

TRANSCRIPT

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Deborah Lee James
Secretary of the Air Force

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DWG: I want to say thank you to our guest this morning, Air Force Secretary Deborah Lee James. Never a dull moment in Washington, DC and certainly not a dull moment to be had around the Air Force in these times. So we all appreciate you making the time on your schedule to come and meet with us. As usual, we have 60 minutes, we're on the record, and we're going to begin with a couple of thoughts before we jump into things. So over to you, ma'am.

Secretary James: Thank you. And I just want to begin by saying thank you very much for having me. It's almost six months to the day, my six month anniversary as Secretary of the Air Force. It's the honor and the privilege of my lifetime, and what a whirlwind, as we were saying walking in, what a whirlwind six months it has been.

I just wanted to begin with the three priorities that I've established for the Air Force. These are the three key things that I've been focusing a lot of time on and effort and will continue to do so because I think they are crucial as we go forward into the future.

Priority number one for me relates to people. It's taking care of people. People are the foundation of everything that we do. And taking care of people means a lot of things. It's a big portfolio. So it means recruiting, it means retaining, it means developing, it means shaping the force so that we have the right people in the right jobs going forward.

As many of you know, of course, we're downsizing the force at the same time we are shaping the force through both voluntary and involuntary means. This has been quite an issue that we have been dealing with. It's on the minds of a lot of our airmen, so I've been talking about this as I've been traveling across the Air Force.

The goal is to use voluntary as much as possible; to use involuntary when we must; to get it over with so that we are appropriately shaped in the next 14-15 months and then we're done and move forward. So this is the path that we have been on.

Another thing about taking care of people is balancing appropriately the Guard, the Reserve, and the active component. So as we're reshaping and downsizing, we want to take advantage of the best capabilities of all three of those components. And the fourth component as well, our civilians. So I've spent quite a lot of time on that balance -- Active, Guard and Reserve in the past six months.

Another part of taking care of people is ensuring dignity and respect for all and an appropriate climate in the Air Force for our military, for our airmen. So as you can imagine, sexual assault has been something I've been tracking on quite a bit as well over the last six months. It will continue to be a top priority of mine going forward.

So that's a little bit about people.

A second priority is balancing appropriately the readiness of today but with the readiness of tomorrow. So the readiness of today I don't have to tell this gang is just absolutely crucial. That means having the right training, it means having the right equipment, it means having our people prepared to step up to the plate no matter what, today, if necessary, to go do what the nation would call upon us to do. So Lord knows, this is a timely meeting. We're dealing with the situation in Iraq. If we'd been together a month ago you might have been very interested in talking about the Ukraine. Perhaps you still are. The point is, you never know what's going to happen and you've got to be ready.

Our readiness in the Air Force as a total force over the years has atrophied. That is to say the full spectrum of our readiness. We have parts of our Air Force which are enormously ready at all times. Of course those are the ones that we would put forward first. But I'm concerned with our entire readiness and we need to get that readiness up.

The readiness of tomorrow means our platforms of tomorrow. It means our technologies of tomorrow. So we have our three top acquisition programs, we have other programs as well. We've got to appropriately invest in those so that 10, 20, 30 years from now we remain the world's best Air Force. So getting that balance correctly done is important, but it's tricky and difficult business because it all comes down to money and where you're going to put your money, and we're in, of course, a very tough budget environment. In order to pay for some of these priorities like full funding of flying hours for readiness and the Joint Strike Fighter for tomorrow's readiness, in order to pay for some of these priorities we're trying to reduce some of our aging aircraft like the A-10 for example. We don't know whether Congress will agree to this at the end of the day but we have to make those tough decisions, reduce force structure in some areas in order to pay for this.

My third priority, again, because we're in such a tough budget environment, is in everything that we do make sure that we add value to the taxpayer, make every dollar

count. To me that means a lot of different things. I come from the business world. Keep programs on schedule, on budget as much as possible. Attack headquarters spending. Get to an auditability stage for our books in the Air Force. And we're also trying to bubble up ideas from the field through what we're calling the "Make Every Dollar Count" campaign.

Let me wrap by saying my overall job, we each have different jobs in the Department of Defense. Mine is to train and equip and to organize the Air Force so that we can help the nation respond to whatever contingency we are asked to respond to in what is still a very very dangerous world, and it's to prepare the Air Force today for that as well as to make sure that we're on the path to do that 20 and 30 years from now.

So I thank you very much.

DWG: If we were meeting a month ago I would have asked you about Ukraine, but since we're meeting today I'll ask you about Iraq instead.

What communications have you had with OSD and CENTCOM in terms of getting the Air Force ready to take action? Have you had to do any planning or studies or preparation in that regard?

Secretary James: It is certainly a very serious and fluid situation, to say the least, and our top leaders from the President to the Secretary, Joint Chiefs of Staff, everybody is very very focused on this.

