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BY THE COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON SEAPOWER AND EXPEDITIONARY FORCES
UNITED STATES SENATE

DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON SEAPOWER AND EXPEDITIONARY FORCES
UNITED STATES SENATE

SUBJECT: UNITED STATES TRANSPORTATION COMMAND POSTURE HEARING

WRITTEN STATEMENT OF: THE HONORABLE SUE PAYTON
ASSISTANT SECRETARY OF THE AIR FORCE FOR
ACQUISITION

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INTRODUCTION

Mr. Chairman and Members of the Committee, it is my distinct honor to appear before the Committee today with General Norton Schwartz, Commander of U.S. Transportation Command. I look forward to discussing with you the state of several Air Force mobility programs.

I am proud to represent the finest acquisition workforce in the Department and I can honestly say we have the smartest and hardest working Airmen developing the most advanced technology required by the joint warfighter. We are committed to acquiring the most capable weapon systems for the warfighter while being diligent stewards to the taxpayer and operating in an open and transparent environment “without fear or favor.” We are living in interesting times as we constantly balance the near term need to equip today’s warfighter on today’s front lines securing air, space, and cyberspace while simultaneously modernizing the force to ensure tomorrow’s warfighter is equipped for success and never surprised by our adversaries.

ACQUISITION LESSONS LEARNED

The Air Force is committed to improving its acquisition process performance. Success in this endeavor depends on setting achievable stable requirements, getting appropriate resources, using disciplined systems engineering, and managing effectively with a skilled workforce. Our challenge is to quickly and economically convert ideas, experiments and prototypes into battlefield effects. This entails more than creating new weapon systems; it means adopting an inherently agile and responsive acquisition culture. Such institutional agility will allow us to effectively and efficiently divest our legacy systems while fielding the capabilities needed to meet new global challenges.

There are several lessons that I have learned as the Air Force Acquisition Executive over the past 19 months. The first lesson is that acquisitions of complex, highly integrated, interoperable, survivable systems are difficult. The challenges for developing complex weapon systems are not well understood outside of the acquisition community. The second is that source selection protests are a way of life and they continue to challenge the Air Force's ability to develop and field desperately needed systems, on time and on cost. Protests are a valuable check and balance in the acquisition process, but frivolous protests only delay desperately needed combat capability to our warfighter and waste valuable taxpayer dollars. Another valuable lesson is that the workforce must be empowered to make decisions and we need to have the right people with the necessary training and expertise. Our negotiating teams and especially our contracting officers have been empowered to negotiate and close the deal with industry. Additionally, under Air Force Smart Operations for the 21st Century (AFSO21), a new initiative called Installation Acquisition Transformation (IAT) is underway. An objective of this new initiative is to strategically re-align the installation contracting organization within the Continental United States (CONUS) and move away from a tactically focused approach. With today's fiscally constrained environment, IAT will allow for an agile operating structure where we can leverage and increase the technical competence of our workforce while realizing cost savings through proven strategic sourcing techniques consistent with Office of Management and Budget (OMB) guidance. I have also learned that the Nunn-McCurdy process, while difficult, results in healthier more executable programs. I inherited several under funded programs with cost growth challenges, because the cost, schedule and performance baselines were established well in advance of when we could reasonably project the technical and schedule issues that can drive costs out of control. The lessons I have learned in the first year and a half of my tenure

have brought focus to many daily efforts. However, my commitment to integrity and transparency in all Air Force acquisitions remains firm and the bedrock of all our acquisition activities.

FLEET MODERNIZATION AND RECAPITALIZATION

I look forward to discussing with the Committee the Air Force's top acquisition priority, the KC-45A, as well as the status of additional high-priority acquisition programs such as the C-5 modernization programs; continued production of the C-130J and introduction of the C-27 Joint Cargo Aircraft (JCA) ; as well as our efforts on alternative fuels certification for our aircraft inventory.

KC-45A

The KC-45A is our highest procurement priority and it is critical to the entire joint and coalition military team's ability to project combat power around the world. It gives America and our Allies unparalleled rapid response to combat and humanitarian relief operations. KC-45A tankers will provide increased aircraft availability, more adaptable technology, more flexible employment options, and greater overall capability than the current inventory of KC-135E and KC-135R tankers. The KC-45A will be able to refuel receptacle and probe-equipped aircraft on every mission and itself be in-flight refuelable. Also, the KC-45A will have an additional role to carry cargo, aero-medical evacuation and passengers, and be equipped with defensive systems to enhance its utility to the warfighter.

