

**NOMINATIONS OF CHRISTINE H. FOX TO BE  
DIRECTOR OF COST ASSESSMENT AND PRO-  
GRAM EVALUATION, DEPARTMENT OF DE-  
FENSE; FRANK KENDALL III TO BE DEPUTY  
UNDER SECRETARY OF DEFENSE FOR AC-  
QUISITION AND TECHNOLOGY; GLADYS  
COMMONS TO BE ASSISTANT SECRETARY  
OF THE NAVY FOR FINANCIAL MANAGE-  
MENT AND COMPTROLLER; AND TERRY A  
YONKERS TO BE ASSISTANT SECRETARY OF  
THE AIR FORCE FOR INSTALLATIONS AND  
ENVIRONMENT**

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**THURSDAY, OCTOBER 22, 2009**

U.S. SENATE,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC.*

The committee met, pursuant to notice, at 9:37 a.m. in room SH-216, Russell Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Udall, Hagan, Burris, McCain, Inhofe, Sessions, Chambliss, and Thune.

Committee staff members present: Richard D. DeBobes, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Terence K. Laughlin, professional staff member; Gerard J. Leeling, counsel; Peter K. Levine, general counsel; Jason W. Maroney, counsel; Roy F. Phillips, professional staff member; Russell L. Shaffer, counsel; and William K. Sutey, professional staff member.

Minority staff members present: Joseph W. Bowab, Republican staff director; Pablo E. Carrillo, minority investigative counsel; Lucian L. Niemeyer, professional staff member; and Richard F. Walsh, minority counsel.

Staff assistants present: Paul J. Hubbard and Jennifer R. Knowles.

Committee members' assistants present: Carolyn A. Chuhta, assistant to Senator Reed; Christopher Caple, assistant to Senator Bill Nelson; Patrick Hayes, assistant to Senator Bayh; Gordon I. Peterson, assistant to Senator Webb; Roger Pena, assistant to Senator Hagan; Lindsay Kavanaugh, assistant to Senator Begich; Roosevelt Barfield, assistant to Senator Burris; Anthony J. Lazarski

and Jared Young, assistants to Senator Inhofe; and Lenwood Landrum, assistant to Senator Sessions.

**OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN**

Chairman LEVIN. Good morning, everybody. The committee meets today to consider the nominations of: Christine Fox, to be Director of Cost Assessment and Program Evaluation; Frank Kendall III to be Deputy Under Secretary of Defense for Acquisition and Technology; Gladys Commons to be assistant Secretary of the Navy for Financial Management and Comptroller; and Terry Yonkers to be assistant Secretary of the Air Force for Installations and Environment.

We welcome our nominees and their families to today's hearing. Senior Department of Defense officials put in long and often uncertain hours. We appreciate the sacrifices that our families are willing to make to serve our country. Their families deserve equal gratitude for the support that they provide that is so essential to the success of these officials.

Each of our nominees has a distinguished background. Ms. Fox is the President of the Center for Naval Analyses, CNA, the Navy's federally-funded research and development center, where she has worked as a defense analyst for the last 28 years.

Mr. Kendall has served as the Department of Defense's Director of Tactical Warfare Programs and as assistant Under Secretary of Defense for Defense Systems, before returning to the private sector, where he consults on strategic planning, engineering management, and technology assessment issues.

Ms. Commons has served the Department of Defense as a budget analyst and comptroller for more than 30 years, most recently as Comptroller of the Military Sealift Command, Principal Deputy assistant Secretary of the Navy for Financial Management, and Comptroller of the Marine Corps Research, Development, and Acquisition Command.

Mr. Yonkers worked for the Air Force for 22 years, serving as Deputy assistant Secretary for Environment, Safety, and Occupational Health, and as Director of Environmental Programs for the Air Force Base Conversion, before returning to the private sector to advise clients on engineering, energy, and environmental programs beginning in 2002.

If confirmed, each of our nominees will play a critical role in the management of the Department of Defense and the military services. The Director of Cost Assessment and Program Evaluation, or CAPE, is a new position that we established in the Weapons Systems Acquisition Reform Act that we enacted earlier this year. We established the position of CAPE Director to ensure that the budget assumptions underlying acquisition programs are sound and that the Department faces up to the real costs of unrealistic requirements. We and the public have had our fill of cost overruns caused by overly optimistic assumptions at the beginning of programs.

To be successful in this position, the new director will have to be an independent truth-teller in the mold of the Director of the Congressional Budget Office and the Department of Defense's Director of Operational Test and Evaluation.

The Deputy Under Secretary of Defense for Acquisition and Technology is the number two official in the office responsible for managing an acquisition system that spends about \$400 billion a year and too often falls short of what is needed.

The assistant Secretary of the Navy for Financial Management and Comptroller is responsible for managing the Navy's budget and for placing the Department on the road to an auditable financial statement.

The assistant Secretary of the Air Force for Installations and Environment is responsible for managing Air Force bases and test ranges and for addressing such difficult issues as energy conservation and environmental encroachment.

These are all formidable tasks that play an essential role in the successful operation of the Department of Defense.

Senator McCain.

#### **STATEMENT OF SENATOR JOHN MCCAIN**

Senator MCCAIN. Thank you, Mr. Chairman.

I want to welcome—join you in welcoming our nominees and their families, and I thank them for their willingness to serve in these key leadership positions. Mr. Kendall, the nominee to be the Deputy Under Secretary of Defense for Acquisition and Technology, has broad experience as an active duty Army officer, as an acquisition official in the Office of the Under Secretary of Defense for Acquisition, and in the private sector. Ms. Fox, the first nominee for the position of Director of Cost Assessment and Program Evaluation, is currently the president of the Center for Naval Analyses. She has worked for over 25 years as a defense programs evaluator and research manager with a focus on operations, costs, and acquisition, manpower readiness, and technology issues and programs.

