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Pentagon fumes after House requests more business jets

Request looks bad in down economy, but may be good timing for the long haul

By [Christopher Hinton](#), MarketWatch

NEW YORK (MarketWatch) -- A U.S. defense-budget request from Congress for new business jets comes in the wake of a fire from the Pentagon.

"Whether the funding is added to the budget or taken from somewhere else, it ultimately comes out of the same place. I believe are more important," said Geoff Morrell, a Pentagon spokesperson. "And once we get saddled with new planes we didn't ask for, then we have to find where in the budget we can cut to fund their operations."

As first reported by The Wall Street Journal, House representatives want to purchase two modified Gulfstream business jets and two modified Boeing 737s for a total of about \$550 million. The request was an add-on to a Pentagon request for one Gulfstream 550, built by a unit of General Dynamics, and one 737, along with the purchase of two 737s currently being leased.



House OKs \$500 million jet purchase

Congress plans to buy eight new jets to help accommodate growing travel demand by congressional officials. WSJ's Brody Mullins reports.

No one from the House Committee on Appropriations to comment Monday. The request now has to be approved by the Senate.

The Department of Defense is in the midst of adjusting its budget by dumping some high-cost procurement programs to focus on fighting against insurgents in Afghanistan and Iraq. It comes as the country is facing a greater budget deficit due not just from the war but also from large bailout packages to firm up the country's financial industries, shaken by the global recession.

In June, Congress seemed to recognize this new reality and approved additional funding for more F-22 fighters jet to replace the cash for the F-35. [See full story.](#)

A good deal in the long term, but it could come with a political cost

According to the Air Force, only the modified Gulfstream would be used to transport members of Congress on official trips.

Laurence Korb, a former government official and now a defense budget analyst with the Center for American Progress, said Congress was likely fed up with having to postpone trips due to there being too few aircraft.

"These are for official Congressional trips only, it's not to take them home for the weekend," Korb said. For example, "this is for a group of House members who want to go to Mexico to [study] the war on drugs or something else."

"But what has happened is that this has become symbolic of the earmarks and all the other things people concerns about," he said.

And it makes Congress look hypocritical. Last year its members expressed outrage over auto executive private jet flights to Washington D.C. to ask for bailout money, saying then it symbolized Wall Street an excess.

But putting aside from the budget spat between Congress and the Pentagon, purchasing the new jets a better deal for the country in the long run, given the age of the current fleet of Gulfstream III jets that Congress now. Those aircraft have been in service since the early '80s and have extremely high maintenance costs.

In an August report from Aviation Week, the upkeep for a G550 is about \$5,093 for every 1,000 nautical miles while a GIII is about \$9,556.

So for every 10,000 hours of flight time, the G550 would save taxpayers about \$45 million, said Nick Tarascio, Executive of Air East Airways Inc., a flight services company in Farmingdale, N.Y.

"It's comparable to buying a new house versus buying an old house," Tarascio said. "It's a bigger initial cost but over time it's a better deal ... it's a more efficient way to operate."

The G550 is more fuel efficient and has improved technology compared to the GIII, Tarascio said. Additionally, the G550 makes less noise than a GIII, allowing it to fly into more airports and at any time.

Then there is the cost. Business jet demand has plunged in the past year due to the economic recession, leading dealers to lower their prices.

According to Ascend, an aerospace consultancy, the price of G550 has fallen more than 27% in the past year from \$58 million, though that cost doesn't include any "value-added materials" such as secure communications links and cushy interiors.

For the Air Force's part, it would buy the jet for \$66 million after adding on its hardware, which likely includes advanced military technology.

An Air Force spokesperson couldn't provide a breakdown of its cost.

The House may have considered all of these things when it voted for the jets, but it can also be seen as a way to help some of their constituents to work.

Business jet manufacturers, including Gulfstream, having been laying off workers as the demand for jets has declined. The jets Congress wants to purchase are assembled in the U.S. with parts made primarily in and across 29 states, said Robert Baugniat, a spokesperson with Gulfstream.

Only the engines, made by Rolls Royce and part of its tail are made overseas, he said.

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