The report makes clear just how far the F-35 program still has to go in the development process. Some of the technical challenges facing the program will take years to correct, and as a result, the F-35’s operationally demonstrated suitability for combat will not be known until 2022 at the earliest. Officials have indicated they may ask for a block buy of nearly 500 aircraft in 2017.1 The DOT&E report clearly shows any such block commitments before 2022 are premature.

The report’s candor about the airplane’s problems is unique among the DoD’s other reports about the performance of the F-35. It only exists because Congress created an independent operational testing office in 1983 to report only to the Secretary of Defense and Congress.2 Without this office, significant F-35 problems might never be revealed until failure in actual combat.

As damning as this report is, the Joint Strike Fighter (JSF) Program Office quickly issued a statement disagreeing with the report’s emphasis—but acknowledging that every word of it is “factually accurate.”3

Officials Continue Putting Off Key Tests Needed to Prove Combat Capability

The F-35 program is already years behind schedule: the first plan was to have the initial batch of the aircraft available for combat in 2010 and deployed in 2012.4 The DOT&E report shows timelines slipping even more.

Weapons delivery accuracy tests (WDA) serve as a good example.
These tests are important because rather than just testing to make sure an individual component functions properly, they test the entire kill chain, “the complete find-fix-identification (ID)-track-target-engage-assess-kill chain for air-to-air and air-to-ground mission success.” This means the tests will see if a pilot can locate and properly identify a target, hit it with the right weapon, and then tell if the target has been destroyed—just the sort of thing a pilot would have to do to be effective in combat.

Twelve tests were completed in the last year for the Marine Corps variant, but 11 required developmental testers to intervene—and in some cases weaken the test rules to be “less challenging.” Given these heavy interventions, DOT&E found that in its current configuration the combat effectiveness of the Marine Corps’ F-35Bs “will depend in part on the degree to which the enemy’s capabilities exceed the constraints of these narrow scenarios.” So the F-35 will program cancels many of the tests or defers them to the next Block as it has done in the past, “readiness for operational testing and employment in combat [would be] at serious risk.”

**Maintenance Problems Keep F-35s Grounded**

All of the time and money expended on the F-35 will have been for naught if the plane can’t get off the ground when it is most needed. Unless the program improves dramatically in basic availability, nearly half of the F-35s in the fleet will not be able to fly at any given time due to a variety of persistent maintenance issues. Maintenance crews have had so much trouble keeping the aircraft flight-worthy that most planes fly less than twice in a typical work week.

During 2015, 10-20 percent of all F-35s in service were undergoing major overhauls, according to the report. Of those that remained, only “half were available to fly all missions of even a limited capability set.”

The report lists a few of the “High Driver Components Affecting Low Availability and Reliability,” or the most common broken parts affecting the fleet in general. Computer components on all variants failed at a high rate, as did fuel pumps and main landing gear tires. Crews also had to work hard to fix problems with the plane’s stealth coatings. Low Observable Maintenance, or fixing stealth components, is time-consuming in part because the necessary skin panels, sealants, and paints to make the plane harder to track with radar are delicate, have long cure times, and are potentially highly toxic. “From July 2014 to June 2015, program records show that maintenance on ‘attaching hardware,’ such as nutplates and heat blankets, absorbed approximately 20 percent of all unscheduled maintenance time, while low observable repairs accounted for 15 percent,” according to the report.

**Simulation Facility Failure Threatens Testing Program**

The only way to test many of the F-35’s capabilities is in a virtual simulated environment because the test ranges cannot accurately replicate the full spectrum and quantity of threats the jets would confront. Contractor engineers have been tasked since 2001 with creating a testing facility called the Verification Simulator (VSim). It was intended to be an ultra-realistic, thoroughly test-validated “man-in-the-loop, mission systems software in-the-loop simulation developed to meet the operational test requirements for Block 3F IOT&E.” The final decision Congress makes to go into full-rate production will be based on tests conducted in a facility like this. A similar system, the Air Combat Simulation (ACS), was used by the F-22 program to fly scenarios not possible in open-

**Unless the program improves dramatically in basic availability, nearly half of the F-35s in the fleet will not be able to fly at any given time due to a variety of persistent maintenance issues.**
air range tests using realistic threat numbers and tactics.\textsuperscript{15} According to the DOT&E report, the facility fell hopelessly behind and has now been reassigned to a government agency.\textsuperscript{16}

Following the 2010 Nunn-McCurdy restructuring of the JSF program, $250 million in funding was added to the F-35 budget for the Verification Simulation Facility.\textsuperscript{17} Despite the potential for conflicts of interest, the program office decided in 2011 to leave the contract with Lockheed Martin, rejecting a plan for the government to build the simulator. In August 2015, the Verification Simulation project was transferred to Naval Air Systems Command (NAVAIR) because so little progress had been made. Fifteen years after the project began, it is now beginning all over again from scratch.

