

Statement of
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Before the House Readiness Subcommittee

On the State of the Command

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UNITED STATES TRANSPORTATION COMMAND 2016

Introducing the Command

It is an honor to represent the men and women of the United States Transportation Command (USTRANSCOM). Our Total Force team of Active Duty, Guard, Reserve, civilians, commercial transportation partners and other contractors operate a world-class Joint Deployment and Distribution Enterprise (JDDE) that delivers the Nation's objectives worldwide. Our service component commands, the Army's Military Surface Deployment and Distribution Command (SDDC), the Navy's Military Sealift Command (MSC), the Air Force's Air Mobility Command (AMC), our subordinate joint force command, the Joint Enabling Capabilities Command (JECC), and our reserve force provider, the Joint Transportation Reserve Unit (JTRU), in conjunction with the transportation industry, provide reliable and seamless logistical support and enabling capabilities to the Nation, our forces, their families, and coalition partners around the globe.

It is important to mention the U.S. commercial transportation industry, as it is hard to overstate their value when it comes to our success as a global combatant command. This industry, which we often refer to as our fourth component, provides the majority of lift capacity for every operation and is essential for sustaining forces around the globe. Our industry partners have always answered the call.

Operating Environment

USTRANSCOM stands ready to deliver the Nation's objectives anywhere and anytime. When the Nation deems necessary, we can respond immediately to a contingency or deliver disaster relief the world over. Additionally, with acceptable risk, we can support the mobility requirements of any combatant commander (CCDR) while retaining the ability to support

homeland defense, ongoing efforts to counter violent extremist organizations (VEO), or other lesser contingencies. Our capacity, however, is not unlimited. Should the need arise to respond to a second, major contingency in an overlapping timeline, the mobility resources required could exceed existing capacity. This shortfall would be most acute for sealift and air refueling tanker capabilities, resulting in increased timelines for meeting CCDR force mobility requirements.

As future conflicts become increasingly dynamic, U.S. forces must have the agility to respond quickly, across traditional regional boundaries with a variety of strategic capabilities. USTRANSCOM currently has the ability to meet the challenges of this dynamic environment, but the military and commercially-provided capabilities that comprise this global distribution and transportation network are approaching their capacity limits. Over the next five to ten years, these capabilities will be increasingly stressed.

Emerging contested environments, to include cyber, pose a significant challenge to the transportation and distribution networks in the mid- to long-term range, and will require careful consideration of how to protect those networks. Sea-lanes, for example, have not been contested for U.S. forces since World War II, yet those lanes will likely be contested in the next major contingency. In the past, our anti-access area denial problem set was focused primarily on en route nodes and infrastructure. However, the assumption that we will have uncontested access to international airspace and sea-lanes between these nodes in the future is likely no longer valid. To address this threat, we are working with the Services and geographic combatant commanders to determine ways to protect those crucial strategic lanes.

Cyber threats remain a major concern for USTRANSCOM. Because of our extensive use of commercial capabilities, nearly 90 percent of our missions are executed over unclassified and commercial networks. Advancing and maturing our cyber capabilities will allow us to operate

with less risk in this increasingly contested environment. Continuous evaluation of our vulnerabilities, while identifying and advocating for critical cyber capabilities, policies and procedures, will enable success in executing our global mission.

State of Our Readiness

Ensuring the Nation's ability to fight at the time and place of our choosing will require enhancing our readiness, while improving our future capabilities. The ability to project rapid power anywhere on the globe at any time sets the U.S. apart from the world. To maintain this strategic advantage, we must ensure we have the appropriate personnel, platforms, systems and training to continue providing this unique capability. Continuous enhancement of our readiness will require investments in our cyber, air, surface and sea assets, which will ensure the capability to support the Nation's objectives. Readiness of our forces – military and commercial – remains my top priority.

Airlift and Aerial Refueling – An Immediate Force Tonight

The mobility force needed to deliver national objectives includes a fleet of ready, modernized aircraft capable of rapidly deploying personnel and cargo, and a ready total force of dedicated, professional aircrews. Airlift forces move critical cargo and people to the point of need, while air refueling capabilities enable projection of forces across great distances to any location at any time.

The Air Force's primary airlift workhorse, the C-17, remains the backbone of our national strategic airlift capability. To continue its airworthiness, and meet Federal Aviation Administration (FAA) 2020 mandates, a series of modifications are planned for the early 2020s. Additionally, the Air Force is pursuing a mitigation plan to restore 16 of their C-17 aircraft from

Backup Aircraft Inventory to Primary Mission Aircraft Inventory in order to enhance operational readiness and reduce risk within the inter-theater airlift fleet.

