DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE

SUBCOMMITTEE ON READINESS

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT OF: Lieutenant General Donald E. (Gene) Kirkland
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SUBJECT: The Department of Defense Organic Industrial Base: Investing in an Organic Industrial Base to Support Service Modernization Plans

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Introduction

Chairman Garamendi, Ranking Member Lamborn, distinguished Members of the Readiness Subcommittee, thank you for the opportunity to provide you with an update on the Organic Industrial Base within Air Force Sustainment Center. On behalf of our Acting Secretary, the Honorable John P. Roth, and our Chief of Staff, General Charles Q. Brown, Jr., thank you for your continued support and demonstrated commitment to our military and civilian Airmen, families, and veterans.

From its inception, the United States Air Force has relied upon a strong organic industrial base to deliver combat effects through air power. The mission of the Air Force Sustainment Center shares that distinct history as it supports lethal air power through organic logistics processes; management of the global supply chain; and postures regional theaters as an engine of readiness. We directly support every combatant commander, service, and interagency partner, as well as partner nations with organic depot-level maintenance and supply chain management, and power projection for legacy and fifth-generation weapons systems.

Our nearly 40,000 Total Force Airmen are laser-focused on providing cost-effective sustainment and logistics capabilities within available resources and authorities. We develop ways to sustain legacy weapons systems using 21st Century processes. Our three Air Logistics Complexes provide depot-level maintenance, engineering support, and software development to numerous weapon systems. Our two Supply Chain Wings provide serviceable spare parts to meet dynamic warfighter needs while supporting global sustainment. And, our three Air Base Wings manage large installations and the infrastructure supporting our organic depots.

The Air Force Sustainment Center is our nation's aerospace 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. Just as our Chief of Staff has emphasized "Accelerate Change or Lose," our Air Force is taking steps to accelerate change in the organic industrial base and sustainment enterprise to ensure we are ready to deter and defeat potential adversaries. Among the many tools Congress has given us to meet this sober responsibility, recent action to expand civilian hiring authorities and initial steps to remove the 180-day waiting period for retired military personnel transitioning to certain civilian jobs have been indispensable.

We experience substantial readiness and sustainment challenges due to aging weapon systems, further complicated by an aging infrastructure footprint, a diminishing supply and manufacturing base, and a federal workforce hiring process that is improving but not yet fully optimized to supporting today's environment. Despite these challenges, the Air Force Sustainment Center provides state-of-the-art sustainment to our nation's diverse weapons systems–from the venerable B-52 and KC-135 to the most modern and technologically advanced systems like the F-35 Joint Strike Fighter, F-22 Raptor, KC-46 Pegasus, and looking ahead, the B-21 Raider and Ground-Based Strategic Deterrent.

In Fiscal Year 2020 (FY20) the Air Force Sustainment Center delivered 511 aircraft, 417 engines, over 175,000 exchangeable parts, and more than 800 software packages. As rightly directed by key provisions of Title 10 of the U.S. Code, including Sections 2464 and 2466, it is a national imperative to have a robust organic industrial base supporting the nation's weapon systems. Without investments which assure lethality, restore readiness, properly fund and train personnel, and deliver cost effective adaptive infrastructure, we will rapidly lose our advantage.

Organic Industrial Base Plan Update

On March 7, 2019, then-Secretary Heather Wilson submitted to Congress the Air Force's report entitled, *Master Plan for Organic Industrial Base Infrastructure*, to optimize and reset the Air Force to the 21st Century and beyond. That plan detailed four essential dimensions for investment – depot equipment and technology; information technology (IT) infrastructure and industrial software; facilities for overhaul and final assembly; and repair/manufacturing nodes and hidden infrastructure (utilities and transportation grid) – to support weapons systems and capabilities that keep us ahead of our peers and near-peers.

We are the most advanced Air Force in the world. As we shift toward fleets that include fifth-generation and beyond capabilities, it is imperative that Air Force depots and the larger defense organic industrial base optimize opportunities to stay ahead of future missions. This also ensures we maintain compliance with Core (USC Title 10 §2464) and 50/50 (USC Title 10 §2466) mandates.

