

Congress of the United States

Washington, DC 20515

March 10, 2026

The Honorable Donald J. Trump
President
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

The Honorable Pete Hegseth
Secretary of Defense
U.S. Department of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear President Trump and Secretary Hegseth,

We write in support of the Trump administration's recent calls to hold large defense contractors accountable for their failures to meet our warfighters' national security needs.¹ For decades, large defense contractors have consistently fallen short in delivering weapons programs to the Department of Defense (DoD) on time and on budget.² Amidst these failures, some of the largest defense contractors have increasingly issued dividends and engaged in stock buybacks worth nearly \$100 billion in just the past 5 years, instead of making investments in their capacity to produce quality products.³ President Trump's January 7 executive order titled "Prioritizing the Warfighter in Defense Contracting" appears to provide important tools to hold large defense contractors accountable, and we seek clarity on that order to inform legislation to codify those tools.⁴

The executive order instructs the Secretary of Defense to identify contractors who are underperforming or insufficiently investing in the warfighter's needs while engaging in stock buybacks and other corporate distributions, and demands that identified contractors submit a remediation plan to resolve their underperformance.⁵ The executive order also outlines that future contracts must link executive incentive compensation to contract performance metrics and can cap executive base salaries for underperforming contractors.⁶

¹ Post on Truth Social by Donald J. Trump, January 7, 2026, <https://truthsocial.com/@realDonaldTrump/posts/115855387946005468>; Post on Truth Social by Donald J. Trump, January 7, 2026, <https://truthsocial.com/@realDonaldTrump/posts/115855836062461949>.

² American Enterprise Institute, "The \$1.5 Trillion Budget Is the Carrot. The Executive Order Is the Stick," John G. Ferrari and Dillon Pronicki, January 20, 2026, <https://www.aei.org/op-eds/the-1-5-trillion-budget-is-the-carrot-the-executive-order-is-the-stick>.

³ Contractor disclosures and Securities and Exchange Commission files, compiled by Center for International Policy Senior Fellow Stephen Semler [on file with the Office of U.S. Senator Elizabeth Warren]; Popular Information, "How Trump's trillion-dollar war machine enriches the 1%," Stephen Semler, November 19, 2025, <https://popular.info/p/how-trumps-trillion-dollar-war-machine>.

⁴ The White House, "Fact Sheet: President Donald J. Trump Prioritizes the Warfighter in Defense Contracting," January 7, 2026, <https://www.whitehouse.gov/fact-sheets/2026/01/fact-sheet-president-donald-j-trump-prioritizes-the-warfighter-in-defense-contracting>.

⁵ Executive Order 14372, January 13, 2026, Prioritizing the Warfighter in Defense Contracting, <https://www.federalregister.gov/documents/2026/01/13/2026-00554/prioritizing-the-warfighter-in-defense-contracting>.

⁶ *Id.*

Defense Contractors Are Failing to Meet Development Deadlines

These kinds of reforms are long overdue. Large defense contractors are delivering weapons systems to DoD years after the date the contractor said the systems would arrive. The Government Accountability Office's (GAO) Weapon Systems Annual Assessment has assessed about 100 of the most costliest defense systems for 23 years and has reported "increasingly dire" findings that show "DoD weapon systems continue to cost more and take even longer to deliver."⁷ Last year's report revealed that the "expected time for [major defense acquisition programs] to provide even an initial capability increased... by 18 months, up to almost 12 years from [a] program's start."⁸

Some of the programs with the longest delays identified in the two most recent GAO reports included a General Dynamics oiler, Raytheon's Small Diameter Bomb Increment II, Boeing's B-52 Radar Modernization Program, Northrop Grumman's MQ-4C Triton Unmanned Aircraft System, and Lockheed Martin's Joint Strike Fighter F-35 Lighting II.⁹ Together, these selected programs represent 34 years of delayed capability.¹⁰ While some schedule delays may be necessary to address safety, quality, and other concerns during a program's development, the widespread delays affecting a vast collection of weapon systems manufactured by large defense contractors reveal systemic problems that "put the warfighter at risk of receiving weapon systems that do not deliver needed capabilities."¹¹

