

Advance Questions for Alan F. Estevez, Nominee to be Assistant Secretary of Defense for Logistics and Materiel Readiness

Defense Reforms

The Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms have strengthened the warfighting readiness of our Armed Forces. They have enhanced civilian control and clearly delineated the operational chain of command and the responsibilities and authorities of the combatant commanders, and the role of the Chairman of the Joint Chiefs of Staff. They have also clarified the responsibility of the Military Departments to recruit, organize, train, equip, and maintain forces for assignment to the combatant commanders.

1. Do you see the need for modifications of any Goldwater-Nichols Act provisions?

Currently I see no specific changes in the Act that I would recommend.

2. If so, what areas do you believe might be appropriate to address in these modifications?

Currently I see no specific changes in the Act that I would recommend.

Duties

Section 138a of Title 10, United States Code, provides that the Assistant Secretary of Defense for Logistics and Materiel Readiness is to serve as the principal advisor to the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) on logistics and materiel readiness in the Department of Defense.

3. If confirmed as Assistant Secretary of Defense, what would you view as your principal responsibilities to the Secretary and the Under Secretary?

If confirmed, I would fulfill the statutory responsibilities of being the principal advisor on logistics and materiel readiness issues to the Secretary and the Under Secretary of Defense for Acquisition, Technology, and Logistics, and serving as the principal logistics official for the Department of Defense. In this capacity, my responsibilities would include providing oversight and developing policy for all logistics, maintenance, materiel readiness, strategic mobility, and sustainment support programs.

4. If confirmed, what other duties do you expect that the Secretary and the Under Secretary would prescribe for you?

If confirmed, I would remain responsive to changes of mission and leadership direction. I would work to provide superior logistics support to the warfighter and find new ways to

provide the goods and services we offer in a more efficient and cost effective manner. I strongly believe that logistics has been and will always be a key enabler to the warfighter.

5. What background and experience do you possess that you believe qualifies you to perform these duties?

I believe my extensive experience in a variety of positions as a Department of Defense logistician qualifies me to perform the duties of this position. I am currently serving as the Principal Deputy Assistant Secretary of Defense (Logistics and Materiel Readiness). In this capacity, I am responsible for guiding the transformation of the Department of Defense logistics processes to ensure cost-effective joint logistics support to support the warfighter.

Furthermore, I have served in every leadership position within the Office of the Assistant Secretary of Defense for Logistics and Materiel Readiness during my tenure in the Office of the Secretary of Defense. I understand fully the linkages between different logistics capabilities, as well as the relationship between the Department, the Services, our inter-agency partners, and the Congress. My experience provides me with a grounded perspective and insight into DoD operations, allows me to quickly assess a diverse range of issues, and make the rapid but informed decisions needed to support our national interests. I have also worked extensively with the commercial sector to understand best logistics practices across a wide range of industrial and commercial activities.

6. Do you believe that there are any additional steps that you need to take to enhance your expertise to perform these duties?

I believe I am prepared to commence these duties, if confirmed. I would embrace this position with enthusiasm and energy.

Relationships

If confirmed, what would your relationship be with:

7. The Secretary of Defense

If confirmed, I would serve as the principal advisor to the Secretary of Defense on logistics and materiel readiness issues within the DoD.

8. The Under Secretary of Defense for Acquisition, Technology, and Logistics

If confirmed, I would serve as the principal advisor to the Under Secretary of Defense for Acquisition, Technology, and Logistics on all logistics and materiel readiness issues in the Department of Defense. I would also monitor, review, and provide oversight of all logistics, maintenance, materiel readiness, and sustainment support programs within the Department of Defense, in accordance with applicable DoD policies. In addition, I

would assist the USD (AT&L) in the performance of his duties relating to Acquisition and Technology (logistics and materiel readiness) in any other capacity that he might direct.

9. The Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics

If confirmed, my relationship with the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics would be the same as that described above in relation to the Under Secretary of Defense for Acquisition, Technology, and Logistics.

10. The Under Secretary of Defense for Personnel and Readiness

If confirmed, I would work closely with the Under Secretary of Defense for Personnel and Readiness so that we can both carry out our statutory obligations relating to readiness.

