

DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: CONTRACT AWARD FOR TANKER REPLACEMENT PROGRAM

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

LIEUTENANT GENERAL JOHN L. HUDSON
COMMANDER, AERONAUTICAL SYSTEMS CENTER

MARCH 5, 2008

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE
UNITED STATES HOUSE OF REPRESENTATIVES



BIOGRAPHY

UNITED STATES AIR FORCE

SUE C. PAYTON

Ms. Sue C. Payton is the Assistant Secretary of the Air Force for Acquisition, Washington, D.C. She is the Air Force's service acquisition executive, responsible for all Air Force research, development and non-space acquisition activities. She provides direction, guidance and supervision of all matters pertaining to the formulation, review, approval and execution of acquisition plans, policies and programs. Ms Payton directs \$30 billion annual investments that include major programs like the F-22A, F-35, C-17 and munitions, as well as capability areas such as information technology and command and control, intelligence, surveillance and reconnaissance systems. She formulates and executes the \$210 billion Air Force investment strategy to acquire systems and support services to provide combat capability to joint warfighting commanders.



Ms. Payton has previously worked with the military services, defense agencies, industry, coalition partners and combatant commands and has had oversight responsibilities for technology transition programs. These programs include Advanced Concept Technology Demonstrations, Joint Warfighting Program, Foreign Comparative Test, Defense Acquisition Challenge, Technology Transition Initiative, ManTech, Defense Production Act Title III and TechLink. While working for ImageLinks, Inc. and the National Center for Applied Technology, she was responsible for the assessment, prototype development and insertion of commercial technology for Department of Defense agencies and worldwide field users. During her tenure with Lockheed Martin and Martin Marietta, Ms. Payton was responsible for leveraging the latest information systems technology needs of DOD and intelligence community, and she resolved complex acquisition and technical issues. Ms. Payton has extensive experience leading government and industry partnerships focused on maturing and applying technology, operations concepts, tactics, techniques and procedures to solve national security problems worldwide

EDUCATION

1972 Bachelor of Science degree in education, Eastern Illinois University, Charleston

1985 Master of Science degree in systems acquisition management and systems technology, University of Southern California, Los Angeles

1998 Executive Program, Goizueta Business School, Emory University, Atlanta, Ga.

CAREER CHRONOLOGY

1. 1989 - 1994, Senior Site Systems Integration Manager, Martin Marietta, Reston, Va.

2. 1994 - 1998, Manager, Advanced Technology, Office of the Vice President, Business Development, Lockheed Martin Corp, Reston, Va.

3. 1999 - 2000, Director, National Center for Applied Technology, Springfield, Va.

4. 2000 - 2001, Vice President, Applied Technology, ImageLinks, Inc., Springfield, Va.

5. 2001 - 2006, Deputy Under Secretary of Defense for Advanced Systems and Concepts, Washington, D.C.

6. 2006 - present, Assistant Secretary of the Air Force for Acquisition, Washington, D.C.

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

Defense Science and Technology Advisory Group

Eastern Illinois University Alumni Association

Gateway Member, Purdue University President's Council

Former Board Member, Women in Aerospace

Open Geospatial Consortium

National Correlation Working Group

(Current as of November 2006)



BIOGRAPHY



UNITED STATES AIR FORCE

LIEUTENANT GENERAL JOHN L. "JACK" HUDSON

Lt. Gen. John L. "Jack" Hudson is Commander, Aeronautical Systems Center, Wright-Patterson Air Force Base, Ohio. As ASC Commander and Program Executive Officer for aircraft procurement and modernization, he leads the Air Force's center of excellence for development and acquisition of aeronautical systems. The center is responsible for the management of more than 420 Air Force, joint and international programs, executes an annual budget of \$19 billion, and employs a work force of approximately 11,000 people located at Wright-Patterson AFB and 38 other locations worldwide.