The C-5 fleet is currently undergoing a Reliability Enhancement and Re-engining Program modification through April 2018, which has delivered increased mission capable rates and will extend service life past 2040. The C-5's tremendous lift capability and range make it a critical resource for decades to come.

The KC-46A will be critical to the entire joint and coalition team's ability to project combat power worldwide and give America and our allies an unparalleled rapid response capability for combat and disaster relief operations alike. The enhanced capabilities, reliability, and flexibility of the KC-46 provide the Nation the ability to move forces rapidly, across great distances, to locations of our choosing. These capabilities are essential to operating in a dynamic environment where varying types of air assets will be needed across regional boundaries potentially in support of multiple mission requirements. With Congress's continued support, the KC-46A program will remain on track and ultimately mitigate risks in our highly-stressed air refueling fleet.

We appreciate the support of Congress to right size the C-130 fleet to 300 total aircraft, which combined with the Air Force's modernization and recapitalization plans for C-130H and C-130J aircraft, will ensure the entire Total Force intra-theater airlift fleet remains capable of supporting the National Military Strategy.

With regard to civilian airlift, we are implementing initiatives through the Civil Reserve Air Fleet (CRAF) contract that is designed to ensure wartime readiness capability while simultaneously offering best-value services for steady-state peacetime commercial augmentation. We recently provided Congress a report on how we measure readiness of the CRAF and how we

will continue to ensure the fleet remains ready for future contingencies consistent with the guidelines of the National Airlift Policy.

Additionally, USTRANSCOM is building partnership capacity with other nations possessing air refueling competencies. Greater interoperability among nations will strengthen coalition partnerships and provide additional capability to the combatant commands.

Surface

Civil sector transportation infrastructure enables the movement of military forces, so we continue to maintain an enduring interest in this area. Our national defense programs work in close partnership with the Department of Transportation, and numerous other public agencies and private entities, to assess and sustain the civil sector infrastructure that connects our military installations and ports, which play a key role in ensuring our ability to conduct rapid force deployment.

We also recognize there is a face and a family behind every household goods move, so we continually strive to improve our interface with DoD's most precious resource – our people. The Defense Personal Property Program (DP3), administered by SDDC, enables the movement and storage of Service member, DoD employee, and U.S. Coast Guard (USCG) employee personal property and privately-owned vehicles, by leveraging best-value transportation decisions and traffic management expertise in accordance with the Defense Transportation Regulation. DP3, in collaboration with Transportation Service Providers (TSP), manages over 550,000 personal property shipments for DoD and USCG customers at an annual cost of \$2 billion. As a primary customer of the nation's TSPs, we continue to work closely with industry to ensure our policies are congruent with industry standards while driving toward increased efficiency for every dollar spent.

The Defense Personal Property System (DPS) and its associated Program Management Office provide a centralized, web-based, single-point interface system for worldwide shipment of personal property. The DPS is a self-service system, offering real-time access for government, industry and customer users to input and retrieve data supporting the entire movement process – from pick-up to delivery of household goods. The DPS provides Service members 24-hour access via the internet to information regarding personal property moves. In efforts to increase Service member quality of life, this 24-hour access provides on-line move counseling, status of their personal property shipments, as well as flexibility when providing post-move claims and service surveys.

While development and implementation of DPS has not been without challenges, USTRANSCOM and SDDC are examining innovative solutions to improve user interface capabilities, enhance system security, and modernize technical architecture with the ultimate goal of achieving a modern, user-friendly system that ultimately enhances Service member relocations and quality of life.

The U.S. Army's Military Ocean Terminal Sunny Point (MOTSU) in Southport, North Carolina and Military Ocean Terminal Concord (MOTCO) in Concord, California, each provide critical and irreplaceable organic seaport capabilities, ultimately supporting the movement of large quantities of containerized ammunition. Together these two unique national assets support operational plans and power projection capabilities throughout the world. MOTSU is essential to conducting operations in Europe, Africa, and the Middle East, while MOTCO critically underpins operations in the Pacific.

Substantial and needed investments to restore the aging infrastructure at these unique installations have largely mitigated near-term risks to our ability to execute potential mission

requirements; however, the older and more deteriorated infrastructure at MOTCO still requires continued attention and additional investment. We are working diligently within the DoD to find necessary resources to prevent capability gaps, while adequately filling both the personnel authorizations and equipment requirements critical to force protection.