As stated in the report, the Air Force committed to conduct a detailed analysis resulting in a refined 20-year strategy with an implementation plan, organize and resource an enabling infrastructure business management office, and establish/leverage an enterprise governance oversight structure. The Air Force proposes a three-pronged corporate funding strategy to modernize the depots: Keep Up, Catch Up, and Leap Ahead. The "Keep Up" initiative leverages the Working Capital Fund (WCF) to scale investment in equipment, minor construction, and equipment/facility repairs, but corporate advocacy for pragmatic rate increases may be necessary. The "Catch Up" initiative integrates future mission activation/construction requirements with existing depot missions, shared across platforms and scaled to evolving workloads. This will reverse historical trends of weapon-system specific investment that

overlooks existing depot infrastructure. Finally, the "Leap Ahead" initiative will inform the Air Force corporate strategy through Program Objective Memorandum (POM) processes, decoupled from customer rates, in order to achieve the full optimization of organic depot capabilities. Our updated report is under review in the Pentagon and is anticipated to be delivered to Congress this spring.

We manage the organic industrial base in several ways. First, we have a well-functioning enterprise life cycle management governance structure that allows our organic industrial base progress to be monitored by senior Air Force leadership. Second, we address challenges by optimizing available funding to maximize the defense organic industrial base to cost-effectively meet warfighter requirements. Through a combination of our Capital Investment Program and New Mission Military Construction, during Fiscal Years 2016 to 2020, the Air Force invested $2.29 billion in depot infrastructure and equipment.

Additionally, we continue to collaborate closely with other Services' counterparts to share lessons learned for generating a business case analysis supporting future investments. Finally, we continue to refine an Air Force corporate strategy with a more effective long-range planning process and an organic industrial base modernization program that supports it, to maximize the effectiveness of our six percent capital investment program strategy.

COVID-19 Impacts

From the beginning of the pandemic, our top priority has been to ensure the health and safety of our workforce while balancing mission readiness and national security. COVID-19 impacts aggravated a variety of ongoing challenges with depot production across the enterprise. The examples below highlight our innovative workforce and brave leadership in the face of this

pandemic:

- Warner Robins Air Logistics Complex (WR-ALC): the COVID-19 impact on aircraft flow days ranged from as low as 14 additional flow days on the F-15 and C-17 up to an additional 58 flow days on the C-5 due to manpower impacts. To minimize the impact to the warfighter, WR-ALC, partnering with the System Program Offices and lead Major Commands, reflowed impacted FY20 and FY21 scheduled aircraft inductions to mitigate the near and long-term impacts.
- Oklahoma City Air Logistics Complex (OC-ALC): the COVID-19 impact on aircraft flow days ranged from as low as 17 additional flow days on the KC-135 up to an additional 24 flow days on the B-52 due to manpower impacts. To minimize the impact to the warfighter, OC-ALC, partnering with the System Program Offices and lead Major Commands, reflowed impacted FY20 scheduled aircraft inductions to mitigate the near and long-term impact. FY21 to date has generated zero delays due to COVID-19.
- Ogden Air Logistics Complex (OO-ALC): in FY20, the impact of COVID-19 on aircraft flow days at ranged from 0 flow days for F-35s to approximately 30 additional flow days for F-16s and 19 additional flow days for T-38s. 309th Aircraft Maintenance Group Squadrons worked with their System Program Office and lead Major Command teammates to reflow inductions of one (1) F-22, fourteen (14) F-16s, and six (6) T-38s from FY20 to FY21, mitigating near and long-term impacts. In FY21, the 575th Aircraft Maintenance Squadron at Randolph AFB has experienced one (1) induction delay of two (2) weeks as a tertiary effect of a supplier's COVID-19 impact – they were unable to produce necessary Upper Cockpit Longerons on schedule.

We continue to monitor our workload to determine where adjustments are necessary.