As I think you probably know, the President has asked his National Security team to provide some options. Some of those options would include military options. And military planners, of course, are always planning for a variety of contingencies. So that planning is ongoing.

If we step back for a moment and we think about what is the Air Force, what capabilities would the Air Force bring to such an illustrative situation. I mean the Air Force is obviously tops and required always when it comes to airlift capabilities, ISR -- intelligence, surveillance and reconnaissance -- capabilities. We have strike capabilities should those be called for. The refueling of other aircraft is crucial. We have that in the Air Force. Then command and control.

So these are the types of capabilities that the Air Force brings to the table. And when you talk about those capabilities and you talk about this part of the world, we have some of those assets stationed in the Middle East. So we have them there on a regular order. We have F-15Es, we have F-16s, F-22s, KC-135s which are the tankers. We have A-10s and B-1 bombers and C-17s and C-130s and unmanned aerial systems. So we have a variety of assets already over there in the regular order and of course we have others that could be moved within a matter of a fairly short period of time should that be asked of us.

So the Air Force is fully engaged in the planning efforts and we are standing by with our sister services. You're aware that the Navy has been asked to move an aircraft carrier closer to the area. So everyone is engaged in this planning, but of course no decisions have been made. This is an important military situation, but there are political factors, there are other ramifications which also need to be dealt with. That is what the President is doing. He's trying to bring in all those factors to be able to make a decision.

DWG: The movement of the aircraft carrier closer to Iraq is a high profile event and also a specific request of the Navy. Have any specific requests been made of the Air Force at this point?

Secretary James: I'm not really at liberty to discuss it too much beyond what I've just said.

DWG: Good morning, Madame Secretary. I have a Russia-related question. I wanted to ask you to address several points with regards to RD-180 engine if I may.

There was already 180 availability [inaudible] communication study done recently for the Air Force, and one of the recommendations of the board in the study was to accelerate the government buy of those engines. The question is, are you going to follow this recommendation?

Secondly, I wanted to ask you about something that [inaudible] [Marsh] executive director said [inaudible]. He said that U.S. government is asking them to assemble not 29 but 37 engines to sell to the United States by 2018. Is it something already put into a contract form, or you are still only at the discussion stage?

And lastly, is there a final decision on the license? On the license to start a production line of RD-180 here in United States?

Secretary James: The bottom line up front which relates I think to your three part question, is there's no final decisions on any of these matters concerning the RD-180. But to back up for a moment and provide a little bit more color, and I'll get to the more specifics of your questions, of course the RD-180 which is one of the rocket engines that powers our launches for satellites into space on the EELV program, this is a Russian-made engine. It's been an engine that we've used for I think more than a decade in this program, but it has come under question lately because of the tensions I think between Russia and Ukraine and so forth.

So there was this report commissioned, it's called the Mitchell Report. Some outside experts kind of looked at the situation and the key question on the table is should the United States going forward continue to rely very very heavily -- So we don't rely exclusively but we rely quite heavily on the RD-180. I think the bottom line answer to that question coming out of the report was no, that's probably not a wise thing to do going forward. So what to do to sort of expand our horizons on this? So there were both near term and longer term suggestions to mitigate this factor.

Some of the near term suggestions were to speed up the delivery of the current RD-180s. That was one item on the table. Speed up the certifications of the new entrants. There are other companies and other engines and so forth that are trying to enter the market, so that was another suggestion. Then for the longer term, the bottom line is we need to manufacture, come up with a way of manufacturing an engine in the United States of America. So how do you do that? Maybe you co-produce the RD-180. That's one option. Another option is maybe you start a new government program to create a brand new engine. And perhaps a third is let's do some public/private partnerships whereby you capitalize on what's going on in the private sector and the investment that they're already doing. Maybe you put some money into that from the government and together you come up with a few options and eventually down-select.

So these are all of the options that are on the table and there's no final decision yet on which way to go.

Dmitri, as far as what you said about the 29 versus the 37 and so forth, I'm not familiar with those numbers.

DWG: Good morning, Madame Secretary. Another space-related question. The Air Force has been operating the GPS constellation as almost a free public utility for many years. Recently there have been some stories about how the Air Force and DARPA are working on unjammable alternatives in the form of very small, very precise timing devices and IMUs.

Do you anticipate the Air Force will ever be getting out of the GPS business? I know you've had some discussions about migrating to this new technology and what might become of GPS in the future. Might you turn it over to a private entity or some other branch of government to run?

Secretary James: I think it's too early to tell whether we would sort of, quote, "be out of the business" ever. I couldn't speculate on that. But what I can tell you is that we're very very interested in ensuring that we continue into the future to have precision navigation, precision guidance, precision weaponry, precision timing. In other words, those sorts of capabilities which GPS brings us today.