General Hudson was born in New York state. He was commissioned in 1973 as a distinguished graduate of the U.S. Air Force Academy. He has served as a T-38 instructor pilot; an A-10 pilot, instructor pilot and flight examiner; and as a test pilot at Edwards AFB, Calif. The general has served on the Air Staff and as the director of several Air Force and joint system program offices, as the senior military assistant to the Under Secretary for Defense for Acquisition and Technology, and as Program Executive Officer and Program Director, Joint Strike Fighter Program, Office of the Assistant Secretary of the Navy for Research, Development and Acquisition. Prior to his current position, he was Assistant Deputy Under Secretary of the Air Force for International Affairs.

General Hudson is a command pilot with more than 3,500 flying hours in the A-10, A-7, T-38 and 42 other types of aircraft.

EDUCATION

1973 Distinguished graduate, Bachelor of Science degree in aeronautical engineering, U.S. Air Force Academy, Colorado Springs, Colo.

1974 Master of Science degree in aeronautics and astronautics, Purdue University, Lafayette, Ind.

1982 Distinguished graduate, USAF Test Pilot School, Edwards AFB, Calif.

1987 Distinguished graduate, Air Command and Staff College, Maxwell Air Force Base, Ala.

1991 Distinguished graduate, Naval War College, Newport, R.I.

1991 Master of Arts degree in national security and strategic studies, Naval War College

1993 Master of Science degree in management, Salve Regina University

1982 Distinguished graduate, USAF Test Pilot School, Edwards AFB, Calif.
1987 Distinguished graduate, Air Command and Staff College, Maxwell Air Force Base, Ala.
1991 Distinguished graduate, Naval War College, Newport, R.I.
1991 Master of Arts degree in national security and strategic studies, Naval War College
1993 Master of Science degree in management, Salve Regina University
1993 Defense Systems Management College, Fort Belvoir, Va.
1997 Executive Program Management Course, Fort Belvoir, Va.
1997 Executive Development Program, Cornell University

ASSIGNMENTS

1. June 1973 - May 1974, graduate student, Air Force Institute of Technology, Purdue University, Lafayette, Ind.
2. June 1974 - June 1975, student, undergraduate pilot training, Sheppard AFB, Texas
3. July 1975 - May 1978, T-38 instructor pilot, 90th Flying Training Squadron, Sheppard AFB, Texas
4. May 1978 - February 1979, student, T-38 Fighter Lead-in Training, Holloman AFB, N.M., later, student, A-10 Qualification Training, Davis-Monthan AFB, Ariz.
5. March 1979 - December 1981, A-10 pilot, instructor pilot and flight examiner, 510th Tactical Fighter Squadron, Royal Air Force Bentwaters, England
6. January 1982 - June 1984, student, U.S. Air Force Test Pilot School, and A-10 test pilot, A-10 Combined Test Force, Edwards AFB, Calif.
7. June 1984 - June 1986, A-7 and T-38 instructor test pilot, U.S. Air Force Test Pilot School, Edwards AFB, Calif.
8. July 1986 - June 1987, student, Air Command and Staff College, Maxwell AFB, Ala.
9. July 1987 - July 1990, program element monitor, F-117 and Tri-Service Standoff Attack Missile programs, the Pentagon, Washington, D.C.
10. July 1990 - July 1991, student, Naval War College, Newport, R.I.
11. July 1991 - July 1993, Director of Projects, Tri-Service Standoff Attack Missile System Program Office, Wright-Patterson AFB, Ohio
12. July 1993 - July 1994, executive officer to the Air Force Vice Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.
13. July 1994 - May 1996, Director, Flight Training System Program Office, Wright-Patterson AFB, Ohio
14. May 1996 - June 1997, Director, F-15 System Program Office, Robins AFB, Ga.
15. June 1997 - September 1997, Deputy for Aeronautical Systems, Strategic and Tactical Systems, Office of the Under Secretary of Defense for Acquisition and Technology, the Pentagon, Washington, D.C.
16. September 1997 - May 1999, senior military assistant to the Under Secretary of Defense for Acquisition and Technology, the Pentagon, Washington, D.C.
17. May 1999 - October 2001, Deputy Director, Joint Strike Fighter Program, Office of the Assistant Secretary of the Air Force for Acquisition, Arlington, Va.
18. October 2001 - June 2004, Program Executive Officer and Program Director, Joint Strike Fighter Program, Office of the Assistant Secretary of the Navy for Research, Development and Acquisition, Arlington, Va.
19. July 2004 - August 2005, Assistant Deputy Under Secretary of the Air Force for International Affairs, Office of the Under Secretary of the Air Force, Headquarters U.S. Air Force, Washington, D.C.
20. August 2005 - present, Commander, Aeronautical Systems Center, Wright-Patterson AFB, Ohio

