

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
MINORITY (202) 225-6074
<http://oversight.house.gov>

Opening Statement Chairwoman Carolyn B. Maloney

Hearing on “F-35 Joint Strike Fighter: Ensuring Safety and Accountability for the Government’s Trillion Dollar Investment”

July 22, 2020

Good morning. Today’s hearing will focus on the F-35 Joint Strike Fighter, a highly technical stealth fighter that is the Pentagon’s largest and most costly acquisition program.

Since the F-35 program began more than 20 years ago, the Department of Defense (DOD) has spent more than \$350 billion on its development. Total costs to sustain the program are estimated at more than \$1 trillion.

Unfortunately, this expensive program has been plagued by challenges for years, including major problems with maintenance of the aircraft. This hearing will address the money, time, and manpower our military is being forced to spend to address problems with equipment logs for spare parts from the primary contractor, Lockheed Martin.

In June 2019, the DOD Inspector General found that over a three-year period, more than 15,000 spare parts for the F-35 lacked an electronic equipment log that maintains important information on the history of the spare part and the hours flown. This information is critical for the military to determine the age of a part and whether it is safe to keep using.

In late 2019 and early 2020, Committee staff from the majority and the minority visited multiple military bases and interviewed personnel who maintain the F-35 fleet. During these visits, staff confirmed that the problems identified by the Inspector General still have not been resolved.

This is unacceptable. As a result of Lockheed Martin’s failure to provide spare parts that meet contract requirements, the military has been forced to divert personnel to troubleshoot these issues and use extensive workarounds to keep F-35 planes flying—and this costs American taxpayers millions of dollars they should not have to pay.

For example, last year the Inspector General estimated that more than \$300 million was spent on additional labor costs between 2015 and 2018 as a result of Lockheed Martin’s failure to provide spare parts with electronic logs. The Inspector General estimates that taxpayers will have to continue paying up to \$55 million a year if we do not fix these problems.

That does not even include an additional \$10 million in unwarranted incentive payments Lockheed Martin received in 2017 and 2018.

Since then, the Defense Contract Management Agency has refined this estimate to determine how many missing and delayed electronic logs can be attributed specifically to Lockheed Martin. After this process, the Defense Contract Management Agency determined that Lockheed Martin is responsible for at least \$183 million in missing and delayed electronic logs from 2015 through early 2020.

That's \$183 million that the American taxpayers were forced to pay because Lockheed Martin failed to meet the requirements of its contract.

That is why today's hearing is so important. This money belongs to the American people. These are funds that could have been used to train our warfighters, upgrade older airplanes, or support service members and their families.

In the 2020 National Defense Authorization Act, Congress required DOD to seek, quote "compensation for costs incurred by the Department of Defense as a result of the contractor's failure to deliver compliant ready-for-issue spare parts under the contract." I believe Lockheed Martin needs to pay this money back.

Lockheed Martin is currently in negotiations with DOD to compensate the government for all the defective spare parts it provided. It is imperative that Lockheed acknowledge that it failed to meet contract requirements and pay back the American people for these failures.

Lockheed is going to tell us that they have made improvements to ensure F-35 parts arrive on base with electronic logs. Improvements have been made, but parts are still being delivered without electronic logs, and missing and corrupt electronic logs occur throughout a spare part's lifecycle—not just when they are delivered to a base.

In documents provided to the Committee, DOD itself identified **nine** points of failure in the lifecycle of a spare part.

You are also going to hear that missing electronic logs have never resulted in an accident or fatality. And that is good news—so far. But the Government Accountability Office warned that every time DOD disregards a warning about a missing electronic log, military personnel are at risk of ignoring real problems with these aircraft.

We cannot simply hope that these accidents never happen. These problems must be addressed now.

The U.S. government is a major client of Lockheed Martin. In 2019 alone, Lockheed expected to earn \$41 billion in revenue from the U.S. government—business paid for by the American taxpayers. For that much money, we expect Lockheed to deliver products that work and that keep our service members safe. Anything less is unacceptable.

I also plan to look at whether legislation is needed to ensure the F-35 is meeting performance expectations.

I want to thank our witnesses for testifying on this important issue. Finally, I want to thank Ranking Member Comer and his staff for their cooperation and assistance on this hearing. This truly is a bipartisan investigation. I now yield to the Ranking Member for his opening statement.

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