The Air Force Materiel Command executes an annual Requirements Review and Depot Determination process that deliberately balances workload across the organic supply chain and depot. This process will help us account for readiness priorities among the various assigned workloads as we institutionalize our learning from the COVID-19 environment.

Civilian Workforce Hiring Initiatives

A key component of sustaining and modernizing legacy weapon systems is a trained and technically proficient depot workforce. The Air Force Sustainment Center depends on a 78 percent civilian workforce; 89 percent if our contractor teammates are included. Our civilian Airmen serve and sacrifice for our nation as passionately as those who wear the uniform; I am proud to serve with each. As we evolve and adapt our weapons systems and concepts of operation, we must evolve and adapt our workforce. A fifth-generation Air Force requires a fifth-generation workforce. Requirements for a Science-Technology-Engineering-Math (STEM) educated workforce and advanced manufacturing and technical skills are ever increasing. Each weapon system we sustain brings with it an increasing requirement for software development and maintenance to perform almost every function on the aircraft, from manipulating flight controls, interfacing with weapons, and navigation and communication. Our need for scientists and engineers to sustain these software-intensive weapons systems only increases. In addition to developing and sustaining new weapons systems, our engineers must also work to find new ways to sustain aging legacy systems. From understanding airframe stress, metallurgy, non-destructive inspection techniques, and reverse-engineered parts, it takes a talented pool of engineers to help us sustain our legacy Air Force. As we continue to sustain our legacy fleet, our civilian engineers are a pivotal component of readiness.

While recent authorities like Direct Hiring Authority (DHA) and Expedited Hiring Authority (EHA) have given us new tools for hiring strategies, there is an ongoing Air Force effort to continue to reduce hiring timelines. The ability to hire critical skill sets to sustain our Air Force is a strategic issue for our enterprise. We devote significant resources to recruiting efforts. The Air Force Sustainment Center continues to push for ways to develop and deliver enterprise-wide human capital strategies which drive precision recruitment and hiring sustainment. The use of DHA and EHA for the depots and associated support has allowed us to better compete with industry to secure top talent. When we received the authority in FY17, flow days for our traditional hiring actions averaged 183 days. With the use of DHA and EHA, those actions now average 65 days. We rely heavily on these hiring tools—92 percent of all external hires for Air Force Sustainment Center positions are hired through DHA. Thank you for your active role in obtaining these critical authorities. We ask your support to make these permanent and expand them to additional skill sets that support the Domestic Defense Industrial Base Facilities and Major Range and Test Facilities Base.

Our workforce challenges are not limited to engineers and scientists. We rely on a very large labor force of highly skilled technicians and mechanics who work in our depots and supply chain management. We struggle to recruit enough highly skilled technicians, and have concerns our government operations will not be able to compete for the talent we need to recruit and retain a robust workforce. While we work very closely with vocational training centers and academia which surround our Air Logistics Complexes, they can only supply entry-level skills. The Air Force Sustainment Center would immediately benefit from creating an on-ramp for recently retired military personnel. These skilled journeymen provide vital, mature skill sets and years of experience that act as a buffer to develop our entry-level personnel. One

approach is to make a clean repeal of the 180-day waiting period at GS-13 and below levels in support of hiring federal wage system personnel and some lower level general schedule employees. The language passed in FY21 NDAA represented significant forward progress on this issue—thank you. We look forward to continued engagement with this Committee to seek a clean repeal to level the playing field for the Air Force Sustainment Center competing for this experienced workforce of recently retired military.

Closing

In every instance of crisis, the defense organic industrial base provides solutions to meet unanticipated demands. The Air Force will need Congress's help with continued investments to meet the needs of an increasingly sophisticated…contested…and lethal…battlespace in the 21st Century. General Brown has made clear, we either accelerate change or lose. Adequate, consistent, and predictable funding to preserve, maintain, and modernize our critical logistics and sustainment capabilities underwrite our ability to produce readiness that guarantees that we will win whenever and wherever our nation calls. Thank you for your continued support to enable our Total Force Airmen to drive our Joint team's readiness.