If Mr. Kendall and Ms. Fox are confirmed—and I am confident that they will be—they will each play a vital role in implementing the provisions of the Weapons Systems Acquisition Reform Act of 2009. This legislation places singular emphasis on improving the chances for success by obtaining reliable independent cost estimates and assessments of technological maturity early, before the Department makes decisions committing billions of taxpayers' dollars to buying new weapons systems. The Act, which became law in May of this year, also gives the Department various tools and enhanced capabilities in the areas of systems engineering and developmental testing.

I'll be interested in hearing your evaluation of the methods available to you to successfully fulfil your responsibilities and address the problem of out of control cost growth in our largest, most expensive weapons systems.

Mr. Yonkers, the nominee to be the assistant Secretary of the Air Force for Installations, Environment, and Logistics, has over 20 years of civilian service in the Air Force in positions relating to environmental engineering and compliance and closure.

The Air Force, like all the services, is facing enormous challenges in balancing its requirements for operational readiness and wartime support with the objectives of military construction, infrastructure management, environmental compliance, and enhanced

quality of life for its personnel. We appreciate the experience and energy you will bring to this position.

Similarly, Ms. Commons, the nominee to be the Navy Comptroller, has extensive experience in financial management in the Department of the Navy, including service as a Principal Deputy assistant Secretary of the Navy for Financial Management and Comptroller for over 6 months, serving as the acting assistant Secretary. I thank you for coming out of retirement to serve our sailors and marines once again.

I look forward to the testimony of the nominees today. I again thank them and their families who are here today for their service to the Nation.

Thank you, Mr. Chairman.

[The prepared statement of Senator McCain follows:]

[COMMITTEE INSERT]

Chairman LEVIN. Thank you very much, Senator McCain.

I'm going to now call on Senator Reed for an introduction.

**STATEMENT OF HON. JACK REED, U.S. SENATOR FROM THE  
STATE OF RHODE ISLAND**

Senator REED. Thank you very much, Mr. Chairman.

I'm very pleased to introduce Frank Kendall. Frank and I have been classmates. We've known each other, I've calculated, about 42 years. Frank has served as an artillery officer in the United States Army. He's commanded a battery, and I think that gives him a good starting point, because essentially all he does ultimately affects the young soldiers, sailors, airmen, and marines that serve us so well. Having led some of those young people years ago, that gives you a good perspective.

But as others have pointed out, he has had a distinguished career in civilian defense operations, as well as serving in the Department of Defense as a civilian. So I can't think of anyone who has the experience and the capabilities to do this job. Welcome, Frank.

[The prepared statement of Senator Reed follows:]

[COMMITTEE INSERT]

Mr. KENDALL. Thank you, Senator Reed.

Chairman LEVIN. Thank you very much, Senator Reed.

There's two letters of introduction which we'll make part of the record: a letter from Senator Warner relative to Ms. Fox and a letter from Senator Mikulski relative to Mr. Yonkers.

[The information referred to follows:]

[COMMITTEE INSERT]

Chairman LEVIN. I will now call on our nominees. First we'll call on Ms. Fox, and then as each of you give us your opening comments feel free if you wish to introduce your family or anybody who is here with you. Ms. Fox.

**STATEMENT OF HON. CHRISTINE H. FOX, NOMINEE TO BE DI-  
RECTOR OF COST ASSESSMENT AND PROGRAM EVALUA-  
TION, DEPARTMENT OF DEFENSE**

Ms. FOX. Thank you, Senator. Chairman Levin, Ranking Member McCain, and distinguished members of the Senate Armed Services Committee: Thank you for the opportunity to appear before you

today. I am grateful that President Obama had the confidence in me to nominate me for the position of Director, Cost Assessment and Program Evaluation. I also want to thank Secretary Gates for his support of my nomination. If confirmed, I would be very honored to serve in this position.

Even though he could not be here today, I would like to thank Senator Warner for providing his very kind introductory remarks for the record. Senator Warner's personal endorsement means a great deal to me.

My husband, Dr. Alan Brown, is here with me today. I want to introduce him to you and thank him and give him my special thanks. He has always given me strong support and encouragement and without that support I would not be here today.

As you have made clear in the Weapons Systems Acquisition Reform Act of 2009, you believe that high quality, independent analysis should play an important role in ensuring that weapons systems are procured in an effective and efficient way. If confirmed, I would work to ensure that high-quality analyses are produced and available to inform the important decisions in the acquisition process. I have served as a defense analyst for a number of years and if confirmed I would draw from those years of experience to help achieve the goals of your legislation and to assist the Secretary of Defense.

Thank you again for the opportunity to appear before you today. I will do my best to respond to your questions.

[The prepared statement of Ms. Fox follows:]

Chairman LEVIN. Thank you very much, Ms. Fox.

Mr. Kendall.

**STATEMENT OF FRANK KENDALL III, NOMINEE TO BE DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY**

Mr. KENDALL. Thank you, Mr. Chairman. Chairman Levin, Ranking Member McCain, and distinguished members of the Senate Armed Services Committee: Thank you for the opportunity to appear before your committee today. I am grateful for the confidence that President Obama has shown in me by nominating me to be the Deputy Under Secretary of Defense, Acquisition and Technology. I want to thank Senator Gates, Deputy Secretary Lynn, and Under Secretary Carter for their support for my nomination. If confirmed, I will be deeply honored to serve.

I'd also like to thank my classmate from West Point, Senator Reed, for his support and his very kind introduction today.

