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United States Senate

COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

CHRISTIAN D. BROSE, STAFF DIRECTOR
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August 26, 2015

The Honorable Ashton Carter
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Secretary Carter:

We are deeply concerned about the Defense Department's recent congressional notification of significant errors in the long-term cost estimates of the Air Force's Long Range Strike – Bomber (LRS-B) aircraft. Specifically, the errors were regarding the 10-year cost estimates contained in the last two annual reports required by section 1043 of the Fiscal Year 2012 National Defense Authorization Act (Public Law 112-81), the Annual Report on the Plan for the Nuclear Weapons Stockpile, Nuclear Weapons Complex, Nuclear Weapons Delivery Systems, and Nuclear Weapons Command and Control System.

Last year, the section 1043 annual report accompanying the President's FY2015 Budget listed the LRS-B 10-year cost estimate as \$33.1 billion. However, this year, the annual report accompanying the President's FY2016 Budget listed the 10-year cost estimate as \$58.4 billion. In discussions with Air Force representatives, Armed Services Committee staff members were told the Air Force had received a new independent cost estimate for the LRS-B program, and that both previously reported cost estimates were incorrect. Instead, the Air Force conveyed that the 10-year cost estimate should now be \$41.7 billion, and that both section 1043 annual reports for the two previous years were not updated prior to delivery to the congressional defense committees due to an administrative error.

Such dramatic discrepancies in the long-term cost estimation for the LRS-B program are difficult to understand, and unfortunately do not inspire confidence about the Department's management of this important acquisition program. As such, we write today to request the following:

- Amended reports provided to the congressional defense committees with corrected cost estimate information for the LRS-B program
- A detailed accounting by line item of the elements used to estimate the 10-year costs for the LRS-B program
- A detailed explanation for the 21% increase in the 10-year estimated costs from the original 2015-2024 period in the FY2015 report
- A detailed explanation why the corrected 10-year estimated costs would remain at \$41.7 billion from FY2015 to FY2016 without normally expected increases due to inflation factors, acquisition profile changes, etc.

- A detailed explanation of the administrative process used to develop and coordinate the 10-year cost estimates for the section 1043 report, how the error occurred, and what actions will be taken to prevent future occurrences
- A detailed assessment of impacts to the LRS-B program of the increased cost estimates, as well as the Department's ability to appropriately fund the program in accordance with the approved acquisition strategy

The LRS-B program is one of the Department's most important and most expensive acquisition priorities. For Congress to fulfill its proper oversight responsibilities and appropriate scarce taxpayer dollars to this and other defense programs, it is imperative that we receive the most accurate information possible. To commit administrative errors amounting to tens of billions of dollars is simply unacceptable. It cannot, and should not, be tolerated by either members of Congress or our defense leaders.

We look forward to a timely response to our requests on this matter, and we thank you for your continued service to our nation.

Sincerely,



Jack Reed
Ranking Member



John McCain
Chairman

Dr. M. J.

Dr. M. J.