

DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE SUBCOMMITTEE
ON
READINESS
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: THE CURRENT STATE OF THE ORGANIC INDUSTRIAL BASE AND
SERVICE DEPOTS

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INTRODUCTION

Chairman Wilson, Ranking Member Bordallo, distinguished Members of the Subcommittee, thank you for the opportunity to testify on the readiness of your United States Air Force. On behalf of our Secretary, the Honorable Heather Wilson, and our Chief of Staff, General David Goldfein, thank you for your support and demonstrated commitment to our Airmen, Air Force Civilians, Families, and Veterans.

Since established as a separate service in 1947, our Air Force has secured peace through the full spectrum of conflict with a decisive warfighting advantage in, through, and from air, space, and cyberspace. Since Desert Storm in 1991, we have been operating in a continuous state of combat. Without pause, the United States Air Force has: delivered global combat power to deter and defeat our nation's adversaries; supported joint and coalition forces at the beginning, middle, and end of every operation; and secured our homeland through continuous surveillance and air defense. We have done this with a force that is shrinking in size, with a fleet that is now an average age of 28 years old, and infrastructure that continues to age and present new challenges. Yet, our Total Force Airmen—Active Duty, National Guard, Air Force Reserve and our dedicated civil servants—continue to seek new and innovative ways to get the job done. Make no mistake, the United States Air Force is ready to fight tonight, but I am concerned about our ability to sustain our Air Force to fight tomorrow. Threats to this nation and our interests continue to evolve, adapt, and present formidable challenges that threaten our nation and our allies. As we develop advanced air, space, and cyber capabilities for tomorrow, we must continue to invest in our sustainment and logistics enterprise as well, for it is the very foundation

of readiness, power projection and combat capability. The Organic Industrial Base, simply put, is our Nation's insurance policy.

As the Commander of the Air Force Sustainment Center, I am extremely proud to represent the nearly 43,000 Total Force Airmen across 28 locations in 18 states and several overseas locations that are laser focused on providing the best sustainment and logistics capabilities with the available resources to meet the challenges of tomorrow. Literally, we are finding ways to do more with less.

Since its creation as part of Air Force Materiel Command's reorganization in 2012, the Air Force Sustainment Center has delivered combat power for America through a globally integrated, agile logistics and sustainment machine spanning from factory to flight line and back, representing and supporting all aspects of logistics. We directly support every combatant commander, service, and interagency partners, as well as 63 allied countries with depot-level maintenance, supply chain management, and power projection for legacy and 5th generation weapons systems. By achieving the right results the right way through our disciplined "Art of the Possible" leadership and constraints-based management methodology, we continue to yield significant results. Since 2013, we considerably reduced by an average of 70 days each the time it takes to inspect, repair, and return bomber, fighter, mobility, and special mission aircraft to operational units. Across the entire Air Force Sustainment Center, we delivered back to the operational commands 69 more aircraft in fiscal year (FY) 2016 than FY 2012 and we reduced critical parts shortages by 28% from FY12 to FY16. Since 2013, through cost savings or cost avoidance, the Air Force Sustainment Center has returned \$2.4 billion to the Air Force to invest

in other areas of readiness or modernization. But we cannot continue to rely on savings within our current budgets to fund our future modernization and sustainment requirements.

The Air Force Sustainment Center is more than the three “depots” in Georgia, Utah, and Oklahoma. Our world-class Air Logistics Complexes at Robins, Hill, and Tinker Air Force Bases are interconnected “engines of readiness” for the Air Force as well as joint partners and allies, and they work as one team to deliver combat effects. The active duty, reserve, guard, civilian, and contractor Airmen that make up the Air Force Sustainment Center deliver combat power to warfighters by adding service life to weapons systems and creating additional capabilities through modernizations and upgrades in 28 locations in the U.S. and several locations across the globe.

Additionally, the Air Force Sustainment Center is the Air Force global supply chain manager for planning, sourcing, managing, and delivering over eight billion dollars of parts annually to the combatant commands. As both the wholesale and retail provider of supplies and parts, the supply chain is the shock absorber for Air Force readiness.

The Air Force Sustainment Center is critically involved in, and essential to, sustaining our nation’s nuclear enterprise—not just for the United States Air Force, but for the United States Navy as well. This mission area is our number one responsibility and our sustainment of components for each leg of the nuclear triad is vital to our nation maintaining a credible nuclear deterrent. We directly enable bombers, inter-continental ballistic missiles, dual capable fighters, air launched cruise missiles, and Navy command and control aircraft that communicate with submerged nuclear assets.

To continue to provide Air, Space, and Cyber supremacy in today's evolving global security environment, our Air Force requires sustained, long-term, and predictable funding. If Budget Control Act-level funding returns in FY19 and beyond, it will have severe impacts on our Airmen and readiness. The most important actions this Congress can take to ensure the world's most powerful Air Force will continue to dominate the skies tomorrow will be to repeal the 2011 Budget Control Act and ensure sufficient funding to modernize our weapons systems and infrastructure. We appreciate your support to build the force up to about 325,000 in 2018, yet we will remain stretched to meet national security requirements. We must increase our Active Duty, Guard and Reserve manning levels in key skill areas to meet the emerging mission requirements while continuing to support enduring combat operations.

