

DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR 2009

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON DEFENSE

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NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

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CHRIS WHITE, CELES HUGHES, and ADRIENNE RAMSAY, *Staff Assistants*
SHERRY L. YOUNG, *Administrative Aide*

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 2009

THURSDAY, FEBRUARY 28, 2008.

DEFENSE HEALTH PROGRAM

WITNESSES

HON. S. WARD "TRIP" CASSCELLS, M.D., ASSISTANT SECRETARY OF
DEFENSE FOR HEALTH AFFAIRS
LIEUTENANT GENERAL ERIC B. SCHOOMAKER, M.D., PH.D., ARMY SUR-
GEON GENERAL, COMMANDER, U.S. ARMY MEDICAL COMMAND
VICE ADMIRAL ADAM M. ROBINSON, M.D., SURGEON GENERAL, U.S.
NAVY
LIEUTENANT GENERAL JAMES G. ROUDEBUSH, M.D., SURGEON GEN-
ERAL, U.S. AIR FORCE

INTRODUCTION

Mr. MURTHA. I want to welcome this distinguished panel before the Committee. This is an open hearing. And we appreciate what you folks have done. I was just talking to some of you privately, and Mr. Young was, too. And of course, what we have been wrestling with is trying to figure out, is there a better time to intervene? Can we intervene sooner?

And Admiral Mullen gave me a book, "War and Redemption," which talks about the difficulties and struggles people had in World War II and Iraq and so forth. And I have read three or four books. John Parrish, Dr. Parrish, wrote a book about his experience in Vietnam. And a couple other books I have read talked about the emotional and mental problems that they have had.

One thing I found is when I went to Fort Hood, I found a much better clinical screening course than I saw before, a much better counseling service. And I think, as we work our way through this extra money we put in last year and we get case workers out there who can follow people through the whole system, I think we are going to be much better off. But we welcome you. And there are a lot of different hearings going on, and many of our members are both chairmen and ranking members, because they are senior before they can get on this subcommittee anyway, so we will go as quickly as we can. We will take your testimony, if you will summarize it for us, and we will get right to the questions.

Mr. Young.

Mr. YOUNG. Mr. Chairman, I just want to extend my welcome also to the witnesses today. And as I have said so many times before, you know, I do not have much of a medical background, but I have seen what I consider to be some real miracles in our mili-

tary hospitals. And we have had some problems, but we deal with the problems. We are just glad to have you here, and I look forward to hearing your testimony.

Mr. MURTHA. Nobody has been in the forefront more than Mr. Young and his wife going to the hospitals, talking to people, making sure that they had—and I have done my bit, and we want to make sure medical services get their share of the budget. And some of the things we have done I think have been obviously very important to the overall ability of the medical services to respond to the needs that are out there of the troops.

So, Dr. Casscells, we will start with you and go right through the surgeons general. But we want to keep your opening statements as short as you can.

Dr. CASSCELLS. Thank you, Mr. Chairman, Congressman Young. I really want to say, on behalf of the Under Secretary, Dr. Chu, and Gordon England, and all the Pentagon leaders, and you will hear from the services, we appreciate this chance to visit with you. We come here, as usual, with two eyes open, two ears open, and great appreciation for what this committee has done.

Mr. MURTHA. Is his microphone turned on there?

SUMMARY STATEMENT OF DR. CASSCELLS

Dr. CASSCELLS. Sorry, sir. Thank you, Mr. Chairman, Congressman Young. I really want to say, on behalf of the Under Secretary, Dr. Chu, and Gordon England and all the Pentagon leaders, and you will hear from the Services, we appreciate this opportunity to get your guidance. We have gotten a lot of excellent guidance over the past year, in addition to some extraordinary support. And as I mentioned to you a minute ago, you and this Committee have been the leading advocates for the healthcare for our members. And it is deeply, deeply appreciated because it is an arm wrestle in the Pentagon. Dollars do count, as well as the other guidance. So your continued interest in this and Mr. Young's and Mrs. Young's is deeply, deeply appreciated, sir.

So we are today, again, to get guidance and to give you a report. The simple form of the report is, we are making pretty good progress. The GAO report this morning in the Washington Post on the situation at Walter Reed, for example, is encouraging. We have got a ways to go. I actually have some data, which I can share with you, which just came out yesterday, from a survey that we commissioned done by an independent pollster of 600 of our recently wounded warriors. That, too, shows a big change compared to last year. Again, there is some room for improvement. So we are always looking for new ideas, and we welcome this opportunity to get some input from you, sir. Thank you.

[The statement of Dr. Casscells follows:]

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THE MILITARY HEALTH SYSTEM

OVERVIEW STATEMENT

BY THE HONORABLE S. WARD CASSCELLS, MD

ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

BEFORE THE

SUBCOMMITTEE ON DEFENSE

APPROPRIATIONS COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2008

Mr. Chairman, distinguished members of this committee, thank you for the opportunity to discuss the Military Health System (MHS). The MHS serves more than 2.2 million members of the Active, Reserve, and National Guard components with more than 272,000 service members deployed overseas.

Earlier this year, the Secretary of Defense charged me with being the guarantor of quality health care for service members and their families. Quality health care is one of the Secretary's top goals. In the past year, we have reexamined our aims and core competencies and made several additional important steps in the multi-year transformation that will prepare our military forces and our military medical forces for the future.

The *Washington Post* series has been a call to action. We are working on new performance measures to help us respond more rapidly to the incidence and prevalence of the wounds caused by an improvised explosive device- (IED-) driven war. In addition, we are developing a program to better understand and treat a never-before-seen diagnosis – mild traumatic brain injury (TBI).

We also understand that the seven-year war has put additional stress on military families. We are committed to working closely with the under secretary of Personnel and Readiness to reduce even further our low levels of domestic violence and divorce.

The MHS Strategic Plan – Keeping Warfighters Ready. For Life.

Our goal is excellence in clinical care (including prevention and protection) and research. We focus on combat care, humanitarian assistance, and disaster readiness, especially in those areas where others cannot operate. We strive to foster communication and “jointness” among our Services; key government agencies, such as the Departments of Health and Human Services (HHS), Homeland Security and State; nongovernmental organizations; and international organizations.

We shaped our strategic plan with the recommendations contained in the 2006 Quadrennial Defense Review (QDR), Medical Readiness Review (MRR), Base Realignment and Closure Commission (BRAC) reports, as well as several strategic offsite meetings in 2007 and 2008.

This plan – developed in concert with the Surgeons General, the Joint Staff and our line leaders – recognizes that our stakeholders, including this congressional body representing the American people, expect the following outcomes from the resources invested in military medicine:

- A fit, healthy and protected force;
- The lowest possible deaths, injuries and diseases during military operations, superior follow-up care, and seamless transition with the Department of Veterans Affairs (VA);
- Satisfied beneficiaries;

- Creation of healthy communities; and
- Effective management of health care costs.

We are revamping our internal measures, so we can better determine what is working and what is not. We welcome open competition and reward cooperation. We encourage innovation from all of our personnel while maintaining a disciplined focus on our mission.

A Fit, Healthy and Protected Force & Lowest Possible Deaths, Injuries and Diseases

Our primary objective is ensuring that every service member is medically protected and fit for duty. Together with the military commanders, we use a variety of tools to achieve this outcome.

Based on outcomes data, process measures, and independent assessments by health care organizations around the country, our military medical personnel have performed extraordinarily on the battlefield and in our military treatment facilities (MTFs) worldwide. We are proud of these accomplishments – improving virtually every major category of wartime medicine, and many areas of peacetime medicine, including:

- **Lowest Disease, Non Battle Injury (DNBI) Rate.** As a testament to training, medical readiness and preparedness, preventive medicine approach and occupational health capabilities, we are successfully addressing the single largest contributor to loss of forces – disease. The present DNBI rates for Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) are the lowest ever reported, 5% and 4% respectively. By comparison, the DNBI rates in Desert Shield/Desert Storm were 6.5% per week, Operation Joint Endeavor (Bosnia) were 7.1% per week, and Operation Joint Guardian (Kosovo) were 8.1% per week.
- **Lowest Death to Wounded Ratio.** Our agility in reaching wounded service members, and capability in treating them, has altered our perspective on what constitutes timeliness in life-saving care from the “golden hour” to the “platinum fifteen minutes.” We are saving lives of wounded troops who would not have survived even 10 years ago. For example, the wounded-in-action in-theater survival rate has been 97%, compared with 75% in World War II and 81% in Vietnam.
- **Reduced time to evacuation.** We now expedite the evacuation of service members following forward-deployed surgery to stateside definitive care. Using airborne intensive care units and the latest technology, we have been able to move wounded service members from the battlefield to the highest quality of definitive care in the United States in as little as 48 hours.

Our commanders expect the MHS to ensure that service members are physically fit and that we promote healthy behaviors. We instituted an Individual Medical Readiness (IMR) metric to assess each service member’s preparedness for deployment.

The IMR provides commanders with a picture of the medical readiness of their soldiers, sailors, airmen and marines down to the individual level. Current health assessments and dental examinations and up-to-date medical vaccination records comprise some of the measures we use to calculate the IMR of U.S. military forces.

The Department has programs to protect our service members against a variety of illnesses. We continue to view smallpox and anthrax as real threats that may be used as potential bioterrorism weapons against our soldiers, sailors, airmen and marines. To date, with vaccines we have protected almost 1.6 million service members against anthrax spores and more than 1.1 million against the smallpox virus. These vaccination programs have an unparalleled safety record and are setting the standard for the civilian sector. Since the Food and Drug Administration (FDA) published the Final Order confirming that the anthrax vaccine absorbed (AVA) is safe and effective for its labeled indication to protect individuals at high risk for anthrax disease, we restarted the mandatory anthrax vaccination program.

The DoD has also been a leader in planning for a possible global epidemic of avian influenza. The lessons of the 1918 pandemic, which killed more American soldiers in WWI than the enemy did, has not been lost on the military. We recognize that as a globally deployed force we are uniquely vulnerable, and also responsible for contributing to the global efforts in surveillance, education (i.e., hygiene) and rapid eradication.

We are also ensuring our service members are medically evaluated before deployments (through the Periodic Health Assessment), upon return (through the Post-Deployment Health Assessment) and then again 90–180 days after deployment (through the Post-Deployment Health Reassessment). These health assessments provide a comprehensive picture of the fitness of our forces and highlight areas where we need to intervene. For example, we have learned that service members do not always recognize or voice health concerns at the time they return from deployment.

For the period of June 1, 2005 to January 8, 2008, 466,732 service members have completed a post-deployment health reassessment, with 27% of these individuals receiving at least one referral for additional evaluation. By reaching out to service members three to six months post-deployment, we have found that the most prevalent concerns are physical concerns, e.g., back or joint pain and mental-health concerns. This additional evaluation gives medical staff an opportunity to provide education, reassurance, or additional clinical evaluation and treatment, as appropriate. Fortunately, as these clinical interactions occur, we have learned that only a fraction of those with concerns have diagnosed clinical conditions.

The new forms with the TBI screening questions and other improvements were officially published on September 11, 2007. Since then, the Services have worked hard to modify their respective electronic data collection systems. They finished this work in late December. In addition, the Armed Forces Health Surveillance Center-Provisional (AFHSC-P), which is the repository for the electronic forms, has successfully tested data feeds from the Army, Air Force, and Navy systems. No problems were identified.

The Services will start using the new forms for health assessments, and dates will vary with each Service. To ensure a smooth and timely start, we issued a policy memorandum to establish a 60-day implementation phase during which AFHSC-P will accept both the old and new versions of the forms. We have encouraged the Services to start using the new versions of the forms immediately rather than waiting for the formal announcement. The Army plans to start selected pilot tests of the new forms between now and April 1, 2008. The Air Force has produced its own implementation memo and expects to start using the forms this month. The Navy is considering an immediate start.

The Department is working on a number of additional measures to evaluate and treat service members affected or possibly affected by TBI. In August 2006, we developed a clinical-practice guideline for the Services for the management of mild TBI in-theater. We sent detailed guidance to Army and Marine Corps line medical personnel in the field to advise them on ways to look for signs and to treat TBI.

The "Clinical Guidance for Mild Traumatic Brain Injury (mTBI) in Non-Deployed Medical Activities," October 2007, included a standard Military Acute Concussion Evaluation (MACE) form for field personnel to assess and document TBI for the medical record. The tool guides the evaluator through a short series of standardized questions to obtain history, orientation (day, date, and time), immediate memory (repeat a list of words), neurological screening (altered level of consciousness, pupil asymmetry), concentration (repeat a list of numbers backwards), and delayed recall (repeat the list of words asked early in the evaluation). The evaluator calculates and documents a score, which guides the need for additional evaluation and follow-up. The MACE also may be repeated (different versions are available to preclude "learning the test"), and scores may be recorded to track changes in cognitive functioning.

US Central Command (USCENTCOM) has mandated the use of clinical guidelines, which include use of the MACE screening tool, at all levels of care in theater, after a service member has a possible TBI-inducing event. Furthermore, Landstuhl Regional Medical Center is using MACE to screen all patients evacuated from the USCENTCOM area of responsibility with polytrauma injuries for co-morbid TBI. In addition, MACE is used in MTFs throughout the MHS.

To supplement mental-health screening and education resources, we added the Mental Health Self-Assessment Program (MHSAP) in 2006. This program provides military families, including National Guard and Reserve families, web-based, phone-based and in-person screening for common mental health conditions and customized referrals to appropriate local treatment resources. The program includes screening tools for parents to assess depression and risk for self-injurious behavior in their children. The MHSAP also includes a suicide-prevention program that is available in DoD schools. Spanish versions of these screening tools are also available. This voluntary and anonymous program is designed to provide increased awareness education in the area of mental health conditions and concerns. It supplements the more formal assessment programs and extends the educational process to families. Our robust outreach program increased awareness for military and family members around the globe. More than 2,000 participants a month use the Web-based education and more than 160,000 participants

each year use the in-person educational events. With this program, our goal is to reduce the stigma of suffering from mental health conditions, and foster an environment that encourages self-referral and/or colleagues and battle buddies looking out for one another.

In 2006, we published a new DoD Deployment Health Instruction. Among its many measures to enhance force health protection is a requirement for the Services to track and record daily locations of DoD personnel as they move about in-theater and report data weekly to the Defense Manpower Data Center. We can use the data collected to study long-term health effects of deployments and mitigate those health effects in future conflicts. An example might be to determine where an outbreak of dysentery or tuberculosis began in order to identify and treat those who were exposed or to learn more about some mystery illness by studying what geographic location was visited by those who came down with it.

At the direction of Congress, we executed new health benefits which extend TRICARE coverage to members of the National Guard and Reserve. We implemented an expanded TRICARE Reserve Select (TRS) health plan for Reserve Component personnel and their families, as mandated by the NDAA for fiscal year (FY) 2007. Today, more than 61,000 reservists and their families are paying premiums to receive TRS coverage. In addition, we made permanent their early access to TRICARE upon receipt of call-up orders and their continued access to TRICARE for six months following active duty service for both individuals and their families. Our FY 2009 budget request includes \$407 million to cover the costs of this expanded benefit.

Internationally, our medical forces deploy with great speed, skill and compassion. Their accomplishments in responding to international disasters further our national security objectives; allow us to constructively engage with a number of foreign nations; and save civilian lives throughout the world. Our military-civilian teams are working well with the State Department, Centers for Disease Control and Prevention, and World Health Organization (WHO).

Operating on the global stage, our medics – from the youngest technicians to the most experienced neurosurgeons – perform in an exemplary manner in service to this country. We must make necessary changes to our policies and processes, while remaining mindful of the skills, dedication, and courage of our medical forces.

At the 2008 Military Health System Conference we held our first medical ethics panel to address the issues that military medical professionals face, such as when health policy and even the law may not be aligned with their personal values. We also traveled to Guantanamo Bay where we found excellent medical care. To be sure, we invited the American Correctional Association physicians to make their own visit, and we conferred with the American Medical Association and Physicians for Human Rights and suggested some modifications to procedures.

We also found good medical care at Camp Cropper and applauded the new strategy of focusing on education in what Islam really stands for, which together with job training and a generally gentler approach, has reduced recidivism by 90%. We also are

exploring whether the daily physical exams of new detainees from all over Iraq could provide information about the health of Iraqis that could be helpful to the Minister of Health.

We need to do more to recruit and train health personnel who want to understand how to help people help themselves, whether in the diverse nations of Africa, with varied needs, or a predominantly Arabic and Islamic country such as Iraq, with multiple passionate religious sects and decades of brutalization and corruption, but a glorious past. To this end, we organized an interagency orientation for Bruno Himmler, M.D., the new HHS Health attaché to Ambassador Crocker in Iraq, and appointed Colonel (retired) Warner Anderson, M.D., director of our new International Health directorate, where he has assembled a multi-disciplinary team. We also co-led the first national meeting of doctors in two decades in Baghdad last month, and we are doing a needs-assessment based on what we learned. We already know we need to do more in training trainers in medicine and in bioengineering. Some of this has begun with our meetings there and with the start of a tele-health consult service to connect provincial doctors with Iraqi medical school professors and U.S. experts, including Iraqi-American doctors. We are also supporting Gen. Petraeus' efforts to build primary health clinics, and we are working with him and Ambassador Crocker to be sure each Provincial Reconstruction Team has a health expert.

Satisfied Beneficiaries

Here in the United States, our beneficiaries continue to give the TRICARE program high marks in satisfaction. MHS beneficiaries' overall satisfaction with medical care in the outpatient and inpatient settings compares very favorably against national civilian benchmarks. The quality of our medical care is further attested to by the fact that all DoD fixed MTFs are accredited and in good standing by one of these two nationally recognized accrediting organizations (The Joint Commission and the Accreditation Association for Ambulatory Health Care).

We also fared well on the 2007 American Customer Satisfaction Index survey produced by the University of Michigan and other groups to rate satisfaction with the federal government. Those surveyed gave DoD medical centers a score of 89% satisfaction with their inpatient care – the second highest satisfaction score by federal agencies/departments surveyed in the benefits-recipients segment.

In our own surveys, overall satisfaction with the TRICARE health plan has risen consistently each year since 2001 from 44 percent to 59 percent. Given the stresses of war during this time period, this is a remarkable achievement. The annual Outpatient Satisfaction Survey of MHS beneficiaries provides feedback that permits us to benchmark the satisfaction of beneficiaries with their outpatient experience at MTFs against civilian health maintenance organizations. For the period of October 2006 through September 2007, MHS beneficiaries' overall satisfaction with medical care in the outpatient setting was 6.13 compared with the national civilian benchmark of 6.23 (on a seven-point scale where 7 is completely satisfied). For the same time period, MHS

beneficiaries' overall satisfaction with the clinics at which outpatient services were provided was 6.07 compared with the national civilian benchmark of 6.13.

The MHS also administers the TRICARE Inpatient Satisfaction Survey to assess beneficiary satisfaction with inpatient care (MTF and civilian network). We administer the survey in two formats. First, we conduct the mail survey annually and mail it to 45,000 inpatients in CONUS and OCONUS. The telephone survey is administered on a quarterly basis to 620 (per quarter) inpatients. Sixty-two percent of 620 inpatients (July-September 2007) surveyed by telephone indicated they were very satisfied with the inpatient care provided by the MHS. In addition, 11% reported dissatisfaction and 27% reported they were somewhat satisfied.

Moreover, we added financial incentives to our managed care support contracts to improve beneficiary satisfaction from our contract partners and to ensure our contractors are financially rewarded for care delivered in the private sector. Through our new MHS governance and strategic plan, we are focusing on the effectiveness and efficiencies of MTFs and adding performance-based management and patient-centered care initiatives to transform our patients' experiences.

TRICARE launched a new website in 2007 with a new approach to delivering information to its beneficiaries that is based on extensive user research and analysis. The redesigned My Benefit portal at www.tricare.mil offers comprehensive information with a more user-friendly layout and an updated look, while providing up-to-date TRICARE benefit information in seconds. The My Benefit portal's simplified navigation system makes using the site easier than ever before. A key feature of the redesign is that users now receive personalized information about their health care benefits by answering a few simple questions about their location, beneficiary status and current TRICARE plan.

Recently, my staff launched a new website, www.health.mil. Its purpose is to inspire innovation, creativity and information sharing across the Military Health System in a way that does not need to go through a chain of command. Our website is transparent in that every feature includes a comment box. I invite everyone to use the website as a tool to break down barriers and share information between military medical personnel and other government agencies and organizations outside the government.

The site provides a way to create a partnership for health that brings the service members and family, the military leader and the medical provider-planner together with the objective of patient-focused health care. Visitors to the site can post comments, take surveys, watch web cams, subscribe to podcasts, and read unfiltered opinion from MHS leaders on our blog.

Creation of Healthy Communities

We have the internal ability to expand upon two major initiatives in the coming years: 1) increasing the use of evidence-based medicine, and 2) increasing the patient-provider partnership in sustaining health.

We need to do more to enlist patients as partners in their health care. We are increasing the services available to specific populations – seeking to stem the adverse effects of alcohol abuse, tobacco usage, and obesity. The DoD has developed and implemented a series of demonstration and pilot projects to address the key health behaviors associated with premature and preventable death identified in the 2002 Health Related Behavior Survey.

Known as the “Healthy Lifestyles Initiatives,” these projects address the increase in tobacco use, obesity, and alcohol misuse and abuse among beneficiaries, both active and non-active duty identified in the survey. We are primarily focusing these health-promotion activities on disease prevention and the adoption of healthy behaviors, while testing the effectiveness of comprehensive benefits not currently covered by TRICARE.

The tobacco-cessation and weight-management demonstration projects are comprehensive behavioral interventions. The tobacco-cessation demonstration provides pharmacotherapy in addition to a telephone hotline, a web-based educational tool, and personalized quit kits. Preliminary demonstration study results indicate all cessation rates have shown increases in abstinence as measured at the completion of each milestone quarterly survey. The weight-management demonstration provides health/weight loss coaching, as well as telephone and web-based educational and motivational information. The study enrollment period ended March 2007. There are 1,755 beneficiaries enrolled in the randomized control trial and 716 in the participation of self-motivated programs. Final study results are projected to be completed in December 2008.

The Program for Alcohol, Training, Research and Online Learning (PATROL), a web-based alcohol abuse pilot project targeting young, active duty service members on eight military installations started in May 2006 and ended in September 2007. One month after the pilot study rollout, participants who received one of the programs had a significant reduction in heavy and binge drinking. These results were sustained at the six month follow-up survey. The program results will be used to enhance and complement other efforts being undertaken in this important area, which will result in an improved state of military readiness.

The 2002 DoD Survey of Health Related Behaviors Among Military Personnel indicated that rates of cigarette use, heavy alcohol use, and overweight had all risen since 1998, and that these three health threats occur in our young enlisted population. To respond to these threats, TRICARE began counter-marketing campaigns to encourage quitting tobacco and reducing binge drinking among the young enlisted population.

Competent medical care is comprehensive, conscientious, compassionate, coordinated, confidential, computable, communicated clearly, controlled by consumer choices and cost effective. Getting there requires continuous commitment (and some courage). This is the job of most doctors and nurses in the office or hospital and their leaders.

We also have a responsibility to prevent disease by educational campaigns that promote a healthy diet, exercise, vaccines, use of seatbelts, responsible consumption of

alcohol, tobacco cessation, etc. We are actively seeking innovative ways to incentivize beneficiaries and caregivers to reach these goals.

Both counter-marketing campaigns use themes developed from focus-group research among our young enlisted population. Since humor and emphasis on everyday negative consequences appealed to the target audience, we selected a popular icon that is out of control, "That Guy," as an effective mechanism and a campaign theme to reduce binge drinking. The alcohol counter-marketing campaign is currently being deployed at 77 military installations, including 11 Air Mobility Command bases through their major command (MAJCOM) Headquarters and all Marine Corps bases through their Semper Paratus program office. Public service videos were shown in all 115 major military installation theaters for three months in early 2007, and at this writing are receiving 117 airings per week on AFRTS television stations. Traffic on the highly innovative thatguy.com website (winner of the 2007 Webby award for health care) is noteworthy, not only because of the rapid growth in volume of user sessions, but also because the user sessions are unusually long (more than 5 minutes).

We chose the second campaign theme, "Quit Tobacco. Make Everyone Proud," because target-audience members had a favorable response to appeals that use their position as role models, particularly to children, as a motivation to quit using tobacco. A paid public media campaign using commercial radio and movie theater public service announcements, print ads, direct mailings, billboards, and commercial web communication continues through February 2008 in 13 U.S. metropolitan cities that host 28 military installations, and 30% of our target audience of 708,000 active duty military enlisted. Additionally, each military department has appointed a senior Service campaign spokesperson being featured globally in *Military Times* and *Stars & Stripes* newspaper ads, as well as on AFRTS television networks.

Recently, we announced the results of the 2005 DoD Health Related Behaviors Survey. We added questions that addressed deployment issues and were pleased to find that the self-reported information indicated our military personnel are coping with the rigors of conflict and separation from family and home. Although we found that most personnel use such positive coping mechanisms as talking to friends or exercising to cope with stress, we want to focus on those who report using unhealthy behaviors as coping mechanisms. We are quite concerned that of personnel who were deployed last year 13.6% began using or increased their use of alcohol since being deployed. However, we are pleased that 17% stopped or decreased their alcohol use since deployment. We are also concerned that 10.3% began smoking or increased their usage, 6.1% began using or used more smokeless tobacco, and 6.3% began or increased their cigar smoking.

However, 66.8% of the military personnel who were smokers in the past year made an attempt to quit during the last year. We are also pleased that 66.2% of military personnel indicated they were either "satisfied" or "very satisfied" overall with their current work assignment. Military personnel were notably and significantly less likely than civilians to use any illicit drugs in the past 30 days (4.6% versus 12.8%).

The MHS has implemented a system-wide approach to disease management to improve the health status of our beneficiaries with specific chronic disease conditions through the provision of proactive, evidence-based care to patients and their families. Our disease management initiatives are patient centered; with goals of educating and empowering patients to live a healthier lifestyle, designing and implementing preventive care services, and reducing the need for costly emergency visits and inpatient stays through effective monitoring of patient conditions.

As of June 2007, the program now includes patients with diabetes, in addition to the asthma and congestive heart failure patients enrolled since September 2006. These three chronic conditions are among the diseases identified by Disease Management Association of America (DMAA) as having the greatest potential for reducing the medical expenditures and improving patient quality of life through the provisions of disease management.

As mandated by the NDAA for FY 2007, a report on the design, development, and implementation of the program on disease and chronic care management, which is due to Congress this year, describes our plan to address: diabetes, cancer, heart disease, asthma, chronic obstructive pulmonary disorder, and depression and anxiety disorders.

The ongoing centralized evaluations by TRICARE Management Activity (TMA) and the Services are providing valuable information regarding the effectiveness and efficiency of our disease management program. In addition to measuring select processes (e.g., engagement rates), we will also assess clinical outcomes, utilization outcomes, humanistic outcomes, and financial outcomes consistently across the MHS. Once enough data become available, we will use a scorecard to facilitate oversight and evaluation of disease management services. Moreover, the scorecard will be instrumental in identifying best practices for use throughout the MHS.

High-quality care involves the provision of safe care, which includes employing steps to minimize preventable harm to patients. We are placing emphasis on and reinforcing both the health care professionals, as well as the patients to be informed, educated and active participants in their care. Within the MHS, we use Team Strategies and Tools to Enhance Performance and Patient Safety (TeamSTEPPS) as a mechanism to improve quality and patient safety. Developed by the Department of Defense (DoD) Patient Safety Program in collaboration with the HHS Agency for Healthcare Research and Quality (AHRQ), TeamSTEPPS provides an evidence-based teamwork system aimed at optimizing patient outcomes by improving communication and other teamwork skills among health care professionals. After 20 years of research and evidence on teams and team performance in such diverse areas as aviation, nuclear power, and other High-Reliability Organizations (HROs), we have learned that teams of individuals who communicate effectively – and back each other up – compensate for individual fallibility and dramatically reduce the consequences of inevitable human error, resulting in enhanced safety and improved performance. Communication and coordination are critical elements in any medical environment. TeamSTEPPS leads the way in improving this vital area, giving both military and civilian medicine a roadmap for a safer health care system, and a vehicle to accomplish it worldwide.

Electronic Medical Record. AHLTA – DoD’s global electronic health record and clinical data repository – significantly enhances MHS efforts to build healthy communities. AHLTA creates a life-long, computer-based patient record for each military health beneficiary, regardless of location, and provides seamless visibility of health information across our entire continuum of medical care. This gives our providers unprecedented access to critical health information whenever and wherever care is provided to our service members and beneficiaries. In addition, AHLTA offers clinical reminders for preventive care and clinical-practice guidelines for those with chronic conditions.

In November 2006, we successfully completed worldwide deployment of AHLTA Block 1 at all DoD MTFs. Our implementation-support activities spanned 11 time zones and included training for 55,242 users, including 18,065 health care providers. DoD’s Clinical Data Repository is operational and contains electronic clinical records for more than nine million beneficiaries. AHLTA use continues to grow at a significant pace. As of January 4, 2008, our providers had used AHLTA to process 66,491,855 outpatient encounters, and they currently process more than 124,000 patient visits per workday.

As we add dental capabilities to AHLTA, the number of providers using the system, and encounters documented, will increase. We expect a deployment decision for AHLTA Block 2, which includes a dental module, in this quarter. We expect it will take two years to fully deploy AHLTA Block 2.

We are working to add additional components to AHLTA. For example, we are working with the VA to implement a new inpatient capability. Its implementation will provide VA and DoD clinicians a fully integrated electronic health record for essential DoD and VA ambulatory and inpatient information. Our project team has completed a six-month assessment of DoD and VA inpatient clinical processes and is beginning an assessment of potential technical solutions to meet that goal, with recommendations due to us in the summer of 2008. A jointly agreed upon technical solution for the inpatient electronic health record module will further enhance our clinical data sharing. Our current data sharing is already decreasing redundant tests and procedures for our patients, and reducing errors that are inherent to a paper records system.

AHLTA contains the largest computable and structured medical data repository, leading the nation in standards adoption and interoperability. Before the end of this decade, we will be using AHLTA as a central research and planning tool, leveraging its computable health data to improve patient outcomes through prevention, early detection, and proper intervention. We are determined to make further improvements to make the system faster and easier, more private and secure, so that doctors, nurses, and patients all begin to use it to promote safe and cost-effective health care.

We are also using our DoD and VA information sharing experience to advance the President’s health information technology goals. We are working closely in a leadership role with other federal agencies, e.g., the American Health Information Community, Health Information Technology Policy Council and Healthcare Information Technology Standards Panel (HITSP), to lead the nation toward adopting electronic

health records. In particular, our DoD and VA collaboration work has helped HITSP to accelerate the establishment of national standards. We foresee significant benefits in advancing health informatics and standards through better quality and greater efficiency in health care delivery. The Certification Commission for Healthcare Information Technology (CCHIT) announced that DoD's product AHLTA Version 3.3 is pre-market, conditionally CCHIT Certified and meets CCHIT ambulatory electronic health record (EHR) criteria for 2006. Pre-market, conditionally certified EHRs are new products that are fully certified once their operational use at a physician office site has been verified.

It is important to note that the MHS is in transition from a paper medical record to an electronic medical record. The paper medical file is the National Archives and Records Administration- (NARA) recognized MHS medical record. NARA has just begun the AHLTA data inventory, which is the first step in having AHLTA recognized as an official government record. NARA certification will take approximately two years. The MHS will not have a completely paperless medical record for many years. In the meantime, like the vast majority of organizations converting to electronic health records, we will have a hybrid system.

Identifying the Way Forward for Rehabilitative Care and Transition. Last year, the *Washington Post* addressed important issues that deserved and received our immediate and focused attention. First and foremost, we are listening. We are actively surveying (by telephone, on the web and in person) our wounded service members and their families, and we are acting on the answers they provide. Our goal is to improve patient satisfaction, and these surveys let us know where we need to put resources to continuously improve. In addition to surveys, I encourage leadership to spend time with service members and their families who are receiving long-term rehabilitative care. On February 14, we held our first webcast town-hall meeting on our new website www.health.mil to receive additional, anonymous feedback from the wounded, injured, ill and their families. We are taking all of this input back to DoD leadership – where we have clear leadership – as we develop and implement solutions in a formerly inflexible structure, where program development and hiring do not happen over night.

The Army and the Department have taken swift action to improve existing conditions and enhance services provided at Walter Reed Army Medical Center (WRAMC). We are also identifying areas that merit further study and improvement. Army leadership initiated immediate steps to control security, improve access, and complete repairs at identified facilities to provide for the health and welfare of our nation's heroes. They also held accountable the personnel responsible for the failures.

Secretary Gates commissioned an independent review group (IRG) on March 1, 2007, to evaluate and make recommendations on this matter. The IRG reported its final findings to the Secretary of the Army, the Secretary of the Navy, and me on April 16.

- An underlying theme within their report was the recognition of the moral, human, and budgetary costs of war/national security, and that the Department, the government, and the nation must be prepared to execute on those obligations.

- The 25 specific findings and over 60 recommendations provided in the IRG's final report addressed two main areas of concern: 1) continuum of care and 2) leadership, policy and oversight. Key among the findings was the cumbersome and adversarial nature of the current disability evaluation system.
- Among findings and recommendations related to health care delivery, the IRG concluded that while we provide first class trauma and inpatient care to service members at the medical centers, there is a breakdown in health services and care management during transition to outpatient status.
- The IRG also found room for improvement in comprehensive care, treatment and administrative services, with a need for a more interdisciplinary collaborative approach. The need for sufficient and properly trained case managers to help wounded service members navigate the health system was paramount in the IRG's conclusions.
- TBI, post traumatic stress disorder, along with a shortage in mental health staff, were issues requiring particular attention.
- Specific to WRAMC, the IRG outlined a "Perfect Storm" of events impacted by BRAC, A-76, staffing and training limitations, and funding constraints.
- The IRG also advocated for accelerating construction of the Walter Reed National Military Medical Center and implied that modifications to the TRICARE benefit may be needed to address the needs of medically retired wounded veterans living outside TRICARE Prime catchment areas.

The Department takes the IRG's findings very seriously and will be relentless in its actions – engaged, action-oriented and focused on making measurable improvements. For the recommendations that deal specifically with health care delivery, the MHS has developed clear goals and milestones. Efforts are underway to address some of the findings, particularly the need for more trained case managers (ombudsmen) and TBI treatment and research. While many of the recommendations can be acted upon immediately, others require careful consideration.

DoD and VA are working together to address these issues through a Senior Oversight Committee (SOC), co-chaired by the Deputy Secretaries of each Department. The SOC is developing implementation plans and future funding requirements for eight "lines of action" that address such issues as the disability system, case management, data sharing between the Departments, facilities requirements, personnel and pay support, among other issues, as well as such wounded warrior health issues as TBI and psychological health. The recommendations and decisions from this group are being implemented now and will drive future funding requests for both Departments.

In all cases, we will regularly inform the people we serve – service members, families, military leaders, Congress, the Secretary and the President – on our progress. We will share our progress with the public.

An Assessment of the Issues. There were a number of disturbing elements to the conditions at WRAMC, yet I am confident that each of these items is fixable with sustained leadership and oversight. The Department categorizes the problems as follows:

Physical Facility Issues. In the case of substandard housing, the Army quickly implemented a corrective action plan for facility repair and improvements. Clearly, other facility improvements may require more comprehensive repairs that may take longer. I am confident the Army at WRAMC and the Navy at Bethesda are taking steps to ensure that any needed improvements will be made.

We can best address the changing nature of inpatient and outpatient health care requirements, specifically the unique health needs of our wounded service members and the needs of our population in this community through the planned consolidation of health services and facilities in the National Capital Region. The BRAC decision preserves a precious national asset, Walter Reed, by sustaining a high-quality, world-class military medical center with a robust graduate medical education program in the Nation's Capital. The plan is to open this facility by 2011. In the interim, we will not deprive the current WRAMC of resources to function as the premier medical center it is. In fact, in 2005 we funded \$10 million in capital improvements at WRAMC's Amputee Center – recognizing the immediate needs of our warrior population. The new facility opened its doors on September 12, 2007. We are proud of that investment in capacity and technology. We simply will not allow the plans for a new medical center to interfere with the ongoing facility improvements needed in the current hospital.

Many of the health issues our wounded warriors face are slow to emerge and are extremely complex to fully evaluate and treat. Congress has been very generous in providing us with the resources we need to accurately identify all injuries and to develop new treatment modalities, but it will take some time to determine the efficacy of these new treatments and to identify their associated costs. Fortunately, Congress has seen fit to provide these funds through supplemental appropriations, and the Department has not had to reduce other portions of its budget request in order to fund these critical requirements.

Our new Defense Center of Excellence for Psychological Health and Traumatic Brain Injury will integrate quality programs and advanced medical technology to give us unprecedented expertise in dealing with psychological health and TBI. In developing the national collaborative network, the Center will coordinate existing medical, academic, research, and advocacy assets within the services, with those of the VA and HHS, other federal, state and local agencies, as well as academic institutions. The Center will lead a national collaborative network to advance and disseminate psychological health and traumatic brain injury knowledge, enhance clinical and management approaches, and facilitate other vital services to best serve the urgent and enduring needs of our wounded warriors and their families.

Process of Disability Determinations. We believe resources and processes need to be better aligned. Our first step in assessing processes will be to identify the desired outcome. We must redraw our processes with the outcomes we have in mind, with as

much simplicity and timeliness as possible. We know that both the service member and the Department expect:

- Full rehabilitation of the service member to the greatest degree medically possible;
- A fair and consistent adjudication of disability; and
- A timely adjudication of disability requests – neither hurried nor slowed due to bureaucratic processes.

We currently have a pilot program in place to improve the disability process and implement one system that is jointly administered by both DoD and VA. Our goal is to create a process that requires one exam and one rating, binding by both DoD and VA within current law. The new Disability Evaluation System pilot program, which began in late November, will provide smoother post-separation transition for veterans and their families – including medical treatment, evaluation, and delivery of compensation, benefits and entitlements.

Process of Care Coordination. Again, the quality of medical care we deliver to our service members is exceptional. Independent review supports this assertion. Yet, we need to better attend to the process of coordinating delivery of services to members in long-term outpatient, residential rehabilitation. The Army has assessed, and our office is reviewing, the proper ratio of case managers to wounded service members. We are also reviewing the administrative and information systems in place to properly manage workload in support of service members and their families.

The Army's new Warrior Transition Brigade became operational at WRAMC on April 26, 2007, to assist soldiers assigned to medical holdover. As of February 4, 2008, the 35 Warrior Transition Units throughout the Army had 9,774 wounded warriors assigned to them (this number includes Active Component and Reserve Component members). Many of the Warrior Transition Unit cadre have volunteered for their assignments, and each officer or noncommissioned officer goes through an interview process before he or she is selected.

Each wounded warrior is also assigned a primary care manager, a nurse case manager and a squad leader to ensure no Soldier falls through the cracks. They even follow up with Soldiers after they return to their units or transfer to the Department of Veterans Affairs. We are beginning to receive external recognition of the success of the Warrior Transition Units and we will monitor this initiative to ensure we meet and exceed future expectations of service members and their families.

We receive beneficiary input through the Army's toll-free hotline. In addition, the MHS and the Army are conducting surveys of wounded warriors and their families, so we may assess what is going well and areas that need improvement. The bottom line – we will continue to serve our warriors and other beneficiaries until we move to the new campus, at Bethesda.

Effective Management of Health Care Costs

The Department is committed to protecting the health of our service members and providing the best health care to more than nine million eligible beneficiaries. The FY 2009 Defense Health Program funding request is \$23.6 billion for Operations and Maintenance, Procurement and Research, and Development, Test and Evaluation Appropriations to finance the MHS mission. Total military health program requirements, including personnel expenses, is \$42.8 billion for FY 2009. This includes payment of \$10.4 billion to the Department of Defense Medicare Eligible Retiree Health Care Fund, and excludes projected savings of \$1.2 billion, based on recommendations provided by the Department of Defense Task Force on the Future of Military Health Care for benefit reform found in the President's Budget.

The Task Force on the Future of Military Health Care published its final report on December 20, 2007. The Department embraces the recommendations developed by the Task Force. In particular, the Task Force recognized the need to rebalance the share of health care costs borne between the government and the military retiree. In accordance with the Task Force's recommendation, the fee increases for FY 2009 will mirror the Task Force's ramp to the steady state fees. On average, the enrollment fee for a family in TRICARE Prime will increase from \$460 to \$827 per year, with the majority of families (those with retired pay of less than \$20,000) seeing a modest increase to \$728 per year or roughly \$22 per month. The Task Force also included in the recommendations an introduction of an enrollment fee for TRICARE Standard, as well as increases in the Prime visit co-pays, the Standard Deductible, and pharmacy co-pays. Accordingly, we revised the savings assumption to reflect Task Force recommendations implemented over a three-year phase-in period; this assumption yields \$1.2 billion in savings.

Our primary mission is sustaining a medically ready military force and providing world-class health services for those injured and wounded in combat. Yet, our resources are limited. Military commanders, defense leaders and our elected officials rightly expect us to simultaneously manage health care costs and provide outstanding health care to our beneficiaries. We are working hard to manage all the MHS more efficiently and effectively with the resources we have.

We are bringing about the most comprehensive changes to our system in a generation through the BRAC. The BRAC recommendations will improve use and distribution of our facilities nationwide, and affect health care delivery and medical training across the MHS. The consolidation of medical centers in the National Capital Area and San Antonio will improve operations by reducing unnecessary infrastructure, rationalizing staff, and providing more robust platforms to support Graduate Medical Education. In some areas, we expect to significantly enhance care by providing services closer to where our beneficiaries reside, for example at Fort Belvoir, Virginia. By contrast, in smaller markets, MHS facilities will cease to provide inpatient services and instead focus on the delivery of high-quality ambulatory care. The BRAC recommendations will bring most medical enlisted training programs to Fort Sam Houston. As a result, the MHS will reduce its overall technical-training infrastructure while strengthening the consistency and quality of training across the Services.

We have important activities underway at all facilities affected by BRAC. The key to our success in BRAC is a sound planning principle that is shaping these new structures in ways that are joint, interoperable, non-redundant, and effective. In short, we will build the platforms necessary to “train as we fight.”

Over the next five years, the U.S. health care industry alone will spend more than \$200 billion to modernize, expand and build new health care facilities. We expect to spend more than \$6 billion in the next five years to modernize our facilities. We have an unprecedented opportunity to modernize many of our key facilities through the BRAC program, global re-stationing, Army Modularity, and the regular Military Construction (MILCON) program. We can ensure our hospital designs promote integrity during the clinical encounter, empower our patients and families, relieve suffering, and promote long-term health and wellness. Hospitals that say “we care and are not satisfied with anything but excellence” attract patients and clinicians. Full hospitals are also more cost-effective and outcomes are better.

We can deliver this healing environment, and we can use evidence-based design and quantify the outcomes. For example, there is compelling evidence of the relationship between providing high-efficiency particulate air (HEPA) filtration in areas where we care for severely immunocompromised patients. If HEPA filtration exists where we treat burn patients, surgical patients, neutropenic patients, bone-marrow transplant patients, and children with acute myelogenous leukemia, we will avoid unnecessary infections. And, we will save lives. In addition, increasing natural light, reducing noise, and maximizing exposure to nature all have quantitative outcomes that can – and are – being measured. In addition, we can and should build our new hospitals with the highest possible environmental ratings within our budget.

We will also replace the aging and overcrowded facilities at the United States Army Medical Research Institute for Infectious Diseases (USAMRIID) with a cutting-edge, modern research facility that will continue to produce medical countermeasures to the world’s deadliest diseases. The new USAMRIID will serve as the cornerstone of the emerging National Biodefense Campus at Fort Detrick, Maryland, which is currently under development with the Department of Homeland Security and the National Institute of Allergy and Infectious Diseases. We are also planning a replacement facility to support the U.S. Army Institute of Chemical Defense (USAICD) at Aberdeen, Maryland, the nation’s premier center of excellence to identify and develop medical countermeasures for chemical warfare agents. The transformation of our physical infrastructure helps us meet the demands of the evolving war on terrorism and the potential threats we face today.

Despite efficiently managing health care costs and utilizing a variety of initiatives, we have much work to do. We continue to use a number of proven means to reduce health care costs in our system. These include:

- Obtaining significant discounts for pharmaceuticals at our MTFs and mail-order venue, and making voluntary pricing agreements with pharmaceutical manufacturers to lower our costs in the TRICARE Retail Pharmacy Network.

- Continuing to effectively manage the DoD Uniform Formulary. We avoided approximately \$450 million in drug costs in FY 2006, and over \$900 million in drug costs in FY 2007 due to key formulary-management changes and decisions.
- Contract strategies. We have reduced administrative costs through effective TRICARE contracting strategies, and our effort to further enhance the next generation of the TRICARE contracts is well underway.
- Further increases in VA and DoD sharing of facilities, capabilities, and joint procurements.
- The introduction of new prime vendor agreements to lower costs of MTF medical and surgical supplies. The MHS has aggressively negotiated preferential pricing with medical-supply vendors across the country, and we project cost avoidance of \$28.3 million.

We began implementation of the Prospective Payment System (PPS) in FY 2005. Its purpose is to adjust the medical budgets of the three direct care components (Army, Navy, Air Force) based on their performance, rather than previous spending levels. Up to the present, that performance has been measured in basic units of outputs. Performance, however, is not just a function of the number of activities, but also the quality of those activities in meeting the needs of the beneficiary population. We are exploring ways to modify our budgeting approach to recognize that the quality of those activities is also key.

Using our strategic planning tool – The Balanced Scorecard – we are identifying the most critical mission activities, and then applying Lean Six Sigma methodology to create a data-driven, decision-making culture for process improvement. The Service Surgeons General have aggressively incorporated this methodology into their business operations, and we are already witnessing the fruits of this commitment to building better processes. We have also hired a nationally recognized expert in Lean Six Sigma to help facilitate integration of the National Capital Area and San Antonio under our BRAC work.

In the fall 2006, we began the Innovations Investment Program, to identify the best practices in place at select MTFs or best practices utilized by private-sector health care firms and introduce them to DoD on a global scale. Our intent is to accelerate the use of best practices, using a joint-service, interdisciplinary team of experts to evaluate, validate and then implement proven approaches to better health care delivery. The evaluation phase is already underway, and we plan to begin substantive program changes in the coming year.

As the civil and military leaders of the Department have testified, we must place the health benefit program on a sound fiscal foundation or face adverse consequences. Costs have more than doubled in six years – from \$19 billion in FY 2001 to \$39 billion in FY 2007 – despite MHS management actions to make the system more efficient. Our

analysts project this program will cost taxpayers at least \$64 billion by 2015. Health care costs will continue to consume a growing slice of the Department's budget, reaching 12% of the budget by 2015 (versus 4.5% in 1990).

Over the last 13 years, the TRICARE benefit was enhanced through reductions in co-pays, expansions in covered services (particularly for Medicare-eligible beneficiaries), new benefits for the Reserve Component, and other additions, but the premiums paid by beneficiaries have not changed. The benefit enhancements have come at a time when private-sector employers are shifting substantially more costs to employees for their health care.

The twin effect of greater benefits for DoD beneficiaries with no change in premiums, coupled with reduced civilian benefits for military retirees employed in second careers in the private sector, has led to a significant increase in military retirees electing to drop their private health insurance and become entirely reliant on TRICARE for their health benefit.

Simply put, the Department and Congress must work together to allow the Department to make necessary changes to the TRICARE benefit to better manage the long-term cost structure of our program. Failure to do so will harm military health care and the overall capabilities of the DoD – outcomes we cannot afford. In summary, our goal is to promote innovation and choice and use individual and team incentives in order to improve quality, satisfaction, and cost effectiveness.

Sharing Initiatives with VA

The Department of Defense cares deeply about the well-being of its people. We have fallen short in several areas relating to those recuperating from injury and those seeking to move forward with their lives. We are committed to identifying and correcting the shortcomings that involve the joint responsibilities of the Departments of Defense and Veterans Affairs. We have already begun working with our colleagues on corrective action.

DoD and VA are currently working on five major areas: Facilities, including housing for soldiers; case-worker and family-support personnel; improved disability determination processes; special care for TBI and the severely injured; and emphasis on care for those diagnosed with mental-health conditions and post-traumatic stress disorder. Together, the DoD and our colleagues at VA will not rest until we can provide that same level of health care when the wounded come home to begin their rehabilitation and recovery.

While service members and their families have been very satisfied with health care, change is needed in the delivery of benefits. The Federal Recovery Coordination program began in November 2007 as a pilot. The role of Federal Recovery Coordinators is to be the ultimate resource to oversee the development and implementation of services across the continuum of care from recovery through rehabilitation to reintegration, in coordination with relevant governmental, private, and non-profit programs.

The 2008–2010 VA/DoD Joint Strategic Plan will improve the quality, efficiency, and effectiveness of the delivery of benefits and services to veterans, service members, military retirees, and their families through an enhanced VA and DoD partnership. The plan incorporates the ability for a service member to transition from one department to another and back again. The plan also has concrete performance measures and strategies that link directly to the actions of the SOC, such as joint communications, improved case management, better information sharing, and collaborative training and continuing education for health care providers.

As we continue to seek ways to improve the health care for our beneficiaries, we constantly explore new avenues of partnership with the VA. In FY07, we established 280 direct sharing agreements covering 148 unique health services with the VA. Also in FY07, 104 VA medical centers reported reimbursable earnings as TRICARE network providers. Every day we collaborate to further improve the health care system for our service members. We have substantially increased joint procurement, and we have completed four new jointly used evidence-based clinical-practice guidelines for amputation, chronic obstructive pulmonary disease, chronic kidney disease, and low-back pain to improve patient outcomes.

We are committed to working with the VA on appropriate electronic health information exchanges to support our veterans. The Federal Health Information Exchange (FHIE) enables the transfer of protected electronic health information from DoD to the VA at the time of a service member's separation. We have transmitted messages to the FHIE data repository on more than 4.1 million retired or separated service members.

Building on the success of FHIE, we also send electronic pre- and post-deployment health assessment and post-deployment health reassessment information to the VA. We began this monthly transmission of electronic pre- and post-deployment health assessment data to the FHIE data repository in September 2005, and the post-deployment health reassessment in December 2005. As of January 2008, VA had access to more than 2.0 million pre- and post-deployment health assessments and post-deployment health re-assessment forms on more than 838,000 separated service members and demobilized National Guard and Reserve members who had been deployed.

The Bidirectional Health Information Exchange (BHIE) enables real-time sharing of health data for patients being treated by DoD and VA. Access to BHIE data is available through AHLTA and through VistA, the VA's electronic health record, for patients treated by both departments.

To increase the availability of clinical information on a shared patient population, VA and DoD have collaborated to further leverage the BHIE functionality to allow bidirectional access to inpatient documentation from DoD's Essentris System. In December 2007, we announced the enterprise-wide release of enhancements to the BHIE and the Clinical Data Repository/Health Data Repository (CHDR) interfaces. With these enhancements, DoD and VA are now able to view each other's clinical encounters, procedures, and problems lists on shared patients using the BHIE. This adds to the

pharmacy, allergy, microbiology, chemistry/hematology data, and radiology reports we made available previously.

Additionally, DoD and VA providers may now view theater data (including inpatient data) from the Theater Medical Data Store (TMDS). And, DoD providers no longer have to log out of AHLTA and into another application to see it.

To support our most severely wounded and injured service members transferring to VA Polytrauma Centers for care, DoD continues to send radiology images and scanned paper medical records electronically to the VA Polytrauma Centers. WRAMC, National Naval Medical Center (NNMC) Bethesda, and Brooke Army Medical Center (BAMC) are providing radiology images electronically for patients transferring to the VA Polytrauma Centers in Tampa, Richmond, Palo Alto, and Minneapolis. Additionally, WRAMC, BAMC and NNMC scan medical records to create portable document format (PDF) documents for electronic transmission for patients transferring to the four VA Polytrauma Centers.

We have worked closely with our partners in the VA, in our shared commitment to provide our service members a seamless transition from the MHS to the Department of Veterans Affairs. DoD implemented a policy entitled "Expediting Veterans Benefits to Members with Serious Injuries and Illness," which provides guidance for collecting and transmitting critical data elements for service members involved in a medical or physical evaluation board. DoD began electronically transmitting pertinent data to the VA in October 2005 and continues to provide monthly updates, allowing the VA to better project future workload and resource needs.

We have provided information for more than 28,000 service members while they were still on active duty, allowing the VA to better project future workload and resource needs. When the VA receives these data directly from DoD before service members separate, it helps to reduce potential delays in developing a benefits claim. This process ensures that the VA has all the relevant information to decide claims for benefits and services in a timely manner.

The Legacy of Military Medicine

American military medicine has led the world in epidemic surveillance, response, trauma care, disaster medicine, health information technology, fitness and prevention.

U.S. military medicine and our medical personnel are national assets, representing a readiness capability that does not exist anywhere else, and – if allowed to dwindle – could not be easily reconstituted. We must preserve these assets.

Particularly important in health care is that we recruit women leaders. We also need to recognize the sacrifices of the selfless leaders whom we attract. We do this now on our website and in forthcoming books.

As we address the problems that lie at the intersection of personnel issues and health care delivery, it is our shared responsibility to focus on the specific problems, and not the people who have done so much to improve the health of our military service members. We are blessed with a rich cadre of dedicated, hard-working, skilled professionals. I have complete confidence that they will rise to the occasion again, as they have done in the past, learn from what went wrong, and build an even stronger, more responsive system for all.

Conclusion

Our military engagements in Iraq, Afghanistan and other locations, combined with our medical humanitarian missions and our peacetime health-delivery mission have simultaneously tested the MHS. Our medics, corpsmen, nurses and surgeons operating in tents, on ships, and in planes, continue to exceed the expectations of all our stakeholders.

Yet, the critical concept that MHS leaders share is simple – we can never be satisfied with our accomplishments. The people we serve – our line commanders and civilian leadership; our service members and military families; and the representatives of the American people in the Congress – expect us to accomplish even more, and to build upon our successes.

There is more work to do: We must invest in medical technologies to protect and defend our military community against future threats; provide wise stewardship of limited taxpayer dollars to sustain a quality health system serving more than nine million Americans; and commit to continued military and professional development of medical professionals of all types – physicians, dentists, nurses, enlisted specialists, and administrators.

Many people in many places have very high expectations for this country's military health system. Our responsibility in the coming years is to continue to exceed these expectations. Our obligations are to those who follow us – today's sergeants and corporals, lieutenants and captains, and civilians now rising through the system.

With the support of the DoD leadership and of the Congress, the MHS remains committed to sustaining and passing on this legacy of achievement and stewardship for the medical leaders of the future. On behalf of the MHS, I am grateful for the resources and encouragement you provide to all who serve, and look forward to working with you in the future.

- END -

SUMMARY STATEMENT OF GENERAL ROUDEBUSH

General ROUDEBUSH. Chairman Murtha, Ranking Member Young, distinguished members, it really is a pleasure to be before you here today. You all very well understand the challenges that we face. Our first task is to provide a healthy, fit force; fit and able and resilient; able to go forward and do the mission in some very challenging places. And while we are doing that, taking care of family members as well as retirees to the full extent that we can; you understand that this is a challenge always in a resource-constrained environment, providing the right resources, both manpower as well as money and facilities, to do that. And you all have been very forthcoming in supporting and working with us to find that right balance within a very challenging environment to do that.

But as we work the challenges for today, I think the focus certainly of this committee in working with us to do the mission today is also to look forward to tomorrow, to understand the challenges of those missions, because they may be rather different than we face today. Certainly, in the Air Force, as we use the Chief's priorities as our direct vector, winning today's fight, taking care of our people, and preparing for tomorrow's challenges, that is the task before us, while we work to recapitalize facilities and equipment, reset equipment to be sure that it is prepared for tomorrow. So we truly appreciate the energy, the focus, the understanding, and certainly the enduring support that you all bring to assist us as we take care of our Nation's most precious treasure. For that we thank you, and I certainly look forward to your questions. Thank you, sir.

[The statement of General Roudebush follows:]

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

SUBJECT: MEDICAL PROGRAM OVERVIEW

**STATEMENT OF: LIEUTENANT GENERAL (DR.) JAMES G. ROUDEBUSH
AIR FORCE SURGEON GENERAL**

February 28, 2008

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



BIOGRAPHY

UNITED STATES AIR FORCE

LIEUTENANT GENERAL (DR.) JAMES G. ROUDEBUSH

Lt. Gen. (Dr.) James G. Roudebush is the Surgeon General of the Air Force, Headquarters U.S. Air Force, Washington, D.C. General Roudebush serves as functional manager of the U.S. Air Force Medical Service. In this capacity, he advises the Secretary of the Air Force and Air Force Chief of Staff, as well as the Assistant Secretary of Defense for Health Affairs on matters pertaining to the medical aspects of the air expeditionary force and the health of Air Force people. General Roudebush has authority to commit resources worldwide for the Air Force Medical Service, to make decisions affecting the delivery of medical services, and to develop plans, programs and procedures to support worldwide medical service missions. He exercises direction, guidance and technical management of more than 42,400 people assigned to 74 medical facilities worldwide.



The general entered the Air Force in 1975 after receiving a Bachelor of Medicine degree from the University of Nebraska at Lincoln, and a Doctor of Medicine degree from the University of Nebraska College of Medicine. He completed residency training in family practice at the Wright-Patterson Air Force Medical Center, Ohio, in 1978, and aerospace medicine at Brooks Air Force Base, Texas, in 1984. The general commanded a wing clinic and wing hospital before becoming Deputy Commander of the Air Force Materiel Command Human Systems Center. He has served as Command Surgeon for U.S. Central Command, Pacific Air Forces, U.S. Transportation Command and Headquarters Air Mobility Command. Prior to his selection as the 19th Surgeon General, he served as the Deputy Surgeon General of the U.S. Air Force.

EDUCATION

1971 Bachelor of Medicine degree, University of Nebraska at Lincoln
 1975 Doctor of Medicine degree, University of Nebraska College of Medicine
 1978 Residency training in family practice, Wright-Patterson USAF Medical Center, Wright-Patterson AFB, Ohio
 1980 Aerospace Medicine Primary Course, Brooks AFB, Texas
 1981 Tri-Service Combat Casualty Care Course, Fort Sam Houston, Texas
 1983 Master's degree in public health, University of Texas School of Public Health, San Antonio
 1984 Residency in aerospace medicine, Brooks AFB, Texas

1975 Doctor of Medicine degree, University of Nebraska College of Medicine
 1978 Residency training in family practice, Wright-Patterson USAF Medical Center, Wright-Patterson AFB, Ohio
 1980 Aerospace Medicine Primary Course, Brooks AFB, Texas
 1981 Tri-Service Combat Casualty Care Course, Fort Sam Houston, Texas
 1983 Master's degree in public health, University of Texas School of Public Health, San Antonio
 1984 Residency in aerospace medicine, Brooks AFB, Texas
 1988 Air War College, by seminar
 1989 Institute for Federal Health Care Executives, George Washington University, Washington, D.C.
 1992 National War College, Fort Lesley J. McNair, Washington, D.C.
 1993 Executive Management Course, Defense Systems Management College, Fort Belvoir, Va.

ASSIGNMENTS

1. July 1975 - July 1978, resident in family practice, Wright-Patterson USAF Medical Center, Wright-Patterson AFB, Ohio
2. July 1978 - September 1982, physician in family practice and flight surgeon, USAF Hospital, Francis E. Warren AFB, Wyo.
3. October 1982 - July 1984, resident in aerospace medicine, USAF School of Aerospace Medicine, Brooks AFB, Texas
4. August 1984 - September 1986, Chief of Aerospace Medicine, 81st Tactical Fighter Wing, Royal Air Force Bentwaters, England
5. September 1986 - July 1988, Commander, USAF Clinic, 81st Tactical Fighter Wing, Royal Air Force Bentwaters, England
6. August 1988 - June 1991, Commander, 36th Tactical Fighter Wing Hospital, Bitburg Air Base, Germany
7. August 1991 - July 1992, student, National War College, Fort Lesley J. McNair, Washington, D.C.
8. August 1992 - March 1994, Vice Commander, Human Systems Center, Brooks AFB, Texas
9. March 1994 - January 1997, Command Surgeon, U.S. Central Command, MacDill AFB, Fla.
10. February 1997 - June 1998, Command Surgeon, Pacific Air Forces, Hickam AFB, Hawaii
11. July 1998 - July 2000, Commander, 89th Medical Group, Andrews AFB, Md.
12. July 2000 - June 2001, Command Surgeon, U.S. Transportation Command and Headquarters Air Mobility Command, Scott AFB, Ill.
13. July 2001 - July 2006, Deputy Surgeon General, Headquarters U.S. Air Force, Bolling AFB, Washington, D.C.
14. August 2006 - present, Surgeon General, Headquarters U.S. Air Force, Washington, D.C.

FLIGHT INFORMATION

Rating: Chief flight surgeon
 Flight hours: More than 1,100
 Aircraft flown: C-5, C-9, C-21, C-130, EC-135, F-15, F-16, H-53, KC-135, KC-10, T-37, T-38, UH-1 and UH-60

BADGES

Chief Physician Badge
 Chief Flight Surgeon Badge

MAJOR AWARDS AND DECORATIONS

Defense Superior Service Medal with oak leaf cluster
 Legion of Merit with oak leaf cluster
 Meritorious Service Medal with two oak leaf clusters
 Air Force Commendation Medal
 Joint Meritorious Unit Award
 Air Force Outstanding Unit Award with oak leaf cluster
 National Defense Service Medal with bronze star
 Southwest Asia Service Medal with bronze star
 Air Force Overseas Long Tour Ribbon with oak leaf cluster
 Air Force Longevity Service Award with silver oak leaf cluster

Small Arms Expert Marksmanship Ribbon
Air Force Training Ribbon

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

Society of USAF Flight Surgeons
Aerospace Medical Association
International Association of Military Flight Surgeon Pilots
Association of Military Surgeons of the United States
Air Force Association
American College of Preventive Medicine
American College of Physician Executives
American Medical Association

EFFECTIVE DATES OF PROMOTION

Second Lieutenant May 15, 1972
First Lieutenant May 15, 1974
Captain May 15, 1975
Major Dec. 8, 1979
Lieutenant Colonel Dec. 8, 1985
Colonel Jan. 31, 1991
Brigadier General July 1, 1998
Major General May 24, 2001
Lieutenant General Aug. 4, 2006

(Current as of August 2006)

Mr. Chairman and esteemed members of the Committee, it is my honor and privilege to be here today to talk with you about the Air Force Medical Service. The Air Force Medical Service exists and operates within the Air Force culture of accountability wherein medics work directly for the line of the Air Force. Within this framework we support the expeditionary Air Force both at home and deployed. We align with the Air Force's top priorities: Win Today's Fight, Take Care of our People, and Prepare for Tomorrow's Challenges. We are the Nation's Guardian—America's force of first and last resort. We get there quickly and we bring everyone home. That's our pledge to our military and their families.

Win Today's Fight

It is important to understand that every Air Force Base is an operational platform and Air Force medicine supports the war fighting capabilities at each one of our bases. Our home station military treatment facilities form the foundation from which the Air Force provides combatant commanders a fit and healthy force, capable of withstanding the physical and mental rigors associated with combat and other military missions. Our emphasis on fitness, disease prevention and surveillance has led to the lowest disease and non-battle injury rate in history.

Unmistakably, it is the daily delivery of health care which allows us to maintain critical skills that guarantee our readiness capability and success. The superior care delivered daily by Air Force medics builds the competency and currency necessary to fulfill our deployed mission. Our care is the product of preeminent medical training programs, groundbreaking research, and a culture of personal and professional accountability fostered by the Air Force's core values.

In support of our deployed forces, the Air Force Medical Service (AFMS) is central to the most effective joint casualty care and management system in military history. The effectiveness of forward stabilization followed by rapid Air Force aeromedical evacuation has been repeatedly proven. We have safely and rapidly moved more than 48,000 patients from overseas theaters to stateside hospitals during Operations ENDURING FREEDOM and IRAQI FREEDOM. Today, the average patient arrives from the battlefield to stateside care in three days. This is remarkable given the severity and complexity of the wounds our forces are sustaining. It certainly contributes to the lowest died of wounds rate in history.

Total Force Integration

Our Air Force Medical Service is already the model for melding Guard, Reserve and civilians with active duty elements. Future challenges will mandate even greater interoperability, and success will be measured by our Total Force and Joint performance.

A story that clearly illustrates the success of our Total Force and Joint enroute care is that of Army SGT Dan Powers, a squad leader with the 118th Military Police Company. He was stabbed in the head with a knife by an insurgent on the streets of Baghdad on July 3, 2007. Within 30 minutes of the attack, he was flown via helicopter to the Air Force theater hospital at Balad Air Base. Army neurosurgeons at the Balad Air Force theater hospital and in Washington DC reviewed his condition and determined that SGT Powers, once stabilized, needed to be transported and treated at the National Naval Medical Center, Bethesda, MD as soon as possible. The aeromedical evacuation system was activated and the miracle flight began. A C-17 aircrew from Charleston Air Force Base, SC, picked up SGT Powers with a seven-person Critical Care Air Transport Team and flew non-stop from Balad Air Base, Iraq, to Andrews Air Force Base, MD. After a 13-hour flight, they landed at Andrews AFB where SGT Powers was safely rushed to the National Naval Medical Center for lifesaving surgery.

As Sgt Powers stated, "the Air Force Mobility Command is the stuff they make movies out of...the Army, Navy, and Air Force moved the world to save one man's life."

We care for our families at home; we respond to our Nation's call supporting our warriors, and we provide humanitarian assistance to countries around the world. To execute these broad missions, the Services—Air Force, Navy and Army--must work jointly, inter-operatively, and interdependently. Our success depends on our partnerships with other federal agencies, academic institutions, and industry. Our mission is vital. Everyday we must earn the trust of America's all-volunteer force-- Airmen, Soldiers, Sailors and Marines, and their families. We hold that trust very dear.

Take Care of our People

We are in the midst of a long war and continually assess and improve health services we provide to Airmen, their families, and our joint brothers and sisters. We ensure high standards are met and sustained. Our Air Force chain of command fully understands their accountability for the health and welfare of our Airmen and their families. When our warfighters are ill or

injured, we provide a wrap-around system of medical care and support for them and their families – always with an eye towards rehabilitation and continued service.

Wounded Warrior Initiatives

The Air Force is in lock-step with our sister services and federal agencies to implement the recommendations from the President's Commission on the Care for America's Returning Wounded Warriors. The AFMS will deliver on all provisions set forth in the Fiscal Year 2008 National Defense Authorization Act and provide our warfighters and their families help in getting through the challenges they face. I am proud today to outline some of those initiatives.

Care Management, Rehabilitation, Transition

When a service member is ill or injured, the AFMS responds rapidly through a seamless system from initial field response, to stabilization care at expeditionary surgical units and theater hospitals, to in-the-air critical care in the Aeromedical Evacuation system, and ultimately home to a military or Department of Veterans Affairs (VA) medical treatment facility (MTF). With specific regard to our Airmen who are injured or ill, Air Force commanders, Family Liaison Officers, Airmen and Family Readiness Center representatives, in lock step with Federal Recovery Coordinators, and medical case managers, together ensure "eyes-on" for the Airman and family throughout the care process. For injured or ill active duty Airmen requiring follow-up medical care, they will receive it at their home station MTF. If no MTF is available, as is often the case for our Guard and Reserve Airmen, the TRICARE network expands options for follow-on care with case managers at the major command level overseeing the care. If transition to care within the VA is the right thing for our Airmen--Active, Guard, or Reserve--we work to make that transition as smooth and effective as possible. For those Airmen medically separated, care is provided through the TRICARE Transitional Health Care Program and the VA health system. The Air Force Wounded Warrior Program, formerly known as Palace Hart, maintains contact and provides assistance to those wounded Airmen who are separated from the Air Force for a minimum of five years.

The AFMS provides timely medical evaluations for continued service and fair and equitable disability ratings for those members determined not to be fit. We will implement DoD policy guidance on these matters and all final recommendations from the pilot programs to

improve the disability evaluation system. We have processes in place to ensure healthcare transitions are efficient and effective. Briefings are provided on VA benefits when individuals enter the Physical Evaluation Board process. Discharged members, still under active treatment, receive provider referral and transfer of their records. A key component of seamless transfer of care is a joint initiative by the VA and DoD, called the VA Benefits Delivery at Discharge (BDD) Program. Air Force MTFs provide the BDD advance notice of potential new service members and their health information through electronic transfer.

The Air Force Medical Hold Program is very different from our sister services. In the Air Force, those undergoing disability evaluation stay in their units. We work closely with wing commanders to ensure that our personnel receive timely disposition. The key to success in this process is comprehensive case management. Outpatients are managed by the home unit and major command case managers. The Air Force does not use patient holding squadrons for Air Force Reserve personnel in medical hold status since the majority of reserve members live at home and utilize TRICARE services. If members are outside the commuting area for medical care, they are put on temporary duty orders and sent to military treatment facilities for consultations for as long as needed for prompt medical attention. We are teaming with our Air Force manpower and personnel counterparts to initiate efforts to further reduce administrative time without downgrading the quality of medical care.

Psychological Health and Traumatic Brain Injury

Psychological health means much more than just the delivery of traditional mental health care. It is a broad concept that covers the entire spectrum of well-being, prevention, treatment, health maintenance and resilience training. To that end, I have made it a priority to ensure that the AFMS focuses on these psychological needs of our Airmen and identifies the effects of operational stress.

Post Traumatic Stress Disorder (PTSD) and Traumatic Brain Injury (TBI)

Thank you for the opportunity to discuss these critical issues with you at your February 7th hearing. The incidence of Post Traumatic Stress Disorder is low in the Air Force, diagnosed in less than one percent of our deployers (at six months post-deployment). For every Airman affected, we provide the most current, effective, and empirically validated treatment for PTSD.

We have trained our behavioral health personnel to recognize and treat PTSD in accordance with the VA/DoD PTSD Clinical Practice Guidelines. Using nationally recognized civilian and military experts, we trained more than 200 psychiatrists, psychologists, and social workers to equip every behavioral health provider with the latest research, assessment modalities, and treatment techniques. We hired an additional 32 mental health professionals for the locations with the highest operational tempo to ensure we had the personnel in place to care for our Airmen and their families.

We recognize that Traumatic Brain Injury may be the “signature injury” of the Iraq war and is becoming more prevalent among service members. Research in TBI prevention, assessment, and treatment is ongoing and the Air Force is an active partner with the Defense and Veterans Brain Injury Center (DVBIC), the VA, the Center for Disease Control, industry and universities. The Air Force has very low positive screening for TBI—approximately one percent from Operation IRAQI FREEDOM (OIF) and Operation ENDURING FREEDOM (OEF).

Prevention

Several years ago the AFMS shifted from a program of head-to-toe periodic physical examinations for all active duty members and moved to an annual focused process, the Periodic Health Assessment (PHA). Through the use of the PHA, we identify and manage personnel readiness and overall health status, to include preventive health needs.

In addition, there are separate pre- and post-deployment health assessment/reassessment processes. Before deployment, our Airmen are assessed to identify any health concerns and determine who is medically ready to deploy. The Post-Deployment Health Assessments are completed at the end of their deployment and again at six months post-deployment. Of note, questions are embedded in the post-deployment assessments to screen for Traumatic Brain Injury. These cyclic and focused processes allow us to fully assess the Airmen’s overall health and fitness. This allows commanders the ability to assess the overall fitness of the force.

Department of Veterans Affairs Sharing Initiatives

Our work with the VA toward seamless care and transition for our military members is a high priority, particularly as we treat and follow our Airmen redeploying from Operations OEF/OIF.

An important lesson learned from the care of our returning warriors is the need for a seamless electronic patient health record. After assuming command and responsibility for the Bagram and Balad hospitals, the Air Force successfully deployed a joint electronic health record known as Theater Medical Information Program Block 1. This revolutionary in-theater patient record is now visible to medical providers not only within the battlefield. Additionally, clinicians can access these theater clinical data at every military and VA medical center worldwide using the joint Bidirectional Health Information Exchange. This serves to improve the overall delivery of healthcare home and abroad for wounded and ill service members.

We are expanding our sharing opportunities with the VA, establishing a fifth joint venture at Keesler AFB Medical Center and the Biloxi VA Medical Center in Mississippi. This new Center of Excellence will optimize and enhance the care for DoD and VA patients in the area.

Our joint venture at Elmendorf AFB, Alaska, is another Air Force/VA success story. In 2007, the 3rd Medical Group at Elmendorf increased their access by more than 200 percent for veterans in areas such as orthopedics and ophthalmology. This effort enhanced readiness training for 3rd Medical Group medics, and increased the surgery capacity by 218 percent for the 3rd Medical Group and 239 percent for the VA. Sharing our medical capabilities not only makes fiscal sense and improves access to care for our patients, it helps to sustain our medics' clinical skills currency so we remain prepared for tomorrow.

Prepare for Tomorrow's Challenges

Our Medics

The demanding operations tempo at home and deployed locations also means we must take care of our Air Force medical personnel. This requires finding a balance between these extraordinarily demanding duties, time for personal recovery and growth, and time for family. We must recruit the best and brightest; prepare them for the mission and retain them to support and lead these important efforts in the months and years to come. We work closely with the Air Force Recruiting Service and the Director of Air Force Personnel to maximize the effectiveness of the Health Professions Scholarship Program (HPSP) and recruitment incentives. HPSP is our primary avenue of physician recruitment accounting for over 200 medical student graduates

annually. Once we recruit the best, we need to retain them. The AFMS is undertaking a number of initiatives to recapitalize and invest in our workforce. Enhancing both professional and leadership development, ensuring predictability in deployments, and offering financial incentives, are all important ways in which we will improve our overall retention.

Graduate Medical Education (GME)

Our in-house GME programs offer substantial benefits and are a cornerstone for building and sustaining our AFMS. The Air Force has 35 residencies in 18 specialties, and 100 percent of these are fully accredited compared to a national civilian average of 85 percent accreditation. This caliber of quality and commitment translates to a 95-98 percent first-time board pass rate for Air Force, Army and Navy program graduates which meets or exceeds the civilian national average for each of our specialties. Two of our GME programs, the Emergency Medicine and the Ophthalmology Residency Programs at Wilford Hall Medical Center TX, are rated among the top in the nation.

Centers for Sustainment of Trauma and Readiness Skills (C-STARS)

Job One is training our Expeditionary Airmen to be able to respond to any contingency. The C-STARS provides hands-on clinical sustainment training for our physicians, physician assistants, nurses, and medical technicians in the care of seriously injured patients. Our medics learn the latest trauma techniques and skills from leading medical teaching facilities, including the University of Maryland's R. Adams Cowley Shock Trauma Center in Baltimore, MD; the Cincinnati University Hospital Trauma Center; and the St. Louis University Trauma Center. These C-STARS sites offer an intense workload coupled with clinical experience that sharpens and refreshes our medics' trauma care. This training increases our knowledge and helps us care for the most critical injuries. We are developing plans to enhance training for our oral and plastic surgeons to better respond to facial trauma.

Medical Treatment Facility Recapitalization

Our recent experience re-emphasized that America expects us to take care of our injured and wounded in a quality environment, in facilities that are healthy and clean. I assure you that the Air Force is meeting that expectation. All 75 Air Force medical treatment facilities are

regularly inspected (both scheduled and unannounced) by two nationally recognized inspection and accreditation organizations. The Joint Commission inspects and accredits our Air Force medical centers and hospitals, while the Accreditation Association for Ambulatory Health Care inspects and accredits our outpatient clinics. These inspections focus on the critical areas of quality of patient care, patient safety, and the environment of care. All Air Force medical facilities have passed inspection and are currently fully accredited.

Telehealth

Telehealth applications are another important area of focus as we seek improvements and efficiencies in our delivery of healthcare. Telehealth moved into the forefront with the Air Force Radiology Network (RADNET) Project. This project provides Dynamic Workload Allocation by linking military radiologists via a global enterprise system. RADNET will provide access to studies across every radiology department throughout the AFMS on a continuous basis. Its goal is to maximize physician availability to address workload, regardless of location. We are aggressively targeting deployment of this capability in Fiscal Year 2009 to all Air Force sites.

Also scheduled for Fiscal Year 2009 deployment is the Tele-Mental Health Project. This project will provide video teleconference units at every mental health clinic for live patient consultation. This will allow increased access to, and use of, mental health treatment to our beneficiary population. Virtual Reality equipment will also be installed at six Air Force sites as a pilot project to help treat patients with post traumatic stress disorder. Using this equipment will facilitate desensitization therapy by recreating sight, sound and smell in a controlled environment.

Research and Development Initiatives

Our research initiatives advance delivery of care, training and disease surveillance for our Airmen. Our partnership between the University of Pittsburgh Medical Center and Wilford Hall Medical Center's Diabetes Outreach Clinic promotes advances in diabetes prevention and treatment. We are developing a program that can be implemented at all AFMS facilities worldwide.

A second example, the Virtual Medical Trainer, supports AFMS readiness skills by transforming textual, presentation-based training to more effective interactive, web-based tools.

The Virtual Medical Trainer allows medical personnel to acquire and refresh patient care skill sets using interactive training. Peripheral nerve block training is currently used, and training is being expanded to forensic dentistry and C-17 patient loading.

We also would like to highlight the capability of COHORT (Composite Occupational Health and Operational Risk Tracking). COHORT integrates information from disparate data sources for longitudinal studies and disease outbreak surveillance. All of these initiatives improve the health of our Airmen and allow us to proactively meet their needs.

Benefit adjustments

Increased health care demand combined with the current rate of medical cost growth is increasing pressure on the defense budget, and internal efficiencies are insufficient to stem the rising costs. Healthcare entitlements need to be reviewed to ensure the future of our high quality medical system and to sustain it for years to come.

Conclusion

In closing, Mister Chairman, I am intensely proud of the daily accomplishments of the men and women of the United States Air Force Medical Service. Our future strategic environment is extremely complex, dynamic and uncertain, and demands that we not rest on our success. We are committed to staying on the leading edge and anticipating the future. With your help and the help of the committee, the Air Force Medical Service will continue to improve the health of our service members and their families. We will win today's fight, and be ready for tomorrow's challenges. Thank you for your enduring support.

SUMMARY STATEMENT OF ADMIRAL ROBINSON

Admiral ROBINSON. Chairman Murtha, Ranking Member Young, distinguished members of the Committee, it is a pleasure to be here with you again to share my vision of Navy Medicine in the upcoming fiscal year. You have been very supportive of our mission in the past, and I want to express my gratitude, and on behalf of all of those who work for Navy Medicine, we certainly appreciate everything you have done for us.

Navy Medicine is at a particularly critical time in history, as the Military Health System has come under increased scrutiny. Resource constraints are real, along with the increasing pressure to operate more efficiently, while compromising neither mission nor healthcare quality. The budget for the Defense Health Program contains fiscal limits that continue to be a challenge. The demands for wounded warrior care continue to steadily increase due to military operations in Iraq and Afghanistan.

At the same time, Navy Medicine must meet the requirement to maintain a peacetime mission of family and retiree healthcare as well as provide a new strategic, imperative humanitarian assistance and disaster relief as needed around the globe. Our mission is force health protection, a fit and ready force deployed with the warfighters, support the warfighters in everything they do, and then make sure that we care for eligible family members and those who have worn the cloth of our Nation. That is what force health protection is, and that is what Navy Medicine is all about.

Navy Medicine must ensure that we have the excellence in clinical care, the excellence in graduate health education, and the excellence in biomedical research in order to meet that mission. And those missions—and those are the foundations and the core of Navy Medicine. Thank you, again, sir, for your help in the past. Thank this Committee for all of its help. And I stand by and look forward to answering your questions.

[The statement of Admiral Robinson follows:]

**Not for Publication until released by
the House Appropriations Committee**

**Statement of
Vice Admiral Adam M. Robinson, USN, MC
Surgeon General of the Navy
Before the
Subcommittee on Defense
of the
House Appropriations Committee**

**Subject:
FY09 Defense Health Program
Budget Overview Hearing**

28 February 2008

**Not for Publication until released by
the House Appropriations Committee**

Chairman Murtha, Ranking Member Young, distinguished members of the committee, I am here to share with you my vision for Navy Medicine in the upcoming fiscal year. You have been very supportive of our mission in the past, and I want to express my gratitude on behalf of all who work for Navy Medicine – Active Duty, Reserve Component, Civilian and Contract personnel – who are committed to meeting and exceeding the health care needs of our beneficiaries.

Navy Medicine is at a particularly critical time in history as the Military Health System has come under increased scrutiny. Resource constraints are real, along with the increasing pressure to operate more efficiently while not compromising health care quality. The budget for the Defense Health Program contains fiscal limits that continue to be a challenge. The demands for wounded warrior care continue to steadily increase due to military operations in Iraq and Afghanistan. Furthermore, Navy Medicine must meet the requirement to maintain a peacetime mission of family and retiree health care, as well as provide Humanitarian Assistance/Disaster Relief as needed around the globe.

The current rate of medical cost growth is adding increased demands on the defense budget and internal efficiencies are insufficient to stem the rising healthcare costs. Benefit adjustments should be considered to ensure the future of our high quality medical system and to sustain it for years to come.

Force Health Protection and Readiness

Our mission is Force Health Protection. Navy Medicine is capable of supporting the full range of operations from combat support for our warriors throughout the world to humanitarian assistance. As a result, it is vitally important that we maintain a fully ready force, and we achieve that by recruiting and retaining outstanding healthcare personnel and providing

excellence in clinical care, graduate medical education, and biomedical research, which all make up the foundation of Navy Medicine.

One of Navy Medicine's priorities is to ensure that our forces are ready to go when called upon. We must remain fully committed to ensuring Readiness in two dimensions: the medical readiness of our Sailors and Marines, and the readiness of our Navy Medicine team to provide health service supports across the full range of military operations. As a result, we place great emphasis on preventing injury and illness whenever possible. We are also constantly looking at improvements to mitigate whatever adversary, ailment, illness or malady affects our warrior and/or their family members. By providing care worldwide, we are able to meet the military's unique challenges, which are critical to the success of our warfighters.

The Navy and Marine Corps team are working to improve a real-time, standardized process to report individual medical readiness. Navy Medicine is also collaborating with the line community to increase awareness of individual and command responsibility for medical readiness -- for it is as much an individual responsibility as it is that of the command.

Humanitarian Assistance/Disaster Relief Missions (HA/DR)

Since 2004, the Navy Medical Department has served on the forefront of HA/DR missions which are part of the Navy's Core Elements of Maritime Power. Navy Medicine physicians, nurses, dentists, Medical Service Corps officers, and hospital corpsmen have steamed to assist wherever there has been a need for health care. As a result, it has been said that Navy Medicine is the heart of the U.S. Navy.

HA/DR Missions create a greater synergy and opportunity for all elements of national power – diplomatic, informational, military, economic, joint, interagency and cooperation with non-governmental organizations (NGOs). Most recently the USNS COMFORT (TAH-20) sent a

strong message of U.S. compassion, support and commitment to the Caribbean and Central and South America during last summer's mission. Military personnel trained and provided HA to the people of the partner nations and helped enhance security, stability and cooperative partnerships with the countries visited. NGOs participated in this deployment and brought value, expertise and additional capacity to the mission. According to President Tony Saca of El Salvador, "This type of diplomacy really touched the heart and soul of the country and the region and is the most effective way to counter the false perception of what Cuban medical teams are doing in the region."

Last fall during the San Diego fires, the Navy engaged as an integral member of the community and provided assistance in several ways, including providing medical care to civilian evacuees. The Naval Medical Center in San Diego (NMCS) accepted patients due to civilian hospital closers and evaluations. In addition, they replenished medical supplies for community members who evacuated their homes without necessary medications. In addition, medical personnel from Naval Hospital Twenty-Nine Palms and aboard ships in the area were helping civilian evacuees at evacuation centers across the county.

It is important to note, that if not planned for appropriately this emerging part of our mission will prove difficult to sustain in future years. We must balance the requirements of sustaining the Global War on Terror with HA/DR requirements.

Patient and Family Centered Care and Wounded, Ill and Injured Service Members

Navy Medicine's concept of care is always patient and family centered, and we will never lose our perspective in caring for our beneficiaries – everyone is a unique human being in need of individualized, compassionate and professionally superior care. As you have heard, advances in battlefield medicine have improved survivability rates so the majority of the

wounded we are caring for today will reach our CONUS facilities. This was not the case in past conflicts. These advances, leveraged together with Navy Medicine's patient and family centered care, provide us with the opportunities to effectively care for these returning heroes and their families. In Navy Medicine we empower our staff to do whatever necessary to deliver the highest quality, comprehensive health care.

The Military Healthcare System is one of the greatest and most valued benefits our great nation provides to service members and their families. Each of the services is committed and determined to providing our wounded, ill and injured with the absolute highest quality, state-of-the-art medical care from the war zone to the home front. The experience of health care, as perceived by the patient and their family, is a key factor in health care quality and safety.

For Navy Medicine the progress a patient makes from definitive care to rehabilitation, and in the support of life-long medical requirements is the driver of where a patient is clinically located in the continuum of care and how that patient is cared for. Where a particular patient is in the continuum of care is driven by the medical care needed instead of the administrative and personnel issues or demands. Medical and administrative processes are tailored to meet the needs of the individual patient and their family--whatever they may be! For the overwhelming majority of our patients, their priority is to locate their care as close to their homes as possible. We learned early on that families displaced from their normal environment and dealing with a multitude of stressors, are not as effective in supporting the patient and his or her recovery. Our focus is to get the family back to "normal" as soon as possible, which means returning the patient and their family home to continue the healing process.

In Navy Medicine we have established a dedicated trauma service as well as a comprehensive multi-disciplinary team which interfaces with all of the partners involved in the

continuum of care. To move patients closer to home requires a great deal of planning, interaction and coordination with providers, case workers and other related health care professionals to ensure care is a seamless continuum. We work together from the day of admission to help the patient and the family know we are focused on eventually moving the patient closer to home as soon as their medical needs allow. The patient's needs will dictate where they are, not the system's needs.

Our single trauma service admits all OEF/OIF patients with one physician service as the point of contact for the patient and their family. Other providers, such as orthopedic surgery, oral-maxillofacial surgery, neurosurgery and psychiatry, among others, serve as consultants all of whom work on a single communications plan. In addition to providers, other key team members of the multi-disciplinary team include the service liaisons at the military treatment facility, the Veterans Affairs health care liaison and military services coordinator.

Another key component of the care approach by Navy Medicine takes into consideration family dynamics from the beginning. Families are considered as part of the care team, and we integrate their needs into the planning process. They are provided with emotional support by encouraging the sharing of experiences among other families (family-to-family support) and through access to mental health services.

Currently, Navy Medicine is also paying particular attention to de-stigmatizing psychological health services, the continuity of care between episodes, and the hand-Off between the direct care system and the private sector. We are developing a process to continuously assess our patient and their families perspectives so that we may make improvements when and where necessary.

Beginning in 2006, Navy Medicine established Deployment Health Centers (DHCs) to serve as non-stigmatizing portals of entry in high fleet and Marine Corps concentration areas and to augment primary care services offered at the military treatment facilities or in garrison. Staffed by primary care providers and mental health teams, the centers are designed to provide care for Marines and Sailors who self-identify mental health concerns on the Post Deployment Health Assessment and Reassessment. The centers provide treatment for other service members as well. We now have 17 such clinics, up from 14 since last year. From 2006 through January 2008, DHCs had over 46,400 visits, 28 percent of which were for mental health issues.

Delays in seeking mental health services increase the risks of developing mental illness and exacerbating physiological symptoms. These delays can have a negative impact on a service member's career. As a result, we remain committed to reducing stigma as a barrier to ensuring service members receive full and timely treatment following their return from deployment. Of particular interest is the recognition and treatment of mental health conditions such as PTSD. At the Navy's Bureau of Medicine and Surgery we established the position for a "Combat and Operational Stress Control Consultant" (COSC). This individual, who reported on December 2006, is a combat experienced psychiatrist and preventive medicine/operational medicine specialist. Dedicated to addressing mental health stigma, training for combat stress control, and the development of non-stigmatizing care for returning deployers and support services for Navy caregivers, this individual also serves as the Director of Deployment Health. He and his staff oversee Post Deployment Reassessment (inclusive of Deployment Health Centers), Substance Abuse Prevention and Treatment, Traumatic Brain Injury diagnosis and treatment, and a newly created position for Psychological Health Outreach for Reserve Component Sailors.

As you know, in June 2007 Secretary Gates received the recommendations from the congressionally-mandated Department of Defense (DoD) Mental Health Task Force. Additionally, the Department's work on identifying key gaps in our understanding and treatment of TBI gained greater light and both DoD and the Department of Veterans Affairs began implementing measures to fill those gaps. A synergy resulted between the task force's recommendations, the Department of Defense's work on TBI, and the additional funding from Congress. This collaboration provided an opportunity for the services to better focus and expand their capabilities in identifying and treating these two conditions.

Recently Navy Medicine received funding for creation of a Navy/Marine Corps Combat and Operational Stress Control (COSC) Center at Naval Medical Center San Diego (NMCS). The concept of operations for this first-of-its-kind capability is underway, as is the selection of an executive staff to lead the Center. The primary role of this Center is to identify best COSC practices, develop combat stress training and resiliency programs specifically geared to the broad and diverse power projection platforms and Naval Type Commands, establish provider "Caring for the Caregiver" initiatives, and coordinate collaboration with other academic, clinical, and research activities. As the concept for a DOD Center of Excellence develops, we will integrate, as appropriate, the work of this center. The program also hopes to reflect recent advancements in the prevention and treatment of stress reactions, injuries, and disorders.

We continue to make significant strides towards meeting the needs of military personnel with psychological health needs and TBI-related diagnoses, their families and their caregivers. We are committed in these efforts to improve the detection of mild to moderate TBI, especially those forms of TBI in personnel who are exposed to blast but do not suffer other demonstrable physical injuries. Service members who return from deployment and have suffered such injuries

may later manifest symptoms that do not have a readily identifiable cause, with potential negative effect on their military careers and quality of life.

Our goal is to establish comprehensive and effective psychological health services throughout the Navy and Marine Corps. This effort requires seamless programmatic coordination across the existing line functions (e.g., Wounded Warrior Regiment, Safe Harbor) while working numerous fiscal, contracting and hiring issues. Your patience and persistence are deeply appreciated as we work to achieve long-term solutions to provide the necessary care.

Recruitment and Retention and Graduate Medical Education

We have not met our recruitment and retention goals for Medical and Dental Corps officers for the last three years. This situation is particularly stressful in wartime medical specialties. Currently, we have deployed 90 percent of our general surgery Active Duty medical corps officers, a specialty that is only manned at 87 percent. For psychiatrists, who are 94 percent manned, 72 percent of the Active Duty inventory has deployed. From the reserve component, 85 percent of the anesthesiologists and 50 percent of oral surgeons have deployed. While we are very grateful for your efforts in support of expanded and increased accession and retention bonuses, these incentives will take approximately 2-5 years to reflect in our pipeline.

We in Navy Medicine are increasing our efforts and energy in the recruitment and retention of medical personnel. We must demonstrate to our personnel how they are valued as individuals and they can achieve a uniquely satisfying career in the Navy. We are using experienced Navy Medicine personnel to assist recruiters in identifying perspective recruits and developing relevant opportunities and enticements to improve retention.

A challenge to meeting our recruitment and retention efforts is the impact of future increase in Marine Corps personnel. The Navy personnel needed in support of the increase will

be medical officers and enlisted personnel. This situation, coupled with the stress on the force, needs to be addressed so that we can shape the force to meet the needs of the warfighter in the future.

Also, the stress on the force due to multiple deployments and individual augmentation has had a significant impact on morale across the health care continuum. Personnel shortages are underscored by Navy medical department scholarships going unused and the retention rate of professionals beyond their initial tours falling well below goal.

Graduate Medical and Health Education (GME/GHE) programs are a vital component of Navy Medicine and of the Military Health System. These programs are an integral part of our training pipeline, and we are committed to sustaining these efforts to train future generations of health care providers. GME/GHE programs are required to fulfill our long-term goals and maintain the ever-changing health care needs of our beneficiaries. In addition, these programs are a critical part of our recruitment and retention efforts for new medical professionals and those involved in educating them.

Research and Development Efforts

Research is at the heart of nearly every major medical and pharmaceutical treatment advancement, and that is no different for Navy Medicine. Our research efforts are dedicated to enhancing the health, safety, and performance of the Navy and Marine Corps team. It is this research that has led to the development of state-of-the-art armor, equipment, and products that have improved our survivability rates to the lowest rates from any other conflict.

Navy Medicine Research and Development efforts cover a wide range of disciplines including biological defense, infectious diseases, combat casualty care, dental and biomedical research, aerospace medicine, undersea medicine and environmental health.

The Naval Medical Research Center's Biological Defense Research Directorate (BDRD) is the only laboratory in the United States ready to detect over 20 biological warfare agents. In addition, the BDRD, located in Bethesda, Md., maintains four portable laboratories ready to deploy in 18 hours in response to worldwide biological warfare attacks.

The Naval Health Research Center (NHRC) has a significant capability to track injury patterns in warfighters through the Joint Trauma Registry and is the leader in identifying patterns of injury resulting from exposure to blast. This ongoing assessment of injury patterns provides researchers and source sponsors key information in order to base decisions on programmatic issues. These decisions are used to develop preventative and treatment technologies to mitigate the effects of blast on the warfighter.

Navy's medical research and development laboratories also play an instrumental role in the worldwide monitoring of new emerging infectious diseases, such as avian influenza, that threaten both deployed forces and the world. The three Navy overseas laboratories have also been critical in determining the efficacy of all anti-malarial drugs used by the Department of Defense to prevent and treat disease. Our personnel at those facilities, specifically Jakarta and Lima, were participants in the timely and highly visible responses to natural disasters in Indonesia (Tsunami of December 2004 and Central Java Earthquake of 2006) and Peru (Earthquake in August 2007).

Our research and development efforts are an integral part of Navy Medicine's success and are aimed at providing solutions and producing results to further medical readiness for whatever lies ahead on the battlefield, at sea and at home.

Chairman Murtha, Ranking Member Young, distinguished members of the committee, thank you again for providing me this opportunity to share with you Navy Medicine's mission,

what we are doing and our plans for the upcoming year. It has been my pleasure to testify before you today and I look forward to answering any of your questions.

SUMMARY STATEMENT OF GENERAL SCHOOMAKER

General SCHOOMAKER. Well, let me join my distinguished and esteemed colleagues in thanking you, Chairman Murtha and Congressman Young and other distinguished members of this subcommittee, for providing me an opportunity to discuss Army Medicine and the Defense Health Program. I have been in front of a number of congressional committees in the past few weeks and have spoken at length about the Army Medical Action Plan and the Army's care and support of our wounded, ill, and injured warriors. The care of these great warriors and their families is the most important thing we do. We are committed to getting it right and providing a level of care and support that is equal to the quality of their service.

However, as my colleagues have each mentioned, this is not the only thing we do in Army Medicine. In fact, the care we provide to wounded, ill, and injured warriors is less than 10 percent of our outpatient healthcare managed by the Army. So I appreciate the opportunity today to talk about the other 90 percent of what we do, the extremely important work that is done by the dedicated men and women, military and civilian, of the Army Medical Department who really, in my view, personify the value of selfless service.

In January, I traveled to Iraq with a congressional delegation to see firsthand the incredible performance of Army soldiers and medics and medics within the Joint Force. In fact, those of us on the panel here today had a kind of reunion of sort in the Air Force Hospital at Balad because we were all downrange seeing firsthand how our medical personnel were performing. During that trip, and many times visiting hospitals and seeing wounded, ill, and injured soldiers, and seeing family members that were caring for them and retirees, I am reminded of the parallels that exist between how the Joint Force fights and how the Joint Medical Force protects health and delivers healing. The joint warfighting community employs all tools of intelligence and this fearsome array of lethal and nonlethal weapons to deliver precise force to bear on our enemies.

The medical force, represented by those of us at this panel here, work in parallel but on behalf of healing and health. We employ tools of medical information about the individual soldier patient, his or her state of health or injury and illness, to deliver the right care by the right medic, and by medic, it is a capital M, all uniforms, all roles, at the right time and the right place from the point of injury on a battlefield through evacuation to rehab centers in the United States.

In the Army, we promote best clinical practices by aligning business practices with incentives for our clinicians, administrators and commanders. We do not simply fund commanders based upon what they got last year and add a factor for inflation. We do not just pay for productivity, although it is a very important element of what we do. We focus on quality and best value for the efforts that our caregivers have. At the end of the day, that is what our families, that is what our patients really want and deserve. They want to remain healthy, and they want to know that we are addressing their problems and they are better off for their encounters with us.

We then address this through evidence-based medicine and a focus on clinical outcomes. We have used the system of outcomes-based incentives for now 4 years. It has been implemented across the entire Medical Command last year after an initial trial in the southeast for several years. I strongly support this approach. It promotes a focus, again, on adding value to people's lives through the efforts of health promotion and in the healthcare delivery community. Our results have resulted in the Army's being able to raise the measurable health of our population and deliver more healthcare every year since 2003.