Finally, I would like to thank my family for their support. Elizabeth Halpern, my wife, is with me today and I want to introduce her to you and offer her my special thanks and appreciation. My two sons are also here and I want to thank Scott and Eric Kendall for all their support and patience, particularly during my earlier time in the Pentagon from 1986 to 1994.

Eric is a member of the National Guard and an Iraq war veteran. If I am fortunate to be confirmed, he and his fellow soldiers, sailors, airmen, marines will be foremost in my thoughts as I confront the Department's acquisition policies.

I am keenly aware of the high priority that this committee, the Congress, the President, and the Secretary of Defense have placed on improving the results achieved by the defense acquisition system. The United States of America has the most well equipped military in the world, but I believe that we can do much better at equipping and sustaining our forces. I believe that my background in operational units, in defense research and development organizations, in the Secretary of Defense's office, and in research in the defense industry have all prepared me to make a contribution to achieving this goal.

But I have no illusions about the magnitude of the challenge that the Department faces. If the Senate confirms me in this position, I will make every effort to live up to the confidence that will have been placed in me.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Kendall follows:]

Chairman LEVIN. Thank you very much, Mr. Kendall.

Ms. Commons.

**STATEMENT OF GLADYS COMMONS, NOMINEE TO BE ASSISTANT SECRETARY OF THE NAVY FOR FINANCIAL MANAGEMENT AND COMPTROLLER**

Ms. COMMONS. Good morning. Mr. Chairman, distinguished members of the committee—

Chairman LEVIN. Is your mike on?

Ms. COMMONS. Yes.

Chairman LEVIN. Put it right in front of you.

Ms. COMMONS. All right, sir.

Mr. Chairman, distinguished members of the committee: It is an honor and privilege to appear before you today as President Obama's nominee for assistant Secretary of the Navy, Financial Management and Comptroller. Thank you for the opportunity to be here today. I also want to thank Secretary Mabus for his confidence in me. If confirmed, I will be honored to serve as the assistant Secretary of the Navy, Financial Management and Comptroller.

I want to thank my family for their support. My husband of almost 40 years, Bill, is here today. My sons Billy and James and my daughter-in-law Nicole are also here. My daughter Crystal, a first year law student at Columbia University, could not be here today, but I want to thank her for being an important part of my life.

The duties and responsibilities of the assistant Secretary of the Navy, Financial Management and Comptroller are significant. I have served in various financial management positions within the Department of the Navy, including almost 8 years as Principal Deputy assistant Secretary. I have and will take seriously the public trust and stewardship of the resources committed to the Department.

If confirmed, I will work within the Department and with the Under Secretary of Defense-Comptroller to obtain the resources our sailors, marines, and civilians need to meet the National security requirements placed upon them by this Nation.

I understand the need to develop budgets that are balanced and supported by accurate, timely, and reliable data. I will support the

goals and initiatives Secretary Mabus has established for the Department.

In closing, I am honored to have been nominated for this position. If confirmed, I will do my best to perform the responsibilities of this position.

Thank you.

[The prepared statement of Ms. Commons follows:]

Chairman LEVIN. Thank you very much, Ms. Commons.

Mr. Yonkers.

**STATEMENT OF TERRY A. YONKERS, NOMINEE TO BE ASSISTANT SECRETARY OF THE AIR FORCE FOR INSTALLATIONS AND ENVIRONMENT**

Mr. YONKERS. Thank you, Mr. Chairman—

Chairman LEVIN. Is your mike on?

Mr. YONKERS. Yes, sir.

Thank you, Mr. Chairman, Ranking Member McCain, and distinguished members of the Senate Armed Services Committee. It's a tremendous honor for me to be here today and be the nominee for the position of the assistant Secretary of the Air Force for Installations and Environment. I want to thank President Obama, Secretaries Gates and Donley, for their trust and confidence in me to carry out the very important roles and responsibilities of this position.

I would like to thank Senator Mikulski for her very kind remarks and introductions.

Finally, I want to thank my wife and my family for their undying support and understanding. If I may, Mr. Chairman, I brought a gaggle this morning, so I would like to introduce: my wife of almost 40 years, Mary; my daughter Tammy; my son-in-law John Lytel; and my granddaughters Myara and Avi, who bring real meaning and balance to my life. My son Timothy serves with the Department of Homeland Security down at Jacksonville, Florida, and was unable to be here today.

I'm deeply humbled and honored by this nomination. In my mind there is no greater calling than public service. The 22 years I spent in the service of the Air Force were the most gratifying and fulfilling time of my professional life.

The installation and environment challenges the Air Force faces today are many and diverse. Things such as energy security, environmental security, climate change, quality of life and safety of our servicemen and women are of paramount importance.

If confirmed, I look forward to working with Secretary Donley, General Schwartz, the entire OSD and Air Force team to meet these challenges and do everything I can to make sure all the members of the Air Force, total force, enjoy quality facilities and a decent quality of life.

As I thought about reentering public service, my friends and family asked me: Why do you want to do this, especially having been in the Pentagon during the events of September 11, 2001. For me, sir, it's very clear: because I want to serve and I want to try and make a difference.

I thank you, Mr. Chairman, for the opportunity to address the committee and will attempt to answer any of the questions that you have for me.

[The prepared statement of Mr. Yonkers follows:]

Chairman LEVIN. Thank you all very much.

There's now a set of standard questions which we ask of all nominees, and I would ask you to answer together. Question 1: Have you adhered to applicable laws and regulations governing conflicts of interest?

Ms. FOX. Yes.

Mr. KENDALL. Yes.

Ms. COMMONS. Yes.

Mr. YONKERS. Yes, sir.

Chairman LEVIN. Have you assumed any duties or undertaken any actions which would appear to presume the outcome of the confirmation process?