We're acutely aware and needing to make sure that we have protections against jamming of such capability. So to invest in technologies and programs which will be anti-jamming is very very important. And should there be the potential for new technologies which would provide those same sorts of capabilities in ways other than the current GPS, that's also of great interest as well.

So there are, as you say, a variety of proposals on the table and possible programs for development, and I think we'll be pursuing some of those so that we continue to hopefully leapfrog into the future and don't just stick with one technology because it's been very helpful today. We need to continue to advance.

DWG: So the goal is not to get out of the GPS business, which has been an expensive bill for the Air Force to pay for many years.

Secretary James: It's not a goal that I've ever heard of, but rather we need to continue the capabilities that GPS provides.

DWG: Secretary James, you mentioned earlier this year when you funded [inaudible], you guys funded the CRH helicopter program. You're about to award a contract for that in days or weeks. Can you walk us through your decision-making process as to how you came about making that decision? It was a program that throughout the entire budget process that was reportedly on [the fence]?

Secretary James: Yes. Backing up for just a moment, I came to the Pentagon in December, fairly late in the month of December. So late in the month of December means that virtually all of the budget decisions that were leading up to the FY15 budget, 99.9 percent of them I'll say, had been made. So my challenge was sort of coming up to speed and getting ready to present those decisions and those recommendations to the Congress.

There was one exception to that and that one exception was the combat rescue helicopter, and it was because of some I'll say unusual events that had come together and coalesced.

So the combat rescue helicopter, the capability of having a new rescue helicopter is something that the Air Force has wanted for at least a decade. There have been various solicitations, various proposals to acquire a new helicopter, and for different reasons the earlier solicitations did not work out. There were protests and so forth. So there was a long history there but it was a capability that was wanted and desired.

About two years ago a new set of requirements were put together and a new solicitation was put out to acquire a new combat rescue helicopter, and as this was working its way through industry and industry was reviewing and getting ready to write proposals and what not, sequestration hit.

So at this point the Pentagon overall realized it wasn't going to have as much money going forward as it had originally projected. So as part of all this the combat rescue helicopter was literally teetering on the brink. Would this be included going forward or would it not? It was in that category of program.

Meanwhile the proposals came in, they were reviewed -- this is all before I got there. They were reviewed, they came in and there was one that was technically in good shape and was quite a bit below the cost analysis that the Pentagon felt was appropriate. So it appeared to be a very good deal for the taxpayer from a cost perspective.

Then I came into office, getting briefed on lots of programs. Then in early January Congress pass its appropriation bill for FY14 and they put in hundreds of millions of dollars to begin the combat rescue helicopter.

So as I was reviewing all of these details and trying to decide whether to go forward or whether to cancel that solicitation and possibly restart with a new solicitation some years later, these were the factors that I was facing and that I was reviewing.

We had the need. We had a proposal on the table which was a good buy for the taxpayer. We had seed money from the Congress, hundreds of millions of dollars to get started. These were the various factors. But of course there was more money that would have to be found and we would have to make tradeoffs in the out years. So what would those be? So we had to review that as well.

Then I took a trip. I took a trip to Moody Air Force Base. I saw the A-10s at Moody Air Force Base and I also saw what are called the Pedros which is one of the para-rescue units there. I saw the helicopters, I talked to the team on the ground and in the air, and when I came back from that trip, that was when it all was solidified in my mind.

So in summary, it was a combination of the following factors. We had a solicitation that it was technically in good shape and a good buy for the taxpayer. We had the seed money, hundreds of millions of dollars from Congress. We had the longstanding need on the part of the Air Force to buy a new helicopter. And had we canceled it then, we would have restarted it some years later without the seed money, who knows whether we'd have a good buy, there were all those uncertainties. And I saw it up close and personal and it very much impressed me.

DWG: Was it something somebody said to you there specifically that you took away?

Secretary James: There was nothing specific other than the mission and the need. It's a very sacred mission. The airmen were extremely impressive. They had deployed, all of them that I talked to had been in theater. They had been involved with rescues. It is a moving type of unit to spend some time with.

DWG: Madame Secretary, a question for you about your work to change things in the ICBM force, improve the force.

The question is about the cumulative effect really of minimally resourcing or in some cases under-resourcing the force. And not so much the missile itself or the warhead, of course, but all the infrastructure that's around it that makes it work. That seems to be part of the systemic issues that you have talked about based on your visits and talks and so forth.

I'm wondering what you think can be done in the short term to make a real difference there, adding things. I know you're adding a little bit in this current budget, but what are the top priority things that you'd change quickly? Do you need to sort of break the mold in terms of how the Air Force thinks about the need for modernizing the structure?