As the Army and the Military Health System moves forward, I have three principal areas of concern that require attention. These concerns are our people, the care we deliver in our distributed system of clinics and hospitals, which we call the Direct Care System, and our aging facility infrastructure. You know, I am really impressed with the professionalism, commitment, and selfless service of our people in Army Medicine and in the Joint Force. Nothing is more important to our success than our dedicated workforce. And I have asked our former assistant—or excuse me, Acting Surgeon General, Major General Gale Pollock to serve as the Deputy Surgeon General for Force Management. She is putting together a human capital strategy for Army Medicine to make it the employer of choice for healthcare professionals. We need your help in breaking the notion that we are one-size-fits-all mentality. We need to have tailored approaches, with flexibility and innovation, that attract and retain the very best civilians and uniformed personnel in the uniform.

Second, I would like to emphasize the importance of the Direct Care System and our ability to maintain an all-volunteer force in an era of persistent conflict. One of the major lessons that has been reinforced throughout the global war on terror, and especially this last year in caring for our casualties, and reinforced by my colleagues here is the Direct Care System is the foundation for caring for wounded, ill, and injured service members. The Direct Care System, what we do in our military hospitals every day, and clinics, is the foundation for our caring for our wounded, ill, and injured soldiers. All of our successes on the battlefield, through evacuation, through our medical facilities back home, derives from the success of our Direct Care System.

And sir, I know this is a particular interest of you, Chairman, and you, Congressman Young. I want to tell you publicly how much we appreciate your personal investment in our Direct Care System and your continuing to emphasize the importance and support that we require. It is where we educate. It is where we train. It is where we develop critical skills that we use then to protect the warfighter and to save lives. It is the foundation of military medicine. And it is very vulnerable. Congress, especially this committee, has been very supportive of our Direct Care System. Thank you for recognizing our importance. Last year, in addition to funding the Direct Care System, you provided us additional supplemental funding for operations and maintenance, procurement and research. I want to again thank you for doing that and providing us those additional funds. We are ensuring that that money is used for what you in-

tended it to be. And we appreciate that continued support for our infrastructure and Direct Care System.

My last concern is about this aging infrastructure of our medical facilities. If we are going to provide consistent world class healing, we need environments that promote that. The quality of our facilities, whether they are treatment facilities or research and development and support, is a tangible demonstration of our commitment to our most valuable assets, our families and our Military Health System staff. It is the bedrock of our generating force; it is how we continue to support the Joint Force. And we need your help.

In closing, I want to reassure you that Army Medicine is committed to the highest priority of caring for our wounded, ill, and injured soldiers and their families. I am proud of the Army Medical Department's efforts over the last 232 years, and especially the last 12 months, in this regard. I am convinced that with the help of the Department of Defense and with the Veterans Affairs, we have turned the corner on some of the problems we suffered last year.

Thank you for this opportunity to appear before this committee, and I look forward to your questions.

[The statement of General Schoemaker follows:]

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FINAL VERSION

STATEMENT BY

LIEUTENANT GENERAL ERIC B. SCHOOMAKER
THE SURGEON GENERAL OF THE UNITED STATES ARMY
AND COMMANDER, US ARMY MEDICAL COMMAND

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE

UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION, 110TH CONGRESS

DEFENSE HEALTH PROGRAM OVERVIEW

28 FEBRUARY 2008

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COMMITTEE ON APPROPRIATIONS

Chairman Murtha, Congressman Young, and distinguished members of the Subcommittee, thank you for providing me this opportunity to discuss Army Medicine and the Defense Health Program (DHP). I have testified before congressional committees three times this month about the Army Medical Action Plan and the Army's care and support for our wounded, ill, and injured Warriors. It is the most important thing we do and we are committed to getting it right and providing a level of care and support to our Warriors and Families that is equal to the quality of their service. However, it is not the only thing we do in Army Medicine. In fact, the care we provide for our wounded, ill, and injured Warriors amounts to about 9% of the outpatient health care managed by Army Medicine. I appreciate this opportunity to talk with you today about some of the other very important work being performed by the dedicated men and women—military and civilian—of the U.S. Army Medical Department who personify the AMEDD value “selfless service.”

As The Surgeon General (TSG) and Commander of the U.S. Army Medical Command (MEDCOM), I oversee a \$9.7 billion international healthcare organization staffed by 58 thousand dedicated Soldiers, civilians, and contractors. We are experts in medical research and development, medical logistics, training and doctrine, health promotion and preventive medicine, dental care, and veterinary care in addition to delivering an industry-leading health care benefit to 3.5 million beneficiaries around the world.

The MEDCOM has three enduring missions codified on our Balanced Scorecard:

- Project and Sustain a Healthy and Medically Protected Force both in defense of the Homeland and on multiple fronts in a complex Global War on Terrorism, which includes stability, security, transition, and reconstruction operations
- Manage the Health and Care of Our Soldiers and Our Military Family
- Deploy a Trained and Equipped Medical Force that Supports Army and DoD Forces Worldwide—this is in the context of an era of persistent conflict and in support of an All-Volunteer Force—both of Warriors and Warrior-medics.

In January of this year I traveled to Iraq with a congressional delegation to see first-hand the incredible performance of Army Soldiers and medics. I was reminded again of the parallels between how the joint force fights and how the joint medical force protects health and delivers healing. I have had many opportunities over the last year to meet wounded, ill and injured Soldiers, Sailors, Airmen and Marines returning from deployments across the globe. On one occasion, I spoke at length with a young Air Force Non-Commissioned Officer - an Air Force Tactical Air Controller in support of ground operations in Afghanistan who had been injured in an IED explosion. His work on the battlefield and in the battle space was illustrative of the parallelism between the Warfighters' use of Effects Based Operations (EBO) to deliver precision lethal force and the similar use of precision diagnostics and therapeutics by the joint medical force to protect health and to deliver healing. We strive to provide the right care by the right medic – preventive medicine technician, dentist, vet, community health nurse, combat medic, physician, operating room or critical care nurse, etc.--at the right place and right time across the continuum of care.

Effects Based Operations are conducted by joint forces in the following manner:

- Through the fusion of intelligence, surveillance, and reconnaissance
- Through the coordinated efforts of Civil Military, Psychological, and Special Operations capabilities to include the combined efforts of Coalition & host-nation forces
- Through precision fires from appropriate weapon systems with coordinated mortar, artillery, and aerial fires in an effort to reduce collateral damage to non-combatants and the surrounding environment
- By going beyond the military dimension - it also involves nation building through humanitarian assistance operations which are worked in close coordination with Non-Governmental Organizations (NGOs) and Other Government Agencies (OGAs). I should note here that Army, Navy and AF Medicine play an increasing role in this aspect of the U.S. military's Effects Based Operations through our contributions to humanitarian assistance and nation-building.

The Army Medical Department and the joint military force do the exact same thing as the Warfighters but for a different effect - our effect is focused on the human being and the individual's health. The parallel to our Warfighting colleagues is apparent and the consequences of success in this venture are equally important and critical for the Nation's defense.

The Joint Theater Trauma System (JTTS) coordinated by the Institute for Surgical Research of the U.S. Army Medical Research and Materiel Command (USAMRMC) at Ft. Sam Houston, Texas, provides a systematic approach to coordinate trauma care to minimize morbidity and mortality for theater injuries. JTTS integrates processes to record trauma data at all levels of care, which are then analyzed to improve processes, conduct research and development related to trauma care, and to track and analyze data to determine the long term effects of the treatment that we provide.

The Trauma Medical Director and Trauma Nurse Coordinators from each Service are intimately involved in this process and I can't stress enough how critical it is that we have an accurate and comprehensive Electronic Health Record accessible at every point of care – this is our fusion of intelligence from the battlefield all the way to home station.

We also help shape the outcomes before the Soldiers ever deploy through our Health Promotion and Preventive Medicine efforts. We continue to improve on our outcomes by leveraging science and lessons learned through Research & Development and then turning that information into actionable items such as the Rapid Fielding Initiative for protective and medical equipment, improved combat casualty care training, and comprehensive and far reaching Soldier and Leader Training.

We make use of all of our capabilities, much as the Warfighter does. We use the Joint Medical Force – our Combat Support Hospitals & Expeditionary Medical Support, our Critical Care Air Transport teams, Landstuhl Regional Medical Center, and a timely, safe medical evacuation process to get them to each point of care. We fully integrate trauma care and rehabilitation with far forward surgical capability, the use of the JTTS, establishing specialty trauma facilities and rehabilitation centers of excellence, and

treating our patients with a holistic approach that we refer to as the Comprehensive Care Plan.

It is important to understand that the fusion of information about the mechanisms of injury, the successes or vulnerabilities of protective efforts, the results of the wounds and clinical outcome can be integrated with operational and intelligence data to build better protection systems for our Warriors—from vehicle platform modifications to better personal protective equipment such as body armor. We call this program Joint Trauma Analysis and Prevention of Injury in Combat (JTAPIC) and it is comprised of multiple elements of data flow and analysis. The JTAPIC Program is a partnership among the intelligence, operational, materiel, and medical communities with a common goal to collect, integrate, and analyze injury and operational data in order to improve our understanding of our vulnerabilities to threats and to enable the development of improved tactics, techniques, and procedures and materiel solutions that will prevent or mitigate blast-related injuries. One way this is accomplished is through an established, near-real time process for collecting and analyzing blast-related combat incident data across the many diverse communities and providing feedback to the Combatant Commanders. Another example of JTAPIC's success is the process established in conjunction with Project Manager Soldier Equipment for collecting and analyzing damaged personal protective equipment (PPE), such as body armor and combat helmets. JTAPIC partners to include the JTTS, the Armed Forces Medical Examiner, the Naval Health Research Center, and the National Ground Intelligence Center conduct a thorough analysis of all injuries and evaluate the operational situation associated with the individual damaged PPE. This analysis is then provided to the PPE developers who conduct a complete analysis of the PPE. This coordination and analysis has led to enhancements to the Enhanced Small Arms Protective Inserts, Enhanced Side Ballistic Inserts and the Improved Outer Tactical Vests to better protect our Soldiers.

These efforts have resulted in unprecedented survival rates from increasingly more lethal injuries sustained in battle. Despite the rising Injury Severity Scores, which exceed any experienced by our civilian trauma colleagues in US trauma centers, the percentage of Soldiers that survive traumatic injuries in battle has continued to increase.

Again, this is due to the fusion of knowledge across the spectrum of care that results in better equipment, especially personal protective equipment like body armor; better battlefield tactics, techniques, and procedures, changes in doctrine that reflect these new practices, and enhanced training for not only our combat medics but the first responder – typically non-medical personnel who are at the scene of the injury.

One of our most recent examples involves the collection of data on wounding—survivable and lethal. Careful analysis of the information yielded recommendations for improvements to personal protective equipment for Soldiers. This is a combined effort of the JTTS and their partners coordinated by the Institute of Surgical Research. Another combined effort being managed by USAMRMC is the DoD Blast Injury Research Program directed by Congress in the 2006 National Defense Authorization Act. The Program takes full advantage of the body of knowledge and expertise that resides both within and outside of the DoD to coordinate medical research that will lead to improvements in the prevention, mitigation or treatment of blast related injuries. The term “blast injury” includes the entire spectrum of injuries that can result from exposure to an explosive device. Most of these injuries, such as penetrating and blunt impact injuries, are not unique to blast. Others, such as blast lung injury are unique to blast exposure.

The chitosan field dressing, the Improved First Aid Kit, the Combat Application Tourniquet, and the Warrior Aid and Litter Kit are a sampling of some of the advances made in recent years through the combined work of providers, researchers, materiel developers, and others. These protective devices, treatment devices, and improvements in tactics, techniques and procedures for initial triage and treatment through tactical evacuation, damage control, resuscitation, and resuscitative surgery, strategic evacuation are all illustrative of the results of this application of “Effects Based Operations” to a medical environment. These advances directly benefit our Soldiers engaged in ground combat operations.

The concept of Effects Based Operations extends to our work in healthcare in our garrison treatment facilities as well. There are many substantial benefits from focusing on the clinical outcome of the many processes involved in delivering care and in harnessing the power of information using the Electronic Health Record. In the

AMEDD, we promote these clinical best practices by aligning our business practices with incentives for our clinicians, administrators and commanders. We don't simply fund our commanders with what they received last year with an added factor for inflation. This would not cover the real escalation in costs and would lead to bankruptcy! We also don't just pay for productivity. Although this remains a key element in maximizing the resources of a hospital or clinic to care for the community and its patients, quality is never sacrificed. Like the Army and the joint warfighting force, we aren't just interested in throwing a lot of ordnance down-range. We—like the Army—want to know how many targets were struck and toward what positive effect. At the end of the day, that is what our patients and what my own family wants: they want to remain healthy and they want to be better for their encounters with us, which is best addressed through an Evidence Based Medicine approach. Ultimately, this is what they deserve.

We have used a system of outcomes-based incentives for almost 4 years now—it was implemented across the entire MEDCOM last year after an initial trial for several years in the Southeast Regional Medical Command. I believe strongly in this approach. It promotes our focus on adding value to peoples' lives through our efforts as a health promotion and healthcare delivery community. Last year alone we internally realigned \$112 million to our high performing health care facilities. Our efforts have resulted in the Army being the only Service to increase access to healthcare by delivering more services every year since 2003.

A robust, sustainable healthcare benefit remains a critical issue for maintaining an all volunteer Army in an era of persistent conflict. Increased health care demand combined with the current rate of medical cost growth is increasing pressure on the defense budget and internal efficiencies are insufficient to stem the rising costs. Healthcare entitlements should be reviewed to ensure the future of our high quality medical system and to sustain it for years to come.

I've talked a lot about joint medicine and our collaborative efforts on the battlefield, and I strongly believe it represents future success for our fixed facilities as well. In the National Capital Region (NCR), Walter Reed Army Medical Center will close and merge with the National Naval Medical Center to form the Walter Reed National Military Medical Center. The Department of Defense stood up the Joint Task Force

Capital Medicine to oversee the merging of these two facilities and the provision of synchronized medical care across the NCR. The process starts this fiscal year and is on track to end in mid FY2011. Transition plans include construction and shifting of services with the goal of retaining current level of tertiary care throughout.

San Antonio is the next location that will likely see a lot of joint movement with establishing the Defense Medical Education Training Center and combining the capabilities of the Air Force's Wilford Hall Medical Center and the Brooke Army Medical Center into a jointly-staffed Army Medical Center. I see potential for great value in these consolidations as long as we work collaboratively and cooperatively in the best interests of all beneficiaries. We have proven that joint medicine can work on the battlefield, and at jointly-staffed Landstuhl Regional Medical Center. I have no doubt that Army Medicine will continue to lead DoD Medicine as we reinvent ourselves to define and pursue the distinction of being world-class through joint and collaborative ventures with our sister services.

As Army Medicine and the Military Health System (MHS) move forward together, I have three major concerns that will require the attention of the Surgeons General, the MHS leadership, and our line leadership. The continued assistance of the Congress will also be helpful. These concerns relate to the role of the direct care system, the aging infrastructure of our medical facilities, and the importance of recruiting and retaining quality health care professionals.

One of the major lessons reinforced over the last year is that the direct care system is the foundation for caring for our wounded, ill, and injured Service members. All of our successes on the battlefield, through the evacuation system, and in our military medical facilities spring forth from the direct care system. This is where we educate, train, and develop the critical skills that we use to protect the Warfighter and save lives. As the foundation of military medicine, the direct care system needs to be fully funded and fully prepared to react and respond to national needs, particularly in this era of persistent conflict. As proud as we are of our TRICARE partners and our improved relationship with the Department of Veterans Affairs, we must recognize that the direct care system is integral to every aspect of our mission--projecting and sustaining a healthy and medically protected force, managing the health and care of our

Soldiers and our military family, and deploying a trained and equipped medical force. Congress—and this committee in particular—has been very supportive of the direct care system. Thank you for recognizing the importance of our mission and providing the funding that we need. Last year, in addition to funding the direct care system in the base budget, you provided additional supplemental funding for operations and maintenance, procurement, and research and development—thank you for providing these additional funds. We are ensuring this money is used as you intended to enhance the care we provide Soldiers and their Families. Please continue your strong support of the direct care system.

The Army requires a medical facility infrastructure that provides consistent, world class healing environments that improve clinical outcomes, patient and staff safety, staff recruitment and retention, and operational efficiencies. The quality of our facilities – whether medical treatment, research and development, or support functions - is a tangible demonstration of our commitment to our most valuable assets - our military family and our MHS staff. Not only are these facilities the bedrock of our direct care mission, they are also the source of our Generating Force that we deploy to perform our operational mission. The FY 09 Defense Medical MILCON request addresses critical investments in DoD biomedical research capabilities - specifically at the US Army Medical Research Institutes of Infectious Disease and Chemical Defense, and other urgent health care construction requirements for an Army at war. To support mission success, our current operating environment needs appropriate platforms that support continued delivery of the best health care, both preventive and acute care, to our Warfighters, their Families and to all other authorized beneficiaries. I respectfully request the continued support of DoD medical construction requirements that will deliver treatment and research facilities that are the pride of the Department.

My third concern is the challenge of recruiting and retaining quality health care professionals during this time of persistent conflict with multiple deployments. The two areas of greatest concern to me in the Active Component are the recruitment of medical and dental students into our Health Professions Scholarship Program (HPSP) and the shortage of nurses. The HPSP is the major source of our future force of physicians and dentists. For the last 3 years we have been unable to meet our targets despite focused

efforts. The recent authorization of a \$20,000 accession bonus for HPSP students will provide another incentive to attract individuals and hopefully meet our targets. In the face of a national nursing shortage, the Army Nurse Corps is short over 200 nurses. We have increased the nurse accession bonus to the statutory maximum of \$30,000 for a four-year service obligation. The Army Reserve and National Guard have also encountered difficulty meeting mission for the direct recruitment of physicians, dentists, and nurses. We have increased the statutory cap of the Reserve Component (RC) Health Professions Special Pay to \$25,000 per year and have increased the monthly stipend paid to our participants in the Specialized Training Assistance Program to \$1,605 per month and will raise it again in July 2008 to \$1,905 per month. As you know, financial compensation is only one factor in recruiting and retaining employees. We are looking at a variety of ways to make a career in Army Medicine more attractive. A 90-day mobilization policy has been in effect for RC physicians, dentists and nurse anesthetists since 2003; this policy has had a positive impact on the recruiting and retention of RC healthcare professionals. In October 2007, U.S. Army Recruiting Command activated a medical recruiting brigade to focus exclusively on recruiting health care professionals. It is still too early to assess the effectiveness of that new organization, but I am confident that we will see some progress over the next year.

The men and women of Army Medicine—whether Active Component, Reserve Component, or civilian—impress me every day with their professionalism, their commitment, and their selfless service. Nothing is more important to our success than our dedicated workforce. I have established Major General (MG) Gale Pollock as my Deputy Surgeon General for Force Management so that she can focus her incredible talent and energy on a Human Capital Strategy for the AMEDD that will make us an “employer of choice” for healthcare professionals interested in serving their country as either Soldiers or civil servants. Your expansion of Direct Hire Authority for health care professionals in last year’s appropriations bill was a clear indicator to me of your willingness to support innovative solutions to our workforce challenges. As this strategy matures, I will stay closely connected to you and your staff to identify and clarify any emerging needs or requirements.

In closing, I want to assure the Congress that the Army Medical Department's highest priority is caring for our wounded, ill, and injured Warriors and their Families. I am proud of the Army Medical Department's efforts over the last 12 months and am convinced that in coordination with the Department of Defense, the Department of Veterans Affairs, and the Congress, we have "turned the corner" toward establishing an integrated, overlapping system of treatment, support, and leadership that is significantly enhancing the care of our Warriors and their Families. I greatly value the support of this committee and look forward to working with you closely over the next year. Thank you for holding this hearing and thank you for your continued support of the Army Medical Department and the Warriors that we are most honored to serve.

MEDICAL INFRASTRUCTURE

Mr. MURTHA. Thank you very much, gentlemen. Let me just say that we have asked for a list of the infrastructure, medical infrastructure deficiencies, and we have gotten it from the Army. We got it from all three? Okay. Well, Mr. Young and I, are going to present to the committee that we are going to transfer the money to the Military Construction Committee to take care of those deficiencies. If it does not get done in those next 2 years, it won't get done.

In talking to Major Rozelle, I asked him how it was going with the center that he works so effectively with, and he said it is so much better. He believes that the troops now understand, if something happens to them, they have some place they can go and get rehabilitated. And I appreciate that. That is the kind of thing that we do all the time.

I do not know about the Defense Department, because we have some arguments with the Defense Department about their priorities, but this committee stands ready to make sure that the troops have what they need when they come home. And infrastructure is such an important part of it. So we will continue to ask you questions, and as long as you give us the answers, we will take care of it financially in the next—I do not know if we will get it all in 1 year, but we will get it in the next 2 years because it is going to amount to \$6 billion or \$7 billion. We will work it out. We are looking for places to find other money. And the staff has been very good in ferreting out some of the extra spending in some of the other agencies that have asked us for money.

Mr. Young.

WARRIOR TRANSITION UNITS

Mr. YOUNG. Mr. Chairman, thank you very much.

And I think all of you know of Chairman Murtha's dedication, especially to the wounded troops and their families. And I really like to visit the hospitals and visit the wounded kids along with Mr. Murtha, because when my wife finds out about a family that needs financial help, she makes me empty my wallet. She also makes him empty his wallet.

Mr. MURTHA. I empty my wallet before I see her.

Mr. YOUNG. I want to ask or talk about the Army's Warrior Transition Units. And my first question is going to be, does the Navy and the Air Force have similar programs like the Warrior Transition Unit?

General ROUDEBUSH. Sir, I can speak for the Air Force. Our focus is to transition those individuals back to their unit, preferably, or back to their home of record for recovery, rehabilitation. We do that through a variety of activities. The Air Force Wounded Warrior Program, formerly Palace HART, has a family liaison officer assigned to each severely wounded individual, who assists in not only the immediate delivery of care, the immediate recuperation, but continues to follow through rehabilitation back to the unit and then onto transition to the Veterans Administration (VA) if that is appropriate. So we track those individuals one by one with their unit commander, their line commander, principally with

view and responsibility and accountability for those folks as they work in close collaboration with the medics. So, for us, it is not so much a unit activity as it is a, one by one, returning them to their unit of record or their home of record to assist them in their rehabilitation.

Admiral ROBINSON. Congressman Young, the Navy has a program which includes a Wounded Warrior Regiment that is located in D.C. And the commanding officer is Colonel Boyle. And then we have Wounded Warrior Battalions at Camp Lejeune and at Camp Pendleton. The concept is to make sure that Navy Medicine partners with the line of both blue Navy and also the green side, the Marine Corps, to make sure that the nonmedical and the medical care needs of the individuals are taken into consideration. Our goal is to decentralize the care, get it away from the medical place of treatment as soon as that is advisable, not a day or a second before, do the nonmedical and the medical case management from the administrative and the medical perspective, then if, I can use the word, repatriate the patients back with their units and back into their home environments or their units' environments because we think that there is better healing and there is a better transition that occurs. So we do in fact take care of those young men and women that are coming through in that regard. And I will leave it at that.

Mr. YOUNG. I am glad you mentioned the Wounded Warrior at Pendleton and Lejeune. Just a couple weeks ago, I had a chance to visit with the Wounded Warrior Battalion at Camp Pendleton. It was very impressive I have to tell you. And the reason I asked about this, and I knew that you all had similar programs, and when you talk about returning them to duty, what I am concerned about is going beyond that and preparing them for a successful life as a veteran in their community. And I just wonder how much follow-up, and this may not be the right group of witnesses to ask this question of. It may be better asked of the VA, and I am doing that, too. But I want to tell you, just give you an example of a situation that we dealt with. In fact, it was a Marine that was from my area in Florida. I got to know him very well and the family. His injuries were serious. And after going through Bethesda and after going through the VA Hospital at Haley in Tampa, the VA decided that he was never going to get any better. He was more or less totally incapacitated. His family would not settle for that. And they took him to a private facility in California. And this private facility brought this Marine back to life. He is able to walk. He is able to talk. He had some legal matters, and he was able to appear in court to the satisfaction of the Judge to make decisions. Somewhere along the line, he was warehoused because he was never going to survive. The family decided that was not good enough. Now, did the Warrior Transition Units that have organizations in all those services, do you follow up on those young men and women that have gone into the VA system to a conclusion one way or the other? Because you know, this man is returning to a very useful life, a life that he can enjoy. And the government had given up on him.

Admiral ROBINSON. I think that, from the Navy's perspective, we have case managers that, once a wounded person has come back, will stay with them throughout the care process. So that means

that as they transition to the Department of Veterans Affairs and to VA Hospitals, our case managers will still track them and keep up with them. I am not going to tell you that at any point we are going to make sure that we take care of everyone and have the success of this one individual. But your example actually has been repeated more than one time during this particular war. So it needs to be looked at. And that is the capacity for the injured, particularly on the neurologic point of view, to come back even after we, from a medical perspective, have thought that they could not. And certainly at the National Naval Medical Center at Bethesda, we have learned that repeatedly with the very traumatic and extensive head injuries that we have received. We have seen people, who heretofore medically it had been concluded were not going to have a good quality of life, then come back and go to college and become very productive.

So the answer to your question is, yes, we try to track everyone. I am not sure that we are always successful at providing the long-term systematic rehabilitative care that they need. We have to depend on DVA, Department of Veterans Affairs, to help us with it, but we still track them, even as they go to the VA.

Mr. YOUNG. I have talked to General Peake about this considerably since he became Secretary of Veterans Affairs. You will remember this case, Admiral, because he was the Marine that was so tall you had to get a long extension to put on his bed. And I know you remember that very well.

Admiral ROBINSON. Yes. I do.

General SCHOOMAKER. Yes, sir, and I would just add my comments. We have obviously three very similar parallel systems with case managers that are especially engaged during the acute phase of treatment and intermediate rehabilitation. A major provision I think of Dole-Shalala recommendations, as well as the work of the senior oversight committee between the VA and the Department of Defense, the committee chaired by Deputy Secretary Mansfield from the VA and Deputy Secretary of Defense Gordon England, is the development of these Federal care coordinators who exist, as I describe them, as AWACs that fly over the two environments, DOD Medicine and the VA Medicine, and even into the network of private care and rehabilitation. And they reduce the interagency friction that may occur. But they are also committed to lifetime management. Because, frankly, three decades from now, none of us sitting at this table are going to be around for the management of that young Marine or that young soldier or airman or sailor. What we need is that warm hand off and continued handshake between the agencies to make that happen. And, sir, I think we are working very hard at exactly that. And I know Secretary Peake is focused on it.

General ROUDEBUSH. Yes, Congressman Young, relative to the Air Force, we follow three tracks for our severely injured and wounded Airmen. First is obviously full recuperation or rehabilitation, and if they desire, back to active duty, and if that is able to be accommodated within the demands and the construct of the active duty service requirements. If they are not able to come back to active duty, but wish to continue to serve in the Air Force, we facilitate and aggressively work to place them within Department

of the Air Force civilian positions, and have done that. But for those who either transit into civilian positions or transit to the VA, by policy, our Air Force Wounded Warrior Program follows them for a minimum of five years with contact, with query, with support to assure that they are in fact continuing to do well so that each is returned to the maximum in terms of lifestyle and capabilities.

Mr. YOUNG. Well, thank you all very much. We owe these heroes the very best that we can provide them and their families. It is really important. And we appreciate all of you. Mr. Chairman, I know I have gone over time, but thank you very much.

Mr. MURTHA. Mr. Moran.

TRAUMATIC BRAIN INJURY

Mr. MORAN. Thanks very much, Mr. Chairman.

Mr. Chairman, have you asked why the Pentagon has only obligated \$53 million of the \$900 million that this Committee provided for traumatic brain injury? It might be useful to—I do not want to take up a lot of time on that, and there is probably a good reason, but it is a pretty small amount given the priority that this Defense Appropriations Subcommittee gave to traumatic brain injury. Is there a quick, concise explanation for that?

Dr. CASSCELLS. Mr. Moran—

Mr. MORAN. Good to see you, Dr. Casscells.

Dr. CASSCELLS. Thank you, sir.

We, as you know, feel this is job number one. And we had a little delay in getting it out of the Pentagon to the Army as the executive agent for this research. And what the Army has done now, and I will brag about them because they will not brag about themselves, is they have reached out, sir, to NIH, to top academic centers around the country, all the hands, everybody welcome, competitive process, and they set these requirements for, what does it really mean? How can we have a balanced program where we work hard to reduce the stigma and study it and where we get the caregivers in there? And now this money is flowing. They are obligating it. They are spending it. And more importantly, sir, they are getting quick returns on investment, and two types primarily. One is, General Schoomaker can talk to this, it is about they are studying the impact on stigma, people's reluctance to ask for help. That is one issue. Second is the tremendous number of top notch academic proposals, people wanting to work with us.

Mr. MORAN. That is what I want to hear, Dr. Casscells. I have got a lot of question areas. I just—

Mr. MURTHA. Would the gentleman yield?

Mr. MORAN. Sure.

Mr. MURTHA. You are not telling me we are spending a lot of money on administration and not spending money on taking care of people?

General SCHOOMAKER. Sir, maybe, I can intervene for just a second to say, of the \$900 million, sir, \$300 million has gone to research, as Dr. Casscells said; \$600 million is going to care. Of the \$300 million, the bulk of those dollars will be obligated in June and July. They are all programmed. There will be 100 percent obligation by the end of the fiscal year for the \$300 million. Of the \$600 million, the bulk of that came to the Army, \$262 million. All of it

is programmed. Not all of it is obligated yet, because we want to do a deliberate process of contracting and the like. But at least for this Service, and I think for the other Services as well, we have a very good program. We understand your interest in ensuring that we obligate those dollars before the end of the fiscal year. And frankly, we have to.

Mr. MORAN. That is the point of asking the question, to emphasize the priority that this Committee has given that. And this is one of the—the four of you, and those folks whom you represent—is the real success story that we have the most agreement with on this Committee. When you consider the fact that killed-in-action rate is half what it was in World War II; it is a third less than it was in Vietnam; the survivability rate is 90 percent, that shows that in this particular area we have made enormous progress. When you think that these soldiers have such a higher chance of surviving being wounded in action, in some cases as Mr. Young said, if it were Vietnam or World War II, they would be goners. And they are not today because of what you have done.

PROSTHETIC IMPROVEMENT PROGRAM

Now I was over at DARPA recently, and they were showing us some tremendous progress. I am going to take a little more time since you extended a bit there, but there they showed tremendous progress. They were showing us some monkeys that they regularly fed them, and then the monkeys, they were not able to reach it, and they found that there are brain waves that can actually cause prosthetic limbs to move and get the food and so on. And they say that they are ready now for brain waves to really control these prosthetic devices. And they want to introduce it at Walter Reed, but they are a little concerned that, again, as the chairman says, the administrative process of getting this stuff working for soldiers. And, you know, these are just scientists, but they said, you know, it really troubles us, we have got it working now, and it would mean so much to us if we could see it working on soldiers at Walter Reed, and it is not just because there is this administrative delay. We know we can give them a prosthetic device that can be controlled by the brain waves. Now, are we trying to facilitate this? You know, I know you have got so much bureaucracy you have to work with, but—

General SCHOOMAKER. Sir, I am actually very familiar with that program.

Mr. MORAN. You are. Good.

General SCHOOMAKER. That is the third phase of the Prosthetic Improvement Program. We have gone through the first phase that has been around a hundred years. We are into the second phase in which we actually put now myoelectric connectors to the stump. And DARPA is helping us to develop the implanted chip in the brain that works on the brain's intent to move the prosthesis. And so that program is actually aligned with the Blast Injury Program that is being administered for the Department of Defense out of the United States Army Medical Research and Materiel Command.

SHORTAGE OF HEALTHCARE PROFESSIONALS

Mr. MORAN. So we are going to implement it while they are still in the hospital.

Third thing, I am concerned—we have been talking about Walter Reed. And we are replacing it, and we are going to get first class facilities, but we are not going to close down Walter Reed until we are ready. DeWitt is one of those replacement facilities. And it is going to be one of the finest military medical facilities in the country. But I am told one of their concerns is that, while they have the facility up, they are afraid they are going to have a major shortage of nurses, physical therapists, mental health counselors, the Warrior Transition Teams. They do not have the personnel ready to fill in. So they will have a big building, and they will have lots of wounded warriors needing help, but they are not going to have the health professionals, particularly the healthcare professionals, that they desperately need. Are we going to be able to fill that gap in time, Dr. Casscells?

Dr. CASSCELLS. Congressman Moran, that is a great question, and we are continually having to increase the special incentive pays for caregivers, nurses in particular, and dentists are in short supply, certain surgical specialties are in short supply. In addition, we want to be able to take advantage of people who are local. That is why, with your help, we met with people at Northern Virginia College and Inova Mount Vernon. We are looking forward to interaction there. There are a lot of opportunities there to work with them. So, in some places, it will be—the situations will be adapted to the local opportunities.

MEDICARE TRUST FUND

Mr. MORAN. All right. Thanks. As long as you are on top of that. I have one other question. Mr. Horner asked, and maybe you can answer it for the record, but I wonder, too, we just passed this major Medicare—you know, we have this major Medicare Part B program. If you are in a military treatment facility that is reimbursed by Medicare, can they get reimbursement from Medicare Part B if they are providing care to our TRICARE For Life personnel? Are you going after that money to reimburse the military budget?

Dr. CASSCELLS. Yes, sir. You know, we put I think it is \$15 billion into the Medicare Trust Fund every year, but in addition, when patients are hospitalized we do bill third-party providers. And one of the things that we have learned in the last few years is that if all of those moneys come back to my office, nobody bothers to collect them. Now leaving those moneys with the commander who collects them, there is an incentive, and they are collecting those third-party payments. They can use them for operations, or education and research. That is the way to go. As I said before, healthcare is local, and the commanders learn from each other. We want to make sure that there is plenty of decentralization in our system for that kind of reason.

Mr. MORAN. All right. Well, that is a lot of money. I am glad you are doing that. We will ask later about the 30-minute drive time

standard that is affecting a lot of our seniors that was just implemented.

But thank you very much, Mr. Chairman.

Mr. MURTHA. I am encouraged to hear from the staff that you have requested more money for—to continue the PTSD and the brain damage money for next year. We want to make sure that this is not just a one-time deal; this is something that is going to take a long time. And we just obviously do not want to appropriate money that is not needed, but I am encouraged that you have already come to us and said, okay, this is something we need in addition to the military medical infrastructure.

Dr. CASSCELLS. Thank you, sir.

May I just say, the more we have gotten into this, the more we have found what the opportunities are. Several things have happened since we first got the—for example, the \$300 million research fund and the \$600 million for operations. On the research side, one of the exciting things is that we had the developments in November with the Japanese and Jim Thompson from the University of Wisconsin found that you could take your own skin cells and reprogram them to become stem cells. This is obviously a blockbuster breakthrough. And we think this is going to help. We have got 150 people or so with spinal cord trauma. We have got about the same number of bad eye injuries, people who are really functionally blind. This is probably their best hope, this kind of thing. Now that is on the basic science side.

In addition, sir, we have been reminded by our patients that there are a lot of therapies that patients are very interested in and keen on that are what you might call soft therapies. They might be meditation. They might be sunshine, exercise, diet, vitamin supplements, or electromagnetic. There are all kinds of things people are keen on, and they are doing them anyway in an uncontrolled way. So one of the things we would like to do with these funds, sir, is take a what I call a hard look at soft therapies, put a scientific look on some of these things that are—some of them are very valuable. Some of them could be voodoo. So we want to look. We would like to recognize that people make their own decisions in healthcare. But we ought to factor them into what we are doing.

The third thing, sir, is that we had a report yesterday from the Iraqi ambassador and the Iraqi surgeon general. They estimate that 60 percent of the country has PTSD. I do not mean PTS, I mean PTSD. And they have asked for our help in developing culturally sensitive ways to reach out to that country. And as we go into Africa, where there are many traumatized people, Asia, their concept of psychology is different than ours. And it has different cultural roots.

But I believe, sir, that the Uniformed Services University and Armed Services, which are highly diverse, particularly in our enlisted population, we have got 11 percent foreign born. These are people who want to give back to the world. And mental health is a big deal. And I will just close by saying the number two at World Health Organization visited me this week. He said, in two years—this is Dr. Ala Alwan—depression will be the biggest cause of death globally. Depression. Because it causes so much mayhem, heart attacks, and suicide and so on. And he said this is the num-

ber one cause of death. So he said the U.S. military sounds like it is going to become the world leader in psychological health, and I applaud that. And to hear that from the World Health Organization, sir, that was a new day. Thank you.

Mr. MURTHA. Ms. Kaptur.

REMARKS OF MS. KAPTUR

Ms. KAPTUR. Thank you.

Dr. Casscells, could you repeat the percentage of Iraqis you stated were symptomatic with PTSD?

Dr. CASSCELLS. The figure I got from Drs. Shakir and Samir was about 65 percent. They feel that about two-thirds of the people have had some kind of—have been traumatized either by trauma to themselves, a family member, a close associate at work, and they are struggling with that. Now, most people recover from PTSD. Most people recover. But this is an opportunity and an obligation. You know, of course, we saw this in Europe after World War II. We saw it in Vietnam. And these societies have rebounded. One of our questions is, how can we be of help?

Ms. KAPTUR. Maybe I will start my questioning here, and I want to thank the Chairman for showing such a deep interest in this health issue. I think every member and every soldier we represent thanks him very, very much for that. I certainly do. Thank you gentlemen, Doctor, Generals, Admiral. I have great admiration for your work and for what you are trying to do. I will begin with an analogy from a meeting the other day, because you work for the largest bureaucracy in the world. Maybe I should say the largest organization in the world. We had a hearing on defensive missile systems. And I asked a question of the Defense researchers whether they knew about the Harpoon, which is an offensive system. It was very interesting to me they did not. That was a shocking moment. And it just said to me how massive the institution is that people often do not know what one another are doing. I can't imagine in the medical area it is much different. There may be something happening on the Air Force side that Navy does not know or Army. And then I wonder about Guard and Reserves, because it is such a large organization. So I am going to ask some specific questions, because I can only understand how effective we are working together for our country if I follow specific cases up the bureaucracy and figure out what happened. I am going to ask you to report back to us, if you could, on Ohio, the State I represent, and our efforts, our extraordinary efforts long before the \$900 million was passed in the last budget to deal with the issues of neuropsychiatric care for our returning vets. Because we had so many combat vets not just from—we do not have bases like Fort Hood, but we have Guard and Reserve units that have been in theater multiple times. And it is my impression they are not being properly diagnosed and treated. I have actually—I know that. That is not a hypothesis; that is a fact. So here is what I am going to ask you kindly to report back to us in some way. I do not know, Dr. Casscells, if you are in charge or if each branch is in charge. I do not know who I am asking to report back, but I wish you would do it all together somehow. I am interested in the following facts: Number one, for 2009, in your proposed budget, how many

more psychiatrists will work for the Department of Defense to treat these illnesses we are talking about in the neuropsychiatric area, right now I am focusing on, including traumatic brain injury, which is not a neuropsychiatric illness, but concussion related, but head-related injuries? And how many psychiatric nurses, how many more psychiatric nurses will be working for the Department based on the legislation that we have passed this coming year compared to last year and this year? Look at this 3-year period. So we look at before we passed the legislation, this fiscal year, which is the first year, and then looking toward next year in your proposed budget. All I am looking at are psychiatrists and psychiatric nurses.

Number two, I would like you to look at Ohio. Our commanding officer for the Guard and Reserves is General Wayt, W-A-Y-T. General Wayt is working with Case Western Reserve University, and a preeminent neuropsychiatrist by the name of Dr. Joseph Calabrese. And I do not think I am speaking out of turn to say Dr. Calabrese says the worst experience of his entire career, and he is in his mid-50s, is trying to get the funds from the Department of Defense that we voted over multiple years now to deal with returning vets.

My question to you is, why has it been so hard? What is going on in there that a brilliant set of doctors who are trying—and I do not even represent Case. All I know is it is the best institution in my State to help to spearhead this effort working with all of our medical facilities and with our Guard and Reserve. What happened inside of Defense for him to say to me, “this is the worst experience of my professional career, trying to work with that bureaucracy”? I am not blaming anyone. All I want to do is take care of sick veterans coming home, and I can’t get it done. All right. So I want to know why—I would like somebody to call Dr. Calabrese, figure out, working with General Wayt at the State level, what is going on inside DoD that we can’t get this done? So that is the second question.

The third question I want to know, I am going to mention two specific veterans from my district who are wounded forever. One is Matthew Drake, who will be probably a quadriplegic—no, excuse me, Matthew Kyle, Matthew Kyle, quadriplegic for life. He is down somewhere near Fort Hood right now. I would like to know, I would like to have a profile on how he is being taken care of; why did he end up in Texas rather than Ohio where he is from? Why were we unable to take care of him in Ohio? Maybe it was a family choice. And also, veteran Matthew Drake, who I understand is in some family facility somewhere in Colorado. These are both Army. His family is in Ohio. But they took him out of the government medical facilities because they were unable to care for him. I want to know why. I just do not know why. He needs 24-hour-a-day care, but he is not near his family. He is over in Colorado. His family is in Ohio. Matthew Kyle, Matthew Drake. Okay.

Another question, I have an asset I want to put on the table. Dr. Casscells, you talked about the Iraqi people. I have wondered about PTSD and all kind of things because of the bombing and the pressure on people for different reasons. I represent a lot of Arab-speaking doctors. I have wondered about backup in theater either

for our own medical units or working with hospitals or medical facilities in Iraq, if we could not get telemedicine in there. The former head of our medical college in Toledo, Dr. Gohara, is Arabic speaking. We have a Marine now who is a head of our medical college back home, Dr. Lloyd Jacobs. I am looking at this asset I have of Arabic-speaking doctors and saying to myself, how can we use telemedicine into several commands that are out there to treat both our soldiers and the Iraqi people where it is possible and develop relationships that help on the medical front? Does that make any sense or not? Could you report back to me on that?

My time has probably expired, Mr. Chairman, but I would finally ask to use a unit in my district as a test case of whether what we are trying to do at this level is working at the ground level. And that is the 983rd Engineering Battalion Army Reserves located in Ohio, commanding officer in Chicago, Illinois. There are men and women in that unit, largely men, with PTSD untreated. How is that possible with all the money that I have been voting for here in the Congress?

[The information follows:]



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

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FEB 29 2008

The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Murtha:

Thank you for your support and advice in the hearing on February 28, 2008. Your support has sustained us through a tough year and has enabled us to make a good deal of progress, but we have more to do.

Thanks also for letting me finish my answer about your offer for uses of the renewed funding for psychological health. When I ran out of time, I had just mentioned the challenging statement brought to us by two Iraqi doctors, namely that as much as 65 percent of Iraqi people had experienced post-traumatic stress.

The rest of the story is that Iraqi doctors did not seem to have much data or any recent data on this point. When I returned to Iraq in January 2008, I asked about this issue and learned that people were feeling more confident, and that the incidents of divorce, substance abuse and domestic abuse were low. Moreover, most people told me they and their neighbors were working again, and that – as you know – is the best therapy.

Because there is so little accurate recent data, I suggested to Gen. David Petraeus, Commanding General, Multi-National Force - Iraq, that we make a nationwide survey a high priority and that the survey include not only physical health but also mental health and satisfaction with access and quality health services.

I also suggested to Gen. Petraeus that we pay attention to the birth rate, which Iraqis tell me has been climbing for the past year. We also need to concentrate on the return of doctors and others who had emigrated.

Such a survey may well show there are many traumatized persons whom we may be able to help (for example, through our collaboration with the substance abuse and mental health services administration at Health and Human Services). I would expect the

Mr. MURTHA. Let me just say, Mr. Young has to leave, and we have no Republican here, so we are going to have to shorten our questioning. So you will need to get that done here by 11 o'clock, because Mr. Young has to leave. So if you will shorten your questions.

Ms. KAPTUR. That was my last one, Mr. Chairman. A lot of it is reporting back and asking them to comment on specifics so I can understand why what I voted for still does not create more help for my veterans that are coming home in our region.

Mr. MURTHA. I will say we would work, this Committee is in the forefront, we have been working hard trying to have case workers to take them not only through the stay in the military hospital, but in through the VA right through survival. And the examples I used are two civilians, two reporters that were hurt so badly and had civilian case workers help them. And Bill Young earlier talked about how the family got involved, and now we have case workers who are going to be following these people, and General Schoomaker talked about this, the whole way through. We all have the same problems and concerns. And the thing that I worry about, though, is not—talking about it does not solve it. We have got to make sure it happens. And I would hope—I went to Fort Hood just recently. I saw an improvement, substantial improvement of how it used to be. In other words, they talked to the troops. The troops reacted. They screened them, and then they started counseling them. I do not know when you intervene because the book I am reading about war and redemption that Admiral Mullen gave me said, if you intervene too soon, they will not talk. It is the worst thing you can do. It is the most delicate, difficult problem you can possibly face. And all of us struggle with it. I have been reading three or four books about it. And Vietnam, Korea. And so I think what you brought up is the point all of us are struggling with, trying to get to the bottom of it. But there is nobody that has done more than we have in this subcommittee for military medicine. So I appreciate what you have just said, and we work at it all the time. And if you folks will answer any questions she has for the record.

Dr. CASCCELLS. Sir, I will take the responsibility. I think I will have to get with your staff on some of these telephone numbers, ma'am, to contact these people and get you your answers. But as you can see, just a few people who are struggling with PTSD really capture your heart, as they captured yours. And if I could just follow up, I would say again, this is collectively the thing we are most focused on.

[The information follows:]

My staff has attempted on numerous occasions to contact Dr. Joseph Calabrese via email and phone and have not heard back from him.

The Army staff has contacted your office regarding Matthew Drake and Matthew Kyle to address the specifics of their case.

Mr. MURTHA. I hate to interrupt you, Dr. Casscells, but you are going to have somebody call and talk to her, because we have to get to Mr. Bishop and then adjourn the committee.

Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Chairman.

Gentlemen, welcome once again. My questions today, I want to focus on joint military-VA medical facilities. And I would be extremely interested in hearing the panel's views on the effectiveness and productivity of the joint military and VA medical facilities that we have now operating. For example, I think, the North Central Federal Clinic in San Antonio, which is the Air Force and the VA, as well as joint facilities in Chicago, Biloxi, Mississippi and Alaska, how viable an option is this moving forward, particularly as we are now going to be investing more of taxpayers funds in construction of new military medical facilities? And are there any obstacles, pitfalls, or other issues in establishing more such relationships that we should know about that would make it more difficult? And are you open to more cooperation and more utilization of joint facilities between the DOD and the VA?

General ROUDEBUSH. Congressman Bishop, I will take the first turn at that one. The Air Force has four of the eight current joint venture relationships. And we have found those to be very, very productive. Our experience is that the most productive relationships are established locally when you have the local military facility commander and the local VA director leverage each other's capability, find the gaps, find the opportunities, and bring those together. We have had very productive relationships. We have a hundred sharing arrangements and agreements with the Guard, Reserve and Active activities with our VA counterparts. They are two different institutions with two different funding streams and rather different foci, if you will, or focus of their activities, with many areas of overlap. So, in short, I would say there are wonderful opportunities. My experience is they tend to be best leveraged locally but I think ought to be encouraged in every regard because this is not only good medicine, but it is good sense in getting the most out of every taxpayer dollar into the hands of the people that can really provide the care.

General SCHOOMAKER. Yes, sir, I will just say for the Army, we all agree I think about the value in planning and building coordinately with the VA. The VA has a very good way of predicting future populations for the VA. And we have done many coordinated plans with the VA for community-based outpatient clinics and the like. In your own district, I know that you are distressed, as we are, about the replacement of Martin Army Community Hospital. It is a \$400 million to \$450 million hospital that, because of priorities within the Defense Health Program, Military Construction Program, we had to split into two pieces as a bill payer for the United States Army Institute for Chemical Defense to replace it. So it became a bill payer for part of the construction of Martin. We are going to do that in two pieces. One piece of it is funded in 08-09, and then the balance in the 8 to 13 POM. We would like to have it as a single project. We have gone to the VA is my understanding. The VA does not have the money to pony up for a joint VA-DOD Hospital at Martin.

Mr. BISHOP. It is my understanding that, prior to my arrival this morning, the Chairman indicated that the subcommittee was considering transferring a substantial sum of money for medical facilities to the MILCON, which is slash also Veterans Affairs Subcommittee of Appropriations. I happen to serve on that sub-

committee also. It would appear to me that that might be some indication that VA will not have that kind of a problem with resources if, of course—

Mr. MURTHA. If the gentleman would yield, let me just say this. We are going to fund this hospital. But you have to have 35 percent design completed. We do not want to hold this thing up because of the VA. My experience dealing with VA, it will take a hell of a long time before you get done what you want to get done. And I know what Bishop has in mind. But you know, we want to go forward with this hospital. I do not want the damn thing slowed up because we got some bureaucratic beef. Not only will you be gone, we will all be gone before it gets done.

Mr. BISHOP. Mr. Chairman, my only concern, I just wanted to get an understanding that if we were to pursue that, that there would be no objection on the part of the DOD to that effect. I certainly do not want to hold it up, I want it to go forward. But once it goes forward, I would like very much for us to pursue the VA end of that.

General SCHOOMAKER. That is our oldest hospital in the inventory. Our hospitals in the top five are over two times the age of comparable civilian facilities. We are very much in agreement.

Mr. MURTHA. We will have the money to do it. Because of your suggestion, request, because of your diligence, and because of your influence with this Committee, they will have the money to do it. Thank you very much, gentlemen. I appreciate your coming before the Committee. And I just want to say one thing. General Schoomaker said before—I was talking about PTSD—he said he gets PTSD coming before the Committee. I get PTSD from visiting these troops sometimes. So I appreciate it very much for you coming before the Committee. Thank you very much.

The Committee is adjourned to 1:30.

[CLERK'S NOTE.—Question submitted by Mr. Murtha and the answer therefore follow:]

Question. We understand that the Department of Veterans Affairs will be responsible for hiring all Federal Recovery Coordinators. Can you tell me what resources (both personnel and funding) the Department of Defense is providing to this program?

Answer. DoD funds and personnel were used to support the development of the Federal Recovery Coordinators (FRC) training curriculum and training programs. DoD also provided funding to support development of the web-based National Resource Directory, an integral part of the Federal Individual Recovery Plan, that will allow wounded, ill and injured Service members, veterans, and their families as well as the FRCs to access nation-wide information on care and services.

[CLERK'S NOTE.—End of question submitted by Mr. Murtha.]

THURSDAY, FEBRUARY 28, 2008.

NATIONAL GUARD AND RESERVE ISSUES

PANEL I

WITNESSES FOR RESERVES

LIEUTENANT GENERAL JACK STULTZ, CHIEF, ARMY RESERVE
VICE ADMIRAL JOHN COTTON, CHIEF, NAVY RESERVE
LIEUTENANT GENERAL JOHN BERGMAN, COMMANDER, MARINE
FORCES RESERVE
LIEUTENANT GENERAL JOHN BRADLEY, CHIEF, AIR FORCE RESERVE

INTRODUCTION

Mr. MURTHA. We are going to welcome this distinguished panel. And if you keep your testimony short we will keep our questions short, because I think we have gotten pretty well to the point where we want to be. And you have given us some good information about what we think needs to be done. So with that, I will ask Mr. Hobson if he has any opening remarks.

Mr. HOBSON. No. I have a few questions I am going to ask, but we will get to that.

Mr. MURTHA. All right. Without objection, we will put your full testimony in the record. And if you will each say a few words we will get right to the questions.

General BRADLEY. Mr. Chairman, Committee members, thank you, sir, for having this hearing. I think this is important. It gives us a chance to talk about our people and advocate for things we need so that they are better prepared to do their jobs. I want to thank you particularly for the great help you have given us over the last few years.

The National Guard and Reserve equipment account is our life blood to really improve our aircraft and other equipment so that the folks that we put over in the United States Central Command Area of Responsibility (AOR) can help look after their business and be safe and do good, close air support. We supply missions for Soldiers and Marines on the ground.

So thanks for your help, and I look forward to your questions, sir.

[The statement of General Bradley follows:]

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

SUBJECT: AIR FORCE RESERVE READINESS

**STATEMENT OF: LIEUTENANT GENERAL JOHN A. BRADLEY
CHIEF OF AIR FORCE RESERVE**

February 28, 2008

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



BIOGRAPHY

UNITED STATES AIR FORCE

LIEUTENANT GENERAL JOHN A. BRADLEY

Lt. Gen. John A. Bradley is Chief of Air Force Reserve, Headquarters U.S. Air Force, Washington D.C., and Commander, Air Force Reserve Command, Robins Air Force Base, Ga. As Chief of Air Force Reserve, he serves as principal adviser on Reserve matters to the Air Force Chief of Staff. As Commander of Air Force Reserve Command, he has full responsibility for the supervision of all U.S. Air Force Reserve units around the world.

General Bradley was born in Lebanon, Tenn. He was commissioned in 1967 after completing the Air Force ROTC program as a distinguished graduate at the University of Tennessee at Knoxville.

As a fighter pilot, General Bradley flew 337 combat missions in Vietnam. He has commanded a fighter training squadron, fighter group, fighter wing and numbered air force. He also served as Deputy to the Chief of the Air Force Reserve and as the Deputy Commander of Joint Task Force - Computer Network Operations. Before assuming his current position, General Bradley was Assistant to the Chairman of the Joint Chiefs of Staff for Reserve Matters. The general is a command pilot with more than 7,000 flying hours in the T-38, A-37, A-10, F-4 and F-16.



EDUCATION

1967 Bachelor of Science degree in mathematics, University of Tennessee at Knoxville
 1978 National Security Management Course, by correspondence
 1996 Program for Senior Executives in National and International Security, John F. Kennedy School of Government, Harvard University, Cambridge, Mass.
 2000 National Security Leadership Course, Maxwell School of Citizenship and Public Affairs, Syracuse University, N.Y.

ASSIGNMENTS

1. September 1967 - February 1969, mathematician/program analyst, 544th Aerospace Reconnaissance Technical Wing, Offutt AFB, Neb.
2. February 1969 - March 1970, student, undergraduate pilot training, Sheppard AFB, Texas
3. March 1970 - July 1970, A-37 pilot combat training, England AFB, La.
4. July 1970 - August 1971, A-37 fighter pilot, 8th Special Operations Squadron, Bien Hoa Air Base, South Vietnam

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2. February 1969 - March 1970, student, undergraduate pilot training, Sheppard AFB, Texas
3. March 1970 - July 1970, A-37 pilot combat training, England AFB, La.
4. July 1970 - August 1971, A-37 fighter pilot, 8th Special Operations Squadron, Bien Hoa Air Base, South Vietnam
5. August 1971 - April 1973, T-38 instructor pilot, 50th Flying Training Squadron, Columbus AFB, Miss.
6. April 1973 - September 1978, A-37 instructor pilot, 47th Tactical Fighter Squadron, Barksdale AFB, La.
7. September 1978 - February 1981, chief of standardization and evaluation, 917th Tactical Fighter Group, Barksdale AFB, La.
8. February 1981 - August 1983, assistant operations officer, later, operations officer, 47th Tactical Fighter Squadron, Barksdale AFB, La.
9. August 1983 - July 1985, Deputy Commander for Operations, 917th Tactical Fighter Group, Barksdale AFB, La.
10. July 1985 - December 1988, Commander, 924th Tactical Fighter Group, Bergstrom AFB, Texas
11. December 1988 - July 1989, Deputy Chief of Staff for Operations, 10th Air Force, Bergstrom AFB, Texas
12. July 1989 - January 1993, Commander, 442nd Fighter Wing, Richards-Gebaur AFB, Mo.
13. February 1993 - February 1998, Deputy to the Chief of Air Force Reserve, Headquarters U.S. Air Force, Washington, D.C.
14. February 1998 - March 2002, Commander, 10th Air Force, Naval Air Station Joint Reserve Base, Fort Worth, Texas
15. March 2002 - December 2002, Deputy Commander, Joint Task Force-Computer Network Operations, U.S. Space Command, Arlington, Va.
16. December 2002 - June 2004, Assistant to the Chairman, Joint Chiefs of Staff for Reserve Matters, the Pentagon, Washington, D.C.
17. June 2004 - present, Chief of Air Force Reserve, Headquarters U.S. Air Force, Washington D.C., and Commander, Air Force Reserve Command, Robins AFB, Ga.

FLIGHT INFORMATION

Rating: Command pilot

Flight hours: More than 7,000, including 337 combat missions

Aircraft flown: T-38, A-37/B, A-10, F-4/D/E (ARN-101) and F-16C

MAJOR AWARDS AND DECORATIONS

Distinguished Service Medal

Defense Superior Service Medal

Legion of Merit

Distinguished Flying Cross

Defense Meritorious Service Medal

Meritorious Service Medal with oak leaf cluster

Air Medal with three silver oak leaf clusters

Air Force Commendation Medal

Air Force Achievement Medal

Joint Meritorious Unit Award with three oak leaf clusters

Air Force Outstanding Unit Award with "V" device and silver and bronze oak leaf clusters

Air Force Organizational Excellence Award

Combat Readiness Medal with silver and bronze oak leaf clusters

National Defense Service Medal with two bronze stars

Armed Forces Expeditionary Medal

Vietnam Service Medal with three bronze stars

Southwest Asia Service Medal with bronze star

Global War on Terrorism Service Medal

Armed Forces Service Medal
Humanitarian Service Medal
Air Force Overseas Ribbon-Short
Air Force Longevity Service Award Ribbon with silver and three bronze oak leaf clusters
Armed Forces Reserve Medal with "M" device and Hourglass
Small Arms Expert Marksmanship Ribbon with bronze star
Air Force Training Ribbon
Republic of Vietnam Gallantry Cross with Palm and silver oak leaf cluster
Republic of Vietnam Campaign Medal
Kuwait Liberation Medal (Government of Kuwait)

OTHER ACHIEVEMENTS

2002 Meritorious Executive Presidential Rank Award
2005 Air Force Gray Eagle Award

EFFECTIVE DATES OF PROMOTION

Second Lieutenant Aug. 23, 1967
First Lieutenant March 15, 1969
Captain Sept. 15, 1970
Major June 7, 1979
Lieutenant Colonel Sept. 30, 1984
Colonel July 1, 1988
Brigadier General Aug. 12, 1992
Major General June 30, 1999
Lieutenant General June 24, 2004

(Current as of December 2007)

Mr. Chairman, and distinguished members of the Committee, I appreciate the opportunity to appear before you today and discuss the readiness of the Air Force Reserve.

This year marks the 60th anniversary of the Air Force Reserve as an integral part of our Nation's defense. The Air Force Reserve has provided significant contributions during that time, made possible because we remain tier-one ready for the Air Force. We have frequently responded to global events within 24 hours of notice. For the last 17 of our 60 years, we have maintained a persistent presence in the USCENTCOM area of responsibility. It began with Operation DESERT STORM and we have been continually engaged, never leaving the Persian Gulf. During the intervening years we again responded to the needs of the Nation after the attacks of September 11, 2001, protecting the homeland through Operation NOBLE EAGLE and supporting operations abroad in Iraq and Afghanistan. The Air Force Reserve also supplied humanitarian relief in the wake of natural disasters both home and abroad following hurricanes, tsunamis and earthquakes. These efforts are possible because we have dedicated, professional, highly trained reservists volunteering to participate in these noble causes and the support of their families and employers.

The Air Force Reserve is a strong and steady Total Force partner. However, storm clouds loom on the horizon. As operational demands continue we face challenges that can adversely impact our overall combat capability. We are always alert to the need to stay ahead of those challenges so we remain strong partners in our country's defense. As an unrivaled wingman, we share the same priorities as the Regular Air Force: Win Today's Fight, Take Care of Our People, and Prepare for Tomorrow's Challenges.

WIN TODAY'S FIGHT**Air Force Reserve GWOT Contributions**

I am proud to say that your Air Force Reserve continues to play a vital role in support of our nation's Global War on Terror (GWOT). Side-by-side with our Air Force partners, we continue to support the war effort primarily in a volunteer status.

Our Reserve mobility community stepped up with large numbers of volunteers and is providing essential support to Combatant Commanders. We currently have ninety-four C-17 and C-5 crews on long term active duty orders in support of the GWOT. Eighteen Reserve KC-10 crews remain on active duty orders supporting the air bridge, aerial refueling and other airlift requirements.

Our Reserve F-16s and A-10s remain engaged in Operation ENDURING FREEDOM and Operation IRAQI FREEDOM with regularly scheduled rotations. We provide eighteen crews and twelve fighter aircraft to USCENTCOM annually for close air support missions.

With little fanfare, our Special Operations and Combat Search and Rescue units continue their support of combat operations. Although rarely receiving public recognition for their actions, our personnel are heavily engaged on the ground and in the air.

To date, sixty percent of the aeromedical evacuation sorties have been flown by Air Force Reserve crews, providing a lifeline home for the Joint warfighter. Since September 11, 2001 we have flown nearly 5,000 aeromedical evacuation sorties, safely delivering 26,769 patients: 11,030 litters, 10,955 ambulatory and 4,784 attendants. I could not be more proud of these men and women. Their selfless dedication and professionalism have saved countless lives and dramatically improved the chances of recovery for those injured in the line of duty.

Tier One Ready

We in the Air Force Reserve pride ourselves on our ability to respond to any global crisis within 72 hours. In many cases, including our response to natural disasters, we respond within 24 hours. The Selected Reserve is trained to the same standards as active duty Airmen for a reason. We are one Air Force engaged in the same fight. With a single level of readiness in the Selected Reserve, we are able to seamlessly operate side-by-side with the Regular Air Force and Air National Guard in the full spectrum of combat operations. An equal partner in day-to-day combat operations, it is critical we remain ready, resourced, and relevant.

Combat Training

Recently, General Moseley, the Chief of Staff of the United States Air Force, initiated several programs to incorporate additional combat training for our Airmen. For example, Officer Training School now teaches fundamentals of unarmed combat to their officer candidates. This is just one part of a 70-hour course of expeditionary skills training.

Basic war fighting skills are now incorporated into Basic Military Training for enlisted recruits. The course is two weeks longer in order to produce more lethal and adaptable Airmen with emphasis on weapons training and participation in an intense exercise that replicates the deployed environment and the challenges it presents.

The Air Force is developing other training opportunities such as Common Battlefield Airman Training, and Survival, Evasion, Resistance, and Escape training because the battlefield continually changes shape and venue, and Airmen need to be able to react and survive in any situation.

Fiscal Year 2008 National Guard and Reserve Equipment Account

A significant reason for our relevance as a combat force is the National Guard and Reserve Equipment Account (NGREA). NGREA is the lifeblood of Reserve modernization and provides for our future readiness. Thank you for the support provided in the Fiscal Year 2008 Defense Appropriations Act. The funding you appropriated makes a difference by increasing the safety of our Airmen while enhancing the capability of our weapon systems, and ultimately the security of our Nation. The items we purchase with NGREA are prioritized from the Airmen in the field up to the Air Force Reserve Command Headquarters and vetted through the Air Staff. The cornerstone is innovation and the foundation is capabilities-based and has been for many years. I am grateful for the National Guard and Reserve Equipment Account because those appropriated dollars enable us to remain relevant to the fight. Thanks to this Committee and the Congress, the Air Force Reserve received \$50 million in NGREA last fiscal year. These funds increase our combat capability by procuring a variety of upgrades to our aircraft.

- **C-5A Airlift Defensive Systems:** Protects our aircrews and C-5A aircraft from Infrared Guided Missiles
- **C-130 Secure Line of Sight/Beyond Line of Sight capability:** Provides clear communication, interoperability and improved situational awareness for our C-130 aircrews
- **C-130 Small Arms Fire Look out Capability:** Procures troop door with large windows for C-130 aircraft to visually scan for threats to the aircraft and aircrew
- **F-16 Upgraded Commercial Fire Control Computer:** Enables use of the helmet mounted cueing sight and software improvements for continued upgrades to the aircraft

- LITENING POD Spiral Upgrades: Upgrades current targeting system by providing improved visual and guidance system

This account is critical to the combat capability of the Air Force Reserve and the safety of our people. Many of the new capabilities we bought with these NGREA appropriations resulted in top-of-the-line improvements that are directly tied to better Close Air Support for our Soldiers and Marines in both Iraq and Afghanistan. These capabilities save lives. There is more we can do if we continue to receive these vital funds.

Readiness Challenges

While we maintain sufficient combat readiness to meet our current missions, we have been forced to accept more risk in critical areas. Risk assumed on Depot Purchased Equipment Maintenance (DPEM) is a good example. In fiscal year 2009, our DPEM account is budgeted at 79%, assuming 2% more risk over last year's budget request. While we strive to mitigate risk in execution year, our ability to attain an acceptable level of risk is becoming more and more difficult.

TAKE CARE OF OUR PEOPLE

Family Support

It is a long standing belief that the Air Force recruits members but we retain families, and that statement is as true today as in the past. As we continue playing a large role in prosecuting the GWOT, our members and their families are making huge sacrifices. While the Air Force's air expeditionary force construct provides predictability for members, families and employers, we recognize the impact of the demands of operations and are committed to providing services and support to the families that support us so well. We continue to place considerable emphasis

on looking for new, innovative ways to reach our Reserve families of deployed members as well as to continue to improve programs already in place. To meet their needs, our Air Force community support programs and services are there for both married and single Total Force Airmen, whether at home or deployed. New initiatives include predeployment, deployment, and post deployment Airmen and family wellness programs. Specific areas of improvement include a standardized predeployment checklist as well as mandatory, comprehensive redeployment services, post-deployment health assessment and reassessment, non-clinical counseling, and education on reunion challenges that Airmen and their families face.

In 2007, several surveys were launched to evaluate the state of our members and families. Included were the Community Action Information Board (CAIB) Community Assessment Survey, with 8,440 Reserve respondents, and the Caring for People Airmen's Questionnaire Assessment, which noted family as one of the top concerns. We continue to provide information and referral services, assistance with financial questions and concerns, family support groups, morale calls and video telephone access, volunteer opportunities, reunion activities, letter writing kits for children, and a myriad of other services.

The commuting nature of the Air Force Reserve combined with base closures and realignments create additional challenges for reservists and their families. Unlike the Regular Air Force, many of our Reserve members do not live in the local area of their host unit. In many cases, the families are scattered over various geographical regions, making access to centralized counselors difficult. With the transformation to an operational force, mobilizations and the need for more volunteerism, we are engaged in addressing several issues that have surfaced with this target population to include adjusting to the new steady state (more deployments, unpredictable

intervals and tour lengths etc.), access to affordable child care, and employment opportunities. We are pursuing solutions to these problems and will continue to until they are resolved.

Force Shaping in Fiscal Year 2009

In the 2006 and 2007 President's Budget requests, the Air Force reduced Total Force end strength by 37,000 full-time equivalents and reprogrammed active military, civilian, and reserve end strength funds into the modernization and recapitalization accounts. As a result of these actions, the Air Force Reserve reduced its end strength from 74,900 to 67,500. Additionally, BRAC and Total Force Integration initiatives impacted nearly twenty percent of our personnel, many of whom we transitioned from operating, maintaining, and supporting legacy systems to new and emerging missions such as CYBER, Predator, Global Hawk, Falconer Air Operations Centers, and Distributed Common Ground Systems. Over the past three years the Air Force has made difficult choices in respect to its People, Readiness, Infrastructure, and Modernization and Procurement accounts. The Air Force is in the process of reevaluating its end strength requirements based on new and emerging mission types as well as Air Force support for manpower increases programmed for the Army and Marine Corps.

Recruiting and Retention

We met our recruiting goals for the last seven years thanks to our great recruiters and the many authorities and funding the Congress has provided such as increased bonus incentives, opening TRICARE Reserve Select at the lowest premium to all selected reserve members, and expanding the Montgomery G.I. Bill eligibility window from 10 to 14 years. Our retention targets are also being met. However, we notice a gradual decline in retention over the last few years from 89.3% in Fiscal Year 2004 to 86.8% in Fiscal Year 2007, indicating that more members are choosing to leave at key decision points in their career. While we continue to

maintain manning levels to meet mission requirements, we anticipate significant recruiting and retention challenges in the near term, and potentially the long term, due to base closures and mission realignments. BRAC directed the closure and realignment of some of our units and stood up new missions at other locations. We are not allowed to move our Reserve Airmen when we close a base or unit, as is done in the Regular Air Force. Reductions and displacement of reservists present significant recruiting and retention challenges for the Air Force Reserve.

One such new mission area is the stand-up of an F-22 associate unit in Anchorage, Alaska. This mission will have reservists associate with their regular component partners on the fifth generation fighter. While we are excited about the opportunity, we have had to increase the number of recruiters for officer, enlisted and Air Reserve Technician positions to overcome the obstacles of this challenging recruiting market.

We must continue to identify opportunities to attract members separating from the Regular Air Force. With a shrinking pool of prior-service Air Force members, recruitment and retention of these experienced individuals is vital to avoid the costs of training non-prior service members. For some of our most critical specialties, affiliation and retention bonuses actually provide a greater return on investment versus recruiting non-prior service Airmen. Finally, force shaping authorities and incentives should be viewed from a Total Force perspective to ensure that provisions do not discourage continued service in the Reserve components.

PREPARE FOR TOMORROW'S CHALLENGES

Air Force Reserve Transformation

The Air Force Reserve is accepting an increased share in the Total Force partnership with accelerated mission growth and associations. We continue to combine with our Regular and Air

National Guard partners to deliver 21st Century capabilities in Global Vigilance, Reach and Power.

The technological skills and civilian experience of Reserve Airmen are ideally suited to expanding the Nation's eye in Global Vigilance. To support Air Force dominance in space, the 310th Space Group at Schriever AFB, CO expands to become the 310th Space Wing next month. Further examples of our growth in space are the programmed manpower increase to our 8th Space Warning Squadron at Buckley AFB, CO, operating the Space Based Infrared System to provide strategic and tactical early warning to warfighters worldwide, and establishing a Classic Associate unit to augment the mission of the Regular Air Force's 11th Space Warning Squadron at Schriever AFB, CO. We are also increasing our presence at the Joint Space Operations Center at Vandenberg AFB, CA, by adding manpower to our existing unit, the 9th Space Operations Squadron. The Air Force Reserve also operates a Global Hawk unit and other Intelligence, Surveillance and Reconnaissance systems at Beale AFB, CA, as well as Predator units at Nellis AFB, NV. All of these reservists contribute to the Nation's ability to gain and maintain awareness anywhere in the world, to provide warning and fuse data together to route relevant information to Combatant Commanders.

To extend the arm of Global Reach, we are creating Active Associations, where the Air Force Reserve has primary responsibility for the aircraft and the Regular Air Force will augment with manpower. This will occur with our KC-135's at Seymour Johnson AFB, NC and March ARB, CA. The Air Force Reserve will cease operating at Selfridge ANGB, MI and move manpower to augment the regular component in a classic Associate KC-135 unit at MacDill AFB, FL. In the third associate model, an Air Reserve Component (ARC) Associate, the Air National Guard is providing manpower to augment the Reserve KC-135's at Tinker AFB, OK.

Additionally, we will host an Active Associate C-130 unit at Peterson AFB, CO, as well as an ARC Associate C-130 unit at Niagara Falls, NY, the Nation's first-ever combat delivery ARC association. These units will provide responsive military capability anywhere on the globe to rapidly supply, position, or reposition Joint Forces.

To increase Global Power projection, we are assuming new missions by associating with the regular component in the F-22 at Elmendorf AFB, AK and will soon begin standing up an F-22 association at Holloman AFB, NM. In another new mission area, we will associate in the F-15E at Seymour Johnson AFB, NC. In a mission we are very familiar with, we will provide experienced instructors to train the Total Force in the A-10 at Davis-Monthan AFB, AZ and extend operational experience in a classic A-10 association at Moody AFB, GA. These new and expanded missions help increase the Nation's ability to hold at risk or strike any target, anywhere in the world, and achieve swift, decisive precise effects.

Commission on the National Guard and Reserves

The Congressionally directed commission completed an extensive review of the Guard and Reserves' role as an operational force. In the report the Commission acknowledged that the Air Force Reserve has been a leader in developing the force to meet operational requirements while maintaining a significant level of strategic capability. The Commission recognized the uniqueness of each Service and acknowledged the need to develop discretionary authority that provides flexible tools for the Service Secretaries to use when meeting requirements. The Department of Defense is studying many of the recommendations and part of that review will be the impact on the budget if any of the recommendations are adopted in Fiscal Year 2009.

Closing

Mr. Chairman, I take pride in the fact that when our Nation calls on the Air Force Reserve, we are trained and ready to go to the fight. Everyday we have reservists who are training and deploying around the globe in support of our nation's defense. Our ability to respond is due to our focus on readiness. In order to maintain this readiness, we budget wisely and ensure we have the proper funding levels to support our Airmen and weapon systems.

On behalf of over 67,500 Air Force Reservists, I appreciate the support of this committee for the appropriations it provides to our readiness and combat capability. The Air Force Reserve, as with the other Services, is facing many challenges. While we maintain our heritage of providing a strategic reserve capability, today and into the future we are your operational warfighting Reserve, bringing a lethal, agile, combat hardened and ready force to Combatant Commanders in the daily execution of the long war. We are proud of the fact that we provide the world's best mutual support to the United States Air Force and our joint partners.

General BERGMAN. Mr. Chairman, as always, it is a pleasure to be here in front of you and the Committee. Thanks for your continued support to the Marines and their families. In the last 5 years, with over \$200 million for the Marine Corps in the degree account, you have allowed us to close out roughly 32 programs or training allowance allocations where we have been able to get the equipment, both hard combat-deployable equipment and training assimilation technology that has allowed us to maintain and increase our readiness.

There are a lot of things on the table today, and I look forward to your questions.

[The statement of General Bergman follows:]

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APPROPRIATIONS COMMITTEE**

**STATEMENT OF
LIEUTENANT GENERAL JACK W. BERGMAN
UNITED STATES MARINE CORPS RESERVE
COMMANDER, MARINE FORCES RESERVE
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON DEFENSE
- GUARD AND RESERVES -**

ON

28 FEBRUARY 2008

**NOT FOR PUBLICATION UNTIL RELEASED BY
THE DEFENSE SUBCOMMITTEE OF
THE HOUSE APPROPRIATIONS COMMITTEE**



Lieutenant General John W. Bergman
Commander, Marine Forces Reserve
and
Commander, Marine Forces North



Lieutenant General Bergman was commissioned a second lieutenant in the Marine Corps Reserve under the Platoon Leader School program after graduation from Gustavus Adolphus College in 1969. In addition to attaining an M.B.A. degree from the University of West Florida, his formal military education includes Naval Aviation Flight Training, Amphibious Warfare, Command & Staff, Landing Force Staff Planning (MEB & ACE), Reserve Component National Security, Naval War College Strategy & Policy, Syracuse University National Security Seminar, Combined Forces Air Component Command, LOGTECH, and CAPSTONE.

He flew CH-46 helicopters with HMM-261 at Marine Corps Air Station, New River N.C. and with HMM-164 in Okinawa/Republic of Vietnam. Assigned as a flight instructor, he flew the T-28 with VT-6, NAS Whiting Field FL. He left active duty in 1975 and flew UH-1 helicopters with the Rhode Island National Guard, Quonset Point R.I. Following a 1978 civilian employment transfer to Chicago Ill., he served in several 4th Marine Aircraft Wing units at NAS Glenview Ill. (HML-776, flying the UH-1; VMGR-234, flying the KC-130; and Mobilization Training Unit IL-1). He was selected to stand up the second KC-130 squadron in 4th MAW and, in 1988, became the first Commanding Officer, VMGR-452, Stewart ANGB, Newburgh N.Y. 1992-1994 he commanded Mobilization Station, Chicago Ill., largest of the 47 Marine Corps Mobilization Stations.

During 1995 he served as a Special Staff Officer at Marine Corps Reserve Support Command, Overland Park Kan. In 1996 he became Chief of Staff/Deputy Commander, I Marine Expeditionary Force Augmentation Command Element, Camp Pendleton Calif. Late 1997, he transferred to 4th Marine Aircraft Wing Headquarters, New Orleans La. to serve as Assistant Chief of Staff/G-1. Promoted to Brigadier General, he became Deputy Commander, 4th Marine Aircraft Wing.

Transferred in June 1998 to Headquarters, Marine Forces Europe, Stuttgart Germany he served as Deputy Commander. Recalled to active duty from April to July 1999, he was dual-hatted as EUCOM, Deputy J-3A. He then commanded II Marine Expeditionary Force Augmentation Command Element, Camp Lejeune N.C. until assuming command of 4th Marine Aircraft Wing, New Orleans La. in August 2000. In September 2002 he assumed command of the 4th Force Service Support Group, New Orleans La. He, also, served as Chairman, Secretary of the Navy' Marine Corps Reserve Policy Board, 2001- 2003.

Returning to active duty in October 2003, he served as Director, Reserve Affairs, Quantico, VA. He assumed command of Marine Forces Reserve/Marine Forces North on 10 Jun 2005.

Chairman Murtha, Congressman Young and distinguished Members of the House Appropriations Committee Subcommittee on Defense, it is my honor to report to you on the state of your Marine Corps Reserve as a major contributor to the Total Force Marine Corps.

Your Marine Corps Reserve fully understands that the road ahead will be challenging—not only in the immediate conflict in Iraq, but in subsequent campaigns of the Long War on Terror, which we believe to be a multi-faceted, generational struggle. In an environment where the Total Force Marine Corps must be able to rapidly adapt to broad strategic conditions and wide-ranging threats, your Marine Corps Reserve, a primarily Operational Reserve, stands ready to meet the challenges before us.

We continue to recruit and retain the best of our Nation's sons and daughters. We continue to train them in tough, realistic scenarios and we continue to provide them the best equipment available.

On behalf of all our Marines and their families, I would like to take this opportunity to thank the committee for your continuing support. The support of Congress and the American people reveal both a commitment to ensure the common defense and a genuine concern for the welfare of our Marines and their families.

I. TODAY'S MARINE CORPS RESERVE

Today's Marine Corps Reserve is firmly committed to and capable of war fighting excellence and continues to be a major contributor to the Total Force Marine Corps. We remain steadfast in our commitment to provide Reserve units and personnel who can stand as full partners with their Active Component counterparts while seamlessly performing in all contingencies. Today's Marine Corps Reserve continues to maintain the pace during the longest mobilization period in our history, and will continue to meet the challenge of sustaining that pace for the foreseeable future.

Last year I reported to this committee on the implementation of an integrated Total Force Generation Model that would lay out future activation and deployment schedules for Marine units. The model was designed to provide predictability for the individual Reserve Marine who is striving to strike a balance between family, civilian career, and service to community as well as country and

Corps. I am happy to report that implementation has been successful and we are about to activate the third rotation based upon the model.

To date, we have activated and deployed 6,600 Marines in two rotations to Operations Iraqi and Enduring Freedom based on the model and will activate approximately 2,300 in April, May, and June of this year in order to train and deploy late summer to early fall. The predictability the Force Generation Model provides has been well received by the Reserve Marine who can now confidently plan for the future; whether going to school, building a civilian career, or making major family decisions.

The Force Generation Model continues to assist Service and Joint Force planners who can count on a consistent flow of manned, equipped, trained, and ready Selected Marine Corps Reserve units to support future operations in the Long War. This steady flow of Reserve force packages also supports our Active Component in reaching their stated goal of 1:2 dwell time. The model, based on a one year activation to four-plus years in a non-activated status, continues to be both supportable and sustainable, thus providing the Marine Corps with a truly Operational Reserve force. Predictable activation dates permit unit commanders to focus their training on core mission capabilities early in the dwell and then train to specific OIF and OEF mission tasks once they are within twelve to eighteen months of activation. Furthermore, regularly scheduled dwell time enables our units to recover from past activation practices that had required substantial cross-leveling while simultaneously degrading parent unit cohesion in order to deploy combat capabilities. With each subsequent rotation, the requirement to cross-level Reserve units decreases. In fact, for an upcoming activation of 2nd Battalion, 23d Marine Regiment, we foresee little to no required cross-leveling of enlisted personnel in order to activate a full battalion.

We believe the full benefit of the Force Generation Model will be realized once we have completed a full cycle of rotations, which is presently nine rotations per cycle, and the Active Component reaches the authorized end strength of 202,000. That, coupled with our use of the Force Generation Model, will be instrumental in the Reserve Component migrating to a 1:5 dwell.

In addition to the 6,600 Marines activated and deployed in support of OIF and OEF, an additional 4,000 Marines from Marine Forces Reserve deployed worldwide in support of joint/combined security cooperation exercises in the past year as we continue to fill the gap left by a lack of available Active Component forces. Between OIF and OEF and security cooperation exercises, nearly one-third of our force has deployed outside the continental United States both in

an activated and non-activated status, again, demonstrating the operational nature of the Marine Corps Reserve. We believe that this level of operational tempo will continue and we are prepared to maintain and sustain this pace for the foreseeable future.

During this past year, more than 3,500 Marines from Fourth Marine Division have served in Iraq. Included are two infantry battalions, as well as armor, reconnaissance, combat engineer, and truck units. A highlight during this past year was the deployment of Battery F, 2nd Battalion, 14th Marine Regiment, a Reserve unit from Oklahoma City. Battery F was the first Marine Corps High Mobility Artillery Rocket System (HIMARS) unit to be deployed in a combat role; thus demonstrating the success of horizontal fielding of equipment within the Total Force Marine Corps.

The Division also deployed two of its regimental headquarters in the role of Marine Air Ground Task Forces (MAGTF) command elements. The 24th Marine Regiment headquarters deployed as a Special Purpose MAGTF to U.S. Southern Command to support the new Partnership of the Americas series of small combined security cooperation exercises in South America, while 25th Marine Regiment headquarters led the MAGTF in support of the combined/joint exercise Talisman Sabre in Australia with more than 1,500 Marines from across Marine Forces Reserve. The Division also conducted training to assist our friends and allies in foreign militaries from Mongolia to the Republic of Georgia. The Division continued its ongoing relationship with the Moroccan military during combined exercise African Lion. The upcoming year will be another busy one for the Division as they will conduct training in Nigeria, Ghana, Tanzania, Korea, the Dominican Republic, Honduras, Brazil, Peru, Colombia, Curacao, Aruba, Argentina and Bosnia. They will also be returning for exercises in Morocco and the Republic of Georgia.

Fourth Marine Aircraft Wing has provided necessary exercise support and pre-deployment training as the Active Component squadrons continued supporting deployments to Iraq and Afghanistan. The Marine Corps' premier pre-deployment training exercise, Mojave Viper, received a majority of air support from our fixed wing and helicopter squadrons. Fourth Marine Aircraft Wing deployed Marine Wing Support Squadron 473 to run airfield operations and Light Attack Helicopter Squadron 773 (-) to support combat operations for Multi-national Forces-West in Iraq. Additionally, they deployed a Marine Transport Squadron Detachment with the UC-35 Citation Encore in order to bring time-critical lift capability to U.S. Central Command.

In addition to these missions, the Fourth Marine Aircraft Wing has participated in several combined, bi-lateral and joint exercises in Africa, Asia and Australia. Support for these exercises

not only includes supporting U.S. and Marine Corp forces, but also can focus on training and supporting our allies, as in African Lion, when our pilots trained Moroccan pilots in techniques of air-to-air refueling.

Fourth Marine Aircraft Wing is an integral partner in the Marine Corps Aviation Transition Strategy. Focused on the long term war fighting capability of Total Force Aviation, the initial steps require a transfer of certain Reserve Component aviation manpower, airframes and support structure to the Active Component Marine Corps. As a result, two Reserve Fighter/Attack-18 squadrons will be placed in cadre status and a Reserve Light Attack UH-1N/AH-1W helicopter squadron, a Heavy Lift CH-53E helicopter squadron, an Aviation Logistics Squadron and two Marine Aircraft Group Headquarters will be decommissioned. Another Heavy Lift CH-53E helicopter squadron will be reduced in size. Additionally, as part of the Aviation Transition Strategy, Fourth Marine Aircraft Wing has commissioned two Tactical Air Command Centers to augment the Total Force in the prosecution of the Global War on Terror. Long term, to complete the Aviation Transition Strategy, Fourth Marine Aircraft Wing will be equipped with 21st century airframes and C2 capabilities.

Fourth Marine Logistics Group continues to provide the Active Component with highly skilled, dedicated personnel capable of delivering sustained tactical logistics support. During the past year, Fourth Marine Logistics Group provided more than 1,800 Marines and Sailors from across the spectrum of combat service support for its ongoing support of OIF. Also during this past year, Fourth Marine Logistics Group demonstrated the true meaning of Total Force as they provided a headquarters for an engineer support battalion comprised of Marines from their own 6th Engineer Support Battalion combined with Active Component Marines from 7th and 8th Engineer Support Battalions and deployed in support of OIF.

In addition to ground, aviation, and logistic elements, Marine Forces Reserve has provided civil affairs capabilities since the start of Operation Iraqi Freedom. Air-Naval Gunfire Liaison Detachments from Marine Forces Reserve have augmented the supported Marine Air Ground Task Forces and adjacent commands with air/ground fires liaison elements. Marine Forces Reserve also continues to provide intelligence augmentation for Operation Iraqi Freedom, to include Human Exploitation Teams, Sensor Employment Teams, and Intelligence Production Teams.

The trend in recent years toward increased participation of our Individual Ready Reserve (IRR) Marines continued in FY2007. During the FY, the Marine Corps Mobilization Command (MOBCOM) processed 2,500 sets of active duty orders for IRR Marines. Consequently, the

readiness requirements of our IRR Marines and their families have also increased. We have modified IRR management practices accordingly. In FY2007, the Marine Corps Mobilization Command screened 4,000 more IRR Marines than in FY2006, just short of 11,000 of the 60,000 Marines in our IRR population. MOBCOM accomplished this by increasing the number of administrative musters conducted at locations throughout the United States and, also, by increasing the quality of communications between the Marine Corps and members of the IRR. Higher quality communications keeps our Marines better informed and prolongs their connection with each other and our Corps. We believe that these longer-term connections will be critical as we truly seek to create the continuum of service necessary to support a sustainable Operational Reserve and our Total Force through the Long War.

In summary, more than six years into the Long War, the Marine Corps Reserve continues to serve shoulder-to-shoulder with our Active Component counterparts. Operations Enduring Freedom and Iraqi Freedom have required continuous activations of Reserve Forces. Accordingly, your Marine Corps Reserve continues to focus upon the future challenges of the Total Force and corresponding requirements of modernization, training and personnel readiness to ensure that the Marine Corps Reserve meets and exceeds its obligations within the Total Force.

While we continue to support the Long War, it is not without a cost. Continuing activations and high Reserve operational tempo highlights the fact that we have personnel challenges in some areas and we are putting additional strain on Reserve equipment.

II. EQUIPMENT STATUS

The Marine Corps Reserve, like the Active Component, faces two primary equipping challenges: supporting and sustaining our forward deployed forces in the Long War while simultaneously resetting and modernizing our Force to prepare for future challenges.

Our priorities for supporting and sustaining our deployed forces are: first, to provide every Marine and Sailor in a deploying Reserve unit with the latest generation of individual combat and protective equipment; second, to procure essential communications equipment; third, to procure simulation training devices that provide our Marines with valuable training to enhance survivability in hostile environments; and fourth, to provide adequate funding to our Operation and Maintenance accounts to sustain training and pre-deployment operations.

Our priorities in support of resetting and modernizing the Force include the following: first, to procure principal end items necessary to reestablish on hand equipment to the level dictated by our Training Allowance, which is the amount of equipment needed by each unit to conduct home station training; and, second, to procure the equipment necessary to enhance our capability to augment and reinforce the Active Component. Since the Marine Corps procures and fields equipment as a Total Force, equipment modernization efforts of the Marine Corps Reserve are synchronized with the efforts of the Active Component.

As with all we do, our focus is on the individual Marine and Sailor. Our ongoing efforts to equip and train this most valued resource have resulted in obtaining the latest generation individual combat and protective equipment: M16A4 service rifles, M4 carbines, Rifle Combat Optic scopes, improved helmet pad suspension systems, enhanced Small Arms Protective Insert plates, Modular Tactical Vests, and the latest generation AN/PVS-14 Night Vision Devices, to name a few. I am pleased to report, as I did last year, that every member of Marine Forces Reserve deployed in support of the Long War is fully equipped with the most current authorized Individual Combat Clothing and Equipment to include Personal Protective Equipment.

Deployed Marine Corps unit equipment readiness rates remain high - above 90 percent. Ground equipment readiness rates for non-deployed Marine Forces Reserve units average 88 percent, based on Training Allowance. The slightly lower equipment readiness posture is primarily attributable to home station Training Allowance equipment shortages caused by sustainment requirements of the Long War. The Marine Corps Reserve equipment investment overseas since 2004 in support of the Long War is approximately five percent of our overall equipment. This investment includes various communications, motor transport, engineer, and ordnance equipment, as well as several modern weapons systems such as the new HIMARS artillery system and the latest generation Light Armored Vehicle. This investment greatly adds to the war fighting capability of the Total Force while providing minimal impact to our home station training requirements. Deliberate planning at the service level is currently underway to reset the Total Force, to include resourcing the Reserve equipment investment made to the Long War. This will allow the Marine Corps Reserve to remain ready, relevant, and responsive to the demands of our Corps.

Reduced supply availability continues to necessitate innovative resourcing approaches to ensure Reserve Marines can adequately train in preparation for deployment, until the effects of supplemental funding produce tangible results. Despite ongoing efforts to mitigate shortfalls, the

inherent latency in procurement timelines and competing priorities for resources will continue to challenge the training and equipping of Reserve Forces for the Long War.

Your continued support of current budget and procurement-related initiatives, such as the President's Budget Submissions, Supplemental Requests, and National Guard and Reserve Equipment Appropriations (NGREA), will guarantee our ability to properly equip our individual Marines and Sailors. Marine Corps Reserve equipment requirements are registered in each of these as part of the Marine Corps Total Force submissions. Reserve equipment requirements that cannot be timely met with these vehicles are identified as the Reserve portion of the Unfunded Priorities List and equipment procurement requirements are sometimes resourced by National Guard and Reserve Equipment Appropriations. It would be impossible for me to overstate the value and importance of NGREA to the Marine Corps Reserve. We appreciate Congress' continued support of the Marine Corps Reserve through NGREA. Since 2002, NGREA has provided more than \$200 million dollars to Marine Forces Reserve for equipment procurements. It is safe to say that we couldn't have provided some critical capabilities to our Nation without NGREA. Moreover, I want to emphasize this year the value of consistent NGREA funding for our Reserve components and specifically, the Marine Corps Reserve. In the last three years, through consistent funding, we have been able to "close out" equipment purchases – or to buy to our established Training Allowance – in 32 different end items. Examples of equipment purchases we have been or will be able to close out using FY2006, FY2007, and FY2008 NGREA funding are: the Virtual Combat Convoy Trainer; the Medium Tactical Vehicle Replacement - Training Systems; the LITENING II Targeting Pod; the AN/ARC-210 (V) Multi-Modal Radio system for our KC-130 aircraft; the UC-12+ aircraft; and, multiple C2 systems components. We've also been able to come close to closing out other equipment purchases. If consistent NGREA funding is received in the coming year, and if requirements for these and other items of equipment do not change, we envision closing out four other equipment purchases with FY2009 funding: the BRITE STAR FLIR; the Tactical Remote Sensor System; the Deployable Virtual Training Environment; and, the HMMWV Egress Assistance Trainer.

III. FACILITIES

Marine Forces Reserve is comprised of 183 sites in 48 states, the District of Columbia, and Puerto Rico. These sites are comprised of 32 Owned, and 151 tenant sites. In contrast to Active

Duty installations, normally closed to the general public, our Reserve sites are openly located within civilian communities. This arrangement requires close partnering with state and local entities nationwide. The condition and appearance of our facilities may directly influence the American people's perception of the Marine Corps, the Armed Forces, and our recruitment and retention efforts.

Marine Forces Reserve Facilities Sustainment, Restoration, and Modernization (FSRM) program funding levels continue to address immediate maintenance requirements and longer term improvements to our older facilities. Sustainment funding has allowed us to maintain our current level of facility readiness without further facility degradation. Restoration and Modernization (R&M) funding continues to be a challenge due to its current 4.5 million dollar programmed funding shortfall across the Future Years Defense Plan (FYDP) and an overall backlog of \$130.2 million dollars created through significant funding shortfalls in prior years. Currently, 10 of our 32 owned sites are rated C-3 or C-4 under the Marine Corps' facility readiness reporting system. Our OSD-mandated objective is to maintain levels of C-2 or better. The FY2009 budget, if approved, will see programmed upgrades for eight sites to C-2 or better, with the remaining sites programmed to meet C-2 or better by FY2010. The FY2009 budget attempts to bring the R&M program back on track to address remaining deficiencies. However, it should be noted that this funding does not address the reported backlog created through prior year funding shortfalls. As such, we continue to apply internal savings to address R&M projects at the end of each fiscal year.

The programmed R&M funding shortfalls in the current FYDP, when combined with lingering R&M requirements carried over from prior fiscal years, continue to increase the FSRM backlog exponentially over the FYDP. This jeopardizes our ability to meet the C-2 or better rating for quality by 2010. The FY2007 sale of the former Marine Corps Reserve Center in San Juan, Puerto Rico, will potentially provide funding to address nearly 20 percent of this combined R&M shortfall. Further use of Real Property Exchanges (RPX), and other similar laws, has been an invaluable tool towards addressing shortfalls and emerging requirements. The RPX program extension to 2010 will allow us further opportunities to use proceeds from existing older properties to fill gaps in minor construction projects for our centers to meet evolving needs.

The Military Construction, Navy Reserve (MCNR) program, including Marine Corps Exclusive and Navy-led projects, is addressing critical needs for new facilities to replace older buildings and accommodate changes in Marine Corps Reserve force structure. The President's

proposed FY2009 budget contains \$22.8 million dollars for military construction and \$836 thousand dollars in planning and design funding. Congressional approval of this budget provides new Marine Corps Reserve Centers in Atlanta, Georgia, and at the Naval Air Station Lemoore, California. Your continued support for both the MCNR program and a strong FSRM program are essential to addressing the aging infrastructure of the Marine Corps Reserve. With more than 50 percent of our Reserve Centers being more than 40 years old and 35 percent being more than 50 years old, support for both MCNR and FSRM cannot be overstated.

The Base Realignment & Closure (BRAC) 2005 is an area of continuing concern due to the limited funding for BRAC military construction projects. Unique to the Marine Corps Reserve BRAC program is the secondary impact to our Reserve Centers that are part of Army and Navy BRAC actions. Of the 25 BRAC actions for the Marine Corps Reserve, 21 are in conjunction with Army and Navy military construction projects, reflecting OSD policies toward shared joint Reserve centers. As a result, any funding shortfalls experienced by these two services will have a secondary negative effect on the Marine Corps Reserve. Escalating prices in the construction industry continue to challenge the Reserves in narrowing the gap between funding requirements for projects and budgetary allowances. In FY2007, two of three BRAC projects awarded for Marine Forces Reserve required significant increases in funding over what was programmed, ranging from \$500 thousand to \$3 million dollars over the budgeted amounts. These factors challenge Marine Forces Reserve and its designated construction agents, as well as the other Reserve Components, to award projects and comply with BRAC law deadline. The ramifications of this trend are that Marine Forces Reserve will have less funding available in later years for any overages and be forced to either significantly cut our requirements at the cost of Facility Mission Functionality or move funds from other required Facility programs. Adequate and timely receipt of funding for the entire BRAC program, including restoration of the FY2008 budget cut no later than FY2009, is essential to meeting the statutory requirements of BRAC 2005. The compounding effect of the back-to-back continuing resolutions we have experienced to date, during peak BRAC construction years, has heightened the risk that we will not meet statutory compliance by 15 Sep 2011.

Our Marine Forces Reserve Environmental Program promotes accepted stewardship principles as well as compliance with all regulatory requirements in support of training both on site and outside the fence line. Marine Forces Reserve has initiated a nationwide program to reduce waste production and ensure proper disposal at our centers. We have also executed several major

projects to protect the nation's waterways near our drill centers. Continued funding is essential to ensure that both emerging environmental requirements are met and critical ongoing training continues.

IV. TRAINING

Since 9-11, approximately 99% of U.S. Marine Corps Reserve units have been activated and 98% of those units have deployed to the U.S. Central Command area of responsibility in support of Operations Enduring Freedom and Iraqi Freedom and the Global War on Terrorism. The collective lessons wrought from their experiences abroad have helped improve nearly all facets of our current Reserve Component training. In this regard, one of the most exciting areas where we are continuing to transform the depth and scope of our training is in the cutting-edge arena of Modeling and Simulations Technology.

Rapid advancement in modeling and simulation software, hardware and network technologies are providing ever new and increasingly realistic training capabilities. Marine Forces Reserve is training with and continuing to field several complex digital video-based training systems which literally immerse our Reserve Component Marines into "virtual" combat environments, complete with the sights, sounds and chaos of today's battlefield environment in any clime or place, day or night, spanning the full continuum of warfare from high-intensity conventional warfare to low-intensity urban conflict.

Some of these new training capabilities that we are training with and continuing to field to support our Reserve Marines stationed at our 183 training sites located throughout the country include the Indoor Simulated Marksmanship Trainer-XP. This interactive audio/video weapons simulator provides enhanced marksmanship, weapons employment and tactical decision making training for a variety of small arms. The system consists of infantry weapons instrumented with lasers that enable Marines to simulate engaging multiple target types.

Another system that we addressed in last year's testimony that continues to prove invaluable in the pre-deployment training of our tactical drivers is the Virtual Combat Convoy Trainer-Reconfigurable Vehicle System. This is an advanced, full-scale vehicle simulator that trains Marines in both basic and advanced combat convoy skills using variable terrain and roads in a variety of weather, visibility and vehicle conditions. The simulator is a mobile trailer configured platform that utilizes a HMMWV mock-up, small arms, crew-served weapons, 360-degree visual

display and after action review/instant replay capability. Marine Forces Reserve was the lead agency for initial procurement, training and evaluation of this revolutionary training system, which is now being used to train the Total Force.