Ms. FOX. No.

Mr. KENDALL. No.

Ms. COMMONS. No.

Mr. YONKERS. No, sir.

Chairman LEVIN. Will you ensure your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Ms. FOX. Yes.

Mr. KENDALL. Yes.

Ms. COMMONS. Yes.

Mr. YONKERS. Yes, sir.

Chairman LEVIN. Will you cooperate in providing witnesses and briefers in response to Congressional requests?

Ms. FOX. Yes.

Mr. KENDALL. Yes.

Ms. COMMONS. Yes.

Mr. YONKERS. Yes.

Chairman LEVIN. Will those witnesses be protected from reprisal for their testimony or briefings?

Ms. FOX. Yes.

Mr. KENDALL. Yes.

Ms. COMMONS. Yes.

Mr. YONKERS. Yes, sir.

Chairman LEVIN. Do you agree if confirmed to appear and testify upon request before this committee?

Ms. FOX. Yes.

Mr. KENDALL. Yes.

Ms. COMMONS. Yes.

Mr. YONKERS. Yes.

Chairman LEVIN. Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee or to consult with the committee regarding the basis for any good faith delay or denial in providing such documents?

Ms. FOX. Yes.

Mr. KENDALL. Yes.

Ms. COMMONS. Yes.

Mr. YONKERS. Yes.

Chairman LEVIN. Let's try a 7-minute first round.

Ms. Fox, I think you would agree and have already said that the Department of Defense's systematic use of overly optimistic cost and schedule estimates has been one of the causes of the poor performance of major defense acquisition programs. My question is this. If confirmed, will you be tough, independent, and ready to tell senior Department of Defense officials how much programs are really going to cost, regardless of how unpopular your advice may be.

Ms. FOX. Yes, Mr. Chairman, I will.

Chairman LEVIN. The Weapons Systems Acquisition Reform Act places great emphasis on making early tradeoffs between costs, schedule, and performance so that we do not lock in what Secretary Gates has called "exquisite requirements" early in the process and then pursue them without regard to cost implications.

One of the ways that we sought to address this issue was by requiring the new CAPE Director to participate in the requirements-setting process of the Joint Requirements Oversight Council, or JROC, for the purpose of ensuring that the JROC is aware of the cost implications of the choices that it makes. Are you familiar with that requirement, Ms. Fox?

Ms. FOX. Yes, sir, I am.

Chairman LEVIN. Will you ensure that the JROC is aware of the cost consequences of the requirements choices, so that we can establish programs that are realistic both in terms of technology and cost?

Ms. FOX. Yes, Mr. Chairman, I will.

Chairman LEVIN. The Government Accountability Office has estimated that operating and support costs account for 60 to 70 percent of the total life cycle cost of a weapons system, far more than the initial acquisition cost. Although the Department spends hundreds of billions of dollars on operating and support costs, it still lacks effective systems for estimating, tracking, and controlling such costs.

Ms. Fox, what steps would you take if confirmed to address that problem?

Ms. FOX. Mr. Chairman, I am aware that operating and support costs are a major part of the Defense Department's costs and if confirmed I would conduct an assessment of the analysis skills that are available today to look at operating and support costs and work with the CAPE organization and the services to develop better ways to analyze and illuminate the costs associated with operations and support.

Chairman LEVIN. Now, the Quadrennial Defense Review will define the Department's force modernization plans. It's scheduled to be completed early next year. The QDR is also expected to reach a balance between the Department's needs for current and future capabilities and between conventional operations and irregular, unconventional, and stability type operations.

Ms. Fox, what role do you expect to play if confirmed in the final development of the QDR?

Ms. FOX. Mr. Chairman, it is my understanding that the CAPE organization has provided analysis to the Secretary of Defense and the rest of the Department throughout the preparation of the

Quadrennial Defense Review. If confirmed, I would get familiar with that analysis and do whatever I could to assist bringing the Quadrennial Defense Review to an effective closure.

Chairman LEVIN. Thank you.

Mr. Kendall, the cost overruns on the Department's 97 largest acquisition programs now total almost \$300 billion over the original program estimates, and the programs are an average of 22 months behind schedule, even though the Department has cut unit quantities and reduced performance expectations on many programs in an effort to expedite production and hold costs down.

As you know, we enacted the Weapons Systems Acquisition Reform Act earlier this year in an effort to begin to address that problem, among other problems. Are you familiar with the Weapons System Acquisition Reform Act?

Mr. KENDALL. Yes, I am, Mr. Chairman.

Chairman LEVIN. Will you make the implementation of that Act a top priority of your office if you're confirmed?

Mr. KENDALL. Absolutely, Mr. Chairman.

Chairman LEVIN. As a result of the mergers in the defense industry over the last 2 decades, we've seen a number of cases in which the same company may be responsible for building a weapons system and for providing the government with independent advice on the same weapons system. Now, section 207 of the Acquisition Reform Act requires the Department to promulgate new regulations to address organizational conflicts of interest of that kind.

Do you agree that it is problematic to have the same company acting as the prime contractor or a major subcontractor for a weapons system and at the same time working as a system engineering and technical assistance contractor providing us with the advice on that same system?

Mr. KENDALL. I do, Mr. Chairman.

Chairman LEVIN. If confirmed, will you ensure that the regulations adopted by the Department are as tough as they need to be to ensure that we get fair, independent, impartial advice from those systems engineering and technical assistance contractors?

Mr. KENDALL. Yes, I will, Mr. Chairman.

Chairman LEVIN. Over the last 8 years the Department's spending on acquisition programs has more than doubled, but the acquisition work force has remained essentially unchanged in numbers and in skills. Mr. Kendall, in response to your—our advance policy questions to you, you stated that you do not believe that the acquisition work force is large enough and that it has the skills needed to perform its assigned function.