Secretary James: I do think, Bob, as you know, I use the word systemic, other people say culture. I do think this is more than sort of a single issue. As I've said before, I do

think we need some holistic fixes for the nuclear force. And you also said it, but I'll repeat it. This is not something that happened in the last year or two or even ten. It's probably been happening gradually over the last 25 years. So I hesitate to say that there are quick fixes out there, but there are things I feel that I can do, the Chief can do, that we can get on right now. These are the types of things that we are getting on, and we're not done yet. So just to recap a few of them if I may.

Let's talk money. Money's not everything but money is important. So right now in FY14, just in the last few months, we have redirected \$50 million. And \$50 million, by the way, is the most that the Global Strike Command said they could reasonably spend in FY14. You don't want to throw money away, obviously. You've got to spend it reasonably. So \$50 million for FY14, and \$350 million additional over the next five years, over and above what we were going to spend anyway. So these monies would go to sort of the sustainment, infrastructure, type things, they would go to some of the people issues that we've been talking about. So we are right now today redirecting money. And hold on, because there could well be more to come when we get into our next POM cycle. But this is just what we have figured out so far.

Another thing, there's undermanning in the nuclear force. When you're undermanned that means the existing people have to work harder and that impacts morale and it could impact other things as well. So I'm convinced it's there. We have right now already directed 1100 additional people are going to be inserted into the nuclear force to get those manning levels up.

DWG: Will they be in the field or will they be in desk jobs?

Secretary James: They will be principally in the field. We are going to 100 percent man what are called eight critical nuclear specialties. That's another thing, 1100 people -- and by the way, for everybody who's interested in the force shaping and the reductions and so forth, we have lifted some of that force shaping and some of those reductions to account for the fact that we're going to plus back some into the nuclear world. So that's an example of an adjustment we've made as we have gone along.

Another thing is we have major commands, they're called in the Air Force, and they're all four stars at the moment except for one and that's Global Strike Command and I think that needs to change. So I'm recommending that we up that command to a four star position and that we up the current two star who is on the Air Force staff, that we up that to a three star position. So we want to up the rank of the nuclear forces within the Air Force. Rank matters in the military. So that's another thing that we're doing.

We've redone the testing environment and the inspections environment will change as well because it had become this zero defect mentality where even the smallest of the small kinds of errors could cause an entire failure. That wasn't a healthy environment.

We have proposed, not proposed, we're going to do, it will kick in in the October/November time frame, we're going to introduce some new incentives for the force. A variety of, there will be an accession bonus for new officers. We're going to do

some ROTC scholarships. We're going to be providing field incentive pay for people who deploy out to the missile fields for X number of days and so forth. So there's going to be a variety of financial incentives to kick it up a notch for this force.

Jack Weinstein, the commander of the 20th, he has issued a whole series of directives to the field which are designed to start to shift the culture. You know, memos don't shift culture, leadership and time eventually shifts culture, but this is a start. So this is designed to stop the micromanaging, to push down to the lower levels decision-making. So Weinstein, for example, is working it hard.

By the way, there are lots of people working this hard. Not just me and not just the Chief of Staff.

So with all of that I think it's going to help, but we didn't get here overnight and we're not going to fix it overnight. I think it's going to take persistent focus and persistent leadership and persistent attention for years to come. And with all of what I've just said, I am certain that additional resources are probably still in order and we're going to have to talk about those resources as we get into the next POM cycle.

I happen to think that the nuclear mission of the United States is a national mission, right? It's an Air Force mission but it's for all of us, not just for the Air Force. So I'll be talking to the Deputy Secretary, the Secretary of Defense, the senior leaders of DoD to see what can we do about this? Can we get some additional assistance for some additional needs?

DWG: Madame Secretary, I wanted to drill down a little bit on Iraq and your forces over there. You listed a number of aircraft. Roughly, are we talking about 90 to 100 manned and unmanned, if you'd know?

Secretary James: That sounds about right, Tony, but I'm not 100 percent sure of the numbers.

DWG: What would the role of the CAOC, the Combined Air Operations Center in al Udaid be in a conflict? Air strikes against Iraq?

Secretary James: The role of the CAOC sort of every day is to help mission plan. Mission plan and control the movement of aircraft but also has visibility over other assets. So they would have visibility on where the naval ships are and so on and so forth, so that is always the mission of the CAOC.

DWG: Do you have any sense that Qatar, the government, would put restrictions on the use of the CAOC in airstrikes against Iraq?

Secretary James: I don't have any information on that, Tony. I don't have anything to share on that.

DWG: As the top civilian who would put airmen at risk, whose job is to equip them to go on missions, what are people telling you about the air defense threat that the ISIS organization could pose to U.S. flyers if in fact airstrikes were executed?

Secretary James: I'm afraid I don't have any information on that either to share, Tony. Sorry.