Starting this summer, we will begin fielding the newly developed Deployable Virtual Training Environment. This is an advanced, first-person, immersive, simulation-based training system, made up of 16 laptops and peripherals packaged in ruggedized deployable cases. The system is capable of emulating and simulating a wide variety of weapons systems and generating high-fidelity, relevant terrain databases in any climate or place. It also provides small-unit echelons with the opportunity to continuously review and rehearse Command and Control procedures and battlefield concepts in a virtual environment. The system consists of two components, the Combined Arms Network providing integrated first person combat skills and Tactical Decision Simulations providing individual, fire team, squad and platoon-level training associated with patrolling, ambushes and convoy operations. Additional environment features include combat engineer training, small-unit tactics training, tactical foreign language training and event-driven, ethics-based, decision-making training.

All of these advanced training systems have been rapidly acquired and fielded with vital Supplemental and NGREA funding. These critical funding resources are not only providing a near-term training capability in support of combat deployments, but are also providing a solid foundation for the transformation of our training environment from legacy static training methods to more realistic virtual combat training environments that are preparing our Reserve Marines and Sailors to succeed on future battlefields.

V. PERSONNEL READINESS

Like the Active Component, Marine Corps Reserve units primarily rely upon a first term enlisted force. Currently, the Marine Corps Reserve continues to recruit and retain quality men and women willing to manage commitments to their families, their communities, their civilian careers, and their Corps. Despite high operational tempo, the morale and patriotic spirit of Reserve Marines, their families, and employers remains extraordinarily high.

In FY2007, the Marine Corps Reserve achieved 100 percent of its recruiting goal for non-prior service recruiting (5,287) and exceeded its goal for prior service recruiting (3,575). Our Selected Reserve population is comprised of Reserve unit Marines, Active Reserve Marines,

Individual Mobilization Augmentees, and Reserve Marines in the training pipeline. An additional 60,000 Marines are included in our Individual Ready Reserve, representing a significant pool of trained and experienced prior service manpower. Realizing that deployments take a toll on Active Component Marines, causing some to transition from active duty because of high personnel tempo, we continue to offer the Selected Marine Corps Reserve Affiliation Involuntary Activation Deferment policy, which was instituted in June 2006. This program allows a Marine who has recently deployed an option for a two-year deferment from involuntary activation if they join a Selected Marine Corps Reserve unit. The intent of the two-year involuntary deferment is to encourage good Marines to participate and still maintain breathing room to build a new civilian career.

I do anticipate greater numbers of Marines from the Reserve Component will volunteer for full-time active duty with the Active Component throughout FY2008 as they take advantage of new incentives aimed at encouraging Marines to return to active duty. These incentives support our plan to bolster Active Component end strength. The fact is we need good Marines to serve longer, either Active or Reserve. Our focus is to provide an environment that attracts and retains dedicated, high performing individuals. We continue to offer several incentives for enlisted Marines to stay in the Selected Marine Corps Reserve, which includes increasing the initial three year re-enlistment bonus from the current \$7,500 level to the maximum allowable \$15,000.

Junior officer recruiting and consequently meeting our Reserve company grade requirement remains the most challenging area. At the beginning of FY2007, the Marine Corps modified an existing program and implemented two new Reserve officer commissioning programs in order to increase the number of company grade officers within deploying Reserve units and address our overall shortage of junior officers in our Reserve units. Eligibility for the Reserve Enlisted Commissioning Program was expanded to qualified Active Duty enlisted Marines. The Meritorious Commissioning Program – Reserve was established for qualified enlisted Marines, Reserve and Active, who possess an Associates Degree or equivalent number of semester hours. To date, the Officer Candidate Course – Reserve (OCC-R) has proven to be the most successful of the three programs. Seventy-nine candidates have been commissioned second lieutenants in the Marine Corps Reserve. The OCC-R focuses on ground-related billets. Priorities of fill for recruitment of candidates are tied to our Force Generation Model.

In the long run, if the Marine Corps Reserve is to remain ready and relevant, we must begin to implement necessary changes to the superseded Cold War Reserve Model. In particular, we must develop a new paradigm that allows our top performing Marines to extend their service to the Total Force through a continuum of service. We must continue to develop policies and procedures that allow the seamless transition of individual Reservists on and off of active duty and that would permit varying levels of participation by the service members over the course of a military career. Current administrative policies routinely raise unnecessary obstacles to transitions between military jobs and duty status creating barriers to volunteerism. Presently, there are a significant number of different types of Reserve service, primarily tied to the Cold War Model of a Strategic Reserve. In order to successfully transition a specified number of individuals and unit capabilities to an Operational Reserve, that number of duty statuses could and should be reduced.

VI. QUALITY OF LIFE

Whether we are taking care of our Marines in the desert or families back home, quality of life support programs are designed to help all Marines and their families. Because Marines and their families make great sacrifices in service to our country, they deserve the very best support.

We are aggressively instituting new Family Readiness Programs, revitalizing services, and proactively reaching out to our young demographic to ensure our programs and services have transitioned to a wartime footing.

As part of widespread Marine Corps reforms to enhance family support, we are placing paid, full-time civilian employees to fill the position of Family Readiness Officer at the battalion/squadron level and above to support the Commander's family readiness mission. Modern communication technologies, procedures and processes are being expanded to support family members including spouses, children and parents of single Marines.

The Marine Forces Reserve Lifelong Learning Program continues to provide educational information to service members, families, retirees, and civilian employees. The program is not only beneficial to career Marines, but also those intending to transition to civilian life. More than 1,300 Marine Forces Reserve personnel (Active and Reserve) enjoyed the benefit of Tuition Assistance, which paid out more than \$2.6 million dollars and funded more than 4,000 courses during FY2007. Tuition Assistance greatly eases the financial burden of education for our service members while enabling them to maintain progress toward their education goals.

The Marine Corps' partnership with the Boys and Girls Clubs of America (BGCA) and the National Association for Child Care Resources and Referral Agencies (NACCRRRA) continues to provide a great resource for service members and their families in selecting child care, before, during, and after a deployment in support of the Long War. The Boys and Girls Clubs of America provide outstanding programs for our Reserve Marines' children between the ages of 6 and 18 after school and on the weekends. Under our agreement with BGCA, Reserve families can participate in more than 40 programs at no cost. With NACCRRRA, we help families of our Reservists locate affordable child care that is comparable to high-quality, on-base, military-operated programs. NACCRRRA provides child care subsidies at quality child care providers for our Reservists who are deployed in support of the Long War and for those Active Duty Marines who are stationed in regions that are geographically separated from military installations. We also partnered with the Early Head Start National Resource Center Zero to Three to expand services for family members of our Reservists who reside in isolated and geographically-separated areas.

We fully recognize the strategic role our families have in mission readiness, particularly mobilization preparedness. We prepare our families for day-to-day military life and the deployment cycle (Pre-Deployment, Deployment, Post-Deployment, and Follow-On) by providing educational opportunities at unit Family Days, Pre-Deployment Briefs, Return and Reunion Briefs, Post-Deployment Briefs and through programs such as the Key Volunteer Network (KVN) and Lifestyle Insights, Networking, Knowledge, and Skills (L.I.N.K.S.).

Every Marine Corps Reserve unit throughout the country has a KVN program, which is a volunteer-based program that serves as the link between the command and family members - providing official communication, information, and referrals. The KVN proactively educates families on the military lifestyle and benefits, provides answers for individual questions and areas of concerns, and enhances the sense of community and camaraderie within the unit. L.I.N.K.S. is a training and mentoring program designed by Marine spouses to help new spouses thrive in the military lifestyle and adapt to challenges - including those brought about by deployments. Online and CD-ROM versions of L.I.N.K.S make this valuable tool more readily accessible to families of Reserve Marines who are not located near Marine Corps installations.

To better prepare our Marines and their families for activation, Marine Forces Reserve continues to implement an interactive approach that provides numerous resources and services throughout the deployment cycle. Available resources include, but are not limited to, family-related

publications, on-line volunteer training opportunities, and a family readiness/mobilization support toll free number. Family readiness educational materials have been updated to reflect the current deployment environment. Specifically, deployment guide templates that are easily adapted to be unit-specific were distributed to unit commanders and family readiness personnel, as well as Marine Corps families, and are currently available on our Web site. Services such as pastoral care, Military One Source, and various mental health services are readily available to our Reserve Marines' families.

Managed Health Network (MHN) is an OSD-contracted support resource that provides surge augmentation counselors for our base counseling centers and primary support at sites around the country to address catastrophic requirements. This unique program is designed to bring counselors on-site at Reserve Training Centers to support all phases of the deployment cycle. Marine Forces Reserve has incorporated this resource into post-demobilization drill periods, Family Days, Pre-Deployment Briefs, and Return & Reunion Briefs. Follow-up services are scheduled after Marines return from combat at various intervals to facilitate on-site individual and group counseling. Additionally, we are utilizing these counselors to conduct post-demobilization telephonic contact with IRR Marines in order to assess their needs and connect them to services.

The Peacetime/Wartime Support Team and the support structure within the Inspector-Instructor staffs at our Reserve sites provides families of activated and deployed Marines with assistance in developing proactive, prevention-oriented steps such as family care plans, powers of attorney, family financial planning, and enrollment in the Dependent Eligibility and Enrollment Reporting System. During their homecoming, our Marines who have deployed consistently cite the positive importance of family support programs.

To strengthen family support programs, we will continue to enhance, market, and sustain outreach capabilities. We believe current OSD-level oversight, sponsorship, and funding of family support programs properly correspond to current requirements. We are particularly supportive of Military One Source, which provides our Reservists and their families with an around-the-clock information and referral service via toll-free telephone and Internet access on a variety of subjects such as parenting, childcare, education, finances, legal issues, elder care, health, wellness, deployment, crisis support, and relocation.

Marines and their families, who sacrifice so much for our Nation's defense, should not be asked to sacrifice quality of life. We will continue to be a forceful advocate for these programs and

services. We will continue to evolve and adapt to the changing needs and environments in order to ensure that quality support programs and services are provided to our Marines and their families.

VII. EMPLOYER SUPPORT OF THE GUARD AND RESERVE

Marine Forces Reserve continues to be acutely aware of the importance of a good relationship between our Reserve Marines and their employers. We fully support all the initiatives of the Employer Support of the Guard and Reserve (ESGR) and have been proactive in providing the information to our Reserve Marines on the Five Star Employer Program, Patriot Award and Secretary of Defense Employer Support Freedom Awards, which are tangible ways for us to recognize those employers who provide tremendous support to our men and women who go into harm's way. I recently directed all of my major subordinate commands to appoint a field grade officer to ensure that units have all relevant information to take full advantage of ESGR programs. This will ensure that the most current information is passed down to Marine Reserve units and personnel, and that all units comply with the new requirement for annual ESGR training at the company level. Reserve unit commanders are strongly encouraged to correspond with Marines' employers prior to deployment.

VIII. CONCLUSION

The Marine Corps Reserve continues to be a highly ready, relevant and responsive component of the Total Force Marine Corps. As our Commandant has stated in the past, "Our Marines and sailors in combat are our number one priority." There is no distinction between Active or Reserve personnel or units regarding that priority. We fight shoulder-to-shoulder with our Active Component counterparts and our Reserve Marines have consistently met every challenge placed before them. Your consistent and steadfast support of our Marines and their families has directly contributed to our successes.

As I've stated in past testimony, appearing before Congressional committees and subcommittees is a great opportunity to showcase the absolutely outstanding long-term contributions and commitment of this patriotic group of citizens we have in the Marine Corps Reserve. It has been my honor to serve this great Nation and Corps for the past 38 years, and although I will be retiring from the Marine Corps in the near future, I look forward to continuing

serving our great country and the Marines and families of the Total Force Marine Corps for many years to come. Thank you for your continued support. Semper Fidelis!

Admiral COTTON. Mr. Chairman, two things, and a comment. NGREA echoes same comments.

TRICARE Reserve Select is enormous. Since October 1, 2007, if you are a drilling selected Reservist you have access to health care. In America this is unbelievable. We have noticed an uptick in retention and especially in recruitment of veterans that are going to college and need health benefits. We have got about 7,000 Reservists on the program now. So for about \$260 for a family, \$81 for a single, you now have health care. It is enormous. It has really helped.

I have been chief for 4½ years. It is my last time before you. I have got to say, Active-Reserve Integration, this journey that Admiral Clark started, Admiral Mullen continued, and now Admiral Roughead is a huge advocate. It has really worked well for us. We are full partners in everything we do. The Navy tells our story. We are sailors for life in a continuum of service, and we thank you for your support.

[The statement of Admiral Cotton follows:]

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE**

**STATEMENT OF
VICE ADMIRAL JOHN G. COTTON
CHIEF OF NAVY RESERVE
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE
28 FEBRUARY 2008**

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE**

I. Introduction

Chairman Murtha, Representative Young and distinguished members of the Committee, thank you for the opportunity to speak with you today about the capabilities, capacity and readiness of the dedicated men and women who serve in our Navy's Reserve Component (RC).

With continued emphasis on Active Reserve Integration (ARI), our Navy Reserve Force is more ready, responsive and relevant as a full partner in the Navy's Total Force. Alongside Active Component (AC) Sailors, RC Sailors provide integrated operational support to the Fleet and Combatant Commands (COCOMs). Nearly 70,000 Navy Reservists are deployed in support of global coalition forces, at their supported commands and in strategic reserve, ready 24/7/365 to surge to Homeland Defense. Since 9/11/2001, over 50,000 augmentation requirements have been fulfilled by Navy Reservists in support of the Global War on Terror (GWOT), and on any given day more than 20,000 talented men and women, or 29 percent of the Navy Reserve, are on some type of orders as part of the Total Naval Workforce, fully leveraging their military and civilian skill sets and capabilities. Included are about 5,000 RC Sailors mobilized in support of Operations ENDURING FREEDOM and IRAQI FREEDOM (OEF/OIF), and with this steady state requirement, we maintain the capacity to rapidly increase contingency support with more than 28,000 additional ready Reservists. Whether supporting combat operations in Afghanistan or Iraq, providing Humanitarian Assistance and Disaster Relief at home or abroad or supporting daily Navy missions at every Fleet and COCOM, Navy Reservists provide integrated operational support while continuing to maintain the RC's role as a Strategic Baseline.

As demonstrated through force generation, deployment and redeployment, it is clear that RC forces meet two significant needs of our Navy. First, Reservists deliver a strategic capability and capacity in support of major combat operations, and second, they provide operational augmentation to meet predictable and periodic routine military missions. By continuing to fully develop ARI, our Navy has institutionalized an Operational Navy Reserve. The Navy simply cannot meet all Fleet and GWOT requirements without the many contributions of its Reserve Force.

The vision of the Navy Reserve is "Support to the Fleet...Ready and Fully Integrated." Our overall Navy Reserve Force effectiveness is measured by the level of integrated operational support it provides to the Fleet and COCOMs. While some RC Sailors are only able to perform the minimum contractual requirement of two drill-days a month and two weeks active duty each year, over two-thirds of the Force are far exceeding these minimums while performing essential operational support. When the work is predictable, periodic and requires special skill sets, utilizing a ready and responsive Reservist is often the most cost effective and capable solution.

On 29 September 2007, Admiral Gary Roughead assumed the watch as our 29th Chief of Naval Operations (CNO) and issued his top three priorities to the fleet: current readiness, a Navy for tomorrow and people.

II. Current Readiness

Maintaining our warfighting readiness demands that we are agile, capable and ready. We generate forces for the current fight and employ our Navy much differently than in years past. Simultaneously, we provide ready naval forces and personnel for Joint Force Commanders, sustain forward presence, fulfill commitments to allies and

respond to increasing demands in regions where we have not routinely operated, specifically South America and Africa.

To provide sustained combat readiness, the Navy has moved from predictable deployment cycles to a more flexible Fleet Response Plan (FRP), under which a surge Navy is able to provide a requirement-based and continually ready posture which produces greater warfighting capability at reduced cost. As part of the FRP, a fully integrated and ready Navy Reserve provides an enhanced surge capacity to meet validated requirements with individuals and units. Our FRP increases operational availability and allows us to operate with greater flexibility. The RC continues to emphasize current readiness and is capable of engaging future geopolitical challenges as an affordable and effective element of our Total Force.

Our Force readiness is comprised of two interdependent categories: Sailor and family readiness. Sailor readiness is defined by the medical, physical and administrative preparedness of the Sailor. We also recognize the fundamental contribution of the Navy Family to overall readiness. Therefore, we must continue to provide families better and more responsive assistance which enables them to be prepared for their Sailor's call to service.

A. Medical Readiness. Navy Reserve continues to be a leader in Individual Medical Readiness. Four years ago, Navy Reserve was 63 percent medically ready to deploy. Today, our Force exceeds 84 percent medically ready, which leads all military components. Our significant improvement can be attributed in part to the Medical Readiness Reporting System (MRRS), which has given Navy leadership improved visibility of the medical readiness of the Force. As a comprehensive web-based management tool, MRRS has enabled leaders to identify deficiencies and promptly

address them, as well as plan for future medical readiness requirements. Due to the success of MRRS in the Navy Reserve, all Navy and Marine Corps commands are implementing the system, which will automatically report accurate and timely medical readiness. Additionally, the United States Coast Guard is planning to adopt the MRRS program this year.

B. Physical Readiness. Navy Reserve continues to emphasize physical readiness for all Sailors. We have established a culture of fitness by emphasizing both individual and command accountability for physical readiness. Every Navy unit has a Command Fitness Leader (CFL) who is responsible to the Commanding Officer (CO) to administer the unit's Fitness Enhancement Program (FEP), which emphasizes individual medical and physical readiness. Our COs are held accountable in their personal evaluations for their Sailors' performance in the FEP. Commanders have visibility into the physical readiness of both individual Sailors and larger units via the web-based Physical Readiness Information Management System (PRIMS). CFLs are enabled to enter data from Physical Readiness Tests into PRIMS for each member of their command. Commanders then have the ability to accurately assess their units' physical readiness and adjust the FEP as necessary. Sailor readiness is also a primary discussion topic during weekly Reserve Force communications, placing further command emphasis on the importance of medical and physical requirements.

C. Administrative Readiness. The Navy Reserve has enhanced administrative readiness through the employment of the Type Commander (TYCOM) Readiness Management System – Navy Reserve Readiness Module (TRMS-NRRM), which provides a scalable view of readiness for the entire Force. Commanders can quickly determine readiness information for individuals, units, activities, regions and many other

desired echelons. TRMS-NRRM, a Navy Reserve developed system, has served as a prototype for the Defense Readiness Reporting System – Navy (DRRS-N), which is currently under development by Commander, U.S. Fleet Forces Command for use by the Total Force. DRRS-N will provide a database to collect and display readiness information across the Force enabling commanders to make real-time, capability-based assessments and decisions.

Navy is considering additional options for Total Force systems that will reduce administrative impediments. The administrative inefficiencies created by multiple electronic pay and manpower systems create waste and unnecessary burdens on leadership and hinder Force readiness. A common AC/RC pay system is crucial to the success of our Sailor for Life and Continuum of Service initiatives. In the future, manpower transactions will ideally be accomplished on a computer with the click of a mouse, and records will be shared through a common data repository with all DoD enterprises. Navy fully supports the vision of an integrated set of processes to manage all pay and personnel needs for the individual and provide necessary levels of personnel visibility to support joint warfighter requirements. Manpower management tools should enable the ability for a financial audit of personnel costs and support accurate, agile decision-making at all levels of DoD through a common system and standardized data structure.

One constraint to these initiatives is the RC order writing process. Our current system has roughly 30 types of duty, including Inactive Duty for Training (IDT), Inactive Duty for Training-Travel (IDTT), Annual Training (AT), Active Duty for Training (ADT), and Active Duty for Operational Support (ADOS). Numerous funding categories of orders are inefficient, wasteful and inhibit Navy's ability to access Reservists and quickly

respond to Fleet and COCOM requirements. Process delays are especially troubling at a time when we are relying on our Reservists to serve as "first responders" in the case of a domestic emergency. A reduction in the number of duty types, coupled with a well-developed, web-based personnel management system, will enable RC Sailors to rapidly surge to validated requirements. In addition to multiple types of orders, the disparate funding processes are equally complex. The consolidation of all RC order writing to the Navy Reserve Order Writing System (NROWS) has been a significant evolution in Navy's effort to integrate its Total Force capabilities by aligning funding sources and accurately resourcing operational support accounts.

D. Family Readiness. We recruit the Sailor but retain the family; which means family readiness is more important than ever as we face the challenge of constant conflict with the expectations of multiple, predictable and periodic deployments. Navy is dedicated to the support of our families and is engaged in an ongoing effort to expand family support programs. Since our Sailors are stationed in all fifty states, we have improved access to available family support resources, including those of the Guard. We have developed a Family Support program that employs professional administrators at each Navy Region Reserve Component Command (RCC) who are knowledgeable in every aspect of Sailor and family assistance, especially for those mobilized and deployed. Recent initiatives include the Returning Warrior Workshops (RWW), pioneered by Navy Region Southwest RCC, which assist returning warriors and their families with a smooth transition from a deployed status. The weekend-long sessions include interactive group presentations by trained facilitators, breakout sessions, vendor information and one-on-one counseling in a conference-style setting. Qualified facilitators help the participants cope with potentially sensitive and emotional

discussions as they adjust to family life and civilian employment. By continually incorporating lessons learned, RWW effectively deal with the broad array of issues facing Navy families before, during and after deployments. Workshops also provide additional resources for Sailors as they return to non-mobilized status.

III. A Navy for Tomorrow

GWOT has demonstrated the increasing importance of the Navy's expeditionary capabilities. Emergent requirements enabled Navy leadership to program the expansion of our core maritime capabilities into the coastal and inland environments, and Navy Reserve continues to perform many important roles in these evolving warfighting operations. Almost half of the Navy Expeditionary Combat Command (NECC) 30,000 Sailors are Reservists. NECC is an adaptable force which deploys Navy capabilities in the green and brown water environments and ashore. Our Sailors perform a variety of global missions, including security on North Arabian Gulf oil platforms, counter-improvised explosive device operations in Afghanistan and Iraq, customs inspections in Kuwait and drilling and developing potable water wells in villages in the Horn of Africa.

Reservists comprise over 90 percent of the Navy Expeditionary Logistics Support Group (NAVELSG), a component of NECC. NAVELSG performs air cargo handling missions, customs inspections, freight terminal operations and ordnance handling. Navy Customs Battalion (NCB) Tango recently deployed with more than 400 REservists and typifies the diversity and relevance of the Navy Reserve as it supports the war from Main Street, USA. More than 90 Navy Operational Support Centers (NOSCs) in 36 states, Washington, D.C. and Puerto Rico mobilized our diverse group of Tango Sailors

who range in age from 22 to 58, and include; a bus driver, a trauma nurse, a helicopter pilot, a plumber, a lumberjack and a firefighter. NCB Tango is the sixth rotation of Navy Reservists activated to perform this unique mission in support of OIF.

Navy Reservists are 60 percent of the Naval Construction Force (SEABEES), who help fulfill more than one-third of NECC's manpower requirements. SEABEES are engaged throughout Afghanistan and Iraq constructing base camps, roads, airfields, and repairing bridges and buildings. Sailors have constructed school dormitories and water wells in Djibouti, erected shelters for flood victims in Ethiopia and provided humanitarian relief in Pakistan, Indonesia, Bangladesh, East and West Timor and the Philippines.

The Navy League recently honored a Reserve SEABEE with the prestigious Admiral Ben Morell Award for Logistics Competence. Senior Chief Petty Officer Equipment Operator (SEABEE combat warfare) Jason Jones, from Naval Construction Battalion 21, mobilized and deployed to Kuwait with a detachment of 145 shipmates. Drawing from his civilian construction skills, he successfully led his Sailors to complete several vital projects, including the rebuilding of an operationally critical airfield in Afghanistan. Similar NECC RC operational support is evidenced daily in Naval Coastal Warfare with Embarked Security Detachments (ESDs), Maritime Civil Affairs Group (MCAG) and the Expeditionary Combat Readiness Center (ECRC). ESD Sailors provide force protection for naval assets in the Suez Canal, Arabian Gulf, and Strait of Hormuz.

Because of their experience, Reserve Sailors frequently train AC security team members. The MCAG works directly with civil authorities and civilian populations in the maritime environment and is capable of addressing issues such as maritime law, marine

fisheries, port operations, security and immigration. ECRC, 35 percent RC, is a dedicated team of more than 100 professionals overseeing the training, equipping, deploying and redeploying of augmentation forces.

Navy Reserve Sailors are fully integrated into the Naval Aviation Enterprise (NAE) and play critical roles in training, air logistics, adversary support, counter narcotics operations and combat support. Exemplifying the relevance to the Total Force, Reserve instructor pilots fly nearly 1,000 sorties per week while assigned to squadron augment units under the Chief of Naval Aviation Training (CNATRA). While only 10 percent of CNATRA's training squadron instructor cadre are Reservists, they are responsible for about 17 percent of the instructional flight events. Fleet Logistics Support Wing assets are routinely deployed and provide responsive air logistics support to the Fleet and COCOMs. The Active and Reserve Sailors of Helicopter Sea Combat Squadron - 84 are forward deployed in Iraq in direct support of combat operations, and the Reserve Sailors of Helicopter Antisubmarine (Light) Squadron - 60 deploy in support of counter-narcotics operations under United States Southern Command. The missions that RC Sailors perform serve to make the NAE more cost-effective and efficient, while capitalizing on the experience and maturity of talented REServists.

A. Expeditionary Capabilities. GWOT examples of surge support include:

- SEABEES
- Engineers
- EOD
- Supply Corps
- Coastal Warfare
- Cargo Handling
- Customs Inspectors
- Civil Affairs
- Chaplains
- Medicine/Corpsmen
- Trainers/Instructors
- JTF Staff Augmentation

- Intelligence
- Linguists
- Public Affairs
- IT/Network Support
- Anti-Terrorism/Force-Protection (AT/FP)
- Law Enforcement
- Logistics & Logistical transport/airlift

B. Navy Medicine. We value our RC doctors, nurses and corpsmen serving on hospital ships during disaster relief and humanitarian missions and supporting the Fleet Marine Forces ashore. At Landstuhl Regional Medical Center, Germany, 315 of 343 positions are currently filled with Navy Reserve medical professionals. When USNS COMFORT (T-AH 20) left its homeport in June 2007 for a four-month humanitarian deployment, ten Navy Reservists embarked. RC medical professionals are critical to Navy's overall readiness, but are often unable to mobilize for extended periods due to the requirements of their civilian practices. Therefore, Navy is working to provide them flexible service options such as shorter but more frequent mobilizations and deployments. Feedback from RC medical professionals and potential recruits indicates that 90 days is optimum, but up to six months can be performed with adequate notification.

C. Alignment. Flexibility is a key component to the success of ARI, and several initiatives aim to facilitate more effective and efficient operational support. Former Reserve Readiness Commanders now serve as integrated Navy Region RCCs, responsible to the region commanders for RC readiness, training, assets and surge capabilities within the region. Additionally, Naval Reserve Centers were renamed Navy Operational Support Centers to indicate that our mission is to provide ready, responsive

and relevant integrated operational support to their supported commands, the Fleet and COCOMs. ARI remains the catalyst for aligning our organizations and processes to CNO's guidance and strategic goals, providing increased warfighting wholeness and greater return on investment to taxpayers. Navy Reserve continues to lead change while emphasizing speed, agility, innovation and support to our customers; the Fleet, COCOMs, our Sailors and their families.

IV. People

Our Sailors, Navy civilians and contractors are talented, dedicated professionals. We must devote our resources and shape our policies to ensure they are personally and professionally fulfilled by their service. Recruiting, developing and retaining diverse and capable men and women are imperative to the success of our future Total Force. We must continually address the changing national demographic in order to remain competitive in today's employment market. Only three out of ten high school graduates meet the minimum criteria for military service, and the propensity of our nation's youth to serve in the military is declining in many areas.

The next generation, known as "Millennials," is now entering the workplace. These young men and women expect to change jobs or career fields multiple times, and they expect a life/work balance that permits them the opportunity to serve as well as attend to personal and family needs. Career path pay and benefits must evolve to a more flexible system that supports "off" and "on" ramps to and from active to reserve service, as well as temporary sabbaticals. Born into a globalized world saturated with information and technology, Millennials comprise 43 percent of our Navy and are more accomplished than previous generations. They are a technologically savvy and cyber-

connected group who may find the military's hierarchical command and control structure contradictory to the flat social networks they are accustomed to navigating. The different paradigm under which this generation views the world and the workplace has implications for how our Navy attracts, recruits and retains top talent.

The members of the Millennial generation are reticent to consider military service as their first career option. The Navy must recognize and respect generational traits to ensure we appeal to those talented young people who we seek to recruit and retain. Today's influencers, most of whom have never served in the military, are often not inclined to steer Millennials toward a military career. Our focus in the next several years is building a variety of service options to entice potential recruits and striving to capitalize on the diversity and differences of our Total Force to ensure our Navy is a family-friendly, "Top 50" workplace.

Our talented personnel are the foundation of all we do, and Navy Reserve is dedicated to policies, programs and initiatives that improve the quality of service for our Sailors and their families. In Fiscal Year (FY) 2007, 12 percent of enlisted and 23 percent of officers who transitioned from the AC chose to affiliate with the Navy Reserve. Recent initiatives intended to attract transitioning Sailors include higher affiliation bonuses, mobilization deferment and the Fleet-to-NOSC Program. Affiliation bonuses as high as \$20,000 are offered to Sailors possessing specific skill sets, particularly those in high demand for the GWOT.

A. Mobilization Deferment. To afford transitioning AC Sailors who affiliate with the RC ample time to become settled in their civilian careers, the mobilization deferment policy was established. All Veterans who affiliate with Navy Reserve within six months of transitioning from the AC qualify for a two-year deferment from involuntary

mobilization, and those who affiliate with Navy Reserve within 12 months are eligible for a one-year deferment.

In order to be a competitive employer, our Navy realizes that we must offer opportunities for personnel to pursue their respective interests. We have initiated the AC to RC transition program, which is changing the paradigm of Sailors who decide to terminate their AC enlistments at the end of their obligated service. By providing veterans an informed, systematic option to convert to the RC, we preserve the ability to surge their talents and realize a much higher return on their initial training investment. Previous force shaping efforts have been designed to achieve a specific end strength, or "fill," but our focus has shifted to building a competency-based workforce with the right skill sets, or "fit," to more rapidly and effectively meet emergent GWOT requirements.

Created by the Commander, Navy Recruiting Command, the Fleet-to-NOSC Program streamlines the Navy Reserve affiliation process. Fifteen commands are currently participating in the program, and since its inception in November 2006, a survey of those with a propensity to join the RC revealed that 28% chose to continue their career as a Navy Reservist. In FY 09, this program will be expanded to allow AC Sailors to select from vacant Reserve billets prior to transitioning. To facilitate the continuation of a Navy career, members will also have visibility of Navy Reserve positions located in the geographic area where the Sailor plans to reside.

B. Health Care. We have some of the finest medical professionals in the world serving in our Navy and the health care they provide to our Sailors is a valuable recruitment and retention incentive. Our missions in OEF and OIF increased the demand for medical services in combat and casualty care. Another more complex

aspect of health care is the mental well-being of our Sailors returning from combat operations. Medical professionals are rapidly learning more about assessing and treating the effects of mental health issues associated with war, such as post traumatic stress and traumatic brain injury. We are constantly integrating these lessons into our health care system.

C. Wounded Warrior/Safe Harbor Program. Our care for combat wounded personnel does not end at the Military Treatment Facility (MTF). The Navy established the Safe Harbor Program in 2005 to ensure seamless transition for the seriously wounded from arrival at an MTF through subsequent rehabilitation and recovery. As soon as our Warriors are medically stabilized and arrive at an MTF, Safe Harbor staff members establish close contact with each severely injured Sailor. Typical assistance provided by Safe Harbor includes; personal financial management, member or family member employment, permanent change-of-station moves, non-medical attendant orders for assisting attendants, post-separation case management, travel claims, Veterans Administration and Social Security benefits and resolving administrative issues. Since its inception, 162 Sailors, including 19 from the RC, have benefited from the program. We are committed to providing the individualized non-clinical care that each of these Sailors and their families deserve.

D. Continuum of Service. Essential to a dynamic, diverse and capable Navy workforce is establishing a continuum of service by which a Sailor may serve and REserve over the course of a lifetime. A Sailor for Life philosophy removes administrative and policy impediments and creates more flexibility to transition between Active and Reserve statuses, manage a civilian career, pursue advanced education and account for unique life circumstances. The Navy has asked Congress, via the

Secretary of Defense, for authorization to begin a pilot program in FY 09. We plan to enable Sailors to seamlessly navigate “off ramps” to the RC and “on ramps” to the AC. Our vision also provides the taxpayer a better return on investment by extending the opportunities for our personnel to serve, thereby taking full advantage of both military and civilian training and work experience. A well-developed continuum of service will create a Sailor for Life, ready to surge in support of national interests and defense.

Navy continues its Total Force approach to manpower management by utilizing an enterprise framework and providing cost-wise readiness. We are improving processes to deliver increased readiness and combat capabilities, provide better organizational alignment and recapitalize our Navy. The Navy Reserve has the capacity to meet current and future requirements and to continue to transform into the right Force for tomorrow.

V. Summary

Since 11 September 2001, Navy Reservists have been called to support over 50,000 augmentation requirements for the GWOT. Leveraging unique military and civilian skill sets and capabilities, our RC continues to transform and increase the effectiveness and efficiency of our commands while meeting all Fleet and COCOM requirements. As we strive to provide more responsive and relevant operational support, Navy Reserve will strengthen our culture of continual readiness while balancing predictable and periodic mobilizations for contingencies. Yes, we are asking more of our REservists, but they are responding and performing magnificently across all Navy enterprises while surging for the GWOT, serving as a Strategic Baseline and maintaining a ready alert posture for homeland contingencies. Our Total Navy is a

powerful Force which will continue to enhance the opportunities for our Sailors and their families to serve and REserve. On behalf of the Sailors, civilians and contractors of our Navy Reserve, we thank you for the continued support of Congress and your commitment to our Navy's Total Force.

General STULTZ. Yes, sir. Just to echo my comrades in arms here, thanks for all the support we have gotten from Congress. We are getting support for the Reserve components at record levels in terms of dollars being spent against our soldiers for the benefits and incentives as well as the equipment.

At this time last year when I came before you, the Army Reserve had an end strength of 188,500; today we have got an end strength of 193,500—5,000 more than we had this time last year. At a time when we are at record op tempo, we keep 25,000 to 30,000 soldiers deployed in 18 different countries in the world right now, and they are reenlisting at record rates.

We are meeting our retention goals at record rates with our first-term soldiers. And the reason I believe they do that is they feel like, one, what they are doing is important and they feel good about it; but number two, that they have got the support of this Congress behind them.

So thanks for what you are doing. I look forward to your questions.

[The statement of General Stultz follows:]

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STATEMENT BY

LIEUTENANT GENERAL JACK C. STULTZ

CHIEF, UNITED STATES ARMY RESERVE
COMMANDING GENERAL, UNITED STATES ARMY RESERVE COMMAND

BEFORE THE

U.S. HOUSE APPROPRIATIONS SUBCOMMITTEE ON DEFENSE

SECOND SESSION, 110TH CONGRESS

ON THE READINESS OF THE RESERVE COMPONENTS 2008

FEBRUARY 28, 2008

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U.S. HOUSE COMMITTEE ON APPROPRIATIONS

Chairman Murtha, Congressman Young, Members of the Committee on Appropriations, Subcommittee on Defense, thank you for calling this hearing on the Readiness of our Reserve Components. As you know, after September 11th, the nation's Reserve Components were challenged to evolve from a strategic force in reserve to an operational force that is constantly deployed. It literally happened overnight, and now more than six years into this persistent conflict, the demand for Army Reserve Warrior Citizens is such that 12% of our force is mobilized and deployed at all times. Today, more than 26,000 Warrior Citizens are serving in Iraq, Afghanistan and 18 other countries.

As never before in our 100 year history, demand for Army Reserve Warrior Citizens is high. We are carrying out dynamic institutional and operational changes as we respond to the Nation's call to serve. Your Army Reserve is fully engaged and provides key capabilities to the Army. We continue to be a cost-effective, successful force with a global presence as evidenced by what we accomplished with the FY07 Budget Congress appropriated to us. That budget of \$6.9 Billion represented only 3.1 percent of the total Army budget, yet we:

- Mobilized more than 30,400 Warrior Citizens,
- Recruited 39,055 Soldiers,
- Retained 19,727 Soldiers (119 percent of our retention goals),
- Launched the Army Reserve Warrior and Family Assistance Center,
- Accelerated reorganization of the entire Army Reserve Training Structure,
- Executed two major Warrior Exercises involving more than 8,000 Soldiers,

- Moved 6,700 pieces of unit equipment to regional training centers,
- Aligned 78 percent of our strength into operational and deployable forces,
- Overhauled 4,139 pieces of equipment in the \$144 Million Depot Maintenance program,
- Fielded more than 17,000 items of equipment,
- Increased our aviation force structure by two Blackhawk companies,
- Activated and deployed the 316th Expeditionary Support Command – the primary logistics command supporting multinational forces in Iraq,
- Activated the 11th Theater Aviation Command,
- Activated or converted 386 organizations to new modular structure,
- Initiated the disestablishment of 12 Regional Readiness Commands,
- Initiated the establishment of four Regional Support Commands and 11 Operational Commands,
- Commissioned two water vessels, and,
- Initiated 23 BRAC and military construction projects.

We appreciate your continued support. The Army Reserve represents 19 percent of the total Army strength, and our FY08 budget of \$7.1 Billion represents four percent of the base Army budget. With those resources, we are updating policies and processes to improve our efficiency and effectiveness in how we are manned, equipped and resourced. We are capable, adaptable and meeting our mission even as we continue to accelerate our transformation to a more effective, efficient and relevant organization. However, as we transform, we still experience challenges that impact our readiness.

Our primary challenge is to effectively man and retain our Warrior Citizens to meet Combatant Commander requirements for this persistent conflict while providing predictability for Soldiers, Families and employers.

The process that is driving much of our change is the Army Force Generation or ARFORGEN process which aligns units into five-year, 4:1 cyclical training and force sustainment packages; four years train/mobilize and one year deployed.

Full implementation of ARFORGEN will improve our Force by providing a predictable and rapid capability to synchronize our Soldiers and resources with national and global mission requirements to increase unit readiness and provide a progression of trained, ready, and cohesive units. We have aligned approximately 80 percent of our units into the ARFORGEN process, though we have not yet achieved a four-to-one goal.

Our Warrior Citizens are the core of your Army Reserve. We bring maturity, experience and civilian-acquired skills to the Army. Since 9/11, 188,025 Soldiers have mobilized; in theater, you cannot tell the difference between an Active Army Soldier and our Warrior Citizens.

However, off the battlefield, the demands on our Warrior Citizens are great. Our Soldiers must balance military obligations with Family obligations; and most of our Families do not reside near military installations. They must also manage a delicate balance with their full-time civilian careers; with employers who are often left with one less employee to conduct business.

To help us build capacity and increase our effectiveness, let me review the other side of the equation; equipping and modernizing our Force. The continuing demands on our equipment has accelerated the aging of our fleet. We're in a double jeopardy situation here. More wear and tear on old equipment is rapidly wearing out the part of our fleet that is Modular Force compatible and deployable.

We are addressing this deficiency through the Army equipping program, but we still face equipment challenges. For example, approximately four percent of our equipment has been left in theater. Although it does not sound like this should have a demonstrable impact on our overall equipping strategy, that number represents one-third of our Heavy Equipment Transporters, 25 percent of our medium non-tactical tractors and 15 percent of our HMMWVs.

To improve equipment readiness, we need predictable resources to ensure that equipment is maintained to standard to meet shortages and to replace non-Modular Force equipment.

Our equipment shortfalls also impact our ability to respond to another major contingency, to natural disasters or Homeland Defense. As the federal Title 10 first-responder to support civil authorities during a domestic emergency, the Army Reserve is an important element of the current DoD "Lead, Support, Enable" Strategy for Homeland Defense and Civil Support. Soldier readiness for current and future peacetime and major combat operations requires predictable resources.

During our first 100 years, the Army Reserve repeatedly provided the most cost-effective federal force to the Nation. To remain a value-added, skill-rich, All-Volunteer Force that is the strength of the Nation, our readiness depends on support from Congress now and in the future. Thank you for the opportunity to review the readiness of the U.S. Army Reserve. I look forward to your questions.

TRICARE MEDICAL

Mr. MURTHA. I appreciate those summaries.

Let me just say TRICARE started in this committee before I was Chairman, as a demonstration project. We had a lot of problems at first, a lot of complaints and we adapted to that. And I think when I go to the field, I always ask about how TRICARE is going and how important is it. I get very high marks from the troops in the field. And I am glad to hear that it is helping with retention, because I found that if we don't take care of the families we are sure as hell going to have a problem retaining the people in the military, especially with the strain that our folks are under right now with extended deployments and with the fact they have been deployed so often.

So I am pleased to hear that that is going well. We had all kinds of problems at first. We still have a lot of health care problems. We had the health care folks in front of us today, but it is getting better. We are going to adjust some of the budget requests to take care of them.

For instance, military medical facilities we are going to improve substantially. There has been a backlog for a long-term with military medical facilities. We are going to do the same thing with infrastructure for the regulars. And where the Guard goes to train and where the Reserves go to train, we are going to increase that money for that infrastructure. I am going to transfer that to the Military Construction Committee so they have an opportunity to have better facilities, the same type of facilities the Regulars have.

So the advice we get from you folks is invaluable. And of course, visiting the bases and having an opportunity to talk to the troops gives us some insight. Sometimes it gets so sanitized up here we don't get exactly what we need to hear in order to get the budget developed the way it should be developed.

So I appreciate your coming before the committee, and we will ask Mr. Hobson if he has any questions.

Mr. HOBSON. I most certainly do. First of all, General Stultz, does what the Chairman just said help you fix the base I have been complaining about and some other bases and put you in a better line?

General STULTZ. Sir, we are getting funding, and specifically we are talking about Fort McCoy, Wisconsin, one of our heaviest used.

Mr. HOBSON. 10,000 to 12,000 people go through there a year.

General STULTZ. Go through there every year.

Mr. HOBSON. It looks like it did in 1958 when I was up there.

General STULTZ. Yes, sir. I will say the good news—and I will characterize that first—is we are getting funding for Fort McCoy for certain projects when it comes to the training facilities like ranges and things like that. The problem I have got is, as you very well know, sir, we need better billeting for the soldiers who are out there. We are still putting those soldiers in World War II buildings. And when we go into the construction program it seems like the facilities, places like McCoy and some of the other places, like Shelby and others with the Guard, are pushed back.

We have got our first ORTC, which is the Operational Readiness Training Center, which is your brick training facilities billets

scheduled for Fort McCoy in fiscal year 2011. That is too late; we need it started now.

Mr. MURTHA. We have a list from—I assume you are included in that list—from all the services about infrastructure deficiencies.

General STULTZ. Yes, sir.

Mr. MURTHA. And it amounts to \$7 billion or \$8 billion. We intend over the next two supplementals to take care of that, plus military medical facilities that are deficient. So we have seen those facilities and we are sure as hell going to try to take care of them.

General STULTZ. We just can't afford to keep pouring money into putting wood on World War II buildings.

UNIT DEPLOYMENT/COHESION

Mr. HOBSON. One more thing in this round. General Bergman, he knows I am not happy. We have the former chief first sergeant of the Lima Company here with us today. Right, Auggie?

VOICE. XO, sir.

Mr. HOBSON. XO. He is here. He cares about these Marines. He cares about the Marines in Lima Company. I wish the Marine Corps, to be frank with you, cared as much about those Marines as I do. I want to—there is a memorandum of 19 January 2007 from the Secretary of Defense: Mobilization of ground combat, combat support and combat service support will be managed on a unit basis. This will allow greater cohesion and predictability in how these Reserve units train and deploy. Exceptions will require my approval.

Did you have that approval or do you need that approval now?

General BERGMAN. Sir, we need that approval when that goes forward when there are exceptions to dwell time.

Mr. HOBSON. Do you have that today?

General BERGMAN. The—

Mr. HOBSON. I am asking you a very straightforward question, sir.

General BERGMAN. The book that goes to the SECDEF for unit activation goes at a defined time. Prior to that unit activation, there is a timing process. So the unit that we are talking about to activate those Marines out of Lima Company 325, that book will not go forth to the SECDEF until a time here in the near future.

Mr. HOBSON. But you have already, you have—

General BERGMAN. We have already identified them.

Mr. HOBSON. You have already told people—

General BERGMAN. Yes, sir.

Mr. HOBSON [continuing]. Involuntarily, when you had volunteers to go forward in that unit who had not served overseas, you had volunteers, you said no, we don't want those volunteers, we want sergeants and we want corporals, and we are going to do cross-leveling. You didn't go to the IRR to get people out of the IRR, which is what it is for. And one of the basic tenets of the Marine Corps is to keep these units together, and all of a sudden we are going to do this.

And then I asked somebody, I said, what about the schooling these kids were going to go to to help their unit? Some of them were going to go to sniper school. They were waiting 3 years to go

to sniper school, and now 9 of the 11 are involuntary. That is a problem, sir.

Secondly, what is your recruitment compared to the National Guard and even the Reserve? Is your recruitment up? Are you meeting everything?

General BERGMAN. Yes, sir.

Mr. HOBSON. The same levels?

General BERGMAN. We are at 100 percent. We were at 100 percent for 2007. Basically 6,287.

Mr. HOBSON. You are not going to be with this kind of treatment of Marines, in my opinion. Marines are supposed to care about their people. When I ask what schools are going to be messed up by this, nobody knows. When I ask about certain types about these individuals nobody knows. All they know is we needed corporals and we needed sergeants. And I would like you to tell me why you didn't go to the IRR.

General BERGMAN. Well, sir, we go to the IRR every day. We have scrubbed the IRR. Right now we have about over 2,000 IRR Marines on Active Duty that are in Iraq and Afghanistan and preparing to go. The reality is in caring about those Marines, we care deeply, just as everyone in this room does. One of the reasons that those corporals and sergeants were chosen is because those new first-time Marines need qualified leadership, because it is those corporals and sergeants. And quite honestly, sir, those are a little bit in short supply.

Mr. HOBSON. But let me tell you the other side of this, too. Lima Company may go back in 2009. Some of these kids were wounded that are going back in Iraq, their previous year. Sending them back. And when Lima deploys again in 2009, you are going to have this same problem, cause you have taken people out of Lima Company now and put them over in another company. And probably when they get back, I am not sure they are going to stay as Marines.

General BERGMAN. Sir, Lima Company will go as part of the 3rd Battalion, 25th Marines. And if we hold to the Force generation model we will go in June of 2010. And the fact of the matter is when we started deploying the infantry battalions in 2003, it took one battalion to make one battalion; 100 percent unit cohesion. By 2006, because of the second activations and because we had at that time an unwritten policy of voluntary-involuntary activations, which through the model that the Marine Corps and the Marine Corps Reserve had set up for a year activation, which Secretary Gates referred to in his memo, that year made up of about not quite 4 months of predeployment training, a 7-month deployment and then a demobilization time, we got set back by, again, an unwritten policy on you couldn't involuntarily call someone a second time, because we had set our business model to utilize the 24 months under law in two 12-month periods. And all the Marines and Marine Forces Reserve knew that at the time, that if a young Marine joined, you could go in your first year, you would have approximately between 4 and 5 years dwell time, and in your sixth year you would go a second time. That setback in the 2006—2005—2006 time frame caused us to go from being able to make one bat-

talion in one battalion, to make one regiment to make one battalion. So the folks in 25th Marines were just coming out of that.

We project that when 1st Battalion, 23rd Marines goes in December of 2010, we will be at the virtually no or minimal just specialty MOS cross-leveling. It took us a 4½ year cycle to get back to where we started, which is exactly what you are talking about sir.

Unfortunately the timing of 225 gone does catch us a little bit short of zero cross-leveling.

Mr. HOBSON. I think it is poor planning. And second of all, I think by the time this gets to the SECDEF, he doesn't even know where it is in the book you give him and it is already done. I mean, so what you have done, the way you are doing it is you are taking the action before you have the approval. And then, after the fact, is so buried that he won't even know that you violated the policy or you are intending to violate it when he signs off on whatever you give him. And if it is reviewed by the same people who send me memos, you know, that say nothing but bureaucratic mumbo-jumbo, certainly he will sign off on it.

I mean this is just, I think, poor planning, poor treatment of people. It should have been foreseen. And you are telling me now you don't—basically what you are telling me is—when did anybody look at whether there were sergeants or corporals available in the IRR? I always forget which one. The guys that you give points to for doing nothing and standing around and now you are calling them up.

General BERGMAN. That is ongoing, sir. We scrub that list continually, because those IRR Marines—oh, by the way, what we try to do, because most of those Marines who are in the IRR are coming right from Active Duty and have served multiple combat tours already. So the policy that we have tried to put together is that when a Marine enters the IRR they will have a 4-year time frame in the IRR. They serve 4 years on Active Duty and a 4-year commitment in the IRR.

We give that first year of Active Duty, a chance to refresh, get themselves established in their civilian careers, and then they are eligible during the second and third year for recall. We don't want to wait too long because individual skill sets combat capabilities are a perishable skill. And in that fourth year of the IRR, they are pretty much on their way out, and we do not touch them unless there is some type of greater national emergency.

Sir, it is all about people, and we are short of people. And we felt we would err on the side of openness to tell these young Marines early, because they need to prepare for the eventuality, so they know they can have the medical benefits available. And if the SECDEF decides to say no, then he says no.

Mr. HOBSON. Let me ask, if you have some people who were willing to go, young Marines who were willing to go and willing to volunteer, and you have a period of time that you are giving people advance notice that you are going, if people have been in a while are you telling me none of those were promotable to the ranks that were necessary that they could go with this unit? I doubt that anybody looked at that. I think this was just a numbers game and they said, hey, these are the guys, you are done, you are going. We don't care about the three that are going to sniper school to help their

unit. They have been waiting 3 years to do that. And you turned down the kids that volunteered, as I understand it.

Now, maybe there is a different story to this, but I understand kids volunteered to do this. And that whoever the officer is that said we are not going to do that, nobody looks—did anybody look to see if there is anybody promotable that can go?

General BERGMAN. Yes, sir. If a Marine is turned down for voluntary deployment, it is because, for whatever reason, they don't have the skill sets or the capabilities that we need in that particular mission.

Mr. HOBSON. Do you know that happened here?

General BERGMAN. I will find out for you. I am willing to bet you—here is the key. 25th Marines is a regiment, and we seek to keep that regiment intact with its infantry battalions, so that we have that management at the level that they can look right down in those battalions and down into those companies to make sure we get it. But I will double-check to make sure and get back to you.

[The information follows:]

By choosing Company L NCOs to augment 2nd Battalion instead of volunteers, the command is able to fully utilize their combat-proven leadership and occupational skills to train and lead the Marines of 2nd Battalion. This plan also allows the junior Marines (who may have volunteered) within Company L to progressively assume greater responsibility during peacetime training events, and thereby be better prepared to assume NCO billets during 3rd Battalion's next deployment. Consequently, the current plan optimizes the quality and quantity of NCO leadership provided to both 2nd Battalion and 3rd Battalion during combat operations in support of the War on Terror.

Mr. HOBSON. When you looked down, it didn't happen here, because you didn't have it in the one unit that is going. You had it in some people in another unit to fill it. And that is called cross-leveling, which everybody, especially the Marine Corps, has been totally taboo on. The Air Force doesn't do it because they can volunteer their people.

But anyway, it is just—this is a decorated group of people, they want to go, they are willing to go, but I don't think this is the right way to get them to go or to treat them to go, especially when they waited 3 years.

I know the Army has the donkey as their mascot. I don't know what the Marine Corps' is, but it has got to be about the same.

General BERGMAN. It is kind of a bulldog, a very friendly little one, unless you piss him off.

Mr. HOBSON. I have seen that one over there. But I will tell you I am just, as you can tell, frustrated.

Mr. MURTHA. Mr. Dicks.

STRATEGIC TO OPERATIONAL RESERVE

Mr. DICKS. Thank you Mr. Chairman. Gentlemen, the Commission on National Guard and Reserves believes that the dramatic change from a Strategic Reserve to an Operational Reserve without any study is a far-reaching decision and is a mistake, because it is not clear that the public or Congress stand behind this new concept. What do you think of this criticism?

Admiral COTTON. I will jump in first. I will tell you, I think the rules changed in 1989 when the Berlin Wall came down. We all got a wakeup call in 1991 with Desert Storm, and we did really well

there. Afterwards, we all expected a peace dividend. The work did not go away. So we flexed and some of our Reservists started getting more operational.

I was an F/A-18 team pilot, where we practiced for world war and we became trainers of Active component members before they deployed. So we have been doing a lot of operational support since 1991. The Air Force will tell you they have been at war since 1991 providing aircraft overseas, so we have been doing this. People have called it different things.

I think the Commission on the National Guard and Reserves did a great job of looking for 2 years at all the things we are going to be dealing with, both in the past and the future. Operational support, I think, is here to stay. And the best proof is the customer likes it, the combatant commanders and our Sailors—I will speak for them—they love it, rather than staying in a—

Mr. MURTHA. If the gentleman will yield?

Mr. DICKS. Yes, I yield.

Mr. MURTHA. I talked to the four generals before, and admiral before, and we talked about this. It is really a matter they just don't have enough troops. They can't deploy for any length of time without the Reserve in the first place, without the Guard in the second place. So we just don't have enough forces to sustain a deployment, one deployment, for any length of time. And that is basically the problem. That is the thing we face.

Mr. DICKS. Well, the issue, then, is if we have done this, if we have moved the Guard to an—I mean the Reserve to be in an operational setting, then do we have a Strategic Reserve? Should we be worried about that? Should Congress be worried that everybody now is training for counterinsurgency, I guess, in the Marine Corps and the Army? And so do we any longer have a Strategic Reserve?

General BRADLEY. Yes, sir I believe we do. I don't think we should be worried about it. We have highly trained Reservists who are not being used every day in an operational way, but we are available. I think this Operational Reserve is the right way to do it. But those that are not employed every day could still be considered a Strategic Reserve.

Mr. DICKS. Have you guys debated this within your services to say, now what do we do; what are we going to have for our Strategic Reserve and what are we going to have for our Operational Reserve? Or is this one of those things that just happened? Not really anybody making a decision, it just happened. And now we are kind of stuck with it, because we don't have enough—as the Chairman said, we don't have enough forces, obviously, to do the whole operational mission with the Active force.

General BRADLEY. Well, sir, I think the decision to do this pre-dates any of us being in our current positions. I cannot answer the question whether it was debated in the service before we did it, because it goes back so far before my time in this position. But I will tell you, I think it is the right thing to do.

I agree with Admiral Cotton. It helps our retention dramatically. Our people like being involved in the real-world things every day. It doesn't mean that 100 percent of our Reservists are involved in it every day. But the Active Air Force depends on the Air National Guard and the Air Force Reserve to do everything they do. We are

spread across every mission area, practically every one, every mission area. Our volunteerism rate is high.

I don't think there is enough money to put all of us on Active Duty so that you don't need the Guard and Reserve, and you just keep them as a Strategic Reserve. I don't think we can afford to do that anymore. I think it is an affordability issue. But it has paid off and is working well in my view, sir.

DWELL TIME

General STULTZ. Sir, I will just tell you from the Army Reserve's perspective, to answer your first question, I don't think it was a deliberate decision. I think what we did is we got into the war on terror, not really understanding that this was going to be an extended conflict. And that has led us into the process of saying we are going to have to depend on the Reserve for the enduring future if we are going to be engaged in a long war.

So based on that we better get into some kind of an operational format because the soldiers are going to demand, to sustain an all-volunteer Reserve component, what my soldiers tell me is I need some predictability in my life; I have got to be able to know when I am going to be able to have a civilian job and a civilian life, and I have got to be able to know when I am expected to be in the military.

So what we are doing in the Army Reserve is we are developing a 5-year model, and we are rating our forces across that 5 years, so that I can tell the Army and DoD each year, here is how much I can give you in terms of engineer capability or MP capability or transportation capability.

The good news, I will tell you, is in the current sourcing for fiscal year 2008, 94 percent of the units I am sending into the war are coming out of the right year group. So we are starting to build that predictability.

The challenge we have got is to your point; one, I can tell you how much I can give you, but the theater asks for more. So when I can say, here is what predictably I can give you in terms of engineer capability, but the theater comes back and says, but I need an extra engineer group in two more battalions, then I have got to pull somebody forward; which gets to the point of we are kind of breaking that dwell promise that we said we were going to give you years back.

Mr. DICKS. The 1 in 5.

General STULTZ. The 1 in 5; yes, sir.

Mr. DICKS. Now we are about 1 in 2 and 3.

General STULTZ. We are about 1 in 3 right now, because we have got to get the capability to sustain it. The other thing is for the strategic depth piece we have to look back and say, okay, if I have got units that are in this 5-year model, my Strategic Reserve is really probably in years 2 and 3 of this model. And if I don't have the equipment to train those units—that is, the right equipment that they need to deploy to war with—then that degrades my ability to have that Strategic Reserve out there. But that is what we are looking at, is the Strategic Reserve piece.

Mr. DICKS. And are testifying you don't have the equipment now?

General STULTZ. Not all the equipment we need. No, sir. I can tell you the units that deploy to theater are deployed with the best equipment.

Mr. DICKS. But you don't have the stuff to train the people that are supposed to be part of the Strategic Reserve.

General STULTZ. Yes, sir, that is what I am telling you. We don't. And a lot of times what we are using is what we call "in lieu of" equipment, which is equipment that we could use back home, like an M35 deuce-and-a-half. But that is not what you are going to operate when you get to theater. You are going to operate a light medium tactical vehicle truck. That is what they need to have back here to train on. If we are taking our engineers into theater to do route clearance and we are using the Huskies and the Buffalos and the RG-31s and the Cougars, that is what they need back here to train on, because that is what they are going to be expected to operate in the theater.

So right now the equipping side of the Army Reserve is my concern for the Strategic Reserve piece of it; that I look back into those earlier years.

Mr. DICKS. General Bergman, do you have a comment on this?

General BERGMAN. Sir, I would suggest to you that the Operational Reserve has evolved as a subset of the Global War on Terror. And we are looking now as to how do we sustain our forward presence capability. And because the Guard and Reserve forces have continued to step up to the plate to the tune of millions of man days, it has been able to sustain us. So this is a byproduct. And the future—and also meeting the future expectations of the future Soldiers, Sailors, Airmen, Marines and Coast Guardsmen who look to join a Service and say, how long do I want to spend on Active Duty; how do I want to dovetail that with my civilian career?

The continuum of service will be the next step in the evolution of the Operational Reserve.

Mr. DICKS. Thank you Mr. Chairman.

Mr. MURTHA. Well, I will tell you, it is somewhere in between what you are saying. If we have a major confrontation, there is no Strategic Reserve. It is just like every war that has come about; we have to fall back, unfortunately, until we build up to the point where—what I am trying to do, what this subcommittee is trying to do, is look to the future, look beyond Iraq, make sure you have the equipment, make sure you have what you need so that somebody doesn't have a misconception that we are not prepared. That is the thing that worries me.

So that is why we are looking at more ships, we are looking at more—for instance, we have a list for the subcommittee to know of things that they are short, and it is substantial. And we are going to try to fulfill that list with these two supplementals that are coming up, because we know damn well you don't have the equipment to train on, we know damn well you don't have the equipment to deploy with if you had to deploy. So we are going to try to come up with the money to take care of that. Plus the infrastructure money that we have committed to the Military Construction Subcommittee.

Mr. Young.

PERSONNEL RETENTION/EQUIPMENT NEEDS

Mr. YOUNG. Mr. Chairman, thank you very much. And I just want to say thank you for the men and women that you lead in your Reserve units. Without them and without your organizations we couldn't get there, where we have to be, and so we appreciate very much that.

And Chairman Murtha just cited something that we have both been concerned about for a long time, and that is being prepared for any other contingency other than what we are involved in today. And he specifically mentioned equipment, which is, of course, important. But what about the personnel? Are your tables of organization, are you at full strength, not at full strength?

And, secondly, what is your recruiting situation? Are you able to get recruits to fill in the attrition or to maintain what your end strength needs to be?

Mr. HOBSON. And retention, if I might add.

Admiral COTTON. I will jump in first. The Navy Reserve is over strength by almost 3,000. We are in a very enviable position right now, as we look toward the end of the fiscal year, to pick and choose the ones we want to keep and transfer the others to the IRR.

Recruiting has improved greatly because we have combined recruiting. The best recruiters now are the commanding officers on Active Duty and the senior enlisted advisors that encourage people to serve in a continuum of service, Sailors for life. So we are getting much more transfers from the Fleet to our centers.

With that said, I will tell you I think all of us have a shortage of junior- to mid-grade officers and also senior enlisted, perhaps past the 20-year point, the experienced people that stay. So the incentives, the bonuses, the things that we ask for to target those kind of skill sets capabilities that we need at those officer and enlisted year groups, that has really been beneficial to us. So thank you.

General STULTZ. From the Army Reserve's perspective, sir, I will tell you this. Currently we are at 193,500 and we are authorized 205K, so we are 11,000-some below end strength of where we need to be. That is not all a bad-news story. We took our end strength down to almost 185K in the past couple of years because we had a lot of trash we needed to clean out of the system. If we are going to be an operational force and if we are going to ask soldiers to go and step forward and risk their lives, then we have got people who aren't willing to serve we have to get rid of. Every day, almost, I sign papers discharging officers, lieutenants and captains who just refuse to participate. And I have told the other officers in my corps, you know, I owe it to them not to let those soldiers leave without something on their record. So we are sending them home with a less than honorable discharge. So we are cleaning up the force.

So we went down to about 185K. Today we are 193,500. We have come up 5,000 in the last 12 months. So we are bringing into the force the right quality that we need. And we are turning upward to get to the 205K by fiscal year 2010.

The other thing that is a good-news story is last year we reenlisted 119 percent of our goal. In quantitative, we reenlisted three

times more soldiers than we did the year before that were first-term soldiers.

In January I went to Iraq, and in the palace with General Petraeus, we reenlisted 100 Army Reserve soldiers to celebrate our 100th anniversary year of 2008, all in one ceremony. So the good news is those young soldiers that we brought in after 9/11 knew what they were getting into and they are sticking with us because they trust us that we are going to give them some predictability, that we are going to give them the right incentives and compensation and we are going to take care of their family. So I see a real positive trend. But we have got to maintain that support in terms of the incentives and the compensation and everything that they deserve if we are going to maintain this all-volunteer Reserve force.

General BERGMAN. 39,600 is the authorized end strength of the Marine Corps Reserve. We are at about 38,300 right now, a little bit lower than authorized end strength. That really doesn't tell the whole story. The Marine Corps, the Active component Marine Corps, is growing to 202,000. Some of those prior-service Marines who would normally join the Reserves are staying on Active Duty because it is the right thing to do and we need them. We exist for one reason and one reason only in the Marine Corps Reserve, and that is to augment and reinforce the Active component. So we have a short-term challenge with some of those young sergeants and corporals who won't be available to us because they will still be on Active Duty.

We have always had a challenge with company-grade officers in the Reserves, because in the Marine Corps all of us serve our company-grade time, that lieutenant time, on Active Duty in our initial commitment, because that leadership in the Marine Corps Reserve has that Active component background.

We have instituted some new programs that will mitigate the company-grade officer shortfall somewhat. We still have room to grow there. But the young 18- to 22-year-old who is the non-prior-service Marine, those numbers are still strong. Challenging, you have to work to have them join, but the bottom line is they are still coming in the door so we are in good shape.

Mr. HOBSON. What is your retention?

General BERGMAN. About 82 percent.

General BRADLEY. Mr. Young, the Air Force Reserve is doing fairly well, I would say. I am very happy with our recruiting. We have for the seventh year in a row recruited more than 100 percent of our goal. Not as hard to recruit for the Air Force Reserve as it is maybe for some other Services or components. So I am very pleased with our recruiting.

What I will tell you, though, it is a less experienced force than we have had in the past because we have to recruit more non-prior-service people, people who have not been in the military, than we used to, because the Air Force is a lot smaller and fewer people are getting out and transferring into the Reserve or the Guard than used to because of just a smaller force overall in the Active component. Our retention is okay, but some people are leaving sooner than they have to, even retiring, because they are eligible.

And the demands have been pretty tough. We have asked a lot of people to deploy a number of times. I have many units who have

deployed four or five times in the last six years. My deployments are not as long as the Marines or the Army, so truth in advertising there.

But we have had a fabulous rate of volunteerism with a predictive model the Air Force has, our Air Expeditionary Forces. So our folks know when they are going to go, when they are going to come back and when their next time is. And we have had no shortage of volunteers. We would rather use volunteers than mobilize people. We have done a fair amount of mobilization and that has worked okay, but I would rather use volunteers.

So our retention is okay, but there are some people in the 15-year point to 20-year point who sometimes also decide to leave. And that is really tough because we hate to lose those middle-manager kind of people. So retention is all right, but not quite as good as I would like it to be.

Mr. YOUNG. You know, in view of the many deployments and the length of some of those deployments, this is a pretty good news story. And I think it says something very special about the young men and women that serve in our uniform. And that just makes me feel really proud, even more proud than I was when I walked in this room this afternoon.

General BRADLEY. Sir, if I can make another comment along that line. I really believe it is true. I get out to my units a lot and I talk to people at all levels. I go to the AOR. I have been to Iraq and Afghanistan several times, and I talk to people. And as I said in my answer to Mr. Dicks, our folks I believe really want to be involved in our Nation's important business. So it is more stress on the force, but they would rather do that than just sit at home and train all the time for it to be a Strategic Reserve. They like being operational. And I think our retention is good.

And I will tell you, I have been in this Air Force Reserve for 35 years and I think our morale is much better today than it was 15, 20, 25 years ago.

Mr. YOUNG. Well, with all the technology that we talk about and the equipment and the things that we are going to buy for you and replace that you have worn out, the most important part of this whole equation are the men and women that operate them and make them function. So that is also a sign of good leadership at the top.

Thank you all very much for what you do and the folks that work with you.

Mr. DICKS. Would the gentleman yield for one question? How long are your troops sent out there for?

LENGTH OF DEPLOYMENT

General BRADLEY. Varied lengths, sir. I have some people who are mobilized for a year and deployed. I have some that are mobilized for six months and deployed. Most of our deployments are 120 days, similar to the Air Force model for active duty rotations. However, some key positions stay longer. But the average Active Duty person goes for 120 days. And my people do that as well. But we do have the capability sometimes to rotate people at 45, 50, 60-day tours inside those 120.

So the Air Force gives us some flexibility, and that allows more of my people to volunteer, relieving stress on the Active force, so that they don't have to deploy too often. So it is a good thing, because we get to deploy and do that, but it is a shorter tour sometimes.

Mr. MURTHA. Ms. Kaptur.

RECRUITING/RETENTION BONUSES

Ms. KAPTUR. Thank you, Mr. Chairman. And Admiral and Generals, welcome. It is really good to have you here today. Thank you for your service.

I just wanted to ask in terms of retention and recruitment, are the bonuses being paid by the Reserves per individual at the same level as in the Active Duty.

General STULTZ. No ma'am. Our average—I think the average reenlistment bonus for the Army Reserve is somewhere between—we can pay \$20,000 to \$30,000, somewhere in that range. It depends on some of the specialties. And what you will find in the Active forces, theirs are much larger. That seems to be—you know, it gets to the point—I keep saying I would prefer we manage one end strength in the Army. Right now we manage three end strengths. We manage an Active Army, an Army Reserve and an Army Guard, and in a lot of cases we are competing with each other.

And I will give you a good example. If you are in an Active Army and I am Reserve, and you have 100 people and I have 100 people, if 10 of my people leave Reserve duty and go to Active Duty the system shows 10 gains. If 10 of your people leave Active Duty and come to the Reserve, we show 10 gains. So now we show 20 gains in the system but we still only have 200 people. We need to get to the point of managing one end strength so that we can flow between components freely and we can pay bonuses and incentives equally for service, not service on Active Duty versus service in the Reserve or service in the Guard.

Mr. MURTHA. Will the gentlewoman yield? I will tell you, the bonuses went from \$187 million to \$1 billion. We talk about how good the troops are, but these bonuses, this is real money. My God, I mean, I hope there is some consideration for—we are borrowing all this money from somebody in order to pay these bonuses. Can we not do this without bonuses and reenlistment and so forth incentive? Can we do this without it? Does the volunteer Army have to have the bonuses?

General STULTZ. Sir, I think the answer there is, from my perspective, it is almost like a value equation; here is what we ask and here is what you get in return. And it used to be we asked 1 week in a month, 2 weeks in the summer, and here is what you get. Now we are asking—every 4 or 5 years we ask you to leave your family, your life, your job, and you risk your life.

Now, to your point. I think in the future we need to look at not just throwing money, we need to look at things and say how do we sustain a person's lifestyle. Maybe health insurance in lieu of an enlistment bonus is a good thing. Maybe prepaid tuition for your kids instead of an enlistment bonus, so we are taking care of your

family and not just spending money, throwing money idly out there.

Ms. KAPTUR. What if we had no bonuses, what would happen?

Admiral COTTON. I want to say first of all in the Navy we manage one end strength, and we use the bonuses to target behavior of skill sets and capabilities we need to sustain the force and especially deploy with in the Global War on Terror. So you are looking at some pretty varsity skill sets—civil affairs, provisional reconstruction teams, doctors, dentists, nurses; you know, people who deploy and build things—to sustain. And this behavior we have of the repeated deployments, this is where the bonuses come in. If we had none of them you would still have a force, but I don't think you would have the numbers that we have now. It has grown to be an expectation. And I will also admit that you see some behaviors of our youngsters today that will shop their skill sets between the Services, who will wait a certain time to be out to get back in, because they know we all need these skill sets. But I also look at our young Sailors, Soldiers and our Marines, too. They all want a little time off, go into something else, come back to us; so we see all new behavior of the people that we are all recruiting from.

General BRADLEY. Ma'am, it might be that is kind of a cost, the portion of the bonus the Chairman is talking about which goes to Guardsmen and Reservists. It might be the cost of the Operational Reserve versus a Strategic Reserve, which is probably a heck of a lot cheaper than paying to have all of that from the Active component because that is more expensive.

Ms. KAPTUR. Well, in view of what you said and the Chairman has said, what has troubled me about this war from the beginning is that only some people fight and only some people sacrifice, only some families sacrifice and some sacrifice a whole lot.

And if one looks at a bonus versus a patriotic sense of duty, I really am troubled by the apparently larger and larger amounts we are having to extend for bonuses as a society, as opposed to asking all families to sacrifice. I am troubled by the trend.

But I would appreciate if you would place on the record the comparison between your bonuses versus Active Duty and the amounts of funds that have been expended to date, if you could, in each of your branches, and the increasing rate that we are paying for bonuses.

[The information follows:]

The Active Duty and Air Force Reserve provide similar bonuses to Airmen to help meet recruiting and retention goals. Below is a breakout of the funds spent or budgeted for the different types of bonuses.

[Dollars in millions]

Bonus type	Active				Air Force Reserve			
	FY07	FY08	FY09	FY08 YTD *	FY07	FY08	FY09	FY08 YTD *
Non-Prior Enlistment	5.9	13.0	13.0	1.0	12.4	14.4	15.3	6.0
Prior Enlistment	0	0	0	0	5.7	8.5	10.4	2.1
Reenlistment	146.0	131.0	179.0	64.0	8.4	10.5	12.8	2.0
Health Specialist	12.5	11.5	52.3	34.0	3.1	7.2	9.8	0.1
Affiliation	0	0	0	0	0.07	0.3	0.2	0
Educational Loan Repayment	126.0	14.0	71.0	1.0	1.4	1.4	1.7	0.3
Foreign Language Proficiency	20.5	0	21.8	10.0	0.5	0.5	0.5	0.1

(Dollars in millions)

Bonus type	Active				Air Force Reserve			
	FY07	FY08	FY09	FY08 YTD *	FY07	FY08	FY09	FY08 YTD *
Aviator Continuation Pay	153.1	149.7	127.3	59.7	4.6	4.4	2.9	1.9
Totals	310.9	169.5	337.1	169.7	31.6	42.8	50.7	12.5

Dollars may not add due to rounding.

* As of end of March 2008.

For clarification, the term “bonuses” will include Incentive Pays, Special Pays and Allowances, Stipends, Enlistment/Reenlistment Bonuses, and various other bonus-type payments.

USN Active Duty Bonuses	USN Selected Reserve Bonuses
Incentives Pay (Examples: Submarine Duty, Flying Duty, Parachute Jumping Duty, Incentive Bonus for Conversion, etc.).	Enlistment Bonus (New accession Training—NAT)
Special Pays (Examples: Physician Pay, Hardship Duty, Linguist Pay, Combat Injury Pay, etc.).	Affiliation Bonus (Prior Service Veterans)
Special Duty Assignment Pay	Education Pays
Enlistment/Reenlistment Bonuses	Critical Wartime Specialty Pays (Examples: Health Professional Special Pays, Medical Stipend, etc.)
Education Pays	Rating change to critical skill-set (RESCORE-R)
Loan Repayment Program	High Priority Unit Pay
	Second BAH Allowance (without dependents)
	Income Replacement (for extended or frequent involuntary mobilizations)
	Loan Repayment Program

The amounts of funds that have been expended to date on bonuses and the increasing rate that have been paid for bonuses are summarized as follows:

	FY04	Increase from 04–05	FY05	Increase from 05–06	FY06	Increase from 06–07	FY07	2008 (to date)
Active Duty	\$1,392M	4.02%	\$1,448M	4.12%	\$1,508M	7.22%	\$1,617M	\$500M
Drilling Reservist	\$7.7M	58.5%	\$12.2M	339.3%	\$53.7M	31.9%	\$70.8M	\$15.2M

SMCR (Selected Marine Corps Reserves) Enlistment Bonus

—\$20,000 lump sum payment for a 6X2 contract (6 years of drilling time followed by 2 years of Inactive Ready Reserve (IRR) time)

—Only certain critical skills qualify

—USMC has issued enlistment bonus agreements totaling \$4.82 million in FY08 (to be paid in full once reserve members complete all required training)

*** Active Component (AC) Enlistment Bonus**

—\$10,000 for a 4X4 contract (4 years of active duty followed by 4 years of IRR)

—\$15,000 for a 5X3 or 6X2 contract

—Only certain critical skills qualify

—Expended to date: \$27 million

SMCR Reenlistment Bonus

—\$15,000 lump sum payment for a 3-year reenlistment

—Only certain critical skills qualify

—USMC has issued reenlistment bonus agreements totaling \$1.6 million in FY08 (to be paid in full once reserve members complete all required training)

*** AC Selective Reenlistment Bonus**

—Max \$80,000; average is \$30,000 for a 4-year reenlistment

—Only certain critical skills qualify

—Expended to date: \$224 million

SMCR Enlisted Affiliation Bonus

—\$15,000 lump sum payment for a 3-year SMCR unit affiliation

—Only certain critical skills qualify

—USMC has issued enlisted affiliation bonus agreements totaling \$2 million in FY08 (to be paid in full once reserve members complete all required training)

SMCR Officer Affiliation Bonus (Total obligated for FY08 is \$320,000)

—\$10,000 lump sum payment for a 3-year SMCR unit affiliation

—Offered to company grade officers and aviation majors

—USMC has issued officer affiliation bonus agreements totaling \$320,000 in FY08 (to be paid in full once reserve members complete all required training)

*There is no comparable AC bonus to this bonus.

Based on available data, for the past 3 years, Active Duty, Military Personnel Army (MPA) funds accounted for the following overall Recruiting & Retention bonus payments: \$671,478,000 (FY05); \$1,090,077,000 (FY06); \$1,038,764,000 (FY07); and \$1,011,962,980 (as of March 31, 2008).

Further, Army Reserve, Reserve Personnel Army (RPA) funds accounted for the following overall Recruiting & Retention bonus payments: \$180,979,000 (FY05); \$330,711,000 (FY06); \$314,742,000 (FY07); and \$271,027,532 (as of March 31, 2008).

The accompanying chart depicts fiscal year 2007 side-by-side Active Duty and United States Army Reserve incentive comparisons.

POST TRAUMATIC STRESS DISORDER

I also wanted to make a comment. Earlier today we had an excellent hearing on health care. And I would say in the Reserve and Guard forces, which I tend to represent more of than the Active Duty forces, like some of my dear colleagues—like Sanford Bishop here—my impression is that the assistance rendered to returning veterans, Iraqi veterans, Afghani veterans, health care simply just isn't as good, because of the way that the units are deployed, and also the fear of people in the ranks that if they report a condition such as PTSD, that they will lose their promotion. I just want to sensitize you to that.

I asked this morning for the doctors to report back on one Army unit in my area, the 983rd Engineering Battalion, which has had several combat deployments. And I know there is PTSD in the ranks. The unit is from Ohio, the members are from everywhere, the commanding officer is over in Chicago, the Ohio system isn't terribly organized to receive them back.

We simply have to have a more thoughtful manner in which to take care of those who are coming back. And I would posit the theory that in the Guard and Reserve, more will come back with PTSD perhaps than in Active Duty ranks. And readjustment will be more difficult because they don't come home to a base. And I would like to use the 983rd as an example of how it is currently working versus how it could work.

How could we make treatment available, how could we make assessment available when they come back? That microcosm will help me understand whether the policies we have set in place at the national level are really working to take care of our returning Guardsmen and Reservists who have been in combat. Are you capable of doing that, general?

General STULTZ. You are striking to the heart of one of my concerns, and that is the overall wellness of our force in the Army Reserve. And I have said this for some time. We have to figure this out. We have got to figure out how to provide continuity of health care for an operational force both on the front end, to make sure they are healthy and ready before they deploy—because we can't afford time at the end to try to get their teeth ready or whatever—we have got to have some confidence in our system to say we know our forces are ready in terms of their health and their dental health before they are deployed, but on the back end especially.

When I came out of Iraq after 2 years in 2004, before you left country they give you a screening. And they say, tell us if anything

is wrong so we can keep you here. Well, you are not going to tell them anything is wrong. Then when you get back to the mobilization station where you left from, they tell you the same thing: We are going to put you through a screening, but tell us if anything is wrong so we can keep you here. You are focused on going home. I want to get home with my family.

We need a system in place that says, listen, the primary objective when a soldier comes out of theater is to get him back, reintegrated with his family. Then let us start taking care of him. Let us don't demobilize him and say, okay, now you are on your own. We have to have a system of health care that says, okay, when you come home, the first month you are home we are going to do some screenings and look at your health care, the second month we are going to start looking at your mental situation; the third month we are going to look at your family situation. We are going to reintegrate you over a period of 6 months and we are going to have that system in place.

That is what we have got to have, because a lot of these symptoms, like PTSD or traumatic brain injury, do not manifest themselves. Soldiers don't know they have a problem. And we have got to have a way of identifying when a soldier needs help. And we have got to take that stigma away that says if you ask for help there is something wrong. We have got to have a system in place that says everybody goes through this.

Ms. KAPTUR. And, sir, even when they can identify, what happens then is unfortunate oftentimes at the unit level, and the systems do not work for them, and they are lost. It is not like they return to Fort Hood or Fort Benning or wherever. They are out there somewhere across Ohio or Michigan or Indiana, the ones that are in our region of country.

I would invite you to come and visit the 983rd with me. They are a wonderful combat engineer unit. They deserve better health care.

I will also tell you—Mr. Chairman, I know I am over time—I will say this morning when we had the doctors before us, I said the DoD is so big that one smokestack doesn't know what another smokestack is doing. And we in Ohio try to prepare early for the return of our Guard and Reserve through General Wayt at the State level—who is a saint—and our local units and our doctors at Case Western Reserve University.

The docs at Case, who aren't DoD doctors, they are private doctors, the best psychiatrists we have in the entire Midwest, I would have to say; the worst experience they ever had in their career was trying to work with DoD so we could be ready early, okay? We could not connect to DoD. And I would love for you to talk with Dr. Calabrese from Case Western Reserve University in Cleveland and figure out why can't we get this done. For me to go out to these units and to see these sick people—and we tried to prevent what is happening and we were not successful. I did everything I could in my job to provide the money, to fight certain forces inside this place that don't recognize this set of illnesses. And then to have these illnesses happening right before my eyes, and I can't help these soldiers, is a horrible thing to experience.

So I would invite you. This is a wonderful unit, and I don't want to blame any commanding officer or anybody, but I want to help these soldiers.

Thank you. Thanks, Mr. Chairman.

Mr. MURTHA. The time of the gentlewoman has expired.

I just visited Fort Hood, and I want to tell you the Regulars have it down to where they are screening, they are counseling. But it is a problem with the Reserve and Guard, there is no question about it. I mean this is a real problem for us because these folks are no longer from the same town, they are from all over the country. And it really is a dilemma.

And I would be very interested if your folks could come over and talk to the staff and tell them exactly what you have, what plans you have in order to try to solve this problem. Because I have got a young fellow that is working for us that has taken him over a year, and he is getting counseling and everything else, but it has still taken him a year to adjust back to normal life. It was Reserve, 15 months in Iraq and Kuwait. So it is a hell of a problem.

I talked to a woman just the other day. She said one of her sons was killed in Iraq and one of her sons committed suicide who was in the Army. And her husband is an officer in the Army. So, you know, we face this kind of stuff. He is in the Regular Army. But I think we still have a long ways to go, even in Regulars, but especially Reserve and Guard.

General STULTZ. Yes, sir. The policy that was put out last January for the involuntary recall of the Reserve and Guard put in place a policy that said when a unit returns they do not come back together, are not required to drill or anything for the first 90 days.

I have sent a letter to General Casey asking him to reverse that policy. We asked for relief of that, because to that exact point, the worst thing we can do is bring soldiers home from war and say we don't want to see you for 90 days. We need those soldiers back in their formations immediately so we can look at them and take care of them.

Mr. MURTHA. The gentleman from New Jersey.

PAY AND BENEFITS

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman. When you are at the end of the food chain of questions, you can just do your level best to try to ask something that has not been asked before. But like my colleagues, I thank each of you for your leadership and the men and women you represent.

I sort of want to get into the issue of pay and benefits. We have sort of touched that issue and if there is, in your view, some inequity. Obviously we are proud of everybody who fights and who wears the uniform. And I always preface all of my public appearances by thanking those in the Regular military and Guard and Reserve. And I talk a lot about the inseparability, everybody working very closely together.

But there are some pretty basic inequities. There are no pay inequities, as I understand it, on the war front, is that right, in terms of pay? But in terms of benefits, Guard and Reserve are not in the same category.

And you, General Stultz, you talked about things that we might do to enhance benefits for our citizen soldiers. Could each of you perhaps add on to that aspect? I mean, this gets—you know, historically there had been sort of a separation between the Regular and the Guard and Reserve. And I would like to believe that that inseparability has been erased. I know the Air Force historically was ahead of the curve. But I would sort of like to know on the benefit side what we might be doing.

General BRADLEY. Well, sir, I have one thought that—I do not know how my fellow colleagues feel about it, but on which that I am very grateful has changed. It is something our people have been asking for quite some time relative to retirement.

As you know, Reservists and Guardsmen who serve the proper number of years in a good status receive their retired pay at age 60. This past year, the Congress passed legislation that would allow some who have been mobilized or served on active duty for long periods of time to get credit for that and get their retirement pay earlier, based on the number of months they were mobilized or on active duty.

And I am very grateful for that provision. It is a wonderful change, and I think our folks are very happy about it. However, they said the clock starts when the President signs the National Defense Authorization Act. And so all of the things that our folks have done for the last 6½ years in combat, in great tragedies, that time does not count.

I wish that provision had not been written quite that way.

Now, I hate to look a gift horse in the mouth, but our folks have worked hard. And you all have held them in high honor, as do we; and I wish that we could count those months and years of mobilizations, many people who have deployed—from the Army particularly and Marines, multiple tours—and the other Services as well, the Navy and the Air Force, that time since September 11, 2001, does not count.

Mr. FRELINGHUYSEN. We hear about it. People, you know, suck it up, but in reality it is one of those things that does affect morale. And I assume, even though there are some fairly rosy and recruitment and retention figures, these are things that worry you as military leaders.

General BRADLEY. Yes, sir. I have had many, I have had thousands in the Air Force Reserve who have been mobilized for two years. And it is a wonderful service; they are proud of their service, and I appreciate what they have done. I wish they could get credit for that on their retirement.

Mr. FRELINGHUYSEN. General Bergman or Admiral Cotton?

General BERGMAN. Sir, I would suggest to you that as we design benefit packages, if we are designing again for that young man and woman who is very early in the stages of their career, those of us who have been around a while, we are pretty much—

Mr. FRELINGHUYSEN. But just for the record, many of those who serve in the Guard and Reserve are not all spring chickens here. I mean, they are adults. They are leaving their civilian jobs. They are highly motivated and trained.

General BERGMAN. Absolutely. I guess my point was if you design the package so that that individual, as they weigh the value

of their service and the time it is going to take away from their civilian employment and what it means to their family's life plan, and all of those metrics that they would apply as individuals—if it is affordable to us as a Nation and it is exciting to them as individuals—we will get to where we are going.

There is probably not one size fits all. But the expectations of some of the folks who have seen their—in their civilian jobs, their pensions disappear, the different kinds of things; the one thing you cannot do in life is turn the clock back. So we have to be very proactive and visionary in how we provide benefits packages for the not-so-spring chickens, as we said, the youngsters who contemplate military service part-time, full-time, and balancing that with a career.

I guess it is not a one-size-fits-all, but I think there is an answer in the middle ground that we can afford as a Nation and the young people and not-so-young people will take advantage of.

Mr. FRELINGHUYSEN. We are taking advantage of a mature population. That is what I see.

Admiral?

Admiral COTTON. The new folks that we have in the force are incredible, these millenials. The old folks are great. They are stepping up, doing everything. The one thing I see that is constant amongst all of them, their pay and benefits, their bonuses, their medical care, all the things this Committee has helped out on is great.

Next is education. So there are, in our Services, differences in tuition assistance for courses, online courses. Each Service is a little bit different, and there is a disparity between AC and RC expectation.

And probably the thing we have talked about in the last couple of years—I have not seen action on it yet—is the transportability of the Montgomery GI bill. So, in other words, it is a benefit I have earned, but I am at a station in life where I maybe do not need it, but I can't afford sending my child. Could I not use my benefit for a family member?

I think that would be a huge retention tool, particularly for the midgrade at the 20-year point where I can jump off and get benefits, but if I am a reservist for another 4 or 5 years, I can use that benefit for one of my children or multiple children.

I think that might be something we should look at for the future.

Mr. FRELINGHUYSEN. Excellent.

General Stultz, any additional comments? I know you volunteered some information earlier.

General STULTZ. Yes, sir.

What I propose is, we look at what corporate America does. What corporate America and a lot of corporations offer is a portfolio approach where you say, look at where you are in your life and here is how much we are willing to invest. Now let's look at how you want to spend that.

And it might be to John's point. Maybe instead of an enlistment bonus or maybe, for staying a few more years, it's going to pay for my children's education, so I can go home and tell the family, I am staying in and the kids' education is paid for.

Mr. FRELINGHUYSEN. Or the spouse.

General STULTZ. Or the spouse. Or maybe it is some other type of benefit that I need out there in terms of special orthodontics for the kids, or eyeglasses, or whatever; but a portfolio approach that says, hey, the service I am providing to my country is taking care of my family or providing me a better lifestyle, rather than just throwing money out there at it each time.

See, I have said for some time I would look at a system that says maybe you lower the retirement age that you can withdraw retirement based on years you stay past 20. And for every year you stay past 20 maybe that retirement is 6 months earlier. And if you stay 22 years you could draw your retirement at 59. If you stayed for 30, you could draw it at 55. Then you do not pay incentives or reenlistment bonuses or whatever for that time. The reward comes at the other end, staying for longer service to your country.

I think we have got to look outside the box, that we traditionally have said, money is the answer.

Mr. FRELINGHUYSEN. The chairman has admonished, when we talk about bonuses, you are talking about real money; and I am not suggesting there would not be real money associated with some of your proposals. But I know some committees are looking at it, and I think it is sort of important to have it on the table. I thank you for your response.

Thank you, Mr. Chairman.

Mr. MURTHA. I am interested in what you said. And we are going to release this panel and go to the next panel in a minute. Mr. Visclosky will be the first to question.

But you may remember a few years ago Congress changed the pension plan for the military from 50 percent to 40 percent. You may not be old enough to remember that. But I went out into the field and I saw a fellow sitting here with 40 percent pension and a 50 percent pension. And I came back and told the Defense Department we could not live with that.

Well, John Hamre said, You know what? That would cost \$15 billion. I said, It may cost 15 billion, but we have to do it. President Clinton agreed with us. Hugh Shelton stepped up and said, We have to change it. And we changed it.

I am gratified to hear you say, that is an important part of retaining people because it just was not fair to have half the people, just because they enlisted at a later period of time, getting 40 percent pension rather than 50 percent pension.

Now, we appreciate your testimony, we appreciate your dedication.

Ms. KAPTUR. Mr. Chairman?

Mr. MURTHA. Yes, ma'am.

Ms. KAPTUR. I am sorry, Mr. Chairman, but could I just ask General Bergman one question for the record quickly?

In his testimony on page 4 he says, Marine Force Reserves have provided civil affairs capabilities since the start of the Operation Iraqi Freedom. My question is, of the Marine Reserve forces inside of Iraq, what percent are being used as a strike force and what percent are being used for some other purpose?

I do not know if you know that right now, but I would be interested in knowing.

Mr. MURTHA. If you would answer that for the record.

General BERGMAN. I will take that for the record.

Mr. MURTHA. Thank you very much, gentlemen. I appreciate it.
[The information follows:]

The figures for the latest SMCR rotation in Iraq are:

Number of "Strike Force" Marines	2,161
Total number of SMCR:	2,910
Percentage of "Strike Force" Marines	74%

PANEL II

WITNESSES FOR THE NATIONAL GUARD

LIEUTENANT GENERAL H. STEVEN BLUM, CHIEF, NATIONAL GUARD
BUREAU

LIEUTENANT GENERAL CLYDE VAUGHN, DIRECTOR OF THE ARMY NA-
TIONAL GUARD

LIEUTENANT GENERAL CRAIG McKINLEY, DIRECTOR OF THE AIR NA-
TIONAL GUARD

INTRODUCTION

Mr. MURTHA. I want to welcome this distinguished panel before this Committee. I know you have been coached and they have been telling you to refrain from any outbursts, refrain from any telling us anything that may go on here that is out of the ordinary, that you have got plenty of money in your budget and there are no problems.

I know that is what you have been urged to do. And they probably have spies in this room—

Mr. HOBSON. I am shocked, shocked.

Mr. MURTHA [continuing]. As to what you might say. But it has never inhibited you in the past, and we hope that you will have the same kind of frankness with us that you have had in the past, because your National Guard has been better because of the testimony of this distinguished panel.

So, with that, I will ask Mr. Hobson if he has any opening remarks.

Mr. HOBSON. Not opening remarks, but I have some questions.

Mr. MURTHA. Well, we will ask Mr. Visclosky.

Mr. Visclosky has no questions. Mr. Hobson.

Wait a minute, have you got any testimony? You want to say anything?

Mr. DICKS. You are ahead right now, guys. This is when they are going to tell us the truth, Mr. Chairman.

General BLUM. We will tell you the truth. I do not care who is in the room; we will tell you the truth.

Mr. MURTHA. We will put your comments in the record. But give us a short summary.

General BLUM. I would like to put our long comments in the record, but this Committee is due at least a short word of thanks for what you have done over the years to make sure that what those magnificent citizen soldiers and airmen are doing every day is possible.

You and I had a conversation before the hearing, but it is worth sharing with the other members that we feel—and the enlisted behind us, our senior enlisted advisors—feel if it were not for the ac-

tions of the Congress and this Committee in particular we would not have the tools, the equipment, the training or the manning to do what our Nation needs us to do overseas and what our governors expect us to do, with no notice tonight. So thanks.

I think I might actually make that my opening statement, and we will go right to questions.

[The joint statement of General Blum, General Vaughn and General McKinley follows:]

UNCLASSIFIED

STATEMENT BY

**LIEUTENANT GENERAL H STEVEN BLUM
CHIEF, NATIONAL GUARD BUREAU**

**LIEUTENANT GENERAL CLYDE VAUGHN
DIRECTOR OF THE ARMY NATIONAL GUARD**

**LIEUTENANT GENERAL CRAIG McKINLEY
DIRECTOR OF THE AIR NATIONAL GUARD**

BEFORE THE

**HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE**

SECOND SESSION, 110TH CONGRESS

ON

NATIONAL GUARD AND RESERVE READINESS

JANUARY 28, 2008

NOT FOR PUBLIC DISSEMINATION
UNTIL RELEASED BY
THE COMMITTEE ON APPROPRIATIONS

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OVERVIEW

Mr. Chairman and members of the Committee, we appreciate the opportunity to appear before you today to address readiness of the National Guard at the level of detail possible in an open, unclassified format. Of course, we stand ready to provide more detailed data to you and your staff in a classified fashion.

As, you know, the Army and Air National Guard are reserve components of the Army and the Air Force. As such, our purpose is to provide trained units and qualified Soldiers and Airmen available for active duty whenever more forces are needed than are in the active component.

The National Guard Bureau is the channel of communications on all matters pertaining to the National Guard between the States and the Departments of the Army and the Air Force. In this capacity, we provide resources and policy guidance to the States to allow them to man, train and equip units for this purpose.

In meeting Service requirements for forces to accomplish combat missions, the National Guard continues to cross-level personnel and equipment into units about to be mobilized so that once the unit is actually ordered to active duty it is at a high state of readiness with the personnel, equipment and training required for the mission. With the resources our units receive prior to mobilization along with those which they may receive after mobilization but prior to employment in combat, our deployed National Guard units are fully ready to take on the combat missions to which they are assigned.

Our non-mobilized Army and Air National Guard units here at home, however, face significant challenges to maintaining readiness. The factors and details underlying the readiness situation differ between the Army National Guard and the Air National Guard.

ARMY NATIONAL GUARD READINESS

As the nation has continued the Global War on Terrorism (GWOT), the Army increased its reliance on the Army National Guard (ARNG). During 2008, the ARNG continues to manage its overall readiness by prioritizing resources in support of the National Military Strategy. The missions performed by active Army units and ARNG units in Afghanistan and Iraq, as well as peace keeping missions in Sinai and Kosovo are predominately specific, directed missions, not necessarily identical to those planned in the unit design or core missions. In today's strategic situation, this is what America needs the Army National Guard to do. As a result, going into the seventh year of the Global War on Terrorism, the Army National Guard must and will continue to provide forces to accomplish these specific, directed missions of Combatant Commanders.

Despite declines in the areas of trained personnel and equipment as required for core missions due to increased mobilizations, deployments, and limited funding, the ARNG successfully met all mission requirements and continued to support the Global War on Terrorism (GWOT). Since September 11, 2001, the Army National Guard has deployed over 303,890 of its personnel. Over 280,500 personnel have been directly involved in support of the Global War on Terrorism.

Army National Guard Equipment

The availability of equipment for the ARNG is a major readiness focus within the Army. Being fully equipped is critical to maintaining a well-trained force and providing combat power to combatant commanders or to being able to quickly respond to any domestic mission. During the Cold War period, the ARNG was on average 70% equipped to meet minimum readiness standards. The intent was, when mobilized for war, our units would be modernized and fully equipped at the mobilization station. That standard has not been met in recent years due to GWOT requirements. The equipping posture of the ARNG declined from this minimum readiness standard, to significantly reduced levels as equipment from non-mobilized units was cross-leveled to fully equip deploying units. Then, critical equipment was taken from deployed units to form pools of equipment in the theater of operations. This caused additional harvesting of equipment from ARNG units here in the United States to generate the next group of deployers. The result was ARNG units across the country were equipped as low as 40% equipment on-hand. In Fiscal Year 2007, the Army procurement budget and equipment production were adjusted to improve the equipment levels of the ARNG. Under current Army procurement plans, the Army National Guard will be resourced to approximately 77% Equipment On Hand (EOH) by the end of Fiscal Year 2013.

Army National Guard Personnel

The primary area of concern for Army National Guard readiness in the area of personnel readiness is full-time manning. The Army National Guard is a force predominantly made up of traditional citizen-soldiers who train a minimum of 39 days

each year. We rely on a cadre of full-time personnel to perform the administration, maintenance and training preparation required to assure that the part-time members can train productively when they are on duty. Consequently, our full-time staffing is critical to readiness.

At present The Army National Guard is authorized and funded for 57,306 positions. In today's reality, however, the Army National Guard is not just a strategic reserve but much more of an operational force and experiencing a much higher tempo. Additionally, the Army National Guard sees increasing requirements for full-time manning as a result of growth in emerging missions here in the homeland as well as rebalance and modularity initiatives which have brought significant changes to our force structure.

The Army has committed to increasing the full-time manning levels in the Army National Guard. The budget for fiscal year 2009 now before this committee requests authorization and funding for 29,950 soldiers in the Active Guard and Reserve program against a requirement of 42,533 (100% requirement level) and for 28,810 military technicians against a requirement of 42,526 (100% requirement level). This would be an increase of 1,454 positions over the 2008 authorized levels.