2 years ago we established an acquisition work force development fund to ensure that the Department of Defense will have the work force that it needs to ensure that the billions of dollars that we spend on acquisition programs every year get the planning, management, and oversight that they need. Do you agree that the Department needs to take strong action to rebuild its acquisition work force, including not only contracting officers and contract managers, but also systems engineers, software engineers, developmental testers, and cost estimators?

Mr. KENDALL. Yes, I do, Mr. Chairman.

Chairman LEVIN. Will you, if confirmed, ensure that the Department undertakes the systematic planning needed to identify the critical gaps in its acquisition work force and that the acquisition work force development fund is fully funded and is used for its intended purpose.

Mr. KENDALL. Mr. Chairman, I'll certainly do whatever I can to strengthen the acquisition work force.

Chairman LEVIN. Including those steps?

Mr. KENDALL. I'll do whatever I can to ensure that it's fully funded, yes, sir.

Chairman LEVIN. Well, is there some reluctance to take those specific steps? Did I phrase that in a way which causes you pause?

Mr. KENDALL. No, Mr. Chairman. The only concern I have is that in a budgeting process I would not be the final decision authority on funds to go into any given account.

Chairman LEVIN. I understand.

Mr. KENDALL. I'm not able to commit to that.

Chairman LEVIN. Fair enough. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Mr. Yonkers, I've been involved for quite a number of years now in the alternative fuels that we are looking at for our various capabilities out there, the first one being the coal-to-liquid that we're using in our B-52s. Now we've expanded that to C-17s, F-15s, and others. I felt that this—back in '07 when they had the energy bill, section 526 made it very difficult, made it impossible, to actually use some of these alternative fuels.

In 2008, July 2008, the DOD wrote saying that DOD supported my legislation, which was to repeal section 526, supported my legislation in part because section 526 requires an analysis which may never be possible and it potentially affects our National security. What they're saying here is that with section 526 we can't do it, essentially.

I think we know from the—that that section is targeted at fuel derived from the Canadian oil sand and the Air Force's coal-to-liquids program. Well, the program's been a successful program and I'd like to know your feelings about it and what you intend to do in the future in terms of alternative fuels?

Mr. YONKERS. Let me address the question this way, Senator. First of all, I am familiar with the Air Force's—

Chairman LEVIN. Is your mike on?

Mr. YONKERS. Yes, sir, I think so.

Chairman LEVIN. Thank you. Just speak right into it if you would.

Mr. YONKERS. I'm familiar with the Air Force's effort to certify all of the platforms for alternative fuels, be they synthetic or biofuels or other alternatives. I guess where I stand on most of this right now is that all options are on the table. I think what we need to do is take a look at every one of those options and evaluate them, see what makes the most sense for the United States Air Force, and then go with those options.

At the same time, I feel that it's necessary to comply with the law, specifically the provisions of the Energy Act of 2007, and also

to be very sensitive to the greenhouse gas emissions and the role of climate change or potential impacts as a result of those.

So what I would seek sir, is a balance between all of those and coming out with a solid, good rationale and decision for a path forward.

Senator INHOFE. If you feel that all of the above are that you're open to all the alternatives, having section 526 in there as it is today, that eliminates those options, so you don't have those options, isn't that correct? Would you then support repealing 526?

Mr. YONKERS. I really don't know, sir, at this time exactly what the implications of that section of the law.

Senator INHOFE. All right, that's fine.

Ms. Fox, everyone agrees that we need to improve the acquisition process. We have now this new bureaucracy, I would describe it, that's in place to do that. You had stated it's likely that additional staff will be needed along with organizational changes to fulfil the expanded CAPE, as we refer to this. How can you do this without just expanding one more or creating another level of bureaucracy? Do you see a conflict there or do you think that you'll be able to control that?

Ms. FOX. Well, sir, I would hope that by expanding the analytic talent in CAPE it would not add to the bureaucracy, because I do not believe more bureaucracy is the solution. It is more the need to expand the talent in the organization to meet the needs—

Senator INHOFE. That's good enough, Ms. Fox. I just wanted to get you aware that there is concern there. I always remember what Ronald Reagan said many years ago in one of the greatest speeches of all time in my opinion, that there's nothing closer to life eternal on the face of this Earth than another government agency once formed. I look at this as perhaps falling in that category.

Secretary Gates has often called acquisition cost overruns the reason for cancellation of programs. One of them that that was the reason, the major reason that they cancelled, was the Future Combat System, which is something that I felt very strongly about. I think in looking at that problem of cost overruns I would like to have, and I assume that Mr. Kendall and Ms. Fox would both want to address this, adhering to the old Nunn-McCurdy rules, which were not really about as stringent as the Weapons System Acquisition Reform Act. But the 15 percent or more of program growth would have to notify Congress, would you still intend to comply with that?

Ms. FOX. Yes, sir.

Senator INHOFE. Okay.

Mr. KENDALL. Yes, sir.

Senator INHOFE. According to the March of 2009 GAO report there's been a 17 percent increase in the challenges to Federal contracts. We've been watching this come up. That's a huge thing and I think some of these perhaps are somewhat frivolous in these challenges. But do you have any suggestion, any of you, how we can try to address this as a problem, these challenges to the contracts? This 17 percent increase is pretty dramatic.

Mr. KENDALL. Senator Inhofe, I think we have to be careful that all of our procurements are done fairly, objectively, and trans-

parently so that there is no basis really to challenge them. That's the first thing we have to do.

I think industry now, as there are perhaps fewer opportunities, is more inclined to challenge them and that may be something that's impacting that figure also.

