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HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES
U.S. HOUSE OF REPRESENTATIVES

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES
U.S. HOUSE OF REPRESENTATIVES

SUBJECT: OVERSIGHT OF U.S. NAVAL AND U.S. AIR FORCE ACQUISITION
PROGRAMS IN THE FISCAL YEAR 2014 NATIONAL DEFENSE
AUTHORIZATION BUDGET REQUEST

STATEMENT OF: Lieutenant General Charles R. Davis
Military Deputy, Office of the Assistant
Secretary of the Air Force (Acquisition)

April 24, 2013

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Introduction

Chairman Forbes, Ranking Member McIntyre, distinguished Members of the Subcommittee, thank you for the opportunity to provide you with an update on U.S Air Force acquisition programs. As one of our critical core missions, our joint team is committed to fielding rapid global mobility capabilities while exercising a disciplined approach to our financial resources. On any given day, the Air Force's mobility aircraft deliver critical personnel and cargo and provide airdrop of time-sensitive supplies, food, and ammunition on a global scale. America's mobility fleet averages one take-off or landing every two minutes, every day of the year.

C-17

The C-17 is the only aircraft that combines tactical capability with strategic range into austere airfield environments. It provides our Nation unmatched flexibility to conduct direct delivery, airdrop, aeromedical, and special operations airlift missions. In March 2013, we accepted our 220th C-17. The final three production aircraft are expected to be delivered by the end of September 2013. Our partnership with Boeing is adapting processes and procedures to smartly operate in a post-production environment. In order to increase budget and schedule predictability, we are working to bundle modernization and sustainment activities. Agile and efficient software and hardware updates will pace timely readiness, safety, and capability improvements as this premier airlift platform protects our national interests and achieves our national security objectives.

On April 1, 2013, we released a formal Request for Proposal for the F117 Engine Overhaul and Supply Chain Management program. This action formally starts the source

selection process. We are committed to ensuring a fair, open, and transparent, competitive sustainment environment for this critical C-17 system component. This acquisition will provide F117 engine overhaul and depot supply chain management to ensure serviceable, ready-to-install, spare engines are available to support Serviceable Propulsion Systems and War Readiness Engines levels. The overhaul effort is comprised of key logistics and maintenance processes to include engine receipt, induction, disassembly, inspection, required maintenance, reassembly, test, transportation, and packaging. The supply chain management effort consists of forecasting, repairing, acquiring, stocking, storing, issuing, and transporting all the parts necessary to support F117 depot overhaul.

The Air Force intends to utilize \$225 million in fiscal year (FY) 14 funding to continue critical modifications and upgrades to the C-17 fleet. This includes the Block 13-17 upgrade, which brings the older C-17s into a common configuration with newer C-17s. Among other things, it also increases the aircraft's range by adding a fuel tank to the center wing section. We continue to add Large Aircraft Infrared Countermeasures (LAIRCM) systems to the C-17 fleet to detect, track and jam incoming infrared missiles. Our request of \$109 million in Research, Development, Test and Evaluation (RDT&E) funding will address obsolescence issue requirements for global civil airspace access.

C-5

The C-5 Reliability Enhancement and Re-engining Program (RERP) is a comprehensive effort to improve C-5 aircraft performance, reliability, maintainability, availability, and payload capability/cargo throughput. It also enables communication, navigation, surveillance/air traffic management (CNS/ATM) operations by replacing the engines and other unreliable

systems/components. Overall, one C-5A, 49 C-5Bs, and 2 C-5Cs will receive the RERP modification for a fleet of 52 C-5Ms. Aircraft availability is projected for a 75% mission capable rate two years following initial operational capability. The program is currently in low rate initial production with 7 of 16 production aircraft delivered as of April 1, 2013.