CHALLENGES TO READINESS

The Air Force Sustainment Center—with its organic industrial base—is the nation's readiness and war sustaining insurance policy. We are proud to sustain America's first and most agile response to crisis and conflict, underwriting every joint operation. We provide critical enablers in the air, space, and cyber domains and those demand signals are going to continue to increase over time. But we continue to experience significant readiness challenges due to a federal work force hiring process that is out of date with today's environment, aging infrastructure, and the increasing cost and complexity of weapon system sustainment.

The Vice Chief of Staff of the United States Air Force, General Wilson, testified last year: "...being 'always there' comes at a cost to our Airmen, equipment, and infrastructure; we are now at a tipping point. Sustained global commitments combined with continuous fiscal turmoil continue to have a lasting impact on readiness, capacity, and capability for a full-

spectrum fight against a near-peer adversary.” Those costs have unique implications within the Air Force Sustainment Center.

CIVILIAN WORKFORCE HIRING INITIATIVES

The Air Force Sustainment Center depends on an 80% civilian workforce; 89% if you include contractors, our “commercial Airmen.” Our civilian Airmen bleed equally blue as those who wear our uniforms and they serve and sacrifice for our nation as well. As we evolve and adapt our weapons systems and concepts of operations, we must evolve and adapt our workforce. A 5th Generation Air Force requires a 5th Generation work force. Requirements for a Science-Technology-Engineering-Math (STEM) educated workforce and advanced manufacturing and technical skills are ever increasing. We no longer just buy airplanes; we buy highly integrated, sophisticated software packages that come in sophisticated airframes. Each weapon system we procure brings with it an increasing requirement for software development and maintenance to perform almost every function on the aircraft, from controlling flight controls, interfacing with weapons, navigation and communication, recording system health and status, etc. All of this “cyber” capability must be designed so it is resilient to sophisticated cyber warfare. Our requirements for scientists and engineers to sustain these software-intensive weapons systems are increasing dramatically. In addition to developing and sustaining new weapons systems, our engineers must also find ways to sustain our aging legacy systems. From understanding airframe stress, metallurgy, non-destructive inspection techniques, and reverse engineering parts, it takes a talented pool of engineers to help us sustain our legacy Air Force. As we bring new weapons systems on line and continue to sustain our legacy fleet, our civilian engineers are a pivotal component of readiness. As we project a steady increase in the technical workforce needed to

support critical warfighting systems, any government actions that make it more difficult to recruit and retain a skilled workforce are detrimental to our readiness.

An antiquated civilian hiring system also constrains our ability to effectively compete with industry for a qualified workforce. The ability to hire engineers to sustain our Air Force is a strategic issue for our nation. We are experiencing a sustained annual growth in our requirements for the number of software engineers by 10-15%. While we aggressively try to hire qualified engineers, we simply cannot get enough qualified applicants to meet our demand. In FY17, we recruited at 88 universities across 30 states and electronically recruited at 241 universities in 47 states. This year, our hiring target is 561 new scientists and engineers. To meet this growing demand, we continue to devote significant resources to our recruiting efforts. However, over the past three years, we did not meet our hiring goals, resulting in being short 198 hires at the end of FY17. Without these engineers, our ability to sustain our Air Force today and into tomorrow is in jeopardy. Our nation's Air Force is rapidly transitioning into an information-age fighting force and our ability to sustain and rapidly modify key software in our weapons systems will prove to be a decisive capability in the conflicts of tomorrow.

Two key programs have yielded great benefits in hiring and retaining our scientist and engineer workforce. First, the Defense Acquisition Workforce Development Funds have been a valuable resource supporting our efforts to recruit, hire, retain, train, and develop our scientist and engineer workforce. Second, the Air Force Materiel Command implemented the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) for the acquisition workforce, including scientists and engineers. Although we are just getting started, AcqDemo provides vital flexibilities that enable us to offer competitive salaries and compensate our

technical workforce according to performance. The Air Force Sustainment Center appreciates your continued support of these programs.

Manning shortfalls impact our ability to keep pace with our current workloads as well as prepare for future workloads like the KC-46A. Our scientist and engineer hiring efforts presume a healthy supply of graduates with the right degrees. We must continue to expand this pipeline, especially in the area of software developers and cyber experts (electrical engineers, computer engineers, and computer scientists). As a nation, we must continue the full-court press to attract, excite, and educate the next generation of STEM patriots. Last year, volunteers from the Air Force Sustainment Center donated over 7,100 hours to STEM outreach initiatives. Through funding in the Department of Defense for STEM outreach programs, such as STARBASE, we provided \$700,000 in FY17 to support competition teams, sponsor events, and do classroom enhancements. Continued fiscal support for K-12 STEM outreach, scholarships, and internships like the DoD SMART scholarship program, will help expand the supply for STEM graduates that will enable the Air Force Sustainment Center to hire the technical workforce we need in the future.

