

**ROBERT E. ANDREWS**

FIRST DISTRICT - NEW JERSEY

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PLEASE REPLY TO:

- 2265 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-6501
- 515 GROVE STREET  
3RD FLOOR, SUITE 3C  
HADDON HEIGHTS NJ 08035  
(856) 546-5100
- 63 NORTH BROAD STREET  
WOODBURY, NJ 08096  
(856) 546-5100

WEBSITE:

[www.house.gov/andrews](http://www.house.gov/andrews)

Dear Colleague,

Please see the article below which ran in yesterday's The Hill

Sincerely,

Rob Andrews

Chairman, Defense Acquisition Reform Panel

**Competition necessary for future DOD projects**

By Rob Andrews

The Hill, 5/20/10

As Chairman of the Defense Acquisition Reform Panel within the House Armed Services Committee, I have had the opportunity over the past year to roll up my sleeves and study what needs to be done to make our defense acquisition processes better. One chief lesson stands out: forcing contractors to compete for Defense Department projects works a whole lot better than sole source contracting. That's why I am dismayed with those who want to give one company a \$100 billion sole source engine business for the 30 years plus expected life of the Joint Strike Fighter aircraft.

During our review process, my panel and I took the opportunity to thoroughly research the procurement issue. We held numerous hearings with expert witnesses to better understand what is and what is not working in defense procurement. Why was this necessary? We've all witnessed the plethora of unacceptable cost overruns within defense, wasting taxpayers' dollars. In the last reporting cycle, there were six programs in DoD with critical Nunn-McCurdy breaches, one of which is the JSF program. Last year, Congress took a major step in paving the way to help correct these problems by passing the 2009 Weapon Systems Acquisition Reform Act. The work my Committee conducted since then built on last year's efforts.

One fundamental and immutable point is that competition works. The evidence is clear that behavior changes when contractors have to compete. And, this change in behavior results in lower prices, enhanced contractor responsiveness to war fighter needs, and better products. There is no doubt that competition will benefit the JSF engine program. According to the Government Accounting Office, Pratt & Whitney is expected to exceed their original engine development target by 50% more, or \$2.5 billion – and their production engines for the Air Force aircraft are now 42% more expensive. We simply have to do better than this, and the 2009 Weapons System Reform act provides the roadmap. A cornerstone of this law is that procurement should favor competition, and that is exactly what is needed for the JSF engine program.

That is the lesson we learned in the F-16 aircraft engine competition of the 1980's, which involved exactly the same two lead contractors involved today in the JSF engine program, Pratt & Whitney and General Electric. According to the independent General Accounting Office, the US

Government saved 21% in life cycle savings due to annual head-to-head competitions to power the F-16. Equally important, the engines of both companies, GE and Pratt & Whitney, got better—much better. In other words, competition both saved the U.S. taxpayer substantial money and strengthened our war fighting capability. That is a sweet spot combination we should embrace.

As we look to the future, we would be foolish to ignore the lessons of the past. Head-to-head, annual engine competitions will make both engines better and save the taxpayer money—up to \$21 billion based upon the F-16 experience. And, when you consider that the JSF will comprise over 90% of America's combat aircraft in the future, having two engines powering the fleet provides an essential hedge to any potential fleet-wide grounding due to an engine problem.

The debate has begun in earnest once again this year on whether or not to fund the remaining 25% needed to complete development of the JSF GE-Rolls Royce F136 engine. With \$3 billion already invested in the program, and the contractor now offering a Fixed Price contract for all Low Rate Initial Production engines, it's surprising that some still turn their backs on competition. In my judgment, we can walk down one of two paths. For the next thirty years, we can have two companies engaging in annual competitions to give the American taxpayer the lowest costs and the best performance – or we can give one company a 30 year, \$100 billion monopoly. Which do you think will best keep costs under control and deliver better engine performance? I think the answer is clear. It's important for Congress to stay the course and fund the F136. There is too much at stake to take any other course.