11. The Director for Logistics (J4), the Joint Staff

If confirmed, my relationship with the Director for Logistics (J4), the Joint Staff, would be based on my role as principal advisor to the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology, and Logistics on logistics and materiel readiness in the Department of Defense, and as the principal advisor to the Chairman of the Joint Chiefs of Staff on logistics and materiel readiness.

12. The Director for Operational Plans and Joint Force Development (J7), the Joint Staff

If confirmed, I would coordinate and exchange information with the Director for Operational Plans and Joint Force Development, the Joint Staff, to ensure that DoD logistics and materiel readiness policies are coordinated with operational planning and joint force development requirements.

13. The Director for Force Structure, Resources, and Assessment (J8), the Joint Staff

If confirmed, I would coordinate and exchange information with the Director for Force Structure, Resources, and Assessment (J8), to ensure DoD logistics and materiel readiness policies are coordinated with force structure and resource requirements.

14. Commander, U.S. Transportation Command

If confirmed, I would expect to continue to work closely with the Commander, U.S. Transportation Command, to ensure seamless support to meet warfighter requirements.

15. The Defense Logistics Agency

If confirmed, I would exercise authority, direction, and control over the Defense Logistics Agency through its Director.

16. The Army Materiel Command

If confirmed, I would coordinate and exchange information with the Commanding General, Army Materiel Command, to ensure DoD logistics and materiel readiness policies are coordinated with Army materiel requirements.

17. The Naval Sea Systems Command

If confirmed, I would coordinate and exchange information with the Commander, Naval Sea Systems Command, to ensure DoD logistics and materiel readiness policies are coordinated with Navy materiel requirements.

18. The Naval Air Systems Command

If confirmed, I would coordinate and exchange information with the Commander, Naval Air Systems Command, to ensure DoD logistics and materiel readiness policies are coordinated with Navy materiel requirements.

19. The Marine Corps Systems Command

If confirmed, I would coordinate and exchange information with the Commander, Marine Corps Systems Command, to ensure DoD logistics and materiel readiness policies are coordinated with Marine materiel requirements.

The Air Force Materiel Command

If confirmed, I would coordinate and exchange information with the Commander, Air Force Materiel Command, to ensure DoD logistics and materiel readiness policies are coordinated with Air Force materiel requirements.

Major Challenges and Problems

20. In your view, what are the major challenges confronting the Assistant Secretary of Defense for Logistics and Materiel Readiness?

If confirmed, I would anticipate the major challenges to be:

(1) Ensuring our warfighters engaged in contingency operations are provided with the best possible logistics support in an era of limited resources. While my key focus in this area would be on our drawdown of forces and transition to the Department of State in

Iraq, and continued sustainment of our operations in Afghanistan, I would ensure that we have logistics capability to support any contingency or humanitarian operation.

(2) Integrating lifecycle management and long-term logistics planning into the acquisition process.

(3) Optimizing the DoD supply chain so that it is globally responsive to the demands of our warfighters.

While focused on these priorities, I would work to ensure that support was seamless, cost-effective, and timely. I would strive to lower costs and continuously evaluate ways to improve support.

21. Assuming you are confirmed, what plans do you have for addressing these challenges?

If confirmed, I would:

(1) Continue to optimize all elements of the DoD's logistics community to include commercial partners and build on measures that would effectively support our warfighters at the best value to the American taxpayer.

(2) Continue to partner with our services, OSD agencies, program offices, and industry partners to integrate long-term lifecycle management considerations early on and throughout the acquisition process.

(3) Continue to manage supply chain policy and refine our logistics processes to ensure that the DoD operates at its optimum capacity while providing seamless support to the warfighter.

I would continue to streamline operations and enhance capabilities, where appropriate. We continue to work to find more joint solutions from procurement to day-to-day logistics support. This is a natural progression from the way we fight as a joint force to the way we must jointly provision in the future.

Degradation of Equipment Readiness Due to Operations Tempo

The committee has received testimony from senior DOD officials and the military services citing the effects of operations tempo on the materiel readiness of equipment deployed in support of contingency operations.

22. What is your understanding of the extent to which current operations are impacting the service life of major equipment items?

The engagement of all Services during nearly ten years of combat since 9/11 does have lifespan implications. High usage of equipment based on an aggressive operational tempo (OPTEMPO), coupled with the harsh environments in which these systems operate, create logistical challenges that the Department must deal with on a continuing basis in order to ensure readiness of critical systems. This is especially true of ground combat equipment and helicopters, but also applies to key Air Force and Navy platforms.