The C-5 Core Mission Computer/Weather Radar (CMC/WxRdr) is the other major effort to modernize the C-5 fleet. It will replace the current radar system, which has severe diminishing manufacturing source (DMS) issues, and upgrade the processor of the core mission computer to restore a safe operating throughput margin. The selected radar replacement is the same as the one used on the KC-46. Additionally, the current CMC cannot host additional software changes or processing requirements without further encroachment on safe operating margins. The CMC operating margin is near critical and code optimization of the existing hardware is already at maximum. Further delays in processor upgrade will increase risk of system failure. C-5 aircraft are projected to become non-worldwide capable beginning in FY14 Quarter 3 based on current projections of known DMS sources. A total of 52 C-5B/C/M aircraft are planned for modification.

The FY14 President's Budget (PB) requests nearly \$1.2B for 11 RERP kit buys, 11 kit installs, and associated equipment. \$62M in RDT&E funding will support core mission computer/weather radar (CMC/WxRdr) and mission systems equipment (MSE) modifications.

KC-135 and KC-10

Our tanker fleet, the backbone of global mobility, is comprised of 396 KC-135 Stratotankers and 59 KC-10 Extenders. On average, the KC-135 is 51 years old and the KC-10 is 28.7 years old. Both airframes are continuously challenged by obsolete parts and diminishing

manufacturing sources. We are executing aggressive modernization initiatives to ensure the aircraft remain viable until the tanker fleet is recapitalized.

The primary modernization effort for the KC-135 is the Block 45 program. Block 45 is an obsolescence modification that includes a new Digital Flight Director, Autopilot, Radar Altimeter and Electronic Engine Instrument Displays. The program is wrapping up the engineering, manufacturing and development phase and is expected to receive a low rate initial production decision in July 2013.

In FY14, the KC-135 program requests \$47 million for the aircraft's ongoing modifications. The bulk of this funding supports the Block 45 effort, which addresses obsolescence, reliability and maintainability issues. By doing this, we will reduce operations and maintenance costs while increasing capability.

The primary modernization effort for the KC-10 is the CNS/ATM program. CNS/ATM brings the analogue KC-10 into the digital world. The modification gives the KC-10 worldwide civil airspace accessibility beyond 2015 by upgrading the KC-10 with satellite-based navigation, datalinks, pilot/controller communication and improved surveillance. Two prototype aircraft have been inducted and ground testing will begin in late April 2013. Flight test will follow in late June 2013, with Milestone C expected in November 2013.

KC-46

Recapitalizing our tanker fleet continues to be one of our top acquisition priorities. A little more than two years ago, we awarded the Boeing Company an engineering, manufacturing and development (EMD) contract for the KC-46. The KC-46 Program is making excellent progress toward delivering the KC-46 to the Air Mobility Command. The design phase is nearly

complete and the Critical Design Reviews are on track to complete later this year, as planned. The test program is also moving forward. The Office of the Secretary of Defense (OSD) approved the Test and Evaluation Master Plan (TEMP) in January 2013. The FY14 PB requests nearly \$1.6 billion for the ongoing KC-46 EMD effort. Most of this funding is for the tanker aircraft development which includes building four EMD aircraft, procuring live fire assets, simulator and maintenance data, and developing technical manuals.

The base selection process is under way. Candidate bases were announced in January 2013 and site surveys will be completed this spring to support the selection of the Field Training Unit and Main Operating Bases 1 and 2, in the spring of 2014.

We appreciate the Committee's efforts to ensure that vital programs like the KC-46 were authorized the funding that they needed to meet their contractual obligations and other program requirements. We continue to execute the program to the cost and schedule baselines that we established with Boeing and are confident we will deliver a new tanker, ready for war on day one.

C-130

The mobility combat delivery C-130 fleet is comprised of legacy C-130H and C-130J aircraft. The C-130H and C-130Js are medium-size transport aircraft capable of completing a variety of tactical airlift operations across a broad range of mission environments. The fleet delivers air logistic support for all theater forces including those involved in combat operations.

The C-130J aircraft, with its extended (by 15 feet) fuselage, provides extra cargo carrying capability for our combat delivery mission, compared with legacy C-130E/Hs and the C-130J (short). Special mission variants of the C-130J conduct airborne psychological operations (EC-

130J), weather reconnaissance (WC-130J), search and rescue (HC-130J) and special operations (MC-130J and AC-130J).