The National Guard has been delivering forces to the mobilization stations with the highest level of medical and dental readiness in its history, enabling unit commanders to focus fully on the collective training required to go to war and maximizing their "boots on ground" time in theater. This success highlights both the benefits and challenges of transitioning the Army National Guard from a Strategic Reserve to an Operational Force.

In this transition, shifting medical and dental readiness activities to the period prior to the actual mobilization date has placed new requirements on our States and Territories. Army National Guard programs, policies and funding have enabled the States and Territories to begin this transition. Newly granted Army policy authority for the Army National Guard to provide dental treatment outside of alert will greatly enhance the dental readiness of our Soldiers. Funding for this dental treatment is being programmed.

Finally, many Army National Guard units are structurally encumbered with inherent unreadiness in the form of Soldiers who are non-deployable due to lack of qualifications or other reasons. These non-available personnel occupy positions within units which then cannot be recruited against or filled with qualified Soldiers. The reason for this is that Army National Guard authorized end-strength is approximately equal to authorized force structure.

Army National Guard Training

The Army National Guard training challenge is the increase in the number of skills and tasks and the depth of knowledge our Soldiers, leaders, staffs and units must have prior to deploying. In pre-mobilization training, there are more tasks on which to train

but not more time and, in many cases, there is less time. The Army National Guard is finding innovative ways to achieve and sustain proficiency in full spectrum operations, albeit not necessarily to the highest degree in every task, and to do so without an increase in training time.

When the Army is finally able to transition to three-year (AC) and five-year (RC) force generation models, units should have the time to fully prepare for full spectrum operations. Until then, with ongoing counter-insurgency operations and deployment-to-dwell time ratios being as little as 1:3, units may only have time to train on the specific skill required for major combat and stability operations in theater.

There are no easy solutions to address this training challenge. However, the National Guard Bureau is working with the Army staff on steps we can take to support commanders as they train their Soldiers. These include defining full-spectrum readiness; Standardizing core task lists between like units; broadening the Army's training assessment ratings; and other measures.

Army National Guard Family Readiness

While the Army National Guard has made great strides in improving family readiness with additional funding to provide services to our geographically dispersed family members, we are concerned that if the family needs are unmet, there is the potential to reduce the Soldier's readiness, retention and their overall well-being. We have moved to a more holistic approach to family readiness with the Army Integrated Family Support Network and with the Yellow Ribbon program to provide these crucial services to our family members.

AIR NATIONAL GUARD READINESS

The Air National Guard, as part of the Total Air Force, has been at a war time operational tempo continually since August 6, 1990 when KC-135 aerial refueling units formed volunteer task forces to support the movement of US forces to the Persian Gulf for Operation DESERT SHIELD. Air National Guard members participated in every subsequent combat operation including DESERT STORM, NORTHERN and SOUTHERN WATCH, ALLIED FORCE (Kosovo), DELIBERATE FORCE (Bosnia), NOBLE EAGLE, ENDURING FREEDOM (Afghanistan), and IRAQI FREEDOM (Iraq).

The Air National Guard is an indispensable component of the Total Air Force and critical to today's fight. Last year, 21,000 Air National Guard members, including 18,396 volunteers, deployed around the globe to defend freedom. While continuing to provide personnel, equipment and critical skills in Iraq and Afghanistan, Air Guard members helped secure Bosnia and Herzegovina, provided humanitarian airlift to Southeast Asia, supported US interests in Africa, helped fight the war on drugs in Central and South America, and participated in coalition exercises in Europe and Japan. All told,

the Air National Guard deployed service members to dozens of countries on every continent, including Antarctica.

The first military force to respond on 9/11 was the Air National Guard. In 2007, the Air National Guard provided 95 percent of the fighter interceptor aircraft, 85 percent of the aerial refueling capability, and 100 percent of the Air Defense command and control defending US airspace. For the Air National Guard to continue supporting the Combatant Commander of NORTHCOM in this critical mission, baseline funding must be secured through programmatic means.

The Air National Guard provided critical rapid response life-saving services to communities across America through airlift, search and rescue, aerial firefighting, and wide-area damage assessment, and the airdropping of food and supplies to those isolated by floods or blizzards. For example, last October when wildfires raged in southern California, Mobile Aerial Firefighting Systems dropped 132,479 gallons of fire retardant. The Air National Guard responded with a variety of other capabilities including Family and Religious support, Full Motion Video Imagery for situational awareness, logistics, and security forces. Combat Search and Rescue (CSAR) units provided rescue coverage for Space Shuttle launches, supplemented Coast Guard, and, civil search and rescue efforts domestically. Last year, CSAR units flew 319 hours in search and rescue operations and were credited with saving 40 lives.

The Air National Guard's partnership with the US Border Patrol and Drug Enforcement Agency has been a model of interagency cooperation. A strong component of the President's Operation Jump Start border protection program, the Air Guard flew 984 border sorties transporting 13,922 passengers and 1,193 tons of materials and supplies since operations began in July 2006. The Air National Guard continues to be a key team member in the nation's war on drugs. In 2007, the Air National Guard provided 2,676 individuals, 274,705 man-days, and aircraft to patrol the US borders searching for illegal immigrants and helping to seize drugs.

Corollary capabilities to the Air National Guard's primary airpower missions provide critically needed emergency response skills such as medical triage and aerial evacuation, civil engineering, security force augmentation, infrastructure protection, and hazardous materials response. For example, when an ice storm struck the mid-west in December 2007, the Air National Guard and Army National Guard engineers provided emergency electrical generators to power water treatment plants, nursing homes, hospitals, and emergency shelters. Air National Guard heavy equipment operators assisted in cleanup operations while Air Guard communications specialists helped civil and military response teams with command and control communications.

The readiness of the Air National Guard has declined for a number of reasons and this trend will continue under the constant pressure of resource constraints, mission changes and high wartime commitment. In the future we expect greater competition for recruits, continued resource constraints and the expanding negative effects of aging aircraft.

Air National Guard Personnel Readiness

A shrinking pool of qualified recruits and competition for those recruits is one of many problems within the Air National Guard personnel readiness category. There are requirements and compliance issues in areas such as force protection, safety, environmental, etc., that are forcing expansion in fulltime manning, decreasing the cost effectiveness of the overall force and greatly impacting personnel readiness.

The top priority for the Air National Guard is meeting its end-strength goals. The Air National Guard finished fiscal year 2007 with 106,254 Airmen—99.3 percent of our goal. This was accomplished in the face of many challenges including a historically high operational tempo, executing Base Realignment and Closure (BRAC) decisions and implementing Total Force Initiatives. It was a truly remarkable achievement but falls short of what is required.

Many of the emerging Air Force missions require advanced technical skills and knowledge. The complexity and dynamics of the modern Air Force and its missions mandate our Air National Guard recruits must be equally dynamic and well prepared for the challenges that lay ahead. Competition for these recruits will become more complex and challenging as the pool of available prior service and non-prior service recruits continues to shrink.

We will continue to work to ensure all elements of the Recruiting Program are adequately funded.

Air National Guard Equipment Readiness

The issues with legacy aircraft are even more troubling. Rising fuel and maintenance costs apply pressure to an already strained budget. Our Air National Guard possesses the oldest aircraft, in terms of average aircraft age (approximately 27 years old), and the situation becomes more urgent each year it goes unaddressed. We have to ensure recapitalization occurs in parallel and proportionate with the active force. If we do not get this right, the Air National Guard will begin to experience degradations in safety, inspection results and then overall combat capability.

Following suit with the Department of Defense, the Air National Guard's capabilities-based force realignment requires a different mindset about functions, organizational constructs and priorities across the entire force. Capabilities based planning offers greater efficiency than past practices to develop a platform for a single mission. Simply put, we are transforming at Mach speed, without the luxury of pausing operations while re-equipping and resetting our force. This presents our Air National Guard with tough decisions as it moves to implement the necessary changes. Some of the mission requirements needed to combat tomorrow's adversaries demand a different force than the one we have today. We have to position the Air National Guard so it has the

ability to equip tomorrow's force, while basically self financing today's transformation efforts.

Mission changes, aircraft movements and USAF programmatic decisions directly impacts about 15,000 Air Guard members in 53 of the 54 states and territories and is currently estimated to cost more than \$350 million in fiscal year 2009. These changes involve a complex interplay of people, training, equipment and facilities. It will probably take five to ten years to retrain and rebalance the force. As we shift aircraft and missions, some units that have lost their flying roles will transition to ground-based capabilities including intelligence, surveillance and reconnaissance duties. Though some may be skeptical of these new missions, this transition is necessary for the Air National Guard to maintain its essential role as part of our nation's military.

The National Guard Bureau will continue working tirelessly with the Adjutants General to refine and update the modernization and recapitalization plans to ensure maximum benefits to the Total Force while doing everything possible to help members, their families and employers, and civilian employees through this time of change. In a few years, the Air National Guard will be able to reflect on this period of change and recognize how hard work, tough decisions and forward thinking reshaped our Guard into a more capable force in the 21st Century. In the future, we will not only be more able to support the combatant commanders with combat capability, but our governors at home with quick responses to natural or man-made disasters.

Developing and fielding "dual-use" capabilities are the cornerstone to the Air National Guard's cost effective contribution to combat and Domestic Operations. Many of Domestic Operations capabilities are outlined in the National Guard Bureau's Essential Ten core military capabilities relevant to Civil Support. In FY08, with the assistance of Congress, we will address critical Homeland Defense shortfalls in Medical, Communications, Transportation, Logistics, Security, Civil Support Teams, Security, Engineering, and Aviation. Specifically, we need additional Expeditionary Medical Support suites, enhanced deployable wireless communication capabilities, more fire fighting vehicles (current fleet averages 30 years old), upgraded security weapons, enhanced explosive ordnance disposal, and improved hazardous material handling equipment. The Air National Guard will continue to increase capabilities for use during domestic missions for the foreseeable future.

CONCERNS OF THE STATES AND NGB EFFORTS TO MITIGATE THOSE CONCERNS

In its capacity as the channel of communication with the States, the National Guard Bureau is aware that this level of readiness continues to be a concern to the States.

In addition to being reserve components of the Army and Air Force, the National Guard is the organized militia of the states referred to in the U.S. Constitution. As such, National Guard forces are under the command of state Governors unless and until ordered to federal active duty. Governors count on the National Guard to be the first

military responder during state emergencies and call on National Guard capabilities in response to disasters or other threats to American lives or property in the homeland.

The States have communicated to the National Guard Bureau that they need ten essential capabilities to meet their domestic mission needs. These include; Joint Force Headquarters Command and Control, Civil Support Teams, Maintenance, Aviation, Engineer, Medical, Communications, Transportation, Security and Logistics.

The National Guard Bureau endeavors to geographically distribute National Guard capabilities in ways which both maximize military readiness and allows rapid access to these capabilities by the States.

When States need a National Guard capability which is not resident inside the State, they have the capability under the Emergency Management Assistance Compact (EMAC) to rapidly obtain National Guard forces through interstate loans from other states. The National Guard Bureau advises and assists the States in quickly making and executing EMAC requests for forces.

BUDGET REQUEST IMPACT ON READINESS

This sub-committee is no doubt already reviewing and considering the President's Budget Request for Fiscal Year 2009.

The National Guard is extremely grateful for the past support this committee has shown for National Guard equipment needs. Because the conferees specify that National Guard and Reserve Equipment funds are to be executed by the chiefs of the Reserve Components, we are able to direct those funds to our most critical needs. As a result, those funds are tremendously powerful tool in bolstering our equipment readiness.

The President's Budget Request for Fiscal Year 2009 now before this committee includes funding for equipment for the Army and Air National Guard inside the equipment procurement requests of our active component Services.

The Army procurement request includes \$5.6 Billion for the Army National Guard. The Air Force procurement request includes \$1.25 Billion for the Air National Guard. We urge the committee to give full support to this request.

Details of the Service plans for distribution of equipment funding for use by the reserve components are included in the P-1-R budget exhibit. The Procurement Programs – Reserve Components (P-1R) exhibit is a subset of the Procurement Programs exhibit. It reflects the Service Actuals/Estimates for those funds which will be used to procure equipment for the National Guard and Reserve Components for FY 2007 – FY 2013. There is \$46.8 billion in the budget between FY '07 and FY '13 for the National Guard.

The Army has made a historic level of commitment to improving the equipment situation of the Army National Guard. The historic fill rate for equipment for the Army National Guard has been about 70%. That fell to about 40% in 2006, was up to about 49% in 2007. Under the current Army plan for investment in the Army National Guard, this level is expected to be between 65% and 66% during the course of 2008 and 77% in 2013.

In addition to the equipment funds, the President's Budget request asks for \$7.8 Billion in personnel funds for the Army National Guard and \$ 3.1 Billion in personnel funds for the Air National Guard. Additionally, the request asks for \$5.9 Billion in operations and maintenance funds for the Army National Guard and \$5.9 Billion in operations and maintenance funds for the Air National Guard.

These funds are all absolutely critical for the National Guard Bureau to obtain the maximum possible readiness for Army and Air National Guard units so we must implore the committee to give its full support to every penny in that request.

GUARD AND RESERVE EQUIPMENT

Mr. MURTHA. All right. Well, let me just say to the subcommittee that I have asked them to give us a list of equipment which they need and may be available. We talked about a number of things.

There are big shortages. If we want them to be operational Reserves, we have got to give them the equipment to train on. We have got to give them the dual equipment so they can train not only for combat, but they can train for any emergency in the United States. We either have that list or we will get that list. That will help us recommend to the full committee what needs to be done.

Mr. Hobson.

Mr. HOBSON. Thank you, Mr. Chairman. I will try to be brief.

First of all, thank you, gentlemen, for all your help to me personally and to the Guard, both the Army and the Air Guard. General McKinley and General Blum have particularly been helpful with the Springfield Air National Guard situation. And hopefully we have got that under control.

General Vaughn, you have done just a terrific job in recruiting. I mean, this recruiting for the Army Guard and the Air Guard is just outstanding, but especially the Army. It is a tough job. And as I understand it, you guys are ahead of schedule, you are retaining people; and that speaks well for leadership when that happens, in my opinion, sir.

But there is a problem, you have a problem with big Army. It is always the big Army that is a problem with you guys. They have done such a great job in recruiting that they may lose some of their money for recruiting at the very time—and you can't stop and start this stuff. It has to go.

I would like one of you to talk about that a little bit, Mr. Chairman, because I do not think that came up, because we talked mainly about equipment when I walked in the room.

The second item that is a problem—it is a problem, and I am sorry Ms. Kaptur left—but in Ohio, and I think this may be symptomatic across the country, we are officially required to have about 2,000 full-time Army Guard positions, but it is only authorized and funded for 1,200, 800 short, so we have about 60 percent that we need, and they will not give you the money.

I do not know how you can continue to do what you are doing if there is that kind of disparity in this. And it is the big Army I think that is holding back the money for this. And I would like you to explain if it is a problem across the country, a problem in the Air Guard, we do need to know that. And we do have a great TAG in Ohio that fortunately our new governor kept the guy on.

And the equipment, he has got a book on the equipment, the little thing he is carrying around with him, so we know what the equipment is. The problem with the equipment is—and I need you to respond to this—it goes into the wrong accounts, and you lose control and it gets siphoned away into the big Army. And they get caught short again; they do not have the equipment.

EQUIPMENT ACCOUNTS

First of all, am I right about it being siphoned off into other accounts, the equipment?

General VAUGHN. Sir, I am getting coached here. We do not have visibility on it.

Mr. HOBSON. General Blum can answer it. You do not have to answer that one. I want you on the recruiting one.

General BLUM. I would not use the words "siphoned off." That would imply there is a deliberate scheme to rob the National Guard, deny them.

Mr. HOBSON. We would not want to say that.

Mr. DICKS. That would be wrong.

Mr. HOBSON. You certainly would not want to say that. I might want to say that, but you might not.

Mr. MURTHA. That would be terrible.

General BLUM. But I will tell you when we get NGREA money I know exactly where every penny is going, what it was spent on, when it arrived and where it went.

Mr. MURTHA. We are going to make sure that happens.

General BLUM. General Vaughn, do you want to talk about the recruiting issues that the Congressman brought up?

General VAUGHN. Congressman Hobson, on the recruiting issues, we testified to this last year, that it was not in the base, that we were dependent on the supplemental for something that ought to be in the base program.

PERSONNEL FUNDING, RECRUITING AND RETENTION

We come over on the Hill with a very distinguished group, and we were told that that would not happen again. It appears it is going to happen again.

I will tell you that I think that we have got enormous support out of the Army to make sure that gets paid, but right now it does look like, you know, if it does not come in the supplemental—and supposedly it was put back into the sup—we were going to be faced with another omnibus reprogramming. So we are dependent on that sup—

Mr. MURTHA. I do not understand this. So the staff understands what we are talking about, go over this for us. Tell us what the situation is here.

General BLUM. Let me set the stage for it, and then General Vaughn can run the details to you.

My issue has been and continues to be that I do not believe that the manning of the force to the end strength authorized by Congress should be any other place but the base budget. It is not for the Army National Guard; it is for the United States Army to a large extent. They have some grow-the-Army in the supplemental, but most of their manning of the force is in the base budget.

Ours is not. We are dependent significantly upon supplemental funds, which this body knows full well arrive at different times for different reasons; and unless they arrive early, they are often not effective. Right now, frankly, we will run out of money for recruiting about April 15th of this year.

We have assurances—commitments by senior leaders in the Department of Defense and the Army—that we will be funded to continue our bonus programs and our recruiting and retention programs. However, it is now March. We do not have that money. We will run out next month; we will not have that money. That money is contained in a supplemental that no one in this room—well, maybe somebody in this room can guarantee. But I can't guarantee we will receive it in time to execute it, which will require some extremely painful reprogramming and put other significant readiness programs at risk to pay that bill until that bridge happens, if the supplemental arrives.

Mr. MURTHA. How much money are we talking about?

General BLUM. We will give you the exact figure, sir.

General VAUGHN. Chairman, it is \$440 million in recruiting and retention. It is \$299 million in bonuses and incentives.

General BLUM. Roughly \$700 million is the number we have been operating on.

Mr. MURTHA. You are telling this committee there is \$700 million, not in the base budget, supposedly in the supplemental.

And when you say “in the supplemental,”—we are the ones that provide the supplemental, just like we provide the base bill—and you are saying at this point you do not know whether it is going to be available or not?

General BLUM. Sir, I am going to be absolutely honest and blunt with you. I have been assured by the Secretary of the Army that they will pay the bill. I have been assured by the Chief of Staff of the Army that they will pay the bill. But the resources to pay that bill are contained in the supplemental. And if the supplemental arrives, I have reasonable assurances we will get that money.

But what I am trying to say is, I would much prefer that that is in the base budget so that we do not have to continually manage to grow the force and maintain the force at a critical time when our Nation is at war and we need the biggest Guard we have ever had.

Mr. MURTHA. I hate to tell you, I do not know what the Army is assuring you, but we do not know a thing about it. My staff does not know a thing about it.

Mr. HOBSON. And tell him the consequences if you do not get this money.

General BLUM. The consequences are that the National Guard recruiting machine will stop, which means, frankly, the Army's recruiting machine will stop because we are recruiting for the United States Army today as well as the National Guard.

PERSONNEL FUNDING, RECRUITING AND RETENTION

We are so successful—General Vaughn has got a program that is so successful that the Army has asked us to recruit for them.

Mr. MURTHA. They tell us the military personnel budget is the most stressed budget in the military. Now, I guess what they are telling you is, if there is a supplemental, they will find a way to reprogram money for this program. Because we are going to look at it now that it has been brought to our attention.

General BLUM. I am telling you, the condition that the leadership of the Army National Guard operates under is one of trust in the senior leadership of the Army.

Mr. MURTHA. Yeah, but you have got to remember what they told you. They told you, if a supplemental passes; when it passes, that is when you have the money.

This supplemental, I met with leadership yesterday. Hopefully, I thought we would be able to pass a supplemental because we are going to be finished with this subcommittee by the end of this month. But the other parts of it are not ready, so it is not going to be passed until sometime after our recess at Easter.

General BLUM. In that case, sir, then the senior leadership of the Army has got some very painful reprogramming to do to deliver on the promise of the money that they assured us we would get.

Mr. MURTHA. This is why I say over and over again, we should have no supplementals; put it all in the base bill so we know what the hell we are doing. I mean, that is the problem that we have.

Mr. Hobson.

Mr. HOBSON. Well, I just wanted to raise those things.

FULL-TIME MANNING

General BLUM. There is another aspect of that that gets to your question, Congressman Hobson. The issue in Ohio is not unique. All across the country, if you were to ask all of your adjutants general in every State, they do not have sufficient full-time manning to do the job that you are asking them to do.

It is not a problem in the Air National Guard. The Air Force stepped up to the plate. When we went to the volunteer force, they recognized that we were an operational force then. They were visionary and knew that the United States Air Force could not do its job, day to day, without the Guard and Reserve, and they invested the resources, to include full-time manning, to assure that they would be an operational part of the Air Force when we went to the volunteer force.

The Army, frankly, the land forces we are in, I do not want to use the word "denial," but they failed to realize that when we went to a volunteer force, we would be forced to use the Reserve in a sustained conflict or any large conflict as an operational force; and they did not resource the Army National Guard or the Army Reserve to be able to accomplish that task.

We have now done this for 6½ years at an unprecedented rate, and we are operating with an authorization for full-time manning that is built on the Cold War, when we were going to be a strategic reserve, going to show up at the end of World War III, and where you find two people in an armory in Ohio to push out 175 to go to war, to go to Afghanistan, to go to Iraq, to go to the Horn of Africa, to defend, to keep the peace treaties in the Sinai, to go run Guantanamo, to go keep the peacekeeping operations in Kosovo, to send troops to the Southwest border, to respond to the 17 natural disasters that your governors called the Guard out on yesterday.

We are supposed to do that with two guys in the fire house, and it isn't going to work that way.

That model allows for an authorization that is 40 percent higher than what we are able to fill. We are only resourced to hire the

full-time guys to man the equipment, train the force, administer to the citizen soldiers and their families, and to reintegrate the people coming back home. To do all of this work—administrative, logistics, operations, training and maintenance, we are authorized to do that and fill it at 67 percent.

It is time to throw in the flag and question the model.

We need additional funds, frankly, to grow the full-time manning force, or we cannot deliver on the promise that we made to the President and the Secretary of Defense and the governors to do the job the American citizens expect the Guard to do.

So what I am saying is, we are authorized one number, we are funded at 67 percent of that number at a time when they are using us in an unprecedented manner; at times where we are not only doing what we are doing at home, we are providing 50 percent at times—or more, at peak times—of the ground combat forces, Mr. Chairman, not just the combat support and the combat service support, but at times we have actually surged and provided over 50 percent of the brigade combat forces on the ground, and yet we have not moved up the full-time manning fill any higher than it was during the Cold War pre-9/11.

I think that time has come.

Mr. HOBSON. And it is going to break. It is going to break.

General BLUM. It is placing challenges on us heavier than we should place on the force right now.

FULL-TIME MANNING

Mr. HOBSON. Thank you, General. I think the chairman understands the immense problem.

Mr. MURTHA. Mr. Hobson has done a service, because I asked our expert on O&M, I said, Where in the hell does the information come from? I do not know where Hobson gets his information. He has a pipeline someplace that I do not know about. That is really—

Mr. HOBSON. I was listening.

Mr. MURTHA. Mr. Dicks.

Mr. DICKS. So you said 67 percent of full-time manning. What would that be in people? What are the numbers?

General BLUM. You want to talk about the numbers?

General VAUGHN. Fifty-seven thousand. So it is roughly 15 percent of our force. I mean, you are talking about a percent of a percent. We are supposed to have—

Mr. DICKS. That is to run everything, to make sure when they come in that they are going to have good training and everything.

And you really have to have those people to make the Guard work; isn't that right?

General BLUM. Yes, sir.

General VAUGHN. Most people would equate readiness with the number of active folks that you have got doing things. In other words, if the Army says, You all can't be as ready as us, the active Army—because they do this all the time—I constantly tell them, if you want us to have a higher level of readiness, you have to give us more folks that do this full-time.

EQUIPMENT SHORTFALLS

Mr. DICKS. And you have got to have the equipment.

General VAUGHN. And we have to have the equipment.

Mr. DICKS. What is the number now, 40 percent? Is that what your statement said? You are about 40 percent of the equipment, State by State, it averages out?

General BLUM. There are two numbers here, sir. They are very close, as a matter of fact; they are within 1 percent of each other. We have 66 percent of the equipment that we are required to have in our hands back here at home for the units that are not deployed overseas, the units in the Army Guard.

The units that are overseas have 100 percent of what they are supposed to have and then some, and that is fabulous; that is the way it is supposed to be.

What we are saying is, the units that are back here at home are underequipped. And the Army has made historic commitment to this. And this is General Casey's letter to the Congress that was sent to the Honorable Duncan Hunter, but is also copied to Chairman Murtha and Chairman Young. So he is saying, for the first time in the history of the Army National Guard and the Army's relationship, that they now recognize that there is a requirement for the National Guard to be able to respond here at home, to weapons of mass destruction, counterterrorism or natural disasters; and that we have agreed, General Casey has agreed, the Guard leadership has agreed—Jack Stultz, who was just in here before, has agreed.

We have nicked that down to 342 pieces, items of equipment, certain types of equipment that are absolutely necessary for any unit to be able to do command and control, transportation, medical assistance, communication, aviation, maintenance, logistics, those kinds of things, if we were called upon tonight to either do counterterrorism, respond to Weapons of Mass Destruction (WMD), or go out and respond to an act of Mother Nature or a man-made accident.

The Chief of Staff of the Army signed the letter and listed an abbreviated list of the 342 items, but it gets to the essence of what I am talking about. And he puts a bill on there for \$3.9 billion above what is in the budget and in the supplemental that we expect or we hope to receive.

So even after the supplemental funds were to come in for 2009 and the budget, base budget, would come in for 2009, General Casey, the Chief of Staff of the Army—

Mr. DICKS. You still need \$3.9 billion.

General BLUM. You've got it, sir. You have it.

Mr. DICKS. I was good in math.

General BLUM [continuing]. But for once we are speaking with one voice: The Chief of Staff of the Army says we need it, and we checked his math and we agreed, we need \$3.9 billion.

Mr. DICKS. Then we have got to get it in the budget somehow. I mean you have to get the Defense Department to request it.

General BLUM. Now, the budget is quite an ample budget. The President's budget is a much better budget for the Guard than we have ever gotten before.

Mr. DICKS. Right.

General BLUM. But General Casey is saying, if additional money were available, this is what we would spend it on. And we totally agree. The only thing I would prefer is, if I get to choose the wrapping paper if the gift is coming, we would like it wrapped in NGREA.

Mr. MURTHA. But that would be an earmark.

Mr. DICKS. It is a national program, Mr. Chairman. We can increase those.

Mr. MURTHA. Oh, I am sorry.

General BLUM. I will not label what it is called. I just know we need it.

Mr. DICKS. You need it.

However you get it, you will take it, right?

General BLUM. Yes.

Mr. DICKS. Also, in the Air National Guard which—you guys are doing a fantastic job. I see that your airplanes are now what, 27 years old?

EQUIPMENT SHORTFALLS

General MCKINLEY. Sir, that is the average age. Our tankers are 45 years old.

Mr. DICKS. We want to do something about that.

General MCKINLEY. Yes, sir, we do. But our aging fleet is our problem.

We have got 36,000 full-time members of the Air National Guard. As General Blum said, that is what keeps us whole. That is what keeps us ready. That is what lets us deploy in 72 hours anywhere in the world with our Air Force.

Our biggest problem, Mr. Chairman, members of the committee, is recapitalizing the fleet. And we have got to build some new airplanes, we have got to look at how to do that in proportion so that the active, the Guard, and the Reserve get those airplanes.

Mr. DICKS. How many airplanes are in your budget this year? How many do you get out of this budget?

General MCKINLEY. Sir, it is the Air Force's budget.

Mr. DICKS. Right.

General MCKINLEY. And we will not get any new aircraft this year.

Mr. DICKS. So the airplanes you have will just get older, another year older?

General MCKINLEY. Yes. I was here a year ago, our planes are a year older.

We do have some MQ-1 unmanned vehicles that are new. Those went to North Dakota, Arizona, California, and they will go to New York, but that is all our new aircraft.

Mr. DICKS. And most of the Air Force's new airplanes are UAVs, I think.

General MCKINLEY. Yes, sir, a high percentage is unmanned vehicles.

YOUTH CHALLENGE

Mr. DICKS. I think you are doing a tremendous job. And General, I was proud of you both at the Youth Challenge event the other night. I do not mention it because of anything specific, but I do

think this program—this is a program they have that is in 30 States now, where they take 150 students twice a year, and these are kids that are dropouts, and they have a phenomenal program of bringing them around—these kids, when you hear their testimonials about what this program means, which we fund, and I just want to encourage you to keep this thing going because I think it is doing a lot of good for a lot of people. And it is a real example, I think, in every State that has it.

We are looking forward to having ours in Washington State this next year.

General BLUM. Thank you, sir. That program has saved almost 80,000 young men's and women's lives, or at least given them a second chance in life so that they do not end up incarcerated or in a cemetery. So we are quite proud of that. And we are even more proud that, as busy as we have been in the last 7 years, we have still found time to expand that program. We did not shrink it or walk away from it.

YOUTH CHALLENGE

So I am quite proud of all of the States that do that. And I appreciate your support, and I know you are going to beat Oregon.

Mr. DICKS. We are going to do our best.

General VAUGHN. You know there is another program that we are very proud of called the GED Plus Program that we run down at North Little Rock at the Professional Education Center. We take folks that have dropped out, a little older than the ones that you saw, and help them get their GED. And we are actually averaging about 94 to 95 percent graduation down there.

So we are after the Nation's youth, and giving them a second chance. And if they turn out, great, you know, for the American public, and if they happen to join us, that is fine too.

Mr. DICKS. And our General Lowenberg is doing a great job. He is one of the best.

General BLUM. He is one of the best.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. MURTHA. Let me get this straight now. You gave us a list of the equipment. That does not include the people shortage you have. In other words, you have to add another \$700 million onto the equipment shortage, right?

FUNDING SHORTFALLS

General BLUM. Only, sir, if that money is not provided to us, as has been assured by the leadership of the Army—the Secretary of the Army, the Chief of Staff of the Army. Not only to us; they made those assurances to the Senate, they made assurances to congressional hearings.

There is a no-kidding, honest commitment to provide that money. The only thing I can't tell you is—

Mr. MURTHA. I am not doubting General Casey's word. But you know how things go: If this does not happen, that does not happen.

What I am concerned about is, you are now the operational reserve for this Nation, the operational reserve.

General BLUM. Yes, sir, we are.

Mr. MURTHA. And you are short by 33 percent of the personnel that you need—37 or 33 percent?

General BLUM. We are filled to 67 percent of the authorized requirement on the full-time manning. So we are short roughly—the appropriate math is probably what, 33?

Mr. MURTHA. Why should we have to depend on the regular Army to fund this? Why should not this be part of what we appropriate directly to the National Guard? Why should we have to depend upon General Casey sending you a letter?

General BLUM. I would welcome the money no matter in what form it came. I would prefer it would come in a form that ensures the money was used for the exact intended purpose.

Like NGREA, last year. When you gave us the NGREA money for the Air Guard and the Army Guard, for every dollar I can account to the last for penny what was spent. And by the way, it was all spent, and it was spent on exactly what you asked for. Because your staff came back and said, “Show me what you spent it on”; and when they saw it, they said, “My God, you spent it on exactly what you said.”

Well, I thought that is what we were supposed to do. So that is what we did.

Mr. MURTHA. The gentleman from New Jersey.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman; General Blum and colleagues.

READINESS

General Blum, I think you know half of the New Jersey National Guard will be deployed to Iraq starting in June—I said this in other hearings and—literally half. That obviously exposes New Jersey; and we are not the only State that is in that type of predicament. And as you are aware, many of these citizen soldiers were over there in Iraq in 2004.

I know we have talked about, you know, the force generation model, but to some extent, to a great extent, it is a future goal.

General BLUM. It is a future goal. And the future goal is to get it to one deployment followed by about five periods of equal time back. If that goes to 10, we would be delighted.

But that goal is not attainable right now, and the reality is that the average unit is turning about one in three. And that is what is happening with New Jersey.

Sir, you are rightfully concerned about having half of the Guard deployed.

Mr. FRELINGHUYSEN. The troops are not complaining, I must say.

General BLUM. No, the troops are not complaining, but the governors are quite concerned; yet they do not mind shouldering the burden. As a matter of fact, they have done a magnificent job of providing every unit we have asked for when we needed it.

We have had no push-back from any governor of any State or territory in 6½ years. They understand their role as commander in chief in providing the Guard when we need it for overseas duty. But what we did was make a commitment to them that we would not take more than half of their force at any given time.

We have just gone to the high end of the promise with New Jersey. But we will leverage what we call the Mutual Assistance Com-

pacts that every State has signed, including all of the other adjutants general around New Jersey: New York, Pennsylvania, Maryland and Delaware, and as far away as Ohio and West Virginia. If an event would occur in New Jersey that would require a response greater than the governor could deliver, we would flow forces into New Jersey from all the neighboring States to help them. And if it were a regional effort that really would not permit that, we would flow forces in from the disaffected or unaffected States.

And to those that say, “does that work?” Yes, it does. Remember Katrina, we flowed 50,000 soldiers into Louisiana and Mississippi in 6 days from every State and every territory of this great Nation. Nobody said “no.” And that included even the States that were right in the hurricane belt, Florida and Puerto Rico and the Virgin Islands and Alabama; everybody ran to assist them. With that happening when we had 70,000 people overseas—it was our high water mark for overseas—we still were able to flow 50,000 into Katrina, and we still had 300,000 left in the country.

You talk about a strategic reserve, you are looking at it. You are talking about America’s force, I think you are looking at it. I think it is exactly the way we should do business. We should never send troops overseas without involving the National Guard, because when you call out the Guard, you call out America. But what we should do that we are not doing is making sure they have the equipment they are supposed to have to do both missions through—

READINESS

Mr. FRELINGHUYSEN. And to which this committee has committed help.

General BLUM. Absolutely. And we need the full-time manning. If you take away the military gobbledygook and just talk about, every place where you live you have a fire house—and most of you have volunteer fire departments, because it costs a lot of money to have a full-time fire fighting force.

You still have fire engines that are modernized, because nobody wants an old clunker coming to their house fire. And you still have modern hoses and turnout gear and equipment. That is what we are asking for.

We do not want to be a reenactment group; we want to be a real capable force when you call us. And there are a couple of full-time firemen in all those fire houses that maintain that equipment and make sure the firemen are trained and they are alerted, so when you call them, they show up, where they push the gear out, and these guys call in on them.

That is what the Guard’s got to be, your 21st century Minutemen and women that respond locally in your ZIP Code, exactly that way; and respond to go overseas—to get to the chairman’s point earlier—so that we do not have to tie them up for 4 months, handing them a radio to teach them how to use a radio they should have had in their possession for 2 years. And we are experts on how to maintain it and operate it.

I am sorry for the digression.

Mr. FRELINGHUYSEN. I wanted you to digress, because I think that is obviously essential, and you represent the critical mass.

And I may say, in those fire departments and police forces quite a lot of those people are wearing that National Guard uniform. If you look across the country, it is amazing how many have stood up to be counted.

A couple of related questions: family support, the whole readiness issue, how you work with families to embrace those families as their loved ones go abroad. And would you comment on the—we have not talked about it today—the employer angle here. At times you hear good stories, and in other cases—because of, you know, so many deployments—there are some pretty horrendous stories; and what we should be doing and, perhaps, what you were doing to provide a higher level of support to make sure that the jobs are there when these soldiers return.

FAMILY AND COMMUNITY SUPPORT

General VAUGHN. Sir, as you are aware, we have a good number of family assistance centers and family readiness groups. We have had them for as much as 20 years. I mean, we have been about taking care of all the service members. But for the Army National Guard, it is a big deal because we are by far the largest of all the community-based defense forces.

We team with the Army. The Army is going to put a lot of money in reaching out into these communities. And they know obviously that is where we are at. Their plan with us is to stand up 250 permanent family readiness groups around this Nation. And this is to help folks—you know, especially with all the youngsters in the active force that have grandmothers and grandfathers and moms and dad and are not necessarily married, but how do they interact, how do we all solve the different problems they have?

So I think over the last 3 or 4 years we have made great strides, you know, in what we do with our families.

EMPLOYER SUPPORT

The employer piece is another problem, and we do not have that solved. The big employers in this Nation, I think are doing a wonderful job; but the self-employed and the small employers, there has to be something, you know, that we make progress on this, because if we do not, we are going to end up seeing just people that belong to the big organizations in our Army National Guard.

STRESS ON THE FORCE

I will tell you that there is a tremendous amount of stress on the force right now. And I know that there have probably been questions asked earlier maybe about the suicide thing. We have looked at it and analyzed it every way we can. Less than half of those soldiers involved in suicides have actually deployed. And so, you know, why is it that our suicide rate is creeping up? And it has to do with stress. And it really has to do with—what our folks tell us, as much as anything, is this relationship with employers and the lack of predictability.

EMPLOYER SUPPORT

We try to get the predictability better. This thing, on the 12-month mobilization problem, is huge, because the more we can cut down on time away from employers the better off we are.

Our folks tell us the primary reason we are having trouble in the families is because of the employers and the fact that they do not have any way—when they come back, in many instances, they are afraid of what they are faced with, you know, with reduced amounts of income and supporting their families.

Mr. FRELINGHUYSEN. They are the breadwinners often; I think there is an element of despair, and we hope it does not translate into suicide. I am not sure what there is because there are so many different types of employers.

But I assume you have been analyzing this—analyzing and re-analyzing this, and hopefully there is some prescription that you can come up with where we can be of assistance.

General BLUM. The Federal Government's been a little slow to be frank about it, in responding to exactly the issue you are talking about. The States have been much more agile.

You will find that some States—

Mr. FRELINGHUYSEN. Some.

General BLUM. Some States. That is true. Because there is no universal statement for all 50 States. I appreciate that. You are right.

But some States have stepped forward and made low-interest loans to small business operators and self-employed members of the Guard, so that they can reestablish and get back on their feet when they come home.

If you are a small business owner, particularly a very small business owner—in other words, two or three people—and a significant rainmaker is mobilized for a year, year-and-a-half, it essentially puts the business on ice. So they realize that, and they need to kind of jump-start their organization when it gets back.

So we have seen some help in that effort in regard to the States. The Federal Government has not yet decided exactly how they are going to handle large employer incentives, self-employed incentives or small business incentives. All three have to be dealt with somewhat differently.

EMPLOYER SUPPORT

It is quite different dealing with Home Depot as opposed to Joe's House Painting Company, you know. It is quite a big different level of magnitude. Home Depot is a great patriotic employer. I think they have 1,500 people deployed right now out of their workforce, which is a huge number, except that they employ about 38,000 people nationally. And then they literally have more people out sick with the flu on any given day than they have mobilized. So they can handle and absorb that much better than Joe's Hardware Store where the manager is deployed or something like that.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

General MCKINLEY. Mr. Chairman, could I make a quick comment on New Jersey while we have a minute?

Thank you for your support. We have got two great fighter units.

AIR NATIONAL GUARD

Mr. FRELINGHUYSEN. I didn't want to turn my back on the Air Force. I apologize. We need some new tankers, too.

General MCKINLEY. But we want to let you know that under General Blum's leadership the Air National Guard really has become a Joint Force in the National Guard. So in the event of an emergency in New Jersey, that Air National Guard force of almost 3,000 people would be available.

I am very proud of our relationship with the Army National Guard; it is working very well. And I did not want to leave out a couple things, because I know General Vaughn and Chief Blum said there are needs in the Army National Guard.

We have about a \$1.5 billion need, too, which will help baseline the Air Sovereignty Mission. That is a mission which the Air Force has not baselined. We would like to see that baselined so that we can encourage members to stay on more often. We have some recruiting and retention issues also.

Sir?

Mr. MURTHA. Is this in this list here?

General MCKINLEY. It is on the budget card, yes.

Mr. FRELINGHUYSEN. All the Air—

General MCKINLEY. Yes, sir, it is an Air National Guard unfunded requirement.

General BLUM. Mr. Chairman, I will leave a document that captures all of the needs in a very concise fashion with you before I leave the hearing.

General MCKINLEY. And that is all I had, sir. Thank you for the time.

Mr. MURTHA. Mr. Visclosky.

Mr. VISCLOSKY. I am fine, Mr. Chairman.

INTERAGENCY COORDINATION

Mr. MURTHA. I just want to ask what DHS and NORTHCOM—do they coordinate all this for you? They provide forces and money for you—do they?

General BLUM. No, sir. That is not well understood. They do not actually provide any forces for the Guard. The governors provide the forces for the Guard here in CONUS. Anything that happens domestically.

Mr. MURTHA. What do they do?

General BLUM. Sir, they have a very vital role to play.

Mr. MURTHA. Like what?

General BLUM. For instance, I have no ships in the National Guard, and if I needed a ship or I needed a maritime capability, the place to go for that would be Northern Command, and they would in fact coordinate that.

But Northern Command cannot do their job without the Army and Air National Guard, and the Army and Air National Guard cannot do everything that we could be asked to do without them. So there is a very real need for the Northern Command and the National Guard Bureau to have a very close coordinating and collaborating effort.

Now, with the National Defense Authorization Act of 2008, there are certain reports and requirements in there that will force that to a much further degree than they have. The Congress—

Mr. MURTHA. How about DHS?

General BLUM. Up until very recently, the Department of Defense and the DHS were kind of two separate and totally apart organizations. There is a recognition that the two of those departments must work closer together, or the American people are not going to be very well served when they need to be.

The National Guard does not control either one of those, but we are absolutely critical to the linkage of one to the other. So we will play in that arena with them and coordinate and synchronize. Where it does work is at the State and local level, where the State equivalent of DHS and the State equivalent of DOD are merged seamlessly by the governors, because they cannot do their operations without joining them together. So if we take that State and local model and build on it at the regional and national level, I think we will all be better served.

Mr. MURTHA. Thank you very much, gentlemen. We appreciate it.

The Committee is now adjourned.

[CLERK'S NOTE.—Questions submitted by Mr. Hobson and the answers thereto follow:]

MARINE CORPS RESERVE

Question. Several Marine Reservists are being cherry picked from Ohio's Marine Corps Reserve "Lima Company" and sister units in the 3rd Battalion 25th Marines in order to deploy to Iraq with another battalion, the 2nd Battalion 25th Marines. This practice, known as "Cross Leveling," steals the leadership, experience, and cohesion of an infantry unit. It places the unit that lost Marines at a horrible disadvantage when it has to deploy, and initiates a vicious cycle of "robbing Peter to pay Paul." Why are you not filling these open spots with Marines from the IRR (Individual Ready Reserve)? Isn't that what the IRR is for?

Answer. The IRR is a pool of reservists who can be called to active duty in case of crisis. In the case of OIF/OEF, the Marine Corps uses its IRR to source individual augments to support the transition training teams, Joint Manning Documents, and other Total Force Marine Corps requirements. The IRR is used to source requirements when sourcing from the active component operational forces, bases and stations, and the Selective Marine Corps Reserve (SMCR) (with units or unit detachments) have failed to provide the solution. The IRR requires a separate SECDEF authority and is the solution used prior to activating retired reservists. The IRR does not exclusively support the SMCR.

The Marine Corps invokes the least amount of mobilization authority required to satisfy requirements. When an infantry battalion cannot be sourced to the minimum required manning levels, the net is cast throughout the next higher unit in its chain, i.e., the regiment. If the regiment cannot source the requirement (by using its HQ and its other battalions) then the net would be cast over the next higher unit in its chain, i.e. the division (by using its other regiments), and so forth.

The use of the IRR to attempt to round out NCO leadership of an infantry battalion produces much more risk than our current practice of allowing the Regiment to first source from sister battalions. IRR Marines don't have the benefit of training with the Battalion prior to activation. The Marines from 3/25 have already started to drill and have had a two-week annual training package with the Marines that they are deploying with and will be leading into combat. These cohesion building training events will increase the combat effectiveness and survivability of the Marines scheduled to deploy. Additionally, several individual block training events will be completed by the time the unit is activated. Use of IRRs to fill the NCO shortfall would require activation followed by the need to conduct all individual pre-deployment training while the unit is conducting unit pre-deployment training. This would be detrimental to unit cohesion.

Question. A 19 January 2007 Memorandum from the Secretary of Defense states “mobilization of ground combat, combat support and combat services support will be managed on a unit basis. This will allow greater cohesion and predictability in how these Reserve units train and deploy. Exceptions will require my approval.” Do you have/need approval of the SecDef?

Answer. A 19 Jan 07 SECDEF Memo published Departmental policy changes resulting from an assessment on how best to support global military operational needs. In addition to this assessment, and as noted in this Memo, these changes were also based on recommendations made by both the uniform and civilian leadership. The 19 Jan 07 policy was further implemented in a 15 Mar 07 USD (P&R) Memo containing additional guidance that is currently used by the Joint Staff, Service Secretaries, and OSD when approving individual activation packages. As previously addressed in our answer to question 1, this activation process recognizes that although we try to manage mobilizations “primarily on a unit basis,” there is a necessity to fill unit manning shortfalls. In this case, MARFORRES generated a sourcing solution based on cross leveling of units organic to the 25th Marine Regiment (2/25’s parent regiment). This package was routed via the Commandant of the Marine Corps to the SecNav for determination, in compliance with paragraph 1f of the USD (P&R)’s 15 Mar 07 implementing guidance directing that, the Service Secretary “determine the best method to fill unit manning shortfalls.”

Question. I understand that junior marines, who have never deployed, volunteered to make up the compliment. However, they were taken off the list and replaced with Corporals and Sergeants who had previously deployed with Lima Company in 2005. Some of these Marines were wounded in action. How will involuntarily striping the leadership benefit Lima Company when it deploys, possibly in late 2009?

Answer. The deployment of selected NCOs from Company L *will not* adversely affect the Company when it activates in late 2009 and subsequently deploys in 2010. The Company and Battalion will have sufficient NCOs to provide leadership to its Marines should the Company L NCOs selected to augment 2nd Battalion decide to not reenlist and not deploy in 2010.

Company L currently has 55 of its 56 NCO billets filled [per the Company’s Table of Organization]. Over the intervening two-year period, approximately 85 Company L Marines will be eligible for promotion to NCO (given current promotion rates).

The Company L NCOs selected to augment 2nd Battalion have Mandatory Drill Stop Dates prior to 3rd Battalion’s next OIF deployment. Therefore, their participation in the next Battalion deployment would be strictly voluntary and is not assured. However, by deploying with 2nd Battalion, the command is able to fully utilize their combat-proven leadership and occupational skills to train and lead the Marines of 2nd Battalion. In addition, this plan allows junior Marines within Company L to progressively assume greater responsibility during peacetime training events, and thereby be better prepared to assume NCO billet during 3rd Battalion’s next deployment. Consequently, the current plan optimizes the quality and quantity of NCO leadership provided to both 2nd Battalion and 3rd Battalion during combat operations in support of the War on Terror.

***Note:* Of the augments only [delete] was previously wounded in action. He sustained a shrapnel wound to his right calf during Operation MATADOR in Al Qaim. He was medically evacuated from theater and subsequently returned to full duty.

Question. Three Lima Marines have been waiting for some time to attend sniper training. These three Marines will now have to forgo that training due to their involuntary activation. How will forgoing the training of these “would be” Marine snipers benefit Lima Company when it deploys, possibly in late 2009?

Answer. When Marine Forces Reserve researched this question it was determined that the three Marines awaiting Scout Sniper training are all members of Weapons Company, 3d Bn, 25th Marines. Further, they did not meet all of the prerequisites. One needed to retake the ASVAB since his GT score was not high enough and the others did not have a current HIV on record. Those discrepancies have been rectified and all three Marines (delete) are scheduled to attend the below Scout Sniper Course at MCB Camp Lejeune, NC and will join 2d Bn, 25th Marines upon graduation. They all have approved orders in the system and have been notified by their command.

CID: M0381Z4
 COURSE: SCOUT SNIPER CRS
 LOCATION: CAMP LEJEUNE
 CLASS#: 2008003
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AIR FORCE RESERVE

Question. General Bradley, the recently published report from the Commission on the National Guard and Reserves included a number of recommendations that have budgetary impact on the Services. Are the Reserves included in the dialogue on how to address the impact to your budgets?

Answer. My personnel have been fully involved in developing the Air Force position on the Commission's 95 recommendations. Initially we were not invited as a member of the working group that will be discussing the budgetary impact of the Commission on the National Guard and Reserves recommendation on the Total Force. However, Major General (Select) James Rubeor, my deputy, was added to the General Officer/Senior Executive Service working group, but will not be a voting member.

Question. Do you feel that the funding level for NGREA (National Guard and Reserve Equipment Account) is sufficient for the Air Force Reserve to allow you to modernize and remain a viable tier one ready force?

Answer. While we are resourced through the Air Force budget process, we have combat requirements that are not funded. The National Guard and Reserve Equipment Account (NGREA) has been a lifeline to Air Force Reserve modernization. While the NGREA funding has helped keep us a ready and relevant combat force, it is insufficient to meet all modernization efforts. Over the past three years NGREA funding increases have allowed improvements in defensive systems, advanced targeting pods, radars, multifunction displays, communications and night vision equipment. The Air Force Reserve has over \$670 million in modernization shortfalls each year. The NGREA covers approximately 5% of this shortfall, but partial funding of the shortfall increases the time to field capabilities. Air Force Reserve aircraft and systems modernization requirements are projected to increase and, while NGREA funding has increased, it alone is not sufficient to keep Air Force Reserve a viable tier one ready force.

Question. Are there any other budgetary areas where you feel as though you are at risk?

Answer. The Global War on Terror (GWOT), Base Realignment and Closure (BRAC) and Total Force Integration (TFI) have created considerable pressures on the Air Force Reserve's budget. Recruiting and retention challenges, along with the training of Air Force to Reserve personnel due to BRAC/TFI mission changes create potential funding shortfalls in these areas. Additionally, the Fiscal Year 2009 depot purchased equipment maintenance funding level of 79% has resulted in the deferment of program depot maintenance on numerous aircraft, increasing risk to our readiness. While we strive to mitigate this risk in execution year, our ability to attain an acceptable level of risk is becoming more difficult. The under execution of our programmed flying hours and the increase in GWOT flying results in budget reductions to our training hours, which may effect readiness in the future, especially if GWOT flying decreases. Lastly, long term Military Personnel appropriations orders by Reservists volunteering to support GWOT results in the under execution of Reserve Personnel appropriations, which may result in baseline cuts to this appropriation effecting the ability for Reservists to train in the future.

Question. What impact is the Air Force Reserve's participation in the war having on your readiness, in terms of your personnel and operational capabilities?

Answer. Although the readiness of the Air Force Reserve training objectives is still being met with an increase in the operations tempo due to the war, wear of our equipment has accelerated above normal peace time standards. Results of this acceleration increases concerns for the need to recapitalize equipment as well as the funding needed to ensure Reservists are able to maintain operational readiness. Additionally, under-execution of programmed flying hours may lead to reduced appropriations for flying hours. This could result in a shortfall of flying hours when the Reserve returns to a peace time operations tempo. Lastly, Air Force Reserve missions are being accomplished primarily with volunteers on Military Personnel appropriation orders which results in an under execution of the Reserve Personnel appropriation account. As with flying hours, if Reserve Personnel appropriation funding is reduced, the ability for Reservists to train during a peace time environment could be jeopardized.

Question. How has AF Reserve recruiting and retention been affected by the increased demands of the Global War on Terrorism?

Answer. The Air Force Reserve has met its recruiting goals for the last seven years. While we anticipate challenges in the future due to Base Realignment and Closure, and Total Force Integration initiatives and a shrinking active duty force in which to recruit from, we have seen nothing to indicate that Global War on Terrorism has affected our recruiting efforts. As for retention, we've met or barely

missed our retention goals during the same period. We are monitoring this area closely as there are some indications for potential concerns with first term and career Airmen reenlistment rates. However, as with recruiting, we cannot say with any degree of certainty that Global War on Terrorism is adversely affecting our retention rates.

[CLERK'S NOTE.—End of questions submitted by Mr. Hobson. Questions submitted by Ms. Granger and the answers thereto follow:]

SOUTH TEXAS TRAINING CENTER

Question. The Texas Governor and the Texas Adjutant General have discussed establishing at least one additional training center in the southern portion of the state in order to provide more training space to our Guard. What is being done to address this issue that affects the Guard's readiness for both overseas and domestic missions?

Answer. The establishment and enhancement of National Guard response capabilities (Civil Support Teams, Chemical Enhanced Response Force Package, National Guard Response Force, etc.) to provide support to civil authorities have created additional training and training space requirements for nearly all of the states. The National Guard Bureau continues to work on developing training capabilities and identify facilities that would support the effective and efficient delivery of training, exercise, and evaluation of the readiness of the domestic response capabilities.

Question. Are other states facing the same training space dilemma?

Answer. Yes, states with Chemical, Biological, Radiological, Nuclear, and High Yield Explosives Enhanced Response Force Package (CERFP) teams have a valid issue because of the specialized nature of the venue required to train for their mission. The cost of these training areas would be prohibitive if established at one time, but could be feasible in phases. The National Guard Bureau has recommended that up to six regional training centers be established and that funding be provided to allow CERFPs to use the regional centers on a rotational basis. This solution would provide a 1 to 3 training site to CERFP ratio and would likely be a more cost effective solution.

PAY ISSUES

Question. Late last year, NBC ran a story describing multiple instances of pay problems with members of the National Guard. The story made reference to a GAO report that examined six National Guard Units—94% of those Guardsmen had pay problems. What is being done to remedy this and to ensure that our National Guardsmen are being paid correctly and in a timely manner?

Answer. The NBC story refers to a November 2003 GAO Report entitled "Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems." That GAO report correctly identified several deficiencies in our pay system, mostly relating to adjustments in pay and benefits when Army National Guard soldiers transitioned between reserve duty and active duty assignments.

Those widespread, systematic problems have been addressed. In 2003 I began working with the Assistant Secretary of Army, Financial Management and Comptroller, and the Director of Defense Finance & Accounting Service (DFAS) to address these pay problems.

Among the corrective actions taken includes establishing joint National Guard Bureau and DFAS dedicated support team to assist mobilizing and demobilizing soldiers; enhancing demobilization briefings and ensuring that all personnel know how to contact the Soldier and Family Support Centers for any pay assistance or other problems arise. Additionally, we have implemented standard operating instructions to prevent problems from arising due to turnover of financial personnel. Also, we have established procedures for reviewing and monitoring the pay process by DFAS, Army, and the Army National Guard; and improving the quality and availability of online pay and benefit information for soldiers.

[CLERK'S NOTE.—End of questions submitted by Ms. Granger. Questions submitted by Mr. Murtha and the answers thereto follow:]

NATIONAL GUARD ROLE IN HOMELAND SECURITY

Question. Has the Guard defined its operational requirements for its domestic mission?—what missions are expected of the Guard—and is there a plan, and do units regularly train for this mission?

Answer. The National Guard has worked hard to define our operational requirements for domestic missions, especially in the area of consequence management. These efforts have resulted in the development of specialized units and capabilities, including: Joint Force Headquarters (JFHQ) and Joint Task Force-State (JTF-State); Joint Incident Site Communications Capability (JISCC); Civil Support Teams (CST); Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive Enhanced Response Force Package (CERFP) teams; National Guard Response Forces; and Critical Infrastructure Program-Mission Assurance Assessment teams. Additionally, the National Guard has analyzed civil support operational requirements and has defined the service-provided Army National Guard and Air National Guard equipment that specifically supports civil support missions. These equipment lists have been provided to service staffs to influence the rapid fielding of specific sets of equipment to National Guard units to enhance the National Guard's overall capability to respond to domestic incidents.

Although National Guard has made significant progress in defining our homeland defense and civil support operational requirements, there is more to be done. That is why the National Guard Bureau is also institutionalizing a Capability Assessment and Development Process that will use National and Defense Planning Scenarios to systematically define future National Guard capability needs across the spectrum of homeland defense and civil support missions.

As to what missions are expected of the Guard, it serves our nation and communities across the full spectrum of domestic missions, including, but not limited to: Counter Drug, protecting critical physical and cyber infrastructure, air sovereignty, air and ballistic missile defense, transportation, engineering, and medical. These responses are to both natural and manmade disasters, as well as civil disturbance.

Over 70 Domestic Operation plans involving the National Guard have been written by United States Northern Command (USNORTHCOM), the National Guard Bureau and the 54 states, territories and the District of Columbia. In addition, the National Guard Bureau, in coordination with the 54 Joint Force Headquarters-State, has developed a Joint Capabilities Database (JCD) that focuses on "Essential 10" capabilities that are needed and available for homeland defense, homeland security, and civil support missions that are frequently conducted by the National Guard. The JCD is designed to assess current and future National Guard joint capabilities required by the Governors in the event of an emergency, and to inform both Contingency and Crisis Action Planners on the status of capabilities and where capability gaps lie when formalizing plans.

The National Guard Bureau, in conjunction with USNORTHCOM, has developed and implemented a Joint Interagency Training Capability (JITC) that includes a regional exercise program, staff training for JFHQ/JTF State staff elements, and collective chemical, biological, radiological, nuclear, and high yield explosives (CBRNE) training for National Guard CERFPs and CSTs. CSTs also have rigorous internal exercise programs and CERFPs have focused individual and collective training events.

Additionally, the National Guard regularly participates in National and Combatant Command homeland defense and civil support Exercises. However, although the National Guard has made major strides in developing effective homeland defense and civil support training, there is much left to be done to assess the sufficiency of this training with respect to the increasing National Guard homeland defense and civil support responsibilities and to address continued training gaps in the areas of port and border security, information sharing and Continuity of Operations and Continuity of Government planning and exercises.

Question. Regardless of the source, would it be helpful if additional funding, over and above that provided for military readiness, were to be made available to states for domestic planning and exercises performed by the National Guard?

Answer. Yes, additional funding for domestic planning and exercises would significantly improve the National Guard's readiness to respond to domestic emergencies. While the National Guard has made progress in domestic planning and exercises, increased funding would enable us to address gaps in training, to improve the assessment of that training, and to fully integrate our planning efforts at the federal, state and local levels.

NATIONAL GUARD AND U.S. NORTHERN COMMAND (USNORTHCOM)

Question. If there is federal military support to civil authorities that needs to be provided for a disaster relief operation, is that the responsibility of the Reserve Component or NORTHCOM?

Answer. Disaster relief response within the United States has several tiers of response, with the goal of supporting the needs of the local authorities. Local authorities, first on the scene, provide initial assessments and response. If further assistance is required, state assets, such as the National Guard, will be called upon. The National Guard also can be employed in Title 32 status if federally funded military support is required.

National Guard units are located in communities across all 50 states, three territories, and the District of Columbia. If requirements exceed the capability of available forces, elected leaders may execute an Emergency Management Assistance Compact (EMAC) request, a voluntary agreement between states and territories to share National Guard and other resources. This tool allows for a sharing of resources and solves the problem at a state or regional level. However, EMACs are not only for neighboring states. If a disaster is regional in nature, states outside the affected area may choose to send assets.

Federal assistance may also be requested. These requests are collected by the lead federal agency and then forwarded to the appropriate federal agency. If the Department of Defense receives a request, it would pass to USNORTHCOM for execution. At that point, USNORTHCOM would provide the required capability. In some cases, USNORTHCOM is the only source of capabilities. For example, states typically do not have any maritime assets. If required, these would come from active duty forces. In some cases this may require reserve component elements to be called into active federal service.

Question. What are some of the challenges with the NORTHCOM arrangement?

Answer. The National Guard can provide significant domestic response support by rapidly deploying Soldiers and Airmen and necessary equipment over great distances, as was done in the response to Hurricanes Katrina and Rita. United States Northern Command (USNORTHCOM) is a fully capable Combatant Command (COCOM) that is staffed to manage Federal Defense Support to Civil Authorities if needed. It is critical that these separate, but complementary, missions function together when disaster situations arise.

While the National Guard Bureau has been working with USNORTHCOM on their domestic support plans, there have been limited opportunities for USNORTHCOM commanders, staff and forces to assist state forces on domestic response missions. This leaves significant room for improvement on coordination of efforts and planning. Increased coordination and exchange of staff for training and exercises will go a long way towards addressing any coordination deficit between USNORTHCOM and the National Guard.

Question. Title 32 operations have been coordinated in the past—NOT by US Northern Command, but by the National Guard Bureau. What are the advantages to having this consistent channel of communication between the States and the DOD for operations that are conducted with federal funds?—and what role, if any, does NORTHCOM play in these missions?

Answer. The Title 10 requirement for the National Guard Bureau to serve as the conduit of information between the individual states and the Departments of the Army and Air Force is well established and clearly understood by all parties. There would be many advantages to continuing this proven process for Title 32 operations.

The communication process between the National Guard Bureau and the individual states is well established and utilized on a daily basis. State Joint Operations Centers have been established under the Adjutants General and are tied into the National Guard Bureau Joint Operations Center. The National Guard Bureau Joint Operations Center then makes the information available to the Department of Defense and the Department of Homeland Security.

The National Guard Bureau also manages the distribution of Title 32 funding that is allocated to the Army National Guard and Air National Guard to train for their federal mission. The appropriate fiscal accounting processes are already established and used on a daily basis.

Finally, maintaining a single, consistent Title 32 process that is exercised on a daily basis means National Guard personnel are trained and ready to react in a disaster the same way they operate day-to-day. This “train like you fight” concept provides a high state of readiness and is well understood and used throughout the Department of Defense.

NORTHCOM, however, does not play a significant role in Title 32 operational missions. Since command and control of Title 32 operations remain with the Gov-

ernor and state Adjutants General, there is no USNORTHCOM involvement in these operations other than maintaining situational awareness. Also, not all states and territories reside within the USNORTHCOM area of responsibility. Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands are assigned to either the Pacific Command (PACOM) or the United States Southern Command (USSOUTHCOM).

NATIONAL GUARD EQUIPMENT CHALLENGES

Question. LTG Blum you have previously noted the relatively rapid National Guard response to Hurricane Katrina, but isn't it true that if the Army National Guard had had 100 percent of all of the equipment it is required to have, that response would have been even faster?

Answer. There is no doubt that higher levels of equipment generally would facilitate a faster response in a catastrophe. While the Emergency Management Assistance Compact (EMAC) ensures that a disaster-affected state can bring in National Guard equipment and personnel from other states when needed.

If the affected state has a relatively low level of equipment on hand, this increases the demand on external sources and invariably will take a longer time to meet all equipment requirements.

Question. If the National Guard were to receive the full amount of the President's Budget request as well as the full amount currently planned over the Future Year Defense Program, how much additional funding would still be needed in order to bring the National Guard to 100 percent of the equipment it is required to have?

Answer. If the Army National Guard were to receive all of the equipment in the President's Budget and the Future Years Defense Program, the additional requirement of \$9.9 billion to reach full equipping levels. However, this figure would not displace all substitute and "in lieu of items currently in the National Guard's inventory. Additional funding would be required to fully equip the force with the most modern equipment available.

Question. Please describe the Emergency Management Assistance Compact and how it allows the National Guard to mass equipment across state lines during disasters—and would this work in a major crisis when many Guard units are deployed?

Answer. The Emergency Management Assistance Compact (EMAC) is a national mutual aid agreement administered by the National Emergency Management Association (NEMA). All 50 states, as well as the District of Columbia, Puerto Rico, and the Virgin Islands, are members. The National Guard and other responders (police, fire, etc.) are subject to request by the impacted state. It is up to the state receiving such a request whether to respond as requested, respond with a proposed substitute asset or to decline the request. As a general rule, requested support is honored in a timely and efficient manner.

During a crisis requiring interstate mutual aid a state publishes requests for support using the EMAC process. Using its knowledge of National Guard asset availability, the National Guard Bureau contacts the state owning the appropriate asset and asks that state to consider picking up the support requirement identified by EMAC. The state accepting the mission then advises the requesting state and NEMA of its availability. The actual agreement between the supported and supporting states is made between those states, using the EMAC agreement as the basis.

The EMAC system works very well, even when National Guard units are deployed. For example, during the Hurricane Katrina disaster the National Guard deployed approximately 50,000 troops, with appropriate equipment, in a timely and effective response in support of civil authorities, and more National Guard personnel and equipment were available if they had been needed. At the time, 13,000 National Guard personnel and significant amounts of equipment were deployed overseas in the Global War on Terror.

Question. How many full-time personnel is the Army National Guard required to have? How many is it currently authorized to have and how does this difference affect the readiness of the Army National Guard?

Answer. The Army validated requirement for Army National Guard full-time support is 42,533 Active Guard and Reserve and 42,329 Military Technicians, for a total of 84,862 full-time support personnel.

The Army National Guard's FY2008 authorization is 29,204 Active Guard and Reserve and 28,102 Military Technicians, for a total of 57,306 full-time support personnel.

The current full-time support requirements are formulated from a 1999 manpower study based on the pre-9/11 mission of a strategic reserve. The Army National Guard is now an operational force and has inherently increased mission needs at the strategic, operational and tactical levels. As we prepare and train our force for

missions, in an era of persistent conflict, the negative delta in full-time support adversely affects our ability to meet the readiness levels required for an operational force. Our full-time support personnel complete essential day-to-day training preparation, maintenance and personnel actions that allow our part-time soldiers to maximize training during their limited training periods. Full-time support is a key readiness multiplier.

Question. Generals Vaughn and McKinley, can you compare the full-time percentages of required versus authorized personnel compare to ANG? What is percentage of full-time to total end strength? I have heard that ANG has it about right as far as working as a true operational reserve?

Answer. The Army's validated fiscal year 2008 (FY08) requirement for Army National Guard full-time support is 42,533 Active Guard and Reserve (AGR) and 42,329 Military Technicians (MilTech), for a total of 84,862 full-time support personnel. The Army National Guard's actual FY08 authorization is 29,204 AGR and 28,102 MilTech, for a total of 57,306 full-time support personnel. The Army National Guard's authorized end-strength for FY08 is 351,300. This yields an authorized level of full-time support at 16.3 percent.

The current full-time support requirements are formulated from a 1999 manpower study based on the pre-9/11 mission of a strategic reserve. This study validated a requirement for 84,850 full-time support positions to perform the Army National Guard mission as a strategic reserve. The Army National Guard is now an operational force and has inherently increased mission needs at the strategic, operational and tactical levels.

The Air Force validated FY08 requirement and authorization for Air National Guard full-time support is 13,936 Active Guard and Reserve (AGR) and 22,897 Military Technicians (MilTech), for a total of 36,833 full-time support personnel. The Air National Guard authorized end-strength for FY08 is 106,700. This yields an authorized level of full-time support at 34.5 percent. The Air National Guard's full-time force allows it to provide a high level of volunteerism for missions at 92 percent. This is a proven, ready, combat capability to the Air Force.

[CLERK'S NOTE.—End of questions submitted by Mr. Murtha.]

WEDNESDAY, MARCH 5, 2008.

**DEPARTMENT OF THE AIR FORCE CONTRACT AWARD
FOR TANKER REPLACEMENT**

WITNESSES

**HON. SUE C. PAYTON, ASSISTANT SECRETARY OF THE AIR FORCE FOR
ACQUISITION
LIEUTENANT GENERAL JOHN L. "JACK" HUDSON, COMMANDER,
AERONAUTICAL SYSTEMS CENTER
TERRY KASTEN, KC-45A PROGRAM MANAGER**

OPENING REMARKS OF CHAIRMAN MURTHA

Mr. MURTHA. The Committee will come to order.

I want to welcome Ms. Payton and General Hudson to the Committee.

I do not think there is any subcommittee or any committee that has done more to try to move this tanker program forward. When Bill Young was Chairman, he recognized the problem. We tried everything we could to put money in, prompted the Defense Department to go forward. All of us realized the critical nature and the national significance of this program. This is a weapons system just like the F-22 or the JSF or anything else. This is absolutely critical to our national security.

Having said that, what I worry about and the reason that I wanted to have a hearing is this also has political implications. Not only are the facts important, but the political implications are just as important.

I look at the banks being bailed out by foreign countries. I see a rising trade deficit with China, the rest of the world. And when my staff gives me a paper that shows our Treasury owes—and other U.S. Agencies owe China \$922 billion, I think it is imperative that the Air Force explain to this committee its decision and how it came about to award this contract.

I do not know what the estimate of the contract is going to be. It is going to be a big contract, probably as big as any contract that we have had over the years. And I know it will grow, because all of them do. Our experience is that all of them get bigger. But we want to make sure everybody was treated fairly.

And we want to know as many details as we can. We understand that there are a lot of details that you cannot talk about because you have not been briefed. But you have to remember this: This committee funds this program. And all this committee has to do is stop the money, and this program is not going to go forward.

We want to make sure everybody is treated fairly. We want to make sure you made the right decision. We want to support the right decision in this endeavor.

So, with that, I will ask Mr. Young for his opening statement.

OPENING REMARKS OF MR. YOUNG

Mr. YOUNG. Well, Mr. Chairman, thank you very much. And I want to join you in welcoming Secretary Payton and General Hudson to this very important hearing.

This subcommittee has recognized the need for a new fleet of tankers for many years, actually, and we are really disappointed that it has taken so long even to get where we are today. The fiasco that encircled the leasing program—by the way, even back then, we supported buying the tankers as opposed to leasing them. But we were overruled in that matter. But the important thing here is, when can we put new tankers into the air to meet the requirement of the United States national security requirements? And that is our issue today.

Secretary Payton, I read your prepared statement, but also I read in *The Washington Post* yesterday the comments of Loren B. Thompson of the Lexington Institute. Frankly—and please do not be offended by this—but your statement does not say anything about this contract, but Thompson has—well, I am sure you have seen this.

Ms. PAYTON. Yes, sir.

Mr. YOUNG. Thompson has a whole list of why this contract was awarded. And I do not know that this subcommittee is going to try to be in the business of determining which contractors get the contract awards; I do not think that is our prerogative. But if Thompson knows something about this, we expect that you might know something about this as well. So, although your statement was not very thorough in detail, I think we are probably going to be asking you a lot of questions about this.

So thank you for being here and being willing to—

Ms. PAYTON. Thank you.

Mr. YOUNG [continuing]. Face what you know is going to be an interesting session.

Ms. PAYTON. Yes, sir.

Mr. YOUNG. Thank you, Mr. Chairman.

Mr. MURTHA. I am going to ask the two members that have the political concerns in their own district to make a few opening remarks. First we will hear from Mr. Dicks.

REMARKS OF MR. DICKS

Mr. DICKS. Thank you, Mr. Chairman.

And I wish I could say that I was happy with this decision, but I certainly am not. And I have been a very strong advocate for this tanker program. There are a number of things that I think are basically unfair in what the Air Force did.

First was the decision not to take into account the massive subsidy received by Airbus to build the A330 in launch aid. The A330 and the A340 received over \$5 billion in launch aid, and yet, in evaluating these proposals, the Air Force did not take that into account.

The most damning of all is the bait-and-switch tactics used by the Air Force to first say that they wanted a medium-sized tanker. They said, we do not want a great big tanker, we want a medium-sized tanker to replace the smaller plane, the KC-135. This was

not a replacement for the KC-10. Had Boeing known—as General Lichte kept saying more is better, more is better—if Boeing had known that the Air Force wanted more, it would have bid the 777. But they were never given that opportunity. They were never suggested.

And let me just read to you what the Air Force said about this program. “We want to buy a tanker. We do not want to buy a cargo plane that tanks. We also do not want to buy a passenger airplane that tanks. We want to buy a tanker. Its primary mission is going to be a tanker. The fact that it can carry cargo or passengers is a benefit, but it is not the primary reason for the procurement.”

So I think the Air Force has failed us here. I think they went with the wrong airplane. By going with a bigger airplane over lifetime, if you compare the two, the KC-767 and the A330, the A330 will burn \$15 billion more in fuel. It will also have higher maintenance costs. It is a 53 percent larger airplane. It is going to have higher maintenance costs.

Also, at the very end, after all the things that the Air Force did to capitulate to Airbus and EADS and Northrop Grumman, they have had one final capitulation on the integrated mission assessment, where they changed it right at the end so that they would be able to—instead of having to have—I mean, this is a very major issue—a smaller plane, because we have learned in airlift an airfield can accommodate more planes. They can have more C-17s at a field than C-5s. The same thing is true here. You can have more 767s at a field than you can have the larger plane.

But the Air Force changed the criteria. They said, we can look at the—instead of looking at the weakest strength of the airfield, you look at the strongest strength. They changed the distance between wings from 50 feet to 25 feet. They also changed the ramps. Also, because of the size of this airplane, you are going to have to have a massive military construction program to build new hangars all over the world. And so I say the Air Force changed the deal in midstream to accommodate Airbus because they said they would pull out of the competition if we did not do it.

Also, this is a crown jewel of American technology. We are now giving away to the Europeans one of the most significant things we, as a country, can do, and that is build these aerial tankers.

Also, you said they have great mission capability, I mean, that their boom and their drogue have great capability. They have not even passed fuel yet. If they did, it has been in the last week. And at the Paris Air Show, they had a wooden thing that they had out there that they said was a boom, but it wasn't. It was just a piece of wood.

They are behind in their Australian deal. Boeing has delivered a tanker to the Japanese. Airbus is still 1 or 2 years behind. So how could you say that they have a superior proposal, when they have not even delivered this airplane?

And then, to take away these jobs from the American people—the Boeing Company and our State of Washington, which has been one of the greatest supporters and suppliers to the Air Force, taking these jobs away and giving this—and remember, the major parts of this plane will be built in Europe. The tail is built in Spain. Germany builds the fuselage. Somebody builds the wings.

They are going to send that all to Alabama and assemble it. There is going to be very little added to that in the United States. It is all going to be done in Europe by a subsidized company.

And one other thing. They also—Boeing has to pay health-care insurance. I do not think you took that into account, that over in these European countries they get socialized medicine—which is fine; I think it is a great program. But that should be evaluated. Boeing has to pay health-care insurance.

So I just think this thing is totally unfair. I think the Air Force has made a big mistake in shifting from the medium-sized tanker to the large tanker. And I hope that we can reconsider this decision and do the right thing, which is to build this thing in the United States with an American company with American workers.

Thank you, Mr. Chairman.

Mr. MURTHA. We agreed before we started to let Mr. Tiahrt also have an opening statement, and Mr. Cramer, and then we will go forward with the witnesses making their statement.

Mr. Tiahrt.

REMARKS OF MR. TIAHRT

Mr. TIAHRT. Thank you, Mr. Chairman, and thank you for holding this very important hearing.

I look forward to hearing from Secretary Payton and General Hudson on the Air Force decision to award the KC-X tanker contract to a foreign competitor over an American company. I understand they want to limit their comments because the competitors have not yet been debriefed and there is a possible protest decision looming. However, I hope they understand the seriousness of our concerns. The committee needs and demands answers.

Mr. Chairman, perhaps we should have had Loren B. Thompson, Ph.D., here, because he has been debriefed on this program, but we cannot get debriefed on it.

Mr. DICKS. By the Air Force, in fact. He said the Air Force officials gave him the information.

Mr. TIAHRT. Absolutely.

Unfortunately, the process of the Air Force's decision leaves me asking a tremendous amount of questions. The American public is rightfully outraged by this decision. I am outraged by this decision. It is outsourcing our national security. An American tanker should be built by an American company with American workers. Choosing a French tanker over an American tanker does not make sense to the American people, and it does not make any sense to me.

But the more I investigate this decision and others like it, the more I am beginning to see a pattern that is deeply disturbing. We are stacking the deck against American manufacturers at the expense of our own national and economic security. Three of the last big defense contracts have all been awarded to foreign companies, because the deck is stacked against American manufacturers. We should have suspected it when the Navy awarded the Marine One contract to a foreign manufacturer, the replacement of the President's helicopter. We should have known when the Army awarded the light utility helicopter to EADS. And now, with the Air Force awarding the KC-X to a foreign manufacturer, it is as plain as the nose on your face.

Foreign competitors were able to compete and win against American manufacturers because our acquisition laws favor foreign competitors. If we were to compete Air Force One today, it would go to a foreign manufacturer.

For instance, the Air Force did not take into account the illegal subsidies or other nonaccounted-for costs that EADS and Airbus receives from European nations. These subsidies make Airbus aircraft cheaper in civilian markets, and clearly they make the A330 cheaper in this competition.

Although these facts are well-established, I routinely brought them up to the Air Force's attention. In the final analysis, it seems that the Air Force did not even try to evaluate the impact of European subsidies on a tanker competition. And you should have known, when you have an airplane that is 43 percent larger built in a country where the euro is stronger than the dollar, it should send up a red flag that there are subsidies buried in their bid. And that makes an unlevel playing field for American manufacturers.

In addition to stacking the deck against American manufacturers, I am concerned that the Air Force poorly judged one of the most heavily contested competitions in history. Although I am not blaming any one person—and this is not personal, as I said earlier to you personally—the fact remains that the Air Force looked at this competition, Congress was briefed on it, that the competition that we were—but we were not shown the same—the same thing you asked for is not the same thing we were shown last Friday. And I think Congressman Dicks pointed that out.

You asked—or it appears you were wanting to get a KC-135, when you first told us, to replace the KC-135. But the airplane you selected is a replacement for the KC-10. That is a total switch in the requirements. And based on your selection, it appears that the Air Force was interested in a cargo aircraft that could tank and not a tanker with a cargo capability.

It appears that the Air Force was willing to ignore serious risks: the Northrop Grumman-EADS proposal regarding supply chain mitigation, construction of new facilities, training a new workforce, let alone the fact that Northrop Grumman has absolutely no experience in air refueling marketplace.

It appears that the Air Force was willing to ignore EADS' past performance history when it came to the A400, which was late in delivery; the A380, which was late in delivery; and the A330, which was late in delivery. All had scheduled delays, and yet that that is not appearing anywhere in the analysis that I have seen.

It appears that the Air Force was willing to ignore the mission capability by picking an aircraft that can operate in fewer places rather than more. It appears that the Air Force was willing to choose an aircraft that, because of its size, will require significant military construction investment during a time of a shrinking military construction budget.

Those are just a few of the discrepancies in what Congress was originally led to believe. There are many inconsistencies in the public statements of the Air Force, and the results of this competition are simply astounding.

One additional point. The Air Force did not take into consideration or account for economic security when evaluating the KC-X

proposal. I understand that economic security does not fit into any bid criteria or your KPPs, but the need for a domestic industrial base sure should. Congress has made clear over the years its intent that taxpayer dollars should be spent for American work whenever possible. During a time of economic uncertainty, it is baffling why the Department should decide to send, at a minimum, 19,000 jobs overseas to the nations of France, Germany, Spain and the United Kingdom. And they are more likely to gain more jobs than any single State here in America. This proposal benefits European aerospace workers at the expense of American workers and economic security.

I have started a survey on my Web site, www.house.gov/Tiahart. That survey says, if allowed to stand, this contract awarded to a foreign company will: hurt American workers by the loss of U.S. jobs; outsource an essential military asset to Europe; force the United States to depend on Europe for its national defense; result in an inferior tanker for the United States Air Force; and result in the U.S. being more vulnerable at a time when we need to be less vulnerable.

We cannot allow this to come true. We must have an American tanker built by an American company with American workers. Congress must act to save the Air Force from itself, Mr. Chairman.

I appreciate that Secretary Payton and General Hudson have agreed to join us today, and I look forward to the informative hearing.

Mr. MURTHA. Mr. Cramer.

REMARKS OF MR. CRAMER

Mr. CRAMER. Thank you, Mr. Chairman. I will be brief.

This is an important opportunity for us, as members of the Defense Appropriations Subcommittee, to scrutinize the Air Force's process, this country's process, that would allow a competition like this to occur and then an outcome like this to occur.

If I understand what the Air Force evaluated, you had five categories. And I would like to hear you get into those categories: capability—we need some details about that capability, how that stacked up proposal to proposal; then proposal risk—what issues did you evaluate there; past performance—a very important category, especially considering the track records of these teams that were involved here; price—what place did price have in this and the evaluation; and then the Integrated Fleet Air Refueling Assessment. And if I am wrong about those categories, I want to be corrected.

I would like to know how this process worked. It was a competition that was started. Was it amended? Was it postponed? What kind of reaction did you get from the teams that were involved in this? Did they have a chance to amend? Did they have a chance to, with the flexibility of this process, respond to maybe changing requirements that the Air Force had? Because, finally, we have to come out of this with some degree of confidence that this process worked and that American workers had an opportunity, the kind of opportunity that they should have, to have been involved in this.

Ms. Payton, I would like for you to outline the Federal requirements on military contracts. Give us some history to judge this

competition by, especially regarding the percentages of American jobs or the share which is required for large-scale procurements. Because what we have here today is an issue that reflects on the procurement process of this country.

Thank you very much, Mr. Chairman.

Mr. MURTHA. Ms. Payton, now we will hear your presentation. And normally we put the whole presentation in the record, but I think it is so important that you go through the details of what the members suggested, so that we can all get a feel for exactly what you have gone through.

OPENING STATEMENT OF SUE PAYTON

Ms. PAYTON. Thank you very much. And, Mr. Chairman and members of this committee, I am honored to be here today. I am very interested in answering as many questions as possible that I can, within the law and within the phases of the procurement as it is today.

I am really, really honored to be joined by Lieutenant General Jack Hudson, who is our Air Force PEO, program executive officer, for aircraft systems, and by Mr. Terry Kasten, who is our current program manager for the KC-45A.

As you are aware, last Friday, the Air Force awarded the KC-X contract to Northrop Grumman. And this is a team who met and exceeded the requirements of the request for proposals and who provided the best overall value to the warfighter and to every American taxpayer based on the competition and the evaluation factors.

At this time in the process and in this public forum, we cannot disclose proprietary information or source selection-sensitive data from either vendor. The Air Force must protect both offerors' information unless we are given specific permission to release it. Of course, now, they are able to release their own data, but we cannot validate public comments or media information without violating proprietary boundaries. We cannot confirm or deny what is in the press.

Furthermore, after the debrief of the unsuccessful offeror, they have the right to file a protest. And we cannot jeopardize the Government's probability of winning a protest with any comments that are made for the record today.

I would like to reiterate that the Air Force followed a carefully structured source selection process, which was designed to provide transparency, maintain integrity and ensure a fair competition throughout the entire source selection process. The evaluation team was comprised of experts covering a broad spectrum of specialties, from acquisition to operations, hand-picked from across the Air Force and other Government agencies. We had an unprecedented amount of time 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.

Competition for major weapons systems are very complex. This entire process was very lengthy, but there were numerous exchanges that fostered a mutual understanding and clarity. As a result of this fair and open competition, the Air Force will deliver a tremendous capability to the warfighter at a great value to the taxpayer.

We are ready now to move forward on something that is very late to need, on a program that is smart, has steady reinvestment to ensure future viability of something that is extremely unique and vital to our U.S. security.

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 America 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 a three-part set of tranches to recapitalize our entire KC-135 fleet. In a few more years, we will take a look at the tanker requirements and evaluate whether the KC-45 aircraft is still the best solution or whether we need further competition.

KC-45A is our highest procurement priority. It is critical to the entire joint coalition military team's ability to project combat power all 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 operations, and a greater overall capability than the current inventory of KC-135Es and KC-135Rs.

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, secondary, of carrying cargo, aeromedical evacuation and passengers, and will be equipped with defensive systems to enhance its utility to the warfighter.

As you know, the current fleet of Eisenhower-era KC-135s averages over 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 that entire fleet, as I mentioned earlier.

The Air Force has budgeted approximately \$3 billion per year for an annual production rate of 12 to 18 aircraft. But even with this level of investment, it will take several decades to replace the 500-plus KC-135s. It is absolutely critical for the Air Force to move forward now on this program.

On behalf of the entire Air Force community, I would like to express my appreciation to both the teams for their tremendous efforts. I thank you for the opportunity to be here today to clarify as much as I can. And I look forward to General Hudson, Mr. Kasten and I answering any questions that we can within the constraints of where we are in the source selection process.

Thank you.

[The joint statement of Secretary Payton and General Hudson follows:]

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**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**



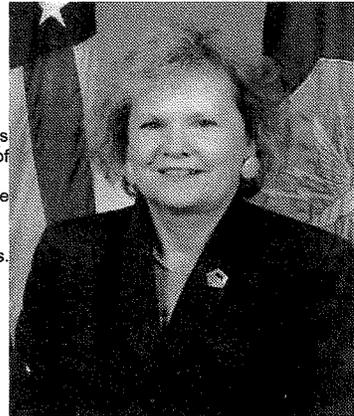
BIOGRAPHY



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 like \$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.

Mr. DICKS. Mr. Chairman, I would like to ask you a question, if I could. It just seems to me that they are not going to be able to answer any of our questions that we have presented. And I would just like to know when in the procurement process can they address the issues that we have raised here this morning?

Mr. MURTHA. Let's see what they can answer.

This is as political as anything that we do. You say you budgeted, but we are the ones that appropriate the money.

Ms. PAYTON. That is correct, sir.

Mr. MURTHA. When I look at the Dubai crisis that we had—and the public was up in arms—this committee, the full committee, voted 60 to 2 to stop that provision. So this has to be completely aired so that the public understands.

Were any presidential candidates briefed about this before the information was released to the public?

Ms. PAYTON. Absolutely not.

REMARKS OF MR. LEWIS

Mr. LEWIS. Mr. Chairman? I really hate to—I am going to have to run. We have 22 hearings today. But in the meantime, if I could just—

Mr. MURTHA. Sure.

Mr. LEWIS [continuing]. Make a comment?

To you, General Hudson, let me just say that this subcommittee has lots of reasons to seriously question what we do within the building over there relative to procurement processes.

When I was first a brand-new Chairman of this Committee, with both sides of the aisle present, closed the door for 2 hours and made a decision to pull procurement recommendations regarding the F-22. You would have thought we blew the top off the Pentagon when we did that. And we did that because we were convinced that a lot needed to be done in terms of evaluating the capability of that aircraft before going forward, like software in the wings, et cetera. I think if we had not done that, that program would have fallen off the cliff.

Now, General, I would make this point. I do not believe that the F-22 program was ever scheduled in a fashion to have manufacturing take place outside the United States.

Now, let me further make another comment, General and Madam Secretary. It is very important for you to know that Northrop Grumman has a very sizable presence in my district. But I am not here today and I am not going to be asking questions because of employment, period. I am looking at capability. I do know that, about 2½ years ago, we were that close to giving the contract to Boeing, and other things developed that caused us to reconsider the direction that we were about.

I want to make certain that we continue with manufacturing capability in the United States. I want to make certain that any technical developments within this program that are vital to the future interests of the United States are not going to be transferred to the likes of a country that I do not have all the confidence I would like to have in, namely France.

There are elements like that that are very important. Short-term products that will deliver the requirements we need, very, very

critical. But there is a long-term interest of the United States security involved here as well.

And those are the questions I want to ask you all behind closed doors. This is not the place.

Ms. PAYTON. Thank you.

Mr. LEWIS. But there was a need for this forum, without any question. And so, with that, Mr. Chairman, thank you.

POLITICAL IMPLICATIONS

Mr. MURTHA. Yes, the political implications are so severe in this case. For instance, we could not even get NATO to give us an additional 3,000 troops in Afghanistan. In Iraq, they have pulled back most of the forces from Europe. They had 47,000 there, at one time; now we have 10,000.

So the political implications are very severe here. So this committee, in particular, has to take into consideration not only the technical details, the capability, but also the possible technical transfer of information. So we would hope, as this hearing goes along, you will be able to answer those questions, satisfy the committee, and this committee then will make a decision whether we are going to go forward.

Obviously, it is going to make a difference if both Democrat presidential candidates are saying—I think they said they were against this proposal. This proposal is going to be funded over a long period of time. It is going to be a lot of money. So it is something that we have to take into consideration, because we are going to be here and this subcommittee is going to be here, whoever is the Chairman of it, and we will have to consider what the White House wants to do about it.

Mr. Young.

Mr. YOUNG. Well, Mr. Chairman, we have a good attendance today. And I am wondering if Mr. Loren Thompson is in the audience?

Mr. DICKS. No.

PRESS REPORTS

Mr. YOUNG. Because some of my questioning goes to the issue of why Loren Thompson was given information that this subcommittee is not going to receive today from the official witnesses.

Mr. Thompson said that—this is what I mentioned earlier, in my earlier statement—Mr. Thompson said that his information was based on information from the Air Force and company officials. If that is the case, if Thompson is entitled to have information from the Air Force, certainly this subcommittee should be entitled to have that information.

But one of the things that Thompson reports on, based on his information from the Air Force, said that the awardee and its subcontractors were more highly rated. And I just wonder about that. Most of the subcontractors, I understand, are going to be involved from our friends in Europe. I just tend to believe that American subcontractors—actually, what I am saying is I am a little offended by the fact that the Air Force seems to rate subcontractors outside of the country higher than they do contractors, subcontractors within the country.

Do you have any comment on that?

Ms. PAYTON. Yes, sir. And I appreciate the question.

The Air Force, to my knowledge, no one on this source selection team provided any information to Loren Thompson. In e-mail traffic that I have seen recently, it did say that he did get information from Government individuals and that he got information from both of the offerors.

I cannot comment on the facts of Loren Thompson's article. I am more than willing to go behind closed doors and discuss these things. But as I said earlier, I cannot disclose things that are competition-sensitive, source selection-sensitive or proprietary in an open forum. And I cannot discuss this until I have debriefed both the successful offeror and the unsuccessful offeror.

Mr. YOUNG. Secretary Payton, I understand that, and I agree with that. And I think we have to—it is sensitive here. We have to be very careful that we are not trying to, as a subcommittee, that we are not trying to affect the outcome of any contract. That is not our role in life.

But it is important that we know that the funding that we would appropriate is going to be handled properly.

Ms. PAYTON. Yes.

JOB CREATION

Mr. YOUNG. That it was because of a decision based on quality, on truth.

And some of my colleagues here have raised some serious questions. And I think that, Mr. Chairman, it may be that we would have to have a closed-door session on this subject. Because I think my colleagues have a right to have their questions answered, because they have very specific parochial interests on both sides of this issue.

The issue of jobs, this is an important issue to the United States and to Members of Congress. Can you estimate how many jobs would be created if the contract, as recommended today, how many jobs would be created outside of the United States for this first 179 aircraft?

Ms. PAYTON. Job creation, location of assembly and manufacturing were not part of this evaluation criteria, according to the law. The law gives a special exemption, under the Buy America Act, to a dozen countries, and they say that we should treat those countries as the U.S. The Buy America Act is very clear on that. The countries that have companies that will be engaged in the new KC-45A are all on that exempted list. So the laws of the Federal acquisition regulation, the provisions of the Buy America Act are all being followed here.

Mr. YOUNG. Okay. And I will accept that. And I understand it is important to follow the law. But do you know the answer to that? Do you personally know the answer to that?

Ms. PAYTON. You know, I do not, because it was not part of the evaluation criteria. And as a person who has to follow the law, I made sure, as the Air Force made sure, that we stayed within what the request for proposal asked for, that we made sure that all the requirements were evaluated in the way that we had discussed with the offerors.

We had dozens of discussions with the offerors, so there is no mystery here about—and no new information about where each offeror stood in relation to the RFP.

Mr. YOUNG. Okay. And I understand your position and your responsibilities. And I am just, sort of, testing to see if we can break through that a little bit.

Ms. PAYTON. Well, let me put it this way. I wish I could award to somebody I like. I wish I could award to somebody who offers things that I personally like. But according to the law—and, you know, I promised the House and the Senate when I went through confirmation that I would uphold the laws as written of this country—those things cannot enter into the decisions made in acquisition. And that is where I am finding myself, sir.

KC-135 FLEET

Mr. YOUNG. Okay. Well, I understand that. And, frankly, I appreciate that, and I think it is important that people in positions of responsibility like yours do follow the letter of the law.

Okay, but let me ask you something I think you can answer. How much time—or maybe General Hudson would have a good answer on this—how much time is left in the KC-135 fleet?

I know there are several different blocks of aircraft. We are very, very interested in this issue in my part of Florida because of MacDill Air Force Base, and we have some of the older KC-135s.

How much life is left in the KC-135s? And will the new KC-45A program, will it intersect the line somewhere where before the KC-135s all quit flying?

Ms. PAYTON. Yes, sir. I would like to have Terry Kasten answer that question, because he is very in tune with all of that.

I will say, first of all, that our KC-135s are very old. We have incredible maintenance crews, who, honestly, they will keep them flying as long as we need them, because that is how great they are. But our warfighter deserves better.

And so I would like Terry to give more detail to exactly what the real conundrum is that we are facing here.

Mr. KASTEN. Thank you, ma'am.

Yes, sir. Our projections are at a recapitalization rate of 15 aircraft per year, which is kind of the target for the source selection, that the 135 fleet is going to be out there in diminishing numbers for the next 20 to 30 years, out to the mid-2030s and mid-2040s. That would make that aircraft, as the last one leaves the fleet, over 80 years old.

Again, that is driven by how quickly we can bring the KC-45 into the inventory. But if you are talking about replacing 400 to 500 aircraft per year with the KC-45, you can just do the numbers.

Now, we are going to maintain the 135 and keep it viable as best as we can, but when you get airframes operating that are that old, you get into the realm of unknowns there. And we are just hoping to avoid any catastrophic issues there that would force us to ground that aircraft for long periods of time.

Mr. YOUNG. Well, we need to get these new tankers. And it is too bad, as I said in my opening statement, it is too bad that we

have lost so much time because of the fiasco surrounding the proposed lease program some years ago.

Mr. Chairman, a lot of our members have a lot of interesting questions. And I thank you for the time.

INDUSTRIAL BASE

Mr. MURTHA. Did the Air Force consider the impact in industrial capacity? The reason I ask that question is we produced 86,000 airplanes in 1943. We are going to buy about 400—and a lot of those are UAVs—this year. Did you consider industrial capacity when you make your consideration on these contracts?

Ms. PAYTON. No, sir. Industrial capacity was not part of the evaluation criteria. It is not part of the Federal acquisition regulation. And so industrial capacity was not considered.

Mr. MURTHA. Mr. Dicks.

LAUNCH AID

Mr. DICKS. Was the fact that the A330 received launch aid, which is a violation of the WTO regulations, and that the U.S. Trade Representative was bringing a case against Airbus and EADS for this violation, was that taken into account?

Ms. PAYTON. Subsidies are not taken into account within the evaluation criteria. However, because of the WTO environment, each contractor offered, and they are contractually bound, that if there are penalties assessed on them should they lose the suit in WTO that they would not convey any of those losses onto the Air Force.

So relative to the cost of the aircraft, depending on who would win or lose, because there is a suit and there is a countersuit, the Air Force will not be culpable to pay any of those.

Mr. DICKS. Don't you think it is unfair, though? I mean, going back to just the fairness of this. You have done your work now, and it is the Congress's time to make a decision of whether what you did is in the best interest of our country.

Ms. PAYTON. Absolutely.

Mr. DICKS. What worries me is that if we do not take subsidy into account, then it allows the foreign competitor to have a lower development cost or bid lower on the price because they know they have already received a subsidy. And they also have been bailed out repeatedly by the European countries. When they have gotten into trouble, there have been cash infusions into Airbus. Boeing does not get any help like that. Boeing has to do it the old-fashioned way; it has to go to the banks. This is, I think, a basic unfairness.

Now, is it not true that the Air Force changed the RFP at the final release to include additional evaluation criteria for airlift that was advantageous to Airbus?

And I have the letters, I have the deal, so I would urge you not to say no, because you did do it. Okay?

KC-X REQUIREMENTS

Ms. PAYTON. Well, I would respectfully submit that the requirements for the KC-X were approved by the Joint Requirements Oversight Council, I believe in early January—

General HUDSON. About right.

Ms. PAYTON. Not one requirement has changed since the JROC approved them.

Mr. DICKS. I said additional evaluation criteria for airlift.

Ms. PAYTON. No, sir, there has not been any additional criteria added for airlift. As a matter of fact, we have—

Mr. DICKS. There was no real—on the airlift, there was no real requirement in the document for airlift. Isn't that correct? You know, they did not say, you have to have this much airlift in order to be able to compete. Isn't that correct?

Ms. PAYTON. There were nine key performance parameters—go ahead.

Mr. DICKS. Let him answer. That is a good idea.

General HUDSON. Yes, sir. I will talk to the requirement for airlift capability.

There are nine key performance parameters. These key performance parameters are minimum attributes or characteristics considered most essential for effective military capability. So they are the basic nine. They are developed by the warfighting command, in this case the Air Mobility Command. They go up through the Air Force Requirement Oversight Council; they go up through the Joint Requirement Oversight Council. And, at that point, they are fully vetted.

These requirements then are part of the request for proposal. It is called a systems requirements document. We just take what those requirements are that are vetted by DOD, and they become part of the RFP, and then the contractors respond.

One of the nine key performance parameters (KPPs) is called airlift capability. This is the ability to carry passengers, palletized cargo, and air medical patients in the airplane. So there is a fundamental capability in terms of this one KPP; it is number four that was in the RFP.

The contractors responded. We evaluated the proposals from both competitors. We fed back our evaluation to them, asked questions along the way. In fact, we fed back the data several times to the competitors, gave them a chance to clarify their proposals and improve them as they saw fit. And then that was finally evaluated for the final decision process.