Defense Contractors Spend Billions on Buybacks and Dividends Rather than Invest in Research, Workers, and Manufacturing

Instead of increasing investments to improve their business, large defense contractors have directed a significant portion of their cash towards shareholders. In 2024, Lockheed Martin used almost \$6.8 billion to conduct buybacks and pay dividends to benefit its shareholders, which "was larger than the \$5.3 billion it kept in profits."¹² RTX, General Dynamics, and Northrop

⁷ U.S. Government Accountability Office, "Weapon Systems Annual Assessment: DOD Leaders Should Ensure That Newer Programs Are Structured for Speed and Innovation," June 11, 2025, p. 1, <https://www.gao.gov/assets/gao-25-107569.pdf>.

⁸ U.S. Government Accountability Office, "Weapon Systems Annual Assessment: DOD Leaders Should Ensure That Newer Programs Are Structured for Speed and Innovation," press release, June 11, 2025, <https://www.gao.gov/products/gao-25-107569>.

⁹ U.S. Government Accountability Office, "Weapon Systems Annual Assessment: DOD Leaders Should Ensure That Newer Programs Are Structured for Speed and Innovation," June 2025, pp. 67, 84, 139, 145, 153, <https://www.gao.gov/assets/gao-25-107569.pdf>; U.S. Government Accountability Office, "Weapon Systems Annual Assessment: DOD Is Not Yet Well-Positioned to Field Systems with Speed," June 2024, p. 149, <https://www.gao.gov/assets/gao-24-106831.pdf>; U.S. Government Accountability Office, "F-35 Joint Strike Fighter: Actions Needed to Address Late Deliveries and Improve Future Development," September 2025, p. 4, <https://www.gao.gov/assets/gao-25-107632.pdf>.

¹⁰ *Id.*

¹¹ U.S. Government Accountability Office, "Weapon Systems Annual Assessment: DOD Leaders Should Ensure That Newer Programs Are Structured for Speed and Innovation," June 11, 2025, p. 1, <https://www.gao.gov/assets/gao-25-107569.pdf>.

¹² Politico, "America Doesn't Have Enough Weapons for a Major Conflict. These Workers Know Why.," Christopher Leonard, October 27, 2025, <https://www.politico.com/news/magazine/2025/10/27/lockheed-martin-strike-orlando-weapons-missiles-00514386>.

Grumman each gave \$3 billion or more to shareholders in 2024.¹³ Northrop Grumman increased the amount of money it put towards dividends and buybacks by over 156 percent from 2020 to 2024, while its expenditures on research and development stayed exactly the same.¹⁴ General Dynamics spent over \$3 billion on dividends and buybacks in 2024, but spent just over \$560 million on research and development that same year.¹⁵

Large defense contractors have failed to invest in research and development despite ongoing failures to meet required timelines. A 2023 review by the Under Secretary of Defense for Acquisition and Sustainment found that “despite increased profit and cash flow, defense contractors chose to reduce the overall share of revenue spent on [independent research and development] and Capital Expenditures.”¹⁶ DoD has warned that current investments are not enabling contractors to meet the needs of the warfighter. For example, the Army was forced to issue a “show cause” letter explaining its concerns that the equipment that General Dynamics was using to fulfill an order did not meet the “technical requirements of the contract” they had agreed to and that, without the right investment in its production plants, the Army would seek to replace General Dynamics with another contractor.¹⁷

We are also concerned that the defense industry is underinvesting in its workforce. A survey found “annual turnover in the defense and aerospace industry hit 13 percent in 2023, compared to an average U.S. rate of 3.8 percent,” making it clear that defense contractors’ investments in talent are not enough to keep a consistent workforce.¹⁸ Lockheed Martin workers went on strike last year to protest their compensation packages that have not risen with inflation.¹⁹ Boeing machinists also went on strike for more than three months in St. Louis, demanding fair pay and needed benefits.²⁰ Members of Congress on both sides of the aisle urged Boeing to engage in good faith with their workers’ demands and to come to a deal that values its workers.²¹

¹³ *Id.*

¹⁴ Contractor disclosures and Securities and Exchange Commission files, compiled by Center for International Policy Senior Fellow Stephen Semler [on file with the Office of U.S. Senator Elizabeth Warren].