To create and validate a high-fidelity virtual world suitable for combat test missions, the simulation designers will need to conduct many actual F-35 flights to gather onboard data on maneuvering performance, handling qualities, flight controls, radar, infrared imagery, weapons trajectories, and homing behavior in the presence of representative terrain and realistic ground and air threats. These models will be combined with information about the projected threats to build a full Battlespace Environment capable of realistically simulating large arrays of friendly and enemy forces to test the F-35’s combat effectiveness in the complexity of real combat.

Validation is difficult. It requires a test pilot to fly missions over a range set up with multiple enemy radar and missile systems. The real F-35’s sensors, electronic warfare system, and intelligence links detect this threat and respond accordingly, providing pilot warnings, signal jamming, defense suppression missile firings, or any number of other responses. This creates massive amounts of data that is then compared against the data from the VSim’s re-creation of exactly the same flight test scenario. When such measured outcome comparisons show reasonably similar behavior over many test flight scenarios, then the VSim can be declared valid. This process takes years, and the fact that it hasn’t been diligently pursued since its inception 15 years ago puts the entire effort even further behind.

DOT&E reserved some of its harshest criticism for failures in the Verification Simulation project. “Due to inadequate leadership and management on the part of both the Program Office and the contractor, the program has failed to develop and deliver an adequate Verification Simulation (VSim) for use by either the developmental test team or the JSF Operational Test Team (JOTT), as has been planned for the past eight years and is required in the approved [Test and Evaluation Master Plan].”

DOT&E does not have much confidence in NAVAIR’s ability to construct the necessary facility to fully test the F-35 in time to meet the current test schedule. Without a validated simulation facility the F-35 program would have to conduct “a significant number of additional open-air flights during IOT&E, in addition to those previously planned” in order to complete testing on time. Since the plane already can’t fly often enough for the current developmental testing schedule, expecting to be able to stuff in the necessary additional flights is unreasonable.

At best the Program Office merely dropped the ball in failing to devote the proper amount of effort to establish a needed facility. Congress should request an audit of the VSim program to determine why it failed and whether taxpayers deserve a refund. The program office’s failure increases the risk that shortcomings with the F-35 program may only be revealed in actual combat. This would likely result in failed missions and needless casualties.

**Impending Air Force IOC: Aircraft Would Be Combat-Ready in Name Only**

The DOT&E report also provides further proof that the Initial Operational Capability (IOC) declaration by the Marine Corps last summer was nothing more than a public relations stunt and that the Air Force’s planned declaration later this year will be as well.\textsuperscript{18} Then-Marine Corps Commandant Gen. Joe Dunford (now Chairman of the Joint Chiefs of Staff) announced on July 31, 2015, that the Marine Fighter Attack Squadron 121 at Yuma, Arizona, “has ten aircraft in the Block 2B configuration with the requisite performance envelope and weapons clearances, to include the training, sustainment capabilities, and infrastructure to deploy to an austere site or a ship.”\textsuperscript{19} In other words, the Marine Corps claimed to have 10 F-35s ready for combat and
enough spare parts and maintenance personnel to support the squadron.

But DOT&E found that significant combat deficiencies remain. “If used in combat, the Block 2B F-35 will need support from command and control elements to avoid threats, assist in target acquisition, and control weapons employment for the limited weapons carriage available (i.e., two bombs, two air-to-air missiles),” wrote Dr. Gilmore. The report also states, “If in an opposed combat scenario, the F-35 Block 2B aircraft would need to avoid threat engagement and would require augmentation by other friendly forces.”20 This means the F-35Bs the Marine Corps said are ready for combat would need to run away from enemy planes while other aircraft come to their rescue.

Air Force officials have repeatedly stated their plans to declare Block 3i of the F-35A combat ready in August (with a December fail-safe date), as scheduled.21 Block 3i configuration has a newer computer but the same extremely limited weapons and combat capabilities as the 2B.22 On the current schedule, the Air Force will declare initial combat capability with planes that, like the Marines’ variant, will have to run from enemy fighters, need other airplanes to help find targets and avoid threats, and carry only two air-to-air and air-to-ground weapons.