So that is how that worked. Again, airlift capability was one of the fundamental nine.

INTEGRATED FLEET AERIAL REFUELING ASSESSMENT

Mr. DICKS. Yes. But the problem I have here is that you made some changes in this right at the end. And Boeing was told that the reason the changes were made was because Airbus and Northrop Grumman and EADS would pull out of the competition if these changes were not made. This is what they were told.

Let me just talk about some of these so that you get a flavor of what I am talking about.

“Maximum tankers at base have been calculated using precise parking space rules multiplied by mission capability rate. After the model was run, a 13 percent credit reduction in the number of aircraft required was applied for receptacle-equipped tankers.”

Then it goes into, “The maximum takeoff weight and takeoff fuel calculations for bases with multiple ramps was determined in accordance with the lowest ramp strength, i.e. Pavement classification numbers. It is now determined using the highest ramp strength, which would obviously favor a larger airplane.”

This was done in January of this year. Parking space was calculated based on wing-tip-to-wing-tip separation of 50 feet. This separation is decreased to 25 feet for the two employment scenarios. So that would favor, again, a larger airplane.

Tanker ground turnaround time was set to a fixed number plus the time required to ground-refuel the tanker, resulting in longer turnaround time for larger tankers.

So all of these things were done. And we all know—I have been in this airlift thing for many, many years. We all know a bigger plane takes up more space on the ramp. And that is why Boeing went with the KC-767. The requirements were all met by the KC-767. All these requirements, these five things were all met, every single one of them.

And you then decided to go with a larger plane. And if Boeing had known you had wanted a larger plane, they would have bid the 777. But they were told that you wanted a medium-sized airplane, and that was in the criteria of the RFP. So that is why I say this is bait and switch, very unfair, and cost Boeing the competition. If bigger was better, the Air Force should have said that up front, and they did not. They said you have to meet the criteria. If you meet the criteria, you have done it. You do not get any advantage for more air cargo capability, for more pallets, for more this, more that. And they were told what they wanted was a tanker and it was the tanking that is important.

And Boeing has built tankers. Airbus has never built a tanker. And they are 2 years or 1½ years behind in their deal with Australia. They have never had a boom that has passed fuel. And you give them a superior rating on the boom drogue capability. That is just impossible.

I mean, this thing is fatally flawed, in my judgment. Can you explain all these changes at the last minute in a competition of this magnitude?

Ms. PAYTON. Congressman Dicks, if I could indulge on Mr. Terry Kasten to answer the questions relative—this is relative to our Integrated Fleet Aerial Refueling Assessment (IFARA) rating. And I think Terry has a lot of detail on that, so if I could do that, I would appreciate it.

Mr. DICKS. Thank you.

Mr. KASTEN. Thank you, ma'am.

Sir, we have not changed any of the requirements since the RFP went out. The things that you talked about were pre-RFP. The offerors had an opportunity to see that. All the potential offerors had an opportunity to see that.

Mr. DICKS. And Boeing objected very seriously to your doing it and were told, if they did not go along, that the Air Force was worried that Airbus would drop out of the competition.

Mr. KASTEN. Sir, I am not aware of that.

Mr. DICKS. That was what was communicated to them, and that is what they told me.

Mr. KASTEN. That was not communicated—

CHANGES IN REQUIREMENTS

Mr. DICKS. And that is why you guys said we have to make these changes, we have to accommodate them.

I can remember way back, at the start of this whole thing, when Ken Miller would come in and tell me, "Hey, Norm, this is going to be on tanking only. We don't want a great big airplane. We want a plane that can do the tanking mission."

And by the way, on this thing, the Boeing proposal met the curve, the tanking curve by 20 percent exceeded the requirement there.

But the whole idea was we want a smaller plane because you can put it on more fields, it is more energy efficient over the lifetime, we will save \$15 billion over the lifetime, there will be \$5 billion less in repair work.

You know, smaller is better, in some cases. And, you know, it does not take up and jam up the fields like a C-5 would compared to a C-17.

So if you wanted a big plane, why didn't you say so right up front? Why didn't you say so right up front, that you wanted a larger aircraft, instead of saying you want a medium-sized aircraft and then going to a—I call it bait and switch. The Air Force said one thing and then did the other thing.

And General Lichte is up there praising the "more, more, more is better, better, better." I mean, somebody should have showed him the memo from the Secretary that said we want a tanker that does the job, we don't want a great big airplane that is going to be expensive to operate. And the emissions are going to violate all kinds of environmental rules, at some point, when we have greenhouse effects and all that.

Mr. MURTHA. I think the member has gotten his point across.

Mr. DICKS. I do. But I would just like one chance to answer, and then I will shut up for a moment.

Ms. PAYTON. If I could respond to General Lichte's comments, his comments were in relation to the KC-135, not in relation to any other proposed aircraft. He was not read in to the source selection.

Mr. DICKS. Why did you have him standing up there?

Ms. PAYTON. Because he is the customer for Air Mobility Command. He is the customer that—we are meeting the requirements of Air Mobility Command.

Mr. DICKS. Shouldn't you have gone to him first, then, and asked him if they wanted a bigger plane? Shouldn't you have done that first, instead of waiting till the end to decide that?

Ms. PAYTON. We had representatives from Air Mobility Command on the source selection team. We followed all of the laws to specifics. It has been fair and open. We have communicated constantly with both of the offerors. There have been no change in re-

quirements. And everything we have done is in the effort of competition, which is what this is about. It is about fair and open competition.

Mr. MURTHA. The time of the gentleman has expired.

Mr. YOUNG. Mr. Chairman?

Mr. MURTHA. Yeah.

Mr. YOUNG. I am not sure that we are getting an answer to what Mr. Dicks is suggesting about the changes during the process.

Could you give us a direct answer? Were those changes actually made, or is Mr. Dicks inaccurate? Give us a direct answer on that.

Ms. PAYTON. There were no changes made to the requirements or the evaluation criteria of this RFP after it was approved by the Joint Requirements Oversight Council. There have been no requirements changes.

Mr. DICKS. Were the changes that I suggested made in the document that was sent out to both the parties? I have got the letter right here that says these changes were made. And it was an advantage to Airbus to have them made.

Maybe they are not requirements, but they may be called something else. You are the guy now. Were these changes made or not? Remember now, when you are up here before Congress, even if you are not under oath, you are expected to answer truthfully.

Mr. KASTEN. Sir, I always answer truthfully.

Mr. DICKS. Thank you.

Mr. KASTEN. As I started to say, no requirements changes since the RFP went out, from my recollection.

Mr. DICKS. What about the changes I mentioned, the ones I read to you? Were these things changed?

Mr. KASTEN. Those were, as part of the RFP development process. And we discussed those with the offerors and notified the offerors of the—

Mr. DICKS. That you were going to make these changes?

Mr. KASTEN. They saw these specific aspects of the draft RFP as we sent those out.

Mr. DICKS. Mr. Chairman, I have a letter for the record that—

Mr. MURTHA. Wait just a minute. Now, as I understand it, what he is saying is changes were made in order to accommodate Airbus after the RFP. You are saying they were not. That is very clear to me. It was clear to me before. There have been no changes made—

Ms. PAYTON. That is correct.

Mr. MURTHA [continuing]. In the RFP in requirements, in any kind of whatever you call them after the RFP. Is that accurate?

Ms. PAYTON. Correct.

Mr. KASTEN. Not that I recall; that is correct.

Ms. PAYTON. On January 30th, the RFP was released. We released various levels of draft RFP well before that to coordinate with both offerors so that they fully understood.

Mr. MURTHA. It is fully possible that, before the RFP was finalized, that you may have made changes in order to accommodate competition.

Ms. PAYTON. I would like to take the question for the record, so that I can come back with the details of what happened back more than a year ago.

But anything that we looked at relative to this RFP had to do with Air Mobility Command and the customer.

Mr. MURTHA. That is not what I am asking. I am asking that any of the requirements that were changed could have been made to accommodate Airbus, but if they were, they were made before the RFP was finalized. Is that accurate?

Mr. KASTEN. That is my recollection, ma'am.

Ms. PAYTON. I am not willing to say that changes were made to accommodate Airbus. I am not willing to say that, under any circumstances. The requirements of the RFP were what the flying customer, Air Mobility Command, put in their capability development document (CDD).

Mr. MURTHA. Madam Secretary, there was tremendous pressure from an individual in the Senate to get competition. We know what happened. We know this is costing billions of dollars. We are in a terrible position. You are putting us in a position—when I say “you,” the country is in a position where, because of the individual in the other body stopping what we—the Air Force and this committee agreed to do, it is costing billions of dollars. And we are at a point where we do not know how long it is going to take to get these things out in the air.

And so, how many of these have been grounded so far? How many are grounded right now, how many of these tankers?

Ms. PAYTON. I will have to take that question for the record.

Mr. MURTHA. Do you see the dilemma we have been put in?

Ms. PAYTON. Absolutely. This is why we have a sense of urgency. But I will tell you—

Mr. MURTHA. We have a sense of urgency. We want to make sure the right decision is made here. That is our problem.

Ms. PAYTON. And I will tell you that there are three things that I have encouraged the Air Force team to always consider: The motive must be pure, the cause must be just, and the process must be sound. And we must have no fear and no favor.

Mr. MURTHA. No, I understand that. But you—

Ms. PAYTON. This is done in accordance with the law.

Mr. MURTHA [continuing]. The pressure put on for competition in this particular endeavor.

Mr. Hobson.

Mr. HOBSON. Thank you, Mr. Chairman.

Ms. Payton, you know I have great respect for both you and the General and your staffs. You have to operate within certain constraints.

Ms. PAYTON. Yes, sir.

INDUSTRIAL BASE

Mr. HOBSON. But I have a lot of problems with your decision. We have another job, too, that apparently is not in your purview, and that is the industrial base.

I have been told by the previous Secretary of Defense he did not care about industrial base; he was going to buy what he thought was the best thing wherever he could buy it. We have a different duty sometimes than that, if there is an equally good proposition.

And I would tell you that the countries that are on that list think the same way when it comes to their country. And I will be intro-

ducing something that was introduced in one of the parliaments of Europe some time ago when a company in my State, who actually wins somewhat in this deal, was trying to sell something to a country in Europe. And one of their parliamentarians stood up on the floor and said in their parliament, "I don't care if it is a better price or a better deal; it affects our industrial base. And we are going to buy our engines from our country, and not the engines from the United States." And they did, because their country valued their industrial base over what their military said to them—or their Navy, in this case, I think it was.

Mr. HOBSON. We have an obligation to do that. Apparently from what you say, that is not in your purview; am I correct in that?

Ms. PAYTON. Let me say a couple of things. First of all, I view Northrop Grumman as an American company. I view General Electric, who has jobs from this in Ohio and North Carolina, as an American company.

Mr. HOBSON. Do you view EADS as an American company?

Ms. PAYTON. I view the folks in Mobile, Alabama, and Melbourne, Florida, as Americans. But that did not enter into my decision here. What entered into my decision is that according to the law, the House and the Senate have approved a law called the Buy American Act that says that Australia, Belgium, Canada, Denmark, Egypt, the Federal Republic of Germany, France, Greece, Israel, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and Northern Ireland are to be viewed as the U.S. views our own industrial base. That is the law of the United States of America.

I look to the legislative branch to write the laws of this country, and I am sworn to enforce the laws. When you said we want a fair and open competition under the laws of the Federal Acquisition Regulation, the Buy America Act, the Trade Secrets Act and a million other acts, I complied with those laws. And I will tell you that we have a very, very capable new KC-45A. And I will tell you that when Congressman Tiahrt and I go out to the golf course to tee it up, we either bring our A game, or we don't bring our A game. Northrop Grumman brought their A game based on the law that I must abide by.

Mr. HOBSON. Well, when they brought it, they brought an airplane that has not flown in its capability. You have one competitor who has flown an airplane as a tanker who has a system that it has used to refuel. I have flown in them. They are old, but I have flown in them. They are building a new one. The other airplane, has it been delivered anywhere in the world to a customer today with the capability, without delays? We already know that this program needs to move forward. Had we not been messed up before by some inappropriate actions, and then had we not had inappropriate actions again, we would have had this well on its way by now, and at much less cost than I think we are probably going to be at today. You know that better than I do.

Ms. PAYTON. There are some false assumptions. I believe there may be some false assumptions in your statement. I look very much forward to talking with you in a closed session.

Mr. HOBSON. What I am talking about, can you tell me when we are comparing apples to apples? In the two situations, you have

one experienced company at this, who I happen to think is an American company, and, as far as I, am concerned, Northrop Grumman is a front. They are a fine company, but they are a front for the French and their other partners, and a company that does have problems or whatever you want to call it. And we are rewarding that by giving them this thing. This is what I am saying. You are not saying it. What I don't understand is there doesn't seem to be credit for the people who have delivered and who have a proven product versus the people who are giving you a scenario that is all in the future of what they are going to do. You have made a judgment on that basis that such actions don't count, I guess.

Ms. PAYTON. The Air Force looked at an integrated assessment of all five of the factors that drove the decision, and based on the source-selection-sensitive data that was provided, the Northrop Grumman proposal offers the very best value to the Air Force and to every American taxpayer, and I look forward to discussing—

Mr. HOBSON. You keep saying the Northrop Grumman proposal.

Ms. PAYTON. Yes, sir.

Mr. HOBSON. Is that the title in it? I thought the title was, when I keep reading about—it is the Northrop Grumman-EADS proposal.

Ms. PAYTON. The prime contractor is Northrop Grumman. The prime contractor is Boeing.

PROFITS

Mr. HOBSON. How much of the profits from this deal resides in this country versus these other countries? Let us assume you can't treat them all the same. What percentage of the profit resides in this country versus the profit that goes into the European countries?

Ms. PAYTON. Sir, there were no laws. It was not part of the evaluation criteria and—

Mr. HOBSON. I didn't ask you what the law was. I asked you what percentage of profits. You say you didn't take that into account?

Ms. PAYTON. We did not take it into account, sir.

Mr. HOBSON. That is what I want to know.

So there are things in here that we may want to take into account that you all didn't have to take into any account.

Ms. PAYTON. Absolutely. We could not take it into account because it was not part of the requirements in the evaluation criteria that each of the proposals was going to be evaluated against, and that would have been an immediate protest for us to throw in any additional things that were not in the requirements as traced. I will say the DOD Inspector General came in and made sure that we traced every single requirement out of the JROC into the system requirements document and into the RFP without dropping a single requirement. I have to stay within the Federal Acquisition Regulation.

Mr. HOBSON. I know after all the problems on the CSARs and the other things, that you tried to scrub everything you could on this one. But we still have some disagreements, and, you know, I don't care who the contractors are in this deal, whether it is GE—I didn't get into that. They are in Cincinnati. I don't represent Cincinnati. I represent Wright-Patterson.

Anyway, what I am concerned about is we get the best tanker for the best dollar value, and it be, frankly, an American one. Basically you say you think you have done that. I disagree, but that is where we are.

Ms. PAYTON. We have to go to the law and look at the law.

Mr. HOBSON. I understand that, and I have no question of your integrity.

Ms. PAYTON. Thank you, sir. I appreciate it.

Mr. HOBSON. You are tops. You are tops.

Mr. MURTHA. The time of the gentleman has expired.

Mr. Moran.

Mr. MORAN. First of all, Ms. Payton, when the Chairman last year asked me to look into the acquisition procurement process, which we were having a great deal of trouble with throughout the services, I did a lot of asking around. And it might be relevant at this point to observe the fact that you have the very best reputation of every service acquisition officer.

Ms. PAYTON. Thank you, sir.

Mr. MORAN. I didn't know you. I don't know that I ever met you before. I never thought I would ever have reason to mention that. But what I was consistently told is that you were the one. Maybe it is kind of ironic they would mention it was a woman who would stand up when everybody else was trying to cut back on the acquisition staff because the authorizing committee wanted you to cut about 50 percent. You stood your ground. You kept them, and as a result, you kept the highest-quality people. It didn't happen in a number of the other services. So I appreciate your doing that.

Ms. PAYTON. Thank you, sir.

FOREIGN SUPPLIERS

Mr. MORAN. I was also a little disturbed, frankly, at the implication when—I don't know who this gentleman to your right is, but when he had to be reminded to tell the truth, we assumed that you have all told the truth, and I am trying to—as far as I am concerned, it seems to me that we need to simply know what the law was and the extent to which that you observed the law. If politics is going to trump policy, then it ought to be in such a manner to change the law so that the law is different next time we have a contract situation like this.

Now, in the interest of full disclosure, I have all of them based in my district in northern Virginia. Most of them are just an office, but everybody is there. We don't make anything, though, so it has nothing to do with jobs. Now, I have known the Boeing people for what, at least 35 years, Mr. Dicks, because I used to work on the appropriations staff for Senator Magnusson, and I know they are very good people, and I like them personally, as I happen to like Mr. Dicks. And I admire his commitment to not only his constituents, but to America's industrial base. But I am a little bothered by the direction in which we are going.

The Chairman mentioned the Dubai Ports World situation. It was a 62–2 vote. I happened to be one of those two, so my comments have to be taken in that context. They are hardly representative. But the other guy retired. Jim Kolbe.

I don't go down easily.

But, you know, I have also had occasion—I don't want to get into too much of a digression—but to go with the Chairman of Homeland Security Subcommittee. It turns out Dubai Ports World has the very best technology, and as a result of that politically oriented decision, we made ourselves somewhat more vulnerable at the ports, and the Secretary of Homeland Security will acknowledge that. It also had implications that may be relevant here because when our financial institutions go to people with money, mainly the Emirates right now, for a bailout of our financial institutions, they tell them that we have to attach as much as a 10 percent political risk premium on every investment in the United States because of the Dubai Ports World situation. So it is going to continue to cost us billions of dollars. Now they invest anyways, and they have lost billions, but they still want to invest in the United States.

So with that context, are both contracts in any way using foreign suppliers? In other words, we know the EADS role, but does the other contract involve any kind of foreign supplier or manufacturing base? Do we know that? I know it wasn't your job to find out, but I would be curious.

Ms. PAYTON. Sir, I would be very happy to take that for the record. I think we owe you more detail as to if so, how much.

[The information follows:]

FOREIGN SUPPLIERS

This information is source selection sensitive. During the Government Accountability Office protest period, such information will be provided verbally in a closed session, when requested by the Chairman or Ranking Member of the Committee.

Mr. MORAN. I am told both that contracts actually had subcontractors who were going to make things outside the United States.

Ms. PAYTON. The vendor supply chain for both aircraft does include piece parts components from people all over the world.

Mr. MORAN. From foreign manufacturers, exactly. And I am also concerned, I doubt you are going to be able to tell us, but the potential retaliation if we were to deny this contract, what might happen to some of the sales overseas. You can't answer that, but I think it is worth putting on the record, since we are laying out the political context here, Boeing has a great deal of foreign operation in other countries, France included. But if we are going to get into this, we ought to know what the long-term ramifications are going to be, because the long-term ramifications of the Dubai Ports World situation are lasting and very serious and expensive to the United States.

SPLIT BUY

Now, let me ask you another question that, because I have been sort of watching this as afar since I didn't really have a dog in the hunt, but late in 2007, there was a split-buy replacement strategy that was discussed so that we would replace the refueling tanker fleet with a split-buy proposal. The Air Force and DOD would simultaneously develop, test and procure two tanker aircraft, and the people that wanted this thought they would reduce costs through enhanced competition and expand operational flexibility.

Was that considered? What was the determination to not do that, to go with the one?

Ms. PAYTON. At the time that we were looking at a dual procurement, I asked Mr. Kasten to go look at how that would play itself out relative to having two aircraft in the mix, having two production lines, having two supply chains, having different configuration management. Out in the field when you repair two different aircraft, what does that mean for maintenance, training; what does it mean for sparing; what does it mean for training pilots? So I want to turn this over to him because we found that it was not affordable relative to the level of funding that we, the Air Force, had to—

Mr. MORAN. So it was primarily a cost consideration to go on dual tracks?

Ms. PAYTON. Yes, sir.

Terry, is there any more?

Mr. KASTEN. No. You answered it pretty well right there. It is a cost consideration. We looked at all the plans Mrs. Payton indicated and provided that to her prior to—we looked at all that, provided that information to Ms. Payton prior to finalizing the acquisition strategy and elevating that to OSD for the final decision on what the acquisition strategy was—

Mr. MORAN. I am not going to take as much time as my colleagues largely because I don't have the political motivation in this, but I just want to reiterate something. As far as I can see, and I am happy to see any more information provided, that you have obeyed the law that you were given as well as regulation. If you didn't, and if you had made any decision on a political subjective nature, it seems to me any criticism would be more than warranted.

My other concern is that even though our job seems to be politics, it is supposed to be legislation, and when we let politics trump policy, then we get into very dangerous ground. And lastly—

Mr. DICKS. Would the gentleman yield since he has mentioned my name several times?

Mr. MORAN. I mentioned it once, one critical and one positive. I will yield to you in a moment, Mr. Dicks.

Mr. DICKS. Thank you.

Mr. MORAN. Again, if we don't like the way the law is written, particularly considering all of our allies as though that is apparently part of the expanded industrial base, then we ought to consider changing that law, but I would hope that we would not criticize you for carrying out the existing law.

Now, Mr. Dicks.

REMARKS OF MR. DICKS

Mr. DICKS. I just would say to the gentleman who I have a great deal of respect for—

Mr. MORAN. And you know it is mutual.

Mr. DICKS [continuing]. We have worked with him many years. I would just say to him, both Mr. Tiahrt and I have approached this in a very substantive way. We are asking substantive questions that we think need to be answered so that the American people know how this position was made. I have taken a great deal

of my own time to try and study this, and I find that are there some very serious conflicts here in what happened and what was supposed to happen, I mean, in terms of the way this was—we are not treating this frivolously.

Mr. MURTHA. The time of the gentleman has expired.

Mr. MORAN. You don't remind witnesses that they have to tell the truth. You assume that they do unless they give reason not to.

Mr. MURTHA. Mr. Tiahrt.

CHANGE IN REQUIREMENTS

Mr. TIAHRT. Thank you, Mr. Chairman. I appreciate the opportunity to ask important questions.

To go back to this change in requirements, Mr. Chairman, perhaps we should request in writing when they can provide it, a schedule of the draft RFP and the RFP's release, and any changes to those documents or revisions; also include the specifications and the statement of work so that we can tell if there are any changes during the process, just a schedule of any changes, when it was initially released and the final release. I think that is important.

Mr. MURTHA. I think it is important to see that.

Ms. PAYTON. We look forward to doing that.

REMARKS OF MR. TIAHRT

Mr. TIAHRT. Mr. Chairman, I want to mention one more time that this Loren B. Thompson, the information that he was given by the Air Force was a leak. I believe that leak was politically motivated to sway public opinion towards a bad decision by the Air Force. So before any of the details can get out, here we have something that is trying to influence this decision and how wonderful the decision was. It was a slam dunk.

I think this was a strong political statement about this decision, and I think we ought to have a chance to talk to Mr. Thompson at some point in the future. This is very clear that what Ms. Payton says is that the United States job creation or impact was not part of the criteria. And as Mr. Moran said, if there are problems with the criteria, maybe we ought to look at the criteria, because I'm sure these people in good faith tried to follow all the regulations they could have.

There is one thing I would respectfully disagree with. I believe the Buy American Act, the law did not list these countries that you mentioned, but the memorandum of understanding that the Department of Defense released included our NATO allies. So I think that is a decision by the Department of Defense and not the Congress. But I may stand corrected on that. I believe that is the way it came down. Now, what this does—

Mr. YOUNG. We would like to get an answer on that.

Ms. PAYTON. We would like to take that for the record if we can so do. I appreciate that we will take it for the record.

Mr. TIAHRT. Thank you. That is a great suggestion.

[The information follows:]

BUY AMERICAN ACT—LIST OF COUNTRIES

The following qualifying countries are party to existing Memoranda of Understanding between the Secretary of Defense and individual country representatives

for increased security and cooperation: Australia, Belgium, Canada, Denmark, Egypt, Federal Republic of Germany, France, Greece, Israel, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

Mr. KINGSTON. Would the gentleman yield?

Mr. Chairman, we are getting so many taken questions for the record, and you know what is going to happen is we are going to get this information back to us in bits and pieces. We are going to be distracted with other issues. It might be better for us to have a follow-up hearing if it is possible, because I just see getting things for the record is not going to help the group come up with a decision here.

Mr. TIAHRT. Reclaiming my time to make the point that this puts American manufacturers at a huge disadvantage. Talk to an American manufacturer like Caterpillar. Caterpillar makes engines for the MRAP and our heavy trucks. They make them in South Carolina, and they make them in Belgium. It is cheaper to make them in Belgium even though the euro is stronger than the dollar because they have a lot of regulations waived, including specialty metals. So there is an unfair advantage going into a bid like this. This was stacked against an American manufacturer from the very beginning.

I know that this was carefully structured to be an open and fair competition, but it was not. It was an unlevel playing field. This is just one example. And I will give you some more.

I want to say one thing. We talked about the requirements, the initial requirement, what are you replacing? What is the aircraft that you are trying to replace here? Is it not the KC-135E?

TYPE OF AIRCRAFT REPLACEMENT

Ms. PAYTON. Yes, sir, the KC-X will replace all KC-135s, not just the KC-135E.

Mr. TIAHRT. What you came up with, though, if you look at the size of the airplanes, you are replacing the KC-10, which is a larger airplane, not the KC-135, which is a smaller airplane. So if your requirements were to replace the KC-135, it is a little curious why you came up with a replacement for the KC-10. Now, the evaluation criteria, as I understand it, according to Loren B. Thompson, you looked at Northrop Grumman, and you looked at Boeing. Did you look at EADS in the evaluation criteria past performance and risk?

Ms. PAYTON. I will turn that question to Mr. Kasten, but, yes, we did.

Mr. KASTEN. Yes, we did. We looked at all the offerors identified, the major contracts that they had, and principal subs and then subs below that.

Mr. TIAHRT. Did you choose the programs that were using the criteria, or did you always choose from a list that was presented by those companies?

Mr. KASTEN. No, sir, we did both.

Mr. TIAHRT. So you chose some of these as per evaluation, and you asked for some for evaluation?

Mr. KASTEN. Yes, sir.

Mr. TIAHRT. Did you look at the light utility helicopter in its performance?

Mr. KASTEN. Sir, I can't go into the details of what we looked at.

LIGHT UTILITY HELICOPTER

Mr. TIAHRT. If you had looked at the light utility helicopter, you would have found out that they made a proposal, and it was accepted by the Army on a bid that was based on American jobs, and once that contract was awarded, they pulled those jobs back to Germany. So it had a worse impact on American jobs for a domestic use helicopter than what we first thought.

Now, that is how this is going to work. I believe that is how this is going to work anyway. And if you look at the House news service, the first five new KC-45s are going to be built in Toulouse, France. I think what they are going to say, just like with the light utility helicopter, you know, we already have a manufacturing line set up. We are just going to keep those jobs in France. Right now they are planning on having 1,800 jobs in America and the rest in France or the United Kingdom or Italy overseas the rest of them.

So you have a criterion here that I think needs to be part of your evaluation process. I hope it was. I hope you also looked at the A-400, which is late in its delivery. I hope you considered the A-380, which is late in its delivery. I hope you considered the A-330, which was late in its delivery. All of those increased the risk of this program. And if you want to know further about risk, which I think you should know, if you look at the replacement for the Presidential helicopter, they moved the production line from Italy and England to America. And when they did that, they couldn't find skilled workers. They got behind schedule, and the costs now are 67 percent over what their original bid was.

Do you have provisions in here to pay Northrop Grumman-EADS when they go over their original contract? What happens? If they can't meet their original contract, original obligations, what are you going to do?

Mr. MURTHA. They are going to come to Congress and ask for more money.

Mr. TIAHRT. Exactly right.

Mr. DICKS. Like they always do.

Ms. PAYTON. We would like to address these questions with you, because they are source-selection-sensitive, because there is proprietary information in our answers. We very much would like to discuss this with you. I would say something about the KC-135.

Because we were not developing an aircraft from scratch, the KC-135 became the comparative point so that we would be able to understand the value of each offeror based on the KC-135. Our goal was to not end up with another KC-135. It was to end up with a better capability for aerial refueling. But the only way we could determine, because the commercial aircraft are out there, and they are different, was to baseline and compare each offeror to the KC-135, and that gave us better information.

Mr. TIAHRT. You came up with an apple-and-oranges comparison because you have a replacement for the KC-135 with one company and a replacement for the KC-10 with another one. So you are saying you got the best value? And how is it that you can get the best

value when you have an airplane that is 43 percent bigger, built in a country where the euro is stronger than the dollar, and it is still cheaper for all 179 airplanes? How can that be?

Ms. PAYTON. I think you have a false assumption in that last statement that I would like to take behind closed doors to discuss with you.

Mr. TIAHRT. My question is what was the lowest cost for all 179 airplanes in each phase of that, because I am sure you will release that as soon as you can because it's going to be in the contract, correct?

Ms. PAYTON. We will release that as soon as we can; however, there are certain things that we need to at this point not discuss.

SCHEDULING ADDITIONAL HEARINGS

Mr. MURTHA. Let me ask you a question. When will you brief the contractors? When can we have a closed session where you can talk to the Members freely?

Ms. PAYTON. We are currently scheduled to brief Boeing on Friday, and we are trying to schedule the Northrop Grumman debrief some time next week.

Mr. MURTHA. So we will tell the staff when you finished your briefings because then we will have a closed briefing for the Members.

Ms. PAYTON. Yes, sir.

Mr. YOUNG. Mr. Chairman, this is a timely issue because I look at the schedule we are talking about, Congress will be in the district work period during the time that this information will be available to the subcommittee. And I am just wondering if other events will take place prior to the time we have that opportunity. Maybe we should accelerate this plan.

Mr. MURTHA. We will see what you can work out. Obviously, we won't be putting our bill together for a month or so, and that is the decision we have to make based on what we hear from them, so I think we will have enough time. But let us know as quickly, as expeditiously as possible, and then we will have a closed briefing.

Ms. PAYTON. Yes, sir. Will do.

Mr. TIAHRT. Mr. Chairman, may I continue?

Mr. MURTHA. Let's go to some of the other Members here. Let's go to Mr. Cramer.

Mr. CRAMER. Thank you, Mr. Chairman.

REMARKS OF MR. CRAMER

As I said at the outset, this is an opportunity for us to look at how this process worked. But I am glad the Chairman referred to an opportunity down the line for us to have a closed-door session because apparently a lot of the issues that a lot of us have to be concerned about are issues that you can only discuss after the debriefings occur, and those are scheduled soon, but not soon enough for us to engage in that. So I hope we can come back to this.

I, of course, have Boeing presence, Northrop Grumman presence in my district. I don't have an iron in this very fire. My State of Alabama certainly does. And my Governor has weighed in on this,

and Jo Bonner, our colleague in the Congress who represents the Mobile area, they certainly have a stake in this, too. So to some extent, I am their mouthpiece in this as well.

But I think, as Mr. Moran said, what we want to do is examine this process and make sure that integrity is preserved and that fairness is preserved as well. And in the final analysis, are we picking the best tanker for our men and women that are out there using the tanker and that will represent this country in that process?

So when I referred in my opening statement to the criteria that I understand that you considered, capability, proposal risk, past performance, price and integrated assessment, I assume that you evaluated those criteria based on the teams that were involved and not just the lead contractors, not just Boeing, not just Northrop Grumman; is that correct?

FACTORS IN PROPOSAL REVIEWS

Ms. PAYTON. Yes, sir, that is correct. And I would like to ask General Hudson if there is anything he would like to add to the way that these offers were assessed relative to our five factors.

General HUDSON. Sir, if I can, I would like to talk a little bit about the process we used in these factors that you mentioned earlier. There were five factors that we used in the evaluation. We developed these. We worked these with the contractors through the draft RFP process, and then the five factors were in the RFP. They supplied the proposals to reflect their submittal for the five factors.

The five factors were mission capability, and there were subfactors under that: key systems requirements, systems integration and software product support, program management, technology maturity and demonstration. That was the first factor, mission capability.

The second factor was proposal risk. And we looked at risk with four of those first—of those subfactors. Technology maturity and demonstrations does not have a risk associated with it.

And then factor three is past performance.

Factor four is cost price.

Factor five is the Integrated Air Refueling Assessment.

The first three factors, mission capability and proposal risk and past performance, are all of equal importance. The second two, cost price and Integrated Air Refueling Assessment, are of equal importance, but each is of less importance than the first three.

Mr. CRAMER. But is there a winner and loser in each category?

General HUDSON. What we did was we gave for all those five subcontractors, mission capability, each one of them received a color code, and each one of those received a risk assessment except for technology and maturity. That is a pass-fail evaluation. And then, proposal risk, it is an overall assessment, and it also had subfactors within it that were assessed. Cost price, we looked at the most probable life cycle cost; that is, everything from development through production, through operating and sustaining the fleet of airplanes for a 25-year lifetime. And then the Integrated Air Refueling Assessment generates a number, and we used the KC-135R model as the baseline, so that was given a 1.0, and then each contractor's proposal, the system was evaluated within a complex war-

time scenario involving two combat scenarios in two major theaters, plus homeland defense, plus deployment. So a number was generated that reflected essentially the effectiveness of each competitor's aircraft within that complex scenario, again with the R model had a baseline of 1.0.

So, we looked at each one of those factors in the priority that I described and with the subfactors that were associated with each, looked at, and each one was assessed a grade. And then also in cost price we looked at risk associated with the development work and the production work for the five priced production lots that each competitor bid to us.

BRIEFING STRENGTHS AND WEAKNESSES

Mr. CRAMER. At some point in this process, isn't there an opportunity for the teams to come in and defend their strengths and weaknesses or for you to cross examine their strengths and weaknesses?

General HUDSON. Yes, sir. Here is the way this worked. We got the initial proposals from each competitor. We did what we called an initial evaluation on each, and then we fed all those results back to the contractors. They got all of the grades that I described. So they had full and complete feedback on everything, and we fed that back by means of a face-to-face briefing with each competitor.

As we worked through the evaluation process, we also went to each competitor with what we call evaluation notices, and these were formal questions that went to each. They were able to respond to each. So we used those responses in the evaluation as well.

SIZE OF THE TANKER

Mr. CRAMER. Because time is limited for me anyway, the issue of the size of the tanker and whether Boeing understood what size they were being asked to submit for, how would you respond to the issues that have been raised about that, especially considering the process that was involved?

General HUDSON. Well, sir, each competitor had to make a decision about what to submit in their proposal, what kind of airplane, what were those military modifications that would be made to the baseline commercial airplane to make it compatible with the requirements as stated in the RFP. So what was submitted was a business decision that each made.

ECONOMIC IMPACT

Mr. CRAMER. In any of what you have described, do you evaluate economic impact within the United States or jobs within the United States?

General HUDSON. Well, as Ms. Payton mentioned earlier, sir, each proposal had to be compliant with the provisions in the RFP as mandated by the Buy American Act, and both were compliant. In terms of X number of jobs or Y number of jobs, we did not consider that, nor did we evaluate it.

Mr. CRAMER. Do you even know how many supplier companies would be involved if a team wins?

General HUDSON. Well, we knew, inside the proposal, each competitor described their supplier chain to us.

Mr. CRAMER. By name?

General HUDSON. By name. Who would make the avionics or the other unique things that would go into the airplane. So they described, and this is called their subcontractor structure. They described that in their proposal, so we were aware of that.

TIME PERIOD FOR DEVELOPMENT

Mr. CRAMER. And one last question. Within the categories that you have described, where is it that—you want this tanker produced within a certain period of time. How do you get the response? Which of the categories causes them to respond to that? Is that capability?

General HUDSON. Sir, we do not mandate a specific time for an initial operational capability; in other words, schedule. We wanted to have a risk-prudent schedule from each contractor, so we let them determine that, and then they told us that.

Mr. CRAMER. And then you evaluate one against the other based on what they—

General HUDSON. Well, sir, we didn't have a specific criteria that was attached with schedule. So neither got—

Mr. CRAMER. Why not?

General HUDSON. Well, because the interest was that we get a risk-prudent schedule from each competitor. And we wanted a plan, a program that would come in from each contractor to be one that we would have confidence in, that we would be able to award, and they would successfully execute to. So therefore the evaluation did not say, for example, it had to be available by a certain time.

Mr. CRAMER. By a day and year. But then you react to what they say they are capable of doing and what the schedule will be that they submit to you?

General HUDSON. Yes, sir. And we evaluate that. We looked at the proposal that was submitted by both, looked at the program plan that they gave us, and then looked at—for example, in the case of the program management subfactor, we looked at the program plan that each laid out, looked at its risk, and we fed that back to both contractors. So we gave them a chance several times to iterate that and improve it as they saw fit.

Mr. CRAMER. Thank you, Mr. Chairman.

Mr. MURTHA. We have about 15 minutes, and then we will be about an hour of voting, so we want to try to limit the other folks as much as we can.

Mr. Kingston.

Mr. KINGSTON. Thank you, Mr. Chairman.

DECISIONMAKING PROCESS

Madam Secretary, you obviously have a battery or team of people who make these decisions. Can you describe the hierarchy of the decisions?

Ms. PAYTON. Yes, sir. We have what is called a source selection evaluation team. That is comprised of well over 100 people. And they are composed of skill sets that are very important. So we have subject matter experts that look at the proposals as proposed and

assess whether the proposal is substantiated, and is realistic and is reasonable.

And the source selection evaluation team does their job. They then provide information to a source selection advisory committee. The source selection advisory committee then provides their outbrief to the Source Selection Authority (SSA), and decisions are made.

And I would like Mr. Terry Kasten to even further talk about this because he has lived a lot of it over the last year.

Mr. KASTEN. That is correct. We had a team of well over 100 people from across the Air Force and around the country. Other government agencies come in and evaluate proposals. Periodically, throughout the summer and the fall, they evaluated all the offers relative to the criteria and provided a feedback to them specifically on what their scores were, what their ratings, what their color ratings were relative to the things that General Hudson just described.

Mr. KINGSTON. It is a series of microdecisions that maybe make up the tipping point towards the ultimate decision, correct?

Mr. KASTEN. Yes, sir.

Mr. KINGSTON. And it is not a vote. Is there ever a vote in the process? Is this mostly a gradual micro-decision-making process to big decisions?

Mr. KASTEN. Yes, sir. At my level that is what we do, and, in fact, we very much tell the teams going in doing the evaluation don't even compare the offerors here. Put the assessments out there. At the very end of the process, just in the last few weeks to a month or so, that information is provided for offeror A and offeror B to a source selection advisory council. Very senior Air Force people that review the results do the comparison and then make a recommendation to the source selection authority, who then ultimately makes the final decisions.

Mr. KINGSTON. And I understand your issue is not jobs or the industrial base that are some of the considerations that Congress has. If Congress, because of these other issues, decides to reverse this decision, what happens to this process? What happens to the tanker program?

Mr. KASTEN. That would be tough to speculate, sir.

Ms. PAYTON. I absolutely have to take that question for the record, because I think that it will impact acquisition programs in general. I am really not sure how to answer that at this point. But we have a process that is regulated according to the law.

[The information follows:]

IMPACT TO ACQUISITION PROCESS

Subsequent to the posing of this question, the Boeing Company filed a protest with the Government Accountability Office on March 11, 2008. The Air Force has suspended performance on the contract as a result of this protest. We look forward to working with the Congress and the Government Accountability Office while seeking to conclude this matter as expeditiously as possible. It is important to national security that we commence recapitalizing our aging tanker fleet without further delays. If we have to conduct a new competition, it will delay the delivery of tankers to the warfighter by 18 to 24 months.

Mr. KINGSTON. In that process that is regulated according to the law, was that developed or passed by a legislative act and then fine-tuned over time?

Ms. PAYTON. Yes, sir. To my knowledge, that is——

Mr. KINGSTON. But it does not take the jobs or the industrial base consideration in it?

Ms. PAYTON. No, sir, it does not.

Mr. KINGSTON. Is that something that we should revisit at some point?

Ms. PAYTON. Well, I don't know. I am really not prepared to answer that at this time either. I think that it is up to our policy people and our legislators to determine policy for the United States of America. I am in a position where I just enforce the law relative to acquisition regulations, and I can't speculate as to unintended consequences or the upside or the downside of that action. Thank you for the question.

BUY AMERICA

Mr. HOBSON. Chairman, Mr. Tiahrt asked you a question about—because we don't remember all those countries being in the Buy America thing. If you were to find out that that was a waiver by the Defense Department, then it wouldn't necessarily be passed by this Congress in what you filed; would that be correct? Or do you have to take that for the record, too?

Ms. PAYTON. Sir, I really do have to take that for the record because I am under the defense Federal Acquisition Regulation. Buy America is part of that. And these exemptions, I believe, have been in effect since 1970 or 1980. So I appreciate being able to take that for the record.

[The information follows:]

BUY AMERICAN EXEMPTIONS

The "The Buy American Act," 41 U.S.C. §§ 10a–d, enacted on March 3, 1933 during the Depression was designed to save and create jobs for American workers. The central consideration of the Act is the place of manufacture as opposed to the nationality of the contractor. Congress has recognized that application of the Buy American Act in certain instances might unduly restrict an agency's ability to meet its needs; however, the Buy American Act and the Trade Agreements Act of 1979, 19 U.S.C. § 2501 et seq. establish a number of exceptions to provide procuring agencies with certain flexibilities. Additionally, the Trade Agreements Act authorized the President to waive any otherwise applicable "law, regulation, procedure or practice regarding government procurement" that would accord foreign products less favorable treatment than that given to domestic products (19 U.S.C. § 2511(a)). That provision of the Trade Agreements Act has been implemented by the President in Executive Order No. 12260, 46 Fed. Reg. 1653 (1981). Therefore, the Buy American Act restrictions favoring domestic products have been superseded for specific products from certain countries. The European Community has entered into a Memorandum of Understanding on Government Procurement (Agreement) that provides appropriate reciprocal competitive government procurement opportunities. The Trade Agreements Act of 1979, as amended (19 U.S.C. 2511–2518) signed by President William J. Clinton, implemented the following:

Section 1. The heads of the agencies, as of the date of this order, shall not apply a price differential between articles, materials, or supplies of U.S. origin and those originating in the member states of the European Community.

Section 2. The rule of origin shall apply in determining whether goods originate in the member states of the European Community.

Section 3. This order shall apply only to solicitations, issued by DoD (and other agencies) listed in 19 U.S.C. § 2511, Annex 1, Parts A and B above the threshold of \$176,000 for goods. According to existing Memoranda of Understanding between

the Secretary of Defense and individual country representatives, the DoD has determined it is inconsistent with the public interest to apply the Buy American Act to the acquisition of end products from the following qualifying countries: Australia, Belgium, Canada, Denmark, Egypt, Federal Republic of Germany, France, Greece, Israel, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom. Based on federal law and these memoranda, the content of these products are counted as U.S. content. Much of the foreign content of the KC-45 comes from Germany, Spain, and France.

Mr. MURTHA. Mr. Rothman.

Mr. ROTHMAN. Thank you, Mr. Chairman.

REMARKS OF MR. ROTHMAN

Mr. Chairman, it seems to me that there are two tasks for the Congress, and in particular this committee. The first one is to evaluate how this decision was made and whether, given the law that was guiding the decisionmakers, the decisionmakers made the right judgment under the law. And apparently we are unable to get all the answers that we have sought, and we are waiting. We will wait for answers to be forthcoming at either another hearing or in written form. And I look forward to receiving those answers so we can do our job and evaluate whether the decisionmakers made the right decision under the law that they were given.

But, Mr. Chairman, I believe that there is another obligation of the Congress, which is to decide, perhaps in hindsight, but to decide whether—let's assume for argument's sake that the decisionmakers here made the judgment that they made according to the law that they had instructing them, but that we, today, as representatives of the American people, understand that what was guiding them in the law led them to the wrong answer, bad policy, a bad judgment. Then I believe it is the requirement of this Congress and this committee to overturn that decision and to embrace the right decision.

Now, it may require for future projects that we amend the law so that our decisionmakers can be guided the first time with a comprehensive list of criteria, including perhaps, perhaps not, this is subject for debate in the future, job creation, location of manufacturing, industrial base, whether the competitors are receiving subsidies from their governments or not, the location of where the profits reside and other elements. But that doesn't mean that we have to accept—if, in fact, the law was guiding these decisionmakers in the wrong direction, it doesn't mean we're handcuffed to the wrong decision that will be against the interests of the United States and the American taxpayers.

Mr. MURTHA. You got that right.

Mr. ROTHMAN. So I would suggest that our work is not done, Mr. Chairman, and that the work of the decisionmakers here may have been done in an exemplary manner with the highest of professionalism and integrity, but because perhaps they were given the wrong list of criteria or an incomplete list, they were bound to come up with the wrong answer.

We will find out when we get the responses to our questions, but in the end, Mr. Chairman, I do believe it is up to the representatives of the people, the taxpayers, to ultimately make the right decision whether or not every—the directions were followed under a bad set of directions and the wrong outcome came to be.

Thank you, Mr. Chairman.
Mr. MURTHA. Mr. Bishop.

REMARKS OF MR. BISHOP

Mr. BISHOP. Thank you very much, Mr. Chairman.

Let me thank the panel for the information that has been brought to us this morning. Seems to me that, as I understand it, the tanker procurement program is the Air Force's number one priority because of the aging of the 135 fleet. However, we are now tied in knots, if you will, because based on the policy decisions that have been made, the Air Force is going forth in a way that seems to be very disturbing to a number of the members of this Committee and, of course, to some of our colleagues outside the committee. And it is disturbing to me that we are now placed in a position where we can't provide for the needs of our servicemen and women and the needs of our national defense in providing this particular equipment because of the lack of clear guidelines and policy set by our policymakers in the procurement process.

I don't know how we resolve this other than to have us take another look. I think that the suggestion that we have a follow-up hearing might be appropriate when we can get answers to some of the questions that have been raised.

I certainly am sympathetic to the awardee of the contract. I happen to be a native of Mobile, Alabama, and, of course, Alabama named me, but Georgia has now claimed me. I still feel compelled to try to look at this situation in an objective fashion, and I would hope that that is what our committee and I am sure the Chairman will lead us in that direction.

REMARKS OF MR. MURTHA

Mr. MURTHA. I want to say this: None of us dispute the integrity of this panel. We understand you follow the law. There may have been some insinuations and so forth; we have no question you did the best you could do. But we are going to do the best we can do also in evaluating this thing politically. When I say "politically," I am talking about industrial base which with the Navy we consider very carefully. As you well know, they put the ships, they announce where the ships are going. So this is part of it. So we have that responsibility under the Constitution.

So we will have another briefing with you as soon as we can. As Mr. Young said and Mr. Kingston suggested, we will have a private briefing so we can get some of the answers.

I think you had pointed out you followed the law to the best of your ability, and we all appreciate that, even though some Members may disagree with the outcome.

Mr. Dicks has a clarification.

INTEGRATED FLEET AERIAL REFUELING ASSESSMENT

Mr. DICKS. I wanted to clarify that when I spoke earlier, the changes were in the Integrated Fleet Aerial Refueling Assessment. That was made in February, I believe, of 2007. That was different.

The other change, Mr. Chairman, if you just give me a little time here, this is Reuters, weeks before a final decision, the U.S. Air

Force changed criteria used to assess rival bids from Boeing Company and Northrop Grumman for new refueling tankers. Loren Thompson of the Lexington Institute said the last-minute change in the evaluation criteria could be significant since both proposals met nine key requirements for the new tanker, including aerorefueling, capability range, and ability to carry cargo and passengers.

So, again, I want to ask you, was there a change made? I asked this question, and I was told repeatedly there wasn't. But here it is right in the Loren Thompson, who is the Air Force's Bible.

Ms. PAYTON. Yes. I believe you might be referring to something that had to do with the model, and this would have been February 2008.

Mr. DICKS. Yes.

Ms. PAYTON. Not 2007.

Mr. DICKS. No, this was 2008.

The other one I talked about was changes in airlift evaluation. That was the runways and the distance between the wings.

Ms. PAYTON. And we have taken action to bring you back the timeline on any changes.

But I would like General Hudson to address the model, the IFARA, and what that involved.

Mr. DICKS. So we have two changes, one in seven and one in eight.

Ms. PAYTON. No. I am not saying we had two changes. We did not have any changes in requirements, but I would like to clarify what went on with the model in 2008.

General HUDSON. Sir, I will talk about the IFARA model and the process we used. The IFARA model has been in existence since the 1980s. It is an air mobility command model, and it is used for looking at fleet effectiveness given a fleet of airplanes, in this case of the competitors' proposals.

What we did is we provided both offerors all the information on the model so they could use this themselves and then generate their own numbers for IFARA and then submit that to us. And then we took their information and evaluated it, had the same kind of feedback process back and forth with them.

Last fall, we were in the process of evaluating the model, looking at what we call receptacle credit, and that is the ability.

Mr. MURTHA. This is factor five, isn't it?

General HUDSON. Yes, it is factor five of—

Mr. MURTHA. I think you explained that very well.

Mr. Tiahrt, you had something else?

REMARKS OF MR. TIAHRT

Mr. TIAHRT. Yes. First of all, I hope we can make this transcript available to the public as soon as possible, because I believe the Air Force has made a big mistake here. They just don't realize how big a mistake it is yet.

One thing I want to point out in addition is under proposal risk, according to Loren B. Thompson, Ph.D., who was debriefed on this program even though we can't be, he said the proposal risk, the competitors matched in this area, but only after Boeing agreed to

lengthen its development schedule. The rescheduling added cost to the Boeing proposal.

Now, in another point in this proposal, I understand that the Air Force believed that they would have more aircraft on the tarmac by a certain point in time from EADS than they would from Boeing. So in other words, they think it is okay for EADS to have an aggressive schedule, but if Boeing has an aggressive schedule, then we are going to penalize them with a higher cost. These kind of details need to be brought out.

Ms. PAYTON. This is very important for a closed hearing, because there may be some false assumptions.

CONCLUDING REMARKS OF MR. MURTHA

Mr. MURTHA. We are going to have a closed briefing, but we appreciate the panel, and it has been very helpful, I think, to the committee to make a final judgment. So I appreciate very much the time that you have come up here.

Ms. PAYTON. Thank you all for what you do for our Air Force. We appreciate it.

WEDNESDAY, MARCH 6, 2008.

UNITED STATES CENTRAL COMMAND

WITNESS

ADMIRAL WILLIAM J. FALLON, COMMANDER, UNITED STATES CENTRAL COMMAND

INTRODUCTION

Mr. MURTHA. The Committee will come to order. I want to welcome Admiral Fallon, one of the premiere commanders in the field, one of the really—people who turned things around, an individual that has had a phenomenal influence on what is going on overseas. And we appreciate it. A lot of confidence in yourself. And I see you have a very light staff. Most of these guys come in, they got it filled up in the back room and right behind them. You have got yourself and a couple other people. We like to see that. We like to see somebody that—are your people outside or where are they?

Admiral FALLON. No, sir, this is it. We are traveling light.

Mr. MURTHA. Where is the spy from the Defense Department?

Admiral FALLON. We are trying to slash staff.

Mr. MURTHA. Where is the spy from the Defense Department? Who is representing them? Because they always send a spy over. No spy?

Admiral FALLON. Spy, please stand up and identify yourself.

Mr. MURTHA. No spy. All right. Well, we welcome you and we look forward to your statement. And Mr. Young.

REMARKS OF MR. YOUNG

Mr. YOUNG. Mr. Chairman, I move that those portions of the hearing today which involve classified material be held in executive session because of the classification of the material to be discussed.

Mr. MURTHA. Without objection. You have an opening statement?

Mr. YOUNG. No, just welcome Admiral Fallon here. I have had a chance to visit with him the weekend before last and went by his headquarters, and I picked out a spot for a new building that he really needs.

Mr. MURTHA. Is there anything that you don't have down there that Bill has not put in there already?

Mr. YOUNG. There is not much room left, I tell you that.

Admiral FALLON. We are anxious to get the rest of that headquarters.

Mr. MURTHA. We welcome your statement, Admiral.

Admiral FALLON. Thanks very much. I have submitted a written statement.

Mr. MURTHA. Without objection it will be part of the record.

SUMMARY STATEMENT OF ADMIRAL FALLON

Admiral FALLON. Thanks. And just a couple words. Chairman Murtha, Congressman Young, distinguished members of the Committee, it is a pleasure to be back here with you. And I am honored to have the opportunity to spend a little bit of time with you. I would like to, first of all, give credit where it is really due, and that is to our people, men and women in uniform who continue to astound me with their good works every day in Iraq and Afghanistan and throughout the theater, whether it is the Horn of Africa. As I see the young people and the responsibility that they are very willing to accept, the way they discharge their duties, most impressive to me are those small units, individuals, most of them pretty low ranking that are out there using their heads. They have got the picture on where we are trying to go, and they just figure out how to do it, the smart way and the effective way. We are really honored to have them working for us.

CENTRAL COMMAND ISSUES

There are lots of challenges and issues in the Central Command region. I think you know that as well as I do. I look at the countries here, and every day I say let's see, let me find a glowing spot of goodness here. And I think I came closest to that in Oman the other day, where they actually have a ruler that is progressive and wants good things for his people, and the country is stable and secure, and they get along with their neighbors, and they maintain their own internal security. Of course, it is still a one-man rule. He is trying to loosen that up. But the other places all have some degree of instability, insecurity or challenge. And it is just the facts of life. We have to deal with them, which we will.

IRAQ

I will tell you that I am very encouraged with Iraq since I was last here about 10 months ago. Real progress, and it has been enabled by a lot of things. Great work by our people using their heads, refocusing on what they are doing, doing it much smarter. And they are getting a lot of help from many things. And we can talk about all that. I will save that until your questions.

AFGHANISTAN

There is real progress in Afghanistan. I know there is a lot of chatter in the air these days about how this is going bad and that is going bad and bombings are up and things. The facts are the facts. I look at this from my perspective in a couple ways. One is when I look at the number of events in Afghanistan and I compare them to what has been going on in Iraq, there is absolutely no comparison. The scales just are not even appropriate to look at. That said, there are some challenges.

In Afghanistan, the leader, President Karzai, actually enjoys support from the majority of his people. And that is a really good start. Governance is a major issue. They do it their way. It is very different than ours. And it is a struggle, frankly, to import our kind of democracy into their way of thinking. I do not think we are going to change this any time soon, nor probably should we. But

for the most part they not only enjoy the support of the people, they are actively working to try to give people something that they can be happy with.

Again, it is a huge difference from Iraq. In this country 70 percent of the people are illiterate. Most of them live in remote places, inaccessible, very few roads. They have lived that way for centuries. It is just a different problem set than in Iraq. There are other things that I would like to highlight in a positive way. The Afghan Army is coming along very well. They are making progress. They are small, but they are well led. The leaders all have experience fighting the Soviets. Could be good, could be bad. I view it as good because they understand how armies are supposed to work.

They understand the primacy and importance of leadership. And they realize that unless they figure out the enablers all the way down to the bottom they can't get a job done. And they are actually working on these things. The people that make up the Army are ethnically mixed. I do not have the problems that we had faced certainly a year ago in Iraq, where if you were not a Shi'a, you were going to have a tough time getting into the security services.

In this Army, they really do get along whether they are Tajiks or Pashtuns or whatever persuasion they are. We have some additional American forces that are coming into Afghanistan in the next couple of months. One is a Marine maneuver unit that I think will be very helpful in the south, that will help us to leverage where we left off in the fall. The other unit is just as important, maybe more important to me, and that is a Marine battalion that is going to be mentored to help in the training piece. Because that is the real future is to get the Afghan security people ready to take over security for their people. And we will be able to hand it over to them and significantly reduce our footprint. Just across the border in Pakistan, in my mind, cannot separate Afghanistan from Pakistan. There may be a border out there, but the reality is that the people that make up a large part of Afghanistan and a significant part of Pakistan are Pashtun tribesmen.

The border is insignificant to them. and we have to deal with the reality that they are on both sides, and it really complicates business, particularly in Pakistan. There are, as you know, elections were just held. They are in the process of trying to form a new government. I am anxiously watching to see how this is going to work out. The good news is it is a democratic process. People were elected to form a government. The challenge is just the traditional insecurity and uncertainty within that country and how this is going to work out. So we are certainly following that closely.

There is some good news, though. Kenya, which as you know, was just torn by ethnic fighting amongst the people there, Kofi Annan went down there and brokered a peace deal finally between Kibaki and Odinga, and fingers crossed that they will follow through not only with what they say and what they agreed to, but that they actually put in place things that are going to give confidence to people to get back together again.

I will spare you the rest of the litany of the 27 other countries, except to say that we spend a lot of time working on trying to build capacity within these countries to provide for their own security so they can do it rather than us. But we recognize how essential it

is for American leadership and presence in this region to try to get people to work together. They do not come naturally to it. It is just a fact. Most of them are very willing to work with us. They do not like to work with each other. And that goes for most of the Arab countries as well as the others, but I think it is in our best interests to keep pushing it, so we do that. I think I will end it here. Thanks for the opportunity to be here. And why don't I turn it back over to the Chairman and let you all see where you would like to go. Thank you, sir.

[The statement of Admiral Fallon follows:]

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STATEMENT OF

ADMIRAL WILLIAM J. FALLON, U.S. NAVY

COMMANDER

U.S. CENTRAL COMMAND

BEFORE THE HOUSE APPROPRIATIONS - DEFENSE SUBCOMMITTEE

5 MAR 2008

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FOR OFFICIAL USE ONLY**I. Introduction.**

Mr. Chairman and distinguished members of the committee:

On behalf of the men and women of the United States Central Command (CENTCOM), I thank you for this opportunity to testify about the state of the command and to provide an assessment of security and stability in my Area of Responsibility (AOR), as well as our military strategy and operational requirements.

I would begin by highlighting the selfless service and sacrifice of our Service members and their families. This dedicated work on behalf of our nation merits recognition and credit for the substantial progress that has been achieved in security and stability during these past twelve months.

The CENTCOM AOR is large and diverse. It spans 6.5 million square miles and 27 countries stretching from the Horn of Africa, through the Middle East to the Central and South Asian States. These countries possess vast human and natural resource potential, have rich histories, and sit at the crossroads of Africa, Asia, and Europe. The region is home to nearly 700 million people, who speak more than 80 languages, identify with 50 or more ethnic groups, and are adherents of more than a dozen religions. Despite differences in language, culture, and history, we share basic aspirations with the peoples of the Middle East, East Africa, and Central and South Asia. They desire security and prosperity for their families, opportunities to make choices, and governments that respect their rights and respond to their basic needs.

This is the seventh consecutive year of combat operations in the CENTCOM AOR. I am pleased to report significant progress in security in Iraq. Our forces there, in concert with coalition partners and the increasingly competent Iraqi Security Forces

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(ISF), have expanded areas of stability and brought a return to more normal life for the citizens of Iraq. Likewise, in Afghanistan, large areas of the country are generally stable, millions of children are in schools and the Afghan National Army (ANA) is growing in size and demonstrated performance. But challenges remain in both these countries and in other areas of the region. Violent extremism, weak governance, political crisis and lagging economic development are key inhibitors to long-term stability. Given the complexities of the region, two certainties stand out; there are no simple answers to the challenges, and enduring solutions require predominately non-military initiatives.

To advance U.S. security interests and regional stability, CENTCOM works with interagency and international partners to promote development and cooperation among nations, responds to crises, deters and, if necessary, defeats aggression. Success will require patience, thoughtful application of resources and commitment.

The strategy in support of this mission has focused efforts in five main areas: setting conditions for stability in Iraq; expanding governance and security in Afghanistan; degrading violent extremist networks and operations; strengthening relationships and influencing states and organizations to contribute to regional stability and the free flow of commerce; and posturing forces to build and sustain joint and combined war fighting capabilities and readiness.

II. Setting Conditions for Stability in Iraq.

United States and Coalition forces have operated continuously in the region since the Iraqi invasion of Kuwait in 1990, and will soon enter the sixth year of combat operations in Iraq. Our objective is a unified, democratic and federal Iraq that can

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govern, defend and sustain itself and is an ally in the war on terror. We are pursuing this objective along political, security, economic, and diplomatic lines of operation. I can say with confidence that we are closer to our objective today than when I last testified.

The most significant development in Iraq over the last year has been a dramatic decrease in violence. By almost every measure, the security situation has improved significantly. This turnaround is the result of many complex and interrelated factors. The application of the "surge" deployment implemented last February, which increased troop levels and shifted our strategy to the priority task of protecting the population, has enhanced local security. The proximity of our troops to the populace and their shared experience in day-to-day life throughout the country has reversed the widespread anti-coalition attitude to a general acceptance and appreciation for our presence. This situation has been facilitated by the larger and more capable Iraqi Security Forces (ISF), which have expanded the scale and effectiveness of operations against al-Qaida in Iraq and criminal Shia militias. The population has welcomed the widespread deployment of the Iraqi Army and is growing more comfortable with the Iraqi Police. Both of these forces are becoming more capable and competent as they assume an increasing share of security duties and boost reconciliation.

Equally important have been the growing rejection of al-Qaida by the Iraqi people and the genesis of the "awakening" movement, which has altered the local balance of power between extremists and security forces. More than 90,000 Iraqi men have volunteered to assume grass root security functions as Concerned Local Citizens, also known now as Sons of Iraq. These men are key partners who supplement uniformed security forces in their communities and provide invaluable intelligence about the violent

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extremists. Although at this point, these groups are comprised primarily of Sunni Muslims, some Shia communities have started similar initiatives as Jaysh al-Mahdi extremists wear out their welcome.

While security in Iraq has improved dramatically and sectarian violence has greatly diminished, these gains are not irreversible. Multiple strains of violent extremism remain a threat to the government and populace, and some of these groups benefit from external support. From the East, Iran pursues a destabilizing political and ideological agenda and is a key source of finance, weapons and training support to lawless militia groups. In the West, foreign fighters continue to enter Iraq from Syria.

To sustain and build on improvements in security, Multi-National Force - Iraq conducts security operations with the ISF while transitioning, where conditions allow, to Iraqi led and conducted operations. More than 530,000 Iraqi soldiers and police officers now secure their country with notable improvement in capability and battlefield performance. With the ISF proving themselves in battle, the next steps in building the ISF will focus on enhancing capabilities in command and control, logistics, combat support functions, and other operational enablers. I believe our efforts to improve Iraq's Army and Police will help set the conditions for sustained security and enable future U.S. troop redeployments.

Meanwhile, the previously announced reduction of Brigade Combat Teams from 20 to 15 is underway, along with several Marine Corps battalions and some enabling forces. General Petraeus is preparing a response to a Planning Order from me to consider scenarios for the post-July 2008 period in Iraq and to provide recommendations on the pace and scope of a further reduction of forces from Iraq. His recommendations will be

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considered by the Chain of Command and our inputs, along with his, will be forwarded to the President for his consideration. Recommendations will consider the existing security situation, progress of the ISF and their readiness to assume responsibility for security.

The conditions on the ground will be a major determinant of future moves.

Progress in governance lags behind security, but there are signs of improvement. To sustain the security gains, a general improvement in government effectiveness and the enactment of legislative guarantees are required. Iraqi political leaders have begun demonstrating the will and skills to move this process forward. The recent passage of the 2008 National Budget, Provincial Powers, Amnesty, and de-Ba'athification laws are significant accomplishments. The Presidency Council returned the Provincial Powers Law to the Council of Representatives but with the assurance that preparations for provincial elections this fall should continue. Meanwhile, the Government of Iraq continues to work toward other important legislation including Hydrocarbon and Election laws and the referendum on Kirkuk.

Economic development is a key component of sustained growth and reconciliation. The Government of Iraq has improved budget execution and increased allocations to provinces and ministries. Iraqi and Coalition initiatives to secure critical infrastructure and a substantial investment in repair and refurbishment have resulted in greater oil production and revenue from oil sales. The international community is playing an increasing and welcome role in Iraq. The Neighbors Conference Ministerial meetings have contributed to stabilization efforts. France is actively reaching out to Iraq while Saudi Arabia, the United Arab Emirates and Kuwait are considering the re-opening of diplomatic offices in Baghdad. The UN designated a new Special Representative to

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Iraq, who has demonstrated strong initiative and a keen understanding of the situation. The UN also dramatically increased its assistance mission, while the Security Council passed a new Chapter 7 mandate for the Coalition to operate in Iraq until 31 December 2008.

Looking to the future and as U.S. forces are withdrawn, we are planning to normalize long-term bilateral relations through a framework agreement that reflects our shared political, economic, cultural and security interests, as well as a Status of Forces Agreement. These agreements will establish authorities and jurisdictions for U.S. and Coalition forces operating in Iraq beyond 2008. The documents will allow us maximum flexibility to assist the Government of Iraq in the fight against al-Qaeda, develop its security forces and combat harmful influences inside Iraq while, at the same time, protecting our own forces. As Iraq increasingly asserts its sovereignty, we want to continue to assist in developing the Iraqi capacity to secure and defend their country.

III. Expand Governance and Security in Afghanistan.

U.S. and Coalition forces support international efforts to assist the Islamic Republic of Afghanistan to provide security, improve stability, and enhance development and governance. Within Afghanistan, the NATO International Security Assistance Force (ISAF) commands the security mission while CENTCOM leads the military capacity building and counter-terror efforts. These command structures require close coordination between CENTCOM and NATO.

Despite increased violence in 2007, most visibly in the form of suicide attacks, Afghan and Coalition forces have degraded the ability of the Taliban and other insurgents

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to execute coordinated and effective attacks. The Coalition has maintained relentless pressure on the insurgents, and as a result, the enemy has shifted most of its effort to targeting police and civilians. The recent increase in suicide attacks is a concern and may give the perception that the insurgents have grown stronger. In reality, most of their successful attacks are confined to about 10 percent of total districts, while the vast majority of Afghans deny support to the violent extremists.

The successes in Khowst Province are one example. Long considered ungovernable and one of the most dangerous provinces in Afghanistan, Khowst has been turned around by Afghan and Coalition counterinsurgency operations. Tangible improvement in governance, reconstruction, development and security have been noted and are good examples for application elsewhere in the country.

The increase in U.S. forces planned for this spring will reinforce our momentum while enabling accelerated growth of Afghan National Security Forces (ANSF). CENTCOM recently concurred with an initiative to expand the authorized end strength of the ANA from 70,000 to 80,000 soldiers. The Combined Security Transition Command – Afghanistan (CSTC-A) is scheduled to complete the fielding of 80,000 ANA personnel by the end of 2010. Meanwhile a Marine Corps Special Purpose Marine Air Ground Task Force will deploy this spring and bolster the ISAF maneuver forces in Regional Command–South.

The ANA has taken the lead in more than 30 significant operations to date and has demonstrated increasing competence, effectiveness and professionalism. Operation MAIWAND executed last summer in the Andar District of Ghazni Province is an example of recent progress. Planned, rehearsed, and executed under the direction of the

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Afghan 203rd Corps Commander, a combined ANA and NATO ISAF task force cleared the entire district and removed a Taliban shadow governor. This well-integrated security operation was quickly exploited with the synchronized application of governance and development efforts consisting of medical treatment for 2,300 citizens, 10 new schools, the delivery of 260 tons of humanitarian aid and one million dollars committed toward additional development. This operation resulted in significant disruption to enemy forces in Ghazni Province and is a manifestation of the growth and maturation of ANSF as well as the spread of governance and development.

The Afghanistan National Police (ANP) are improving, although at a slower pace than the ANA. While police competence has progressed in many areas, corruption, poor leadership, pay issues and equipment shortfalls challenge this organization. A new initiative, led by CSTC-A, called the Focused District Development plan and implemented late last year, shows great promise. This initiative withdraws local police from selected districts, replacing them temporarily with highly trained and effective Afghan National Civil Order Police. The local police then receive two months of immersion in a concentrated program of instruction by carefully selected mentors to upgrade their professional performance, equipment and confidence. Local police units then return to their districts as much more capable forces and better able to serve their communities.

Recruiting for both the Army and Police has shown a positive trend. Despite increased targeting of ANSF personnel and high casualty rates, Afghans continue to enlist in large numbers. This demonstrates confidence in the government and their future (as well as a strong need for employment opportunities). Proper training of these

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dedicated volunteers will take time, and additional U.S. personnel will be needed to fill key shortfalls in training capacity. A battalion of U.S. Marines will deploy to support and mentor the ANP this spring in an effort to boost ANP capability.

Setting the conditions necessary for economic growth is essential to long-term security and stability. Afghanistan has come a long way in seven years. Since 2001, Gross Domestic Product, per capita income and Foreign Direct Investment are all up. There has been considerable growth in Afghanistan's domestic revenues as well as international reserves, which have nearly doubled since 2004. However, Afghanistan still faces formidable economic challenge. The Afghan government remains overly dependent on foreign aid, with official revenues covering only 20% of recurrent costs. Inflation, particularly for food and fuel, is rising. Access to credit is limited, and few Afghans are able to borrow.

Four strategic economic priorities support the counterinsurgency effort. These include embracing free market economic policy, enhancing government resources, addressing inflation and implementing structural reforms. Staying the free market course means resisting costly new subsidies, which serve to reduce resources for other more constructive expenditures in areas like infrastructure, education and health care. U.S. and international community efforts are assisting the Afghan government move toward a sustainable fiscal policy to generate revenue, manage resources and operate without massive foreign financial support. The international community is also trying to boost economic growth by modernizing the infrastructure, particularly in the areas of electrical power, road construction, water management and agricultural development. Our Provincial Reconstruction Teams (PRTs) are key elements in these endeavors, and

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they have brought real improvement directly to the populace. Finally, trade is benefiting, albeit slowly, from growing regional integration. On March 3, Afghanistan is scheduled to join the South Asian Free Trade Area, bringing greater access to and integration with six other regional countries.

Narcotics remain a significant challenge for Afghanistan and the international community. Opium production in Afghanistan increased substantially in 2007. The narcotics trade dissuades work and investment in legitimate activities, provides the insurgents with a lucrative source of funding and contributes heavily to heroin addiction in Central Asia, Europe and increasingly in East Africa. We will continue to work with the interagency and international partners to reverse this negative trend. Of note, the ANA is standing up a new Counter-narcotics battalion for the single purpose of poppy eradication. This unit is in training and is expected to deploy this spring to destroy (by plowing under) poppy plants in fields when found.

Our commitment to the Afghan government and people seeks to shape a future of a moderate and stable Afghanistan as a key regional partner. There is a general sense of optimism and determination among the Afghan leaders and people. They regularly voice their appreciation for our assistance. Enduring success will require additional, well coordinated Coalition resources and support.

IV. Degrading Violent Extremist Networks and Operations.

Whether sponsored by Iran, enabled by Syrian acquiescence or motivated by networks such as al-Qaida and its associated movements, violent extremism is a serious danger to regional and global security. We must identify, mobilize against and confront

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this menace as its anachronistic worldview and murderous tactics threaten people and stability worldwide. While our efforts in Iraq and Afghanistan continue, we will use all available methods to build regional and international momentum for moderate behavior while eroding support for violent extremist ideology.

The highest priority in our counter-terror efforts is to defeat al-Qaida. Part of this effort, but not an end to itself, is the removal of senior al-Qaida leaders. Since the September 11, 2001 attacks, we and our partners have captured or killed terrorists, diminished safe havens, driven leaders underground and restricted their operating space. Despite these efforts, challenges continue as our enemies work to reconstitute their networks. Critical to countering these violent extremists is the denial of the sanctuaries, nation-state support and lines of communication that sustain them. These militant Islamist terrorists attract recruits from a large, worldwide pool of disaffected young people. Unfortunately, their tactics and radical ideology remain almost unchallenged by voices of moderation. In response, we will enhance our intelligence capabilities, develop partner nation capacities, strengthen information sharing, disrupt illicit lines of communication and work to prevent terrorist organizations from acquiring and using weapons of mass destruction. All of these actions will require inter-agency and international coordination and cooperation.

Equally important to defeating al-Qaida and other extremist groups is de-legitimizing the underlying social and political movements that support them. To diminish the radical social movements from which our enemies derive their strength, we must maintain operational pressure on their networks while building capacity in governance and security that help at-risk societies address problems that foster internal

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and local grievances. This work requires empowering credible experts to expose the flaws and internal contradictions of the enemy's ideology; provide viable, competing alternative worldviews; and contest the intellectual "safe harbors" where extremist ideas incubate.

Defeating extremists and their ideology would be easier if they did not have state sponsors. Iran and Syria have not cooperated with efforts to combat terrorism and promote reconciliation. Their policies and actions threaten the internal security of their neighbors and the collective stability of the region. The Iranian regime provides Shia militia groups in Iraq with training, funding and weapons including lethal Explosively Formed Penetrators (EFPs), a particularly deadly form of Improvised Explosive Device (IED). Iran continues to employ surrogates in Lebanon and Gaza, providing money and weapons to Hezbollah and Hamas, threatening the stability of Lebanon and undercutting the future of Palestinians, as well as engaging in confrontational activity in the Gulf.

Iran's most destabilizing activity has been the pursuit of nuclear weapons technology in defiance of the international community, International Atomic Energy Agency and United Nations Security Council. A nuclear-armed Iran would further threaten regional stability, potentially trigger an arms race and increase the potential for extremists to acquire weapons of mass destruction.

The Syrian government continues to meddle in Lebanon. Its support for Hezbollah is destabilizing the country, and it stonewalls the investigation into the Rafik Hariri assassination.

Over the past five years, terrorists, suicide bombers and foreign fighters have traveled through Syria to attack Iraqi and Coalition forces. The government in Damascus

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has tolerated the presence and operations of Iraqi Sunni extremists who have fueled the fighting in Baghdad and elsewhere in the country.

In Lebanon, the government is confronted by opposition groups and violent protests, but the Lebanese Armed Forces are maintaining a fragile order. Hundreds of thousands of Lebanese have stood up publicly against assassination and terror, and for their elected government and a peaceful, prosperous future. The international community continues to support the popularly elected government in Beirut and its legitimately constituted and disciplined security forces.

V. Strengthening Relationships and Influence States and Organizations to Contribute to Regional Stability and the Free Flow of Commerce.

To increase prospects for long-term stability and security in the region, we are working to strengthen relationships between and among these nations and the United States. We are also trying to influence states and organizations such as the Gulf Cooperation Council to contribute to regional stability and work to ensure the free flow of commerce and positive economic growth.

During the course of my numerous trips to the region, I have developed relationships with most of my military counterparts and many of their political leaders. The foundation of these partnership building efforts is our Theater Security Cooperation program, which helps develop the security capabilities of current and prospective coalition partners, builds and supports effective regional security arrangements and interoperability, and synchronizes efforts with other U.S. government agencies. More importantly, these programs forge personal relationships between the U.S. and partners in

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the region, enhancing mutual trust and confidence and facilitating the effective operations of our commands.

The CENTCOM Theater Security Cooperation program is built on a foundation of enduring relationships. The synchronized efforts of all the elements of U.S. and international power are key to success. We are fortunate to have a number of close, reliable partner nations. Five of these countries, **Egypt, Jordan, Kuwait, Bahrain and Pakistan**, are Major non-NATO Allies, and of those, **Jordan and Bahrain** are Free Trade Agreement partners. Our Theater Security Cooperation Strategy enables regional stability and advances security efforts that protect vital U.S. national interests and helps partners build capacities to combat terror and become self-reliant.

Department of State programs such as Foreign Military Funding (FMF) and International Military Education and Training (IMET) are vital to build enduring security relationships. Attendance at U.S. institutions and courses of instruction by foreign military personnel offers exposure to our ideas, principles, standards and most importantly, our people. The resulting personal relationships have proven invaluable in building long-term trust and access. In my experience, withholding IMET funds inhibits the ability to influence the positive transformation of regional military forces. Additionally, authorities for building global partnership capacity proposed in Title 13 of the draft FY09 National Defense Authorization Act will give me the tools I need to support our partners in the War on Terror more effectively and efficiently than current authorities. Passage of this legislation will allow CENTCOM to use existing authorities to train and equip partner nations' non-military security services in addition to national military forces, and to engage in a wider range of combined exercises, training, and

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personnel and information exchanges. It will also give more field commanders the authority to spend Commander's Emergency Response Program funds, give rewards for valuable information and integrate a wider range of Department of State capabilities with our military ones. However, it will still require advance notification to Congress, thereby maintaining appropriate levels of transparency and oversight.

In order to facilitate multi-lateral engagement between our partners, I hosted the inaugural CENTCOM Chiefs of Defense Conferences in Tampa, bringing together senior military officers from 19 of the 27 nations in our region. These conferences were very well received and bolstered the stature and acceptance of the Iraqi and Afghan Defense Chiefs. Additionally, the unprecedented engagement between participants reduced suspicion and enhanced trust while cementing personal relationships.

Military exercises enable our troops to operate with partner forces and improve interoperability as well as demonstrate capabilities. Our forces have participated in 49 combined exercises throughout the AOR, including multi-lateral exercises in **Qatar**, the **United Arab Emirates (UAE)**, **Egypt** and **Kazakhstan**. Qatar hosted an exercise focused on air defense and consequence management called EAGLE RESOLVE for the third consecutive year. This event has strengthened defense cooperation among many of our regional partners. The UAE hosted three air exercises, two of them at the Gulf Air Warfare Center, which focused on multi-lateral cooperation and interoperability among Gulf Cooperation Council (GCC) members. Egypt hosted CENTCOM's longest standing cooperative exercise, BRIGHT STAR, for 13 partner nations. After 25 years, this exercise continues to be relevant and has grown to emphasize strategic level engagement. In Central Asia, Kazakhstan hosted exercise REGIONAL COOPERATION, which

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enhanced interoperability and integration between the various disaster preparedness and consequence management ministries of Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan and Turkmenistan. By bringing together units from various nations to cooperate in response to realistic and challenging scenarios, these exercises hone the skills of US and partner military forces while enhancing regional stability and security.

Following are highlights of the development of key relationships in the region:

Egypt is a key ally, strongly supporting the Middle East Peace Process and U.S. regional initiatives. Our close relations greatly aid our efforts in Iraq, Afghanistan and the War on Terror by providing expedited Suez Canal transits for U.S. warships, over flights and access to basing. Egypt has maintained a Field Hospital and medical staff in Afghanistan since 2003 that continues to provide medical care and training. Egypt has signaled its intent to help combat smuggling into the Gaza strip through the purchase of technical equipment that could assist Egyptian security forces detect and exploit tunnels, a requirement that has assumed even greater importance in light of recent events. Egypt is one of the largest contributors to the United Nations-African Union Mission in Darfur with some 1,200 Egyptian soldiers and police officers. FMF significantly contributes to the modernization and interoperability of the Egyptian Armed Forces, which helps provide stability in the Suez Canal area and the Levant.

The prospects for positive change in Egyptian governance are enhanced by our close interaction on regional security matters. These relations also ensure continued Egyptian support for our regional presence and operations and demonstrate that when we make a commitment, we keep it. For these reasons, I urge Congress to continue its support for Egyptian FMF levels.

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Horn of Africa and Yemen. The nations in the Horn of Africa (**Ethiopia, Kenya, Djibouti, Sudan, Somalia, Eritrea** and the **Seychelles**) face border and ethnic tensions, insurgencies, corruption, terrorist infiltrations and poverty. CENTCOM's Combined Joint Task Force – Horn of Africa (CJTF- HOA) conducts operations, training, and humanitarian missions in the Horn of Africa and Yemen to build partner nation military capability, improve quality of life, expand governance, strengthen bilateral relationships and build partner nations' military capability. Cooperation of these nations with us contributes to building their own capacity to combat terrorism and prepare for other challenges, including natural disasters. CENTCOM is working closely with U.S. Africa Command to ensure our relations continue to strengthen as the new geographic command prepares to assume its responsibilities.

Ethiopia is a key regional strategic ally and close partner in the war on terror. This strong bilateral relationship was readily evident in the wake of Ethiopia's initial military operations in Somalia to support the Transitional Federal Government against radical insurgents. Ethiopia has also demonstrated strategic importance by its considerable contributions to United Nations peacekeeping missions, such as the UN Mission in Liberia and its pledge of 5,000 peacekeepers for the UN African Union Mission in Darfur. Our support for the efforts of the Ethiopian military to modernize and professionalize will be critical to the government's ability to address security threats effectively and in conformity with international norms.

Ethiopia has, however, refused to evacuate disputed territory on its border with **Eritrea**, despite the fact the United Nations Ethiopia-Eritrea Border Commission made its final ruling in favor of Eritrea's claim. Eritrea has denied supplies to the United

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Nations mission there in order to force it to depart. President Isaias Afwerki's government also sponsors violent extremists in Somalia, and there is evidence it does the same in Ethiopia. Eritrea's treatment of its own people is no better, as Isaias has jailed all political opponents and devastated what had been a relatively healthy economy. As long as Eritrea is aggressive toward its neighbors and repressive against its own people, the amount of assistance CENTCOM can provide will be severely limited.

Kenya. The just signed power-sharing agreement between President Kibaki and Orange Democratic Movement leader Raila Odinga is encouraging. While we should remain vigilant for signs of a return to political crisis and ethnic violence, I believe Kenya's strong institutional foundations can be a basis for long-term stability. Kenya provides a traditional locale for the U.S. and the international community to conduct relief and rescue operations in regional trouble spots and is a key contributor to regional conflict resolution and counter-terrorism efforts. Historically, Kenya has been one of our closest and staunchest partners against terrorism. America's interests are to assist Kenya in countering the terrorist threat, support the processes of political and economic reform, help raise the standard of living, combat health crises and protect Kenya's resource base.

Djibouti. This small, peaceful and tolerant Muslim country is an island of stability in a region characterized by tension and violence. Djibouti is a key security partner as it hosts CJTF-HOA and provides refueling facilities for Coalition Naval vessels. Djibouti is also the warehouse location for pre-positioned emergency food relief used by the Office of Foreign Disaster Assistance in times of crisis. As this country undergoes potentially rapid change while developing a new port complex, the continued support for CJTF-HOA in cooperation with other elements of the interagency will be

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critical to ensure the benefits of growth are distributed in a way that promotes stability and democratic development.

Sudan. In 2007, tension between the ruling National Congress Party (NCP) and the southern Sudanese People's Liberation Movement (SPLM) increased due to the slow implementation of the Comprehensive Peace Agreement (CPA). These tensions culminated in the SPLM temporarily withdrawing from the Government of National Unity in Khartoum. We anticipate additional tension in 2008 due to expected delays in the CPA-mandated national census. In Darfur, the deployment of the UN-African Union Mission in Darfur will remain behind schedule due to NCP obstructionism. Multiple attempts to unite the Darfur rebels failed to bring about a cohesive group prior to renewed peace talks, exacerbating insecurity and the humanitarian crisis.

Somalia. Military, humanitarian and political conditions deteriorated significantly in Somalia during 2007 and could further deteriorate in 2008. Initially fractured in early 2007, the al-Qaida associated Somali resistance, supported politically by Eritrea, have regained control of much of southern and central Somalia. We will work closely with our regional partners to prevent harm to our broader interests, mitigate the humanitarian challenges and support efforts to achieve a political settlement.

Seychelles. Our relationship with the stable, democratic government of Seychelles focuses on countering coastal security threats and improving disaster preparedness. Through joint exercises with the Seychelles Coast Guard we are working to build their capacity to plan and conduct operations to counter transnational threats.

Lebanon. Since November 2007, Lebanon's already tenuous political situation has worsened. The government and opposition see the stalled Presidential election

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process and the subsequent cabinet formation as crucial to their interests. The country remains politically stymied as the Hezbollah-led opposition, with its Syrian and Iranian allies, attempt to use the vacuum in the presidency as leverage to control future decision-making in the country. Syria will continue to pressure its allies to refuse any compromise knowing that the election of a Western leaning government will likely lead to the rapid implementation of the Special Tribunal to charge the assassins of former Prime Minister Rafiq Hariri. Damascus fears this will implicate high-ranking Syrian officials and their Lebanese allies. These political battles have grown violent as evidenced by assassinations of political and security leaders. In addition, bombs have targeted high-ranking members of the security establishment as well as US Embassy employees.

A well-armed and well-trained Lebanese Armed Forces (LAF) is a potential unifying force. The multi-confessional LAF, with its members drawn from all of the country's communities, enjoys broad support from the Lebanese people. The LAF demonstrated resolve and courage during its 102 day fight in the Nahr al-Barid refugee camp last year – a victory that would have been far more costly were it not for the support of the United States and key allies like Saudi Arabia, Jordan and Egypt. CENTCOM special operations forces enhanced LAF effectiveness by providing training during the months preceding operations at Nahr al-Barid. While addressing the short-term needs of the LAF, we are focusing on its long-term development. The \$220 million FMF supplemental approved by Congress in 2007 is contributing significantly to this effort, but we must continue the process and strengthen our bilateral military relationship to resist efforts by Syria, Iran and their Hezbollah surrogates to undermine the sovereignty of Lebanon.

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Jordan is a regional leader in security and counter-terror training and one of our strongest partners. In 2007, Jordan hosted a large multi-national Special Operations exercise as well as six other military exercises. It also hosts the Peace Operations Training Center, the International Police Training Center, the Cooperative Management Center and the King Abdullah Special Operations Training Center. Additionally, Jordanian doctors and nurses operate and provide training in much needed hospitals in both Iraq and Afghanistan.

Consistently supportive of our role and presence in the region, Jordan has played a major role in promoting stability and reconciliation in Western Iraq, supporting the Lebanese Armed Forces and training Palestinian Authority Security Forces. Currently, more than 1,000 Palestinian authority security personnel are receiving essential police training in Jordan.

Although it placed enormous stress on public services, Jordanian leaders opened their country to hundreds of thousands of Iraqis fleeing the violence in their own country. Jordanian efforts to improve border security are exemplary and set the standard for the region. U.S. military and economic assistance to Jordan are wise investments for a peaceful, secure and prosperous region.

Arabian Gulf States. We have improved participation and cooperation with the GCC states of **Kuwait, Bahrain, Qatar**, the **UAE, Oman** and **Saudi Arabia**. Of note, **Iraq** has participated in GCC multi-lateral discussions and as an observer during exercises. Developing these relationships will eventually lead to greater security and economic opportunity for the entire region. Each of these nations has been a valuable

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contributor to our mutual security efforts providing essential base and port access, overflight rights and additional force protection for U.S. units in the region.

Our strong partnership with **Kuwait** is vital to the CENTCOM mission. Kuwait hosts the Combined Forces Land Component Command and provides a staging area for Coalition forces entering and departing Iraq. Military operations in Iraq would not be possible without critical support provided by Kuwait in the form of fuel, electricity, water, meals, waived customs fees and many other allowances totaling about a billion dollars per year. The military-to-military relationship with Kuwait grows stronger through a robust military sales program and an extensive program of combined exercises.

The **Kingdom of Saudi Arabia** has achieved significant success with an initiative to cut off funding to terrorists and restrain violence. Saudi leaders have enacted tough anti-terrorism laws, established a Financial Intelligence Unit to combat illegal “charities” that ultimately fund al-Qaeda and have built indigenous special operations and counter-terror forces capacity. They have also made efforts to reform their educational system and have promoted the ideals of tolerance and moderation in their leading mosques and promote rehabilitation programs for security prisoners. Saudi Arabia has been helpful in our efforts to support the stability and independence of the legitimate government of Lebanon. Our military relationship is based on extensive interaction between armed forces and a robust military sales program that we expect to grow in coming years. It is enhanced by a U.S. advisory presence in the Kingdom and by our training of Saudi military personnel.

Bahrain and the U.S. have enjoyed a close military relationship for more than a half a century. Today, Manama hosts U.S. Naval Forces Central Command. In addition,

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a Bahraini officer currently commands Coalition Task Force 152 with responsibility for Maritime Security in the Arabian Gulf. Bahrain hosted an Iraq Coalition conference this past October and is a strong supporter in the struggle against terror. In the past year, I attended the Manama Dialogue in Bahrain, and the Forum on U.S.-Islamic Relations in Qatar. These two widely respected fora are strongly supported by the host nations and allow leaders the opportunity to benefit from extensive engagement on substantive regional issues.

We are grateful to **Qatar** for hosting the CENTCOM forward headquarters at Camp As Saliyah and our Combined Air Operations Center at al-Udeid Air Base. The excellent military-to-military relationship with the Qatar Armed Forces is robust and mutually beneficial. Access to the airbase at al-Udeid facilitates air operations in the AOR. Doha also provides substantial in-kind support to U.S. forces, significantly offsetting the cost of our operations from there. Additionally, they have participated in the Gulf Security Dialogue meetings with the Departments of State and Defense in order to build infrastructure and systems necessary to improve deterrence.

The UAE has emerged as a staunch coalition partner, contributing to the continued security and stability of the Gulf and the Strait of Hormuz. In addition to access for air assets at the Al Dhafra Airbase, the Emirates provide nearly continuous access for Navy ships in the port of Jebel Ali. It is a leading partner in the campaign against terror, providing assistance in military, diplomatic and financial areas. Our military-to-military relationship ties are a key element of our excellent bi-lateral relations. We expect these relations to strengthen as the UAE serves as a regional example of the benefits of private sector growth and broadened opportunity for individual choice. The

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Emiratis are leading the Shared Early Warning initiative in the Gulf and have a robust Foreign Military Sales Missile Defense request pending.

Oman is a stable, secure and cooperative partner. The Sultanate allows the storage of important war reserve material, and its proximity to the Strait of Hormuz is a uniquely vital strategic position. We have had an enduring relationship with Oman since the early part of the 19th Century, and they have provided strong support for Operations Enduring Freedom and Iraqi Freedom. Our cooperation with Oman in areas such as education and economic development support Oman's own measured path to economic growth and more participatory governance.

Pakistan. The recent election in Pakistan was encouraging and offers the potential for a peaceful return to democracy and much needed stabilization for this populous country. It is important to note that the Pakistani Armed Forces did not arbitrate these elections, but they did provide the essential security that enabled a generally peaceful process. Senior Pakistani leaders understand the threat of violent extremism to their country and are taking steps to transform their security institutions to be more effective in combating these challenges. The military aid we have provided in all forms has been critical in the fight against extremists inside Pakistan, particularly along the western frontier adjacent to Afghanistan. Pakistan has successfully deployed more than 100,000 troops to the western frontier, directly engaged al-Qaida, the Taliban and foreign fighters.

Pakistani security forces have captured and killed significant numbers of violent extremists, to include high-ranking leaders of al-Qaida and the Taliban. They have also suffered extensive casualties. Our long-term partnership with Pakistan is central to

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defeating extremist groups in the region, and it is difficult to imagine success in that struggle without its support and cooperation. We are working together to reduce the tensions stemming from the radical and violent extremist presence in the Federally Administered Tribal Areas. Ongoing initiatives include regular meetings with Pakistan's military leaders, enhanced liaison and communications among our units operating along the Afghanistan-Pakistan border and a Security Development Plan, which includes initiatives to establish a Frontier Corps Training Center, assist the Frontier Corps (FC) in establishing new Wings (battalion equivalent) and improve indigenous intelligence operation capabilities. Advisors will share lessons learned in counterterrorism and counterinsurgency mission sets, and FC personnel will be provided with modern equipment. Also, Sector Headquarters and Border Coordination Centers will be established to improve shared situational awareness and de-conflict border operations with coalition forces in Afghanistan.

Pakistan remains a strong partner of the United States, and our support for its counter-terror efforts will continue with a variety of focused programs. Our security cooperation funding and bilateral exercise programs help the Pakistani government conduct counter-terror operations, develop its counterinsurgency capacity and enhance its internal stability. In this critical time of democratic change it is vital that Pakistan view the U.S. as a long term trusted partner, particularly in our efforts to defeat common enemies.

Middle East Peace Process. Any discussion of security and stability in the region must include the Middle East Peace Process. Recent efforts to revive this effort

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are positive. A peaceful two-state solution that offers justice and security to Palestinians and Israel would negate the widespread perception of inequity in the Arab world.

Central Asian States. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. These five nations in Central Asia, are strategically important to the U.S., welcome greater interaction with us and play an increasing role in the global energy market. They reject violent extremists and all, save Uzbekistan with whom we have just reestablished a military dialogue, cooperate with the U.S. in a variety of security initiatives.

Kazakhstan is a valued partner in Iraq and offers the potential to serve as a regional leader for economic growth and prosperity. Kazakhstan is a key player in east-west trade and the potential northern nexus of a trade route that could stretch south to Pakistan, linking the less developed nations in the region with access to international markets in the Middle East, Europe and Asia. With regard to its security needs, we have been assisting Kazakhstan in refining its defense strategy, modernizing its armed forces and development of its peacekeeping forces.

Kyrgyzstan is rebuilding political stability after the turmoil of the past few years and hosts a U.S. presence at Manas Air Base, a key logistics node that facilitates operations in Afghanistan. We are seeking new and innovative ways to help develop the capabilities and capacity of Kyrgyz security forces to meet internal requirements and to contribute to regional stability.

Economic woes, an energy deficit and narcotics trafficking challenge **Tajikistan**, one of the poorest nations in the region. Tajikistan has made progress in building national unity, but much work remains. I am encouraged by Tajikistan's willingness to

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participate in international peacekeeping efforts, and our security cooperation programs are focused on helping Dushanbe build its capacity and secure its borders.

Turkmenistan is slowly but steadily emerging from the self-isolation of former President Niyazov. President Berdimuhamedov has loosened up internal controls, reached out to neighbors in need and demonstrated a stiff spine by halting gas exports to Iran for non-payment of agreed fees. Turkmenistan has expanded cooperation with us on a range of military-to-military activities and recently approved funding for a UN Drug Control program office in Turkmenistan. They have actively assisted our efforts in support of Afghanistan operations.

We have reinstated a security relationship with **Uzbekistan** after a hiatus of about three years following the expulsion of our forces from Karshi-Khanabad airbase, in the wake of the Uzbek government's response to an attempted extremist takeover of the town of Andijan in 2005. I met with President Karimov in January, and we welcome the opportunity to reverse the deterioration in relations between the U.S. and Uzbekistan, encourage better regional cooperation and reopen a dialogue to address issues of reform and human rights.

Throughout Central Asia, there is an opportunity to positively influence the future development of these countries. We are encouraging greater economic, political and security cooperation among these five states. Greater sustained diplomatic engagement, military aid and economic assistance would further mutual interests.

FOR OFFICIAL USE ONLY**VI. Posturing the Force to Build and Sustain Joint and Combined Warfighting****Capabilities and Readiness**

Joint and Coalition Operations. Joint and combined war fighting capability and readiness are fundamental to our ability to prosecute ongoing military operations, maintain a credible presence to deter aggression and respond effectively to contingencies. Because we execute nearly all of our activities jointly and in concert with allies, we must cultivate effective inter-service and multi-national ways of doing business. Existing examples of such integration include the Multi-National Headquarters in Iraq, Afghanistan and the Horn of Africa. Because our region is filled with uncertainty, we must maintain a full spectrum of responsive capabilities through an effective forward deployed force structure, thorough planning and realistic combined training exercises. Other critical capabilities include the following:

A Strong Coalition. Currently there are 41 partner nations with troops in Afghanistan and 31 with personnel in Iraq. They bring important mission capabilities but also significant integration challenges. Blending capabilities of these countries into effective action requires, among other factors, a command and control infrastructure that accounts for remote locations, multiple languages, cultural differences and challenging force protection issues. Our Coalition must share classified and sensitive information when appropriate and have the networks and infrastructure to facilitate such exchanges.

Interagency Coordination. Establishment of security and stability in our region requires the application of all elements of national power: military, diplomatic, economic and information. The military instruments can set conditions for security but other agencies foster lasting change.

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We are fortunate to have several U.S. Government entities engaged in the Central Command AOR. The Departments of State, Treasury, Justice, and Homeland Security, as well as subordinate agencies including the U.S. Agency for International Development, Diplomatic Security Service, Federal Bureau of Investigation, Drug Enforcement Administration and U.S. Coast Guard, are actively engaged in our theater. Their efforts are helping to protect critical infrastructure, prevent terrorist attacks on our homeland, train fledgling law enforcement organizations and rebuild damaged or aging infrastructure. There is clearly a need for better integration and more comprehensive application of all the elements of national power.

Flexible Logistics. Strategic airlift, rapid sealift, pre-positioned inventories and access to bases with critical infrastructure are the key logistics components which support operational flexibility. Our primary focus in this area remains the timely deployment, equipping, and sustainment of units engaged in combat operations. As an example, the rapid fielding of Mine Resistant Ambush Protected (MRAP) vehicles to our troops would not have been possible without the highly flexible contingency air and sealift capabilities. We will leverage commercial air and surface distribution across the theater and pursue initiatives to improve theater-wide logistics cost savings and work force reductions. We will continue working with the Joint Staff, Office of the Secretary of Defense, the Department of State and partner nations to ensure access to the infrastructure we need to support ongoing and future operations.

Adaptable Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) Capabilities. Interoperable, high-volume communications systems are essential to conducting operations across a dispersed

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command space. Our systems operate near full capacity daily with little surge capability. Because many of our needs must be satisfied by commercial providers, access to them is critical. The largest challenge we face is integration of disparate systems into interoperable and reliable networks. We must embrace policies that enable successful integration and technologies that result in effective interoperability and efficient information-sharing.

Ultimately, our ability to target violent extremists depends on precise and actionable intelligence. We continue to evolve our techniques and procedures to optimize efforts to “find, fix, finish and exploit” targets. Our adversaries have been agile in adapting to our operations. We continue to improve battle space awareness, seeking greater specificity, detail and timeliness of intelligence whenever possible. We are aggressively seeking ways to manage shortfalls or capability gaps in imagery intelligence, wide area coverage, sensor integration, signals intelligence, moving target indicators, layered Intelligence Surveillance and Reconnaissance (ISR) architecture, biometrics, counterintelligence and human collectors. Your support of our intelligence needs is much appreciated, and I solicit your continued funding of these critical items.

