

Statement
Of
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and
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For Logistics and Materiel Readiness

Before the
Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Federal Financial Management,
Government Information, Federal Services,
and International Security

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Chairman Carper ... Senator McCain ... Members of the Committee. My name is Mike McCord. I am Principal Deputy Under Secretary of Defense (Comptroller). Joining me this morning is Alan Estevez, Principal Deputy Assistant Secretary of Defense for Logistics and Materiel Readiness. We are here to speak about the considerations that went into the decision to conclude the C-17 program.

On behalf of Alan and myself, I would like to begin by thanking you for your support of the dedicated men and women who wear America's uniform. Your concern for them and their well-being is greatly appreciated, as is your commitment to the nation's security.

Today we are focused on airlift capacity and, in particular, the Department's decision to bring the C-17 Globemaster III program to an end.

That decision must be understood within the larger context. To meet DoD's strategic airlift needs, we use a combination of DoD organic and contracted airlift. The contracted airlift comes from our commercial business partners under the United States Transportation Command (USTRANSCOM) Civil Reserve Air Fleet (CRAF) program. Together with our organic capabilities that will be described below, this combination of organic and military airlift provides the necessary capacity to meet the Department's needs. For example, in 2009 alone the Department and its commercial partners airlifted more than 2 million passengers and 750,000 tons of cargo and delivered 230 million gallons of fuel to U.S. and coalition aircraft.

The Department's organic strategic airlift aircraft are the C-17 and C-5. Both are excellent aircraft and provide the strategic airlift needed to deliver and sustain combat power to meet the National Military Strategy, including on-going support to operations in Afghanistan.

Over the past five years, the Department of Defense has conducted three studies concluding that our C-17 and C-5 airlift capacity is more than sufficient for needs today and those of the foreseeable future:

1. The most recent of these studies is MCRS-16, the Mobility Capabilities and Requirements Study-2016 that concluded last February. It provided a look at requirements through 2016 to ensure that our plans and investments provide the mobility capability needed to support future wars.

This study informed our decisions on the right mix and size of transportation assets needed, including strategic airlift. The MCRS-16 developed three cases to evaluate a broad spectrum of military operations. Each case contained two surge events – (a) defense support to civil authorities, otherwise referred to as homeland defense, and (b) a 2016 representation of steady state activity that must be supported and sustained around the globe for crisis response and to

support overseas contingency operations. Transportation requirements to support each case were calculated, and programmed capabilities were applied to identify gaps in planned capabilities.

The results of the study indicated that the Department's planned strategic mobility capabilities are sufficient to support the most demanding projected requirements. In other words, the study concluded that the number of C-5s and C-17s in the Department's program of record is sufficient even in the most demanding environments.

2. Prior to the MCRS-16, the Institute for Defense Analyses (IDA) performed a study in early 2009 as required by Section 1046 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181). This is a requirements-based study on alternatives for the proper size and mix of fixed-wing intra-theater and inter-theater airlift assets to meet the National Military Strategy. The IDA study considered 36 alternative mixes and sizes. The study concluded that the size and mix of the program-of-record fleet is adequate to meet requirements.

The report also identified several ways to generate higher capability from the program-of-record fleet. It concluded that a small amount of additional capability could be achieved if all C-5 aircraft were converted to the C-5M model through the Reliability Enhancement and Re-engineering Program (RERP). The study noted that continued production of the C-17, even at low rates, is expensive when compared to shutting down and restarting the production line. Also, the option of retiring the C-5A model to pay for additional C-17 aircraft is not cost-effective.

3. In 2005, the Department completed the Mobility Capabilities Study (MCS) which determined that a strategic airlift fleet of 292 aircraft supported the National Military Strategy with acceptable risk. This requirement was based on a detailed assessment of major combat operations associated with two overlapping large-scale campaigns, homeland defense, lesser contingency operations, and high priority national missions.

In addition to these three studies, the Air Force Fleet Viability Board concluded in 2004 that the C-5A – the oldest variant in the C-5 fleet – will remain viable until at least 2025. According to the Air Force, the C-5 fleet as a whole will remain viable until 2040. Moreover, ongoing modernization and refurbishment efforts will increase the reliability, availability, and maintainability of the C-5 fleet.

Strategic airlift mission success requires a viable fleet of C-17s and C-5s, in addition to our commercial CRAF partners. Our ability to expand airlift capacity to support the increase in airlift requirements, especially in light of major force rotations, is a direct result of our commercial partner relationships. The use of contracted commercial aircraft to transport passengers and cargo expands the Department's global capacity by freeing up organic aircraft to satisfy other requirements.

In terms of organic capacity, a strategic airlift fleet of 223 C-17s and 111 C-5s – the level now projected -- provides a capacity of 35.9 million ton-miles per day, which more than covers the highest projected airlift demand of 32.7 million ton-miles per day. Additionally, these two types of aircraft are largely interchangeable in the strategic airlift role. The MCRS-16 and previous studies show that the Department clearly has more strategic airlift fleet capacity than we need.

As a result, Secretary Gates concluded that it is not in the national interest to continue adding more C-17s. Last September, he sent a letter to Congress in which he explained his view that "the Department does not need additional C-17s to meet strategic needs." In February, DoD rolled out a budget request for FY 2011 reflecting that position and including no funds for additional C-17 aircraft. In our view, the production line should begin shutting down, a process that will continue through FY 2014.

In his comments releasing the Administration's FY 2011 budget request, President Obama said the following: "We save money by eliminating unnecessary defense programs that do nothing to keep us safe. One example is the \$2.5 billion that we're spending to build C-17 transport aircraft. Four years ago, the Defense Department decided to cease production because it had acquired the number requested – 180. Yet every year since, Congress had provided unrequested money for more C-17s that the Pentagon doesn't want or need. It's waste, pure and simple."

In testimony before the Senate Armed Services Committee, the Secretary echoed the President, saying that he would not support the addition of more C-17s and that he would "strongly recommend" a Presidential veto of legislation that sustains the aircraft's unnecessary continuation.

The Secretary's position is unchanged from a year ago, when he told the House Armed Services Committee – and I quote – "each program decision is zero sum: a dollar spent for capabilities excess to our real needs is a dollar taken from a capability we do need – often to sustain our men and women in combat and bring them home safely."

Mr. Chairman, this remains our position today, and I want to thank the Congress for supporting that position in all the defense bills that have been reported or passed by the House and Senate this year. I welcome your questions.