In a congressionally mandated 2013 report, the Department of Defense set the dates and criteria for IOC. In the case of the Air Force, “F-35A IOC shall be declared when Airmen are trained, manned and equipped to conduct basic CAS, interdiction, and limited SEAD/DEAD operations in a contested environment.”23 The Air Force set its target IOC date as August 2016 with December 2016 as a backup. The report also states, “Should capability delivery experience additional changes, this estimate will be revised appropriately.”24

As is clearly evident in the DOT&E report, the criteria necessary for the Air Force to declare IOC have yet to be met. The aircraft will have little, if any real combat capability for years to come. And with as much trouble as the services have had keeping their planes flightworthy, it is nearly impossible for all the pilots to have acquired enough real flying hours to develop the combat skills they need.25

Concurrency Tax: Extra Costs for Few Aircraft

As part of the efforts to reform how the Pentagon buys equipment, Under Secretary of Defense for Acquisition, Technology, and Logistics Frank Kendall has urged the Pentagon to “fly before you buy.”26 The F-35 program has done the opposite. Current purchase plans would see the services with approximately 340 F-35s by the end of the next fiscal year, long before IOT&E is complete.27 In fact, the F-35 program has experienced an unprecedented level of concurrency, approving increasing levels of production years before development and testing can possibly be completed.

The cost to implement retrofits and the purchase price of planes made obsolete because they never are fixed add up to the program’s “concurrency tax.”28 The GAO estimates concurrency in the F-35 program will cost $1.7 billion to “rework and retrofit aircraft with design changes needed as a result of test discoveries.”29 As planes continue to come off the production line long before testing has uncovered all the design defects, that figure will dramatically increase.

The level of concurrency in the F-35 program causes it “to expend resources to send aircraft for major re-work, often multiple times, to keep up with the aircraft design as it progresses.”30 (Emphasis added) Some retrofits are a normal part of the acquisition process. But the level of production and rate of newly emerging design failures mean there are an unprecedented number of planes that must be altered at significant expense. For example, by the end of 2017 the program will have delivered nearly 200 aircraft that almost certainly will not be in the 3F configuration necessary for IOC.

There is a very real danger some of the problems can’t be fixed within affordable budgets. During static strength and fatigue testing there have been large numbers of demonstrated structural flaws, including cracking and metal fatigue in the wing structure, fuselage bulkheads, and almost every door on the airplane.31 DOT&E cautions the services may be stuck with numerous left-behind aircraft they can’t afford to upgrade: “these modifications may be unaffordable for the Services as they consider the cost of upgrading these early lots of aircraft while the program continues to increase production rates in a fiscally-constrained environment.”32 These concurrency orphans would likely serve as little more than costly sources of spare parts or un-representative test beds.

Block Buy Purchase Discussions Are Wildly Premature

F-35 program officials both inside the government and at Lockheed Martin have repeatedly expressed their desire to move beyond low rate initial production.33 They want Congress to authorize a block buy for 465 planes—with the commensurately large pre-payment—for the United States and foreign military partners beginning in 2018. General Bogdan claims such a move would save “billions of dol-
lars.” The DOT&E report pokes holes in the cost-saving claims.

Congress typically authorizes most weapons buying programs on a year-by-year basis to ensure proper oversight of the program and to maintain incentives for the contractor to satisfactorily perform. Federal law allows multiple year contracts to purchase government property so long as certain criteria have been met, including a stable design and significant savings. The F-35 program is far from meeting these requirements. As the DOT&E report shows, the operational testing that needs to take place in order for an informed final production decision will not be completed until 2021.

Multi-year procurement contracts afford some protections to the taxpayers. But the program office is proposing a block buy, which provides significantly fewer protections. As a Congressional Research Service report points out, block buy contract savings can be lower than those promised under multi-year procurement, and are not governed by any precautionary statutory requirements.

Conclusion
The JSF program has already been in development for more than twenty years. The plane is still years away from being capable of providing any real contribution to the national defense if, in fact, it ever will be. There is already discussion in the halls of the Capitol and the corridors of the Pentagon about the next fighter plane program beyond the F-35. Unless everyone learns from their mistakes with this program, history will be repeated. The United States can ill-afford another $1.4 trillion mistake that will do more to harm our national security than it does to secure it.
DAN GRAZIER, JACK SHANAHAN FELLOW

Secretary of Defense Ashton Carter began his tenure with a pledge to modernize the U.S. military’s personnel system. In doing so, he acknowledged a central tenet of true military reform: an effective force is only as good as the people who serve.1

In his “Force of the Future” initiative, Secretary Carter established the goal of “maintaining our competitive edge in bringing in top talent to serve the nation.” He detailed several changes including updating the retirement system, expanding fellowship programs, and modernizing personnel management software. His actions are a mixed bag: some good, some bad, and some irrelevant for meaningful reform.