¹⁵ *Id.*

¹⁶ U.S. Department of Defense, Office of the Under Secretary of Defense for Acquisition and Sustainment Defense Pricing and Contracting, “Contract Finance Study Report,” April 23, 2023, pg. 19, <https://www.acq.osd.mil/asda/dpc/pcf/docs/finance-study/FINAL%20-%20Defense%20Contract%20Finance%20Study%20Report%204.6.23.pdf>.

¹⁷ National Interest, “US Army Lambasts General Dynamics for Artillery Plant Failures,” William Lawson, July 2, 2025, <https://nationalinterest.org/blog/buzz/us-army-lambasts-general-dynamics-for-artillery-plant-failures-wl>.

¹⁸ Politico, “America Doesn’t Have Enough Weapons for a Major Conflict. These Workers Know Why.,” Christopher Leonard, October 27, 2025, <https://www.politico.com/news/magazine/2025/10/27/lockheed-martin-strike-orlando-weapons-missiles-00514386>.

¹⁹ *Id.*

²⁰ STLPR, “St. Louis Boeing machinists approve contract, ending 15-week strike,” Olivia Mizelle, November 13, 2025, <https://www.stlpr.org/economy-business/2025-11-13/boeing-vote-iam-union-st-louis-contract>.

²¹ U.S. Senator Josh Hawley, “Hawley Urges Boeing to Negotiate with Missouri Workers on Strike,” press release, November 4, 2025, <https://www.hawley.senate.gov/hawley-urges-boeing-to-negotiate-with-missouri-workers-on-strike>; U.S. Senator Tammy Duckworth, “Duckworth Leads Call for Boeing to Negotiate with Workers and End Strike,” press release, November 5, 2025, <https://www.duckworth.senate.gov/news/press-releases/duckworth-leads-call-for-boeing-to-negotiate-with-workers-and-end-strike>.

As commentators at the American Enterprise Institute noted, this behavior by “defense primes that routinely deliver late, over cost, and under scale” looks like the contractors are “running a victory lap after finishing fifth.”²²

Conclusion

Large defense contractors need to be held accountable for their contract performance and the exorbitant payments they receive from DoD each year. We agree with President Trump’s stance that stock buybacks, dividends, and “executive pay packages in the defense industry are exorbitant and unjustifiable given how slowly these companies are delivering vital equipment to our military, and our allies.”²³ To ensure our understanding of how President Trump’s reforms will be implemented and any statutory gaps that impede the objectives of the executive order, we seek clarity on how the DoD will evaluate companies and enforce the executive order’s limits.

In addition, Congress needs to codify this effort to ensure the executive order is a step towards lasting change. Therefore, we urge President Trump to support legislation that enhances the executive order and cements accountability tools for the defense industry.

To inform our legislation, we request a briefing with the Department of Defense and written answers to the following questions by March 24, 2026:

1. What is the status of DoD’s implementation of President Trump’s January 7 executive order on accountability tools for the defense industry?
2. Has DoD developed a standard language to be included in every new contract to comply with the executive order?
 - a. If so, please provide that language.
 - b. If not, please provide the process DoD has put in place to craft contract language that ensures the accountability measures mentioned in the executive order are met.
3. Has DoD issued any new contracts with language that complies with the executive order yet? If not, is DoD on track to start implementing the language within 60 days of the issuance of the executive order?
4. What, if any, legal advice has the DoD General Counsel, legal advisors in the White House, or legal advisors in the Department of Justice, given to DoD contractors regarding adding contract language that complies with the executive order?
5. Does the executive order cover all companies that have contracts with DoD?
 - a. If not, what criteria determine if the executive order’s restrictions and limitations on stock buybacks, dividends, and executive compensation apply to a company?
6. In the past five years, what requests or recommendations has DoD made for defense contractors to expand their production capacity?
 - a. Which companies received those requests and recommendations?
 - b. What is the status of those companies responding to DoD’s requests and recommendations?