DWG: The aircraft in the region, have you had to pull F-15s or F-22s from other parts of the world? Or are they pretty much there and have been there on standby?

Secretary James: The ones that I described to you are there. They have been there either on normal rotational assignments, some are there on exercises, some have been there in support of Afghanistan. So these are all that are sort of readily available. But of course we have others that could rather quickly be brought to bear.

DWG: A-10s are there already if they're needed.

Secretary James: Everything I mentioned is there.

DWG: It's a little bit ironic if they're used. But anyway, thank you.

DWG: We understand that no decisions have been made and we wouldn't ask you to get into the details of the interagency negotiations, but in a general sense can you tell us if the order came for strikes in Iraq, about how long would it take to be ready to execute that order? Are we talking hours, days, weeks?

Secretary James: I need to point out, of course those orders don't come to a Secretary of a military service.

DWG: Based on your knowledge --

Secretary James: Based on my knowledge and based on what I know of our Air Force, we always talk about we are ready to fight tonight. That is our way of saying we are ready within hours -- not days, not weeks. So of course planning is going on, contingencies are being looked at. I'm very confident that if the order comes down, again it wouldn't come to me, but if the order comes down our Air Force will be ready.

DWG: And the other mission might be an evacuation of Americans in the green zone. Do you have all the assets in place to perform that mission within hours if that order were to be --

Secretary James: Again, I don't have information to share on that specifically, but I am certain that within the joint team they are looking at a contingency that should an evacuation be necessary, that the joint team would be ready to go.

DWG: Within hours?

Secretary James: Again, I don't know specifically, but we work fast.

DWG: The last quick one, are you aware of any U.S.-made either fixed wing or helicopter aircraft that were in Iraq that have now been taken over by ISIS as they advanced? There have been some news reports about the Mosul Airport, Blackhawks. In Balad there are some F-16s. I know these aren't Air Force assets, but because you might be in a position to know, are you aware of any --

Secretary James: I have no information on that, I'm sorry.

DWG: Secretary James, Craig Whitlock with the Post.

I wanted to follow up on Tony's question. You ticked off a whole bunch of assets in the Gulf region, but I'm a little unclear too, are you confident that you'd be able to use those? Or would those nations get a veto on that? I know you said you don't have any information. I don't know if that means you don't know or you don't want to say.

Secretary James: Can I say both? [Laughter].

DWG: No.

Secretary James: What I'm trying to portray to all of you really is that within the contingency planning the Air Force will be ready to do what it's called upon to do. We have a variety of assets that are close by, that might be the way to say it differently. We have other assets that could be brought closer by if necessary. And so what the military contingency planners are really looking at is what are the options of what we could do? First you have to figure out what you want to do and then you try to figure out what are the kinds of equipment and people and so forth. Then if they're not properly in position, you would move them into position.

So these are the types of things contingency planners do always. So I'm just saying illustratively that is the type of thing that I'm talking about.

DWG: I guess what we're curious about too is, are you, it sounds like with this contingency planning that you are taking it for granted that those countries in the Gulf would give you free reign to use the assets you have there if the President wanted to use them in Iraq.

Secretary James: Please, I'm not taking anything for granted, and I also want to make clear, I'm not among the contingency planners. I'm not in the room and discussing these contingencies. I'm more talking illustratively just from past knowledge of how these things tend to work.

So we have strike capabilities. The Navy has strike capabilities. It's a question of which ones, if the decision were made to strike, which one would be best positioned, which one would do it? We have unmanned vehicles that could do a certain amount of strike. There are all kinds of ways. We have airlift, we have -- In other words, I'm just trying to

portray to you there's a full panoply of capabilities available and the contingency planners know this. But the first thing is they have to figure out what it is they would wish to do.

DWG: I apologize if I'm not getting it, but you said we have all these assets available in the region. Are you confident that you'd be able to, from a political standpoint in terms of permission from host countries, that you'd be able to use those assets?

Secretary James: That of course, if there are agreements with host countries and we do have agreements with host countries where permission has to be sought, then permission will have to be negotiated.

What I'm saying is I'm confident that the top people who are charged with working these contingencies are addressing those matters.

DWG: Thank you.

DWG: Secretary James, I'd like to go back to the ICBM question. Can you tell us today what percentage of the missileer force is volunteers and if you think these inducements will boost the share of volunteers? And is there any other billet in the Air Force with a lower number of volunteers than the ICBM missileer force?

Secretary James: When you say volunteers, I think I know what you mean. Everybody of course in the Air Force these days is a volunteer, but like when --

DWG: For that mission.