Senator INHOFE. All right. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Inhofe.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman, and thank you all for your willingness to serve.

Ms. Fox, let me follow up with a similar line of questioning. There are many changes involved in the Weapons System Acquisition Reform Act. One is to transform the Cost Analysis Improvement Group into the Cost Assessment and Program Evaluation Group. You've already indicated, as Senator Inhofe suggested, that you think there are more resources necessary. Could you be more specific? And also, in this transition how much flexibility will you have in this organization of getting new people in, downsizing if you have to, and upsizing? Can you comment?

Ms. FOX. Yes, sir, I can. The Weapons System Acquisition Reform Act does expand the responsibility of the organization and for that reason I believe that we will need to add analytic talent in the organization. And doing that carefully in a way that maintains quality I do consider a challenge, but an important one that I would address.

It is my understanding the Department already has recognized that and allocated some billets to the CAPE organization.

Senator REED. Do you have an idea of when this organization will be up and running to your satisfaction?

Ms. FOX. I'm sorry, Senator; I do not have enough information at this time to give you an assessment.

Senator REED. One of the things that you're going to have to do, Ms. Fox, in your organization is to make a risk assessment, essentially a confidence level, that the program will stay within the estimated costs, 50 percent, 60 percent, 70. How comfortable do you think you are with that sort of estimate? Do you think—is it too much to ask for that kind of estimate, or do you need a range of like X percent to Y percent? How do you proceed on that point?

Ms. FOX. Senator, I believe that a risk assessment is a vital part of cost estimation. If you don't have a feeling of how much risk you're accepting, it's not a very valuable number. But I do believe the range and the accuracy of that assessment will have to be determined on a case by case basis, so I can't give you one number. But I believe it's very important and I believe it's doable.

Senator REED. In many cases we find operation and support costs associated with the project rise just as quickly as the other costs. Is that going to be part of your estimate, too?

Ms. FOX. Yes, sir. I think getting a handle on operational support costs and estimating analysis is an important part. But I don't have enough information to tell you exactly how yet.

Senator REED. Thank you.

Mr. Kendall, one of the things that we have observed over the last 7 or 8 years has been the discovery of a need for an item of equipment in a combat zone—Iraq, Afghanistan—and it seems a

slow response to get that equipment out. MRAAP is one example, but that's one of hundreds probably. What can we do to make the system more rapid and more effective?

Mr. KENDALL. Senator Reed, I think that the Department—I understand that the Department has addressed this problem. I haven't had a chance to review exactly what steps they've taken. I know there are offices that are set up specifically to do things very rapidly.

I would agree that a separate track, with much more streamlined processes, is necessary to support operational forces, and if confirmed I would review that carefully to make sure that that's being done as effectively as it can be.

Senator REED. You would not only look at that, but you'd also, I would presume, be responsible for that structure, the offices that would do that, the way it would be expedited?

Mr. KENDALL. As I understand it, right now those all do fall under acquisition. Some of them fall under DDRA. Some of them fall directly under me as a line manager and others in my broader role in the organization.

Senator REED. Let me ask you another question, which is the defense industrial base is always an issue of concern. Can you give us a quick assessment from your perspective?

Mr. KENDALL. Sir, I can't give a complete assessment because I haven't had an opportunity to review any detailed data or do to one. But the industrial base is obviously of very great concern. I grew up in this business during the Cold War when we had a very robust, very broad industrial base. It's shrunk a lot since that time. I think there is a very open question as to the health of the base in certain areas and I think it needs to be reviewed on a case by case basis, different segments of the industrial base. It's a very important priority for me.

Senator REED. Thank you.

Ms. Commons, this is a question that you probably are not involved with in detail, but it's one you're going to have to confront. In 2009 the Navy had substantial shortfalls in their personnel accounts and it was significant because it was delaying bonuses and freezing pay, etcetera. I've been told, particularly by my colleagues, you've got to pay troops. They get very upset if they're not paid, and soldiers, sailors.

I wonder if you can give us any insight on this and anything that you would do to avoid this problem in the future?

Ms. COMMONS. Yes, sir. I know that funding the personnel account has been a challenge. I'm familiar with the reprogramming that had to take place in 2009 and I think that if confirmed I would have to look at the personnel accounts to see that they are fully funded. That would be my goal, to review those accounts to make sure that they are in fact fully funded for the troops.

Senator REED. Thank you very much, Ms. Commons.

Mr. Yonkers, Senator Inhofe really raised the issue that I'm interested in. That is the efforts within the Department of the Air Force to use biofuels, to do a lot of interesting research. I think in your capacity you're going to be at the forefront of these efforts. They have broader applications, more than just Air Force and Department of Defense. So I would encourage your efforts and your

energy and your enthusiasm and your vision to do that. And thank you for your willingness to serve.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Reed.

Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Let me thank all four of you for your willingness to serve and your families for their commitment, too.

Mr. Yonkers, you and I discussed several issues related to depots and military housing last week during your courtesy call to my office, which I appreciate very much, and I wanted to follow up on just a couple of things this morning. The fiscal year 2010 Defense Authorization Act will address the most important depot issue that we've been working on recently, which is the inclusion of major modifications in the definition of "depot maintenance." We talked about it in some detail.

I think you understand how important it is that this type of work continues to be done in the depots. For the record, I'd just like your confirmation that, if confirmed, you will comply with the provision in the fiscal year 2010 National Defense Authorization Act, not make any adjustments in DOD's interpretation of the relevant provisions in the law prior to consulting with Congress, and in particular this committee.

Mr. YONKERS. Yes, sir, if confirmed I will do that.

Senator CHAMBLISS. Thank you.