Responsive Counter Improvised Explosive Device Program. Insurgents’ weapon of choice will likely continue to be the IED, or road-side bomb. They are cheap, effective, and anonymous and have been adapted to include toxic industrial chemicals such as chlorine. While some are crude, our adversaries increasingly use sophisticated technology, including EFPs from Iran. These weapons have killed or wounded thousands of military and civilian personnel in Iraq, and IEDs are becoming increasingly prevalent in Afghanistan.

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To counter this threat, and working with the interagency and our Coalition partners, we are fielding jammers, specialized route clearance vehicles and equipment and improved vehicle and personnel protective armor. The most effective counter to the IED is targeting the human networks which supply, train and employ the devices. We have pressed this approach through a comprehensive application of ISR. These initiatives have reduced IED effectiveness. We must continue to develop new technologies, tactics, techniques and procedures. Of particular importance to CENTCOM is continued fielding of MRAP vehicles, and further research and development to improve the detection of mines, IEDs and unexploded ordnance.

Personnel. Sustained operations in the CENTCOM AOR depend on personnel who have foreign language proficiency and cultural awareness competency in addition to military skills. Retention is a critical issue, and we depend heavily on quality of life enhancements such as Combat Zone Tax Relief, Imminent Danger Pay and Special Leave Accrual. The Rest and Recuperation program continues to be a success, serving more than 590,000 troops to date. Over the past year, we have conducted a comprehensive review of the manning of our headquarters, which, after six years of war, is still highly reliant on temporary individual augmentation personnel. My subordinate war fighting headquarters are also heavily manned with individual augmentees. I am committed to working with the Services and the Joint Staff to properly size and resource all of these headquarters.

CENTCOM is also working to address requirements for low density skills. Our present inventory of language and intelligence specialists (especially human intelligence) and counterintelligence agents does not support current requirements. Language

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expertise is crucial in counterinsurgency, counterterrorist and counterintelligence operations and will continue to be in high demand. Contracting language expertise provides interim capability, but in the long run, we need service members and career civilians with the requisite language and cultural skills.

We recognize the importance of co-locating our Service members with their families whenever prudent. We further recognize the value is compounded when done so overseas as our families interact with the host nation and strengthen the ties between our peoples. We have initiated the process to authorize our military families to return to areas as reduced threats permit. Before such actions, we will take every precaution to ensure protection and security measures are in place to safeguard our personnel and their families.

VI. Conclusion.

During this past year the men and women assigned to CENTCOM have fought valiantly in Iraq and Afghanistan, provided humanitarian and reconstruction assistance, and engaged with partners and allies in deterring aggression. They have worked tirelessly on behalf of the American people to provide essential security and stability for millions of others. They have trained and exercised alongside men and women from many other nations, providing experience, advice, mentoring and example in an effort to increase the capabilities of others to defend and secure their people. The engagement of our service personnel with foreign counterparts is key to gaining the trust of these people and facilitating our ability to influence outcomes in support of U.S. policy objectives.

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We stand ready to assist those who would work with us to bring lasting peace to this troubled region of the world.

The American people and the Congress have provided staunch and steady support for our efforts, and we greatly appreciate your advocacy and assistance. I am proud and honored to represent the men, women and supporting families of CENTCOM. On their behalf, thank you for your support and for this opportunity to testify before you.

FINANCIAL CONTROLS

Mr. MURTHA. A couple things that I just want to point out. One, I worry we have so much problem in Iraq with the acquisition program, where cash was just such a temptation. I worry about the program that the troops are actually running, because these people, many of them were uniform people that were involved in this acquisition program. You keep asking—when I say you, most of the commanders keep asking for more money, and I realize the value of it. But we got to be very, very cautious. And they have got to be told, you know, when that cash is floating around, they have got to be responsible for it. And at the early stages of the war there was all kinds of access to that money, and it was not necessarily the military, but certainly lately it has been, and I am hoping that your commanders understand they have got to be very responsible for that money and to be very careful in the way they hand it out.

Admiral FALLON. Sir.

PRISON SYSTEM

Mr. MURTHA. The prison system, talk about the prison system. When I was over there at Thanksgiving I visited the one prison. I was so impressed by what General Stone was doing. And I think that was a big part of the change, because I saw—staff told me 6 months or so before that it was ready to explode. Stone came in and did a job. here is it now?

Admiral FALLON. Chairman, I concur with your assessment. When I first went over there last year and took my first look at Buca the smoke was still rising from the latest riot. They burned down their hooches in these. And I took one look at it and said oh, big trouble. Big strides. In the probably two significant areas of approach here, first the physical dimension of moving away from those cages and putting people into much smaller confinement areas, hardening some. And most importantly is what is going on with the individual people. As you know, the approach here has been to not treat them all like they are all arch criminals, but to actually spend some time sifting through each of the cases trying to sort out the bad from the real bad from those that may have gotten—they may not be purely innocent, but we can figure out a way to work with them. My sense is that we have to figure this out and to try our best to return to society as many of these folks as we can. Otherwise I suspect that the day we finally leave they are just going to get turned over and they will all run.

General Stone has done remarkable work in first thinking through this problem, recognizing that everybody is not the same. And we have to figure out a way to try and rehabilitate those that can be done, and not let them get tied up with the zealots, of which there are certainly some in there. And so he has worked hard at separating them. This is a tough sell, I will be honest with you. Our troops were gagging at the idea that we were going to turn these guys loose. They said we captured the, we found them out in the field trying to kill us and do other things, and they just did not like it at all. There is a process now for reviewing each case.

They bring the field commander's representatives in to let them sit in, watch and see so they can have a vote in it. But the deal

is that the numbers are going up that are being turned back into society. And they are not just being turned over. They are being trained, educated. And the guys are taking to it. Most of these people do not have a high school education. And part of the deal is to offer them a chance to learn something. And we actually had a case some months ago where there were a bunch of youngsters, there were teenagers, I think about a hundred and some, or I think there was like 700 total that were under 21. They were in an education program. And a large number of them said we do not want to be released yet. We want to finish the schooling, because it is our only opportunity.

I think that is success in my book. So it is coming along. I have got to tell you we have got to do the same thing in Afghanistan. Numbers are dramatically smaller, less than a thousand detainees, facilities unsat. Have not been coming at it the same way. Asked General Stone to go down and take a look at this. He spent a week out there, came back, kind of verified my first impression, and is helping us to craft a program and do the same thing in Afghanistan.

Mr. MURTHA. You mentioned the possibility that you needed money for a prison.

Admiral FALLON. Need to rebuild that facility.

Mr. MURTHA. Have we gotten that request?

Admiral FALLON. You have not. It is in work back in the building. We will figure it out.

PISTOLS

Mr. MURTHA. One other thing I wanted to mention is when I was over there the trainers themselves said the pistols did not work, that they had problems with it the safeties were defective. I talked to a lot of trainers, and they all agreed. Now, your staff came back and said there is no problem with these pistols. I wish you would have them relook at that because I am talking to people who are actually training people, looking at it, and they are telling me personally that these things do not work.

I do not know how far your staff looked into it, but somebody sitting at your headquarters may not know as much as they know. So I would appreciate it. There is 37,000 of them. They are Smith & Wesson pistols. And every trainer I have talked to felt they were defective. So I would appreciate it if you would look into that yourself.

Admiral FALLON. Will do, sir.

Mr. MURTHA. Mr. Young.

EUROPEAN SUPPORT IN AFGHANISTAN

Mr. YOUNG. Mr. Chairman, thank you very much. Admiral, welcome. Always glad to have you here. We appreciate your responsibility and the really good way that you carry it out. Chairman Murtha this morning at a hearing relative to the Air Force's decision on awarding the contract for the new tankers made a point that I have been thinking about all day. And I thought it was a pretty good point. And that is in this contract, many of our European friends are going to have strong economic effect, positive economic effect, but they are the very ones who are refusing to help

in Afghanistan to meet what really is their part of the share—that share of the burden as part of NATO. Is there a good reason why these other countries do not want to join up in Afghanistan as we face an aggressive Taliban?

Admiral FALLON. In my mind, no, sir. I think it is a lack of will, a lack of leadership, lack of willingness to accept some casualties. It is, frankly, just not wanting to get hands dirty doing the tough jobs. The lists of qualifiers, of caveats as they call them that General McNeil has to put up with from the majority of our allies is pretty sad. He is a better man than I am. I probably would have lost patience with this sometime ago. They just do not seem to have the stomach for it. Happy to talk about it, but walking the talk is a different matter. I think that is just what it comes down to.

REGIONAL THREATS

Mr. YOUNG. I know that you are in contact with the leaders of at least most of these nations, especially the ones in your AOR. Do they understand what the long term threat from the Taliban might be or al Qaeda if they are not held in check?

Admiral FALLON. I think they do. Different degrees of that. And perceptions are all over the place. Certainly in Afghanistan, Karzai and his leadership recognize the challenge these folks present to them. In Pakistan, the leadership understands it. There is a significant part of the population that is very sympathetic to these folks, though. In the rest of the region it depends on who you are and where you are as to who you see as threat. Most of the other countries feel Iran is the long term concern because of doubts about where the Iranians' intentions really lie. Most of them, if you get them off line, will tell you that they think they want to create another Persian empire, and they are going to try to do whatever they can to be in that position. So they recognize these things.

One of the challenges we deal with, frankly, and in some places, Pakistan is a good example, is that they see us do things that they like, but then they doubt how much or to what extent we are willing to stick by them for the long term. They recognize that a lot of these problems are not going to be solved overnight, and they look at things like actions that we take that they feel are not in their best interests. We had about a 12-some-year hiatus when the General ran them and other things, and I understand why these things get ginned up, but at the end of the day, we have now lost 12 years' worth of time with the leadership in the military, for example, who during that period when we had no engagement are tending to be distrustful of us.

And you know, okay, you guys talk, but are you going to be here if we really need you? So that presents some challenges. There is also the reality that these folks, for a host of reasons, do not really cooperate too well with one another. They will go, they will smile, they will drink tea, they will all attend various summits, but when it comes to real cooperation, well, let's band together and do this, we will work with you. Let's leave these guys out of it for now. So that is reality. We deal with it as best we can. I think most of them recognize the threats. They see Iran, Iranian behavior, do not like it. They see the nuclear program that has a big question mark over it. And then they look at what the Taliban have done, they look

at the methods of al Qaeda, kill people to make their point, torture people, and I think these things register with most of them.

PAKISTANI ARMY

MR. YOUNG. One of the important players, maybe I should not say players, but one of the important individuals in this area is the general who is the new commander of the Pakistani Army. Is he somebody that we can depend on or—

Admiral FALLON. I think so. I have met General Kiyani several times. I was just telling Chairman Murtha that I spoke with Admiral Mullen early this morning. He had just flown back from Pakistan. Had another meeting with him. We both feel the same way, that even though he has only been on the job a few months, he seems to understand the strategic priorities. He has taken pains to try to pull the Army away from politics. They had gotten pretty enmeshed in it as Musharraf was both chief of the Army and the President, the lines got blurred. He has directed Army guys to start backing away, including retired people, to get out of a lot of these civilian institutions that are part of the government.

So these things tell me that he gets it. And we will try and help him in any way we can.

Mr. YOUNG. Does he have control of Pakistan's nuclear weapons?

Admiral FALLON. ———.

Mr. YOUNG. Well, you have a real heavy responsibility. And I appreciate the way that you have taken over and charge in running your responsibilities so well. So thank you very much for that, and thank you for being here today.

Admiral FALLON. Thank you, sir.

Mr. YOUNG. Thank you, Mr. Chairman.

TRAINING TEAMS IN AFGHANISTAN

Mr. MURTHA. One of the things I did not mention is these training teams you have in Afghanistan, my understanding are the most part of our deployment, because they react with the people, they train the Afghans. That is really what it is all about. And it is supposed to be a State Department training team. Of course, not all of your people. But your protege there, young woman you introduced me to is going to AFRICOM, tells me they are loading it up with the Commerce and so forth, which I am glad to hear, because that is really what we need to be involved in with these other agencies. I know the shortages that I heard about were agriculture, commerce, and things like that. So the State Department, this committee has offered over and over again to give them money if they would provide the leadership of those teams, but they just can't do it.

Admiral FALLON. This is a case of, first of all, the Armed Forces are expeditionary by design and by nature, and so the idea that we have an emergency, we pack up and go is part of the business. Our other institutions except the Department of State generally are domestically focused, always have been. And so to change the culture to one that is expeditionary I think is a real challenge. And the numbers are really thin.

So we are doing what we can. We are blessed with folks in uniform, a lot of the Reserves and Guardsmen that have other jobs that are in these areas. So we are trying to leverage those for the time being. And actually, what is really interesting, some of these PRTs, these Provincial Reconstruction Teams that are being led by uniform people, completely new, different than what they ad done, I went to one place, and I kid you not, the commander and two of his subordinates were submarine officers, nuclear engineers that are out running these things.

And by all accounts, the guys were ding pretty darn good at it, pretty darn well at it. An F-18 pilot, Navy guy, and again these are just Navy examples because they highlight them to me, they think I am still in the Navy every day, but there are folks from every walk of life that are stepping up and doing these things.

EUROPEAN CONTRIBUTION

Mr. MURTHA. One of the things Mr. Young mentioned that I talked about this morning, the last time we were over there we were waiting on the Europeans to put mere troops into NATO. And this was one of the things finally we had to send the Marines in. But the frustrating thing is they tell me the British lose more people from drug abuse than they do in Afghanistan. And the poppy growing has increased so significantly, it all goes to Europe, and they still can't understand the importance of this effort, or at least they do not seem to participate. They just let us do it. But we appreciate your difficulty in dealing with them. And Mr. Cramer?

Mr. CRAMER. Thank you, Mr. Chairman. Admiral Fallon, welcome back. I want to stick on this Afghan issue. You sounded fairly optimistic about Afghanistan, yet everything I hear and read would indicate there is not much reason to be optimistic about what is going on there.

SITUATION IN AFGHANISTAN

Admiral FALLON. I guess my sense is you got to keep putting it in context. I have to do that myself. Even within the Interagency, I have to tell you it is actually a great novel idea, and one that I much appreciate, is some of our intelligence agencies are now actually sending me their draft reports for comment. And the last one that I saw I actually said, interesting. I understand what you are trying to say here, but I choose to disagree with this conclusion and this conclusion, and here is why.

Part of it is data. Afghanistan is a challenge because it is so rugged geographically and so chopped up by tribes and district and so forth. We have a significant presence in a relatively small percentage of that country. There is a lot of data extrapolation in my opinion that takes a point here and a point here, and next thing we have—the data that I have seen indicates that somewhere in the 70 to 80 percent of all the kinetic activity takes place in about 10 percent of the districts in the country. And so the converse of that is that there are large tracks of this country where it is pretty benign.

I try, every visit to that country, to go to a different place so I can have my own assessment of what it is really like. And I have been to some places that are very benign. I take my wife to Af-

ghanistan almost every trip. And I am tied up in meetings a good chunk of the time, but she is not, and she gets a chance to go meet real people in real places. And is it great? Is it totally secure? Are people not nervous? No. There are definitely problems. But my sense is it is not as bad as some might have yo., believe.

NATO CONTRIBUTION

Mr. CRAMER. The NATO presence there is uneven. I mean with the caveats and the division of the PRTs and their ability to engage in direct combat, and some countries are, some countries are not. By the way, which ones are?

Admiral FALLON. To be quite frank, our best partners to date by demonstrated performance are the Canadians. And after that it is starting to get pretty spotty.

POPPY PRODUCTION

Mr. CRAMER. Even the Brits, and I think their PRT is the biggest poppy-producing region, or one of the bigger.

Admiral FALLON. Well, but that is kind of by circumstance. Helmand Province is the number one poppy-producing area in Afghanistan. A lot of that, to be fair, is geography. It happens to sit right athwart probably the biggest river valley, which means the most irrigation, which means the most fertile land, and it is a huge province. And it has traditionally been a poppy growing area. That said, and I keep my observations to the security side rather than the PRTs and others. But each of them have restrictions, stated or otherwise. And when General McNeil, our commander, has to—wants them to do something, in many cases they tell him to hold the line for a bit, and they will go back and even go all the way back to their capitals to ask a specific permission to do a single operational thing. And that is certainly not the way to do it.

Mr. CRAMER. Are the Italians making any progress? Aren't they charged with trying to create or help create a judiciary there?

Admiral FALLON. I can talk more of the security. They just had the west until recently. And I did not see much action at all. They have got people on the ground, but not doing the things that—

U.S. MARINES IN AFGHANISTAN

Mr. CRAMER. Our 2,200 Marines that are employed there, will that be for a seven-month deployment?

Admiral FALLON. There are actually two different groups of Marines.

Mr. CRAMER. One for training and one for—

Admiral FALLON. Total of about 3,200. The one of 2,200 size is going to be a maneuver unit. It is going to go and work for the NATO command for General McNeil. And he has told me he expects to use them in the south, where he thinks he has got his biggest problem. They will be there until next fall. And I specifically asked for a unit for that period of time, because that is when I think they are going to be useful. In the winter, things really tend to die down because the weather just is too difficult to operate. So given the demands on our forces right now, it seemed to me this

was a prudent use of them and will not tie them up excessively after that.

So I think they can get a lot done, because this is going to be the—in Afghan tradition, we do not like the choice of words, but they call the spring, summer and fall the fighting season. And then they go back and try to stay out of the weather during the winter. So they are there for that purpose. The battalion that is going to do the training, working directly for me in the OEF hat, to do that, they will also be there for about that period of time. Because of the demands on the system, I do not want to—I would like to be able to come up with replacements for them later in the year.

We will have to jump that fence when we get there. But they are going to be there just for a limited period of time. But I think in the case of the maneuver unit, it is exactly the right period of time and should—

MINE RESISTANT AMBUSH PROTECTED VEHICLES

Mr. CRAMER. I want to ask you a question about MRAPs in Iraq. When MRAPs were first deployed to Iraq we were using contractors to train Marines to use the new vehicles. Are we still doing that?

Admiral FALLON. I couldn't tell you the answer to that one directly. I can tell you that the MRAPs are now in widespread use throughout the country. In fact, I rode in one the other night when the weather, sandstorm shut us down and couldn't fly to get back to Baghdad. They are very, very helpful. They have saved a lot of lives. In fact, to the best of my knowledge we have had two people killed in these things, one when the thing blew up and actually rolled over and the gunner unfortunately was crushed but the people inside survived. And another one when some terrorist actually managed to shoot an RPG into the turret of the gunner.

But the things have been remarkable in keeping our people from being seriously hurt. And they are there in significant numbers. In fact, I just saw an e-mail this morning from TRANSCOM that they have hundreds queued up now ready to go, and they have made a big difference. The training, I think—whatever the training, is, they appear to be doing fine, whoever is doing it. And I will get back to you.

[The information follows:]

Mine Resistant Ambush Protected (MRAP) Vehicle training is the responsibility of the Joint Program Office, Program Manager, MRAP (JPO PM MRAP). The training team is comprised of a consortium of contracted instructors from the respective MRAP Original Engineer Manufacturers (OEMs).

MRAP New Equipment Training (NET) is a 32 hour block of instruction conducted over a four day period. Pre-requisite for the course is assignment or anticipated assignment to a unit operating MRAP vehicles. NET consists of Vehicle Characteristics, Preventive Maintenance Checks, Emergency Egress/Roll-Over, Vehicle Driving Operations Phase I and II (Day/Night), Operating Under Unusual Conditions, Government Furnished Equipment (GFE) Training, Vehicle Self Recovery/Auxiliary Equipment/Flat Tow and Operator Level Vehicle Troubleshooting and Maintenance. NET concludes with a Final Exam and an End of Course Critique.

LENGTH OF DEPLOYMENTS

Mr. CRAMER. We have an opportunity to go to Iraq from time to time. And one of the biggest issues that I hear from my constituent troops there is about the length of deployment there. This time last

year, the Secretary announced that tours would be increased from 1 year to 15 months. How is that having—what morale effect is that having?

Admiral FALLON. Clearly, 15 months is a long time. I have been around this institution for 40-some years. I have made a couple of 10-month deployments at sea, and they get pretty old after a while. 15 months in a combat zone is a long time. We know it. The expectation is that as the drawdown accelerates here later this year, General Casey has indicated he thinks he can go back to 12-month deployments with 12 months off.

We all know that is not good enough either. We want to get much more time. We would like to go to twice as much time at home before you go out, Marines on a little different cycle, but the stress is about there. It has an effect no doubt on it. It has a big effect on families. And my assessment is that you can only keep this up for so long. And we have got to bring it down. And we are going to work to that end. But when they are out there despite the amount of time, the troops are performing terrifically. With very, very few exceptions they are just getting the job done, and they are sucking it up, and we ought to be really grateful for what they do. But we know we have to change this. And we are going to do it.

Mr. CRAMER. Thank you. Thank you, Mr. Chairman.

Mr. MURTHA. The gentleman from Georgia.

CONGRESSIONAL SPOUSE TRAVEL TO AFGHANISTAN AND IRAQ

Mr. KINGSTON. Thank you, Mr. Chairman. Admiral, I want to ask you a question. First of all, in terms of when we go to Afghanistan, we are not allowed to take our spouses. When will that be allowed on a CODEL?

Admiral FALLON. I don't know. And that is a loaded question. If I could come back at you.

[The information follows:]

The Department of Defense limits combat zone visitations to mission essential personnel only. Members of Congress qualify as mission essential due to their oversight capacity. However, current United States Central Command policy denies spouses and children accompaniment on Congressional Delegations for security reasons.

United States Central Command cannot provide a specific timeline when the benefits and symbolism of spouses attending Congressional Delegations to a combat zone will offset the security concerns. Admiral Fallon concurred that spouses and family members provide significant partnership benefits with host nations. He endorsed the return of dependents to the Kingdom of Saudi Arabia and Bahrain, in part because of the contribution their return would make in our relations. As the security situation improves in Afghanistan, prohibition of spouse accompaniment into a combat zone may change as appropriate for the conditions.

United States Central Command, the Chief of Mission to Afghanistan, and Combined Joint Task Force-101 continually assess security concerns in Afghanistan. Should the situation warrant a change in Office of Secretary of Defense policy, United States Central Command will conduct proper coordination.

Mr. KINGSTON. It would have a lot of not just symbolism, but substance if we could do that.

Admiral FALLON. I will be frank with you. I actually had planned to take my wife to Iraq last month. And at the last minute a decision was made to not let that happen. It really irritated her. And we had a whole program set up. But I think that is part of the problem, that Iraq's a little bit less stable than Afghanistan. And

my sense is that right now we are probably about where we ought to be. Let's get this thing moved down. My wife can go—or I want her because she is actually engaging with Karzai's wife, for example. They have become more than just passing acquaintances. And it is interesting how effective sometimes that those messages that we are trying to send can be. So I understand what you want to do. I think we probably ought to wait a little bit longer.

AMERICA'S IMAGE

Mr. KINGSTON. Thank you. Another question, we often hear in popular discussions that America's image overseas has fallen and so forth. And so often I always think, well, that is just because France is mad at us, and usually it is the Europeans who are constantly very unhappy. Do you find that to be true in your 27 countries? Would you say our stock is about where it has been or is it down or up?

Admiral FALLON. It all depends on where you are. I think that we are seen in a better light now just because our folks have been successful in Iraq, for one thing. There is a continuing criticism, frustration with the situation in the Levant with Israel and the Palestinians. And this is constantly being spread out. And we are blamed because we have been historically very supportive of Israel. Of course we are supportive of the peace process, and trying to get everybody a fair shake here.

And I heard something I actually thought remarkable. I was sharing a dais and a forum in Doha a few weeks ago, and a gentleman who had been the chief negotiator for the Palestinians for about a decade was speaking. And he actually said, and I almost fell out of my chair, he said, you know, we, and he pointed to himself, he said we have to take responsibility for a solution here. Not the Americans, not others, we have to do it. We have to figure out how we are going to deal with Hamas and get this job done. And I thought wow, that is terrific. Record that. But then he regressed into some other stuff about the U.S. should do this, and this and this. But this is a job. The Palestinian issue in the Arab world is a continuing thorn in our side in terms of thrown in front of our faces constantly.

ISRAEL

Mr. KINGSTON. And as long as we have our relationship with Israel, then that is going to continue to be a problem.

Admiral FALLON. Well, I have another view of this thing. It is also a handy whipping boy, in my opinion, for lack of people getting along to knuckle down and get stuff done. One of the other challenges in the Arab world, frankly, is they just will not cooperate well enough in my opinion with each other. And so it is easy to have somebody else be the bogeyman for this stuff. I got to tell you something else. On the flip side of this, the engagement and the good will that our people generate, our individual soldiers and sailors and civilian employees of the Department and of the other agencies that actually get out and do real work in these countries, that is appreciated—recognized, appreciated, and that is its own little enclave of goodness. And you know, word gets around.

So it seems to me that the right approach here is to continue to work these seemingly intransigent issues which sooner or later they are only going to get solved by people that are willing to take leadership positions and force the solutions and to keep our people working at the grass roots level.

TRADE AGREEMENTS

Mr. KINGSTON. The only country we have a trade agreement with I think is Jordan, relatively new, '05 I think, and then Bahrain.

Admiral FALLON. Bahrain, too.

Mr. KINGSTON. That is not on line yet, is it? Or is it just getting on?

Admiral FALLON. I think Jordan and Bahrain are both—

Mr. KINGSTON. Jordan was '05 I think. I am not sure, but I know our trade with them has gone up 90 percent since the implementation of that agreement. Is that something we need to start really running out and doing a lot of these trade agreements like that?

Admiral FALLON [continuing]. A little bit out of my lane, but it seems to me it is the economy, and this where you can really make some hay. And so without being the expert by a long shot here, it seems to me that these are good areas to move down.

SOMALIA

Mr. KINGSTON. And I have one more question, Mr. Chairman. Where are we on Somalia these days? You only had a paragraph in your statement on it.

Admiral FALLON. Somalia is one of the few countries that I have not put my feet on the ground. It is very unstable. It has had a succession of challenges. As you know, it is very tribal. The idea of a central government is kind of wishful thinking it seems to me. It got pretty bad last year, so the Ethiopians decided to go fix it. It got too bad for them. And they have another problem because they have a region of Ethiopia in the east called the Ogaden which has been traditionally a very distressed and fractious area. The instability in Somalia was spilling over, and they finally had enough and went in to try to fix it. As they discovered, along with some of us, it is a lot easier to get in sometimes than get out, and so now getting out without leaving total instability has been a problem. They are working on it. They are trying to train security forces and so forth.

Somalia is still pretty dicey. It is a very tough, tough area. And as you probably saw, we actually did a

So Somalia is very tough. It is certainly not a place that I think is going to get much better any time soon.

Mr. KINGSTON. Thank you. Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Rothman.

Mr. ROTHMAN. Thank you, Mr. Chairman. Admiral Fallon, great pleasure to have you back.

Admiral FALLON. Thanks.

Mr. ROTHMAN. How many carriers do we have in the Persian Gulf now, sir?

Admiral FALLON. One.

Mr. ROTHMAN. One. And I read we were about to have three warships off the Lebanese coast. Or are they there yet?

Admiral FALLON. One for sure. And actually Lebanon is my responsibility, but the waters to the west of there are NAVEUR's. I think the plan was to have three out there for some period of time.

Mr. ROTHMAN. Is there one there now?

Admiral FALLON. There was a destroyer out there this weekend.

Mr. ROTHMAN. There is a lot of speculation as to why we would have that show of force there. There are lots of reasons. My question is—well, first of all, what is the reason?

Admiral FALLON. The idea is to demonstrate that we care a lot about this country called Lebanon, that we are aware that among others, Syria is influencing it negatively. And it is a show of interest rather than a show of force. It is a show of caring. And it is one of these balancing acts. You do not want to be obvious—

Mr. ROTHMAN. Right.

Admiral FALLON [continuing]. In terms of being seen or threatening, but you want to show that you are interested.

Mr. ROTHMAN. There is a belief that if Israel has to go into Gaza to try to stop Hamas from sending these rockets and killing the civilians that this warship the several warships off the Lebanese coast will have a chastening effect or chilling effect hopefully on Hezbollah. Is that related at all? And if Israel did enter—or rather if Hezbollah attacked Israel from the north, would those warships be involved in any military operations?

Admiral FALLON. No. Not unless some discussion and agreement were made. They are not connected at all.

Mr. ROTHMAN. Okay.

Admiral FALLON. But Israel has gone into Gaza, though. In fact, they just pulled back yesterday after an incursion to go after the rocket men.

TROOP STRENGTH IN IRAQ

Mr. ROTHMAN. Right. And without much effect on the numbers of rockets sent into Ashkelon. With regard to Iraq, it was reported that you had said that there should be a pause in the troop reductions in Iraq.

Admiral FALLON. I did not use the term—I think we probably ought to stop using that term pause because it is not really appropriate. What I think, and I am waiting for General Petraeus coming back to me with his proposals, the way this works, I had sent him what we call a planning order a couple months ago and said as we look ahead, and I did the same thing back last summer as we try to figure out, so I said after July what do you think we ought to do? And to help you, I want to frame some scenarios for you.

Conditions continue to improve, conditions are staying about the same, or conditions deteriorate. Give me your proposed ways you are going to come to grips with this. And so he is going to get that back to me here. We will consider it at our headquarters, and we are going to talk to the Chairman of the Joint Chiefs. Now, here is what I think is going on in the background.

Mr. ROTHMAN. So those report were inaccurate, sir?

Admiral FALLON. Well, they are inaccurately stated. But if I could—

Mr. ROTHMAN. Please.

Admiral FALLON [continuing]. Explain why I think it is appropriate to have some assessment. What I think—General Petraeus, I am ahead of him, because he is the guy on the ground, he has got to deal with this, he is going to come to me. But what I expect him to tell me is that what is going on between now and July is that we are going to pull back four brigade combat teams very quickly. We are also in the process of changing out two other brigade combat teams, whose replacements will continue to maintain our force level at 15 in the country. That is a lot of moving parts in a short period of time.

The reality, if you could picture Iraq, God's eye view looking down on it as a big chess board, and the operational commanders have divided responsibility for various pieces of the turf to different commanders, as we cull these commands and all their troops out of there, those areas of responsibility are going to have to expand. And so the new commanders on the ground are going to take responsibility for areas they did not have before. There are a lot of places that this is going to be pretty interesting, because we have had difficulties, as you know, in the past in Baghdad and Diyala and certain other places.

And so as these things change around, I think it is probably pretty smart to take a little look at this and see what it is. How long? Do not know. We are all of the same mind here. We want to bring our forces down, and we would like to do it as quickly as makes sense. We do not want to throw away the blood, sweat and tears that have just been poured into this thing in the last year. And the solution here is Iraqi Army stepping up to take over responsibility.

At the same time we are moving all of our forces, they are going to be moving forces as well to take over chunks of this turf. So all these things going on, I think it is probably going to be prudent, I will be surprised if General Petraeus doesn't come back to me and say let's take a look at this for a little bit.

IRAN AND SYRIA

Mr. ROTHMAN. If I may follow up, in analyzing how fast to draw down, lots of people talk about concerns regarding Iran and Syria. Can you talk to us about what is the level of Syrian—or rather Iranian involvement in Iraq good and bad, and Syrian involvement good and bad? It is reported that 90 percent of the foreign fighters are coming in through Syria. Have they done anything positive to help us or is it just one good effort and then one bad effort equals nothing?

And if I may, since I know we have to vote, I will just throw this question out, if it is not too flippant, but I am concerned, if you get a chance to read other than the extraordinary materials that you do, what fiction book are you reading?

Admiral FALLON. It is not a fiction book, and I will confess Chairman Murtha might get a kick out of this. I had a special treat last week in that I discovered down in Tampa that one of my childhood idols, a baseball player by the name of Robin Roberts, who used to pitch for the Philadelphia Phillies had actually retired to Tampa.

So I immediately got ahold of him and asked him to come in and maybe honor me by coming to lunch one day. So he did. And on Monday he showed up, and I was just thrilled. And he is a great gentleman, mind sharp as a tack, and remembers those games almost a lot better than I did.

And when he left he was kind enough to leave me with a couple books that he had written. And one of them is the 1950 Whiz Kids and their story. So that is what I am actually reading in my spare time. I have got about 20 pages done.

Syria.

Iran has got to play a better role.
Mr. ROTHMAN. Thank you.

EUROPEAN CONTRIBUTION

Mr. HOBSON. Thank you, Mr. Chairman. Admiral, it is good to see you again. I want to go to Afghanistan. And Mr. Murtha may have talked about some of this, but I want to go over a little bit of it. Mr. Murtha and myself went to Afghanistan, and we found out some disturbing things there. We found a situation I think could be winnable. I think Mr. Murtha agrees. But we don't see the Europeans doing their part. I think we have been awfully nice about this with the Europeans. They are in right now stealing jobs from this country on an airplane at the same time—that is not your problem—but at the same time they are lot living up to the responsibilities that they voted to do.

For example, the number two guy in Afghanistan told us that if they had about, maximum, maybe 3,500 more troops they could pretty well contain—over what we are already putting in they could pretty well get around this thing, but the Europeans won't do it, and I guess the Germans don't go out at night and lots of caveats and things. And it still continues, I understand, and there has been no change in that?

Admiral FALLON. The bottom line there is they have more reasons than you can count for not doing the job. It is more than troops. The numbers of troops are interesting, but my opinion is if all the folks who were on the ground already were doing what they should be doing we would be in tall cotton right now.

AGRICULTURAL TRAINING TEAMS

Mr. HOBSON. One of the things he told us they needed to win, and I am going to meet this afternoon with my Department of Agriculture of Ohio State, is these teams to go out and help the Afghans get some infrastructure. And let me give you an example, just see if you agree with this because I am going to be talking about this, I think Mr. Murtha is probably talking about this to others. Pomegranates, they have the ability to grow lots of fruits, vegetables, and one example they gave to us was they grow these and there is no way to process them. So they send them to Pakistan where they pay somebody an extra fee to do, and then they send them out through their port. They apparently used to have this, but the Russians or somebody blew up all this infrastructure and even the irrigation stuff.

Is there a program that you all are sponsoring that maybe the Europeans could get into that they might be more willing to do something like that to put these teams out there under some protection from our troops and their troops to get this going in a meaningful way?

Admiral FALLON. If I could give you an opinion, first of all, that in Afghanistan the priorities, the needs are electricity, roads, agricultural development and water management far exceed all the other things in the country.

Mr. HOBSON. Aren't there some movement on the electricity?

Admiral FALLON. Yeah, but it is not the kind of movement that is really going to get the results. There is, each is, and that is the problem. I have seen people coming to me with a half dozen proposals on agriculture, specifically grow this, and pomegranates are one of them. Any one of these things would be helpful. The challenge is getting the right people with the right skill sets to get engaged and actually do it. And it is certainly something the Europeans could do. If they would be willing to undertake in a coordinated manner these other things, they would be very, very helpful to us.

What I see is there are lots of folk who will volunteer to come help, most of them working in small groups individually, and it needs to be a much more comprehensive approach to this that would be helpful. So we have asked from the U.S. side our AID folks in the embassy to take a turn on this. I have hired—not hired but I have talked to one of our senior AID personnel to come and work with my staff to help, to add her insight. She has been in the field about 35 years. She knows how to do this stuff, and we will try to get it done.

ELECTRICITY IN AFGHANISTAN

Mr. HOBSON. What about the electric? What would you do—if you could play king for a day or Karzai for a day or yourself, how would you fix the electric problem?

Admiral FALLON. First thing I would do is to get the leaders of Afghanistan and other neighboring countries to,

But they have phenomenal potential in water reserves. They have some huge piles of snow up there all the time in the winter. They have some dams they are building. They could be a good source of power. There needs to be a comprehensive approach. There was a meeting in November—

Mr. MURTHA. What was the question, Mr. Hobson?

WATER PROBLEMS

Mr. HOBSON. Remember, they told us about the water problem. I said how would you fix the water problem; if you could play king for a day, what would you do to fix the water?

Admiral FALLON. You need a comprehensive approach. Here is what I see: I go over there and the same complaint everywhere. There are provinces over there that have zero electrical power except for generators. Everybody wants it. And what is happening is we have been trying to solve it at the local level, solve it at the pro-

vincial level. It is not going to work. You need a national, and really an international solution, in my opinion, because each of those countries have similar challenges, Pakistan, Afghanistan, Tajikistan, Kyrgyzstan. If they can figure out a way to cooperatively say we are going to build a dam here and a dam here and a dam here, run the lines, we would be in tall cotton. But it needs a big picture, coordinated approach. Okay, we will hope for that and try to move it along.

Meanwhile back at the ranch in Afghanistan today there is a dam at a place called Kajaki in the south. Unfortunately, it sits in a hotbed of insurgent activity. But the dam is up and there is a power plant next to it. It happens to have one operable turbine in it today. It is designed for three. I have been trying since I got in this job to get three turbines in the plant installed and operating. It took me several months to get the rest of the story. It turns out you can't just put the turbines in. That is a chore in itself. With one turbine operating at max capacity, it turns out that the power lines are maxed out. So they need to put new power lines up. Of course power lines mean new towers. That means you have to have some security. Frankly, I couldn't get the Brits to do anything last year. Wouldn't even talk to me. Wouldn't even fly my team up there to look at this. They are not in charge anymore. And we are going to figure this out. And clever man that he is, old General McNeill and General Cohen, they have taken a look. It just so happens that the turf where Marines are going to be operating may just include the turf that we need. So we are going to get it done one way or the other.

But if we can get that power plant functioning and it is going to take a year probably, maybe more than that to get it up, we will provide power for large areas of those provinces that are most problematic. And I think this is what people need.

POWER LINES

Mr. HOBSON. Can I make one suggestion to you? I have two quick things I want to add to that. On the power lines, 3M Company makes a product that will boost those power lines dramatically and DOE didn't want to look at it. I got an earmark, and now DOE loves it. They think it is the greatest thing since sliced bread on power lines. You might have somebody look at that.

Admiral FALLON. Name, address and phone number? I'm all ears.

PISTOLS

Mr. HOBSON. We will help you. One other thing, and I will yield back. I have a lot of stuff, but the one thing I want to talk about that really is distressing when we go some place and talk to somebody and we are out there talking about a neat program, I think, because one of the problems is in the police departments in how they handle the cops and the training. So we go and we are visiting this thing and they are showing them off to us and I know you don't have the paper on this but I am going to hit you with it anyway. You can find out because it is really frustrating to me and I think to the chairman, all of us, when we do this. So we are touring this place and they are showing us how they got these guys and they got them doing this stuff and they are clicking the guns and

the pistols and everything. So we start talking to the guys that are doing the training. And the guy—I said, how is everything going? And the guy says everything is fine, sir, it is a good program. We think we are going to get good results from this, but these damn pistols aren't worth a god damn. And then I get a report back.

Admiral FALLON. These were the police trainers, right?

Mr. HOBSON. Yes. One guy is from Pennsylvania. I don't want to get him in trouble.

Mr. MURTHA. State policeman?

Mr. HOBSON. State policeman. He didn't just make this up, sir, but when I get the stuff back that I got here, it is from DoD. It is like you guys don't know what you are talking about. Nobody ever told you this, I mean, summary of report of province, no manufacturing defects have been reported. Well, I just reported one. Stovepiping. I mean.

Admiral FALLON. Tell me the place you were. Where were you? Kabul?

Mr. HOBSON. Kabul, in that little place where they are training the police. Who is the contractor? These guys were DynCorps. These guys were trying hard, doing well. But I don't understand it. How many times do we go through this situation where, you know, it is like we didn't hear it. It is like who are you guys? Well.

Admiral FALLON. Don't worry. I get that same effect.

Mr. MURTHA. Power line problem in Iraq, we had the same problem he is talking about in Afghanistan. Haditha.

Mr. HOBSON. We went to Haditha Dam to visit Marines there.

Admiral FALLON. By the way that refinery they tell me is going to be operating up there in about 2½ months. Told me it couldn't be done a year and a half ago.

HYDROELECTRIC POWER

Mr. HOBSON. We went to Haditha. I said why didn't you get a Corps of Engineers guy up here? And it took how long to get a Corps of Engineers guy up there and look at the dam and tell them what to do with the dam. The general there couldn't get anybody up there to look at the dam to make it work better. You got to be—if it frustrates us, it has to drive you crazy.

Admiral FALLON. Invite NATO to come in with all the caveats and then see.

Mr. HOBSON. We got into the Dutch guy over there at NATO. But it is McNeill, let me tell you, McNeill is a straight commander, I think, and he came in and did a lot of good stuff. But I think he is very frustrated as he goes out the door. But I think he is a good warfighter from what I can see. I think he thinks it is winnable if he could get the right stuff done. But anyway, I don't mean to beat you up about this.

[The information follows:]

I have confirmed with the Combined Security Transition Command in Afghanistan (CSTC-A) that they are confident the 9mm Smith & Wesson Sigma Series pistols provided to the Afghan Army and police do not have manufacturing defects. That said, the S&W Sigma, though a modern and effective handgun, is considered by some observers to be a somewhat lesser-quality pistol compared to more expensive handguns such as the U.S.-issue M9 Beretta, the Glocks or Sig Sauers. Additionally, some individuals do not like certain features of the Sigma's design such as certain disassembly procedures and the lack of a positive thumb safety feature that

some other models offer. While the S&W Sigma 9mm meets all requirements, it has been decided future pistol procurements will specify features comparable to the M-9 Beretta that is issued to U.S. forces.

Admiral FALLON. I will be looking for pistols, 9mm.

Mr. HOBSON. They are the stupid 9mm, which don't kill a lot.

Mr. MURTHA. Gentleman from Georgia

Admiral FALLON. It was a congressional decision, I think, wasn't it, to replace all those guns?

Mr. HOBSON. But I wasn't here at the time and I have been fighting it ever since.

Admiral FALLON. What happened to the old 45s?

Mr. MURTHA. General Moseley said to us he wants 45s for the Air Force. So we put money in to experiment with the 45s. I said what do you carry? He said a 38.

Mr. BISHOP. Thank you, Mr. Chairman.

Mr. MURTHA. Gentleman from Georgia.

AFRICAN COMMAND

Mr. BISHOP. Thank you. Admiral, I have a couple questions. The first has to do with the stand-up of the African Command. Of course General Ward got a star and then of course he was designated to head up the new African Command, and that means that the Horn of Africa region will transfer from your responsibility to CENTCOM to AFRICOM, and reportedly it is supposed to happen by October.

Do you know whether or not a decision has been made on the home for AFRICOM? Do they have a home?

Admiral FALLON. They have not found a home other than Germany, and this young lady behind me is going to be their chief of requirements and resources. So I think they will probably give her one of those jobs to try and find a place. Right?

No, they are still working on it. There is a problem, of course, real anxiety in Africa about where this place goes.

Mr. BISHOP. Because Nigeria said absolutely not. And next place I understand is Liberia, and I don't know what the status of that is. Do you have any idea?

Admiral FALLON. No.

PIRACY

Mr. BISHOP. What is the status of the efforts to transition the command, and the piracy, as I understand, off the coast of Africa has been increasing. Do you have enough international effort for that, a long-term solution to that? You have to take control of that and be responsible for policing those waters.

Admiral FALLON. Our idea here is to take the Horn of Africa Command, Joint Task Force Horn of Africa, which now reports to me, and to chop that over to General Ward with the idea that it stays intact, and it really crosses the boundary between AFRICOM and CENTCOM. I would like to stay very well connected to this entity because frankly AFRICOM is not going to have the resources, knowledge, or experienced people to do the things we have going on for quite some time.

Mr. BISHOP. Will that be left up to you or be left up to the—

Admiral FALLON. The way this whole thing will really work is they will ultimately report to General Ward. If I see something that I think needs doing, I can through the staff call up and say here is what we recommend. And we have had this discussion already. I think that is the way it is going to work. Most of the reason is that they don't have assets. We still have them and so piracy, we will be working that one pretty much from NAVCENT.

ETHIOPIA AND ERITREA BORDER DISPUTE

Mr. BISHOP. What is the current status of the situation with Ethiopia and Eritrea, the border dispute and the U.N. mission in Eritrea and Ethiopia?

Admiral FALLON. Tensions are rising. Background here is that two leaders, Isaias and Meles use to be good buddies. In fact now they are—not only buddies, they are cousins of some pedigree. They really don't like each other now, and the personalities drive this agenda, friction between the two. The problem in the last few weeks is that the Eritreans have been starving the U.N. contingent in there of all supplies and basically forcing them to leave the country as unsustainable, and as they withdraw it is going to leave no buffer between the two.

My assessment of the situation, and I will admit I haven't been to see Isaias yet, hasn't been very welcoming. I have talked to Meles about it. Neither one probably wants a war. They might be able to stumble into it if they are not careful, so it is something that needs attention. I know the U.N. is focused on it. We don't really have the ability to go help negotiate much at this point from what I can see, so we have to be careful.

SURGE UNIT EQUIPMENT

Mr. BISHOP. I am going to have to run and vote. But I did want to switch gears on the surge equipment. I hear about what happens with equipment that has been used by the surge units when they depart. Are they taking them with them? They normally would be—equipment would stay to be used by replacement follow-on units. But some of the equipment will be sent back for reset. Will it be reconditioned for theater?

Admiral FALLON. Most of it is coming out. We are bringing it out, yes, sir.

Mr. MURTHA. Well, Admiral, we appreciate your coming before the Committee. We appreciate your dedicated work and we hope your protege is going to do as well in Africa. We hope she straightens it out in Africa. Thank you very much. The Committee is adjourned until 10:00 o'clock Tuesday.

[CLERK'S NOTE.—Questions submitted by Mr. Murtha and the answers thereto follow:]

EXTENDED DEPLOYMENTS

Question. Admiral Fallon, when you last appeared before this Committee, Secretary Gates had just announced that all active-duty soldiers currently deployed or going to Iraq and Afghanistan would see their one-year tours extended to 15 months. In his statement, the Secretary said that the extended tours were necessary to support the surge in Iraq and to allow for 12 months at home between tours for rest and reset.

Admiral, the drawdown in the number of soldiers, marines and supporting forces involved in the surge has begun, but so has talk of a pause in the drawdown. What are the metrics that are in use to help inform decisions about the continuation of the surge, or a pause in the drawdown?

Answer. —.

Question. What are the resource implications of a pause in the drawdown? Will additional funding be needed?

Answer. Resource implications depend on the length of the pause. United States Central Command does not see an immediate need for additional funding to support operations due to a pause in the drawdown. However, we would likely require additional funding commensurate with the force levels retained, if the pause continues into the second or third quarter of Fiscal Year 2009. We are coordinating with the Services to identify specific funding requirements necessary to support a prolonged pause in the drawdown.

Question. Admiral do you endorse a drawdown in troop strength to pre-surge levels, or can we drawdown to significantly lower levels?

Answer. As you know, we are currently reducing forces to pre-surge levels as directed by the President. Planning efforts are underway to determine the appropriate longer-term troop strength for Iraq. It would be premature to comment on the results of those efforts, but any determination will be based on the conditions on the ground, and the judgment of commanders in the field.

IRAQI SECURITY FORCES

Question. Part of the new strategy in Iraq is to use larger numbers of trained Iraqi security forces, accompanied by U.S. forces to “clear and hold” sectors of Baghdad and other places in Iraq.

What can you tell us about the numbers of Iraqi Army units that are accompanied by U.S. forces, their manning strengths, their capabilities and desire to engage in the fight, and most importantly, their ability to assume the lead in counterinsurgency operations?

Answer. —.

Question. Reports from Iraq generally conclude that the Iraqi military forces are improving steadily. However, the Iraqi police have so far been less capable, and more prone to corruption. What is your assessment of the Iraqi police forces?

Answer. —.

Question. Some U.S. military personnel are living with their Iraqi counterparts in the neighborhoods they are securing in Iraq. Can you inform the Committee process is progressing?

Answer. —.

Question. How many U.S. personnel are involved in operations teaming with the Iraqis? Is this number increasing or decreasing as the surge draws down?

Answer. It is impossible to provide a specific number of U.S. personnel who are involved in operations teaming with the Iraqis. Many U.S. personnel are members of transition and training teams, who work directly with Iraqi units every day. Even those not on transition and training teams are still involved in operations, as members of units partnered with Iraqi counterpart units. In this role, U.S. personnel work with their Iraqi partner unit to conduct training and work together in combined operations. This is true for personnel in combat, combat support and combat service support positions, since nearly all of these types of units have counterparts in the Iraqi Security Forces. The number of U.S. forces involved in operations with the Iraqis will decrease as overall force levels decrease, but the proportion will remain about the same—however, over time the nature of the relationship will change as Iraqis increasingly take the lead in security operations.

Question. How many U.S. soldiers are in the typical small unit, or team, that is embedded with the Iraqis?

Answer. —.

Question. What are the experience and training levels of the officers and NCOs that are provided as members of embedded training teams?

Answer. —.

PROGRESS BY THE GOVERNMENT OF IRAQ

Question. In mid-February, Iraq’s parliament passed three key pieces of legislation that (1) set a date for provincial elections, (2) approved \$48 billion for 2008 spending, and (3) provided for limited amnesty for detainees in Iraqi custody.

How specifically do these legislative actions influence security and stability in Iraq?

Answer. Setting a date for provincial elections are a key to rebalancing of Iraqis and empowers decentralized governments in the provinces. An approved budget brings along money for reconstruction and government services that employ and better the conditions of Iraqi citizens. The Iraqi motivation for the passage of a general amnesty law was to further reconciliation efforts by pardoning certain offenses and allowing those individuals a second chance to become productive members of the new Iraq. The passage of the law is a significant reconciliation step, given its clear benefit to the Sunni community that constitutes an estimated 85% of the detention population.

Question. Highlight some of the important aspects of the fiscal year 2008 Government of Iraq budget?

Answer. On February 13, 2008, Iraq's Council of Representatives (CoR) passed a \$49.9 billion budget for FY 2008—21% rise in expenditures over last year's budget. Based on increased crude oil exports and persistently high oil prices, Iraq is well positioned to afford an expanded budget in 2008. Oil revenues are expected to grow from \$31.0 billion in 2007 to \$35.5 billion this year, an increase of 15%. Other revenues are expected to grow from \$2.4 billion to \$6.9 billion.

Total 2008 budgetary expenditures will increase to \$49.9 billion, including \$37 billion for operating expenditures, a 19% increase over last year. Security expenditures will increase by 23%—from \$7.3 billion to \$9.0 billion—with \$5.1 billion earmarked for Ministry of Defense and \$3.9 billion earmarked for Ministry of Interior.

2008 Budget allots \$13.2 billion for investment spending, an increase of 32% over last year's \$10.0 billion. Capital funds allocated to the 15 provinces will increase over 50%, from \$2.1 billion to \$3.3 billion, reflecting the improved budget execution performance by the provinces in 2007. Total capital allocations for the Kurdistan Regional Government will grow from \$1.6 billion to \$2.7 billion, keeping them at 17% of GoI revenues after deduction of "Sovereign Expenses." Ministry of Oil's investment allocation will be cut back from \$2.4 billion to \$2.0 billion, based on this Ministry's persistent under-spending, while Ministry of Electricity will be budgeted a flat \$1.3 billion. Iraq's 2008 budget contains funding for key investment programs necessary to promote economic development and support security gains, including: \$70 million for a Disarmament, Demobilization and Reintegration (DDR) program, \$417 million for public works programs, \$250 million for housing and construction programs, and \$62 million for agricultural programs.

Question. Can you describe for us some of the improvements in Iraqi Provincial and local governance?

Answer. Iraqi provincial and local governance continue to improve and build upon the progress seen during last quarter. The provinces made some real progress in the past year, particularly when many of the provinces executed only a very small portion of their budgets in 2006. They spent most of their \$2.0 billion allocation for 2006 in 2007.

Mentoring by Provincial Reconstruction Teams (PRT) has resulted in 17 out of 18 Provincial Councils submitting their Provincial Development Strategies (PDS) to the Ministry of Planning on a timely basis. The PDS serves as the framework document for building provincial budgets and links the provinces to supporting ministries throughout the Government of Iraq. According to preliminary Iraqi budget execution data, most provinces are making significant progress in capital projects as well. These improvements are due in part to capacity-building efforts, including Procurement Assistance Centers, training activities and capacity development programs in the ministries and in the provinces.

In addition, the PRTs are helping to successfully nurture this process. At present, there are 11 PRTs working at the provincial level, 13 PRTs embedded with Brigade Combat Teams (BCTs) and seven Provincial Support Teams operating from established bases at the local level. They draw on U.S. interagency and Coalition expertise to assist local, municipal and provincial governments to strengthen the Government of Iraq's capacity to deliver basic services to its citizens, facilitate economic development, foster reconciliation and encourage application of the rule of law. PRTs are working to facilitate this transition by assisting provincial and local governments in meeting basic needs related to schools, roads, sewage, and water services.

Question. Can you also discuss the impact of the Concerned Local Citizens groups, which I understand are now called Sons of Iraq? Are the members of these groups all Sunni?

Answer. The Sons of Iraq (formerly known as Concerned Local Citizens) are an indigenous ally fighting a common adversary in Iraq, Al Qaeda. Their activities range from conducting joint Coalition Forces and Iraqi Army patrols and manning check points providing actionable intelligence on weapons caches, terrorists and criminal elements in their areas. Their effort constitutes a new, armed ally for the Coalition, while simultaneously drawing from the Al Qaeda recruiting pool. These

groups are force multipliers that have played an integral part in reducing Coalition casualties, equipment losses, and the overall violence in Iraq. The overwhelming majority of the Sons of Iraq are Sunni.

Question. How much U.S. funding goes to support the Concerned Local Citizens groups?

Answer. From 1 Jul 07 to 31 Jan 08, \$148M has been expended on CLC programs. As the program grows, more funding will be expended. However, this summer the program will start transferring to the government of Iraq.

JORDANIAN INTERNATIONAL POLICE TRAINING CENTER

Question. The Jordanian International Police Training Center was created to train Iraqi police cadets. The cost to construct the facility was over \$140 million.

What is the current usage of the facility?

Answer. Training at JIPTC has lately been dedicated to developing security forces of the Palestinian Authority (PA). 418 PA Presidential Guard personnel graduated a 2-month program at JIPTC on 13 Apr 2008. A battalion (approx. 600 soldiers) of PA National Security Force graduated a 4-month course on 28 May 2008.

Question. What are the future plans for the facility?

Answer. Palestinian Authority security force training at JIPTC has been very successful this spring. Negotiations for follow-on training are ongoing. While the current round of U.S.-funded training has concluded, Jordan has agreed in principle to work with us in the future to provide mutually beneficial internal security force training for any number of friendly nations.

Question. Does the facility continue to receive U.S. funding?

Answer. The Jordanian International Police Training Center (JIPTC) is not receiving funding from the Department of Defense. Department of State is currently paying the Jordanian government to train Palestinian forces at the JIPTC.

Question. In addition to the Jordanian International Police Training Center, are there plans underway to complete construction of the King Abdullah Special Operations Training Center. How are these training facilities not duplicative of each other?

Answer. The Jordan International Police Training Center (JIPTC) was originally used to train Iraqi police, but now has moved on to train international police officers, most recently for the Palestinian Authority. This center focuses on interaction with civilians, rule of law and basic police tactics. The facilities are largely oriented toward this law enforcement role and consist largely of classrooms, basic small arms training ranges, and a driving course.

In contrast, the King Abdullah Special Operations Training Center's (KASOTC) primary mission is training U.S. and international special operations forces in counter terrorism operations. This facility has military-oriented capabilities including a sniper/rappelling tower, aircraft breaching facility, 360 degree live-fire shoot houses, as well as classroom facilities and dorms.

TROOP STRENGTH IN AFGHANISTAN

Question. We have heard a lot about an anticipated spring offensive in Afghanistan by the Taliban. The United States is sending a force of approximately 2,200 Marines to bolster combat power to counter the Taliban Spring offensive, and another 1,000 to train and otherwise work with and strengthen the Afghan military.

Where in Afghanistan will the Marines conduct combat operations?

Answer. For the past several years we have observed a natural pattern in the resumption of Taliban activity in the spring months building up to a summer peak and tapering off as the harsh Afghan winter sets in. To characterize this activity as a "Spring Offensive" is to give inordinate credit to an enemy incapable of making a coordinated effort. International Security Assistance Force (ISAF) forces have been very effective in preventing the Taliban from coordinating their efforts and in 2007 had significant successes against Taliban core leadership.

This year, we committed additional forces to give ISAF an additional combat punch to continue pressure on the Taliban and to bolster security for the Afghan people in the southern region. General McNeill, followed by General McKiernan, will position these forces as they see fit, but the 2,200 Marines are currently forecast to conduct combat operations in Regional Command (RC) South.

Question. After their seven month tour is up, will they be replaced with another Marine unit?

Answer. Currently, the 24th Marine Expeditionary Unit and the 2D Battalion, 7th Marines is a one time U.S. deployment to Afghanistan. Any replacement units will be a Secretary of Defense decision.

Question. As U.S. brigades are withdrawn from Iraq, will you request additional brigades for combat operations in Afghanistan?

Answer. There is no relationship to the drawdown of forces in Iraq and the build-up of combat power in Afghanistan. All sourcing options are considered when trying to fill U.S. force requirements and shortfalls in any region; however, withdrawals of U.S. brigades from Iraq do not necessarily trigger additional requests for U.S. brigades for Afghanistan.

Question. Assuming that the additional U.S. trainers are mid-grade NCOs and officers, how will this surge in trainers impact dwell time for those soldiers that comprise a part of the force that is already difficult to retain?

Answer. The additional U.S. trainers are a Marine Air-Ground Task Force containing a mix of all grades, not a concentration of mid-grade NCOs and officers. As for the impact of dwell time for these Marines, this question is best answered by Headquarters Marine Corps. USCENTCOM does not have visibility on Marine Corps retention and/or dwell time statistics.

Question. What is your overall impression of the situation in Afghanistan, the capability of the Taliban, and the preparedness of the Afghan security forces to fight and defeat them?

Answer. The insurgency in Afghanistan's predominantly Pashtun south and east will not directly threaten central institutions or prevent progress in the north and west. However, Afghanistan's challenging situation is likely to become more difficult over the next year despite planned improvements to governance, development, and security.

Afghan Security Forces continue to mature and develop, especially the Afghan National Army (ANA). The ANA took several steps forward over the past six months. In December 2007, the ANA played a prominent role in retaking Musa Qaleh in Northern Helmand Province. In March 2008, the first ANA Battalion was certified as fully capable of conducting independent combat operations. The Afghan National Police (ANP) has not yet progressed as well as the Army, but significant effort is being put into the ANP to improve their performance.

Question. What is your assessment of the capabilities and abilities of the various NATO member contingents and their ability to engage in combat operation against the Taliban?

Answer. We appreciate the troop contributions the many NATO nations and other partner states continue to make to International Security Assistance Force (ISAF). These forces are engaging the Taliban effectively. Last year's predicted Spring Offensive did not materialize largely due to ISAF troop effectiveness. Earlier this year, ISAF forces in conjunction with the Afghan National Security Forces (ANSF) re-took the vital Musa Qala area from Taliban control. While there are shortages in resources, the NATO and ANSF forces on the ground are taking the fight to the Taliban and effectively delivering improved security and stability throughout Afghanistan.

Question. Which NATO countries provide forces to engage in direct combat, and in what numbers?

Answer. NATO contributes approximately 26 thousand of the 45 thousand ISAF forces with Great Britain, Germany, Canada, and Italy making the largest contributions. NATO is committed to the mission in Afghanistan and understands that it is a long-term commitment in which all NATO nations share the borders. Nations participate in the International Security Assistance Force (ISAF) according to their individual national interests and capabilities.

VIOLENCE IN AFGHANISTAN

Question. While violence seems to have decreased in Iraq, violent acts in Afghanistan appear to have increased including the use of Improvised Explosive Devices, and suicide bombers. There are those who are concerned about the situation in Afghanistan, highlighting levels of violence and suicide bombings. Others point to progress made in curbing violence, improving governance, and expansion of the Afghan Security Forces.

Is timely and accurate intelligence available on the Taliban?

Answer. Our intelligence on the Taliban and other insurgent groups is timely and accurate, but is now and will always be incomplete based on the nature of the enemy and this war. We continue to use all our capabilities to collect the most accurate information possible, and send the analysis of that information to the units and decision makers who most need it. Increasing the number of ISAF personnel on the ground in Afghanistan in 2008 will further enhance our understanding of the enemy in Afghanistan and the tribal support network they rely on so heavily for sustainment and to conduct operations.

Question. Please describe the contributions of the various NATO member countries to combat operations and support operations in Afghanistan.

Answer. There are currently 26 NATO member countries and 13 partner nations providing significant combat and support operations in Afghanistan as part of the International Security Assistance Force (ISAF) and Operation Enduring Freedom (OEF). These NATO member countries are providing a full range of operations from war fighting to civil reconstruction operations to include: Command and control, combat maneuver units, special operations, psychological operations (PSYOPs), regional signal intelligence/electron warfare/human intelligence teams and enhanced medical treatment facilities capable of delivering primary surgical treatment. In addition, instrumental contributions are made by NATO provincial reconstruction teams (PRTs) which provide critical support to the Government, Islamic Republic of Afghanistan local representatives for civil/admin law and order, justice, and public services.

Question. Is the NATO experiment working?

Answer. The NATO “experiment” in Afghanistan is working. NATO member nations are supporting the International Security Assistance Force (ISAF) mission with national treasure and blood. International cooperation towards the noble goals set forth by the Afghans and the International Community to rebuild and develop Afghanistan is unprecedented. ISAF forces in Afghanistan are making a difference. Security, despite reports to the contrary, is improving in Afghanistan.

Question. Are you adequately resourced for the mission in Afghanistan?

Answer. No. For U.S. forces in Afghanistan, the Commander, Combined Joint Task Force–82 and the Commander, Combined Security Transition Command–Afghanistan (CSTC–A), submit their requests for forces to U.S. Central Command for consolidation and prioritization. The outstanding priorities for U.S. force fills in Afghanistan are embedded training team personnel to mentor and train Afghanistan National Army and Police forces; and additional intelligence, medical, criminal investigation, and other support personnel needed for combat support requirements.

The Commander, International Security Assistance Force (ISAF) identifies combat force requirements via the Supreme Allied Commander, Europe in the Combined Joint Statement of Requirements (CJSOR). The CJSOR is sourced through for ISAF via NATO channels. The outstanding priorities in Afghanistan include requirements for rotary wing aircraft, maneuver forces, operational mentor liaison teams, and medical support.

Question. Are coalition forces adequately resourced?

Answer. Yes, coalition forces have the resources and equipment required to defeat the insurgency and assist in rebuilding of Afghanistan. NATO mandates that countries are responsible for their own national training, equipping and human resources. Partnering NATO countries have many avenues to acquire the best personal military equipment for their fighting forces; however, there continues to be a need for high demand items which are fielded as soon as they are produced.

Several of our coalition partners have training facilities, and trainers that rival those found in the United States. These countries offer a variety of training opportunities for partnering countries who feel they can benefit from training and developing relationships with other countries.

Adequate manpower is always a challenge, but our partnering NATO countries are constantly evaluating how they can contribute more. We are seeing our coalition partners contribute in a variety of ways including military forces, civilian expertise, in country and out of country training, equipment and weapons donations, and funding support.

IRAN

Question. Admiral, it seems that Iran is pursuing a multi-track policy in Iraq, consisting of overtly supporting the information of a stable, Shia Islamist-led central government while covertly working to diminish popular and military support for U.S. and Coalition operations there.

What actions does CENTCOM have underway in the region to prevent or curtail Iran’s destabilizing activities that contribute to internal Iraqi or Afghan frictions, and that threaten regional stabilities?

Answer. In Iraq, Multi National Forces—Iraq (MNF–I) is using Intelligence, Surveillance and Reconnaissance (ISR) assets to monitor border activities for lethal aid flow. Special Operations forces, along with Iraqi Special Operations Forces, are targeting Iranian surrogates and Qods Force operatives in Iraq. Coalition Forces are assisting the Iraqi Department of Border Enforcement by training, and reinforcing ethical border enforcement technique at border crossings in Maysan and Basrah Provinces. MNF–I leadership continues to encourage GoI to diplomatically engage

Tehran to stop the flow of lethal aid into Iraq. As Coalition Forces unearth caches with Iranian munitions, information is cataloged and presented to the GoI as further proof of Tehran's meddling to destabilize security in Iraq.

Regionally, CENTCOM is partnering with Gulf Cooperation Council (GCC) members to deter Iran's maligning influence in the region. Through theater security cooperation and multi- and bi-lateral exercises with our GCC partners, we convey to Iran our strong resolve for regional stability. Our operations in and around the Arabian Gulf prevent Iranian Qods Forces from further maligning influence and from pursuing greater control of international commerce flowing through the Gulf. Our presence in the Gulf also curtails piracy from Iranian surrogates and Islamic Revolutionary Guard Corps Navy—Qods Force (IRGCN-QF).

Question. What is the status of your contingency plans for potential operations in this theater and what shortfalls or concerns have you been able to identify?

Answer. CENTCOM is always looking at ways to ensure we are prepared for a range of contingencies in this very dynamic theater of operations. As you know, there are many threats we face on a day to day basis that require a critical eye and focus. Iran's maligning influence throughout the region, most notably in Iraq, their defiance of the international community with respect to its nuclear program and recent reckless behavior at sea demonstrated by their Revolutionary Guard Corps Naval Forces against a U.S. Naval Vessel are all troubling signs that require our attention and concern. CENTCOM will be prepared to support any military option should it be necessary to confront Iranian aggression, but I'm optimistic that the current U.S. Government and international community efforts to work towards a diplomatic solution in dealing with Iran's destabilizing policies in the region will be successful.

Question. Considering the recent Strait of Hormuz encounter between the U.S. Navy and Iranian speed boats, do you believe Iran has become more aggressive against U.S. and Coalition Forces?

Answer. ———.

Question. How would you characterize Iran's influence and objectives Iraq?

Answer. Iran's objectives include an Iraq that is militarily weak and able to maintain its own security, free from Coalition or U.S. military presence, receptive to Iranian influence, and led by a Shia Islamist government. Iran works to build long-term influence among Iraqis by pursuing humanitarian, reconstruction, and economic projects and by providing Shia militia the means to achieve their goals, including weapons, training, and funding. These efforts are almost entirely led by the Islamic Revolutionary Guard Corps—Qods Force (IRGC-QF). Iran, through the IRGC-QF, pursues its short-term objective of a painful Coalition military withdrawal by encouraging Shia militants under varying degrees of influence to attack Coalition targets. Iran pursues its long-term goal of an Iraq free from U.S. military presence through attempts to influence Iraqi Shia, Sunni and Kurdish politicians.

Question. In probable reaction to Iran's nuclear program, Egypt and many Gulf Cooperation Council countries expressed an interest in developing a peaceful nuclear program, individually and collectively. What is your assessment of the underlying rationale for peaceful nuclear programs when most of these countries possess abundant oil and natural gas reserves?

Answer. Many Arab countries have a long-standing interest in nuclear technologies. Arab governments have closely monitored the Iranian nuclear negotiations, and are aware of the prestige and bargaining power Iran derives from its nuclear program. Rapidly expanding populations and the expectation of an improved standard of living in Arab nations is creating chronic energy deficiencies throughout the region. Greater quantities of fossil fuels will be required to meet the growing demand for electricity thus limiting potential export profits. While the region is rich in fossil fuels, natural gas (the preferred fuel for electrical power generation) is unevenly distributed, and transporting industrial quantities of natural gas requires a highly specialized infrastructure. The additional revenue available from the record price of petroleum products encourages maximum export vice internal consumption and further encourages alternative methods of power generation.

Question. As a follow-up question, how concerned are you that these nuclear programs could rapidly transform from a peaceful power-generation program into a nuclear weapons program?

Answer. While the proliferation of nuclear knowledge and materials are worrisome, Egypt and the Arabian Peninsula countries that are interested in nuclear power have pledged to develop transparent programs in compliance with International Atomic Energy Administration guidelines. These nations have traditionally respected their international obligations and have lived peacefully in the region. There is no reason to believe that these nations would be anything other than responsible in their peaceful development of nuclear programs.

PAKISTAN

Question. The U.S. and Pakistan are fighting a common enemy in the Taliban. The U.S. provides material assistance and training to Pakistan which is intended to support a common strategic effort to counter extremism and militancy.

Are you comfortable with your ability to measure accountability and effectiveness of funding and resources provided to Pakistan?

Answer. The U.S. provides significant support to Pakistan, commensurate with its importance to U.S. national security interests. It is difficult to make a direct correlation between the dollars we provide and Pakistan's actions, but Pakistan has been and continues to be an essential ally in the war on terror. Our engagement and security assistance programs are effective in building trust and confidence within the Pakistani Army; however, it will take time to overcome imbedded perceptions that have resulted from years of sanctions.

We have a comprehensive process to reimburse Pakistan for the additional costs it incurs as a result of operations conducted in support of the war on terrorism. This process has served us well in allocating an appropriate level of assistance and supports our other security assistance programs (Foreign Military Finance, International Military Education and Training). It is important to ensure that our various assistance programs are focused on not only reimbursement, but also with the aim to solidify a strategically focused, long-term balanced bilateral relationship. This requires that we constantly assess whether the tools we are using lead to this end.

In the case of Coalition Support Funds, we have asked for and are now receiving additional accountability detail to justify these claims. We continue to closely scrutinize Pakistani claims and are working with the Pakistanis to clarify what is and is not reimbursable. With regard to Foreign Military Financing (FMF), we have begun moving towards funding efforts that more closely support the war on terrorism and will work with the Pakistanis on FMF for 2010 and beyond. Congressional funding of the Security Development Plan will directly target improvements to Frontier Corps capabilities that support our regional efforts. Equipment that we provide to Pakistan is typically procured through the Foreign Military Sales (FMS) process, regardless of funding source and so includes the End Use Monitoring provisions that are part of that system.

Question. Given ongoing media scrutiny over Pakistan's ability to safeguard its nuclear weapons during periods of instability, are you convinced the Government of Pakistan has taken adequate measures to ensure their nuclear weapons remain secure?

Answer. We are confident Pakistan's military maintains firm control of its nuclear weapons and will continue to do so throughout periods of political uncertainty. The exponential growth of Pakistan's nuclear program coupled with the A.Q. Khan scandal (late 2003) posed inherent security concerns and revealed program vulnerabilities. Since then, Pakistan's Strategic Plans Division, charged with oversight of its nuclear program and headed by now retired Lieutenant General, has implemented a variety of physical and personnel security measures designed to eliminate threats to its nuclear program. They have expanded outer perimeters of nuclear facilities to counter suicide attacks, enhanced nuclear accounting and control procedures and implemented a more robust personnel reliability program.

Question. How will recent elections in Pakistan affect our relations with the Pakistan military?

Answer. I expect positive military-to-military relations will continue, barring any major changes to Pakistan's willingness or commitment to reject extremism in favor of ideologies that are responsible and enduring. Pakistan and the United States share a common goal to dissuade extremism and defeat the terrorism which threatens world security—and we are both strongly committed to this end. This mutual goal eclipses all political dynamics and serves to foster an already productive and strong military-to-military relationship between our two countries. The recent election and its developing outcomes do highlight changing political dynamics in Pakistan, which will require acknowledgment and some adjustment on our part, although I foresee no major changes in our strategic relationship. The changing political dynamics as a result of the recent elections will affect the position of Pakistan's military in society and government. Prime Minister Gillani's stated desire to put a Pakistani face on the war on terrorism domestically may result in Pakistani efforts to downplay the U.S. military role in Pakistan.

It is vital that we maintain continuous military relations with the Pakistan military while their civilian political process unfolds. This election gives the U.S. the opportunity to further relationships with institutions and individuals other than Pres. Musharraf as well as provide support to Pakistan for countering extremists'

activities. Outside of Admiral Mullen's two meetings with Pres. Musharraf, the engagement of U.S. senior military leaders has been almost exclusively with their Pakistan military counterparts since Pakistan's parliamentary elections. During these meetings, Admiral Mullen has stressed the importance of the U.S.-Pakistan relationship to both countries and his commitment to strengthening that relationship. Although Chief of Army Staff, Gen. Kayani, and the Pakistani Army would prefer Musharraf remained president, even out of uniform, Musharraf would serve as a known quantity that will protect the interests of the army. However, the army will not likely choose to support Musharraf over its own corporate interests or in the event of untenable levels of civil unrest. Generally there is agreement amongst the politicians and the media that the extremist activity emanating from the Federally Administered Tribal Areas (FATA) is an issue that needs to be addressed at the national level. In fact, several politicians have emphasized the need for a "two-pronged" approach where political development and security initiatives in the Northwestern Frontier Province (NWFP) and the FATA complemented one another. Further, administrative isolation of the FATA was a colonial policy that made no sense for a modern Pakistan and needed to be redressed through a series of steps beginning with extension of the Political Parties Act to the FATA and reform of the Frontier Crimes Regulation. These attitudes and approaches bode well for continued military-to-military relations between our two nations.

Question. What is your assessment of the cooperation and assistance the coalition is receiving from Pakistan?

Answer. Pakistan has been, and will remain, a key ally in the War on Terror; however, the type and scope of their support is heavily impacted by Pakistan's regional security concerns and domestic politics. Statements by recently elected Pakistani officials indicate that Pakistan will remain an ally in the War on Terror; however, they may review the nature and level of that support. Since 2001, Pakistan's support has been a key enabler of coalition operations in Afghanistan. Without their contributions to Operation Enduring Freedom (OEF), crucial air and ground links which provide a lifeline of support and operational flexibility to coalition forces would not be possible. Moreover, despite growing public resentment, the government has maintained approximately 100,000 security forces throughout Baluchistan and the Federally Administered Tribal Areas.

Question. Please describe the anti-Taliban operations underway in Pakistan and how have these operations evolved over time?

Answer. Pakistan launched counter-terrorism operations in the Federally Administered Tribal Areas (FATA) in December of 2001 in support of our operations in Afghanistan. The historic animosity between the tribes and the Army, combined with a well equipped and aggressive foreign fighter element, challenged Pakistani security forces. In July 2006, the government entered into a peace accord with the tribes and militant leaders in order to regain stability and relieve pressure on the Army.

Violence increased significantly in July 2007 following the government's raid on the Red Mosque in Islamabad, because it fueled extremist animosity toward the government. Pakistani security forces continued counter-militancy efforts in the FATA and surrounding regions through late 2007; however, the Army shifted to a less aggressive posture to allow the elections to proceed in early 2008. As of early April 2008 the ceasefires between the government and tribes are holding; however, there are indications the situation is eroding.

Pakistan's priorities in the border region are domestic politics and Pakistan's regional security concerns. As a result, their military posture, strategy and operations are focused on countering the domestic militant threat emanating from this region. Improving Pakistan's ability to address U.S. concerns in this region will require more than diplomatic pressure, funding and training; it will also require a change in the current domestic and regional environment that creates conditions that allow Pakistan to take steps to address U.S. concerns.

Question. How are these operations likely to change in the short- and long-term, particularly in light of increasing cross-border incursions by the Taliban into Afghanistan?

Answer. First, available data does not indicate "increasing" cross-border incursions, but rather a predictable return to heightened militant operations that occurs each year in the spring as weather improves. Pakistan's current political situation and statements by military and civilian leaders indicate we are unlikely to see a renewal of large-scale military operations in the tribal areas in the near-term. The long-term plan for the FATA focuses on development and improved governance, supported by a strong yet constrained military presence. Pakistan's long-term plan for improved border security includes developing Frontier Corps capacity to better interdict cross-border activity.

Question. Do you believe you have all the assets important to your mission requirements in Pakistan?

Answer. The U.S.-Pakistan military-to-military security relationship is strong and improving. We must continue to support Pakistan in its efforts to combat terrorism on its own territory, while respecting Pakistani sovereignty. Legislatively, supporting Pakistan's legitimate defense and counter-terrorism needs will improve both its capability and our relationship. The war on terror is as much a challenge for Pakistan as it is for the U.S. The Government of Pakistan (GoP) is empowering the Frontier Corps, a largely indigenous force that has traditionally operated in the Federally Administered Tribal Areas along the Pakistan-Afghanistan border. We support this effort through the U.S. Security Development Plan and are working with Pakistan to make the Frontier Corps into an effective security force through a long-term plan to address shortfalls in equipment, training and intelligence capability, in concert with Embassy and GoP efforts. Line item funding of this program for 2009 and beyond would help ensure that we are able to focus our efforts on these most critical forces. Foreign Military Financing (FMF) for Pakistan currently runs through 2009. Continuing FMF funding at current levels in the out years would simultaneously provide tangible evidence of U.S. commitment to Pakistan and help fund programs that support both Pakistani and U.S. efforts in the war on terror.

MILITARY-TO-MILITARY RELATIONSHIPS

Question. Admiral, please describe for the Committee some of the key military-to-military relationships within your area of responsibility and why these relationships are important to you as a combatant commander.

What can Congress do to support these relationships?

Answer. The U.S.-Pakistan relationship is absolutely vital to ensuring we succeed in the war against terrorism. Pakistan is a major contributor to our operations, having killed or captured more terrorists than almost any other partner. Pakistan has suffered as consequence as well, losing more than 1000 military personnel as part of operations conducted in support of the U.S. since 9/11. The bulk of our ground and aerial resupply for Afghanistan operations flows through Pakistan. More importantly, Pakistani support for the war against terror is essential due to its geographic location and relationship with Afghanistan. In addition, as the sole Islamic nuclear power, security and stability in Pakistan is of the utmost importance to U.S. national security interests. Congress can support this vital relationship by continuing to fund critical programs in Pakistan, including the Security Development Program and by continuing to support Pakistani efforts to meet legitimate defense needs, such as with the F-16 sale. Through these efforts the U.S. will signal that it is committed to a long-term bilateral relationship and continues to build essential trust and confidence within the Pakistani military.

Jordan is an ally on the War on Terror, a steadfast regional partner, and at peace with its neighbors. The ties between our militaries are deep and longstanding, with an extremely robust bilateral exercise schedule and frequent, fruitful exchanges between officers at all levels of command. However, Jordan has made this commitment to our mutual success at a higher percentage of their gross national product than is sustainable. Congress can help by funding Jordan's Foreign Military Financing allocation at the requested multi-year level of approximately \$345 million, as well as continuing to support programs which contribute to Jordan's ability to defend themselves and secure their borders.

Egypt is another of our key partners and serves as an anchor state towards achieving CENTCOM's Theater Strategic Objectives in the region. The Egyptian military is a coalition partner with us in Afghanistan, provides expedited canal transits, grants nearly unlimited overflights for our aircraft, and serves as a moderating voice of support for our efforts in the region. The cornerstone of our partnership with Egypt is commonly recognized as the \$1.3 billion annual Foreign Military Financing (FMF) allocation that was established in 1979 following the historic Camp David Accords. Over the last three years, that FMF has been the target of proposed reductions and conditioning by members of Congress. Those attempts to reduce FMF have led many of our Egyptian friends to question the U.S. commitment to the partnership and threaten to undermine the relationship that has been built over the past twenty-nine years. I encourage Congress to preserve current FMF funding levels for Egypt and protect its FMF from conditionality or reduction.

The UAE is another key partner within our area of responsibility. Our relationship with this progressive and forward thinking military friend and ally is very strong. Its importance not only lies on its strategic location but more so in its commitment to regional security and its efforts in the war on terrorism. Its Armed Forces have been working hand in hand with us toward peace and stability in the

Middle East. Congress can best sustain our excellent relations by ensuring quick action on notifications of defense related hardware of mutual interest and by considering the UAE's requests for defense systems on their merits, not linked to other countries' requests. Additionally, at every opportunity, we can thank the UAE for their steadfast support of Coalition and U.S. Forces in the region and for leading and participating in several multilateral, as well as bilateral, military exercises and symposiums.

Congress helped greatly by approving JDAM and LANTIRN sales to the Kingdom of Saudi Arabia. Both of these programs increase our military interoperability and modernize the weapons of a key partner. Congress can further help by approving the AIM-9X missile program. The AIM-9X will be a key component in Saudi Arabia's ability to counter regional threats. Additionally, the U.S. is working with the Kingdom to enhance its navy and secure critical infrastructure. Both of these are key areas of interest for regional stability and continued economic access. As requests in these areas come before Congress, CENTCOM looks forward to working with members to facilitate approval and show our key partner that the U.S. takes Saudi security seriously.

Question. Please describe the influences of China and India in the geopolitics of the area and what you are doing to counter these influences.

Answer. China's influence in the CENTCOM AOR is growing in proportion to China's investment in the energy sectors of various countries in the region and China's expanding markets for its commercial products. China remains an alternative market for arms purchases and a limited amount of military assistance for many of the region's nations, but has its strongest role in this regard with Pakistan. China is seeking to ensure access to energy resources to meet its growing energy demand, especially via overland routes. In terms of energy, China is significantly invested in Sudan, Qatar, Iran, Kazakhstan, and recently signed a \$30 billion pipeline deal with Turkmenistan that has yet to be constructed. China's most significant investments are in Pakistan where it provided funding for the construction of Gwadar Port and other infrastructure projects—investments which augment the robust security partnership the two countries have shared.

India's influence in our AOR is not as significant as China's, but is also growing, especially in regard to expanding energy relationships with Iran. India has continually sought to remain engaged in Afghanistan's reconstruction, primarily to demonstrate its role as a regional power but also to frustrate Pakistani interests in denying India access to Afghanistan. The most significant influence India has in the AOR is the potential for conflict with Pakistan and the tensions arising from Kashmir and water management issues. India's increasing economic strength and diplomatic status have consequently led to India's expanding contacts in the AOR, especially in Central Asia and Iran.

Neither China nor India actively seek to counter U.S. interests in the region, per se, but more accurately, they are pursuing their own economic interests and desire to achieve access and diplomatic relationships to support their commercial and energy requirements. They are not deterred by any potential conflicts of interest with the U.S. or Europe as they pursue their own national interests. China and India would prefer to see less U.S. military presence in the region, but they generally support U.S. security interests in defeating violent extremist organizations; both China and India support the role of the international community in stabilizing Afghanistan.

CENTCOM does not specifically focus any of its activities in countering Chinese and Indian influence in the region. CENTCOM programs and operations support U.S. national security interests in the region; at present, neither China nor India are officially viewed as strategic threats to be actively countered. In most cases, regional militaries require more assistance than is currently allocated by the U.S. and Europe, which leaves room for China, Russia, and to a lesser extent India, to contribute as well. The lack of U.S. economic and military engagement with Iran and Syria, naturally forces those countries to look elsewhere.

Question. Are military to military programs adequately resourced?

Answer. Military to military programs are generally adequately resourced. As our security cooperation relationships in the region expand, however, the need for additional resources will also increase. Currently funding for Central and South Asia has been adequate, however, each source of funding has its own restrictions on how monies can be spent, creating a challenge to support all military contact events. Additionally, a number of Central and South Asian uniformed services do not align perfectly with Department of Defense (DoD) military branches, yet the need for military contact events with these foreign uniformed services are necessary to build stronger security cooperation relationships. For example, the Border Guards of some Central Asian countries do not fall under the Ministry of Defense and therefore are

not eligible for DoD funded military contact events. However, the Border Guards play a significant role in counter-narcotics, counter-terrorism and regional stability and so CENTCOM explores other ways to fund this sort of engagement. Funding for Pakistan's Security Development plan, while adequately met in FY08 through supplemental and other funding sources, will require additional resources in the out years, ideally as a line item in the DoD budget. In short, we are adequately resourced, but we must remain flexible in order to maximize our security cooperation potential.

COOPERATION WITH CENTRAL ASIAN COUNTRIES

Question. The U.S. has expanded its security cooperation with the Central Asian regimes since 2001, to include varying levels of military basing and access.

What is your assessment of the current U.S. military relationship with its Central Asian counterparts?

Answer. The military relationship with most of our Central Asian counterparts is good and improving. Soon after the September 11th attacks, Uzbekistan stepped forward and offered basing access and overflight rights to the U.S. for operations in Afghanistan. While this relationship soured late in 2005 after the Andijon events and termination of the access agreement, recently there have been modest signs of improvement in the relationship. Since the U.S. left Kharshi-Khanabad Airbase in Uzbekistan, Manas Airbase in Kyrgyzstan has become more important as the only remaining northern Central Asia base. The Kyrgyz have been willing to expand and solidify that relationship and improvements to the infrastructure and capabilities of Manas airbase continue. Kazakhstan has aggressively pursued strengthening of the bilateral relationship with the U.S. The Kazakhstanis recently signed a five-year plan of military cooperation with the U.S., which is further proof of our strengthening cooperation. Although Turkmenistan's approach to the bilateral relationship has been quite circumspect since 2001 it has improved and shows real promise since the death of President Niyazov last year. Turkmenistan's new President Berdimukhammadov continues to allow U.S. humanitarian overflight and gas and go operations within Turkmenistan. Recent gestures toward improving the international investment climate as well as breaking down Niyazov's cult of personality suggest a much brighter future for the bilateral military relationship with Turkmenistan.

Question. Does CENTCOM have an interest in long term military basing and access in support of operations in Afghanistan?

Answer. Yes. In our annual Master Plan submission we stated that we desire long term access to two locations in Afghanistan. One location is Bagram Air Base which will serve as the long term operational hub for CENTCOM military operations in Central and south Asia. The other location is Kandahar which provides critical support for U.S. operations in Afghanistan and would provide surge capability for U.S. military activities in this region in the future. This basing and access is assessed each year and provided to SECDEF for approval and submitted to Congress in our annual Master Plan submission.

RECENT REPORT FINDINGS CONCERNING THE SECURITY SITUATION IN IRAQ

Question. In general, incidents of violence are down significantly. However, these are many, intertwined reasons for this including: the surge, changes in the tactics employed by U.S. and coalition forces, cooperation between tribal leaders (the "tribal awakening"), ethnic cleansing of formerly mixed localities, and the continued cease-fire on the part of Sadrist militias.

Admiral, do you believe that Iraqi security forces are capable of operating independently soon?

Answer. ———.

Question. Recent reporting available to the Congress suggests that Iraqi forces have not reached a point of being able to operate independently. Would you comment?

Answer. ———.

THE IRAQ WEEKLY SECURITY INCIDENTS REPORT

Question. The Iraq Weekly Security Incidents, 15–21 February 2008 reports incidents of violence in total and stratifies incidents based on an assessment of the intended targets. The reported period is March 2005 through the present and shows a decline in weekly incidents of violence from a high of nearly 1,600 incidents per week in early June 2007 down to about 450 incidents for the most recent reporting period, a level roughly comparable to the level reported in March 2005.

Admiral, do you believe that we should be encouraged that the level of violence since the surge is roughly comparable to the level in March 2005?

Answer. The reduced level of violence in Iraq is encouraging and it allows the Government of Iraq to work on creating a functioning state that is not totally focused on security issues. That said, the nature of violence has changed and it continues to have the potential to spike. Sectarian violence is the primary area where attacks have been reduced in the past year. The U.S. “surge” set conditions that allowed tribal efforts (Sons of Iraq) to blossom, creating jobs for many disaffected Sunni Arabs. This enabled Sunnis to reduce support for and to combat al Qaeda in Iraq (AQI). Additionally, Sadr’s call for a Jash al Mahdi (JAM) ceasefire further reduced sectarian violence. Finally, coalition pressure on AQI reduced AQI’s ability to sustain attacks.

THE 9010 REPORT

Question. What is your assessment?

Answer. I’ve got to tell you that, after going to Iraq, I am very encouraged. The situation has improved substantially in the security arena, and I believe that there are many other aspects of the situation that are coming together that have contributed to this improvement, and I see this on an upward vector. General Petraeus has the major task of resetting the battlefield there. He has to focus on keeping this momentum moving towards increased stability and security. It is truly remarkable today to look at the statistical evidence and—as many of you know because you were there to see it, to actually see the difference on the ground.

Further progress will depend on the continued ability of Iraqi leaders to capitalize on the hard-fought gains achieved by the Coalition and Iraqi forces and gradually assume responsibility for security in their country. However, I remain concerned that real, sustained progress in Iraq over the long term will depend on their ability to address a complex set of issues associated with key political and economic objectives.

On the political front, I am concerned that the Iraqi political leadership continues to squander the opportunity our troops and taxpayers gave them. Much in Iraq will depend on the continued legislative progress, improvements in the Iraqi ministries and their will to turn nascent political accommodation at the local and national levels into lasting national reconciliation. I am troubled by the fact that our soldiers continue to risk their lives while Iraqi politicians continue to refuse to take political risks.

On the economic front, any enduring improvements for Iraq will be dependent on the government of Iraq’s still-tenuous ability to provide essential services and improve the oil, electricity and water infrastructures. Advances in these areas will be critical to keeping Iraq on the path to sustainable economic development. As the economic activity levels increase in Iraq, this is really the longer-term solution. We’ve got to have help from the development agencies and from others. I’m encouraged by the beginnings of investment from outside private money into Iraq in the future of this country, and that’s the real answer, giving them alternatives.

Question. The Measuring Security and Stability in Iraq (the 9010 Report), December 2007 makes several references to “bottom-up” reconciliation which is reconciliation among Sunni and Shi’a tribal leaders who are increasingly working with the Government of Iraq and Provincial Reconstruction Teams.

Please explain the “bottom-up” reconciliation.

Answer. Bottom-up reconciliation efforts represent one way we have been able to work towards national reconciliation within Iraq. Because national-level progress continues to be hindered by competing political interests, we initiated some local-level, bottom-up level security improvements in Anbar province that has led to favorable conditions at the local level for positive movement in the areas of reconciliation, political accommodation, economic development and the provision of basic public services. Once it took hold in Anbar, we expanded it to other areas—and we were able to incorporate growing numbers of Sunni and Shi’a tribal leaders into working with the Government of Iraq and the Coalition to improve security and economic conditions at the local level.

While the record on “top-down” reconciliation remains mixed, the Awakening movement among the tribes of western, central and northern Iraq continues to grow. Sunni Arab and a growing number of Shi’a sheikhs are now working with the Coalition. Their tribal members and other local citizens are fighting AQI through participation in the Sons of Iraq groups. Nationwide, some 91,000 members continue to reject extremism and are joining the political process by working through established governing institutions. The Sons of Iraq groups complement Iraqi Army, Iraqi Police and Coalition forces and have begun to integrate its members into the Iraqi

forces. Some senior Iraqi politicians who formerly opposed Sons of Iraq members have begun to recognize the value of these groups in stabilizing Iraq. These politicians are making public statements about the significance of this “bottom-up” initiative and supporting the program.

Question. Admiral, would you comment on the progress on key legislation, as well as political reform and reconciliation?

Answer. The Government of Iraq passed a number of key pieces of legislation this past reporting period. In early February, the Iraqi Government passed the Accountability and Justice Law, reforming the draconian de-Baathification measures that were in place. This was a controversial bill on all sides, and was never going to please all former Baathists and all victims of the Hussein regime. But it was also a compromise in which all sides took some risk. We are watching closely now to see that it is implemented in a spirit of reconciliation. Even more impressively, on February 13, the Council of Representatives (CoR) passed three laws; the 2008 Budget, the Amnesty Law and the Provincial Powers Law. This was an unprecedented legislative grand bargain that included major compromises across political alliances and ethno-sectarian lines. On February 26, 2008, the Presidency Council endorsed the Budget and Amnesty Laws, but Vice President Mehdi returned the Provincial Powers Law for amendment on constitutional grounds. On 19 Mar, VP Mehdi waived his objection, provided the CoR consider amendments in the future. The passing of the Provincial Powers Law, in concert with the Provincial Elections Law now in the works, puts into motion the possibility that provincial elections will be held before the end of 2008. And ultimately these elections are the means by which the provinces of Iraq will realize their individual importance within a functioning federal system. This will be an eye-opener for all Iraq leaders; reforming the political landscape at the local, provincial and federal levels and above all localizing politics and the means of providing for the population. These types of legislative successes represent a significant step toward broader political reconciliation within Iraq.

The passing of the 2008 Budget was a significant event. There were numerous contested issues with regard to the budget, but none more so than the overall percentage of the budget provided to the Kurdistan region in the North (17%). This was the major sticking point in the budget’s passage, but this was overcome by a CoR that recognized the importance of their offices and their duties and responsibilities to the Iraq citizenry.

The Amnesty Law passage was a major accomplishment toward reconciliation and reform. It greatly reduced an obstacle to the return of key Sunni parties to the political process by releasing significant numbers of detainees from Iraqi custody if they have not been charged or convicted of serious crimes.

Several key laws remain to be tackled in the weeks and months to come; the Provincial Elections Law just mentioned, and the package of Hydrocarbon laws being the most prominent. But the actions of the CoR this past February indicate that dialogue can occur, compromise can happen, and Iraq’s future looks brighter today than in recent past.

As I mentioned earlier, reconciliation in Iraq is taking on a “bottom up” flavor. The tribal sheiks and provincial leaders are searching for avenues for reconciliation. This momentum will be fostered (I believe) by the Provincial elections that are now on the calendar. They will further power an Iraq reconciliation that will recognize the right to religious differences and yet instill a sense of nationalism amongst its people. I would like to point out that the Government of Iraq also passed a highly symbolic flag law, eliminating the Saddam Hussein-era flag. Today, the new Iraqi flag flies over all parts of Iraq, including Iraqi Kurdistan.

It’s been encouraging to watch the development of the Iraqi leadership, from Prime Minister al-Maliki on down, to see them take responsibility. It’s not a straight line, and I don’t think it’s going to be. And there are things that are frustrating. This is a different culture from ours, and, frankly, it’s a different political process and philosophy in this country, but it’s coming along. So I think we have to continue to engage them, continue to point out to them the cost of this in terms of blood, sweat and tears on the part of our people, which is, as you know, very substantial—the resources that we’ve devoted to this country. They’re working on it. They’re taking responsibility, in my view. Whether it’s in the political process or in recognition, it seems to me they are more aggressive now in going out and addressing issues away from the capital, and this is essential to me. If they can’t figure out how to get people in the provinces, the basics that they need, we’re not going to be successful nor are they. But increasingly I see them paying attention to it.

Question. With regard to the officer and NCO shortfall, the report finds that it will be years before Iraq can round out its leadership requirements because of constrained training facilities which are presently operating continuously at or near capacity.

Admiral, would you say that Iraqi forces are dependent upon Coalition enablers?

Answer. _____.

Question. Please describe these “enablers” and those that are most critical to the effectiveness of the Iraqi security forces.

Answer. _____.

Question. Admiral, according to Measuring Security and Stability in Iraq (the 9010 Report), dated December 2007 “Syria is estimated to be the entry point for 90% of all foreign terrorists known in Iraq”.

Would you comment?

Answer. _____.

Question. Would you comment on the continuing activities of the Kurdistan Peoples Congress (KGK) such as its cross-border raids into Turkey? How do you believe the current situation can be resolved?

Answer. _____.

THE JONES COMMISSION REPORT

Question. Address the training, equipping, command, control and intelligence, and logistics capabilities capacity of the ISF, and Assess the likelihood that the continued support of U.S. troops will contribute to the readiness of the ISF to fulfill its missions.

Admiral, the Jones Commission found that “. . . the Iraqi Security Forces will not be able to secure Iraqi borders against conventional military threats in the near term.” Would you comment?

Answer. _____.

Question. The Jones Commission reports signs of improvement including evidence that baseline infrastructure is forming to lead to successful national defense capabilities but the ISF will be “unable to fulfill their essential security responsibilities independently over the next 12–18 months”.

What is your assessment?

Answer. _____.

Question. The Commission report states: “The Iraqi Police Service is fragile . . . the force is underequipped and compromised by militias and insurgent infiltration. In general, the Iraqi Police Service is incapable today of providing security at a level sufficient to protect Iraqi neighborhoods from insurgents and sectarian violence”.

Admiral, how is this being addressed?

Answer. _____.

Question. The Commission found specific weaknesses due to a lack of key support functions such as aviation support, intelligence and communications and found that the Iraqi Defense Forces lack required combat support services such as adequate indigenous training, logistics, supply chain management and equipment maintenance capabilities. The Commission concludes: “Logistics remains the Achilles’s heel of Iraqi ground forces”.

Do you agree with the commission’s assessment that, “. . . achieving an adequate force-wide logistics capability is as least 24 months away”?

Answer. _____.

Question. Are the Iraqis making progress on improving their logistics capability?

Answer. Iraqi Army logistics have improved significantly since June 2007 and continue to move forward. All logistics disciplines exist in various stages of independence. Leveraging existing Iraqi processes, overarching policies and procedures are still in early stages of development across the logistics spectrum. Life Support Self Reliance (LSSR) is the process furthest along and independence increases monthly. Ministry of Defense (MOD) is becoming less reliant on coalition fuel support.

While the Iraq Air Force development began in earnest just one year ago, the Air Force logistics concept is similar to the Army system with the maintenance system having four levels or lines of maintenance, currently using a mix of Iraqi Air Force technicians (under advisement of Coalition military and contractor personnel) and contractors at regional maintenance facilities.

The Iraqi Navy, meanwhile, utilizes organic sustainment capability which currently completes mainly first and second line repairs on their vessels and vehicles. Third and fourth line repairs will likely be conducted by contractors which is consistent with the Gulf Naval forces.

Question. How can U.S. Forces assist the Iraqi armed forces to improved their logistics capability?