²² American Enterprise Institute, “The \$1.5 Trillion Budget Is the Carrot. The Executive Order Is the Stick,” John G. Ferrari and Dillon Pronicki, January 20, 2026, <https://www.aei.org/op-eds/the-1-5-trillion-budget-is-the-carrot-the-executive-order-is-the-stick>.

²³ Post on Truth Social by Donald J. Trump, January 7, 2026, <https://truthsocial.com/@realDonaldTrump/posts/115855387946005468>.

7. Which defense contractors has DoD notified about their status regarding underperformance in accordance with the executive order?
8. Since the issuing of the executive order, have defense contractors been responsive to requests made by DoD regarding this executive order?
9. How is DoD measuring performance, prioritization, investment, and production speed done by defense contractors for compliance with the executive order?
10. Has DoD assessed its production capacity requirements for major defense sectors?
11. For which programs does DoD assess contractors are meeting contract requirements delivery dates for end items?
12. For which programs does DoD assess contractors are meeting data delivery requirements?
13. For which programs does DoD assess contractors are meeting deadlines for performance milestones?
14. For which programs does DoD assess are within 10 percent of their most recent total acquisition program cost estimate?
15. Has DoD assessed how much each defense sector should be investing in research and development? What did that assessment find, if so?
16. What penalties, if any, will DoD consider for companies that do not comply with the executive order?
17. How does DoD plan to publicly report the implementation of the executive order?
18. How will contractors report to DoD their investments in areas such as research and development, production, and workforce to the DoD?
19. 52.204-10 of the Federal Acquisition Regulation (FAR) requires contractors to report the names and total compensation of each of the five most highly compensated executives in the preceding year if the company receives 80 percent of its annual gross revenue from federal contracts and more than \$25 million in federal contracts annually.²⁴ Does DoD believe contractors are complying with Federal Acquisition Regulation (FAR) requirements?
 - a. If so, how many executives do defense contractors report making more than \$5 million a year in total compensation?
 - b. If not, which companies does DoD believe do not comply with FAR, and what has DoD done to enforce compliance?
20. DoD announced it is set to invest \$1 billion in a L3Harris Technologies' spinoff company focusing on missiles to speed up the production of components for rockets and missiles.²⁵ Does DoD plan to invest in other defense contractors to speed up production?
 - a. How is DoD's investment structured?
 - b. Will DoD have any input or influence in how the contractor is run?
 - c. Will DoD favor the contractor during future bidding competitions for contracts?
 - d. Does this investment represent a promise of a future contract?

²⁴ Federal Acquisition Regulation, 52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards, <https://www.acquisition.gov/far/52.204-10>.

²⁵ Wall Street Journal, "Pentagon Investing \$1 Billion in L3Harris's Rocket Motor Business," Drew FitzGerald, January 12, 2026, <https://www.wsj.com/politics/national-security/l3harris-to-spin-off-missile-unit-with-pentagon-backing-cbb19178>; U.S. Department of Defense, "Department of War Announces \$1 Billion Direct-to-Supplier Investment to Secure the U.S. Solid Rocket Motor Supply Chain," press release, January 13, 2026, <https://www.war.gov/News/Releases/Release/Article/4376463/departments-of-war-announces-1-billion-direct-to-supplier-investment-to-secure-t>.

e. How does this investment strengthen competition in the defense industry?

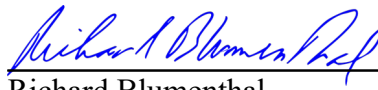
Sincerely,



Elizabeth Warren
United States Senator



Chris Deluzio
Member of Congress



Richard Blumenthal
United States Senator



John Garamendi
Member of Congress