We will maintain the necessary intra-theater airlift capacity by completing the recapitalization of older C-130E/H aircraft with the C-130J. The remaining legacy C-130H aircraft are being modernized to ensure fleet viability, reduce sustainment cost, and global airspace access. Current modification efforts include Center Wing Replacement (CWR); Large Aircraft Infra-red Countermeasures (LAIRCM); Communication, Navigation, Surveillance/Air Traffic Management (CNS/ATM); and many smaller modifications to keep the fleet combat-viable into the future.

The FY14 PB requests multi-year procurement authority for C-130J aircraft. Funding for 16 aircraft is included in the request. The Air Force is also requesting \$58 million in procurement funding the legacy C-130 fleet. This includes funding for 3 center wing box replacement kits and 4 installs.

C-27

The FY14 PB reflects our position to divest the C-27J weapon system. No funding is requested for the C-27J in 2014. While preparing our FY13 budget request, we evaluated our force structure with respect to the Defense Strategic Guidance and the fiscal limitations imposed by the Budget Control Act of 2011. Our analysis showed that there is excess capacity in the intra-theater airlift fleet. As a result, we made a strategic choice to divest the entire C-27J fleet.

To implement the direction provided in the FY13 National Defense Authorization Act, we reviewed our FY13 PB analysis and the C-27J versus C-130 cost-benefit comparison delivered to Congress in August 2012, which included a direct comparison of the cost,

capability, and capacity of like-sized C-130 and C-27J units, and confirmed both a lower life-cycle cost and a performance advantage for the C-130. As a result, we elected to continue with its plan to divest the C-27J.

As we implement the C-27J divestiture, we screened the aircraft for reuse in accordance with the procedures outlined in Department of Defense disposition regulations. We have received letters of intent from multiple agencies within the U.S. government to accept our C-27Js. We are currently working with these organizations to develop plans to transfer C-27J aircraft, along with ground support equipment and spare parts owned by the Air Force, to them by the end of FY13. Any remaining aircraft not transferred to another federal agency this year will be delivered to the Aircraft Maintenance and Regeneration Group (AMARG) at Davis-Monthan AFB, Arizona, and preserved for future reuse or sale.

The Air Force is also currently evaluating how to best comply with Section 8118 of the 2013 Consolidated and Further Continuing Appropriations Act, which requires the Air Force to obligate and expend funds previously appropriated for the procurement of C-27J aircraft for the purposes for which such funds were originally appropriated. Because the contract vehicle for C-27J procurement has expired, we must assess the best means to comply with this requirement, including the disposition of aircraft once procured, and we will provide details at a later date.

LRS-B

We are continuing to invest in the development of the Long Range Strike Bomber (LRS-B)—one of our three top acquisition programs—to provide future Joint Force Commanders with the flexibility and capacity for worldwide conventional and nuclear operations, especially in anti-access/area-denial environments. We are committed to leveraging mature technologies and

existing systems to deliver 80-100 affordable LRS-Bs beginning in the mid-2020s, to start replacing the aging B-1 and B-52 fleets, which are increasingly at risk to sophisticated air defense networks. We are requesting \$379.4 million for LRS-B in FY14.

In accordance with Congressional direction set forth in 2013 Consolidated and Further Continuing Appropriations Act, we will certify the LRS-B for nuclear weapons employment within two years after initial operating capability. The baseline aircraft will be built with the features and components necessary for the nuclear mission to ensure an efficient nuclear certification effort, conducted with a mature aircraft.

Conclusion

The Air Force remains committed to excellence and ensuring our global reach programs continue to reflect the needs of our Nation. I am confident the air mobility fleet and modernization efforts reflected in the FY14 President's Budget will support the mission set force in the Defense Strategic Guidance and continue to provide world class rapid global mobility to our warfighters on the ground.