Secretary James: For example, when you're coming in like at the Academy or ROTC you get to say gee, my first and second and third choice is this and that and the other. So how many of the missileers put missiles as their top couple of choices? The answer is, not many. I don't know a percentage, but not many. Of course it's the needs of the service before the needs of the individual, so everybody is a volunteer in that sense. But by doing a series of improvements, so those incentives are one element of the improvements, and by making over time the stature, how people look upon this team, getting that to a higher level, I hope there will be greater inducements to go into it, but we'll see. As I said, it's not going to happen overnight. It's going to take some time.

DWG: You don't know where this lies on the spectrum of voluntariness among other billets within the Air Force?

Secretary James: I don't have a percentage, but I feel certain just from my own focus groups and my own research, that many people, most people who are in the field, that it was probably not their first, second or third choice. It was more the needs of the service and they were assigned to the needs of the service.

DWG: Do you think these inducements can actually change that mindset?

Secretary James: Not by themselves. I think it's one element of a holistic picture. I happen to think the top thing that really drives an airman is feeling like they're making a difference, feeling like they're involved in something that's bigger than themselves, that they're protecting America. It's that kind of patriotism and feeling like you're making an important contribution.

So we need to make sure that our missileers feel that way as well. I feel that they're doing that. I don't know that they feel that they're doing that. So over time we've got to change that around.

DWG: Air Force Times.

Secretary James, my question deals with transparency and communication that you have with your airmen.

For about three years now the Air Force has been putting force management guidelines and personnel announcements behind government access on the web site. Once this information comes up to the public, there's not really any sensitive information that's tied to these announcements. Would you consider posting this information on an Air Force public access web site to be more readily accessible to airmen? Or how is the Air Force working to be more transparent with this information with airmen?

Secretary James: We have had, as far as I remember, as far as I understand it, for some time now, this information on www.AirForce.mil. What's been difficult is I think in the earlier days it wasn't easily accessible. In other words, a lot of people didn't know where to find it, you had to go through a bunch of clicks to get there, and so in more recent, I'll say the last few months, I think we have improved the accessibility of it, meaning it's right there and you can't miss it anymore.

I think what you're talking about Oriana is, there is, as you say, behind the government firewalls, if that's the correct word, they will send out messages. Like the personnelists will send out message to other personnelists in the field about how to code people. I mean it's highly technical execution type things for the personnel world. It's not the macro level information about downsizing or the different AFSCs that are going to be affected and the voluntary. It's the type of thing that only people who are coding in information in the personnel world would be interested in. As far as I understand it. But you know what, since you're asking I'll go back. I figure I can get to that government access stuff. I'll look at what it is and see if it's something beyond that. As far as I understand it, it's highly technical, how to fill out the paperwork type stuff.

DWG: In terms of promotions, for example, that is only available to airmen that are logging in. So why not just put that on af.mil and the list is right there?

Secretary James: I promise you I'll go look at what exactly it is behind that firewall.

DWG: Good morning. You have been having an exciting time with the A-10. Some of the appropriators smiled upon you, blessed you. Lead us through the political calculus

of the next couple of months and give us some idea of how you're going to juggle things should the authorizers say no.

Secretary James: We've tried as best as we know how to explain the story of the A-10. In brief, the story of the A-10 is we love the A-10, it's been a terrific aircraft, but given the budget situation that we face, given the age, given the survivability issues, given the fact that we have other aircraft that can and are doing close air support, we feel on balance it needs to be retired. It will save billions of dollars if we retire it. We have backfill missions for most of the units that would lose the A-10 over the next five years. I said most, not all but most. And those backfill missions are with newer aircraft that are more enduring and more important for what we've got going on for the future.

So that's the story that we have been telling. So far it's not gone over tremendously well. One committee, as you said Colin, went with us on that. The other two did not.

So what we have said to say the authorizers or what we've said to the opponents of the proposal is, if we're not allowed to retire the A-10 -- what I've said -- please, please, please, please, you must give us the money to add back. And by the way, when you find the money please don't take it out of readiness. We really, really need to get our readiness levels up. And I don't know where you're going to find it. I don't know where to point you to find the money, because you have to deal with the same top line under the BCA as we do. So it's not that you can just add it on. At least I don't think you can. But please give us the money and please don't make readiness your source.

Looking at the two bills, the two armed services bills, it's a little hard to see exactly where the money came from. I think the Senate took it from O&M which is readiness; the House said it should come out of OCO. I'm not sure that's going to hold. It might hold, but we'll see.

So I don't know that there's a political calculus going forward, Colin, but what it is is we have to continue to get our message out. We need to continue to explain that we have to move on, that we have these other missions that we need most of the units to do with other aircraft that are more enduring, they're more important for our future. And if you do not agree with us, Congress, at the end of the day please give us the money. If you don't give us the money or if you carve it out of readiness, it will exacerbate that atrophy that I told you about earlier of our readiness concerns.