FLIGHT INFORMATION

Rating: Command pilot
Flight hours: More than 3,500
Aircraft flown: A-10, A-7, T-38 and 42 other types of aircraft

MAJOR AWARDS AND DECORATIONS

Defense Distinguished Service Medal with oak leaf cluster
Navy Distinguished Service Medal
Defense Superior Service Medal
Defense Meritorious Service Medal with oak leaf cluster

Meritorious Service Medal with two oak leaf clusters
Air Force Commendation Medal

OTHER ACHIEVEMENTS

2003 Distinguished Engineering Alumnus, Purdue University
2003 Outstanding Aerospace Engineer, Purdue University
2003 Distinguished Alumnus, USAF Test Pilot School

EFFECTIVE DATES OF PROMOTION

Second Lieutenant June 6, 1973
First Lieutenant June 6, 1975
Captain June 6, 1977
Major Aug. 1, 1984
Lieutenant Colonel May 1, 1989
Colonel Jan. 1, 1993
Brigadier General March 1, 1999
Major General Feb. 1, 2003
Lieutenant General Aug. 15, 2005

(Current as of July 2007)

Mr. Chairman and Members of the Committee, it is my distinct honor to appear before the Committee today to testify on the recent contract award for the Air Force's new air refueling tanker, the KC-45A. I am further honored to be joined by Lieutenant General Jack Hudson, Air Force Program Executive Officer for Aircraft Systems. We look forward to discussing how the Air Force is committed to replacing our aging aircraft to protect our Nation and support our airmen, while providing the best value to the American taxpayers.

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, aeromedical 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+ KC-135s. It's absolutely critical for the Air Force to move forward now on this program.

At this time in the process, we cannot publicly disclose proprietary information from either vendor. Of course, they are free to release their own data, but we cannot validate public

comments or media information without violating proprietary boundaries.

The Air Force followed a carefully structured source selection process, designed to provide transparency, maintain integrity, and ensure a fair competition. The evaluation team was comprised of experts covering a broad spectrum of specialties from acquisition to operations, handpicked from across the Air Force and other government agencies. An unprecedented amount of time was spent to gain a thorough understanding of each proposal. Additionally, the Air Force and the offerors had hundreds of formal exchanges regarding the proposals throughout the evaluation process. The Air Force provided all offerors with continuous feedback through discussions on the strengths and weaknesses of their proposals. Competitions for major systems are complex. The entire process is lengthy, but the numerous exchanges have fostered mutual understanding and clarity. As a result of this fair and open competition, the Air Force will deliver tremendous capability to the warfighter at a great value to the taxpayers. We are ready now to move forward with a program of smart, steady reinvestment to ensure future viability of this unique and vital U.S. national capability.

As you are aware, last Friday the Air Force awarded the KC-X contract to the Northrop Grumman team, who met or exceeded the requirements of the Request for Proposals and who provided the best overall value to the warfighter and the taxpayer based on the competition evaluation factors.

I would also like to point out that the Air Force's acquisition strategy was approved by the Office of the Secretary of Defense and is in compliance with the Competition in Contracting Act, the Buy American Act and the Federal Acquisition Regulations that are derived from those acts. As part of the acquisition strategy, the contract we awarded is the first of 3 tranches to recapitalize the KC-135 fleet. In a few more years we will take a look at the tanker requirements

and evaluate whether the KC-45A aircraft is still the best solution.

On behalf of the entire Air Force community, I would like to express my appreciation to both teams for their tremendous efforts.