Answer. Partnership and over watch are linchpins to successful transition to Iraqi logistics self sufficiency and is a joint Iraqi Ministry of Defense (MOD)—Coalition imperative. Both Multi-National Corps—Iraq and Multi-National Security Transi-

tion Command—Iraq have coordinated to accelerate the development of logistics capabilities and capacities in partnership with Iraqi leadership. Coalition over watch along side Iraqi counterparts enables the identification of logistics priorities through joint assessment and engagements, facilitating Iraqi solutions and priorities to Iraqi challenges.

Question. Do the Iraqis lack logistics “know how”, or do they lack the actual supplies and delivery capability?

Answer. It would be incorrect to state the Iraqis lack the know how or the delivery capability, but rather state there are limitations in both areas. While there are current Iraqi processes in place, additional overarching procedures continue to be developed. In addition, while there are certain categories of logistics that are farther along than others, the development of additional trained personnel and facilities for the storage, repair and distribution of supplies and equipment continues. While the system is not sufficiently developed to support and sustain itself, the process is ongoing to improve both the “know how” (the training of personnel and the policies and procedures) and the delivery and maintenance capabilities.

Question. The Commission report states that: “The Ministry of the Interior is a ministry in name only. It is widely regarded as being dysfunctional and sectarian, and suffers from ineffective leadership. Such fundamental flaws present a serious obstacle to achieving the levels of readiness, capability, and effectiveness in police and border security forces that are essential for internal security and stability”.

How long do you expect this will be corrected?

Answer. _____.

Question. How long do you expect that it will take?

Answer. _____.

[CLERK’S NOTE.—End of questions submitted by Mr. Murtha.]

TUESDAY, MARCH 11, 2008.

FISCAL YEAR 2009 AIR FORCE POSTURE

WITNESSES

HON. MICHAEL W. WYNNE, SECRETARY, UNITED STATES AIR FORCE
GENERAL T. MICHAEL MOSELEY, CHIEF OF STAFF, UNITED STATES
AIR FORCE

INTRODUCTION

Mr. ROTHMAN [presiding]. Good morning. This hearing of the House Appropriations Committee on Defense will now convene. This morning the Committee will hold an open hearing concerning the Air Force fiscal year 2009 budget request.

We are pleased to welcome two distinguished witnesses, Mr. Michael W. Wynne, Secretary of the Air Force, and General T. Michael Moseley, Chief of Staff of the Air Force. They are very well qualified to discuss these areas and to answer the questions of the committee.

Secretary Wynne, General Moseley, thank you for being here this morning. The Committee is very interested in hearing what you have to say about the Air Force's fiscal year 2009 budget. We look forward to your testimony and to a spirited and informative question-and-answer session. Now, before we hear your testimony and opening statements, I would like to call on Mr. Tiahrt for his opening remarks.

OPENING STATEMENT OF MR. TIAHRT

Mr. TIAHRT. Thank you, Mr. Chairman. I want to thank you for being here for this hearing. I also want to thank Chairman Murtha for holding the hearing. I am looking forward to the testimony of Secretary Wynne and General Moseley. And although this is an annual Air Force posturing hearing, I hope the witnesses will be willing to comment on the recent KC-X tanker contract. This controversial decision to award a \$35 billion contract to a foreign supplier has rightfully outraged the American public around the country. The losing bidder has announced they intend to protest this decision, and rightfully so, but I still believe that both of you need to answer some questions on this vitally important issue and also the methodology used by the Pentagon on any decision for a contract.

The more I learned about this decision, the more I realized that this competition will need to be redone. It will save the Air Force time and money to immediately revise the RFP with your apparent goal of replacing the KC-10.

Secretary Wynne, General Moseley, one of the most difficult things from this whole experience is that I believe I was misled by

the United States Air Force. Since 2001, the Air Force has said that it must replace the KC-135, our medium-sized tanker. For 7 years and countless hearings, the Air Force has said the same thing: We need to replace the medium-sized tanker.

And now the Air Force buys an airplane bigger than the KC-10, not as efficient as the KC-10, but bigger. What has changed and why was not Congress informed that the Air Force actually wanted to replace the KC-10 and not the KC-135? Why did the RFP baseline reflect a KC-10 instead of the KC-135?

It is hard for me to understand how something as integral as the size of the aircraft was misconstrued in the award decision. This is just one of the many reasons why you will save time and money by deciding to recompute this with your real goals and intent.

However, in the meantime, I believe Congress has an important role of understanding how the acquisition system failed the American people. It is becoming clear to me that the government has a stacked deck in favor of European manufacturers. As I mentioned last week, three of the last big defense contracts have been awarded to foreign companies. The Navy awarded the Marine One contract to a foreign manufacturer. We should have suspected something was going on. Then the Army awarded the light utility helicopter to a foreign manufacturer. We should have known something was going on. And now with the Air Force awarding the KC-X to a foreign manufacturer, it is as plain as the nose on our face. Foreign competitors are able to compete and win against American manufacturers because our acquisition laws actually favor foreign competitors. The deck is stacked for foreign competitors.

For instance, the Air Force did not account for the costly regulations that our domestic manufacturers have to comply with. And you simply waive it for our European allies, with an internal procedure inside the Pentagon. This includes cost accounting standards, specialty metals laws, the Berry amendment, Buy American provisions, Foreign Corrupt Practices Act and ITAR compliance. These are the ones I know of. There are probably others.

The Air Force did not account for the \$5 billion illegal subsidy that European governments provided to Airbus for the development of the A330. One part of our government is suing them for this illegal subsidy, and then another part awards them a contract that has it embedded in the price. You simply ignore the subsidies, and yet the cost accounting standards would require an American manufacturer to amortize such costs. Foreign manufacturers gain a huge cost advantage which is unacceptable in the final contract award.

The Air Force did not account for the billions of legal subsidies, such as socialized health care and workmen's compensation that the American manufacturer, because of cost accounting standards in the Federal Acquisition Regulations, have to include in their costs. This provides a French company with a competitive advantage over an American company.

The Air Force did not account for the loss of tax revenue with fewer American jobs. Under the Airbus tanker, America will see a minimum—just taking a minimum of 19,000 jobs, if you just take the proposals at their face value. I think it is actually going to be greater based upon past performance of EADS in other contracts.

These are good, high-paying jobs. We should expect that these workers would pay a minimum of \$10,000 a year in Federal taxes. If you factor that throughout the life of this program, that means lost revenue to the Federal Government of \$3.8 billion.

So what does this \$35 billion contract cost the American people? It costs them 35 billion for the initial contract and then an additional 3.8 billion in lost revenue. So it is 38.8 billion, not 35.0 billion. What should our system do to account for these type of lost costs? The Air Force did not account for the industrial base concerns. The Navy does when making acquisitions for submarines and all ships. They take into consideration the industrial base. But the Air Force did not even ask that question. Maybe they were not interested in the answer.

The Air Force did not account for the national security concerns. As you know, tankers are a single point of failure. Our national defense and United States military does not project power without tankers. But no consideration was given to our national industrial base.

Secretary Wynne, General Moseley, you may argue that you did not have legal responsibilities or requirements to address these issues, but didn't you have a professional obligation to at least address them? You had two competitors, but they were not on equal footing. It was not a fair competition. The deck was stacked against the American supplier and against the American workers.

I hope that we can take these things into consideration and learn lessons from our experience. But it would save the government money if we would just go ahead and put in the RFP your apparent intent of buying a replacement for the KC-10 and save us all a lot of money. Thank you, Mr. Chairman.

Mr. ROTHMAN. Thank you, Mr. Tiaht.

Mr. ROTHMAN. I know that Mr. Dicks has an opening statement as well.

OPENING STATEMENT OF MR. DICKS

Mr. DICKS. Well, I want to welcome our witnesses, and I too must say this is one of the most regrettable days I have had since I have been in the United States Congress. And I say that because I, too, feel that I was personally misled. I think the Congress was misled, this committee was misled, the Boeing Company was misled.

And, you know, we start with what the Air Force was saying in 2002. The KC-330's increase in size does not bring with it commensurate increase in available air refueling offload. The Air Force went on to say that the EADS aircraft would demand a greater infrastructure investment and dramatically limit the aircraft's ability to operate effectively in worldwide deployment.

And if we could put my chart up here, in a hearing in 2006 before this Committee, Secretary Wynne, I asked—we were talking about this, and Secretary Wynne said, So as we look at this, we would tell you that the first—our highest motivation is actually medium-sized tankers. Then our highest motivation is mixed fleet. Our last thing we want to do is have a whole fleet of large airplanes.

I also feel that a memorandum that Ken Miller provided to me, if we can put that up now, really lays this thing out in a way that—and this was given to me in December of 2007. And it shows tanker road map, KC-135R, which is a medium-sized tanker equivalency. And it shows the first tranche of airplanes is going to be the KC-X, 15 years, a medium. Then the KC-Y, 15 years, a medium. And the KC-Z, 9 years, large. And at the bottom we have the KC-10. And it is there all the way through this.

And, General Moseley, I asked the question, How many of these do we have? We have 59 of these airplanes. They are the newest airplanes. They would be the last that you would replace first. In fact, that was testified to in several cases. So I feel that I was misled in this. Boeing was misled. They wrote a letter to the Air Force after—there were some changes in a model that was owned and operated by Northrop-Grumman. Were you aware that this CMARPS model, Mr. Secretary, was under the control of the Northrop Company, was owned and operated by them? And I hope there was a firewall between that model, because a number of changes were made to it right up to the time of the decision, which made it more—made it possible for the bigger plane to be competitive.

In fact, Northrop-Grumman wrote a letter to the Air Force, which I do not think our committee has yet received, which we would like to have, that basically said if you do not change the criteria then we are going to pull out of the competition. So what did the Air Force do? It changed the criteria. Ken Miller came to my office and said, We cannot do anything. They will drop out. We have to do this.

And in fact, the Air Force didn't tell anybody until Boeing wrote a letter to the Air Force, saying you made these changes, and we think it indicates that you favor a large airplane. And then they wrote a letter to the Air Force saying, if you want a large airplane we will compete the 777. And they were discouraged from doing this by the Air Force.

So I feel that we were misled. And I am with Mr. Tiahr, I think there is only one way to fix this. And that is to go back and compete the two planes. And if the Air Force wanted a large plane, they should have said it. And they did not say it. You said it repeatedly, over and over again. In fact, here is what Secretary Wynne said in January of 2007. And I bring this up because in the paper there has been all this credit given for a larger—for cargo space and passenger space. But those were not in the requirements. They were secondary issues. There was no requirement for a certain amount of pallets or a certain amount of passengers. It was a secondary issue.

Quoting Secretary Wynne—this is in the “Inside the Air Force.” We want to buy a tanker. We do not want to buy a cargo airplane that tanks. We also do not want to buy a passenger airplane that tanks. We want to buy a tanker. Its primary mission is going to be a tanker. The fact that it can carry cargo or passengers is a benefit, but it is not the primary reason for the procurement.

And General, I got to tell you General Lichte did not put a lot of honor on his stars the other day when he said what we want is more, more. That was not part of the RFP. He was wrong to say it. And you cannot take this pig and put a flag on it and

say it is an American airplane. It is not an American airplane. It is built, the wings, the fuselage, the tail, all these things are built in Europe. They are going to be brought to Mobile, Alabama.

And we have tried to build some of these projects, the A-6 rewinging. I think we tried, Northrop-Grumman tried to do their Joint Stars program down there in Southern States, and they had a hard time getting this thing done. Yet Boeing, who has got a plant, who has built this plane, was written down and added risk to their proposal for doing an in-line approach to this thing, while the other people who have to bring all these parts from Europe and bring them to Mobile, assemble them in a plant that does not exist, with people that do not exist. The risk is clearly on that side of the equation.

So I urge you to go back and start over. This is a sad day because, after all the work and effort—and the necessity for these tankers is without question. But you made a big mistake. You did not do this right. You were not honest with the Congress, myself, or the American people or Boeing, and you got to go back and start over.

[CLERK'S NOTE.—The testimony and chart referred to by Mr. Dicks follow.]

DEPARTMENT OF DEFENSE APPROPRIATIONS
FOR 2007

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON DEFENSE

WEDNESDAY, MARCH 8, 2006.

FISCAL YEAR 2007 AIR FORCE POSTURE AND
ACQUISITION

WITNESSES

HON. MICHAEL W. WYNNE, SECRETARY, UNITED STATES AIR FORCE

GENERAL T. MICHAEL MOSELEY, CHIEF OF STAFF, UNITED STATES
AIR FORCE

Mr. DICKS. How many KC-10s do we have? Forty?

General MOSELEY. Fifty-nine.

Mr. WYNNE. So, as we look at this, we would tell you that the first—our highest motivation is actually medium-sized tankers. Then our highest motivation is mixed fleet. Our last thing we want to do is have a whole fleet of large airplanes.

Mr. DICKS. And that is because you need a number, not just size.

Mr. WYNNE. Quantity has a quality all of its own.

Headquarters U.S. Air Force
Integrity · Service · Excellence

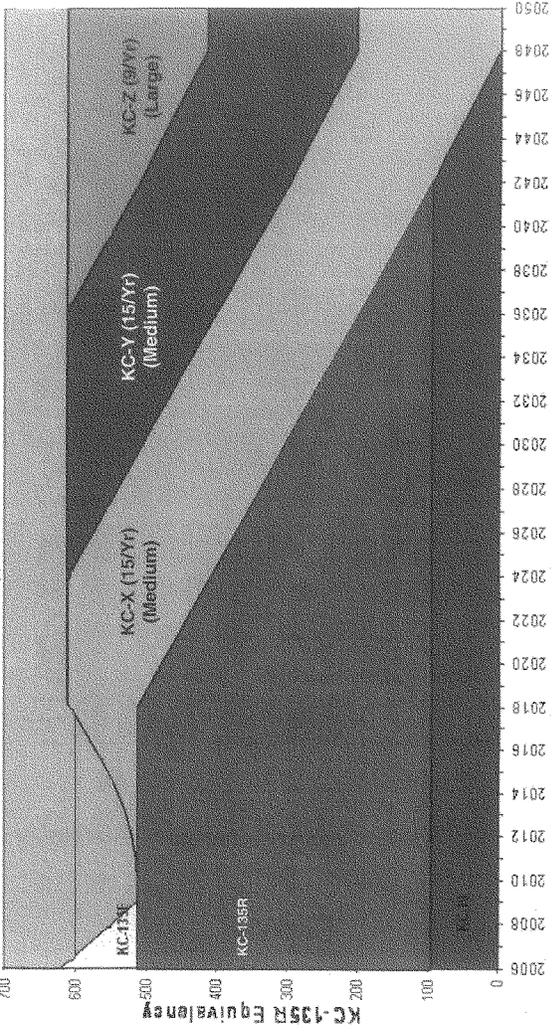


Rep Norm Dicks
Tanker Update

Marshall E. Miller
Special Assistant to the Secretary of the Air Force

Tanker Recap Approach

Tanker Roadmap (KC-135R Equivalency)



Integrity · Service · Excellence

OPENING STATEMENT OF MR. ROTHMAN

Mr. ROTHMAN. I thank the gentleman.

Mr. Secretary, General, now I would welcome your opening remarks, understanding that your full statements will be admitted for the record.

I did want to acknowledge that the issue that Mr. Tiahrt and Mr. Dicks—is of great importance to this Committee. But we have already had one hearing on it, and I know that we will have another one. We may well have several more. And we are all very interested in that subject.

The subject matter for today's hearing is the Air Force's Annual Posture Statement articulating the major element requirements for the Air Force to fulfill its entire mission and its priorities over the course of the next year and into the future, and in particular explaining why the fiscal year 2009 budget request looks the way it does and why it should be changed or should not be changed.

So Mr. Secretary, if you would begin.

Mr. MORAN. Mr. Chairman.

Mr. ROTHMAN. Yes.

Mr. MORAN. If, as apparently has happened, two of our colleagues have addressed another issue in opening remarks, I would like about 30 seconds to reflect another point of view from this subcommittee.

Mr. ROTHMAN. Certainly. If the Secretary and the General, if you will just allow me, I will recognize Mr. Moran for 60 seconds.

OPENING STATEMENT OF MR. MORAN

Mr. MORAN. Thank you, Mr. Chairman.

Mr. Chairman, there are some on this subcommittee who believe that the professionals responsible for this procurement acted in a professional manner. And in fact Ms. Payton, from everything I can understand, is perhaps the best procurement acquisition officer we have in the services, and that she followed the law. And that some of us believe that it is the Congress' responsibility, if they do not like the law, to change the law. But unless there is something that can be shown to us where the Air Force did not follow the law that it was required to implement, then the disappointment in the results may be only that. And you should know that there is a difference of opinion with regard to that acquisition. Although there may be shared disappointment that the contract is not going to be carried out by American firms in all respects, there is less disappointment in the way in which the Air Force personnel conducted themselves. I think they conducted themselves professionally. And I thank you for having professional personnel working for you and working for us.

Thank you. Mr. Chairman.

Mr. ROTHMAN. Thank you, Mr. Moran.

Mr. Lewis, would you like to make opening remarks?

Mr. LEWIS. No opening remarks. I am just anxious to attend the tanker hearing this afternoon. The posture hearing is this morning, I believe.

Mr. DICKS. The briefing is this afternoon.

Mr. ROTHMAN. Very well. Mr. Secretary, if you would proceed with your opening remarks.

OPENING STATEMENT OF SECRETARY WYNNE

Mr. WYNNE. Mr. Chairman, members of this committee, thank you for the opportunity to testify on behalf of America's Air Force. Thank you as well for your support to our improved readiness via retirement and recapitalization, as we are working hard to see it through.

Today we also urge you to pass the pending supplemental, as it will help. Across the Total Force of Active, Guard, Reserve, and Civilian, we are America's strategic shield in air and in space and in cyberspace. We are contributing to today's fight with increasing ordnance drops, and we stand watch at the missile fields, and we stand ready in the nuclear field, and we are an effective air superiority and strike force to both deter and dissuade any opponent who may consider our forces to be stretched in the Global War on Terror.

We are gratified to hear that role reaffirmed by the Chairman of the Joint Chiefs in the deliberate message to those who might seek to dissuade or deter us from our own options in the future. This is why we seek to move forward and not backward into fifth-generation fighters, into new expeditionary tankers, and into long-range strike assets.

We recently awarded the new KC-45A air refueling tanker. We believe we accurately followed the laws and arrived at a decision, selecting the better of two very qualified competitors to some published criterion, a major step in the Air Force critical recapitalization and modernization effort. It is why we seek to modernize space assets as the Executive Agent for Space and not see further fragmentation of the management of this now vulnerable area. It is why we have established the provisional Air Force Cyber Command, and see this as a warfighting domain in which we need to dominate to remain a netcentric force for the future.

Clearly, beyond the Global War on Terror, we must not lose America's asymmetric advantage in strategic forces. Your Air Force has been in the fight for 17 years, and yet has over the same 17 years seen underfunded modernization. We thank you for initiatives to restore fleet management to the United States Air Force, a responsibility we do not take lightly.

When General Moseley and I came to our posts, we set about a strategy to restructure our Air Force, to develop a lean and efficient Air Force in order to husband the resources for investment. We worried about the industrial base and the need to look after the open lines. I am pleased to report to you that the Department and the Air Force have indicated a desire to not close the F-22 line and to develop the long-range strike asset. It is to these we would like to apply the saved resources over the near term, while the F-35 proves itself through rigorous tests and is effectively capped on production.

We ask that you agree with an approach for the F-22 aircraft while we work to restore readiness with younger aircraft. The F-35 and the F-22 are complementary. The F-22 is bigger, is faster, and is planned to fly higher and can carry more air-to-air weapons

internally. Also, with less than 20 penetrating bombers in our current fleet, it is time to develop an alternative t as well.

We have talked about being underfunded, but we here have worked to offer a balanced budget prioritized to best defend America, and we will continue to do that over the fiscal year defense plan.

The Air Force Research Laboratory is well-engaged in technology development, expanding the opportunity for energy alternatives, while reducing our demand in our fleet and at our bases and also expanding in unmanned flight, in propulsion, in material science, as well as in human effectiveness.

With regard to space, at Kirtland Air Force Base, a branch of the Air Force Research Laboratory is creating inherently defensive space assets. In cyberspace, career development, including the Air Force Institute of Technology and also warfighting schools, are keys. Combatant commanders and agencies partner with us in this increasingly contested domain.

I have worked in space for almost two decades, and have worked in commercial and classified space as a supplier and a customer. We need consolidated leadership to maintain our current strategic advantage. Congress asked for a relook at responses to the Space Commission, and we should really consider what is in the report. The Air Force is undergoing a "back to basics" as well as a "back to blue," complementary efforts to restore a steady demand and knowledge base. I recommend we keep the executive agency where it is. I have engaged Airmen in both theaters of operation, and they have asked about the continuation of our presence and the continuation of the ground force tasking referred to as "in lieu of tasking." My answer is they perform so well that our Army colleagues do not want to give them up. And they do perform well, many winning Bronze and Silver Stars.

Your Air Force is currently protecting the air sovereignty of these fledgling nations, and until their Air Forces can do that, I would not be surprised to see our Air Forces remain. As a result, we are reconsidering force cuts, although we are currently continuing to give top priority in our budget to recapitalization.

I again thank you for the privilege of leading the best Air Force in the world. Every day our Airmen earn the respect of our friends as well as our enemies. We worry for their quality of life as we seek efficiencies and as we implement joint basing, but we never worry about their sense of mission that they bring to the task.

I will not have the privilege to represent them in this setting for the force posture again, and I hope I have reflected their pride in service, as I have felt myself. I am ready to answer your questions.

Mr. ROTHMAN. Thank you, Mr. Secretary.

[The joint statement of Secretary Wynne and General Moseley follows:]

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

SUBJECT: FISCAL YEAR 2009 AIR FORCE POSTURE STATEMENT

**STATEMENT OF: THE HONORABLE MICHAEL W. WYNNE
SECRETARY OF THE UNITED STATES AIR FORCE**

**GENERAL T. MICHAEL MOSELEY
CHIEF OF STAFF OF THE UNITED STATES AIR FORCE**

March 11, 2008

**NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE**



BIOGRAPHY

UNITED STATES AIR FORCE

MICHAEL W. WYNNE

Michael W. Wynne is the Secretary of the Air Force, Washington, D.C. He is the 21st Secretary and was confirmed on Nov. 3, 2005. He is responsible for the affairs of the Department of the Air Force, including the organizing, training, equipping and providing for the welfare of its nearly 370,000 men and women on active duty, 180,000 members of the Air National Guard and the Air Force Reserve, 160,000 civilians, and their families. With an annual budget of approximately \$110 billion, he ensures the Air Force can meet its current and future operational requirements.

Prior to assuming his current position, Mr. Wynne served as Principal Deputy Under Secretary of Defense for Acquisition, Technology and Logistics, and Under Secretary of Defense for Acquisition, Technology and Logistics. In these positions he was the principal adviser to the Secretary and Deputy Secretary of Defense for all matters relating to acquisition, research and development, and logistics management.

Before entering public service, Mr. Wynne was involved in venture capital, nurturing small technology companies through their start-up phase as a member of the NextGenFund Executive Committee. He also served in executive positions within two companies. These companies were in the field of Travel (IXATA), and Logistics (Extended Reach Logistics).

In 1999 Mr. Wynne had retired as Senior Vice President from General Dynamics, where his role was in International Development and Strategy. He had rejoined the company at the invitation of the Chairman to strengthen international activities. In between working with General Dynamics, he spent three years with Lockheed Martin, having sold the General Dynamics' Space Systems Division to then Martin Marietta. He successfully integrated the division into the Astronautics Company and became the General Manager of the Space Launch Systems segment, combining the Titan with the Atlas Launch vehicles. Mr. Wynne spent a total of 23 years with General Dynamics in various senior positions with the Aircraft (F-16s) and Main Battle Tanks (M1A2) Divisions, and served on the corporate staff prior to becoming the President of Space Systems, including Launch Vehicles (Atlas and Centaur), and a Corporate Vice President.

Mr. Wynne graduated from the U.S. Military Academy and served in the Air Force for seven years, ending his career as a captain and assistant professor of astronautics at the U.S. Air Force Academy. Mr. Wynne has published numerous professional journal articles relating to engineering, cost estimating and contracting.

EDUCATION

1966 Bachelor of Science degree in general engineering, U.S. Military Academy, West Point, N.Y.
 1970 Master's degree in electrical engineering, Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio
 1975 Master's degree in business, University of Colorado, Colorado Springs



CAREER CHRONOLOGY

1. June 1966 - June 1973, Air Force officer
2. July 1973 - June 1975, Principal, Research Analysis and Development (RAD), Inc.
3. July 1975 - May 1994, various executive positions within General Dynamics, retired as President, Space Systems
4. May 1994 - March 1997, General Manager, Space Launch Systems, Lockheed Martin Astronautics, Denver, Colo.
5. July 1997 - October 1999, Senior Vice President, General Dynamics, Falls Church, Va.
6. December 2000 - July 2001, Chairman and Chief Executive Officer, IXATA Group, San Diego, Calif.
7. July 2001 - October 2005, Principal Deputy Under Secretary of Defense for Acquisition, Technology and Logistics, Washington, D.C. (May 2003 - April 2005, also served as acting Under Secretary of Defense for Acquisition, Technology and Logistics)
8. April 2005 - June 2005, Under Secretary of Defense for Acquisition, Technology and Logistics, Washington, D.C.
9. November 2005 - present, Secretary of the Air Force, Washington, D.C.

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

Fellow, National Contracts Management Association
Former President, Association of the U.S. Army, Detroit Chapter
Former President, American Defense Preparedness Association, Michigan Chapter

(Current as of November 2006)



BIOGRAPHY

UNITED STATES AIR FORCE

GENERAL T. MICHAEL MOSELEY

General T. Michael Moseley is Chief of Staff of the U.S. Air Force, Washington, D.C. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipage of more than 710,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.



General Moseley graduated from Texas A&M University in 1971 with a Bachelor of Arts degree in political science. He earned a Master of Arts degree from Texas A&M University in 1972, also in political science. He has commanded the F-15 Division of the USAF Fighter Weapons School at Nellis AFB, Nev., the 33rd Operations Group at Eglin AFB, Fla., and the 57th Wing, the Air Force's largest, most diverse flying wing, also at Nellis. The general has served as the combat Director of Operations for Joint Task Force-Southwest Asia. General Moseley also commanded 9th Air Force and U.S. Central Command Air Forces while serving as Combined Forces Air Component Commander for operations Southern Watch, Enduring Freedom and Iraqi Freedom. The general is a member of the Council on Foreign Relations. He has been awarded the Knight Commander of the Most Excellent Order of the British Empire, the Order of National Merit (Officer) and the Order of National Merit (Commander) by the president of the French Republic, which is the second highest French military award. He has also been awarded the United Arab Emirates' Military Medal, 1st Class, by the president of the U.A.E., and the Mérito Santos-Dumont from the Brazilian Air Force.

General Moseley's staff assignments have been a mix of operational, joint and personnel duties. These include serving in Washington, D.C., as Director for Legislative Liaison for the Secretary of the Air Force; Deputy Director for Politico-Military Affairs for Asia/Pacific and Middle East, the Joint Chiefs of Staff; Chief of the Air Force General Officer Matters Office; Chief of Staff of the Air Force Chair and Professor of Joint and Combined Warfare at the National War College; and Chief of the Tactical Fighter Branch, Tactical Forces Division, Directorate of Plans, Headquarters U.S. Air Force.

EDUCATION

1971 Bachelor of Arts degree in political science, Texas A&M University, College Station
 1972 Master of Arts degree in political science, Texas A&M University, College Station
 1977 Squadron Officer School, Maxwell AFB, Ala.
 1981 Fighter Weapons Instructor Course, U.S. Air Force Fighter Weapons School, Nellis AFB, Nev.
 1984 Air Command and Staff College, Maxwell AFB, Ala.
 1988 U.S. Air Force Joint Senior Battle Commander's Course, Hurlburt Field, Fla.

1990 National War College, Fort Lesley J. McNair, Washington, D.C.
 2000 Combined Force Air Component Commander Course, Maxwell AFB, Ala., and Hurlburt Field, Fla.

ASSIGNMENTS

1. June 1972 - May 1973, student, undergraduate pilot training, Webb AFB, Texas
2. May 1973 - July 1977, T-37 instructor pilot and spin flight test pilot; flight check pilot, and standardization and evaluation flight examiner, 3389th Flying Training Squadron, 78th Flying Training Wing, Webb AFB, Texas
3. July 1977 - September 1979, F-15 instructor pilot, flight lead and mission commander, 7th Tactical Fighter Squadron, Holloman AFB, N.M.
4. September 1979 - August 1983, F-15 weapons and tactics officer, instructor pilot, and flight lead and mission commander; standardization and evaluation/ flight examiner, 44th Tactical Fighter Squadron and 12th Tactical Fighter Squadron, Kadena Air Base, Japan
5. August 1983 - June 1984, course officer, Air Command and Staff College, Maxwell AFB, Ala.
6. June 1984 - June 1987, Chief, Tactical Fighter Branch, Tactical Forces Division, Directorate of Plans, Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
7. June 1987 - June 1989, Commander, F-15 Division, and instructor pilot, Fighter Weapons Instructor Course, U.S. Air Force Fighter Weapons School, Nellis AFB, Nev.
8. June 1989 - June 1990, course officer, National War College, Fort Lesley J. McNair, Washington, D.C.
9. June 1990 - August 1992, Chief of Staff of the Air Force chair and professor of Joint and Combined Warfare, National War College, Fort Lesley J. McNair, Washington, D.C.
10. August 1992 - January 1994, Commander, 33rd Operations Group, Eglin AFB, Fla.
11. January 1994 - May 1996, Chief, Air Force General Officer Matters Office, Headquarters U.S. Air Force, Washington, D.C.
12. May 1996 - November 1997, Commander, 57th Wing, Nellis AFB, Nev.
13. November 1997 - July 1999, Deputy Director for Politico-Military Affairs, Asia/Pacific and Middle East, Directorate for Strategic Plans and Policy, the Joint Chiefs of Staff, Washington, D.C.
14. July 1999 - October 2001, Director, Legislative Liaison, Office of the Secretary of the Air Force, Headquarters U.S. Air Force, Washington, D.C.
15. November 2001 - August 2003, Commander, 9th Air Force and U.S. Central Command Air Forces, Shaw AFB, S.C.
16. August 2003 - September 2005, Vice Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.
17. September 2005 - present, Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

FLIGHT INFORMATION

Rating: Command pilot
 Flight hours: More than 2,800
 Aircraft flown: T-37, T-38, AT-38 and F-15A/B/C/D

MAJOR AWARDS AND DECORATIONS

Defense Distinguished Service Medal with oak leaf cluster
 Distinguished Service Medal with oak leaf cluster
 Defense Superior Service Medal with oak leaf cluster
 Legion of Merit with oak leaf cluster
 Meritorious Service Medal with three oak leaf clusters
 Air Medal
 Joint Service Commendation Medal
 Air Force Commendation Medal
 Air Force Achievement Medal
 Global War on Terrorism Expeditionary Medal
 Global War on Terrorism Service Medal
 Korea Defense Service Medal
 Knight Commander of the Most Excellent Order of the British Empire
 French National Order of Merit (Commander)
 French National Order of Merit (Officer)

United Arab Emirates' Military Medal, 1st Class
Mérito Santos-Dumont, Brazilian Air Force

OTHER ACHIEVEMENTS

2003 H.H. Arnold Award, the Air Force Association's highest honor to a military member in the field of National Security
2004 Sergeant William Jasper Freedom Award for contributions in maintaining freedom
2005 U.S. Air Force Sergeant's Association Excellence in Military Leadership
2005 James V. Hartinger Award for significant achievements in advancing the military space mission
2005 Inducted into the Texas A&M Corps of Cadets Hall of Honor

EFFECTIVE DATES OF PROMOTION

Second Lieutenant July 9, 1971
First Lieutenant July 9, 1974
Captain Jan. 9, 1976
Major Oct. 1, 1983
Lieutenant Colonel March 1, 1986
Colonel April 1, 1991
Brigadier General Dec. 1, 1996
Major General Feb. 1, 2000
Lieutenant General Nov. 7, 2001
General Oct. 1, 2003

(Current as of January 2008)

The Nation's Guardians

The United States Air Force provides the Nation with a powerful deterrent force in times of peace, and it sets the conditions for Joint and Coalition victory in times of war. For over seventeen years, since Operation DESERT SHIELD, the United States Air Force has been engaged in continuous combat operations. Our Airmen have maintained constant watch, deployed continuously, engaged America's adversaries directly, responded to human crises around the world, and provided the **Global Vigilance, Global Reach, and Global Power** to secure our Nation.

Global Vigilance: The ability to gain and maintain awareness – to keep an unblinking eye on any entity – anywhere in the world; to provide warning and to determine intent, opportunity, capability, or vulnerability; then to fuse this information with data received from other Services or agencies and use and share relevant information with the Joint Force Commander.

AMERICA'S EDGE

Global Vigilance

Global Reach

Global Power

Global Reach: The ability to project military capability responsively – with unrivaled velocity and precision – to any point on or above the earth, and provide mobility to rapidly supply, position, or reposition Joint forces.

Global Power: The ability to hold at risk or strike any target anywhere in the world, assert national sovereignty, safeguard Joint freedom of action, and achieve swift, decisive, precise effects.

Global Vigilance, Global Reach, and Global Power constitute America's edge – America's asymmetric advantage that shapes the global security environment. Global Vigilance, Global Reach, and Global Power are vital to our National Security Strategy, as conveyed through the decision superiority they allow, the military options they provide, and the influence they command. However, in a world of increasing uncertainty, volatility, and accelerating technology, America's edge will become a fleeting advantage if we fail to maintain and hone it.

The United States Air Force executes its missions globally. Its warfighting domains cover the entire planet, offering a unique perspective. Every day, America's

Airmen demonstrate a non-negotiable commitment to offer and deliver sovereign options for the United States in, through and from air, space, and cyberspace.

Our Air Force strategic imperatives articulate why these sovereign options are necessary to maintain and strengthen our national security and global stability. The Air Force is redefining air, space, and cyber power through cross-domain dominance – our effort to integrate all of our capabilities to exploit the natural synergies across these warfighting domains.

This Statement articulates the major elements of our Air Force Posture – our strategy for fulfilling our role in defending the Nation and its interests; our contributions to winning the Global War on Terrorism; our most critical efforts and concerns; and our top priority programs. We will continue to pursue specific programs and initiatives to safeguard and strengthen America's military advantages and to address major concerns and risks.

Three overarching Service priorities serve as the organizing principles for all of our efforts: Winning Today's Fight; Taking Care of Our People; and Preparing for Tomorrow's Challenges. The Air Force's top acquisition priorities specifically begin to address our critical recapitalization and modernization needs – the new Tanker (KC-X); the new Combat Search and Rescue Helicopter (CSAR-X); modern space systems to provide capabilities vital to our Joint warfighters; the F-35A Lightning II; and a new Bomber we intend to field by 2018.

We will continue our efforts to modernize and protect America's vital air, space, and cyberspace capabilities. We strongly recommend extending the existing C-130J production line. We are also concerned with preserving America's aerospace industrial base. Additionally, we seek relief from restrictions on the retirement of aging, worn-out aircraft which are increasingly unsafe, unreliable, and obsolete. The Air Force is highly engaged in national efforts to assure sustainable energy, and we will continue to push the performance envelope on fuel efficiency and renewable energy technologies. We are committed to the Joint Basing initiative and want to work through the transfer of total obligation authority and real property control without impacting command authorities, reducing installation service support, or negatively affecting quality of life. Finally, we will continue our practice of recruiting and retaining the world's highest quality Airmen.

We will build upon our successes in achieving Total Force Integration of our Regular, Guard, Reserve, and Civilian Airmen.

America looks to its Airmen to provide dominance that spans the air, space, and cyberspace warfighting domains. They need your support today to defend the Homeland and to prepare for tomorrow's threats and challenges. Full funding and support for America's Airmen will ensure America's continued freedom of action; reassure our allies; strengthen our partnerships; reinforce our sovereign Homeland defenses; dissuade and deter adversaries; and set conditions for Joint and Coalition success across the entire spectrum of conflict and crisis.

We guard the Nation – providing the Global Vigilance, Global Reach, and Global Power that underwrite the security and sovereignty of our Nation.

Strategic Imperative

The mission of the United States Air Force is to deliver sovereign options for the defense of the United States of America and its global interests – to fly and fight in Air, Space, and Cyberspace.

Today the United States stands at a strategic crossroads. This junction is characterized by a global economy accompanied by a diffusion of technology, new and increasingly complex economic and international relationships, competition for resources and influence, and the changing conduct of warfare. From the early days of the 20th Century, the United States has played a leading role in preserving and protecting international stability, particularly as the number of democratic nations grew. This leadership led in large part to the current world order and provided the backdrop against which countries like Japan, India, and China initiated their unprecedented economic growth. We cannot abdicate our position of political and military leadership without grave consequences.

Challenges

Today's confluence of global trends already foreshadows significant challenges to our organization, systems, concepts, and doctrine. We are at an historic turning point

demanding an equally comprehensive redefinition of American air power. The future strategic environment will be shaped by the interaction of globalization, economic disparities, and competition for resources; diffusion of technology and information networks whose very nature allows unprecedented ability to harm and, potentially, paralyze advanced nations; and systemic upheavals impacting state and non-state actors and, thereby, international institutions and the world order. The following are salient features of this increasingly complex, dynamic, lethal, and uncertain environment:

- Violent extremism and ethnic strife – a global, generational, ideological struggle
- Proliferation of weapons of mass destruction and empowering technologies
- Predatory and unpredictable regional actors
- Increasing lethality and risk of intrusion by terrorist and criminal organizations
- Systemic instability in key regions (political, economic, social, ideological)
- Unprecedented velocity of technological change and military adaptation
- Availability of advanced weapons in a burgeoning global marketplace
- Exponential growth in volume, exchange, and access to information
- Surging globalization, interconnectivity, and competition for scarce resources
- Dislocating climate, environmental, and demographic trends

The consequences of not being adequately prepared for a conflict should a military peer arise would be severe and potentially catastrophic. We must maintain our focus on deterring potential peer adversaries from using military threats to narrow our diplomatic options, or from embarking on militarily risky courses of action. The rapid development and proliferation of high-technology weapons, combined with innovative operational concepts, is likely to make these global and regional engagements particularly challenging, since power balances will be dynamic and the risks of miscalculation and misperception high. Therefore, maintaining deterrence will require a sophisticated, competitive strategy that assures we maintain required military capabilities for today and make sustainable, affordable investments for tomorrow.

Even if we continue to successfully dissuade and deter major competitors, their advanced equipment is proliferating worldwide. We are bound to confront these weapons systems wherever America engages to promote and defend its interests. We

must also vigilantly monitor adversary breakthroughs and maintain leading edge research and capabilities in fields such as cybernetics, nanotechnology, biotechnology, electromagnetism, robotics, energy conversion technology, and advanced propulsion. We cannot assume the next military revolution will originate in the West. Indeed, the hub of innovation in science and engineering education has shifted eastward. Therefore, we must anticipate innovative combinations of traditional and new concepts, doctrines, weapons systems, and disruptive technologies.

Given this spectrum of threats, the United States must field an Air Force capable of assuring our allies, dissuading and deterring potential adversaries, and, if necessary, defeating those who choose to become our enemies.

The Role of the U.S. Military

It is always better to deter hostile intent or win without having to fight. Today, the U.S. military does this by shaping the international environment with the potent tools of assurance, dissuasion, and deterrence. The principal role of the U.S. military is to defend our Nation and our national interests. Rooted in overwhelming capabilities and plainly linked to the national will, two powerful tools we exercise in this role are our assurance to allies that they need not bow to violent threats and our deterrence of potential adversaries. Our armed Services accomplish this role by providing a solid foundation of military strength to complement the tools of peaceful diplomacy. None of these tools alone can sustain our position of international political and economic influence. However, we must be prepared to provide our leaders with critical elements of U.S. military power to use in proper combination and in an integrated manner to address potential threats to our Nation and our interests.

Sovereign Options

In response to current and emerging threats, the Air Force has implemented a strategy based on providing policy makers with sovereign options for our defense, covering the spectrum of choices that air, space, and cyberspace capabilities offer for solving problems. We use this strategy for sovereign options to guide how we organize, train, and equip our forces. In peacetime, these options include such expedients as:

supporting the containment of aggressive states or usurping elements of their sovereignty as a means short of war to compel positive behavior; signaling opponents of our commitment by moving forces into contested regions; and providing humanitarian aid – to both our allies and potentially hostile populations – to assure them of friendly U.S. intentions. In war, Air Force capabilities provide decision makers with a range of options, from supporting Joint and Coalition actions in conjunction with allied land and sea forces to direct strikes against enemy centers of gravity to accomplish strategic and tactical objectives. These options provide the country with credible and scalable counters to the full range of potential enemy actions and support our goals of assurance, dissuasion, and deterrence. These sovereign options are enabled by the asymmetric advantage the U.S. possesses in air and space technology and the way our preeminence in air, space, and cyberspace increases the power of all U.S. and Coalition forces.

Through aggressive development of technology and operational concepts, the U.S. enjoys leadership in space, and in recent decades has achieved the ability to gain air supremacy against enemy air forces and air defense systems. The history of warfare, however, shows such advantages to be fleeting and fragile. Air and space preeminence is the key to the ability to accurately strike targets within enemy states or enable friendly ground or maritime forces to rapidly dominate their respective domains. While U.S. air and space preeminence has transformed the way the U.S. fights, allowing Joint and Coalition forces unprecedented freedom of action in all domains, the nation cannot rest on its laurels. Future preeminence is not guaranteed; instead, it must be planned, paid for, developed, and fielded.

More than the ability to win wars, sovereign options increase the nation's strategic flexibility in determining when, how, and where to engage an enemy. War is not a matter of convenience. When war is thrust upon us, we must have the strategic depth to shape the conditions of conflict. From 1991 to 2003, the use of no-fly zones allowed the U.S. to contain the aggressive actions of Saddam Hussein. When his aggressive acts drew us into open conflict, the determined use of air power as part of a Joint force crushed Iraq's conventional armies. A similar fate met the forces of Al Qaeda in Afghanistan. When the Taliban were removed from power in 2001 by a

combination of air power working with Special Forces and indigenous Northern Alliance troops, we disrupted Osama bin Laden's plan to operate his global terrorist network from the relative sanctuary of the Afghan frontier. In the insurgencies that followed these operations, air, space and cyberspace power continued to prevent insurgents from massing into guerrilla armies, thus diminishing their power and providing friendly forces time and territory to establish stability.

The Air Force's ability to be simultaneously dominant in air, space, and cyberspace, has formed the foundation from which we provide sovereign options to policy makers. Our ability to operate across these domains and defeat our adversaries in each allows the Air Force the ability to multiply the power of Joint and Coalition forces or to act alone to achieve national objectives. Our Air Force combines capabilities in the domains of air, space, and cyberspace to deliver Global Vigilance, Global Reach, and Global Power to the Joint force.

Cross-Domain Dominance

No future war will be won without air, space, and cyberspace superiority. Accordingly, the Air Force must be better postured to contend with both today's and tomorrow's challenges. To promote and defend America's interests through Global Vigilance, Global Reach, and Global Power, the Air Force must attain cross-domain dominance.

Airmen appreciate the interdependence of the air, space, and cyberspace domains – actions in one domain can lead to decisive effects in any and all domains. Cross-domain dominance is the ability to maintain freedom of action in and through the air, space, and cyberspace despite adversary actions. It permits rapid and simultaneous application of lethal and non-lethal capabilities in these three domains to attain strategic, operational, and tactical objectives in all warfighting domains: land, sea, air, space, and cyberspace.

Through cross-domain dominance, the Air Force contributes to Joint freedom of maneuver in all warfighting domains. This, in turn, allows the Joint Force Commander to achieve desired outcomes across the full range of military operations, from humanitarian relief to preventing war via dissuasion and deterrence to inflicting strategic paralysis on implacable opponents. Without the Air Force's ability to present this

spectrum of capabilities to the Joint Team in peace, crisis, and war, U.S. national security would be at risk.

Implementing the Strategy

The Air Force currently provides Joint and Coalition forces with an air bridge to the rest of the world and dominance on the battlefield. This hard-won capability to dominate air and space will only persist in coming decades if carefully nurtured.

The technology race continues. Today, opponents are studying our operations in Iraq and Afghanistan and are rapidly developing counters to aging U.S. air and space superiority technology. These adaptive competitors are translating lessons from recent conflicts into new warfighting concepts, capabilities, and doctrines specifically designed to counter U.S. strengths and exploit vulnerabilities. They are advancing in all domains. For example:

- “Generation 4-plus” fighter aircraft that challenge America’s existing “4th Generation” inventory – and, thus, air superiority – with overwhelming numbers and advanced weaponry; sophisticated integration of electronic attack and advanced avionics; emerging low-observable technologies; and progressive, realistic, networked training
- Increasingly lethal integrated air defense systems (IADS) that threaten both our Airmen and aircraft, and could negate weapons used to suppress or destroy these systems
- Proliferation of surface-to-surface missiles with growing range, precision, mobility, and maneuverability that are capable of delivering both conventional and non-conventional warheads
- Proliferation of unmanned aerial systems (UAS) capable of conducting low observable, persistent, intrusive missions in both lethal and non-lethal modes
- Resurgence of offensive counterspace capabilities, including anti-satellite (ASAT) weapons, jamming, and blinding
- Increasing ability of even marginal actors to surveil the disposition of U.S. and allied assets through widely-accessible, commercially-available means

In the coming years our advantage will significantly diminish if we do not keep pace by fielding new 5th Generation fighters, modern bombers, and modern satellites in sufficient numbers to counter the development of advanced anti-air and anti-space technologies and the inevitable export of those capabilities to potentially hostile states and non-state actors. We must provide our Airmen with the most exceptional tools for battle in order to sustain a durable and credible deterrent against our adversaries.

Equally worrisome is the rapidly shrinking aerospace industrial base. Historically, America's strength and ability to capitalize on advances in air and space technologies hinged largely on its vibrant and diverse aerospace industry. This advantage has deteriorated over the last decade.

Beyond advantages in technology and operational concepts, America's commitments abroad require an expeditionary Air Force that can engage forward in peacetime and fight forward in wartime. While long-range bombers and missiles are the ultimate guarantor of U.S. security and power, expeditionary presence reflects U.S. power and is the indispensable source of local and regional assurance, dissuasion, deterrence, and, ultimately, sovereign options. Engaging forward in times of peace and fighting forward in times of war are hallmarks of U.S. national security strategy. Therefore, the Air Force must have sufficient resources and capability to continue to maintain a sustainable, rotational base. We must retain sufficient manpower and force structure to project influence.

The mechanism to accomplish this is the Air and Space Expeditionary Force (AEF) that provides Joint Force Commanders with a trained and ready air, space, and cyberspace force to execute their plans. U.S. influence flows from permanent and expeditionary basing and serves to assure allies of U.S. commitment while deterring our adversaries from threatening U.S. national interests. The Air Force works with Combatant Commanders and partner air forces to secure basing and counter potential anti-access strategies. We continue to develop new ways of projecting power without exposing vulnerabilities, and we design systems that facilitate reach-back, thus maximizing forward capability while minimizing forward footprint.

The Air Force can provide Global Vigilance, Global Reach and Global Power only so long as it possesses robust capabilities in such areas as air dominance; global strike;

space superiority, intelligence, surveillance, and reconnaissance (ISR); missile defense; special operations; air mobility, and cyberspace superiority. Today, electronic communications constitute and connect all Joint and Coalition capabilities. In an information age, this network allows us to find our opponents, process the information, route it to where it is needed, and guide our munitions to their targets. Cyberspace vastly increases our capabilities but also presents a potential vulnerability our adversaries could exploit. Our enemies also increasingly use and depend on cyberspace systems. Safeguarding our own capabilities while engaging and disrupting the use and purpose of our opponents' capabilities is thus increasingly critical to modern warfare.

If the Air Force is to fulfill its crucial role, we must develop and maintain technological leads in the areas of air-superiority, anti-access penetration, and long-range reconnaissance and strike capabilities to hold at risk targets around the world. We must also field sufficient strike and full-spectrum mobility assets to assure dominance for the Joint Team. We must continue treating space as an operational domain by creating architectures and systems that allow us to provide the appropriate situational awareness and communications capability, giving strategic and tactical advantage to leadership at all levels. We must design and develop a force structure to operate in cyberspace to our benefit while holding adversaries at risk. While doing so, we will continue our series of cross-Service initiatives to enhance interoperability and avoid unnecessary duplication of acquisition, manning and operations.

Win Today's Fight

We remain committed, first and foremost, to fighting and winning the long Global War on Terror (GWOT), sustaining our current operations, and providing strategic defense of our Nation. We also continue to adapt our ability to deter adversary activities, detect enemy locations, and defeat them through direct or indirect actions when required – anywhere and at any time.

America's Airmen are key to Joint success and have proven their capabilities applicable and adaptable across the entire spectrum of conflict. They are the most battle-tested force in our history. Today's GWOT missions are only the latest in a

succession of over seventeen years of continuous combat and expeditionary operations, beginning with our initial Operation DESERT SHIELD deployments in August 1990; continuing with years of persistent conflict in Southwest Asia, Somalia, the Balkans, and Haiti; and through ongoing operations in Iraq, Afghanistan, and around the world. The past seventeen years have clearly demonstrated success at any point along the spectrum of conflict requires air, space, and cyberspace superiority.

Maintain Global Vigilance, Global Reach, and Global Power for America

We are the Nation's premier multi-dimensional maneuver force, with the agility, reach, speed, stealth, payload, firepower, precision, and persistence to achieve global effects. Dominance of air, space, and cyberspace provides the essential bedrock for effective Joint operations.

Today's Air Force provides the Joint Force Commander a range of capabilities that set conditions for success. Our Airmen currently fly an average of over 300 sorties daily as part of Operations IRAQI FREEDOM and ENDURING FREEDOM (OIF/OEF). These sorties include Intertheater and Intratheater Airlift; Aeromedical Evacuation (AE); Aerial Refueling; Command and Control (C2); Intelligence, Surveillance, and Reconnaissance (ISR); Close Air Support (CAS); and pre-planned Strike.

Our Airmen operate on a global scale every day; Air Force engagement in the Central Command (CENTCOM) area of responsibility (AOR) is only the "tip of the iceberg." The complete picture of Air Force engagement includes Airmen deployed to contingencies outside of the Continental United States (OCONUS), forward deployed in Europe and the Pacific, and employed from their home stations as they execute global missions.

Furthermore, the Air Force is the only Service flying Operation NOBLE EAGLE (ONE) missions, which have been continuous since September 2001. America's Airmen fly fighters, tankers, and Airborne Warning and Control aircraft during daily Air Sovereignty Alert operations. America's Airmen also command and control these aircraft, maintaining vigilance and protection of America's air corridors and maritime approaches in defense of our Homeland.

Since 2001 the Active Duty Air Force has reduced its end-strength by almost 6%, but our deployments have increased over 30% – primarily in support of GWOT. Approximately 26,000 Airmen are deployed to over 100 locations around the world to fight in the GWOT at any given moment – fighting our enemies in their own backyard so they cannot come to ours. In addition, approximately 208,000 Airmen – 178,000 Regular Air Force Airmen plus 30,000 Guard and Reserve Airmen – fulfill additional Combatant Commander (CCDR) requirements, missions and tasks 24 hours a day, seven days a week. In other words, approximately 41% of our Total Force Airmen – including 54% of the Regular force – are globally contributing to winning today's fight and are directly fulfilling CCDR requirements everyday.

Whether controlling satellites, flying unmanned aerial vehicles (UAVs), standing strategic missile alert, or analyzing intelligence information, Airmen directly engage America's adversaries and affect events worldwide every day.

Intelligence, Surveillance, and Reconnaissance

Intelligence, surveillance, and reconnaissance (ISR) is the foundation of Global Vigilance, Global Reach, and Global Power. It cuts across all domains and affects almost every mission area. Today, ISR efforts make up the majority of the operations required to achieve our security objectives. These operations range from finding the enemy, to deconstructing its network and intentions, to making it possible to deliver weapons or other effects on target, to subsequently assessing the results of those efforts.

Intelligence, Surveillance, and Reconnaissance is the linchpin of our Effects-Based Approach to Operations (EBAO). It is impossible to accurately predict the effect of operations on an enemy system without good intelligence; nor can one assess the outcome of delivered effects without detailed surveillance and reconnaissance. Intelligence requirements for an effects-based approach to operations and effects-based assessment (EBA) are much more demanding than the old attrition-based model. The increased intelligence detail necessary for EBAO/EBA makes focused reconnaissance and persistent surveillance operations ever-more crucial.

The Air Force has demonstrated its commitment to the importance of ISR by establishing a 3-star Deputy Chief of Staff for ISR, the Air Force ISR Agency, and

formed a global organization for the processing of ISR data from a variety of sources. These initiatives demonstrate the Air Force has shifted the way it manages ISR capabilities from a Cold-War platform perspective to a 21st Century holistic capability-based approach.

Strike

In addition to our ONE missions over the Homeland, America's Airmen fly daily OIF and OEF missions, keeping a watchful eye on America's adversaries and providing lethal combat capabilities that take the fight to our enemies. In 2007, America's Airmen conducted nearly 1,600 strikes in Iraq and Afghanistan. In Iraq alone, Air Force strikes increased by 171% over the previous year, while in Afghanistan strikes increased by 22%. These increases clearly demonstrate the applicability, flexibility, and prevalence of Air Force combat options in ongoing OIF and OEF counterinsurgency operations.

Engaging directly is only a small portion of what the Air Force provides. To meet current and future challenges, we must maintain a credible deterrent that convinces potential adversaries of our unwavering commitment to defend our Nation, its allies and friends. One prominent example is our ICBM force – the U.S. nuclear arsenal continues to serve as the ultimate backstop of our security, dissuading opponents and reassuring allies through extended deterrence. Besides continuing the re-capitalization of our fighter force, we must also modernize our bomber and ICBM forces.

Space

Space superiority, like air superiority, has become a fundamental predicate to Joint warfighting. Indeed, America's space superiority has completely transformed the way America fights. America's Airmen currently operate 67 satellites and provide command and control infrastructure for over 140 satellites in total, providing the nation persistent global communications; weather coverage; strategic early warning; global Positioning, Navigation and Timing (PNT); signals and ISR capabilities – all vital to Joint success.

Space superiority relies on assured access to space, and Air Force launch programs continue to provide this capability. In 2007, we extended our record to 56 straight launch successes, including deployment of two new Global Positioning System

(GPS) satellites. Also in 2007, we successfully launched the first operational Evolved Expendable Launch Vehicle (EELV) heavy lift rocket. This rocket deployed the final satellite in the Defense Support Program (DSP) constellation of ballistic missile warning satellites.

Airlift

Airlift is an Air Force core competency, and our Airmen prove it everyday. Air Force airlifters – both Intertheater and Intratheater – have become absolutely indispensable to Joint Forces in Iraq and Afghanistan as well as to crisis response planners and responders in the wake of natural disasters both at home and abroad. The Air Force gives America an air bridge – a strategic asset providing operational reach – making possible the deployment and employment of Joint combat power and humanitarian relief.

Airmen provide the Nation's ground forces with the tactical, operational, strategic, and logistical reach to rapidly deploy, deliver, supply, re-supply, egress, and evacuate via air anywhere in the world. In Iraq, Air Force airlift delivers approximately 3,500 equivalent truckloads of cargo in an average month, taking more than 8,600 people off dangerous roads and providing the Army and Marine Corps the flexibility to re-assign those vehicles and associated support troops to alternate missions and safer routes.

Aeromedical Evacuation

Air Force Aeromedical Evacuation (AE) is a Total Force, combat-proven system contributing a unique, vital capability to the Joint fight. AE and enroute care are built on teamwork, synergy, and Joint execution, providing Soldiers, Sailors, Marines, Coast Guardsmen, and Airmen the highest casualty survival rates in the history of warfare. Casualties treated in our deployed and Joint theater hospitals have an incredible 97% survival rate.

Since late 2001, we have transported more than 48,500 patients from the CENTCOM AOR to higher levels of care. We continue to refine this remarkable capability and the enroute care system built upon our expeditionary medical system.

Joint Force Land Component Tasks

Of the approximately 26,000 Airmen currently deployed in the CENTCOM AOR, over 6,200 are performing tasks and missions normally assigned to the Land Component – also known as “In Lieu Of” (ILO) tasks. Airmen currently fill other Services' billets in some of their stressed skill areas and are taking on tasks outside Air Force core competencies. Since 2004 we have deployed approximately 24,000 Airmen in support of such ILO tasks, and we expect a steady increase in that total.

In addition to the 6,200 Airmen currently deployed supporting ILO taskings, over 1,000 Airmen are “in the pipeline” for ILO Task training at any given time. Within the Joint Team, Airmen provide the Joint Force Commander distinctive skills. While complementary, these skills are not interchangeable amongst the team, thus Airmen require ground-centric combat training to accomplish ILO taskings. This training increases personnel tempo (PERSTEMPO) for our Airmen, but, more importantly, ILO tasks and training consumes critical training time, resources, manpower, and in some cases reduces overall proficiency in Air Force core mission areas. In many cases, Air Force career fields already at critical manning levels are further affected by unit deployment rates of as high as 40%, primarily filling ILO taskings. Such high deployment rates from units cannot be absorbed without putting at risk the critical missions and capabilities the Air Force provides our Nation. This situation creates additional risk to the critical missions the Air Force performs and capabilities the Air Force provides our Nation.

Strengthen Global Partnerships

Fighting and winning the GWOT requires commitment, capability, and cooperation from our allies and partners around the world. We depend on them to secure their territory, support regional stability, provide base access and overflight rights, and contribute a host of air, space, and cyber power capabilities as interoperable Coalition partners.

So America's strategic partnerships are more important than ever. Our Air Force will strengthen and broaden international relationships, capitalizing on the global community of like-minded Airmen while attending to interoperability between allies and

partners. Building these relationships not only expands, extends, and strengthens Global Vigilance, Global Reach, and Global Power, but also leverages the Air Force's value as an engine of progress and, thus, as a potent instrument of America's diplomacy in an increasingly interconnected world.

The Air Force strives to develop synergistic, interoperable air forces utilizing a capabilities-based approach. Foreign Military Sales and Direct Commercial Sales allow our partners to operate common systems with the Air Force while providing a vehicle to expand relationships with our international partners. Some recent examples of mutually beneficial agreements include Australian, Canadian, and British selection of C-17 Globemaster III airlifters; international participation in the F-35A Lightning II Joint Strike Fighter (JSF) program and the Advanced Extremely High Frequency (AEHF) satellite communications program; British Royal Air Force procurement of MQ-9 Reaper UAVs; and Australian participation in the Wideband Global SATCOM (WGS) system. Future opportunities for partnerships – with platforms such as UAVs, C-17s, C-130Js, and the new C-27 – can open doors for greater interoperability, personnel exchanges, common doctrine, and training.

In addition to integrating international partners into the most robust combat training scenarios, we maintain our commitment to the pursuit of partnerships for greater global cooperation, security, and stability. We recently held the 3rd Global Air Chiefs Conference in Washington, DC, which gave over 90 international Air Chiefs the opportunity to learn, understand, and share concerns and issues with fellow Airmen from around the world. We are also making strides to improve language expertise and cultural understanding through deliberate development of Airmen in the International Affairs Specialist program, expanding Military Personnel Exchange Program, and cultivating skilled and knowledgeable attachés.

The Air Force's approach to operations, interoperability and training exemplify our global, international, and expeditionary perspective – built on the shared traditions of airmanship that transcend geographic boundaries.

Take Care of our People

Any organizational renaissance begins with people. We must prepare our Airmen for a future fraught with challenges, fostering their intellectual curiosity and ability to learn, anticipate, and adapt. Because our expeditionary Airmen must be prepared to deploy and ready to fight, we are revitalizing the world's most advanced training system and expanding their educational opportunities. While we enrich our Airmen's culture, leadership, training, education, and heritage, we will also continue to care for their families and provide for their future.

Our Airmen are our most precious resource. They must be well-trained and ready for expeditionary warfighting responsibilities. Fiscal constraints dictate that we continue to carefully shape the force. Additionally, within the context of rising costs, we remain committed to providing the highest possible quality of life standards and charting out a career full of education and training for each Airman. We will continue our emphasis on recruiting and retaining the world's highest quality Airmen. Additional Air Force high priority efforts serve to reinforce a warrior ethos throughout our Service, provide proactive force health protection, and encourage Air Reserve Component (ARC) volunteerism.

Spanning six decades of Air Force history, particularly over the past seventeen years, our Airmen have proven themselves as the global first responders in times of crisis – taking action anytime, anywhere. The foundations for this well-deserved reputation are the quality and frequency of the training and education we provide and our commitment to the highest possible safety and quality of life standards.

Shape the Force

Ultimately, we must produce a Total Force that is sized and shaped to consistently meet current and future requirements – balanced against the compelling need to maintain high quality of life standards – to meet the global challenges of today and tomorrow.

During the 1990s, while engaged in continuous combat, the Air Force suffered a seven year "procurement holiday." Today, fiscal constraints have tightened as energy and health care costs have continued to increase dramatically.

In late 2005, the Air Force reduced its end strength by 40,000 Active Duty, Guard, Reserve and civilian Full-time Equivalents (FTEs) in order to self-finance the vital re-capitalization and modernization of our aircraft, space, and missile inventories. End strength reduction by 40,000 FTEs over a 3-year period was our only viable alternative to preserve the required investment capital.

Our Force Shaping efforts have placed us on a path to meet our end strength targets. However, personnel changes of this magnitude come with a degree of uncertainty and difficulty for our Airmen and their families. We are making every effort to use voluntary measures to shape the force with the right skills mix, increase manning in stressed career fields, leverage new technologies, and refine our internal processes to reduce workload and reduce or eliminate unnecessary work through Air Force Smart Operations 21 (AFSO21).

We have reduced our Air Force end strength using a methodology that has preserved a strong expeditionary capability. Our AEF construct provides an enterprise view of Service risk that synchronizes our resources and assets to support our global requirements. However, reducing Air Force end strength further, coupled with ILO taskings for the foreseeable future, carries considerable risks of "burning out" our Airmen in several critical expeditionary career fields as well as limiting our future national options to meet global mission requirements in an increasingly volatile world.

Ensure Highest Quality of Life Standards

Our "People" priority demands we ensure the quality of life we offer our Airmen meets the highest possible standards. Because the nature of our Air Force mission demands a highly educated, trained, and experienced force, we recognize the direct linkages between quality of life issues and their impact on our recruiting, retention, and, ultimately, our mission capability.

Housing and Military Construction

Air Force investments in housing underscore our emphasis on developing and caring for Airmen. Through Military Construction (MILCON) and housing privatization, we are providing higher quality homes faster than ever. With the FY09 funding, we will

revitalize more than 2,100 homes through improvement or replacement. We are on track to meet our FY09 goal of eliminating inadequate housing at overseas locations.

MILCON is an essential enabler of Air Force missions; however, due to fiscal constraints, we must reduce funding and accept greater risk in facilities and infrastructure in order to continue our efforts to recapitalize and modernize our aging aircraft and equipment. However, our new construction projects are state of the art, incorporating energy efficient features and sustainable designs. We have prioritized the most critical requirements to support the Air Force and DoD requirements. Our MILCON plan supports these priorities by focusing on new mission beddowns, training, and depot transformation, as well as dormitory and child care center upgrades.

Joint Basing

The Air Force has a long and successful history of working toward common goals in a Joint environment without compromising Air Force principles and the well-being of our people. Joint Basing initiatives are no exception. To guarantee success, each Joint Base should be required to provide a suitable setting to all of its assigned personnel, their families, and other customers within the local communities our bases support.

To accomplish this, we advocate establishment of a common Joint Base quality of life standard. Our Airmen, Soldiers, Sailors, Marines, DoD Civilians and their families will benefit from efficient, consistent installation support services. Such standards will ensure the Air Force and our sister Services continue to provide all personnel with the level of installation support services they deserve. As we work with the Office of the Secretary of Defense and our sister Services, we will ensure all Joint Basing initiatives contribute to the DoD's ability to perform its mission. We will also safeguard against potential negative impacts to the Joint and Air Force approach to mission performance.

To do this, we will have to work through the transfer of TOA and real property without eroding the local installation commander's prerogatives relative to satisfying mission and training requirements, optimizing installation resources, tailoring installation services to local needs, and prioritizing MILCON funding. We will also have to work through the transfer without reducing the combat capability our bases generate, installation service support standards, or the quality of life for Service members, their families, and other customers of these services.

We look forward to establishing a BRAC-envisioned executive agency agreement involving local leaders and the local unit commander. Such an agency, combined with elimination of duplicate offices and administration of centrally agreed standards, would improve efficiency while safeguarding mission requirements and quality of life for families and Service members. We believe the natural, direct feedback and tension between a service provider and a paying customer is the best model to drive efficiency and cost savings.

The Air Force remains committed to ensuring that all bases, Joint or otherwise, maintain their capability to perform their missions and meet our quality of life standards. We want Joint Bases to be so efficient and effective that an assignment to a Joint base would be a highlight for every Service member.

Recruit, Train, and Retain Highest Quality Airmen

The Air Force is the "Retention Service" – we recruit, train, develop, and retain the best America has to offer. Our emphasis on retention stems from the high technical and operational expertise required of our personnel. The high morale, cohesiveness, and capability of the Air Force are due to our efforts to retain a highly experienced, educated, and skilled force.

The Air Force has never lowered its recruiting standards. We continue to recruit and choose the best America has to offer from our diverse population. Our recruiting and retention figures remain impressive, clearly indicating our success to date and the effectiveness of the Air Force's holistic approach to quality of life, recruiting, and retention. This success reaffirms our commitment to long-term family support efforts, education, and training.

While we recruit Airmen, we retain families. We believe our Airmen should never have to choose between serving their country and providing for their families. Quality of life and family support are critical elements of our overall effort to retain high quality Airmen. As part of our efforts to maintain high quality of life standards, we are concerned with the hardships facing our Air Force families resulting from the frequent moves our Airmen and other Service members make throughout their careers. We applaud ongoing Congressional and interstate efforts addressing such issues as transfer of educational credits for military members and dependents, professional

certifications for military spouses, and economic support for military families coping with spousal income disadvantages.

Additionally, Air Force training initiatives continue to evolve, improving our ability to develop and retain the world's best air, space, and cyberspace warriors. We are concentrating our efforts to reprioritize Air Force professional education opportunities to reflect a balance between winning today's fight and preparing for tomorrow's challenges.

Tuition assistance continues to be a strong incentive that helps ensure we meet our recruiting and retention goals. We believe voluntary education, facilitated with tuition assistance, not only aids in recruiting and retention, but further reinforces national strength and richness by producing more effective professional Airmen and more productive American citizens for the Nation, both during their enlistment and their eventual return to civilian life.

Within the last two years we have taken several initiatives to "intellectually and professionally recapitalize" our Airmen. We are developing leaders with the management acumen, cultural sophistication, international expertise, and language skills to successfully lead a diverse, globally engaged force. Air Education and Training Command and Air University are leading our efforts to reinvigorate the world's most advanced educational system for Airmen by expanding our full-spectrum educational opportunities.

Finally, we optimized and expanded our training regimes to take advantage of more modern methods and broader scope in our live exercises. RED FLAG exercises now offer two venues, Nevada and Alaska, with varied environments; take advantage of Distributed Mission Operations technologies; include Total Force Airmen from the Regular and Reserve Components; and offer the full range of integrated operations, offering realistic training for warriors from across the Services, Components, and our international partners.

Prepare for Tomorrow's Challenges

In addition to taking care of our Airmen and training them for the full-spectrum challenges we expect this Century, it is also our responsibility to ensure our Airmen have the weapons and equipment necessary to provide for our Nation's defense.

The U.S. cannot take advantages in air, space, and cyberspace for granted. Today, we are already being challenged in every warfighting domain. The Air Force is actively formulating innovative operational concepts to anticipate, adapt to, and overcome future challenges. We are transforming our thinking from considering the space and cyber domains as mere enablers of air operations to a holistic approach that recognizes their interdependence and leverages their unique characteristics. We will continue to push this conceptual envelope and expand the boundaries of existing tactics, techniques, and procedures to fully exploit the synergies of cross-domain dominance.

But we cannot hone America's edge without modernizing the Air Force's air, space, and cyberspace capabilities. We are therefore pursuing the biggest, most complex, and most important recapitalization and modernization effort in Air Force history. These programs will gain and maintain militarily important advantages for our Nation for the coming decades.

Top Acquisition Priorities

The Air Force's top acquisition priorities begin to address our critical recapitalization and modernization needs – the new Tanker (KC-X); the new Combat Search and Rescue helicopter (CSAR-X); modern space systems to provide capabilities vital to our Joint warfighters; the F-35A Joint Strike Fighter; and a new Bomber we plan to field by 2018.

Additional high-priority acquisition programs include F-22 5th Generation fighter production; C-17 production; continued production of the C-130J and introduction of the C-27 intratheater airlifter; and expansion of the MQ-1 Predator, MQ-9 Reaper, and RQ-4 Global Hawk UAV inventories.

New Tanker (KC-X)

The KC-X is our highest procurement priority. It is critical to the entire Joint and Coalition military team's ability to project combat power around the world, and gives America and our allies' unparalleled rapid response to combat and humanitarian relief operations alike. KC-X 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 they will replace. It is imperative we begin a program of smart, steady reinvestment in a new tanker – coupled with measured, timely retirements of the oldest, least capable KC-135E tankers – to ensure future viability of this unique and vital U.S. national capability.

New Combat Search and Rescue Helicopter (CSAR-X)

The Air Force organizes, trains, and equips dedicated forces for the Combat Search and Rescue (CSAR) mission. The Air Force must recapitalize our CSAR forces to maintain this indispensable capability for the Nation and the Joint Team. Purchasing the entire complement of programmed CSAR-X aircraft will relieve the high-tempo operational strain placed on the current inventory of aging HH-60G Pave Hawk helicopters.

The CSAR mission is a moral and ethical imperative. Airmen are responsible for safely securing and returning our Airmen and members of the Joint and Coalition team. The CSAR-X helicopter will provide a more reliable, more responsive capability for rapid recovery of downed, injured, or isolated personnel in day or night, all weather and adverse conditions, as well as support non-combatant evacuation and disaster relief operations.

Space Systems

Air Force communications, ISR, and geo-positioning satellites are the bedrock of the Joint Team's ability to find, fix, target, assess, communicate, and navigate. While many of our satellites have outlived their designed endurance, they are generally less durable than other platforms and sensors. Over the next ten years we must recapitalize all of these systems, replacing them with new ones that enhance our capabilities and

provide mission continuity, maintaining the asymmetric advantages our space forces provide our Nation.

The WGS system, AEHF, and the Transformational Satellite Communications (TSAT) program will assure a more robust and reliable communications capability designed to counter emerging threats and meet expanding Joint communications requirements.

The GPS II-F and III programs will add a more robust PNT capability to America's established GPS constellation. GPS III will utilize a block approach to acquisition and will deliver enhanced civil and military PNT capabilities to worldwide users.

The Space Based Infrared System will enhance the Air Force's early warning missile defense, technical intelligence, and battlespace awareness capabilities through improved infrared sensing, missile warning, and data processing.

The Air Force will continue to develop space situation awareness (SSA) capabilities to help protect space assets from future threats. We are also pursuing more robust space protection measures to warn of attacks, provide redundant command and control, harden electronics, and defend against direct attacks. The Space Based Space Surveillance (SBSS) system will be the first orbital sensor with a primary mission of SSA. This system, along with other developments such as the Rapid Attack Identification Detection and Reporting System will improve our ability to characterize the space environment – the friends and foes operating in it, and the objects traversing it.

F-35A Lightning II (Joint Strike Fighter)

The F-35A Lightning II will be the mainstay of America's future fighter force, providing an affordable, multi-role complement to the F-22 Raptor. In addition to fielding advanced combat capabilities, the Lightning II will also strengthen integration of our Total Force and will enhance interoperability with global partners.

The F-35A Lightning II boasts 5th Generation, precision engagement, low-observable (stealth), and attack capabilities that will benefit not only the Air Force, but also the Navy, Marines, and our international partners involved in the program. The F-35A is the Conventional Take-off and Landing (CTOL) variant, and it will replace, recapitalize, and extend Air Force F-117, F-16, and A-10 combat capabilities. The F-

35A also serves as the recapitalization program for our international partners' aging F-16s, F-18s, and other 4th Generation fighter aircraft.

Complete dominance of the air and freedom of maneuver for the entire Joint force demand the complementary capabilities of the F-22 and F-35A 5th Generation of fighters. Together, they promise the ability to sweep the skies, take down the enemy's air defenses, and provide persistent, lethal air cover of the battlefield. The leading edge capabilities of the F-35A, in development and low rate production now, will provide an affordable, Joint Service, international complement to the F-22.

New Bomber

Range and payload are the soul of an Air Force. These capabilities, along with precision, lethality, survivability, and responsiveness are fundamental to modern strategic military deterrence, and apply across the full range of military operations – from tactical to strategic, kinetic to non-kinetic. And yet our nation has just twenty-one bombers currently capable of penetrating modern air defenses. Even these B-2 Spirit stealth bombers have limitations and will become relatively less capable and less survivable against advanced anti-access technologies being developed and fielded around the world. Furthermore, our current bomber inventory is becoming more costly to operate and maintain. Indeed, some suppliers for spare parts no longer exist.

The Air Force is therefore pursuing acquisition of a new Bomber by 2018 and in accordance with Quadrennial Defense Review goals for long range strike capability. This next generation bomber will feature stealth, payload, and improved avionics/sensors suites, and will incorporate highly advanced technologies. It will also bring America's bomber forces up to the same high standard we are setting with our F-22 and F-35A 5th Generation fighters, and ensure our bomber force's ability to fulfill our Nation's and the Combatant Commanders' global requirements.

Improve our Global Vigilance, Global Reach, and Global Power

Because Global Vigilance, Global Reach, and Global Power constitute America's edge, we must continually hone our ability to provide them. Our acquisition programs aim to broaden Global Vigilance, extend Global Reach, and strengthen Global Power advantages for America.

Broaden Global Vigilance

The Air Force provides the global eyes and ears of the Joint Team and our Nation. Using a vast array of terrestrial, airborne, and spaceborne sensors, we monitor and characterize the earth's sea, air, space, land, and cyberspace domains around the clock and around the world. The information collected through surveillance and reconnaissance, and converted into intelligence by exploitation and analysis, is used to formulate strategy, policy, and military plans; to develop and conduct campaigns; guide acquisition of future capabilities; and to protect, prevent, and prevail against threats and aggression aimed at the U.S. and its interests. It is relied upon at levels ranging from the President and senior decision makers to commanders in air operations centers to ground units engaged with the enemy to pilots dropping precision-guided munitions.

The future vision of all the U.S. military Services is information-driven. Success will hinge on America's integrated air, space, and cyberspace advantages. Air Force assets like the E-8C Joint Surveillance Target Attack Radar System, E-3 Airborne Warning and Control System, RC-135 Rivet Joint, RQ-4 Global Hawk, MQ-1 Predator, and our constellations of satellites contribute vital ISR capabilities and networking services that are integral to every aspect of every Joint operation. Our recapitalization and modernization plan aims to dramatically increase the quantity and quality of ISR capabilities, products, and services available to the Joint Team and the Nation. Our recapitalization efforts are focused on extending the lifespans and capability sets of our workhorse platforms, such as the RC-135 Rivet Joint and several space-based assets. We are also working to find and leverage previously untapped ISR capabilities such as those on fighters carrying targeting pods. Finally, we have made a concerted effort to ensure the viability of Air Force space communications, PNT, early warning missions, and SSA capabilities to provide uninterrupted mission continuity for America and our allies.

Extend Global Reach

America's Airmen provide the long legs and lift for Joint warfighters' rapid global mobility as well as the long arms for global strike and high endurance for global persistence and presence. On a daily basis, Air Force intertheater and intratheater

airlift and mobility forces support all DoD branches as well as other government agency operations all over the world. Yet the increased demand for their capabilities and their decreased availability underscore the critical need for tanker recapitalization and investment to ensure the long-term viability of this vital national capability.

Strengthen Global Power

The U.S. Air Force provides the ability to achieve precise, tailored effects whenever, wherever, and however needed – kinetic and non-kinetic, lethal and non-lethal, at the speed of sound and soon at the speed of light. It is an integrated cross-domain capability that rests on our ability to dominate the air, space, and cyberspace domains.

The Global Power advantages the Air Force provides the Joint Team ensure freedom of maneuver, freedom from attack, and freedom to attack for the Joint Team. However, failure to invest in sufficient quantities of modern capabilities seriously jeopardizes these advantages and risks the lives of our Soldiers, Sailors, Airmen, and Marines.

Retire Aging, Worn-Out Aircraft

The Air Force has been in continuous combat since 1990 – 17 years and counting – taking a toll on our people and rapidly aging equipment. While we remain globally engaged, we recognize the imperative of investing in the future through recapitalization and modernization. Beyond fielding new aircraft, we must also retire significant portions of our oldest, most obsolete aircraft if we are to build a modern, 21st Century Air Force. Our aircraft inventories are the oldest in our history, and are more difficult and expensive to maintain than ever. They require a larger footprint when deployed, and are significantly less combat-capable in today's increasingly advanced and lethal environment. In the years ahead they will be less and less capable of responding to or surviving the threats and crises that may emerge.

Since 2005, we have attempted to divest significant numbers of old, worn out aircraft. However, legislative restrictions on aircraft retirements remain an obstacle to efficient divestiture of our oldest, least capable, and most costly to maintain aircraft.

Lifting these restrictions will alleviate considerable pressure on our already constrained resources that continue to erode our overall capabilities.

Preserve America's Aerospace Industrial Base

America's public and private aerospace industrial base, workforce, and capabilities are vital to the Air Force and national defense. The aerospace industry produced the brainpower, innovations, technology, and vehicles that propelled the U.S. to global leadership in the 20th Century. The aerospace sector gave birth to the technologies and minds that have made the information age a reality. This key industrial sector continues to lead and produce the technologies and capabilities America needs to safeguard our future.

Yet this vital industry has deteriorated over the last decade. We have witnessed an industry consolidation and contraction – from more than ten domestic U.S. aircraft manufacturers in the early 1990s to only three prime domestic aircraft manufacturers today. Without funding, in the coming decade production lines will irreversibly close, skilled workforces will age or retire, and companies will shut their doors. The U.S. aerospace industry is rapidly approaching a point of no return. As Air Force assets wear out, the U.S. is losing the ability to build new ones. We must reverse this erosion through increased investment.

We must find ways to maintain and preserve our aerospace industrial capabilities. We must maintain national options for keeping production lines open. Complex 21st Century weapons systems cannot be produced without long lead development and procurement actions. Additionally, we must continue our investment in a modern, industrial sustainment base. Air Force depots and private sector maintenance centers have played vital roles in sustaining our capabilities and have become models of modern industrial transformation. We are fully committed to sustaining a healthy, modern depot level maintenance and repair capability.

Furthermore, we must recognize that these industry capabilities represent our national ability to research, innovate, develop, produce, and sustain the advanced technologies and systems we will continue to need in the future. This vital industrial sector represents a center of gravity and single point vulnerability for our national defense.

Extend C-130J Production Line

Acquisition programs set the stage to field future capabilities. So we must make prudent decisions to maintain current production of advanced systems in order to reach required force structure goals and provide a hedge against future uncertainty. We must maintain and extend the existing production lines for C-130J intratheater airlifters. This aircraft represent America's best technology and capability.

We strongly recommend taking action to ensure these vital production lines remain open. Maintaining current production lines will be critical to revitalizing our force structure, setting conditions for future success, and providing America with the option – should conditions dictate – to produce additional modern, advanced technology aircraft without having to start from square one.

Strengthen Total Force Integration

The Air Force is dedicated to ensuring our States and Nation get the most combat effective, most efficient force possible to accomplish our mission faster and with greater capacity, around the world and at home. We believe integrating our Total Force is the best way to do that.

America's Airmen set the DoD standard for Reserve Component integration. The Air Reserve Component (ARC) – comprised of the Air National Guard (ANG) and the Air Force Reserve Command (AFRC) – is an operational reserve and an essential element of the U.S. Air Force. We are developing concepts, strategies, force management policies and practices, and legal authorities to access sufficient ARC forces without the need for involuntary mobilization. Though the Air Force is already the model for melding its Guard, Reserve, and civilians with its Regular Air Force elements, we can and will push this synergy to new levels.

A distinguishing hallmark of the Air Force is the ease with which Total Force Airmen work seamlessly together at home and abroad. From the first Reserve Associate unit in 1968 to the full integration of Guard and Reserve units into the AEF in the 1990s, the Air Force has a well-established history of employing Airmen from all components in innovative and effective ways.

Total Force Integration (TFI) represents a long-term Air Force commitment to transformation. TFI maximizes the Air Force's overall Joint combat capability, forming a more cohesive force and capitalizing on the strengths inherent within Regular, Guard and Reserve elements. Including the ARC in emerging mission areas increases the Air Force's ability to retain critical skills should Airmen decide to transition from the Regular Air Force to the ARC. We will continue to review policies and practices – through our Continuum of Service initiative – to optimize sustainment support to the warfighting force and further integrate personnel management across the Total Force. TFI will be critical to meeting the challenges of competing resource demands, an aging aircraft inventory, and organizing, training, and equipping for emerging missions.

We are leveraging our Total Force to the greatest extent ever. We expect the Total Force to produce the vanguard elements we will need as we expand our leading role in cyberspace and explore new cyber technologies. Many of our most experienced cyber warriors, having attained the high level of expertise required to excel in this domain, are found in our Guard, Reserve, and Civilian ranks.

Total Force Roadmap

As an integral element of our procurement efforts, we have built a global Total Force Roadmap for acquiring and basing new aircraft and equipment. Just as our AEF construct seamlessly draws upon all of the Total Force components, the beddown of future Air Force aircraft and equipment integrates Regular, Guard and Reserve Airmen beginning with the first phases of production and basing through Full Operational Capability.

The Roadmap represents a more efficient and flexible force structure. Although the Air Force will have a smaller total aircraft inventory compared to our current inventory of aircraft, overall Air Force capabilities will increase with each next-generation weapons system. In numerous instances, the potential locations will capitalize on Total Force Integration efforts, creating innovative organizational arrangements among Regular, Guard, and Reserve components. This effort takes advantage of the inherent strengths of each component.

The Air Force Roadmap provides a planning construct for the future which, if adequately resourced, will result in the required force structure that will give our Nation

the best capability for Global Vigilance, Global Reach, and Global Power across the globe; to reassure allies, to dissuade, deter, and defeat adversaries; and to protect the Homeland.

Secure the Future

To maximize the potential advantages of our programs in the future, the Air Force is engaging in multiple initiatives to better organize, train, and equip our forces. Whether harnessing the complementary capabilities of the F-22 and F-35A programs to provide Air Dominance for the Joint Team; strengthening our National Security Space Enterprise; leading efforts to acquire interoperable Unmanned Aerial Systems (UAS); developing Cyber Warriors; or pursuing alternative energy solutions with environmentally safe production processes, the Air Force continues to investigate and embrace opportunities to secure Global Vigilance, Global Reach, and Global Power for our Nation's future.

Strengthen Joint Air Dominance

America's Airmen are understandably proud of their contributions to the Joint fight. Airmen have prevented enemy aircraft from inflicting any U.S. ground force casualties for over 50 years, and our Nation must maintain the required capability advantages to continue this record in the future. With advancing technology and proliferating threats, the Nation also needs the right equipment for the Homeland Defense mission to protect civilians on American soil.

The F-22 Raptor and the F-35A Lightning II JSF are leading-edge, modern, 5th Generation fighters. They are not modernized versions of old designs. These aircraft reap the benefits of decades of advanced research, technology development, open architecture design, and operational experience. These fighters are furthermore designed to be complementary – the F-22 being superior in speed and maneuverability, and the F-35A being optimized for ground attack and multi-role capabilities. These fighters will provide the advanced warfighting capabilities, aircraft system synergies, and the flexibility and versatility required in future environments and engagements.

Currently in production and fully operational with Total Force units in Virginia and Alaska, and with units planned for New Mexico and Hawaii, the F-22 is the newest

member of the Air, Space, and Cyber Expeditionary Force. Airmen are putting the Raptor through its paces – flying and deploying the world's first and only operational 5th Generation fighter. Its attributes of speed, stealth, maneuverability, internal weapons carriage, advanced sensors, and adaptable, integrated avionics will meet our Nation's enduring national security requirements to gain and maintain Joint air dominance in anti-access environments; provide powerful sensing capabilities and battlespace situational awareness; and precisely engage a broad range of surface targets.

It is vital to our national interests that 5th Generation fighter production capability be preserved. This year the F-35A will continue development and begin its ramp-up to full rate production in 2014. Continuing production ensures the aerospace industry keeps its technical edge, maintains an able workforce to respond to uncertainties, and preserves critical skills and production suppliers. Uninterrupted production in sufficient numbers of 5th Generation fighters remains the lowest risk strategy and best future guarantee for homeland air sovereignty and Joint air dominance.

Lead Joint Unmanned Aircraft System Operational Development

The Air Force is the world leader for successful, innovative, and effective development, acquisition, and operation of Unmanned Aircraft (UA) and the UAS that incorporate UAs and the command and control (C2) networks and equipment to employ them. Future successful Joint UAS acquisitions and operations hinge upon execution of three critical elements, which align cohesively with Joint doctrine:

Develop Joint UA CONOPS. UA operators serve the global Joint mission through interoperability and interdependence. Globally- and Jointly-integrated UAS operations and capabilities – from strategic to tactical – are necessary for Joint success. CONOPS development must focus on accomplishing the Joint mission as opposed to serving functional components.

Standardize and Streamline UAS Acquisitions. We must develop an affordable Joint acquisition strategy for future UAS development, organization, and employment. Air Force acquirers and operators pioneered UAS development and application in Joint

warfare, and have established best practices for organizing, training, standardizing, and equipping the world's most effective UAS operations squadrons.

Ensure Airspace Control and Awareness. Presentation of UA forces and capabilities must meet Joint Commander requirements and objectives. "Organic ownership" of UAS capabilities is irrelevant in the context of the Joint fight and the Joint Forces Air Component Commander's authority and responsibility to control Joint airspace. Homeland operations are also becoming increasingly important. We are working with all the Services and the Department of Transportation to establish Federal Aviation Administration Certifications for UA operations within approved civil airspace.

Lead the National Security Space Enterprise

Our Nation depends on its space capabilities as an integral part of its military strength, industrial capability, and economic vitality. As DoD Executive Agency for Space, the Air Force will continue to ensure mission continuity in critical areas of communications, PNT, early warning, SSA, and ISR. We will also continue efforts to strengthen National Space integration and collaboration across DoD, with the intelligence community, our interagency partners and our international partners.

Of particular note are our efforts to strengthen America's space professionals and science and engineering workforce. These professionals will form the fundamental corps who will lead our space efforts to success in the future by integrating enterprise level architectures; designing, developing, acquiring, and fielding new systems; and operating in a dynamic and potentially contested environment.

Additionally, the Air Force is developing capabilities to quickly respond to the urgent needs of Combatant Commanders. Operationally Responsive Space (ORS) is a tiered capability consisting of spacecraft, launch vehicles, and terrestrial infrastructure employed in concert to deliver a range of space capabilities to responsively meet Combatant Commander requirements in times of war, conflict, or crisis.

Finally, the Air Force is committed to improving its space acquisitions, focusing on flexibility and affordability. Success in this endeavor depends on achievable requirements, appropriate resources, disciplined systems engineering, and effective program management. We focus all of these efforts through a disciplined block delivery approach tying together basic Science and Technology (S&T), technology

development, systems development, and system production efforts so concepts first evaluated in S&T will enable a systematic transition from development to operations.

Lead Cyberspace Operational Development

Current and potential adversaries already operate in cyberspace, exploiting the low entry costs and minimal technological investment needed to inflict serious harm in and through cyberspace. State and non-state actors are already operating within cyberspace to gain asymmetric advantage.

In April 2007, Estonia was the victim of a barrage of cyber attacks which brought its technologically sophisticated government to a virtual standstill. Insurgents in Iraq, Afghanistan, and elsewhere exploit electronics and the electromagnetic spectrum to kill and maim through improvised explosive devices (IEDs) and propagate their message of hate to the world. Thus, the ability to inflict damage and cause strategic dislocation no longer requires significant capital investment, superior motivation and training, or technological prowess.

We seek to deny our adversaries sanctuary in cyberspace while assuring our access to and freedom to operate in this domain. Our Nation's ability to achieve effects in air, in space, on land, and at sea depends on control of and freedom of maneuver in the cyber domain.

As part of a larger effort to address this need, the Air Force stood up a Provisional Air Force Cyberspace Command (AFCYBER) on 18 September 2007. Our current plan is to activate the AFCYBER MAJCOM on 1 October 2008. The newly designated AFCYBER will consolidate and integrate Air Force cyber capabilities to prepare them to function across the spectrum of conflict. These capabilities will include, but are not limited to: electronic warfare; network warfare; global command and control (C2) integration, and ISR enhancement.

We will continue to develop and implement plans for maturing cyber operations as an Air Force core competency. Our objective is to provide flexible options to national decision-makers to deter, deny, disrupt, deceive, dissuade, and defeat adversaries through destructive and non-destructive, lethal and non-lethal means.

Assure Sustainable Energy

We are pursuing an aggressive energy strategy and are committed to meeting and surpassing the energy goals mandated by the Energy Policy Act of 2005 (EPA 05) and other national policies. We continue to pursue a variety of programs aimed at reducing our use of fossil fuels and controlling cost growth. Our vision emphasizes a culture in which all Airmen make energy conscious decisions. We aim to implement our vision with solutions that include alternate sources of domestic energy as well as an aggressive drive for greater efficiency in our facilities, vehicles, and aircraft.

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. We have certified the B-52 to fly on a synthetic fuel blend, and are on track to certify the C-17 and B-1 in 2008, the F-22 in 2009, and the remainder of all of our aircraft expected to be certified by early 2011. In fact, on December 17, 2007 -- the 104th anniversary of the Wright Brothers' first flight at Kitty Hawk, NC -- a McChord AFB, Washington-based C-17 flew the first transcontinental flight on synthetic fuel (a 50/50 blend). The Air Force goal is to acquire 50% of its CONUS aviation fuel via a synthetic fuel blend utilizing domestic sources. Our intent is to require synthetic fuel purchases be sourced from environmentally-friendly suppliers with manufacturing facilities that engage in carbon dioxide capture and effective reuse. In addition, the Air Force is testing renewable fuel resources that will lower CO₂ emissions significantly compared to petroleum. 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.

The Air Force is the renewable energy leader, and we seek to expand our portfolio through innovative public-private partnerships and evaluations of a wide range of energy proposals at several bases. Last year, the Air Force received the Presidential Award for Leadership in Federal Energy Management. The Air Force also continued to lead the Federal Government in green power purchases, with 37 bases meeting some portion of their base-wide electrical requirements from commercial sources of wind,

solar, geothermal, or biomass. We reached full operating capacity – 14.5 megawatts – of the largest solar photovoltaic array in the Americas at Nellis AFB, Nevada. At Edwards AFB, California, Kirtland AFB, New Mexico, and Luke AFB, Arizona, we are exploring additional commercial-scale opportunities for solar power. On under-utilized land at Malstrom AFB, Montana, we are exploring the potential for a privately financed and operated coal-to-liquid plant. Finally, as a result of Congressional interest, we have begun considering the potential for small-scale nuclear power production on Air Force property. As energy leaders, the Air Force is engaging with allied and Coalition air force partners to share best practices, identify common issues and concerns, and ensure future, sustainable energy interoperability.

Maintain Science and Technology Leadership

True to our heritage over the past century of powered flight, the Air Force continues to maintain the most complex, diverse, and ambitious S&T portfolio of all the Services. History clearly demonstrates the broad benefits to America of our S&T efforts, in terms of military power, industrial capability, economic growth, educational richness, cultural wealth, and national prestige. Examples of these efforts include aerospace technology and propulsion, materials science, advanced computing and communications, atmospheric science, remote sensing, medicine, precision timing, weather forecasting, and satellite navigation. What has been good for the Air Force has been great for America. We are committed to building upon this heritage.

The Air Force S&T program develops, demonstrates, and tests technologies and advanced warfighting capabilities against the spectrum of 21st Century threats. As we continue to adapt to a volatile and uncertain world, today's focused investment in our S&T program will produce the future warfighting capabilities needed to ensure America's continued technological preeminence and military flexibility. Major Air Force S&T efforts include hypersonics, composites, propulsion, nanotechnology, small satellite technology, directed energy, and cyber technology.

Additionally, Air Force S&T organizations work closely with the other Services, the Defense Advanced Research Projects Agency, Intelligence Community, and other Federal agencies, such as the National Aeronautics and Space Administration, as well

as partner nations. Through these partnerships we leverage efforts, share information, and advance state-of-the-art technologies.

The Air Force S&T Program provides the necessary leadership and foundation for future Joint warfighting capabilities, focusing on dominance of the air, space, and cyberspace warfighting domains. Continued Air Force S&T leadership will be critical to maintaining the asymmetric military advantages and broad national benefits our Joint Team and the Nation have come to expect and enjoy.

America's Airmen

U.S. security and prosperity are best assured when all the instruments of national power are orchestrated to work with other states to promote a stable and prosperous international system. The Air Force directly contributes to U.S. security by providing a unique array of sovereign options for decision makers. These options maximize our ability to assure friends and to dissuade and deter threats, large and small, across the spectrum of conflict. When opponents cannot be deterred, these options magnify the combat capability of Joint and Coalition forces and provide a variety of alternatives for our political leaders to choose from in pursuit of national objectives. We provide the Nation with its most lethal and proven force for defeating enemies across the broad range of threats we face.

By exploiting the synergies of air, space, and cyberspace, the Air Force provides our Nation with the capability to dominate across domains and expand the options available for our sister Services to dominate their respective domains. Implementing our strategy requires fielding a force of highly trained Airmen with a commanding edge in technology and a force structure with sufficient capacity to provide the assurance of U.S. presence. So long as Airmen maintain a global presence and hold significant advantages over potential opponents, we will continue to provide our Nation with the means to lead the fight for global stability and prosperity.

Our emphasis on assurance, dissuasion, and deterrence reflects our conviction that it is far better to convince potential adversaries to refrain from the use of military force than to have to defeat them in battle. Our success will be measured by conflicts averted as well as conflicts fought and won. But we must never forget that our ability to

assure and deter ultimately flows directly from our unambiguous ability to overwhelm swiftly and decisively any adversary who elects to test us.

We are today honing America's edge. Our Airmen have sworn an oath to serve their country, and they are meeting and exceeding their wartime commitments. We remain focused on our Air Force priorities of winning today's fight, caring for our people, and preparing for tomorrow's challenges. We are assessing threats in an uncertain world, balancing our requirements within fiscal constraints, and managing risks as we endeavor to strengthen the asymmetric advantages our Nation and the Joint Team currently enjoy.

We will have neither the buffer of time nor the barrier of oceans in future conflicts. The Air Force's Regular component is smaller in February 2008 than the United States Army Air Forces was in December 1941. The character, tempo, and velocity of modern warfare already severely test our ability to adapt. Therefore, redefining the Air Force for the 21st Century is an urgent national security requirement – not a luxury we can defer.

America looks to Airmen to provide dominance that spans the air, space, and cyberspace warfighting domains. Our Airmen are fighting today's fight, while standing watch across the frontiers of technology and the future. They need your support today to defend the Nation from tomorrow's threats. Full funding and support for America's Airmen will ensure America's continued freedom of action; increase global awareness; reassure America's allies and strengthen our partnerships; reinforce our sovereign homeland defenses; and set conditions for Joint and Coalition success across the entire spectrum of human conflict and crisis.

We imperil our security, our people, and our way of life if we fail to maintain and sharpen America's Edge – the Air Force-provided Global Vigilance, Global Reach and Global Power advantages which underwrite the defense and sovereignty of our Nation.

Mr. ROTHMAN. General Moseley.

OPENING STATEMENT OF GENERAL MOSELEY

General MOSELEY. Mr. Chairman, distinguished members of the committee, thank you for the opportunity for Secretary Wynne and I to talk about the posture of the United States Air Force, our vision for the future, and the strategy to achieve it.

If you allow me to take my time, I would like to introduce six distinguished Airmen that we brought with us today to put a face to the committee on this great Air Force. And I would like to, if you allow me to, take my time for a brief introduction of each.

First, Lieutenant Colonel Brian Turner, University of Virginia graduate, is a Virginia Air National Guardsman who flies F-22As at Langley Air Force Base as part of the First Raptor Classic Association between Air National Guard and Active units. He is the assistant operations officer of the 149th Fighter Squadron. He is a symbol of the Air Force's ironclad commitment to Total Force Integration and to maximizing the strengths of the Air National Guard, Reserve, and Active components. He has logged over 3,600 flying hours in the F-16A, B, C and D and F-22A. He has got over 300 combat hours.

Mr. ROTHMAN. Excuse me, General, forgive me. We want to make sure we get to all the questions, and I am honored to meet all the people that you would like to introduce. If we do not have to hear every part of their biography, I am sure they are all distinguished, but a briefer synopsis of each's contribution.

General MOSELEY. Yes, sir. And I will stay inside my five minutes.

Mr. ROTHMAN. I am willing to give you leeway, but much more than that I think would impinge on the rights of the members to ask all the questions they have. But I am anxious to hear your presentation, sir.