Our workforce challenges are not just confined to engineers and scientists. We also rely on a very large labor force of highly skilled technicians and mechanics. The populations of trained mechanics is simply not available in the same quantities as in the past. While we work very closely with vocational training centers around our Air Logistics Complexes, we must still rely heavily on former military technicians that separate or retire from military service and seek a government civilian position. The 180-day waiting period to hire military retirees also reduces our ability to hire required personnel.

OTHER CHALLENGES

In addition to workforce challenges, the unpredictable state of defense appropriations over the past few years significantly impacts our ability to hire personnel and work with industry partners. Many companies are not eager to invest in advanced technology or sustain existing sustainment capacity when the future of defense funding is volatile and uncertain. Many talented personnel are deterred from working for the government when they are faced with furloughs and other uncertainties. Industry partners are disincentivized to bid on contracts when budgets are unpredictable or when it is not cost-effective for them to manufacture small quantities of parts. As a result, we receive fewer bids or “no-bids”, which translates into less competition, increased costs, and operational impacts to our warfighters. A smaller industrial base is also creating diminishing manufacturing and repair sources for many of our aging weapon systems.

The Air Force Sustainment Center works closely with industry leaders to leverage technology and advanced manufacturing and repair capabilities to help us sustain our Air Force. We must lean on industry partners to develop engine test capabilities for the future. We watch major Maintenance Repair and Overhaul (MRO) and Supply Chain companies adapt and evolve to meet the demands of their customers, and we learn what we can from their experiences, while they continue to learn from us. We must continue to reduce barriers to collective innovation that will benefit commercial business as well as government systems. Currently, there are barriers to collective innovation because of statutes that prevent collaboration with industry and academia to utilize depot resources for collaborative problem solving.

SHAPING FUTURE LOGISTICS CAPABILITIES

The future of warfare is hybrid and multi-domain. Air dominance is not a national birthright. Our adversary's increased capabilities in advanced air defense systems and 5th generation aircraft compel us to find more ways to sustain our Air Force through agility and global integration. Despite possessing the most capable air combat fleet in the world, the Air Force does not yet have a logistics common operating picture that provides an up-to-date and dynamic status of key parts and equipment availability, which is a hallmark of the most efficient and profitable commercial logistics enterprises that we seek to emulate. Lack of dynamic visibility prevent the type of 'load balancing' between theaters and operations that allows commanders to optimize repair schedules and operational availability of aircraft, for example. The Air Force is currently in the design phase for the next generation of logistics system, called Log C2, which will provide real-time visibility and allow dynamic resource allocation.

Log C2 will allow logistics commanders and combatant commanders to make data-informed decisions on allocating scarce resources of parts, aircraft, and sustainment capability that result in the optimal tradeoff between competing requirements. It will decrease controllable risk by providing combatant commanders with quantitative data on the benefits and drawbacks of resource allocation options. Further, it will provide visibility to and include input from all military domains—air, ground, cyber, and space—as well as across geographic commands and at appropriate levels with the Joint Force.

Log C2 will create a complete global asset visibility and decision support toolset to best assign and allocate limited global resources to meet immediate theater needs. This new way of operating will allow us to integrate with global and theater planning, articulate risk to the combatant commanders, provide intelligent logistics command and control in anti-access and

area denial environments, prioritize and synchronize resources, set and re-set the theaters, and interact with a global distribution network. Our adversaries do not limit their thinking by lines on a map or combatant commander boundaries. Their perspective is hybrid, global, and multi-domain. Global Logistics agility and the management of scarce assets can only be achieved via a robust global logistics command and control architecture and supporting networks—this is the goal of Log C2 and it will be essential for combatant commanders to have this capability in future conflicts.

CLOSING

The Air Force Sustainment Center continues to deliver combat power to our combatant commanders. We can fight and win tonight. But we must continue to adapt and rely on additional investments and resources to ensure we are ready to deter and defeat potential adversaries tomorrow. As the logistics enterprise evolves and adapts, we must have a multi-domain logistics command and control capability that will be able to prioritize and utilize limited resources across multiple theaters in multi-domains in order to synchronize logistics across the full spectrum of conflict. High velocity combat support to the warfighter through pre-positioned resources and the ability to swing logistics forces from one point of need to another point of need will be essential. General Eric Shinseki once said, “If you don’t like change, you’ll like irrelevance even less.” We, as the Air Force Sustainment Center, simply cannot afford to be irrelevant because the risks are just too great...the Air Force and the nation rely on us.

Since 1947, the Air Force has relentlessly provided America with credible deterrence and decisive combat power in times of peace, crisis, contingency, and conflict. However, our relative advantage over potential adversaries is shrinking and we must be prepared to win decisively against any adversary. We owe this to our nation, our joint teammates, and our allies.

The nation requires full-spectrum ready air, space, and cyber power, now more than ever. America expects it; combatant commanders require it; and with your support, Airmen will deliver it.