DWG: Have you made the argument on a sort of broader level that hey look, if you're not going to approve this sort of thing now, when are you going to bite the bullet and actually make hard decisions? Because so far the Hill has basically said don't do anything that hurts.

Secretary James: We have certainly put forth the position that we feel like the budgets are going to be restrained, constrained for the foreseeable future. We think more likely than not we'll have sequestration level budgets rather than the President's level budget. We keep arguing for the President level budget, but you have to be

realistic. And we've explained that it's better to make the hard choices now rather than later so that you can harvest the savings for these important other things.

The members on the defense committees are of course very pro-defense and there are people who still say but we're going to get rid of sequestration. This is going to work out and they're hopeful. I want to be hopeful too, but my job is I've also got to be realistic broadly about this so we just have to continue to get that message out.

DWG: Madame Secretary, I want to just follow up on Colin's question very quickly in a kind of larger sense. You and General Welch have both said that the real savings for the Air Force comes from retiring entire fleets, so if it's not A-10, it might have to be the B-1s and the KC-10s down the line. But as a political strategy, that doesn't seem to work with Congress [inaudible], tries again with B-1s and KC-10s you'll have other groups of lawmakers that will be upset about it. Is that a practical way to do this budget going forward? Or does the Air Force need to reassess getting those levels of savings some other way?

Secretary James: I would tell you I think it's a hard sell however you do it. Of course A-10 and the U-2, which would be FY16, those are examples of entire fleets where you get the billions of dollars of savings, and we do think that's the most sensible approach going forward.

The other alternative is take a few aircraft here, a few aircraft there and so forth. We have some of that as well in the FY15 budget. That hasn't gone over very well either.

I think we just have to continue -- I don't have a magic bullet solution to this other than we have to continue to tell the story.

Another one of course is base closures. We have asked I think it's now three years running. I would give it zero probability of passing this year to get that authority. So I would predict, I don't know with certainty, but I would predict we will come back again next year. I mean part of our duty is we have to keep telling the story. So as a person who came out of business, I can tell you the last thing that a corporation would do would be to spend money on facilities that they no longer needed. That's the first thing you would do in business, is consolidate your facilities, get them off your books, and harvest that money so you could plow it back either to the shareholders or to the people or to your R&D. You would never, never, never run a business this way.

I realize government is not business, but there are certain principles that just make good common sense and I think we're going to continue to press that one as well when we don't get it and I don't think we'll get it this year.

DWG: One quick follow up to Craig and Tony's questions. Secretary Hagel flew to al Udaid earlier this year with a whole group of reporters. They were allowed to call it by its name in their stories. They went on a big tour of the base. He said at the time, I want to be more transparent about these airmen and aircraft in Qatar. Yet the Air Force since then has continued to refer to it and Ali al Salem and other bases that are familiar to

everyone in this room as being in Southwest Asia under this kind of [fiction] that you can't identify where they are. I'm just curious, why is that and is that going to continue in terms of that fig leaf over where airmen and aircraft actually are in the Middle East?

Secretary James: I will have to admit, I didn't even know that. So let me take that back and look into that. If there are restrictions on what you call it and so forth, I frankly was not aware of it. I've been there as well and was very impressed with it. So let me check that out.

DWG: Good morning, ma'am. Grace Jean with Jaynes.

I wanted to ask you a question about readiness. You mentioned it's one of your top priorities. I thought I'd ask you first of all about what else can be done besides throwing money at the issue. Obviously you need money to provide time for flying and training and simulations, doing these big exercises. So I'm wondering, looking down the road what's the grand plan to kind of get that back up to par?

The second part of my question relates to the interaction with the Navy. Looking farther down the line and trying to come up with ways to work the A2AD problem and what you might be doing for AirSea Battle? I don't know if that's still a concept that's flying at the moment? I was just curious where that all stands.

Secretary James: In terms of readiness, readiness is certainly not only about money. You can have all the money in the world but then if you don't utilize and spend that money in the right areas, it won't get you readiness. But money is important because it funds the whole enterprise.

So what the money would do for us is it would permit 100 percent flying hours. In other words, we would have in FY15, if it doesn't get cut back and become a bill payer for other things, we would put enough money in the budget that we can do the full flying hours of the United States Air Force which the experts say are required and can be spent effectively in FY15. So flying time for the pilots.

By the way, we talk about flying hours but there are other types of training, right? Maintainers need to be trained, and all sorts of skill areas need to be trained. So the point is we're fully funding the most important training programs including the flying hours.

Another part of readiness has to do with repair of equipment. Right? If equipment is down you can't fly it or you can't drive it. So when you can't get spare parts or when the depots aren't fully functioning or what have you, if repairs don't happen, that affects readiness.

So the FY15 budget would also get the numbers up in the sustainment area to a higher level. So those spare parts would flow better, things would get repaired more quickly, and so forth.