Secretary Carter’s announced changes were only a part of more sweeping reforms proposed by a Pentagon team led by Brad Carson, then-Undersecretary of Defense for Personnel and Readiness.2 The most important proposal recommended by that team—ending the “up-or-out” promotion system—has so far been omitted from the announced changes.

True military reform creates a culture that identifies, nurtures, and protects strength of character and moral courage. Strength of character in the context of military leadership includes the seeking of and joy in taking responsibility and in making difficult decisions. A person with strength of character does what is right, regardless of who is watching or the consequences to their careers. The way the military manages its talent affects this immeasurably.

The Best and the Worst Changes

The Secretary announced 12 reform initiatives, with another 9 detailed in a released fact sheet.3 Here are a few of the announced changes:

THE GOOD:
Update and Modernize Retirement System
This is the one announced reform with the greatest promise for positive change. The military has long held to a system of “20 or Nothing,” which generally requires ser-
serve members to serve at least 20 years to be eligible for retirement. The current system encourages careerist officers—those reluctant to challenge the status quo for fear of being forced out of the service before qualifying for retirement benefits. Force of the Future continues to refine the Blended Retirement System signed into law in the 2016 National Defense Authorization Act, which gives service members leaving with less than 20 years of service a 401(k)-style benefit.

**THE BAD:**
**Establish Office of People Analytics**
The Department of Defense (DoD) is creating yet another layer of bureaucracy to automate the personnel evaluation process. Service members are already reduced to a series of numbers for promotion, such as evaluation report averages, physical fitness test scores, and academic grades. But it’s difficult to quantify the qualities of a good military leader. Strength of character, charisma, and creativity can’t be enumerated the way hours worked, reports filed, and push-ups done can be. The DoD should be making a greater effort to inject more human judgement when evaluating the quality of people, not less.

**THE UGLY:**
**Expand Secretary of Defense Corporate Fellows Program**
This proposal has the greatest potential to cause harm. The program allows officers and senior enlisted leaders to spend up to 18 months working in private sector corporations to have those participants learn all they can about current business practices and then “bring back what they learned to keep us on the cutting edge.” But the effect of programs like these is to reinforce the revolving door between the private and public sectors. This creates the appearance of or actual conflict of interest and abuse of the public’s trust. The revolving door between the military and industry is already prevalent in the upper ranks when senior retired officers are handsomely rewarded with corporate board positions for shepherding expensive defense programs even when the program’s usefulness is in doubt. It is irresponsible for the government to create a system that provides even more opportunities for those who would abuse their positions for personal gain.

**Reforms Leave “Up or Out” in Place**
The announced changes so far do not include the first proposal in the draft Force of the Future report, “Replace ‘Up or Out’ with ‘Perform or Out.’” This is perhaps the single most important change the military needs to make. “Up or out” is the system where officers must regularly be promoted or be forced to leave the service. The report states ending this system would “relax pressure from the ticking promotion clock that requires officers to complete operational, generational, enterprise, and joint assignments prior to selection for key command billets.” In other words, abolishing “up or out” would allow officers to focus more on doing what is right for the mission and the service rather than on having to “check the box” on short-term personal promotion requirements.

**Why Replacing “Up or Out” is Crucial**
The spirit of careerism in the officer ranks is the real problem with the military today. As Colonel G.I. Wilson, USMC (ret.), wrote, “Careerists serve for all the wrong reasons. They weaken national defense, rob the military of its warrior ethos and drive away the very highly principled mavericks that we need to reverse the decay.”

“Up or Out,” combined with “20 or Nothing” retirements, all but encourages officers to be nothing more than careerist functionaries. Officers are constantly competing for the assignments needed to be eligible for promotion rather than focusing on developing the skills needed to prevail on the battlefield. More significantly, they primarily work to please their immediate superior, who has almost total control over their future prospects. One bad evaluation is enough to derail an officer’s career.

Dr. Timothy Kane wrote Bleeding Talent, a highly influential book on military personnel reform. He surveyed 250 West Point graduates, a sample of those who graduated from 6 classes between 1989 and 2004. More than 90 percent said that at least half of “the best officers leave the military early.”

**Personnel Reform’s Battlefield Effects**
In Bleeding Talent, Dr. Kane explains that “performance evaluations emphasize a ‘zero-defect’ mentality, meaning that risk-avoidance trickles down the chain of command.” This frustrates change-minded officers during peacetime. But it also costs lives in combat. A military that does not tolerate risk has no choice but to execute plodding, centrally controlled operations, like the massive frontal assaults of the Western Front in World War I.