23. If confirmed, what would your approach be to regenerating materiel readiness that has been degraded by operations tempo?

If confirmed, I would work to ensure that we reset our systems to a level where we can adequately support the nation's objectives. After ten years of conflict we must realize that many of our systems have been degraded and are in need of extensive maintenance in order to bring them back to an acceptable level of operational readiness. The DoD will need to make sure that dollars are spent wisely to gain the highest degree of readiness possible.

Drawdown, Reset, and Reconstitution

The military departments face a major challenge in resetting and reconstituting their equipment as they drawdown their forces in Iraq and Afghanistan. The Army and the Marine Corps anticipate that this effort will continue for several years beyond the end of military operations.

24. Do you believe that the Army and the Marine Corps have set aside adequate levels of funding in their budgets for fiscal year 2012 and future years to meet anticipated reset and reconstitution requirements?

Reset and reconstitution of both Army and Marine Corps equipment is dependent upon Overseas Contingency Operations (OCO) or Supplemental funding, as baseline budgets are insufficient to cover these costs. We must expect to fund reset for 2-3 years beyond the end of major Contingency Operations.

25. If not, what steps do you believe the Department should take to ensure that this effort is successfully completed in a timely manner?

Currently, the depots and reset facilities are workloaded to satisfy the Services' readiness requirements within available funding allocations. To ensure work is accomplished in a timely manner, we must continuously improve our processes while ensuring that adequate funding (from both base and Overseas Contingency Operations accounts) is available. If confirmed, I would ensure we request the appropriate resources, reduce logistics operating costs, reduce total maintenance and supply chain cycle times, and increase the effectiveness of all of our programs.

Air Force and Navy Maintenance Funding

In recent years, the Navy and Air Force appear to have significantly underfunded readiness accounts for maintenance and repair of ships and aircraft and relied upon Congress to provide additional funding in response to unfunded requirements lists. As the country faces an increasingly difficult budget situation, it is likely to become increasingly difficult for Congress to address these unfunded requirements.

26. Do you believe that maintenance and repair of ships and aircraft has received an appropriate level of priority in the budget processes of the Navy and the Air Force?

The Navy and Air Force continue to plan for and request sufficient funding to manage the maintenance and repair of ships and aircraft.

However, reset and reconstitution of both Navy and Air Force equipment is dependent upon Overseas Contingency Operations or Supplemental funding, as baseline budgets are insufficient to cover these costs.

27. If confirmed, what steps, if any, would you take to address this issue?

If confirmed, I would work to ensure we request adequate resources to allow us to maximize readiness. I would make certain that we strive to reduce logistics operating costs, reduce total maintenance and supply chain cycle times, and increase the effectiveness of all of our programs.

Government Accountability Office Reports on Depot Maintenance Strategic Plans

The Government Accountability Office (GAO) has reported that the military services lack clear and comprehensive depot maintenance strategic plans addressing capital investment in facilities and equipment, implementation of a methodology to revitalize and resource organic depot facilities, public-private partnerships, workforce planning and development, and the integration of logistics enterprise planning systems.

28. What is your understanding of the extent to which the military services have updated or revised their depot maintenance strategic plans to address current and future reset requirements, the type and mix of equipment expected to return for reset, equipping priorities, required reset funds for operations and maintenance, and the impact of contractor support work to reset equipment?

The Military Departments regularly update their depot maintenance strategic plans. I believe they are generally prepared to adjust to new equipping priorities and have been successfully performing reset and other maintenance functions for the past eight years. The appropriate mix of organic and contractor support is also conforming to the 50/50 statute as well.

29. Do you believe that the steps taken by the military services are adequate, or are additional measures needed?

Yes, I do believe that the steps the Services are currently taking are appropriate given the war fighting requirements and available resources. If confirmed, I would look for

additional opportunities to seek efficiencies and increase effectiveness across the logistics enterprise.

30. What is your understanding of the extent to which the military services have assessed the effects of reset on the baseline budgets, competing demands to reset equipment to meet unit readiness goals, the preservation of core capabilities, and the risk level that organic depot maintenance facilities may be able to accommodate in order to complete reset workload requirements?