A third element has to do with our ranges. Again, this is back to the flying aspect. We have ranges where our pilots practice. They practice the high end skills. So flying -- Think of driving a car. There's the way that you can just drive down a quiet street in a quiet neighborhood and drive one block's distance, or you can be engaged in defensive driving a la the Secret Service. So there are different levels of flying.

What we're trying to do is make sure that we get the broad spectrum of training and that the pilots get challenged in the higher end spectrum of flying. So we have ranges that help us do that and there are investments that are required for those ranges.

So these are kind of broad categories of what needs to be done for readiness to bring full spectrum readiness up to a higher level of where we think we want to be.

Another part of it is exercises. You were asking about the Navy. We'd like to exercise with our sister services, we do it with our coalition partners, so being able to participate in more exercise activities is important as well.

We have in the Pentagon an office, it's a fairly small team but it's called the AirSea Battle Office. This is the group that is thinking about concepts and doctrine and approaches for the future where we can as a joint team work together more strategically to be able to take on the contingencies that could happen 10, 20 years from now.

By the way, it doesn't say AirLandSea, but there are Army people involved with this as well because the Army is a very critical component. So we're very much working with the Navy and we have a team of people who are focused on nothing but the A2AD scenarios in the AirSea Battle scheme of things.

DWG: Secretary James, if the Air Force wants to pursue the next generation engine program, what are the odds that it would be based strictly on private investment?

Secretary James: What are the odds? I don't bet. [Laughter].

I will say this. I think we're all very very interested in capitalizing on the capabilities and the investments of the private sector. We'd be crazy not to be. I have to believe that that's going to be a component of it. I'll say I'll at least be a proponent of it. Again, there's no decisions made. This will be I'll say a joint level discussion between the Air Force, the other services, DoD, NASA, there's a variety of stakeholders in this for the future. But I have to believe, again, looking at common sense that we would all wish to capitalize on the investments and technology that is already there in the private sector.

DWG: Do you rule out government investment, subsidizing participants in the program if it were to happen?

Secretary James: No, I do not rule it out. As a matter of fact I would think there would have to be some sort of a government investment, it's just what does that mean? Does that mean billions of dollars where the government is managing the whole thing? Or does it mean seed money? What does it mean exactly? But I think the government

has to be involved because obviously these are requirements that would be created for us, that would be serving us, the government. So we would have to be involved with it.

DWG: I'm sorry, but is it possible for the participants to fund their own engines privately for the competition? Why is it necessary for the government to financially support them for this?

Secretary James: The government would have to write -- There is at least a minimal amount that the government would absolutely need to be involved with. So the options range from that sort of minimal to somewhat larger to a brand new, full up government program. What I'm saying is at least my vote would be that we capitalize on the private sector investment.

DWG: We have time for one last question.

DWG: Madame Secretary, I had a question relating to the nuclear force -- one personnel, one hardware.

You mentioned the financial incentives. Can you provide a little more information about that? Approximately how many airmen might be in line for that? How big would they get potentially? Maybe how much of a share of that [\$150 million] mark over five years is set aside for that?

On the hardware side, there's upcoming tests at Vandenberg, pretty key. There have been failures in the past. How important is that test and how concerned are you that a failure there might result in decreased funding on the Hill? There are some lawmakers who are concerned about expanding the number of interceptors at a time when the technology doesn't appear to be 100 percent.

Secretary James: I'm afraid I don't have sort of percentages or numbers of people that would benefit and so forth. I'm afraid I just don't have that at this point. And even with regard to how much would the bonus be and things like this, these details we're still working on and we're going to be rolling this out in greater detail for implementation in the October/November time frame. So I'm sorry I don't have better answers on that at this --

DWG: It's included in the '15 or it would be included in -- It's slated to be included in the '15 budget?

Secretary James: We're doing this whether we get, I already have, we the Air Force, we already have the authority to do certain types of bonuses and incentives. So this falls into the category we don't need authorization from Congress to do it. We can simply do it under our own authority and we are redirecting monies that will cover it.

As for how it goes at Vandenberg and the testing and what the blow-back might be and so forth, again, I don't really have any information to share on that. I will say that the things in development, they sometimes work and they sometimes don't. That's why

they're in development and that's why you have to deal with the setback when it occurs. But I'm afraid I don't have any real information on that one either.

DWG: Are you concerned, though, that that might be an argument you might have to more forcefully make or add to the pile that you have when you go to the Hill? It's a big ticket program and a lot of folks are watching it.

Secretary James: We will deal with it either way it goes. This is an important area. And regardless of how a single test goes, we need to plow forward and we need to make this work.

DWG: Secretary James, this was good. I wish we had more time but we don't. Thank you again for coming in.

Secretary James: Thank you, I appreciate it. I'd love to do it again one of these days.

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