General George S. Patton, Jr., is a perfect example of what is needed. He spoke his mind, exasperated his bosses, and would take the steps necessary to get the job done. Even if he went against specific orders, he still acted within the stated intent of his superiors. General Patton’s willingness and maverick nature was a matter of character. But it did not happen overnight or when the fighting began. It was nurtured through years of peacetime development.
In *Fighting Power: German and U.S. Army Performance 1939-1945*, Martin van Creveld compared the two armies by their institutional underpinnings rather than by their battlefield feats. In selecting officers, the Germans placed a heavy emphasis on strength of character. The American Army primarily equated talent with raw intelligence. The Germans went to great pains to screen potential officers and considered intangible personality traits that are difficult to quantify on a cadet or candidate evaluation.

The Germans in World War II feared General Patton more than any other allied commander because they recognized his military greatness—his qualities were the ones they placed such a heavy emphasis on within their own ranks. His Third Army slashed its way through Europe at a time when the lesser commanders were plodding along.

It is easy for modern readers to dismiss the German model because the allies won the war. Yet, the Germans failed at the strategic level in large part because Hitler insisted on a two-front war. His military conducted several brilliant individual campaigns. It took the allies ten months to compel Germany’s surrender after D-Day. Even then, the allies had to use overwhelming physical strength to defeat a country that was already engaged in vicious fighting on its other flank. The Germans had covered the same ground in the opposite direction against numerically superior forces just four years earlier—it took them just six weeks.

General Patton remains famous today because he's a rare example. He snuck through a system that would normally have driven him out early in his career. It is extremely unlikely he would be able to make it far in the military today. Even in his day, he dodged several career bullets because he was saved by superiors who knew they needed someone of his caliber to command in war. Those same superiors quickly abandoned him as soon as the fighting stopped when they no longer needed him, in typical careerist fashion.  

Unfortunately, the current system deals harshly with officers like General Patton almost as soon as they begin to display the kind of individuality necessary to meaningfully influence the system. One Army officer expressed his frustration with being micro-managed, with not having a voice in the institution, and with the limited...
opportunities to rise above lesser performers. Most like-minded individuals don’t even try to speak up because they view the cause as hopeless. Instead they depart the service at their earliest opportunity and take their talents where they are valued. A few do stay, but are easily neutralized by being passed over or given poor assignments.

What we are left with is what author Andrew Bacevich describes as “good guys.” According to Bacevich, “The good guy projects the right attitude, strikes the right pose, and recites all the right clichés. Good guys are team players. They don’t rock the boat. They get ahead by going along. In practical terms, demonstrated adherence to orthodoxy becomes the premier qualification for admission.”

Conclusion
Major personnel reform changes are bound to meet significant resistance within the services. This is particularly true of the senior leaders who have the ear of the Secretary of Defense who believe the system is fine the way it is. And why shouldn’t they? It worked for them.

But military personnel system reform is crucial for overall military reform. Getting the right people in the right positions will have long-term effects across a range of defense-related issues. They will make better decisions about how the military operates and how it is equipped. Imagine if anyone of sufficient rank in the Joint Strike Fighter program office had had the moral courage to stand up and say “stop” when it became clear the program would not meet its stated goals. Reforming the personnel system the right way would go a long way to ensuring officers like that would rise to such positions.

By including CDI in your estate planning, you can make a legacy gift that will help the organization continue its important work for many years to come.

CDI is now part of the Project On Government Oversight (POGO), and a growing community of individuals are taking steps to make sure the legacy of CDI continues well into the future.

To find out more about how you can include CDI in your estate planning, contact Chris Pabon at (202) 347-1122.

PILOTS
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were deficiencies in the V-22’s development and engineering and safety programs that were corrected only after the crash—and these deficiencies likely contributed to the accident and its fatal outcome.

“Representative Jones demonstrates a rare quality on Capitol Hill: he is outraged by injustice and goes up against powerful forces to help the powerless,” said Danielle Brian, POGO’s executive director. “His commitment is inspiring. I wish we had a lot more with his dedication to truth and justice around here.”

3 “In Their Own Words: Marines Critique V-22’s ‘Human Factors,’” POGO website, July 13, 2004.
The Project On Government Oversight is a nonpartisan independent watchdog that champions good government reforms. POGO’s investigations into corruption, misconduct, and conflicts of interest achieve a more effective, accountable, open, and ethical federal government.

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