Sealift – A Decisive Force When Needed

Sealift moves roughly 90 percent of all DoD cargo and is critical to our ability to deliver a decisive force on behalf of the Nation. As such, maintaining the readiness of the entire strategic sealift portfolio, both commercial and organic, is a top priority for USTRANSCOM.

Per the National Sealift Policy, we rely on the U.S.-flag commercial shipping industry, to the extent it is available, to provide sealift in peace, crisis and war, and the government-owned organic fleets to provide unique national defense capabilities not resident or available in sufficient numbers in commercial industry. At the start of a major contingency operation or a crisis requiring an immediate surge response, organic vessels managed by the Maritime Administration (MARAD) and MSC will likely be the first vessels available and activated to deploy combat power in the critical initial phase. These vessels can provide millions of square feet of cargo carrying capacity under short response timelines. As commercial industry vessels become available, they augment the initial surge response, and provide additional capacity to meet sustained logistics requirements. USTRANSCOM depends on the entirety of the fleets and must ensure each portion of the sealift portfolio is ready to assume its role.

Our relationships with our U.S.-flag commercial sealift partners are formalized through agreements such as the Voluntary Intermodal Sealift Agreement (VISA), the Maritime Security Program (MSP) and the Voluntary Tanker Agreement (VTA). Since their establishment in 1996, participation in these programs by privately-owned U.S.-flag commercial shipping has proven an

extremely cost-effective means to acquire significant sealift capacity to meet the Nation's requirements.

However, the U.S.-flag commercial international trading sector is declining. Reductions in government-impelled and DoD cargo have exacerbated this decline. In the past year, fourteen U.S.-flag internationally trading vessels within the VISA program were either reflagged to a foreign country or scrapped without replacement due, in large part, to the reduction in demand. This loss of U.S.-flag vessels represents a net decrease of over 327,000 square feet of roll-on/roll-off force projection capacity and over 600 U.S. merchant mariner jobs. The impact of losing these jobs cannot be overstated; the U.S. mariners who move our military cargo come from the same pool that move our international trade. Additionally, the reduction of U.S.-flag vessels is forcing our commercial sealift partners to make adjustments to the services they provide by either removing liner capacity or expanding alliances with other carriers to take advantage of larger vessels.

Congress' recent efforts to enhance the MSP by authorizing a higher annual stipend will help stabilize the U.S.-flag fleet, and ensure continued commercial industry participation and DoD access to sealift capacity in the near term. We will continue to work closely alongside the Department of Transportation, MARAD, and our industry partners to understand the impact of declining demand for cargo on MSP participants and how to ensure they can provide sufficient capacity for DoD requirements over the long term.

The government-owned organic fleets are also facing challenges. Due to the age of vessels in MARAD's Ready Reserve Force, this fleet will begin to lose capacity in the mid to late-2020s, with significant losses in the 2030s. Replacing vessels to sustain this capacity would likely require a multi-billion dollar effort. We are working closely with the U.S. Navy to

develop a plan which meets combatant command requirements and is compatible with future Service force development and budget constraints.

Similar to commercial industry, the reduction of cargo requirements and associated workload adversely affects the readiness of the organic fleets. USTRANSCOM will continue to work closely with MARAD, the U.S. Navy, and MSC to find means to ensure the organic fleet can get underway, meet its readiness timing, and remain proficient in its force deployment surge role.

Cybersecurity

USTRANSCOM information and network systems are essential elements in accomplishing our global mission; accordingly, global cyber mission assurance requires extensive collaboration. External partners such as U.S. Cyber Command and Joint Force Headquarters Department of Defense Information Network play a critical role in threat awareness, detection, and mitigation. Notably, because USTRANSCOM is a supporting command, all other combatant commanders share our risk to operations. This shared risk demands that we mitigate our cyber vulnerabilities in all phases of operational planning.

Information technology service companies and transportation commercial partners are also essential contributors in accomplishing our mission. These partners are critical to our operations, as commercial companies carry the majority of DoD personnel and cargo. Coordination, tracking and billing activities with these companies are accomplished via commercial telecommunications networks requiring a focused, deliberate effort to ensure data integrity and to defend against cyber intrusions.

Additionally, the growing connectivity among information systems creates increased opportunities for adversaries to take advantage of vulnerabilities and disrupt our cyber key

terrain, critical systems, and infrastructure. Adversaries continue to expand and develop capabilities to deny, manipulate and exploit national security-related information, as well as use cyberspace operations to impact physical systems. In an effort to mitigate these threats, our Joint Cyber Center (JCC) established a repeatable approach to identifying cyber key terrain and assessing the associated threats and levels of risk. This approach, also known as the Cyber Staff Estimate, allows us to assess risk, adjust defensive posture, and adopt operational or technical mitigations in performance of key missions.