SIX AMERICAN AIRMEN

General MOSELEY. All right, sir. One of his roles at Langley Air Force Base, Virginia was flying in operation Noble Eagle, with sorties over Washington, DC, New York, and the East Coast.

Next is Captain Kari Fleming, a C-17 pilot from Charleston Air Force Base, South Carolina. She is a 2003 graduate of the United States Air Force Academy. Charleston Air Force Base is her first assignment. She has amassed over 1,200 hours, total flying hours, including 900 hours in the C-17. She has flown 124 combat missions, 278 combat hours since 2005 for Operation Enduring Freedom and Operation Iraqi Freedom, where she has flown missions that include direct supply, aeromedical evacuation, and operational air drops, and she has just returned from a deployment in the U.S. Central Command Area of Responsibility (AOR). She is pretty proud to say she has landed that big airplane in the dirt six times. Who would have thought not long ago we would be landing a strategic airlifter on dirt strips, or dirt roads? That is a face on the strategic airlift of our country.

Next is Captain Scott Nichols of the 55th Rescue Squadron. He is an HH-60G combat search-and-rescue pilot from Davis-Monthan

Air Force Base, Arizona where he is a flight commander. Like Kari, he is a United States Air Force Academy graduate, and he is also a distinguished graduate of the Air Force Weapons School. Since May 2002, he has been deployed five times: three times to Kandahar, Afghanistan, for Operation Enduring Freedom; and two times to Balad Air Base in Iraq for Operation Iraqi Freedom. He has logged over 2,000 total flying hours, including 158 combat hours and 53 combat support hours.

Next is Technical Sergeant Jim Jochum. He is an aerial gunner on a Special Operations AC-130 gunship out of Hurlburt Field in Florida. He joined the Air Force in August 1989, and spent five years as an aircraft maintainer before he joined Air Force Special Operations. Since November 1995, he has logged over 4,300 flying hours, 2,500 combat hours on 367 combat sorties, in the AC-130, more than anyone else in Air Force Special Operations Command. Since October 2001, he has accrued 892 days deployed, over three years. He wears an Air Medal and 16 oak leaf clusters.

Next is Technical Sergeant Michelle Rochelle. She is one of the lead operators on the joint team of cyber operations under the tactical control of U.S. Strategic Command's Joint Functional Component Command for Network Warfare. There she executes computer network attack missions and National Security Agency task computer network exploitation missions. She is in direct involvement with the Global War on Terror and supplying strategic intelligence to America's political and military leaders. Mr. Chairman, she represents the vanguard of the forces we are organizing, training and equipping to operate in cyberspace, and she is a reminder that we believe the cyber domain is critical, the nexus of all warfighting domains.

Last we have Technical Sergeant Michael Shropshire, currently the acting operations superintendent for the 12th Combat Training Squadron at Fort Irwin, California. The National Training Center is our interface between the Air Warfare Center at Nellis Air Force Base, Nevada and the United States Army. He enlisted in July 1992. He is a battlefield Airman who has spent his entire career associated with the United States Army. Multiple deployments, from operation Joint Endeavor in Bosnia to Operation Iraqi Freedom, he wears a Silver Star and a Bronze Star. The Silver Star was awarded for heroic actions while surrounded, cut off, under hail of enemy gunfire in the largest sandstorm in four decades. He quickly coordinated close air support, delivered 12 Joint Direct Attack Munitions (JDAMs) on 10 Iraqi T-72 tanks, while constantly switching from his radio headset to his rifle, personally engaging and killing three hostiles at close range. He wears a Bronze Star for exceptional performance as a tactical air control party member during the Third Infantry Division's push on Baghdad in 2003.

So, Mr. Chairman, thank you for the opportunity to take my time for oral statements to introduce six great Americans that wear Air Force blue. Secretary Wynne and I are proud to introduce these to the committee today, and I am particularly proud to wear the same uniform as the Chief of Staff of this great Air Force, serving alongside these men and women that represent a variety of functions inside your Air Force.

Mr. Chairman, thank you.

Mr. ROTHMAN. General, thank you so much for introducing us to these outstanding Americans. If I may ask the committee for a round of applause to acknowledge in the briefest way their service. [Applause.]

ORGANIZING, TRAINING AND EQUIPPING

Mr. ROTHMAN. Let me say a brief round of applause certainly is not enough to honor and address what you do, but that is what we are here today to accomplish: to provide a budget for the Air Force for fiscal year 2009, which will allow you brave men and women, and your leaders, to accomplish the critical and noble mission that you have accepted on behalf of your country.

Let me begin by asking some general questions, an overview for the General and the Secretary. How is the Air Force today organizing, training, and equipping itself to deal with the threats that face our Nation today and the threats that you can foresee in the future? And how are these efforts reflected in the 2009 budget?

Mr. WYNNE. Sir, we believe that we are presently stretched, but we are accomplishing the missions that have been assigned. We demonstrate that we are being a little bit stressed in a couple of ways. One is we took a real position to reduce our Air Force from November of 2005 to now by about 10 percent. Our Airmen are struggling with that reduction because we have seen a growth in the ground forces, and we are responding to that.

We are stretched in the sense that we have airplanes that are 20 years old on average in our fighter world, and 44 years old on average in our tanker world, but yet our maintainers are doing a crack job. Their best effort is to make sure that those airplanes are satisfactory to the mission. So I would tell you that we are stressed, but we are proud of the Airmen that are keeping us aloft.

REDUCTION IN FORCE

Mr. ROTHMAN. Mr. Secretary, before I get to the General, you indicated a reduction in forces. The budget request is for a 9 percent increase in Air Force budget over last year. You indicated a reduction in forces, but at the same time there is an increase in forces, in personnel. My understanding was that the reduction in forces was to, for lack of a better term, address an oversupply of middle management in the Air Force; and the increase in personnel, which would exceed the decrease, addresses the need for other types of personnel in the Air Force. Is that correct, sir?

Mr. WYNNE. Mr. Chairman, every person in our Air Force, whether Active, Reserve, Guard or Civilian is a volunteer. We value what they bring to our Air Force. We regretted any reduction in force that we were required to do, but the affordability is an issue. And affordability is how we are responding. We are trying to prioritize what percent of the American Gross Domestic Product (GDP) has allowed us to in fact protect America. We prioritize this in such a way that right now, with the age of our fleet, we need recapitalization. And we need the investment. So we decided to prioritize the kind of people we had as a reduction.

Now, I will tell you this is delicately balanced, because if you lay off the maintenance people and they can not maintain the airplanes, the airplanes will fall out of the sky. So we have got to bal-

ance the recapitalization along the way with this. When the Army and Marines have elected to increase their force structure, which they have, we have got to relook at what the impact is on our Air Force, because we directly support them with our ground units, with our Joint Tactical Air Controllers (JTACs), and with our airborne units. And so we need to be very careful about making sure that we are not out of balance and not out of synchrony with our ground force components.

Mr. ROTHMAN. General, did you want to address this? And by the way, we are talking about—by the way, I am sure the committee members know, but perhaps not the whole audience, you are explaining the President's request.

Mr. WYNNE. Right.

Mr. ROTHMAN. This is the President's request for the Air Force.

Mr. WYNNE. Right.

Mr. ROTHMAN. A 9 percent increase with these reductions in one segment of the force, and increases in another segment. So what you are presenting to us is what the President would like us to accept. Okay. So you are fitting within a 9 percent increase that he has imposed on you as his limit, and the priorities you can accomplish for the Air Force within his priority dollar figure; is that correct, sir?

Mr. WYNNE. That is correct. We support the President's Budget request. We believe we prioritized it within that.

Mr. ROTHMAN. General.

General MOSELEY. Mr. Chairman, as we look at 17 years of continued deployed combat in the Middle East, to include Bosnia, Kosovo, Mogadishu, Somalia, along with the 12 years of no-fly zones, some of the lessons learned from that length of deployment in combat operations are we can continue to evolve the Air Force. As the Air Force organizes, trains and equips, we look at units, look at mission types, look at equipment, and determine how to train these great Airmen to conduct tasks.

So as we look at the growth of unmanned vehicles with multiple wings and the growth of combat search and rescue, we hope to recapitalize with newer equipment. Now what does that mean for our logistics support? For instance, we believe with the Joint Strike Fighter, we can reduce the number of Air Force specialty codes from 18 to eight relative to those squadrons. So we think there are some inherent savings relative to these new weapon systems.

But Mr. Chairman, I will also tell you as our comrades in the Army grow, the Air Force interface in Air Force units that directly support the Army also grows. For every one of the brigade combat teams that the Army grows, we have embedded Airmen—we have one Airman sitting behind me here—that performs combat communications, combat weather, terminal air control parties—all embedded. So for the Army growth that is programmed, we grow about a thousand or so Airmen that reside inside the Army.

Mr. ROTHMAN. Gentlemen, if I may, and I am just going to ask this question briefly, it is a large question, and then I want to recognize Mr. Lewis—

Mr. LEWIS. Go on to Norman.

UNFUNDED REQUIREMENT LIST

Mr. ROTHMAN. Then I will go the other way around then. In your opinion, Mr. Secretary, General, you have requested—the President's request is a 9 percent increase over last year, from 108 to roughly 117.9 billion; but you are looking for an additional, or have mentioned that there is an additional wish list, so to speak, or rather a list of unfunded mandates as it has been called, of an additional 17.9 billion on top of the 9 percent increase that you would like to have funded.

In your opinion, is there any part of the President's Air Force budget that can be used to address any portion of the 17.9 billion unfunded mandate list or that should be substituted for what is in the President's 9 percent increase?

Mr. WYNNE. Sir, we were pleased to get a nine percent increase, as you mentioned. We were pleased that the President saw that we needed an allocation of that magnitude. The Congress asks us each year to come to them with what is the requirement to meet the National Security Strategy, how would you spend the next dollar? We felt like the appropriate thing to do was stipulate a required force, to come off of that required force in a very balanced way, and to defend the President's Budget request as an acceptance of risk below that.

We think, as well, that you deserve to know where we would spend the next dollar. And we have established a baseline for the required force that we think is necessary. And I encourage the members of this committee to become familiar with that, so that you understand the baseline with which the Air Force is operating. Chief?

General MOSELEY. Mr. Chairman, we take the National Military Strategy, we dialogue with the combatant commanders, we take their demand signals and their requirements, and we build a required force that is parallel to those requirements. The required force is the amount of funding that we have inside the President's Budget request. The delta is a reflection of the congressional requested unfunded requirements list.

Sir, I would take a bit of issue with calling it a wish list because it deals with our people, it deals with combat capabilities, and it deals with an Air Force that is at war. So we provide that to the Congress. And that is a very open process that we say, given one more dollar, this is where we would spend it.

Mr. ROTHMAN. So if we wanted to give you more money you would not spend it on these things, General?

General MOSELEY. Sir, that is where the funding would go, because that is what you asked us to provide.

Mr. ROTHMAN. And let me correct myself. It is not an unfunded mandate, these are unfunded requirements. And we are grateful that you have thought through and laid out for the Congress these additional items.

Mr. DICKS. Mr. Chairman, would you just yield on this point just a second to clarify?

Mr. ROTHMAN. Yes.

Mr. DICKS. Congress, by statute I think, has required the Air Force to do this.

Mr. ROTHMAN. Yeah. I am not being critical of that.

Mr. DICKS. I think this is a good thing so that we know what we could do at the margins if we had a little extra money.

Mr. ROTHMAN. And frankly, I think it is our responsibility to analyze the President's Budget and analyze the list of unfunded requirements that the Air Force has presided. We may have a difference of opinion with the administration, as have prior committees with prior Presidents in prior fiscal year budgets. But I would like now to—so I do not take all the time—to acknowledge and recognize Mr. Tiahrt.

FOREIGN MANUFACTURING

Mr. TIAHRT. Thank you, Mr. Chairman.

First of all, I want to thank you for introducing the troops. Only 1 percent of our population wears the uniform. And I believe they are elite. And you just explained why when you introduced those six individuals. So thank you for serving. I appreciate it very much. And I also appreciate what Mr. Moran said about having a professional workforce.

And Secretary Wynne, General Moseley, Assistant Secretary Payton, Special Assistant Ken Miller, you have all done a very professional job. And this is not about you individuals, this is about the system that I believe is weighted heavily in favor of foreign manufacturers. And some of it has come around because of a memorandum of understanding within the Pentagon, and it has created an unlevel playing field. And that is why a lot more contracts today are going to foreign manufacturers than ever have before in the history of this country.

The DFARS 225.872-1, General, is a memorandum of understanding. It says as a result of memorandum of understanding and other international agreements, DOD has determined it is inconsistent with public interest to apply restrictions of the Buy America Act or Balance of Payments Program to the acquisition of qualifying country end products from the following qualifying countries. And you list 18 countries, which include our NATO allies, basically. And then there is another section which adds another three: Austria, Finland, and Sweden.

And yet the requirements that you waive for these countries are firmly held for American manufacturers, Specialty Metals Act, cost accounting standards, the things I listed in my opening statement, ITAR. All these things are paperwork that require people and money and time to be invested in our products.

In the future—and you know, we are focusing on the tanker today, but this is something that is important to the whole procurement system within the Pentagon because it was the Navy that bought Marine One from a foreign manufacturer, it was the Army that bought the light utility helicopter from a foreign manufacturer, and it is the Air Force that made this decision. All three of those were impacted by agreements of the Department of Defense, internal memorandums and understandings that you have in the Department of Defense that have created an unlevel playing field for American manufacturers. And we have to straighten this out if we ever hope to maintain a defense industrial base.

In addition to the unlevel playing field and regulations, where are we going to account for the difference in lost revenue? I mean right now it is clear that when you lose over 10 percent of the cost of this contract—in addition to the cost of this contract in lost revenue, what is the true cost of a product? What is the true cost of replacing the 179 tankers? And how did you take that into consideration? I mean there was zero recognition given to it. And you say, Well, we do not have a legal obligation to. We should, because it is a net loss for the American taxpayer.

So I think when we point these things out to you, I would like you to comment on what we can do to make it a level playing field for American manufacturers. How can we address the memorandum of understanding that excludes our European allies from regulatory—gives them regulatory relief and excludes American manufacturers from regulatory relief? How can we take into consideration the subsidies, whether legal or illegal? And how can we make sure that we take into consideration the defense industrial base, as the Navy does when they buy ships? Would you care to comment?

Mr. WYNNE. Well, one thing I would tell you, sir, is the acquisition system is increasingly complex. And it has been layered, as you have seen, by laws and then regulations and memorandums. It is a burden.

I would encourage the Congress to take a good hard look at the total system, and especially if the Congress is unhappy with the outcome, because for us we are constrained to be obedient to the laws, the regulations, and the memoranda, and we believe we have fairly applied them.

If I could take just a second on this Integrated Fleet Aerial Refueling Assessment (IFARA) model, we exposed the firewall to both Boeing and to Northrop-Grumman. We recognized that the Air Force actually owns, operates and changes the software, but we gave each of those contractors the model, and we allowed them to run their own software. And so they could develop their own inferences as to how their product was performing. We think we have conducted this hearing now, sir, in as open and transparent a manner, but constrained by, as you say, a very complex set of rules and regulations.

KC-X REQUEST FOR PROPOSAL

Mr. TIAHRT. In this modeling, the RFP was released January of last year, the end of January, I think it was the 30th or 31st. A week later a change to the modeling comes to both contractors. After analyzing, which takes some period of time, how did you expect any company to respond in the short amount of time you gave them to analyze and produce a proposal? I mean they have 90 days to produce a proposal. You took 120 days to evaluate it. They get this change to their modeling a week after the RFP comes out within that 90 days. And what the modeling appears to say is that we are not buying a KC-135, we are buying a KC-10.

And so it really did not give a fair opportunity by your own rules—a fair opportunity for the American manufacturer. I mean the baseline of the RFP is a KC-135E. Is that not true? The baseline RFP.

Mr. WYNNE. The baseline Request for Proposal (RFP) is to a set of requirements that were vetted by the Joint Requirements Operations Council. It does not favor one or the other. It simply states refueling is primary and—

Mr. TIAHRT. But the baseline RFP is a KC-135E.

Mr. WYNNE. It is a replacement program for the KC-135. It does not baseline the KC-135.

Mr. TIAHRT. Okay. That is what everybody gets on January 31st. And that is what everything was indicated for the last 7 years, including the RFI, comes up to this point. And then the modeling comes out a week later that says, you know, this really is not a KC-135 replacement, this is a KC-10 replacement because we are going to put these new scenarios in that include longer range. And so after 7 years you expect a company to give a complete proposal and address all the things that you have to address, it is just unfair.

Mr. WYNNE. Sir, while the contract is under protest I really cannot go into the details, but I think you will find it was done in a fair and legal manner.

Mr. ROTHMAN. I thank the gentleman. I am exceeding the 5 minutes per member and am prepared to do more on the next round. Just so we can make sure that we until then have an opportunity for everyone to ask their questions. Mr. Dicks.

AIR FORCE MEDIUM TANKER

Mr. DICKS. Mr. Secretary, how can you explain the difference from your testimony and what happened here? I mean your testimony basically said we are looking for a medium tanker. I will read it to you one more time.

Mr. WYNNE. So as we look at this, we would tell you that the first, our highest motivation is actually medium-sized tankers. Then our highest motivation is mixed fleet. Our last thing we want to do is have a whole fleet of large airplanes.

And I said, Mr. Dicks, and that is because you need a number, not just size.

And Wynne says quantity has a quality all of its own.

Mr. DICKS. So we were all—Mr. Secretary, I think you are a decent person. Everything I have ever dealt with you on has been straightforward. You have always tried to help on things. This is not personal. And if I said anything that sounded that way, I am not saying we were intentionally misled, I am just saying we were misled, that we thought you wanted a medium-sized tanker. And this committee, that you testified in front of, how can you explain the difference in what happened? We went and did what you said we would never do, and that is buy big tankers, because we still have the KC-10. How can you explain that?

Mr. WYNNE. The replacement program was for the KC-135. The RAND analysis of alternatives ranked various airplanes, from the 737 to the 777, the Airbus 330, the Airbus 340 as candidates for this. Every competitor understood the offerings pretty much of what the other people had.

Mr. DICKS. But there are just two competitors, Mr. Secretary.

Mr. WYNNE. And therefore, I think it was a fair and open competition, very transparent, a lot of feedback to the offerors of record, done in a very legal way.

Mr. DICKS. But Mr. Secretary, just to take the opposite, if it was transparent and if it was open and honest and wonderful, you would have said we want a large tanker. We want a big tanker. This is what General Lichte kept talking about at this press conference. And Sue Payton says he was not part of the selection thing. Because more wasn't part of the selection. Cargo—there was no number of pallets, no number of passengers. None of that. It was all secondary. You said it over and over again: We want a tanker, not a cargo plane.

Mr. WYNNE. I can only tell you—

Mr. DICKS. So all I am saying to you, Mr. Secretary, can you understand why we feel we were misled?

Mr. WYNNE. Sir, I can fully understand.

Mr. DICKS. Explain your testimony. I am talking about your testimony and what had been said over and over again.

Mr. WYNNE. No, sir, there was no size in any of the Requests for Proposal. These are very competent suppliers. They can read the request for proposal.

CMARPS MODEL

Mr. DICKS. Boeing said it wrote a letter to the Air Force after these changes in the CMARP were made to advantage Airbus so that they could compete. They could not even have competed, had those changes not been made in the criteria. Once they were made and acknowledged, the changes were made, Boeing wrote a letter to the Air Force saying, If you want a big tanker, we will—let us bring in the 777. They were discouraged from doing that by the Air Force.

Mr. WYNNE. Boeing had every right—

Mr. DICKS. And that is why we feel so mistreated in this deal. And that is why we are so angry about it, because we do not think this was fair, open, and transparent. You keep saying those words, but the words do not mean anything if the actions—look at the actions. And the actions were not fair, open, and transparent.

Mr. ROTHMAN. Mr. Dicks, this will not come from your time.

Mr. Secretary, did you want to respond? Did you want to respond?

Mr. WYNNE. Only to say that we can empathize, but we have to comply with the laws and regulations. Both of these competitors brought qualified products. One was judged to be better. And you are going to find out about that this afternoon.

Mr. ROTHMAN. Mr. Dicks.

Mr. DICKS. Now, one thing I keep hearing from the spin masters—and Mr. Miller, by the way, is very good at spin. He and Lauren Thompson are about the two best in this town, I think. But one of the things they keep saying about this—and this has been said all over the Hill, and I have people who called me and told me about it—is that the Air Force is saying that somehow Boeing was discourteous or was arrogant.

Do you have any indication of any—have you heard this? That during this competition Boeing's people who worked on this were

arrogant or worked not in a professional way? I have not ever heard of that ever from the Boeing Company.

Mr. WYNNE. Sir, all my dealings with Boeing were on a completely professional and objective manner, even to the point of getting notified about the protest.

Mr. DICKS. And one other thing. You know, the day after the decision is made, Lauren Thompson has all of this information. And he says to the press he got it from the Air Force. Now, that was not right. They should not have leaked this information out there, because the other competitor in this who did not win had not even been debriefed.

I mean why would the Air Force do that? Why would the Air Force give Lauren Thompson, who gets a huge fee from Northrop-Grumman to operate his Lexington Institute, why would they give him all this inside information? And he says in the paper that it was given to him by Air Force officers and Northrop-Grumman. How can you explain that?

Mr. WYNNE. We have no way of explaining. We have asked who was it—

Mr. DICKS. Can you check into that for us?

Mr. WYNNE. Yes, sir, I would be happy to. That was a violation.

Mr. DICKS. Thank you, Mr. Chairman.

General MOSELEY. Mr. Chairman, can I offer one follow-up? Congressman Dicks, I will defend General Lichte for a minute. It is my understanding when he said more, he was talking relative to the KC-135, not relative to the two offerings. When he was talking—

Mr. DICKS. But more was not part of the competition. And if he does not know what he is doing, you should not have him standing up there, because he was in contradiction of the entire RFP. The RFP was to get a tanker. And the Secretary said this publicly many times. It was to get a tanker. And cargo—as I said, there was no requirement in the—let me finish this.

Mr. ROTHMAN. Sure.

Mr. DICKS. There was no requirement in the bid for a certain number of pallets or a certain number of passengers. There was some requirement on aeromedical and on fuel offload. Boeing met those. Boeing met all the requirements that were there in this competition.

And this general gets up there and says more, more, more, and all these things that were not part of the requirement. That is, again, trying to spin the obvious change in direction that the Air Force went, in picking this large plane over the medium-sized plane that they testified here that that is what they wanted.

Mr. ROTHMAN. Thank the gentleman. General, did you have another response?

General MOSELEY. No, sir. I was just going to say, Congressman Dicks, his comments were relative to the advantage over the 135, not the two offerings.

Mr. ROTHMAN. Mr. Lewis, please.

AIR FORCE ADVERTISING CAMPAIGN

Mr. LEWIS. Thank you, Mr. Chairman.

Secretary Wynne, General Moseley, welcome to the committee on the posture of the Air Force. As you can sense in this environment,

it is going to be very difficult to have members who are very concerned about their constituencies and implications of the process that is before us to spend a lot of time on posture. But one area where you could help me and maybe the committee would be to spend just a few moments, Secretary Wynne, and certainly General Moseley if you like, on the funding that you will be delivering for advertising purposes relative to the, above all, public understanding of the Air Force's role.

Will you spend a little time doing that for the committee? And maybe we will go back to the tanker after a while.

Mr. WYNNE. Sir, the intent of it was to reach the influencers. What we find is you have to reach people who are inclined to support defense. And what we will tell you is that the way we are going about this is to really create an image in the press, in the thing that allows coaches, allows people to essentially influence these smart kids, that we are going to require to keep our high-technology Air Force, to come see us and sign up. It is actually far less than our sister Services are presently spending. But we asked if they could at least make sure that the influencers would take a peek, take it home with them and understand that their Air Force is an important element in the defense of the country. Chief?

Mr. LEWIS. General Moseley.

General MOSELEY. Sir, thank you for the question. We have had a couple of questions from the staff that would reference that we are attempting to lobby the Congress. And sir, that is not the case. We would not do that because it is not right. It is also in violation of policies. So that would never happen.

But I would like to be on the record as saying we have the lowest number of recruiters per recruited member. We have a fraction of the recruiting budget or the outreach budget of any of the Services. We recruit the same numbers of people that the United States Marine Corps does. The recruiting population out there is getting smaller and smaller. The understanding, as Congressman Tiahrt mentioned, the understanding of the American military, whether it is Soldiers, Sailors, Coast Guard, Marines or Airmen is less and less. This campaign that we started is not just in newspapers, it is in magazines, it is in video, it is on TV.

Mr. LEWIS. Right.

General MOSELEY. And it also establishes directly into an Air Force dot.com Web site that goes immediately to enlisted opportunities and officer opportunities, and a variety of other Web sites, to bring people who are influencers or interested parties to understand more about their Air Force as we look at air, space and cyberspace.

Mr. LEWIS. Thank you, General.

Thank you, Mr. Chairman.

General MOSELEY. And, sir, if you need, for the record, we can get you the numbers and the comparisons with our other brothers on recruiting and on outreach and the numbers of recruiters.

Mr. LEWIS. It would be appropriate to provide that material. Thank you.

[The information follows:]

FY07	Air Force	Army	Marine Corps	Navy
# of Recruiters	1,312	6,439	2,783	3,501
Advertising Budget	\$63.1	\$308.7	\$167.9	\$146.7
	Air Force Reserve	Army Reserve	Marine Corps Reserve	Navy Reserve
# of Recruiters	175	1,800	N/A	700
Advertising Budget	\$12.2	\$54.5	Included in active duty	Included in active duty
	Air Guard	Army Guard		
# of Recruiters	408	5,100		
Advertising Budget	\$10.7	\$85.6		

All active duty data and all recruiter numbers received from OSD P&R, all other data received from the respective Service components. Dollars are reflected in millions.

Mr. ROTHMAN. Thank you, Mr. Lewis.
Mr. Moran.

MASSIVE ORDNANCE PENETRATOR

Mr. MORAN. Thank you, Mr. Chairman. What? Did you draw the short straw in this hearing here?

Mr. ROTHMAN. I am proud to be here and in this Chair.

Mr. MORAN. I know you are. Nice job, Steve. Good to have you chairing it.

Would it be okay if I switched the subject for just a moment? Would you mind that, Mr. Secretary?

Last year, in the President's supplemental request, the Air Force asked for \$88 million to retrofit B-2 stealth bombers. That would have enabled the B-2 to carry a 30,000-pound bunker buster. You will refer to it as a massive ordnance penetrator. At that time, there was speculation that this funding might be a signal regarding the Administration's efforts to attack Iran's subterranean nuclear enrichment program, either Natanz or any other facility. The bunker buster could be used in Afghanistan, but really there isn't any need to retrofit a B-2 stealth bomber since there is less need for stealth capabilities in the Afghan skies.

So some of us in the Congress were concerned about that request, since the only justification that we ever received is that the funding was necessary in response to, and I quote, an urgent operational need from theater commanders. Can you assure the subcommittee today that the retrofitting for B-2 will not be used for a preemptive strike on Iran? Because that was the speculation, as you know.

Either one of you can answer that, General or Mr. Secretary.

Mr. WYNNE. Sir, all I can say is we are subject to the guidance of the National Command Authorities, and I know of no direct instructions to us to complete that such that it could be a preemptive strike. But I will tell you, as a matter of policy for the United States, that option is always on the table.

COMBAT SEARCH AND RESCUE

Mr. MORAN. Well, that certainly is the same script we have been hearing from.

The second-highest priority behind the tanker replacement program is the combat search and rescue helicopter replacement program. We have had contractual problems dating back to 2007. The GAO upheld a protest over the contractual award to the company that was initially given it. Just last month, the DOD Inspector General said that it will begin an audit of the latest competition to determine if the Air Force followed the rules regarding the requirements for this aircraft. What effect will that delay caused by the big protest have on the program schedule and do you still anticipate awarding that contract in the next few months, General Moseley.

General MOSELEY. Sir, I will defer the contract award questions to my boss, but I will tell you the operational impact.

Just like this captain sitting behind me, we are flying HH-60 aircraft that are limited in range and payload and capability in some pretty severe places in combat today. The desire is to give our combat search and rescue team the best possible flying machine with the best possible capability. Because we do combat search and rescue for the entire joint team, not just for the Air Force, but for Marines, Navy, Army, special operations and for our Coalition partners.

So, Congressman Moran, that is a great question. And the further it slips the more risk we take in theater combat operations and the more risk these crews, like this captain sitting behind me, take with an aircraft that is underpowered, has not much range, and has not much capability.

Mr. WYNNE. Sir, I will tell you that August or September is our target. Yes, sir. And, hopefully, everything is sauced upright.

RELIGION AT THE AIR FORCE ACADEMY

Mr. MORAN. That is good. I am glad to hear that.

I have one further question. Last night, I saw a movie about a subject that I have only heard about, but it was very disturbing. It was about the Air Force Academy, and it detailed incidences of real anti-Semitism, that religious evangelicals have had an undue influence on that university. We heard a great deal from the chaplain who was very much troubled by it but who had been threatened as a result, and a gentleman who sued the Air Force Academy. He had three sons going there. And you probably—Mikey Weinstein, I think was his name. He had sued, and he has gotten death threats as a result, and it detailed what his sons had gone through.

I have a constituent who is a Dallas State delegate who also attended the Air Force Academy who also happens to be Jewish.

This stuff is real, and I want to know that it has now been put an end to. There is no more of that kind of real discrimination and almost persecution of people who are not Christian at that university. Can you assure us of that?

General MOSELEY. Sir, let me take that, as the Air Force Chief of Staff. It is outrageous that someone would attempt to do that to people in an institution, whether it is a public or private institution but for sure in the United States military.

Mr. MORAN. But it did happen? You acknowledge it was happening?

General MOSELEY. We have had issues. So has everyone else. And we have taken it on. And it is outrageous that sort of thing occurs to people, citizens. We watch this as far as all faiths. We hold very dear the notions of dignity and respect for all people that go through the United States Air Force Academy, as well as basic military training and any place where they serve while on Active Duty, in the Guard or the Reserve or anywhere in the United States Air Force.

Mr. MORAN. You are telling me what we want to hear, General. The problem is that the people who were involved have been rewarded by promotions, and I would hope that you are looking into that situation with some real depth and not just the kind of superficial response that is normally given.

It didn't happen at the other academies in the way it happened at the Air Force Academy. It should not have happened; and I would hope that measures have been put in place to ensure that the Academy is open for everyone and that everyone's participation is desired and that that is not considered to be any kind of semi-religious institution, i.e., some kind of Christian academy, as some preachers would have wanted it to be, such as Ted Haggard.

I won't go into it in any greater length, but I want you to know that there are some people in this subcommittee and I know in the Congress who are adamant that that kind of stuff has got to stop. It is far beneath the dignity of our service academies.

General MOSELEY. Sir, as the Air Force Chief of Staff, I agree 100 percent with that.

Mr. ROTHMAN. General, I am just going to exercise the privilege of the Chair to ask for further clarification. Is it your testimony or your statement to this committee that the Air Force is now taking all the necessary steps to make certain that this kind of religious discrimination that Mr. Moran described will not happen again?

General MOSELEY. Absolutely, sir; and we can provide for the record all of the studies and the work that we have done since those episodes, if you would like that. We had a commission run by our Deputy Chief of Staff of Personnel and rounded up several outside experts to be able to go look at that; and Mr. Chairman, Congressman Moran, we would be happy to provide that and answer any other questions. Because it is outrageous, and it is unsat, and we don't buy it.

Mr. ROTHMAN. And, General, you are satisfied that you are taking and have taken all the steps necessary to assure that this won't happen again?

General MOSELEY. Sir, you are never satisfied as a Commander or as a Chief of Staff, because you don't know what you don't know until it happens. But I am satisfied we have made the case that this is unacceptable behavior. We welcome all faiths and all disciplines, and that is the way it should be.

Mr. ROTHMAN. This is your watch, General, right?

General MOSELEY. Yes, sir.

Mr. ROTHMAN. Mr. Hobson.

MOBILITY AIRCRAFT PROCUREMENT

Mr. HOBSON. Thank you, Mr. Chairman.

Gentlemen, nice to see you today. I know it is not an easy day.

I want to thank you both for the foreign military training mission at the Springfield National Guard base and your continued help in making that successful, as you have been very helpful in that and continue to be.

I would like to talk about the C-5s and the C-17s, if we could, because we have some of the C-5s. Can you give us your perspective on what we are going to do to C-5s and what we are going to do with—are we going to buy any more C-17s?

I think Ms. Granger left. There are a lot of people interested in C-17s and C-5s, and you have had some discussions on that.

Mr. WYNNE. Sir, I can give you a quick snapshot and then I will segue into affordability. There was a recent acquisition decision following a Nunn-McCurdy breach. The Nunn-McCurdy breach was as a result of the program exceeding its cost budget by more than 50 percent of its original baseline and 25 percent of its current baseline. The acquisition decision memorandum came down from the OSD AT&L that certified the program for 52 RERP'd, if you will, C-5s; and I believe they are going to be called C-5Ms at the time.

This leaves approximately 59 or so C-5As which we intend to Avionics Modernization Program (AMP). You have to AMP them to meet the international standards for position and navigation. So, right now, it is the policy of the Air Force to follow that acquisition model and to re-engine approximately to the total of 52 what will be called C-5Ms.

As to what happens beyond for the C-5 fleet, we are going to follow the law. The law currently prohibits retiring of the C-5s. We have put forward, I think, an argument for the fact that C-17s are being used to a tremendous extent. I would say sometimes we use the phrase "flying the wings off", but they are the workhorse of this engagement, and we believe that the models that are used do not accommodate the moving goalpost that the mobility capability study did, and we can see a case for additional airplanes.

General MOSELEY. Congressman, the President's Budget request has no C-17s in there. We support that. We have discussed this. We don't have an updated mobility capability study. There will be one. We are working hard with the Joint Staff and USTRANSCOM that hopefully in the early 2009 time frame will deploy.

Mr. HOBSON. Will the line be shut down by then, General, the C-17 line?

General MOSELEY. There were 10 airplanes in last year's supplemental. That takes us to 190. There were 14 aircraft in the foreign military sale. So that 24 airplanes will go to some length to maintain the line.

Sir, I don't know the answer to that. I will have to take that for the record.

[The information follows:]

With no additional Air Force procurement above 190 aircraft, the Boeing C-17 production line may begin to shut down in 2008. The last contracted foreign customer deliveries are to the United Kingdom—six in June 2008 and the final production line C-17 deliveries to the U.S. Air Force—190 in August 2009. There are no other orders for C-17s; however, the United Kingdom, NATO Strategic Airlift Capability, and Qatar (two aircraft each) are potential remaining foreign customers. Boeing is currently at risk protecting long lead items for 10 aircraft. C-17s have a 34

month build time. Without commitment for more procurement, Boeing may halt production on protected aircraft.

General MOSELEY. But, Congressman, the challenge we have in attempting to define this requirement has been the goalpost being moved. We have an Army and Marine Corps that has grown close to 100,000. Most MRAPs are incapable of being transported on C-130s. Only the MRAP version RG31, category 1 can be transported in a C-130. This MRAP version is used by special forces and is currently being procured by the U.S. Army and U.S. Marine Corps.

Mr. HOBSON. That you are renting? You rented former Russian aircraft?

General MOSELEY. Air transport of MRAP vehicles are being done with the Russian-made Antonov AN-124. Sir, our C-5 inventory, the C-5As are less reliable; and that gets to the Secretary's point about the Avionics Modernization Program to actually be able to fly them in the international environment. And then our C-17s and C-130s we are burning up with high utilization rates, and this young captain sitting behind me is a good example of that. Every month we take somewhere around 3,500 convoys off the road and close to 9,000 people off the road inside C-17s and our C-130s to avoid Improvised Explosive Devices (IEDs), to avoid insurgents.

And so, sir, as you look at all of those, the goalposts do continue to move on us a bit when you look at strategic airlift. And so the mix of C-17 and modified, reliable C-5s takes us to the place where in the unfunded requirements list we put additional C-17s. Because, if we had extra dollars, that is where we would spend it to be able to maintain this very, very critical piece of the joint fight.

Mr. WYNNE. I endorse what the Chairman said. I am very pleased with the nine percent improvement that the President has offered us, and we have tried to prioritize it within that. As the Chief said, though, the goalposts keep moving. We have to adhere to that goal.

Mr. HOBSON. But we need your advice. And if Mr. Murtha was here, I think he would—I can't speak for him, but I think he would say, as I have heard him speak before, if these goalposts are moving, you need to help us keep you in the game by telling us what you need to stay in the game.

And, for example, I have a parochial interest in the C-5s that are at Wright-Patterson; and I would hope that someday those would be C-17s as we move forward and the goalposts—that was even before the goalposts changed, so I am not going to beat you up about that, but I would like to see that happen.

JSF ALTERNATE ENGINE

I would like to ask your personal feelings about one other thing. The President's budget, again, does not contain an alternate engine on the joint strike fighter. And you have both had experience with the wars of single engines in the past. Can you give us your personal opinion—because I wouldn't have asked you this, but I think you have been asked this before. Will you tell us your personal opinion about the alternate engine?

Mr. WYNNE. Sir, the first thing we have to say is that we support where the President's Budget request came in. We recognize that

it was a business case. We recognize that that business case tried to postulate where it is.

Now, having given all that, it is my personal opinion that we have many nations participating with us. There is even a tendency to go with a single-engine fighter for all the American forces; and if it is going to be all of the free Air Forces are going to fly the same airplane, I think then you have to reach beyond a simple business case into a reliability case.

And if you reach into that reliability case, I can't tell you how happy I was when we stood down the F-15 fleet that I happened to have a second airplane, namely the F-16s to backfill. If I am not going to have any other airplanes to backfill, then I ought to have an extra engine to backfill. And that is where it makes the case I think for excessive reliability, but I think that is what we owe our partner nations.

Mr. ROTHMAN. Thank you, Mr. Hobson.

General, did you want to address that?

General MOSELEY. Yes, please, sir.

Sir, this, like the C-17 issue, is truly an affordability issue. When we say we support the President's Budget request, we have been in hard work for over a year to balance our Program Objective Memorandum (POM) and to be able to submit an Air Force budget. So we support that.

These issues that we are talking about are absolutely linked to affordability; and the \$2 billion that it would take to field the second engine, my fear is I don't know where the \$2 billion comes from. And the desire to hold the IOC, the initial operational capability, of the airplane constant, I don't know where the funding comes from; and I don't know how that is squared inside that program. But, sir, if you are asking my personal opinion of should there be a second engine, I believe there should be.

Mr. ROTHMAN. Mr. Hobson, did you want to make a brief comment?

General MOSELEY. I just don't know where the funding comes from, sir.

Mr. HOBSON. I understand. We will take care of that. That is our job.

The other thing I wanted to say for the record before I leave relates to something we haven't talked about today, but it is very important I think to the future of the Air Force and the military in general. That is synthetic fuel. I am not going to ask you to comment, because I have to leave, and there are other members who want to talk. I hope before you leave you all will talk about synthetic fuels for our aircraft and where we are going with other types of vehicles on that.

Thank you very much, Mr. Chairman, for your diligence.

Mr. ROTHMAN. Thank you, Mr. Hobson.

Mr. Cramer.

BRAC 2005

Mr. CRAMER. Thank you, Mr. Chairman; and welcome, both of you, to the subcommittee.

General Moseley, I want to ask you a question about BRAC, BRAC 2005; and the Alabama delegation has been trying to under-

stand where the Air Force is coming from. This is about rotary wing activities. In the BRAC 2005 recommendation, there was a consolidation of the rotary wing activities into Redstone Arsenal, my base there in North Alabama; and we still haven't gotten an answer.

I think the Air Force has been trying to evaluate whether the jobs were related to development or acquisition; and that is what the BRAC order more or less said, that these jobs will be moved there. And, at first, there were 120 jobs; and then the Joint Cross Service Group cost of base realignment assessment reduced that number to 50. But we still seem to be at a disagreement over whether those 50 will be moved there or not; and our offices, Senator Sessions and I, were trying to present this issue to your folks early in February. Do you have a position on that?

General MOSELEY. Sir, if you will allow me to take for the record the detailed calendar of what happened, who did what, we will get that to you.

But, sir, you know we will 100 percent comply with BRAC, because that is the law of the land, and we will do that.

Mr. WYNNE. I will also add to that, sir, that when we completed the BRAC analysis we then turned into trying to make sure that they had the right business case and that they were accurate when they came up with the information; and I think there is some discrepancy in there. I think the Chief is right. We should take this for the record, go back and make sure that you have a correct assessment of what it is.

Mr. CRAMER. Well, you need to do that.

[The information follows:]

BRAC recommendation number 189 consolidates Army and Air Force rotary wing (RW) DAT&E from Ft. Rucker, AL, Robins AFB, GA, and 50 manpower billets, to the Technical Test Center at Redstone Arsenal, AL. This recommendation was the product of a Technical Joint Cross Service Group (TJCSG) recommendation.

In March 2004, Air Force Material Command (AFMC) responded to a TJCSG data call, certifying that Robins AFB, GA performed RW DAT&E with approximately 10 civilian full time employees as of September 30, 2003 (the snapshot-in-time date for all BRAC recommendations).

In May 2005, the Department of Defense BRAC recommendations were forwarded to the Commission, and made public. In the summer of 2005, the BRAC Commissioners and staff visited all locations nominated for BRAC action. In July 2005 through April 2006, AFMC conducted site surveys at Robins AFB, GA and found significant differences in reported data and actual RW DAT&E work at Robins. (incidental to other activities then, now discontinued).

In October 2007 AFMC certified, in a letter to the Air Force BRAC Program Management Office that they incorrectly responded to the BRAC 2005 data call and that RW DAT&E is no longer accomplished at Robins AFB, GA.

AFMC's re-certification superseded the BRAC requirement to relocate the mission and 50 civilian billets, since those billets were no longer utilized by RW DAT&E. In short, the Air Force cannot move what no longer exists.

Mr. CRAMER. And, of course, we all have to respect the BRAC process, and we are bound by law to do that. But if there is a disagreement there I would like for you to point that, if you think a mistake was made, how that mistake was made. There is construction money at stake here, too, so we have got an unjoined path of construction of needing to go forward, yet we are not clear about where this is going.

General MOSELEY. And, Congressman, there is another part of that, which is where is the work actually done? Where is rotary

wing development acquisition test logistics actually done? So that will be part of the reply that we put for the record to show you where we did that at the time of BRAC and where that work is done now because I depend on the United States Army to do most of that for us.

TSAT

Mr. CRAMER. And then we need the opportunity to hear where you are coming from so that we can respond to that with honoring the process, too.

Secretary Wynne, I would like to ask you a question about TSAT. TSAT has been the keystone system in DOD's communication and architecture, yet you pulled \$4 billion out of the TSAT program, which seemed to me further delaying the system's protected communication capabilities and communication on the move which are critical components in the future combat systems as well. Can you respond to that?

Mr. WYNNE. Sir, I can tell you that we were directed to buy another AEHF satellite, the fourth one. We saw this as a direct influence into where the Congress at the time felt like the TSAT program was going. We attempted to be very, very clear about the fact that we thought the tactical readiness level of the TSAT was higher than the Congress had assessed, but we recognized the risk. And I think overall, as we went down the road of constructing the budget that we have today, AEHF four took a prime position and essentially slid the TSAT; and the response was, from inside of the building, that this would give us a further opportunity to mature the technologies. From an Air Force perspective, we thought they had been matured, but, frankly, we went along.

Mr. CRAMER. So this is a slide rather than a reconsideration of how TSAT fits in?

Mr. WYNNE. We see that TSAT is a requirement of communications-on-the-move. We think that if we are going to be overburdened we see it as essentially saving what we forecast as a saturation of bandwidth downstream.

Mr. CRAMER. Do you know the time frames for when that next AEHF satellite will be available?

Mr. WYNNE. I believe, sir, that they—I don't. I will have to take that for the record, just to make sure I don't misspeak.

Mr. CRAMER. All right. Thank you.

[The information follows:]

The Fiscal Year 2009 President's Budget submission plans for the launch of AEHF Satellite Vehicle 4 (AEHF 4) in Fiscal Year 2014. Because the production of AEHF 4 follows a four year production break, the Air Force is currently conducting a study to assess the impacts of diminishing manufacturing sources, long lead parts, the production break, and other potential vendor issues. Following the completion of this study in April 2008, any potential updates would be reflected in the Fiscal Year 2010 President's Budget submission.

Mr. ROTHMAN. Thank you, Mr. Cramer.

Mr. Boyd.

ABOVE ALL ADVERTISING CAMPAIGN

Mr. BOYD. Thank you, Mr. Chairman.

Secretary Wynne and General Moseley, first of all, let me commend both of you for your very distinguished careers serving our country. I have had the opportunity to work with your offices over the years; and particularly I know, Secretary Wynne, you spent most of your career there in research and development. And I have my interest in the research labs at Tyndall Air Force Base that worked with your office, General Moseley, often. I commend you for your service and the way you conduct yourselves.

I want to revert back to a question that Jerry Lewis from California asked earlier, and this will be very brief. But it is the Above All advertising campaign. Maybe, Secretary Wynne, it will be more appropriate for you. In the information I have it is about an \$81 million cost. Can you tell me, was this ad campaign developed completely in-house or was it done outside by contractors?

Mr. WYNNE. Sir, I believe it was done outside by contractors.

Mr. BOYD. Can you briefly tell the committee why the Air Force felt compelled to run these ads, which to some appear to be the kinds of ads that an advocacy group would run, when, in fact, it is specifically prohibited in law?

Mr. WYNNE. Sir, we have no intention of lobbying Congress. In fact, the survey that was conducted said that we need to get noticed by the influencers, the coaches, the counselors, the parents of people; and we need to push for the Air Force's highest quality individual we can get.

We recognize that there is only about two or three percent of the American population that we essentially compete with. We do this with a relatively meager budget. I would tell you it is probably one-third of anybody else's. We have one-third the recruiters per recruit out there.

So the fact is, and I will say that the papers that we put it in, the New York Times, the Washington Post, go to all the school libraries. So it seemed to me to be a very effective way of contacting the influencers.

There was no intent to lobby, advocate, except to make sure that the influencers understood that there is an opportunity here for their kids to come join the Air Force and defend America.

Mr. BOYD. So your position is it is used as a recruiting tool only?

Mr. WYNNE. Yes, sir. It directs those kids to Web sites for placement within the enlisted or officer corps.

Mr. BOYD. Thank you. I have no more questions.

Mr. ROTHMAN. Thank you, Mr. Boyd.

Mr. Bishop.

F-22 PROCUREMENT

Mr. BISHOP. Thank you very much.

I would like to ask you about the F-22A procurement program. The Office of the Secretary stated that 183 F-22As are affordable and sufficient to meet the projected threats. But the Air Force continues to state the need to procure a minimum of 381 F-22As to meet the national strategic needs. Are there plans to procure additional F-22As beyond the 183 aircraft buy? Do the problems with the F-15s support the acquisition of more F-22As? And does a multi-year current procurement contract provide for variation and quantity? If you decide to procure more aircraft, can they be added

to the multi-year contract and purchased at the same reduced price? If procurement is complete at 183, when will the F-22A production lines start to shut down?

Mr. WYNNE. Sir, the first thing I need to say is that we support the President's Budget request, which currently has an agreement to not shut the F-22 line down but to allow the next Administration to do it. So the budget has essentially removed all of the close-down funds, which would probably have to be reentered, because I think about \$40 million is required by about November of this year.

But, nevertheless, as we present ourselves, we have to say that it was a huge argument about affordability, with the Office of Secretary of Defense determining that the Air Force could not afford to have the F-22 program going forward while the F-35 became developed.

That raging argument, sir, a decision has been rendered, although the Deputy Secretary said he would put four more airplanes into the supplemental request that is coming out later. Now, those four airplanes will be an attempt to add to the multi-year. And it is an agreement that has to be made, but there is no variation in quantity, to your point. We don't think it is sufficient to get it to the other side. But I would say that that is up to the contractor of record.

Mr. BISHOP. General Moseley.

General MOSELEY. Congressman, I will echo Secretary Wynne. This is fundamentally an affordability issue, and we support the President's Budget request in trying to square all of the requirements we have with the budget authority that we receive. The 183 airplanes, plus the perhaps four more, will get us to a place that offers us some opportunities to be able to employ the airplane.

There have been discussions about requirements higher than that. There have been discussions about the studies that take you to those higher numbers. But the affordability question that we face now takes us to those smaller numbers.

Mr. BISHOP. So are you saying that you need the 381, but you just can't afford it right now? Is that what you are saying?

General MOSELEY. Sir, my personal opinion as the Chief of Staff is that the larger numbers provide much more capacity and much more depth than they cover the things like the unforeseen grounding of the F-15s and in the numbers of squadrons that we need to be able to deploy relative to the national military strategy. Except, sir, this is fundamentally an affordability issue.

Mr. BISHOP. So that is your personal opinion, not the official?

General MOSELEY. My personal opinion is more airplanes are better.

Mr. BISHOP. And so that would strengthen strategic capabilities?

General MOSELEY. Sir, it would allow us to retire the fourth-generation airplanes that we are having some challenges with maintaining. The modification lines that we have, particularly for the F-15, I asked General Corley at Air Combat Command a week or so ago, of every dollar spent on modifications, how much goes to true combat capability? Eighty-six percent goes to safety and sustainment issues on those older airplanes.

And, sir, we have made this case in supporting the President's Budget request and attempting to balance our budget authority. This is about funding, and this is about what we can afford.

Mr. BISHOP. So every dollar you put in there is like throwing good money after bad to work on that maintenance and that safety of the old aircraft, as opposed to going on and investing in the new?

General MOSELEY. Sir, I would say all funding is good, but the return on that dollar spent is not necessarily pure combat capability because of the age of the system.

Mr. BISHOP. Do you agree with that, Secretary Wynne?

Mr. WYNNE. Yes, sir. In those figures, only 14 percent goes to enhanced combat capability; 86 percent goes to essentially sustain the system. You cannot at the end of the day survive like that as a nation.

Mr. BISHOP. So you have a personal opinion about more aircraft being better?

Mr. WYNNE. My personal opinion actually stems from a study that was done by an outside contractor. Because I don't have the warfighting background that the Chief of Staff has. But Whitney, Bradley and Brown, Incorporated (WBB) did a study that basically said that the Nation would be in a medium-risk category, not in a low-risk category, with a quantity approaching 280 ships—280 aircraft, excuse me.

Mr. BISHOP. Because we are talking about 183 versus 381?

Mr. WYNNE. Yes, sir. The WBB study actually took a middle position and ended up with about 277 to 280 units.

Mr. BISHOP. So that would be my middle?

Mr. WYNNE. Yes, sir.

Mr. ROTHMAN. Do you have anything more?

Mr. BISHOP. No.

UNFUNDED REQUIREMENTS LIST

Mr. ROTHMAN. Thank you, Mr. Bishop.

Mr. Secretary, General, I have a few questions; and then we will start the second round. But, for the record, understand that we as a committee and as Americans are in awe of the capability and the dedication of your service people under your command. We know that you are the difference between, you and the other services, between the security of our country and the insecurity or lack of security. We are extraordinarily grateful for what you do, and we are mindful that it is only a handful of you with this extraordinary ability and talent and professionalism that make our Air Force the best on the planet earth.

It is the responsibility of this Congress, however, and this committee to receive the President's budget for the Air Force and examine it thoroughly to make sure that our shared commitment to our national security is achieved—is maximized by the President's allocation of dollars and that we spend the taxpayer dollars as wisely as possible. And there may be a disagreement about what system, what plane, what ordinance that we would include if the President hasn't, et cetera, et cetera. But we are sharing the same goal. We are simply doing our job to make sure that we examine these numbers ourselves as a check and balance and to fulfill our constitutional responsibilities.

Along those lines, I have been told that in previous years the unfunded requirements list was called an unfunded priorities list and that not only did the name change this year but that the unfunded requirements list this year is not in priority order. If that is an accurate statement, I would ask for the record for the unfunded requirements list to be provided to us in priority order. Do either of you gentlemen have a problem with that?

Mr. WYNNE. No, sir.

General MOSELEY. No, sir.

Mr. ROTHMAN. Thank you. Obviously, as soon as we can get that, it would be much appreciated and allow us to do our work even more effectively.

[The information follows:]

Priority	Requirement	FY09 Amount (\$ M)	Item description
1	B-52 NDAA Compliance (76 aircraft).	183.1	FY08 Authorization Act directed 76 TAI/44 Combat Coded (CC) fleet with common configuration. Currently funded at 56 TIA/32 CC. Funds four additional aircraft Programmed Depot Maintenance inductions, increased MLPERS/flying hours, and modifications for additional aircraft. Maintains viability and execution of B-52 CONECT program. Selective Availability Anti-Spoofing Module (SASSM) GPS receiver upgrade is required to address capability deficiencies, maintain combat capability and ability to deliver all modern weapons. Supports Required Force.
2	Blue Ribbon Review.	99.5	Funds the following items in accordance with the Blue Ribbon Review: Remote Visual Assessment (RVA) \$0.3M; ICBM Payload Transporter (PT) High Security Locks \$4.2M; Common Vertical Lift Support Platform (CVLSP) \$4.5M; Radiation Sensors \$5.8M; ICBM Cryptography Upgrade, Increment II \$7.5M; Nuclear Storage Structures/Areas Upgrades \$15.4M; New ICBM Payload Transporter (PT) \$20.0M; Nuclear Surety, SDT \$6.0M; Nuclear Surety, Test Equipment \$9.0M; Nuclear Surety, Procure non-powered munitions trailer \$22.8M; Nuclear Surety, Powered Munitions Trailer \$4.0M.
3	Total Force End Strength for Required Force.	385.0	The FY08 Defense Appropriations Act tasked the AF to report on end strength requirements. This requirement requests funding to increase Active end strength by 13,554, civilian by 1,830, and reserve by 3,400 in FY 09 in support of the Air Force's 86 Combat Wings (Required Force). Also includes McConnell AF Reserves.
4	C-130J (+8 aircraft).	576.0	C-130J procurement ensures recapitalization of the aging C-130E fleet, in accordance with Fleet Viability Board recommendation. Continued C-130J procurement allows the Air Force to continue meeting the Intra-theater Airlift requirements for the Combatant Commanders. Part of Required Force.
5	C-17 (+15 aircraft).	3,900.0	Procures 15 C-17s, keeping only active strategic airlift production line open. Part of Required Force.
6	Special Ops Aircraft (+2 C-27Bs, +1 CV-22).	156.8	C-27B for SOF \$74.8M—Funds two C-27B aircraft, initial spares, and ground support equipment for delivery to AFSOC. Accelerates delivery of C-27B aircraft to AFSOC by two years, meeting Commander's needs for precision attack and specialized airlift. Part of Required Force. CV-22 Aircraft \$82M—Buys one additional CV-22 in FY09 to accelerate fielding of SOF aircraft as directed by QDR. Part of Required Force.
7	F-35 (+5 aircraft in FY09 & Advance Procurement for FY10).	828.0	5 additional aircraft in FY09 \$761M—Procures 5 additional F-35s (including long lead) to meet Required Force procurement profile. Advance Procurement for six additional aircraft \$67M—Funds advanced procurement items for 6 additional aircraft to be programmed in the FY10 budget to meet Required Force. Without procuring additional aircraft to meet Required Force, the Air Force is unable to sufficiently recapitalize its aging aircraft.

Priority	Requirement	FY09 Amount (\$ M)	Item description
8	Vanishing Vendor Base.	48.4	ICBM Solid Rocket Motor Life Extension \$31.0M—Following completion of Minuteman III Propulsion Replacement Program this initiative would fund a low-rate ICBM Solid Rocket Motor sustainment production line producing 6 booster sets per year to maintain critical industrial skills, certifications, and supplier base. Mitigates impact of loss of critical propulsion skills/industrial base until a follow-on booster program is approved; U-2 Vanishing Vendor Mitigation \$17.4M—Funds for Vanishing Vendor Mitigation of ASARS On Board Processor (OBP). Funding will purchase two OBPs. Additionally, diminishing manufacturing suppliers and increased GWOT operations tempo is accelerating depletion of Remote Airborne Sensor (SIGINT sensor—RAS—IR) spares, support equipment, Senior Year Electro-optical Reconnaissance Sensor (SYERS) visible and IR focal planes and circuit card assemblies. Insufficient spares inventory to sustain operations results in the inability to meet COCOM intelligence collection requirements.
9	Quality of Life MILCON Projects.	166.0	Funds MILCON requirements for construction, improvement, planning, and design of facilities to improve quality of life of Air Force personnel. Projects include libraries, youth centers, fitness centers, child development centers and workplace improvements.
10	Critical Base Services.	276.9	Provides critical funds to base services that impact the quality of life for all Airmen. Adjustment will bring non-pay programs to 85% of the total requirement, consistent with historical execution rates. FY09 baseline funding is at 63% and barely covers the average execution for contracts, and does not adequately fund services such as base shuttle service, dining hall service hours, fitness/recreation programs, etc. Lack of funding impacts the entire base community and, specifically, junior Airmen. Support Required Force.

AGING AIRCRAFT

Mr. ROTHMAN. In November of '07, the F-15 broke apart. My understanding is, as was appropriate, the entire inventory of F-15s was then examined with a fine-tooth comb and several of the aircraft were deemed to be in danger of falling apart because of a crack or other defects. And I am assuming it, but I would like you to confirm, that you feel confident now that you have identified the problems or problem with the F-15.

Can you tell me, have you gone through the KC-135s with the same fine-tooth comb, given their age, to assure us and the American people that we have—we are paying as close attention as possible to a potential problem with these KC-135s?

Mr. WYNNE. I can tell you, sir, that there are no engineering models that go this long. There are no engineering models that have these kind of hours in them. So every day is a brand new discovery. Our maintenance people are doing miracle work. We do, however, do teardowns; and we look very hard at the KC-135s that are going to be flying we think for another 35 to 40 years, at least the last one.

We also will tell you that on the F-15s there is the third factor of stressing. You know, stresses have to go somewhere on an airplane. When you pull an airplane at nine Gs, they have to go somewhere. We have chased them down into the region we think is the problem, and we are repairing that. We believe that we have gotten it down to the point where we can tell our pilots that this is a safe and effective fleet.

But I can tell you, sir, that as time goes on you can't patch your way into a combat force. You are going to experience what I call

geriatric aging, that we all hate to admit among ourselves. But it does occur in metal fatigue. It does occur in systems.

Chief.

General MOSELEY. Mr. Chairman, thanks for that question.

We have a fleet viability board that looks at major weapon systems. We have looked at the KC-135. We have looked at the C-5, the C-130, the A-10. Now we are asking the system to look at the F-15 to give us some idea about long-term sustainability.

But the Secretary is exactly right. On the KC-135, we are beyond any engineering fail rate data from the company that built the airplane. And they build good airplanes. And to go to them and ask them what is going to break on this airplane, it is tough to know.

So as the question about dignity and the United States Air Force Academy, as the Service Chief of Staff I am never satisfied that I know everything about the aircraft as they age and that I understand everything that is going to break next, because I don't.

On the F-15s, it was a major wake-up when we had a longeron break and have an airplane break apart in flight. We got our Missouri Guardsman back. He has had some surgery, and we will get him back in shape. But, sir, you are never satisfied that you know everything about that.

Mr. ROTHMAN. As long as you make—I understand what your testimony is, that you are making the effort to do as much as you can to discover problems in these other aircraft.

General MOSELEY. Yes, sir. And on the F-15 side we are about to embark on another set of evaluations where we go through another set of fatigue tests on an airplane off the line as well as a teardown test and let the company partner with us on finding out what is any more predictive data that is knowable on how to maintain the aircraft that are now 30 years old.

COUNTERSPACE PROGRAMS

Mr. ROTHMAN. I have one more question. Then I am going to go to Mr. Tiaht. And this is a general broad-picture question about changes that the Air Force has made to the counterspace systems programs, if any, in response to the recent Chinese anti-satellite test.

This is an open hearing. I am certain that there are plenty of things that are being done that you can't talk about in an open hearing. But to address that potential threat, the present threat of anti-satellite weapons or the future threat of anti-satellite weapons.

Mr. WYNNE. I can tell you, sir, this goes to the Executive Agent for Space. The Executive Agent for Space, which is myself, does not have the authority that he could have. We have demanded, for example, that any future space thing come with a defensive suite, which can be argued as to whether it has merit or not. But I find myself engrossed in a coalition of the willing. In other words, I don't have the authority to direct it. I have to encourage and essentially take the moral high ground that America's space needs defense.

EXECUTIVE AGENT FOR SPACE

Mr. ROTHMAN. Excuse me, Secretary, I am not sure I follow. Who do you have to encourage and is this a lack of congressional authority or some other authority?

Mr. WYNNE. Sir, there are more people managing space than there are suppliers to space in our government; and this is a question of who is in charge of space within the national security regime.

Mr. ROTHMAN. Are you requesting that the Congress delineate or designate your office, and you in particular, to head this effort and that all efforts be unified under your command?

Mr. WYNNE. The Congress actually created a panel to examine the implementation of the Space Commission that was chartered and chaired by, I think at the time, Secretary Rumsfeld before he became Defense Secretary. They have a report coming to Congress. I think I would encourage the Congress to review that and take them up on their offer that some of the implementation is a little bit flawed, and I think they would seek to restore the Executive Agent for Space to make sure there is one.

Mr. ROTHMAN. Do you know when we can expect that report, sir?

Mr. WYNNE. Yes, sir. I believe they are making it available this spring.

Mr. ROTHMAN. This spring. Thank you.

ANTI-SATELLITE WEAPONS

General, did you want to comment on that, on the anti-satellite weapons program?

General MOSELEY. Yes, sir.

Mr. Chairman, thank you for that question. Because that also gets at the heart of maintaining space and assured access to space for this country, not only military but for commercial use. The United States Air Force takes this role very seriously as far as space situation awareness and beginning to look at ways to maintain security of systems, not just the satellite itself but the link in the ground station, because that is the synergy of all of that.

We have Air Force Space Command that spends 24 hours a day, seven days a week worrying about this problem; and we have a new commander of United States Strategic Command (USSTRATCOM) that happens to have been the Commander of Air Force Space Command. So I will tell you that we worry about this quite a bit, and we understand very well what the threats to those systems are and what options we have as we evolve into newer systems, fielding newer systems that are much more survival and much more capable, that they should fit inside that concern.

Mr. ROTHMAN. Thank you, General.

Mr. Tiahrt.

KC-X PROGRAM

Mr. TIAHRT. Thank you, Mr. Chairman.

Mr. Secretary, you said that you believe you accurately followed the law in the procurement of the replacement for the KC-135E. And I do believe that within the Federal acquisition regulations there is a requirement for the Air Force to provide a fair and open

competition when they do in fact have a competition versus a sole source contract, but I believe it is very clear now that this was not a fair competition.

I think you would agree that it is not a fair competition when you demand a set of regulations be followed by one manufacturer and you waive those regulations for another manufacturer, because that does change the cost scheme. I think you would agree that subsidies, whether legal or illegal, do change the cost of these products, depending on where they are made; and by ignoring the subsidies and not accounting for it this is not a fair competition.

And it is very clear you had no consideration given to lost revenue or the revenue that would have been gained, in other words, by having an American manufacturer versus a foreign manufacturer.

But there are also areas where it was not a fair competition in the way you evaluated risk.

The Air Force tried to start a program depot maintenance facility in Lake Charles, Louisiana. That facility was unable to get FAA approval or get qualified aerospace workers.

The Navy tried to start up a facility in Greenville, Mississippi, to do the A-6 replacement wing. That facility was unable to get FAA approval or find qualified aerospace workers.

But yet you completely accepted the risk of a foreign manufacturer when they said they were going to—so they promised to move and set up I believe two—maybe as many as four—production lines in America in a place where they have never had FAA certification or they have qualified aerospace workers. That is a huge risk.

And if you look at VH-71, the cost overruns by setting up an American manufacturing facility and transferring work from—a portion of the work from Europe to America, they have overrun their cost by 67 percent, a huge risk; and yet none of that was taken into consideration by the Air Force and created an unfair level of competition. This I think is a bad decision, and it was tried to be sold as a good decision. And the way it was done is the Air Force, not releasing data, leaked this to a guy named Loren B. Thompson, PhD, a guy with a great deal of authority; and he is in a think tank, and everybody gives it a lot of credibility.

It was leaked by the Air Force to say that this bad decision was a slam dunk for Airbus. And the truth is it was a very close competition. In spite of all these inequalities, in spite of all these things that pushed this to a foreign manufacturer, it was still very, very close.

And I want to go back to this modeling. Because the RFP baseline to KC-135 released on January 31st. I said a week later that you had a change to the modeling on February 6th, and I was accurate when I said that. What I failed to mention is that on February 20th, another 2 weeks later, you came out with a third modeling—second-change, third-modeling scenario.

Now, the first one was clearly—the first that was released in October of '06 was clearly a modeling that looked at a KC-135 replacement. Then on February 6th, after the RFP was released, the second modeling started to look like you were looking at a bigger tanker. And the third modeling was clearly pushing this to a bigger airplane, clearly pushing this to a bigger airplane. If you look at

the change in scenarios and putting greater emphasis, this was pushed by the Air Force to a bigger airplane. It wasn't a fair and even competition. So I don't see any way that you can claim that it is fair with all these inequities, all of these inequities.

And then there was given extra credit—even though the RFP doesn't demand extra credit, it was given extra credit for passengers and for fuel capability—or, excuse me, passengers and cargo.

Now, right now, tankers haul about 1 percent of the cargo; and when you put cargo in them it really defeats the purpose of the tanker portion. I mean, what you want is a tanker up there flying around ready to refuel airplanes. If they are carrying cargo, they have less capability. And what percentage of the time do they even carry cargo? It is such a small percentage of the time.

This is a refueling aircraft, and yet this unfair competition was pushed towards a bigger aircraft because it exceeds cargo, which wasn't in the RFP. Meeting the criteria was what was. It exceeds passenger carriers, which wasn't in the RFP. Just meeting the standard was in the RFP.

So this has clearly been pushed to a bigger airplane and a foreign manufacturer. There is just no avoiding that data. It is not a fair competition. How can you accept this as a fair competition when you know this data exists and you know, in fact, that you have waived regulations; you know you didn't consider for subsidies; you know that you didn't consider lost revenue; you didn't even consider for the lost hangars and the reinforced ramps and the extended runways?

Where is the cost for these items in this solution? It isn't. You may have considered it in your scenarios, but the cost is not in there. So how can you tell me that this is a fair competition knowing that all these inequities exist and they are violating the intent of the FAR to provide a fair and level competition?

Mr. WYNNE. I would like really to leave the policy discussion. I think some of those questions ought to be directed to the General Accounting Office to see whether or not the policy implications ought to be considered as you have indicated in a competition. We currently are not, if you will, authorized to examine that under the laws of the United States.

I would also say that since this isn't—I would love to be loquacious about it, but since it is under a protest and you are going to get I think a good inside look, I would ask that you might reserve an open mind and take a briefing later.

Mr. ROTHMAN. General, did you have a comment?

General MOSELEY. No.

Mr. TIAHRT. In conclusion, it is an unfair competition. It is outrageous that we would do something like this, because the FAR demands a fair competition.

Thank you.

Mr. ROTHMAN. Thank you, Mr. Tiahart.

Mr. Dicks.

Mr. DICKS. Just to follow up on a few of these issues, and I am doing this because this is like a historical record, just like we found Secretary Wynne's comments 2 years ago, which led us to believe that we were going to buy a medium-sized tanker. And let me just

go into a couple other things that I think the Air Force needs to think about.

In 2006, the Air Force commissioned a RAND study looking at issues associated with the modernization of the aging KC-135 fleet. It concluded that an inline production approach for a new tanker would eliminate risk and reduce cost.

Boeing proposed an inline approach to the KC-767 tanker production.

Northrop Grumman's approach to production certainly does not appear to be inline and, in fact, appears to be characterized by significant uncertainty and risk, involving manufacturing and modifications in multiple countries, the need to build new facilities, hire and train a new work force, certify new processes and even to produce an operational boom for the first time.

In light of RAND's conclusions, Boeing was marked down in this competition for proposing the inline thing that RAND said it should do. They are doing the same thing right now on the P-3 replacement at the Renton plant in Renton. And everyone says after a few initial hiccups—and they have learned a lot from that—of doing this is the right way to do it. So this is another issue that I think was unfairly discriminated against Boeing.

Also, on this whole—Mr. Tiahr brought up the area of refueling issue and air cargo and passengers. It is normally, looking at Air Force records in terms of cargo, only 1 percent of cargo that is carried in tankers. It is not a big deal. And in most operations of tankers they come back with 70,000 or better pounds of fuel when they come back. They don't use up all the fuel. So having massive amounts of fuel capacity—in fact, I think this plane met the requirement for fuel offload, went over by 20 percent, the KC-767.

So, again, big is not better. Secretary, you said it over and over and over again, Ken Miller told me over and over again, that the medium-sized plane is better because it costs less. You don't burn up as much fuel. Over 25 years, the difference in fuel consumption is \$15 billion.

The difference in maintenance—and this plane is 53 percent larger than the 767—is \$5 billion to \$6 billion. So there is \$20 billion.

No one has ever talked to Congress about hangars. We are going to have to have hangars, new ramps. And the National Guard is coming in with a letter saying, wait a minute, we haven't got any hangars this large.

Now, you took most of the tankers away from the National Guard. They are still smarting over that. But for the people who still have a chance to do it, they don't have any hangars this size. That is going to cost billions of dollars.

And, again, I go back to this scenario. I mean, these people over in France having to bring in Germans because the manuals on the A-380 were done in German. I mean, you know we are going to build the tail, the fuselage, the wings in Europe, bring it to the United States and then build it in a plant that doesn't exist with a workforce workers that doesn't exist.

Todd has detailed you all the times we have tried to do this before, and it just doesn't work. And this is going to be a catastrophic

fiasco that is going to hurt the reputation of the United States Air Force. You two are the leaders of the United States Air Force.

I implore you to go back and take another look at this and do what we have suggested. Redo this competition. Send out the RFP.

And I think big is wrong. I still think that the medium size—that Secretary Wynne was right when he said we want a medium-sized tanker. Because it is more flexible. It can go to more air fields. It is more adaptable. And the bigger the tanker is—the more runways are going to have to be strengthened for these tankers. They have got to have hangars.

Big is just not the answer. A medium-sized tanker to replace the KC-135R is the answer.

And we have had a competition. I mean, to me, this isn't even a close call; and the idea that it was some kind of a slam dunk is just totally ridiculous.

And again, going back to the spinmeisters over there in the corner, you know, you can't spin something that is this flagrantly wrong. And so—if you want to comment, fine. I know you are going to say we have to defer to the protest and all this.

And, by the way, one other thing. The GAO said they looked at this thing on cargo and on passengers, and they said the Air Force did not follow its requirements. They did not look at whether this was needed. And their conclusion was the Air Force could spend billions of extra dollars getting excess cargo and passenger capability that is not needed, and they didn't do the studies to justify that.

So the GAO I hope will take a look at this when they evaluate this.

I just want you to know I have been here for 40 years, and this is the worst decision I have ever seen. There is no justification that I have heard yet for what happened, switching this thing in the middle, going away from the midsize tanker to a great big tanker that is going to be more expensive. And the risk of building this thing is huge, huge. And I just hope—I just hope you guys will go back and say we have got to do the right thing. We should reconsider this. This is obviously a mistake.

Thank you.

Mr. ROTHMAN. Do either of you gentlemen wish to respond again?

Mr. WYNNE. Sir, I think we took that all on board.

Mr. ROTHMAN. Mr. Bishop.

C-130J PROGRAM

Mr. BISHOP. Sir, I want to ask you about the Air Force's supplemental request that included funding for an additional 15 C-130Js and 2 MC-130Js in the aircraft '08 supplemental request. Given the utilization rates of the C-130 and the Air Force's request for additional aircraft in '08 and '09, does the subcommittee need to consider authorizing a follow-on multi-year procurement of additional J models after the current multi-year expires in '08?

Mr. WYNNE. Sir, I would say this, that we are very pleased that the Department sought to expand the fleet of C-130Js. Frankly, we didn't talk about the C-130Es that are out there, but many of them

have flown the wings off them. They have cracked bulkheads. We have a real dilemma on our hands.

The Air Force Special Operations Command and the Marine Corps all want C-130Js. And I will tell you one of the laments that people have that I think is so real is when you get material assets delivered to you in a supplemental you cannot push them into a proper acquisition model.

So I would encourage this committee to tell the Air Force to package up the C-130J program and get a follow-on multi-year. I think having them delivered, whether they are from the regular appropriations or from the supplemental or as it goes, we should have the ability—I think somebody mentioned a variation in quantity. I think you did, sir. And I think we need to be encouraged to get a contract that allows for a little bit of growth or a little bit of shrinkage as time goes on and do it on a multi-year basis.

Mr. BISHOP. How much are we paying for the supplemental aircraft in comparison to the multi-year aircraft?

Mr. WYNNE. Sir, I would have to get that for the record, because the supplemental aircraft is an estimate and a multi-year is an actual contract.

[The information follows:]

The cost of the Fiscal Year 2008 supplemental aircraft is dependent upon the number of aircraft approved. If 17 U.S. Air Force and 7 U.S. Marine Corps aircraft requested were to be approved, we are estimating a contract price of \$61 million for a C-130J, \$62.5 million for a KC-130J and \$77 million for the MC-130J.

In Fiscal Year 2008 the price under the Multi-Year Procurement contract was \$59.8 million for a C-130J and \$59.7 million for a KC-130J.

Mr. BISHOP. When will they be delivered?

Mr. WYNNE. The multi-year delivers—sir, I would have to take that on for the record.

[The information follows:]

The Fiscal Year 2008 GWOT supplemental aircraft delivery dates depend upon when the Fiscal Year 2008 GWOT supplemental request is approved. Whether the aircraft are procured under a multiyear procurement contract or an annual procurement contract the projected aircraft delivery dates are the same at 31 months from Congressional approval to the first C-130J delivery.

Mr. WYNNE. But I will only tell you this. The multi-year prices lower than if we have to buy the original aircraft on an individual basis, and I think the multi-year runs out either this year, in calendar year 2008, or in calendar year 2009.

Mr. BISHOP. How many J models have been deployed to the AOR?

General MOSELEY. Sir, every one we have has been deployed.

Mr. BISHOP. What was the initial estimate of the annual flying hours for a C-130J and what have the average actual annual flying hours been?

General MOSELEY. Sir, let us take that for the record and get you the numbers.

[The information follows:]

The C-130J continues to perform admirably in the Global War on Terrorism and is the intra-theater aircraft of choice for the joint force. Since 2000, the C-130J has flown an average of over 8,500 hours versus over 8,200 programmed hours programmed for an over-fly percentage of 4%.

Mr. BISHOP. Would you say the actual flying numbers have exceeded what you had originally estimated?

General MOSELEY. I bet that is what we will see.

Mr. BISHOP. You don't have an indication of that?

General MOSELEY. I will have to get you those numbers, sir.

Mr. BISHOP. I understand you would have to get the exact numbers. You would have to do some calculations. But do you have a sense of whether or not you have overutilized what the estimates were?

General MOSELEY. Yes.

Mr. BISHOP. What is that sense?

General MOSELEY. Over the programmed estimate I think we are overflying the airplanes. And, sir, if you let me contact the Air National Guard and the Air Force Reserve Command and Air Mobility Command, I will provide you those actual numbers.

Mr. BISHOP. How many C-130 aircraft that are deployed in the AOR have infrared countermeasurement protection?

General MOSELEY. Sir, I am thinking all of the new ones, the C-130Hs and the C-130Js, but let me provide those numbers to you, also.

[The information follows:]

All of the C-130's currently deployed in the U.S. Central Command Area of Responsibility are equipped with infrared countermeasures. This includes 36 Air Mobility Command, 11 Air Force Special Operations Command and six Air Combat Command aircraft for a total of 53 aircraft.

Mr. BISHOP. You have some old ones there that don't have it?

General MOSELEY. We have different ways to do that, but they don't have the new systems. That is correct. Those are the ones we are looking to retire, the C-130Es.

Mr. BISHOP. How many of the C-130s are grounded or flight restricted?

General MOSELEY. Almost all of the 119 C-130Es. But those are the ones we are looking to retire. Some of the C-130Hs are also operating under those restrictions.

Mr. BISHOP. My next question is going to be how many of the grounded aircraft have been returned to flight?

General MOSELEY. Sir, a lot of the aircraft are flying under restrictions; and some of the airplanes are so restricted that we can only fly the crews. So we have some grounded. We have some severely restricted. And those are the older versions of the C-130, which is why the C-130J is so important to us, sir.

Sir, if I could follow up, it is also not just for the cargo carrier C-130s, but it is for the special operations aircraft, also. Those are the ones that are probably more critical to replace in the supplemental because of combat losses.

Mr. WYNNE. And they are flying more?

General MOSELEY. Correct.

CLOSING REMARKS OF MR. ROTHMAN

Mr. ROTHMAN. Thank you, Mr. Bishop.

Mr. Secretary, General, thank you so much for testifying and coming before our committee. We look forward to receiving the items that you indicated you would be providing the committee for the record and, again, receiving them as soon as possible.

Please convey to the men and women under your command our deep gratitude, respect, affection and support for their profes-

sionalism and effectiveness in defending our country and doing what they do better than any other air force, again, on the planet Earth.

We know that you gentlemen, as their leaders, have an awesome responsibility to coordinate all of these efforts and to do so within the budget provided to you by the President and by the Congress; and we are grateful for your many, many years of outstanding service.

You are in our prayers, but we do expect from all of the people who work in government, ourselves and you as well, the highest degree of excellence, effectiveness and professionalism. So God-speed to you both and to the men and women who serve with you.

This subcommittee stands adjourned and will reconvene at 1:30 p.m. For another hearing.

Mr. WYNNE. We thank you for your time and attention, Mr. Chairman.

General MOSELEY. Mr. Chairman, thanks also for watching over not just Airmen, but Soldiers, Marines, Sailors, Coast-Guardsmen, all of the young military members that we have defending this Nation. Thanks to this committee for watching over them.

Mr. ROTHMAN. That is our honor and our privilege.

General MOSELEY. Thanks, Mr. Chairman.

[CLERK'S NOTE.—Questions submitted by Mr. Tiahrt and the answers thereto follow:]

B-52 CORE COMPONENT JAMMER

Question. General Moseley, we understand the Air Force and OSD have endorsed the requirement for a stand-off jamming capability that supports Air Force and joint operations. With the pending retirement of the EA-6B which has been providing jamming support to the Air Force, this makes great sense to me. However, I am concerned about how tight the Air Force budget is, and there does not appear to be sufficient funding for the Air Force to seriously begin developing the technology and entering into a program of record. Would you please tell the committee the Air Force plans for establishing an acquisition program that will lead to a fielded stand-off jamming capability by the fiscal year 2015 time-frame?

Answer. To date, we have no plans for establishing an acquisition program for a stand-off jamming capability. The proposed Core Component Jammer program is not funded. However, the Air Force is pursuing technical maturation efforts for a possible stand-off jamming solution. In this effort, the Service has increased technical materials funding in the President's Budget request for Fiscal Year 2008 by \$20.5 million and in the President's Budget request for Fiscal Year 2009 by \$52 million. We have also applied the \$4 million Congressional added to the President's Budget request for Fiscal Year 2008 to risk reduction efforts in pod development and design. We are investigating phased array weight and power requirements; systems architecture refinement; and development of low/mid band phased array suppliers in order to increase technical readiness levels and position the service for a possible program start of an affordable stand-off capability in the near future.

RE-ENGINE OF THE B-52

Question. General Moseley, with the current national focus on energy dependence on foreign sources for oil, and recognizing that the Air Force is the largest consumer of fuel in the Defense Department, would you please discuss what the Air Force is doing to address recent study recommendations for large aircraft fuel efficiency?

Answer. The Air Force has implemented an energy strategy that consists of reducing our overall demand for energy, increasing the supply of secure energy, and changing the Air Force culture to make energy a consideration in everything we do. Through our Air Force Smart Operations (AFSO) 21 efforts, the Air Force is reducing fuel demand by purchasing fuel-efficient equipment whenever possible and flying more efficiently. We are implementing cost efficiencies, such as reducing the weight of our aircraft and optimizing the routes we fly, where mission appropriate.

Our goal is to achieve an overarching cultural change down to the aircraft commander and crew chief level to conserve fuel while maintaining a level of accountability.

In 2007, the National Research Council released a report entitled “Improving the Efficiency of Engines for Large Non-fighter Aircraft” that assessed possible technical options, including some for the B-52. The Air Force is currently examining the report and identifying ways to move forward. We are also continuing to pursue new aviation technologies to increase the efficiency of jet engines and airframes. Next generation aircraft systems will save energy through more efficient engine technology. Programs such as Adaptive Versatile Engine Technology and Highly Efficient Embedded Turbine Engine are expected to produce greater gains in performance, while resulting in substantially increased range, persistence and speed for both subsonic and supersonic missions while significantly decreasing fuel usage.

INVESTING IN AIR FORCE BOMBERS

Question. General Moseley, concerning our three bomber fleets, the B-52, B-1 and B-2, and given each bomber has a number of decades of life remaining in the aircraft structure, the amount of funding dedicated year over to year toward taking advantage of new capabilities that are available such as radar upgrades, tactical data links, and getting more smart weapons in the weapons bays, has been pretty slim. I recognize the Air Force has a very tight budget right now, but, it also makes sense that we take advantage of the nation’s investment in these bombers through a program that provides enhancements that keeps them flying safely and allows them to better support military operations. Would you please comment on the Air Force plans with regard to ensuring the nation has a viable bomber fleet for this decade and next through investing in our current bombers to sustain and enhance their capabilities, as well as though investing in a future bomber?

Answer. The Air Force is moving forward to enhance its Long Range Strike (LRS) capability by implementing a comprehensive three-phased LRS strategy which addresses near-term issues while also preparing for future operational needs. The strategy and upgrades are detailed in the Air Force Long Range Strike 2007 White Paper, which includes the below highlights:

Phase I (already underway) of this strategy is to modernize the present bomber force and reduce risk. The B-1, B-2 and B-52 are undergoing upgrades focused on sustainability, lethality, responsiveness and survivability that enhance their combat capabilities for the combatant commander. Primary among these are the following bomber upgrades: B-1—Fully Integrated Data Link and Advanced Targeting Pod integration, B-2—Radar Modernization Program and Advanced Extremely High Frequency integration (with primary flight computer upgrades), B-52 Combat Network Communications Technology.

The second phase requires a highly survivable, penetrating, persistent LRS capability in the anti-access environment expected to exist after 2015. The Air Force has completed an analysis of alternatives validating these requirements and identified the most promising platform concepts. Phase II, the Next Generation bomber program, will leverage existing and near-term technologies to meet these requirements by 2018.

For the longer term, Phase III of the air Force’s LRS strategy will employ advanced technologies to provide the speed, range, accuracy, connectivity and survivability required in the 2035 timeframe.

MIXED FLEET

Question. The 2005 Mobility Capability Study stated that the United States Air Force should continue to have a mixed fleet of tanker aircraft—medium and large. The Air Force chose the KC-30 as a replacement for the medium-sized tanker. However, the KC-30 is 27% larger than our largest tanker, the KC-10.

Does the United States Air Force still believe we need a mixed fleet of medium and large tankers? do you consider the KC-30, although it is bigger than our “large” tanker, to be a medium-sized tanker?

Answer. The Air Force benefits from the operational flexibility provided by a mixed fleet of tankers. We are taking a three-phased approach—KC-X, KC-Y, and KC-Z—over the next several decades to replace the KC-135s and eventually the KC-10s. It is envisioned that each phase will be a next competition based on warfighter requirements at the start of each phase (i.e., for KC-Y and KC-Z), we anticipate repeating the requirements and acquisition processes we went through for KC-X. at the recapitalization, we still plan to have a mixed fleet for the operational flexibility we need.

The KC-X solicitation was silent as to the size of the aircraft in order to give the offerors maximum flexibility in crafting their proposed solutions. According to the RAND Analysis of Alternatives for KC-135 recapitalization, medium sized tankers are those with a maximum takeoff gross weight (MTOGW) of 300,000 to 550,000 lbs. Using this Analysis of Alternatives, the KC-135, KC-45 (previously referred to as KC-30 by Northrop Grumman), and KC-767 are all in the medium size class. The KC-10 MTOGW is nearly 600,000 lbs., putting it in the large size class.

SUBSIDIES

Question. It is clear that Airbus received Subsidies and launch aid from European governments for the A-330 and other aircraft. Airbus was given \$5 billion in subsidies to develop the A-330/A-340 aircraft. This launch aid and subsidies allows airbus to undercut Boeing's bid the commercial market, and the same thing happened in the KC-X competition.

Given the subsidies and other non-accounted for costs, do you believe there is level-playing field for American and foreign competitors in Department of Defense competitions?

Answer. The Air Force worked diligently to conduct a fair and transparent competition. This was done throughout by strict adherence to the laws and regulations that govern this process. Prior to the start of the competition, the Air Force addressed the World Trade Organization dispute (both claims and counterclaims) with the offerors and Members of Congress. Since the dispute had not been resolved, the Air Force sought to protect the government and taxpayers by preventing any costs imposed by the outcome of this litigation from being passed on to the KC-45 contract. Both offerors agreed to this condition as evidenced by the contract clauses they submitted in their final proposals.

CHANGES TO RFP

Question. It is clear that the Air Force made changes to the draft RFP that allowed a large tanker, such as the KC-30, to compete in a competition for a medium-sized tanker replacement.

Why did the Air Force change the RFP at final release to include additional evaluation criteria for airlift? Were these changes directly the result of Northrop Grumman's threat to withdraw from the competition unless greater value was placed on airlift?

Answer. There were two draft Requests for Proposals (RFPs) prior to the final RFP. The purpose of the draft RFPs was to facilitate discussions with potential offerors and government agencies to ensure the government clearly stated its requirements and evaluation methods and set the groundwork for a fair and open competition. Both offerors provided verbal and written comments prior to the final RFP. None of the changes were made to favor one offeror over another.

Five amendments were accomplished on the final RFP. Amendments one through three were accomplished prior to proposal receipt; amendments four and five were done after proposal receipt. Amendment one included clarifications of the RFP. Amendment two included minor mandatory updates including required chemical, biological, and environmental information and administrative changes to the Systems Requirements Document (SRD). Amendment three clarified the Combined Mating and Ranging Planning System (CMARPS) model along with numerous administrative changes. CMARPS is a modeling and simulation tool used in the evaluation of the Integrated Fleet Aerial Refueling Assessment (IFARA). This amendment contained clarifications to the SRD. Amendments four and five were strictly administrative.

On February 23, 2007, amendment one of the RFP included clarifications of the RFP. On February 28, 2007, amendment two of the RFP included minor mandatory updates including required chemical, biological, and environmental information and administrative changes to the Systems Requirements Document (SRD). On March 21, 2007, amendment three of the RFP was issued extending the proposal date to April 12, 2007 and included administrative changes to clauses, data requirements, and Section L. Also included was an SRD update, clarifications to the O&S form and CMARPS model clarifications to attachments seventeen and eighteen. Two corrections requested drag index values and expanded aircraft performance array. All amendments occurred prior to the Air Force knowing what aircraft Boeing and Northrop were going to bid. Both offerors could have offered multiple aircraft types. Both offerors could have exploited provisions in the law if they felt any of the RFP amendments were unfair.

BOEING'S PAST EXPERIENCE WITH NEW CONSTRUCTION

Question. Gentlemen, Boeing once tried to build facilities in Greenville, Mississippi and Lake Charles, Louisiana. Those facilities failed due to the difficulty in getting FAA certification and difficulty in hiring qualified aerospace workers. However, the Airbus proposal apparently contains plans for construction of two new manufacturing plants, the training of a new workforce, and a shift of the supply chain from Europe to the United States.

During the KC-X competition, did you examine the failed experiments at Greenville and Lake Charles to understand the risk of starting a new aerospace facility in this region of the country?

Answer. The government carefully examined production strategies of both offerors. The assessment of these strategies is source selection sensitive. During the Government Accountability Office protest period, such information will be provided orally in a closed session, when requested by the Chairman or Ranking Member of the Committee. We are ready to provide such a briefing at your convenience.

NG-EADS RISK

Question. In the KC-X competition, we have two clear competitors: Boeing has a flying tanker that is FAA certified and delivered to the Japanese Air Force. Airbus has not yet produced a tanker and is already falling behind schedule in the Australian tanker.

How did the Air Force evaluate risk given that Boeing has delivered a tanker and EADS has not? did the Air Force evaluate the failures in the EADS Australian tanker? Why didn't the AF deem the NG-EADS proposal more risky given that they have not produced a tanker?

Answer. The risk assessments of each proposal are source selection sensitive. During the Government Accountability Office protest period, such information will be provided orally in a closed session, when requested by the Chairman or Ranking Member of the Committee. We are ready to provide such a briefing at your convenience.

VH-71 MODEL

Question. The Presidential Helicopter, VH-71, has risen 67% since the contract was awarded in 2005. Although the VH-71 is being built by Agusta/Westland and Lockheed-Martin, Northrop Grumman-EADS used a similar model of migrating minimal supply chains from Europe to the United States.

Did the Air Force examine the VH-71 contract in determining contract risk of the Northrop Grumman-EADS proposal?

Answer. Transition of production facilities from Europe to the United States was thoroughly scrutinized during the source selection. The details of this evaluation are source selection sensitive. During the Government Accountability Office protest period, such information will be provided orally in a closed session, when requested by the Chairman or Ranking Member of the Committee. We are ready to provide such a briefing at your convenience.

MULTIPLE PRODUCTION LOCATIONS RISK

Question. The Airbus KC-X proposal apparently involves building the first 7 aircraft using multiple production models and 5 different production locations spanning two continents.

Given the complexity and the fact this is all new territory, how can the Air Force accurately assess Northrop-Grumman's tanker manufacturing risk?

Answer. The Government carefully examined productions strategies of both offerors. The assessment of these strategies is source selection sensitive. During the Government Accountability Office protest period, such information will be provided orally in a closed session, when requested by the Chairman or Ranking Member of the Committee. We are ready to provide such a briefing at your convenience.

PAST PERFORMANCE OF EADS AND NG

Question. In the KC-X competition, what was the past performance criteria used for EADS? Please provide all documentation to the Committee.

Was the Army's experience with the Light Utility Helicopter considered in EADS' past performance? Was Northrop-Grumman's past performance with Deepwater considered? The A400M is a year behind schedule and \$2 billion over cost. Was EADS' experience with the A400M considered? The A380 is 2 years behind schedule and

around \$7 billion over cost. Was Airbus' experience with the A380 considered in past performance in the KC-X Competition?

EADS has demonstrated very poor A400M and A380 performance for their own design and build process. How can they be entrusted to build a U.S. tanker?

Answer. As stated in the Request for Proposal (RFP), past performance on contracts was evaluated if it was both recent and relevant to the mission capability evaluation factors and cost/price. The specific contracts considered, and the results of the past performance evaluations, are source selection sensitive. During the Government Accountability Office protest period, such information will be provided orally in a closed session, when requested by the Chairman or Ranking Member of the Committee. We are ready to provide such a briefing at your convenience.

LIFE-CYCLE COSTS

Question. In the KC-X competition, how did the AF evaluate out-year costs for life-cycle costs? Did the AF take into consideration the likely increase in the price of fuel?

Answer. Life cycle costs include development, production, operation, personnel, and sustainment costs. Fuel costs are one component of operation costs. For the evaluation, the Air Force used the Department of Defense published fuel prices and fuel inflation indices that were available at the Request for Proposal release.

MILITARY CONSTRUCTION COSTS

Question. The KC-30 won't fit in our hangers, it is too heavy for our runways, and it needs longer runways than we have at many air bases.

Were the costs of military construction investments, new hangers, runways, tools, additional training, etc., considered as part of the competition? Were the Military Construction costs for any Air National Guard bases considered?

Answer. One of the five source selection evaluation factors was Most Probable Life Cycle Cost (MPLCC). Military construction is one component of the MPLCC and includes new buildings, modifications to existing buildings, new hangars, ramp expansions, and relocation of fuel hydrants. Since basing decisions have not been finalized yet, Air Mobility Command conducted site surveys at representative bases to support an estimate of total military construction costs.

TANKER DECISION IN 2001

Question. In March 2001, after examining offerings from both Boeing and Airbus, the Air Force decided that the Boeing KC-767 Tanker was the right choice for KC-X, the Next-Generation Air-Refueling Tanker.

At that time, the USAF gave four main reasons for this selection of the KC-767 over Airbus's KC-330:

(1) "The KC-330 increase in size does not bring with it a commensurate increase in available air refueling offload."

(2) The KC-330 "... presents a higher-risk technical approach and a less preferred financial arrangement."

(3) "The size difference of the EADS-proposed KC-330 results in an 81 percent larger ground footprint compared to the KC-135E it would replace, whereas the Boeing 767 is only 29 percent larger."

(4) The KC-330 requires "... greater infrastructure investment and dramatically limits the aircraft's ability to operate effectively in worldwide deployment."

What has changed from the analysis in 2001 to the analysis today?

Answer. There have been several significant changes since then. The Request for Information evaluation in 2001 was conducted prior to RAND's Analysis of Alternatives for KC-135 Recapitalization, which was developed from 2004 to 2006. This comprehensive analysis informed both the defining of requirements and the drafting of the acquisition strategy. The requirements were written by the Air Force and validated by the Joint Requirements Oversight Council (JROC) in November 2006. The acquisition strategy was approved by the Undersecretary of Defense for Acquisition, Technology and Logistics in January 2007 which then led to the release of the final RFP later that month. The source selection decision was based on an integrated assessment of the five evaluation criteria described in the RFP. This assessment considered capabilities (for example, aerial refueling and airlift efficiencies) relative to the requirements validated by the JROC and in light of costs, risks, and past performance. All the issues enumerated above were accounted for in the assessment.

Since 2001, both offerors have leveraged development efforts for international customers, allowing them to propose more capable and technologically mature aircraft.

For example, the A330-based tanker was a paper design in 2001, but prior to the conclusion of the source selection, the aircraft had entered flight testing.

Additionally, conducting a competition changes the equation because of the motivation to maximize capability relative to the taxpayers' investment. As a result, the Air Force concluded the Northrop Grumman KC-45 proposal provided the best value approach to begin the replacement of our KC-135s.

WAIVERS

Question. The Department of Defense waives at least 5 costly regulations for our allies with which our domestic manufacturers have to comply. These include "Cost Accounting Standards," the Specialty Metal laws, Buy America provisions, Foreign Corrupt Practices Act, and ITAR Compliance.

What is the complete list of regulations in the FAR that are waived for foreign manufacturers with which domestic manufacturers must comply?

Answer. Waivers of the FARs are considered on a case by case basis and are rigorously reviewed by Air Force contracting and legal professionals prior to acceptance using long accepted practices and legal precedent. This particular question requires some diligent research and cannot be answered effectively without completion of such research. A clarification must also be made regarding those elements of U.S. law that are legally "waived" by treaty and therefore set forth in the FAR (as supplemented), and those "waivers" of FAR requirements granted by the Department on a case by case basis.

It is readily acknowledged that the FAR, as supplemented, is a complex set of regulations implementing both law and exemptions from law derived from lawful negotiated treaty agreements. Accordingly, some amount of time will be required to fully research which FAR requirements actually incorporate treaty agreements that appear to "waive" laws that are otherwise applicable to domestic entities thereby exempting foreign manufacturers that partner with us. The Department of Defense does have a few specific waivers in place (including some of those things listed in the Congressman's question), but it is quite possible that many other waivers are in place and appropriately incorporated in the FAR which affect labor, environmental, tax, small business, subcontracting, and many other laws, any of which could in effect exempt entities manufacturing outside the U.S. from U.S. law, and for good reason. Furthermore, U.S. law is not generally applicable outside the U.S. for entities that are manufacturing outside the U.S. Notwithstanding, those same entities would need to comply with those laws when their point of manufacture is inside the U.S.

Accordingly, a complete assessment of the issue raised by the Congressman will require a team of international lawyers and will require an exhaustive sifting of the FAR as supplemented in order to determine what is, what is not, what cannot be, and what should not be enforced on foreign entities.

NATIONAL SECURITY CONSIDERATIONS

Question. Did the Air Force evaluate national security implications of having a tanker so dependent on a foreign company? When you announced buying a French tanker for KC-X, you said that U.S. jobs didn't impact the decision. Are you implying that we would have no problem buying Russian bombers and Korean ships for our military if we thought they were a good deal?

Answer. The Department of Defense believes the participation of allied countries in the procurement of weapon systems can improve our national security. A Department of Defense Memoranda of Understanding (MOU) lists countries whose companies are exempt from restrictions in the Buy American Act; lifting such restrictions promotes security cooperation. Northrop Grumman's major subcontractors outside the United States are located in Spain, Germany, and France—all three are listed in the MOU.

Furthermore, these three countries are NATO allies. The experiences we have had with our NATO allies on other programs have not negatively impacted our national security. As an example, the engines that power our KC-135R tankers are manufactured by CFM International, a joint venture between General Electric and the French company Snecma. Despite past disagreements between the United States and France over foreign policy, we have not experienced problems in maintaining these engines. We have no reason to anticipate negative impacts to our national security due to Northrop Grumman's production and sustainment of KC-45 tankers.

[CLERK'S NOTE.—End of questions submitted by Mr. Tiahrt.]

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