The current fleet of Eisenhower-era KC-135s average 47 years old. The KC-45A program is based on a planned purchase of 179 aircraft and is the first of up to three recapitalization programs to replace the entire legacy fleet. The Air Force has budgeted approximately \$3 billion per year for an annual production rate of 12-18 aircraft. But even with

this level of investment, it will take several decades to replace the 500+ Eisenhower-era KC-135s. It's absolutely critical for the Air Force to move forward now on this program.

As you are aware, the Air Force awarded the KC-X contract to Northrop Grumman, who met or exceeded the requirements of the Request for Proposal and provided the best overall value to the warfighter and the taxpayer based on the competition evaluation factors. The Air Force spent an unprecedented amount of time and effort with the offerors ensuring open communications and a completely transparent process. It is our Air Force goal to move forward with a program of smart, steady reinvestment to ensure future viability of this unique and vital U.S. national capability. I am extremely proud of the KC-45A Acquisition team on the recent award of the KC-45A tanker and the capability it will bring to the fight.

C-5 MODERNIZATION PROGRAMS

Modernization of the C-5 fleet remains an Air Force priority to meet Combatant Commanders' requirements for on-time delivery of oversized and outsized cargo. This effort will bring needed capability to the warfighter through the year 2040, getting our troops and equipment to the fight by increasing the mission availability of C-5s with their unmatched outsized and oversized, roll-on/roll-off capability.

The C-5 modernization effort is a combination of two programs. The Avionics Modernization Program (AMP) provides modernized avionics and allows the aircraft to efficiently access international airspace. The second program is the Reliability Enhancement and Re-engining Program (RERP), which builds upon the C-5 AMP modification. C-5 RERP replaces the propulsion system and improves the reliability of over 70 systems and components.

On 14 Feb 08, the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) certified the restructure of C-5 RERP production modernization to 47 C-5Bs and

2 C-5Cs. The C-5A aircraft are not included in the restructured program. However, they will undergo AMP modification to enable the aircraft to meet global Communications/Navigation/Surveillance and Air Traffic Management standards. We are working closely with Secretary Young and his staff to produce the best product for the warfighter and the taxpayer.

CONTINUED C-130J PRODUCTION

The C-130J is a key component of the intra-theater airlift modernization effort. Air Mobility Command identified a need for 127 combat delivery C-130Js to meet intra-theater airlift requirements. Through defense appropriation and GWOT supplemental bills, Congress has funded 70 C-130Js, 10 WC-130Js and 7 EC-130Js and as of February, 2008, we have fielded 63 total C-130J aircraft. The current C-130J Multi-Year Procurement (MYP) contract ends in FY08 and we will be using suboptimized additional procurements through annual contracts to procure future aircraft until a new MYP contract can be negotiated. Fiscal year 2009 C-130J procurement is dependent upon the Air Force Special Operations Command's HC/MC-130 recapitalization program and sales to the United States Marines Corps and Coalition partners.

INTRODUCTION OF THE C-27 JCA

The C-27 is a joint Army and Air Force program to procure a small cargo aircraft capable of providing responsive, flexible and tailored airlift for combat, humanitarian and homeland defense missions. Fiscal Year 2008 National Defense Authorization Act language prohibited obligation and expenditure of appropriated funds until the Secretary of Defense provides specified reports to the Congressional Defense Committees and certifies the requirement for the aircraft. In the interest of openness and transparency, OSD took the extraordinary step of

delivering the draft *Joint Intra-Theater Airlift Fleet Mix Analysis* report to the Congressional Defense Committees before completing the sufficiency review. On 29 February OSD sent the required 6 reports and certification and we are prepared to move forward with this joint program.

ALTERNATIVE FUELS CERTIFICATION

Following Presidential direction to reduce dependence on foreign oil, the Air Force is aggressively pursuing a broad range of energy alternatives. As the DoD's leading consumer of jet fuel, we are currently engaged in evaluating alternative fuels and engine technologies leading to greater fuel efficiency. In 2007, we fully certified the B-52 to fly on a synthetic fuel blend and demonstrated C-17 operations. In 2008, we expect to certify both the C-17 and B-1B, demonstrate F-22 operations, and conduct ground testing on the engines that power the F-16 and F-15. The remainder of the USAF aircraft fleet is expected to be tested and certified by early 2011. Other Air Force technology efforts continue to explore high-efficiency aerodynamic concepts, advanced gas turbines and variable cycle engines providing higher performance and greater fuel efficiency.

CONCLUSION

The dynamic and threatening environment in which the U.S. military operates requires an agile and responsive acquisition enterprise. To meet the requirements of our joint and coalition warfighters, we must continue to focus our efforts on modernizing and recapitalizing our aging weapon systems. The men and women in Air Force Acquisition take great pride in delivering on our promise and I am honored to represent them in front of this committee. Thank you again for the opportunity to be here today and I look forward to your comments and questions.