Reset for all services is reliant on Overseas Contingency Operations funding as well as on baseline budgets. Currently, the depots and reset facilities are workloaded to satisfy the Services' readiness requirements within available funding allocations. To ensure work is accomplished in a timely manner we must continuously improve our processes while ensuring that adequate funding (from both base and Overseas Contingency Operations accounts) is available. We must expect to fund reset for 2-3 years beyond the end of major Overseas Contingency Operations.

31. Do you believe that the steps taken by the military services are adequate, or are additional measures needed?

I believe that the Services are taking appropriate steps and performing the correct activities to ensure long term sustainment of equipment. If confirmed, I would ensure we request the appropriate resources, reduce logistics operating costs, reduce total maintenance and supply chain cycle times, and increase the effectiveness of all of our programs.

32. What is your understanding of the extent to which the depots' plans address the need to manage workload as current operations draw down and decreases in maintenance requirements when these operations end?

As a Department, we are preparing to drawdown prudently to ensure the war fighter is supported and equipped properly. The Air Force and Navy requirements will change very little due to the nature of commitments placed on them in OND/OEF. However, the Army and Marine Corps requirements will decrease in direct proportion to the drawdown of deployed forces. There will be a two- to three-year enduring requirement during the post-drawdown phase to ensure that all reset and other maintenance work is completed and forces are readied for future requirements. If confirmed, I would look for additional opportunities to seek efficiencies and increase effectiveness across the logistics enterprise.

33. Do you believe that the steps taken by the military services are adequate, or are additional measures needed?

Yes, I do believe that the steps the Services are currently taking are appropriate given the war fighting requirements and available resources. If confirmed, I would continue to examine this issue closely to identify whether additional measures are needed.

Army Unit Equipment Requirements

As the pace of overseas operations declines, the Army is resetting equipment and rebuilding the readiness of its forces. Two documents—Modification Tables of Organization and Equipment (MTOEs), and Table of Distribution and Allowances (TDAs)—provide the basic personnel and equipment requirements against which on-hand personnel and equipment are measured in determining unit readiness. During our operations in Iraq and Afghanistan, U.S. Central Command repeatedly requested force capabilities that did not align well with Army MTOEs.

34. What is your understanding of the action the Army is taking to review and update unit requirements so that they better reflect the needs of the Combatant Commands?

All Services, including the Army, continually adjust to meet the changing requirements of the mission. Multiple DoD/Service Centers ensure that the lessons learned are incorporated into Service/DoD doctrine, as appropriate. These efforts shape the current and future training of our men and women in uniform, as well as the equipment that they use. For example, when Improvised Explosive Devices (IEDs) became the prevalent threat to the health and safety of our troops engaged in OND/OEF, service-specific Tactics, Techniques and Procedures (TTPs) changed to meet that threat and the acquisition and logistics arms of the DoD partnered to produce multiple variants of the Mine Resistant Ambush Protected (MRAP) family of vehicles. The Army has ongoing work to ensure its ability to sustain items acquired to meet urgent operational needs. The Department continues to work to train and equip units for emerging and non-traditional missions as outlined in the Quadrennial Defense Review.

35. Do you believe that this action is adequate, or are additional measures needed?

Yes, this action is appropriate.

36. If confirmed, how will you approach the task of ensuring that unit equipment requirement documents (MTOEs and TDAs) are updated in sufficient time to be considered in the development of future budget requests?

This issue is largely a service responsibility and they must determine what equipment they need to support the operational mission. However, I recognize that rapidly developing threats require the rapid fielding of systems to meet them. We are doing this now by integrating with organizations like the Joint Improvised Explosive Device Defeat Organization (JIEDDO), and with our Joint Rapid Acquisition Cell, where we address these types of issues early on to improve systems and support the warfighter. If confirmed, I would plan to continue this work.

Aircraft Condition-Based Maintenance

DOD helicopters are under high demand and flying well beyond their anticipated flying hours, and the Army is currently engaged in an effort to install digital source collectors (DSCs) on its manned aircraft (AH-64 A, AH64 D, CH-47 D, CH-47 F, MH-47 G, UH-60 A, UH-60 L, UH-60 M, MH-60 L, MH-6, and OH-58 D) in order to conduct Condition-Based Maintenance (CBM). The DSCs are being installed on all new production utilizing procurement appropriations. However, the funding of the transmission, storage, and analysis of the data is minimally funded and heavily leveraged with Overseas Contingency Operations (OVERSEAS CONTINGENCY OPERATIONS) funding at this point. An Army Acquisition, Logistics, and Technology report released this month stated, “there is clear evidence that CBM+ technologies and procedures have avoided at least three catastrophic Class A accidents that would have resulted in the total loss of the aircraft.”