Second, we also discussed the privatized housing issue, which—as I noted, in most cases DOD privatized housing projects have worked extremely well and we are getting first-class housing to our men and women at a faster rate with private sector involvement. But there have been a couple of particular situations that have not worked so well. The situation with American Eagle projects at Moody Air Force Base and three other Air Force bases is a glaring exception to the positive trend, and again I'd just like your assurance that if confirmed you'll be committed to properly overseeing these projects, keeping Congress and in particular this committee apprised of any problems that arise with respect to those issues.

Mr. YONKERS. Yes, sir, I will if confirmed.

Senator CHAMBLISS. Thank you.

Ms. Fox, if confirmed you would obviously be the first Director of Cost and Assessment and Program Evaluation. We obviously have high hopes for what your position can do in terms of helping curb what has been a history of spiraling cost growth within the acquisition and procurement sector of DOD. The chairman has already alluded to the numbers. Based upon your resume, I see you have extensive experience in defense analysis and management.

Based upon your experience, what do you think are the key problems with our current processes?

Ms. FOX. Sir, I believe that getting accurate cost estimates in front of decisionmakers as early as possible could help very much with the problems of spiraling costs. I also believe changing requirements after programs have been started is a large factor. These are just two of many factors that we will need to look at in CAPE, sir, if confirmed.

Senator CHAMBLISS. Your second point is particularly well taken. I can think of a number of weapons systems that I have had personal involvement in where that's exactly what's happened. We task our defense industrial base to build us a weapon system and then all of a sudden we keep moving the goal post on them.

I think the chairman and Senator McCain's bill does address this in a very strong way, and again we're going to be looking to you for your guidance to Congress, as well as to the various services, not to continue to move those goal posts.

Do you agree with the premises of the Weapons Acquisition Reform Act in terms of where it identifies and corrects problems in the system?

Ms. FOX. Yes, sir, I do.

Senator CHAMBLISS. Are there any other suggestions that you might have at this point that could help us in that respect?

Ms. FOX. Sir, not at this time. If confirmed I would certainly look for them, but nothing at this time.

Senator CHAMBLISS. I would just encourage you that as you go through this, we are not the experts here. It's you folks that we rely on. So if you see where there are additional improvements that we could be making, I know the chairman, Senator McCain, and all members of the committee are interested in making sure that we truly do reform this acquisition process, because that's where we're spending a lot of taxpayer money that, frankly, we all agree we ought not to be spending. So please don't hesitate to let us know and give us justified criticism if we can make additional improvements.

Mr. KENDALL, one of the things you discussed in your advance policy questions is the challenge of maintaining the strength and resiliency of our National defense industrial base. In your opinion, what has changed in the defense industrial base over the last 10 to 20 years?

Mr. KENDALL. There have been some changes in the industrial base that have basically resulted from changes in what the Defense Department has bought and how it has bought it. We've had fewer new starts, so there are fewer opportunities for design teams to do their work. Quantities have been smaller. In general, there's been a lot of consolidation in the industrial base as a result.

I'm concerned about these things. I have not seen a detailed analysis of the exact effects and at this point I'm not prepared to talk about corrective action. But I do think it's a high priority we need to look at very carefully.

Senator CHAMBLISS. Well, you're certainly very correct in pointing out that the shrinking industrial base has been a real issue. I'm not sure that any of us know what the answer is, but again I'll say the same thing as I did to Ms. Fox, that as you get your legs under you in your new position if you see any areas that we can improve the policy related to this process, particularly to make sure that we maintain that strong industrial base, which certainly we need, we would appreciate you letting us know and don't hesitate to provide information to us on that issue.

Mr. KENDALL. Absolutely, Senator.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Chambliss.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

I too want to thank our nominees for your willingness to serve and the commitment that your families make as well to that. So thank you for being here today and for the good work that you will do for our country.

Mr. Yonkers, as you may know, the Air Force is currently in the process of drafting an environmental impact statement for the proposed air space expansion of the Powder River Complex, which will be located above South Dakota, Wyoming, Montana, and North Dakota. The draft EIS was originally scheduled to be published this past summer, but due to some delays I understand the draft EIS is now due out next spring or summer.

I have a deep and abiding interest in assisting the Air Force in completing this initiative to expand the Powder River Complex because I believe it will save a tremendous amount of dollars for the Air Force in terms of fuel costs and aircraft wear and tear. I guess my question is: Are you familiar with that proposed air space expansion at the Powder River Complex? If so, what are your views on that expansion? And if you're not familiar with it, I guess I'd be interested in maybe having you furnish your views for the record once you do get familiarized with that subject.

Mr. YONKERS. Well, thank you, Senator, for the comment. And I am not familiar with this particular issue, but I'm pretty familiar with the NEPA process and the reasons for it and the utility for going through that process. I guess I'm very sensitive to the needs of the Air Force and other members of the Department with regard to these kinds of requirements, and if I'm confirmed I'll certainly look into it and get back with you specifically with any issues or questions that you may have.

Senator THUNE. I would appreciate that, when you're confirmed, if you could take a look at that and just maybe provide some of your thoughts about it. It is a work in progress. Clearly, there are some delays associated with it. Your familiarity with the NEPA process might be useful in helping us sort of sort through those issues and hopefully make sure that it stays on track for next spring.

I understand the concern about making sure that everything's done right and by the book to avoid any future problems down the road, and I'm certainly sympathetic to that. But it is something I think that would make just a lot of sense for the Air Force from the standpoint of fuel costs and wear and tear on aircraft, as I said. So I would like to at some point circle back with you on that.