We have also improved our cyber posture by integrating cyber security language into a majority of our commercial contracts. We continue to include this language in new contracts while synchronizing the language we use with the revised Defense Federal Acquisition Regulation Supplement.

Finally, USTRANSCOM is a co-chair for the National Defense Transportation Association Cybersecurity Committee. In this capacity, we endeavor to strengthen our partnership with industry as we promote a culture where effective information sharing occurs among members in a rapid, robust, and resilient manner. Through sharing and education, we seek the widest possible application of appropriate cybersecurity best practices within available resources.

Enabling Capabilities

USTRANSCOM provides direct enabling capabilities through our subordinate joint force command, the JECC. Created through the consolidation of joint billet authorizations from the closure of Joint Forces Command and the elimination of similar capabilities from the other

geographic combatant commands, the JECC bridges capability gaps by providing rapidly-deployable, tailored, enabling packages of key joint planning, public affairs, and communications capabilities in support of geographic combatant commands. These capabilities are unique to the JECC and indispensable to the DoD and geographic combatant commands. The JECC stands ready to respond to simultaneous demands for these essential capabilities across multiple geographic regions.

Global Distribution Network (GDN)

As the DoD Distribution Process Owner (DPO), USTRANSCOM is responsible for coordinating and overseeing the DoD distribution system with the goal of ensuring interoperability, synchronization, and alignment. Additionally, we are responsible for synchronizing movement planning and operations in coordination with the geographic and functional combatant commands, the Services, and other government agencies as directed. We achieve this synchronization through our Campaign Plan for Global Distribution and we continue to implement process improvements to achieve greater effectiveness while preserving and enhancing an efficient and flexible GDN.

Our national security interests depend upon an agile, scalable, and resilient GDN. The GDN enables joint force deployment, sustains it through all phases of operations, and brings it home. The GDN is a complex array of U.S. organic and commercial transportation capabilities directed by multiple commands and agencies. These organizations operate in the air, land, and sea domains utilizing the infrastructure of allied, friendly, and cooperating nations. Additionally, the usefulness of the GDN is dependent upon our ability to move about the global commons without interference from state and non-state actors. The U.S. must continue to exercise freedom of navigation around the globe if we are to maintain the access we require.

Updated annually, our En Route Infrastructure Master Plan (ERIMP) assesses the various risks and identifies global infrastructure requirements essential to our operations. This plan is complementary to other products and processes we use to ensure the access and maintenance of the capable, resilient, transportation infrastructure that is so paramount to our ability to project and sustain national power. It is important to note, however, that our success in this realm would not be possible without the enduring relationships we have established with partner countries around the globe. These logistics-focused international engagements provide a valuable and nonthreatening means of fostering military-to-military relationships.

Beyond planning for the infrastructure we need, we also developed a capability to account for those cases when the full infrastructure demanded by our operations is unavailable. Known as Joint Task Force-Port Opening (JTF-PO), this capability is designed to rapidly open and establish initial aerial and seaport operations, ultimately facilitating the distribution of materiel in an area of operations. This operational construct of air, surface, and maritime elements establishes the initial framework for expeditionary port opening, providing that critical first response for the supported geographic combatant commander during contingency or disaster relief operations.

Our ability to rapidly deploy JTF-PO forces to operate two aerial ports in Liberia and Senegal during Operation UNITED ASSISTANCE proved a powerful example of the importance of this capability. Our JTF-PO teams successfully enabled USAFRICOM's Joint Task Force to receive and distribute vital medical equipment and supplies to stem the outbreak of the Ebola virus across West Africa. Because of lessons learned from this operation, and subsequent joint exercises, we partnered with the Defense Logistics Agency (DLA) to integrate

their Rapid Deployment Initiative into our JTF-PO capability to provide rapid initial theater distribution support to the supported geographic combatant commander.

Efforts are also underway to develop a base plan for all phases of USTRANSCOM operations. This plan will document how we fulfill our Unified Command Plan responsibilities and meet the tasks assigned to USTRANSCOM. This planning effort will result in an overarching global plan that articulates how we coordinate, synchronize, and execute our JDDE responsibilities, and will describe our approach to operations in a contested environment. This plan will also set the conditions for effectively utilizing the JDDE, allowing the U.S. to project power, extend operational reach, and maximize flexibility for the joint force.