37. Do you believe the Army should extend the Product Improvement Pilot Program beyond FY13? If so, why?

The Army has taken advantage of the current authority and is in the process of completing an assessment of the Aviation Pilot Program. As requested by current legislation, the Army will provide a report and recommendation to Congress in Fiscal Year 2012. I believe the Army's current direction is prudent and will allow both the Department and Congress ample opportunities to take action and make corrections as necessary in the future.

38. What is your understanding of the Army's plans to fund the transmission, storage, and analysis of the data that are important to improving maintenance efforts, decreasing maintenance and spare part costs, and increasing readiness?

The Army funds Condition-Based Maintenance (CBM) functions, such as CBM data storage, analysis and transmission, within the budget cycle. The long-term strategy for CBM data transmission, storage and analysis includes the integration of actionable logistics data in a future increment of the Global Combat Service Support-Army (GCSS-A). The engineering unique CBM data transmission and storage requirements to enable weapon system performance analyses are separately funded from the GCSS-A.

39. Do you believe that the planned level of funding is adequate for this purpose?

The Fiscal Year (FY) 2012 President's Budget request is sufficient to meet our Condition- Based Maintenance data storage, analysis and transmission critical requirements. If confirmed I would work with the Army to adequately fund Condition-Based Maintenance Programs.

40. What is your understanding of the results of the condition-based maintenance effort thus far in terms of readiness and cost-savings?

The beneficial outcomes of the Army's Aviation Condition-Based Maintenance program include a 3-12% reduction in Non-Mission Capable Maintenance rate, a 5-8% increase in fleet readiness, and a 1-4% reduction in Maintenance Test Flight Hours. These results have increased the Army's combat power, reduced maintenance costs, and have provided critical information that avoided catastrophic failures during flight.

41. What do you believe should be the overall goal of the Condition-Based Maintenance effort in the Army?

I believe the overall goal of Condition-Based Maintenance - Plus (CBM+) should be to increase combat power by performing maintenance and supply functions based upon evidence of need. The Army has set forth four CBM program objectives to meet this goal:

- 1) Decrease the maintenance burden*
- 2) Increase platform availability and readiness*
- 3) Enhance safety*
- 4) Reduce Operations and Support costs*

Army Prepositioned Stock

As contingency operations in Iraq wind down, the military services have begun reconstituting their prepositioned equipment. At the same time, the military services have begun to review future requirements for their prepositioned stocks. We also understand that DOD also intends to include prepositioned stock in some of its department-wide strategy planning, and has a number of initiatives underway to improve the mobility system, responsiveness to forces, and effectiveness of prepositioned capabilities.

42. What is your understanding of the extent to which the Department is working with the military services to develop an integrated requirement for prepositioned stocks that is based on a department-wide strategy?

The Department is currently conducting a prepositioning study that has a high probability of re-shaping the future landscape of prepositioning programs. This initiative, The Comprehensive Materiel Response Plan (CMRP), is a VCJCS-directed and TRANSCOM/DLA-led study aimed at developing a comprehensive plan for DOD materiel positioning and distribution.

43. Do you believe that the Army has adequately assessed which of the many pieces of nonstandard equipment that were purchased to meet urgent war fighter needs should be added to the prepositioned stock sets?

The assessment of which equipment goes into prepositioned stocks is generally driven by operational vice logistics considerations. All non-standard equipment the Army has procured is being systematically reviewed as part of the Army's Capabilities Development for Rapid Transition (CDRT) process. One of the possible outcomes for materiel going through CDRT is to be selected for stockage in APS. Probably the best example of nonstandard equipment being selected for APS is the MRAP -- in fact, the majority of the total MRAP vehicle population will be positioned into global APS sets.

44. What additional reset and sustainment resources will be needed to add to these stocks?

In order for the Army to complete its APS Strategy 2015, sets used in support of current operations will require the continuation of Overseas Contingency Operations funding to ensure the reset of equipment for future use.

45. Do you believe that these new requirements are appropriately accounted for in the Army's Prepositioned Stock (APS) Strategy 2015?