One other question I wanted to raise has to do with something that—a policy that's sort of been put in place by the Air Force. Last year Secretary Donley signed the Air Force energy policy, which among other things established a couple of goals with respect to using alternative fuels in the Air Force aircraft fleet. Senator Inhofe alluded to this a little bit, but our goal is to test and certify the aircraft fleet on a 50–50 alternative fuel blend by the year 2011. By 2016 the Air Force also plans to acquire 50 percent of the Air Force's domestic aviation fuel requirement via an alternative fuel blend in which the alternative component is derived from some domestic source.

I guess my question would be how well is the Air Force proceeding toward reaching these alternative fuel goals? Do you think those goals are realistic, and if you are confirmed what will you do in this very influential position to have the Air Force reach these goals?

Mr. YONKERS. I first of all again appreciate your question. I'm not real familiar with the total portfolio of the Air Force's—the Air Force's energy portfolio. I am familiar with that section of law with regards to the balancing between the synthetic fuels and the conventional fuels and trying to balance the greenhouse gas emissions from those.

I guess at this point in time it would be safer to say that if I'm confirmed I'll look into that as well. It's certainly one of those areas that I think is a top priority for the Air Force, not only in terms of looking at those alternatives, but the energy efficiencies of the renewables and all of the things that were incorporated in the energy law as well as the recent executive order by President Obama and the executive order signed by President Bush.

Senator THUNE. Secretary of the Navy Ray Mabus announced last week plans to field what he dubbed "the great green fleet" by the year 2016. Part of that plan would be to fuel the carrier strike groups aircraft using only renewable biofuels. So if confirmed I assume you would plan on partnering with the other services in order to collaborate and coordinate research and development of these types of renewable biofuels?

Mr. YONKERS. Yes, sir, and even outside the Department of Defense and the military services, with the Department of Energy and other agencies of government that have those kinds of responsibilities.

Senator THUNE. Good. The Air Force is the largest purchaser of aviation fuels. Tremendous cost. If there's any spike in price of fuels, of course, it has a great impact on cost to the Air Force. But just as importantly, if not more importantly, is this dangerous reliance we have on foreign fuels. That's why those goals I hope become reality in terms of the Air Force being able to transition to fuels that are sourced domestically, so that we don't have to deal with the uncertainty of what's going to happen in the Middle East with regard to fuel supply.

So these are issues that I hope that you'll really undertake to achieve those goals and to work on integrating more of the domestic fuels and the biofuels into the mix.

So I appreciate that, Mr. Chairman, and thank you all again for your service.

Senator REED [presiding]. Thank you very much.

Senator Sessions.

Senator SESSIONS. Thank you, Senator Reed.

I congratulate all of you on your nominations. I think the Senate will do its duty and you'll move right along.

Mr. Kendall, the recently released request for proposal by the Air Force marks the third attempt in nearly a decade to acquire a replacement for the KC-135 refueling tanker. As you know, the first two attempts were marred by controversy. First there was a leasing scandal, and people went to jail over that; and then a bid protest. Do you believe that it's possible, given the outcomes of those

attempts, that there might have been overcompensation in the development of the current RFP and that as a consequence of that overcorrection to make the RFP foolproof or technically unassailable that an unintended consequence might be that the warfighter gets a less capable platform or is in some ways disadvantaged?

Have you had a chance to look at that and will you comment on it?

Mr. KENDALL. Senator Sessions, I have not. I am sorry; I can't really give an answer to your question.

Senator SESSIONS. Well, if you were bidding on the purchase of a house or some other important item in your life, I think we would all know that price alone is not the most important thing. There are other qualities that go into making the kind of selection that Americans do every day. You want a good price, but you want a good price for the best value and the capabilities you get.

Do you believe that under normal circumstances the best value for the warfighter is what we should be seeking?

Mr. KENDALL. In general, Senator Sessions, I would agree with you, best value, which obviously price is a very important factor in that.

Senator SESSIONS. Well, some have contended that the best price in this would be just to reproduce the existing KC-135. Originally the Air Force proposed and their goal was to obtain a game-changer, a step up in quality and capabilities. It's just something I know will be on your portfolio. It will be an important issue. It's the Air Force's number one priority in acquisition and we are way behind schedule, and I hope that we can—that the Department of Defense—and you will be a leader in this—will just make up your mind to do the best and fair bid and call it like it is. I think that's all we can ask, but I think we have a right to ask for that. Don't you?

Mr. KENDALL. Absolutely, Senator Sessions.

Senator SESSIONS. Do you see, Mr. Kendall, similarities between the goal for the current acquisition plan for the replacement aerial refueling tanker and the newly proposed plan for the Littoral Combat Ship? I'll just follow up to say that some might call an over-emphasis on basic costs, just the lowest cost, seems to be a theme in those two bids. I realize cost is a very important component. I don't deny that. But do you have any concerns that, despite all the affirmations to the contrary, we are trending toward an acquisition strategy that is based on low-cost shootouts?

Mr. KENDALL. Well, as I said earlier, Senator Sessions, cost is a very important factor, but in many procurements it should not be the only factor. There are other things that contribute to value as well. I share your views on that.

Senator SESSIONS. Well, I would agree. These ships are quite different in their capabilities.

Well, Mr. Chairman, I thank our members on these nominations, for this hearing. I will probably submit some written questions as follow-up. But I wish you all success, and if you are fortunate to be confirmed I know that you will commit yourself to making sure our military men and women have the best value systems that can help them be successful as they serve America, often in harm's way.

Senator REED. Thank you very much, Senator Sessions.  
Ladies and gentlemen, thank you for your excellent testimony, your willingness to serve, and the willingness of your family to support that service. There are no questions that I can see, so I will use my temporary power to recess the hearing—adjourn the hearing.

[Whereupon, at 10:35 a.m., the hearing was adjourned.]