Training and Exercises

Our Joint Training and Education Program ensures USTRANSCOM maintains strategic agility and dynamic presence. Leveraging approximately 155 exercises annually, including our own USTRANSCOM-sponsored joint exercises, we meet training requirements that directly contribute to assuring assigned mission success. These exercises deliver strategic value by providing a global presence that helps ensure freedom of action and uninhibited access to global mobility infrastructure. They also foster interagency, regional, and coalition partnerships.

In addition to demonstrating and testing our capabilities like JTF-PO, Joint Logistics Over-the-Shore, the Joint Distribution Enabling Team, and the Offshore Petroleum Discharge System and Inland Petroleum Distribution System, the Joint Exercise Program offers us opportunities to work with the other combatant commands in their high-priority exercises. These venues allow us to practice the full range of our capabilities from the simplest deliveries to high-end, joint forcible entry exercises.

Preparing for Tomorrow

Financial Health

As good stewards of taxpayer dollars, USTRANSCOM and our Service Component Commands are committed to being prepared for a fiscal year (FY) 2017 financial audit in accordance with the guidelines set forth in the FY 2010 National Defense Authorization Act. Financial Improvement and Audit Readiness (FIAR) permeates all facets of operations. Our financial environment is complex with three separate accounting systems, one for each of the Service Component Commands. There are many challenges to overcoming long-standing business processes that are not audit compliant, and legacy computer systems that cannot trace a transaction from inception to the financial statement. As we move toward Integrated Multi-Modal Operations, however, we are imbedding FIAR throughout our new processes. Beyond auditability, our FIAR efforts also support sustainment readiness through internal controls that culminate annually in our Statement of Assurance.

Additionally, maintaining a healthy Transportation Working Capital Fund (TWCF) ensures our ability to provide timely transportation services on behalf of the Nation. To that end, we are striving to provide our customers greater transparency on costs while maintaining a cost-competitive model that incentivizes customer participation within the enterprise.

We continue to engage with the Army and Air Force Exchange Service and the Defense Commissary Agency to create greater efficiencies within the DTS by increasing container utilization, combining loads on shared lanes with other DoD shippers, and using airlift only when appropriate and cost effective. Additionally, we continue to strengthen our partnerships with the Defense Security Cooperation Agency (DSCA), DLA, the United Nations and foreign partners. These partnering efforts have led to increased workload by offering best-value solutions that

promote a whole-of-government approach, military-to-military cooperation, and service interoperability.

In coordination with the DSCA and DLA, we now also offer integrated transportation and distribution services for Foreign Military Sales (FMS) customers. The Distribution Services solution provides customers with a single point of entry, pay-as-you-go capability that leverages the infrastructure and backbone of the DTS, as well as the secure storage and consolidation inherent in DLA's core mission. To increase efficiency, we continue to encourage partner nations, through the geographic combatant commands, to use the Joint Planning and Execution System for the movement of their FMS cargo.

Enhancing the Joint Force

We are enhancing our human capital strategies to leverage best practices from industry, government and academia. We are also refining our efforts to sustain, motivate and retain a high-performing, mission-ready team.

With more millennials entering the DoD workforce, and a need to better utilize existing talent networks, we are considering new approaches to workforce management. Some of these approaches include a paradigm shift from talent “management” to talent “engagement.” This means tapping into a broad workforce outside traditional boundaries, and examining innovative concepts such as partnership as well as freelance and open-source talent, to take advantage of talent pools not available through routine personnel management. With our unique position as a link between DoD and commercial industry, we intend to serve as an incubator for new workforce management initiatives that will ultimately benefit the entire DoD.

We also recognize the need for Defense reform to posture the DoD to meet the security challenges of the future. I applaud the Congressional initiative in considering revisions to the

30-year-old Goldwater-Nichols Act. This will be a daunting and lengthy task that will require extensive collaboration between the executive and legislative branches. Such a transformational effort is necessary to address how the DoD is organized to meet the challenges of today's strategic environment and reassess how DoD is developing the joint force of tomorrow. The force we needed to win the Cold War is not the force we need to address tomorrow's diverse range of future threats. I am ready to work with DoD and Congress to address key policy changes for consideration this year.

Our Commitment

Upon taking command seven months ago, I provided my initial assessment of USTRANSCOM to Secretary Carter. As I closed that assessment, I made a commitment to him and I would like to make that same commitment to Congress and the American people.

“USTRANSCOM stands ready to deliver the Nation's objectives. We will advocate for and address all challenges and vulnerabilities to ensure we can deliver an immediate force tonight and a decisive force when needed. We promise!”