



United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-274603

March 4, 1997

The Honorable William S. Cohen
The Secretary of Defense

Subject: F/A-18E/F Aircraft Production Decision Should Be Postponed

Dear Mr. Secretary:

In June 1996, we reported that the F/A-18E/F would cost more than the Navy estimated and would not provide significant operational performance advantages over the less expensive C/D model of the aircraft. Therefore, we recommended that instead of procuring the F/A-18E/F, the Department of Defense (DOD) should procure additional F/A-18C/Ds. As a result of our report, the Congress directed you to conduct an analysis of the F/A-18E/F aircraft program comparing the costs and combat operational effectiveness of the F/A-18E/F with those of the F/A-18C/D aircraft. In addition, the Quadrennial Defense Review (QDR) is evaluating all weapon system programs. The purpose of this letter is to suggest that you postpone the low-rate initial production decision on the F/A-18E/F, currently scheduled for March 28, 1997, until these two congressionally mandated studies have been completed.

The National Defense Authorization Act for Fiscal Year 1997 (P.L. 104-201, Sec. 219) and the fiscal year 1997 appropriations conference report (HR 104-863) require a cost-benefit analyses of the F/A-18E/F program. The results of those analyses are to be reported to the congressional defense committees not later than March 30, 1997, according to the authorization act, and not later than April 15, 1997, according to the appropriations conference report. DOD was directed to provide the following information in its report.

- (1) A review of the F/A-18E/F program.
- (2) An analysis and estimate of the production costs of the program for the total number of aircraft expected to be procured at each of the following annual production rates:

- (A) 18 aircraft.
- (B) 24 aircraft.
- (C) 36 aircraft.
- (D) 48 aircraft.

(3) A comparison of the costs and benefits of the program with the costs and benefits of the F/A-18C/D aircraft program, taking into account the operational combat effectiveness of the aircraft.¹

The authorization act limited the amount of funds that could be obligated or expended for procurement of the F/A-18E/F until 30 days after the mandated report was received by the congressional defense committees.

We are concerned that DOD plans to make the low-rate initial production decision for the E/F prior to its submission of the required analyses to the Congress for its consideration. We view the Fiscal Year 1997 Authorization Act's and the appropriations conference report's reporting mandates as clear evidence of the Congress' desire that a valid cost-benefit comparison of the F/A-18C/D and E/F aircraft support a production decision for the F/A-18E/F aircraft. The desire for congressional input about such a decision is also clear from the authorization act's limitation on obligations and expenditures until after the required DOD report is received by the congressional defense committees. Consequently, DOD's current plan to decide on F/A-18E/F production before the reports are due to the Congress prevents possible congressional input based on a review of the required analyses. In addition, the completion and evaluation of the QDR could have a major impact on DOD's tactical aircraft modernization plans.

In summary, a process has been established through the congressionally mandated analyses of the F/A-18E/F program and the QDR that, if permitted to be taken to completion, represents a sound approach to deciding whether the F/A-18E/F is the most cost-effective approach to modernizing the Navy's tactical aircraft fleet. We urge you to take the necessary steps to ensure that the results of that process are available and fully considered before deciding on whether to produce the F/A-18E/F aircraft.

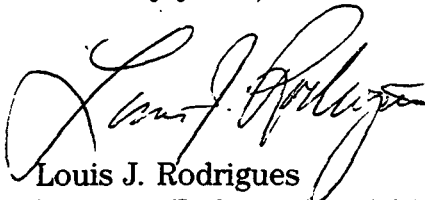
¹The Fiscal Year 1997 Authorization Act contained almost identical requirements, but based annual production rates on 18, 24, and 36 aircraft.

B-274603

We would appreciate your response to the issues discussed in this letter within 30 days. We are sending copies of this letter to appropriate congressional committees; the Under Secretary of Defense, Acquisition and Technology; the Secretary of the Navy, and other interested parties.

If you or your designee have questions or would like to discuss this matter further, please contact me at (202) 512-4841.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Louis J. Rodrigues". The signature is written in a cursive style with a large initial "L".

Louis J. Rodrigues
Director, Defense Acquisitions Issues

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