I believe the Army is incorporating new requirement in APS 2015. Currently, new requirements in the Army's APS sets include Mine Resistant Ambush Protected (MRAP) vehicles, Long Term Armor Strategy (LTAS) Tactical Wheeled Vehicles, and Counter Measure Electronic Warfare equipment. The Army continues to modernize its APS stocks in accordance with warfighting strategy and priorities.

46. In your view, has the Army identified adequate funding to meet its plan of reconstituting its prepositioned stocks around the world by 2015?

The Army is counting on the reset of theater retrograded equipment from Operation New Dawn and Operation Enduring Freedom in order to fill its Army Prepositioned Stock strategic requirements. In order for the Army to complete its APS Strategy 2015, sets used in support of current operations will require the continuation of Overseas Contingency Operations funding to ensure the reset of equipment for future use. Most of the equipment will come to the Army's Army prepositioned stock inventory from depot stocks or equipment already purchased.

47. What steps, if any, would you take if confirmed to address this issue?

Prepositioning decisions are based on warfighting strategy and requirements that are informed by logistics capabilities. If confirmed, I would shape the future of prepositioning strategy by leveraging efforts such as the Comprehensive Material Readiness Plan to ensure our policies on prepositioned equipment provide the Services with the overarching guidance they need to make informed programming decisions.

L&MR is currently incorporating improvements, including new reporting procedures that will provide Congress with greater insight into the Services Prepo program.

Defense Logistics Agency Fulfillment of Spare Parts Orders

The Air Force Logistics Centers (ALCs) have expressed frustration over DLA's inability to deliver some parts on time to the ALCs. DLA achieves a 94% fill rate for spare parts, however, the remaining 6% can occasionally ground an aircraft. Some parts can take well over a year to arrive at the ALCs and it appears that DLA will not order parts until the aircraft reaches an ALC. As a result, the Air Force is sometimes forced to cannibalize a part off of one aircraft to repair another.

48. What is your view of DLA's track record on delivering parts to the Air Force's ALCs?

DLA has acknowledged that there is room for continued improvement in delivering parts to the Air Force ALCs. It is working closely with the Air Force to improve performance and is sharply focused on the supply chain management planning activity. To accomplish this, DLA conducts senior leadership engagements to review issues of major importance to the Air Force. These engagements have improved demand forecasting and helped to standardize critical planning processes.

The Air Force and DLA must continue to partner with one another to improve demand and supply chain processes. While we still have a way to go to improve our collaborative demand planning processes, the focus is there and we are seeing benefits.

49. What changes, if any, do you think are needed to improve DLA's performance in this regard?

DLA is continuously working with the Air Force to improve performance. The efforts to standardize critical planning processes have improved demand forecasting. The USAF and DLA will continue to partner to improve the supply chain process through synchronizing workflows between the USAF industrial customers and DLA's distribution points. If confirmed, I would work to ensure that DLA remains responsive to the Air Force's needs.

50. What is your view of the High Velocity Maintenance (HVM) program and the role that it can play in expediting needed parts for aircraft maintenance?

I fully support The High Velocity Maintenance (HVM) Program and believe it is extremely beneficial to both the Air Force and DLA. It will provide predictability for the respective System Program Office's plan to induct weapon systems (down to the specific tail number) for repair which will improve demand planning accuracy. Improved demand planning accuracy will allow DLA to optimize its supply chain response to future customer requirements.

Balanced Scorecard and Logistics Performance Management

The Defense Department's logistics leadership has adopted the Balanced Scorecard concept as one of the important components of logistics performance management. The process of adapting and implementing the Balanced Scorecard in the Department of Defense is almost two years old.

51. In your view, what are the benefits of the Balanced Scorecard for logistics performance management?

While the Department does not currently use a formalized Balanced Scorecard, we do apply a performance framework to logistics which has many of the same attributes and objectives of the Balanced Scorecard. Performance is monitored quarterly against defined goals and targets for response time to customer (warfighter) requests. These include the total time for a customer to receive an ordered item (Customer Wait Time) and the percentage of orders filled to customer specification (Perfect Order Fulfillment). This framework is implemented as part of the Department's Strategic Management Plan and Performance Budget, and the performance measurements are reviewed by senior logisticians in the Services and DLA, by logistics leadership in OSD, and by the Deputy Chief Management Officer, as part of the process of monitoring Department-wide performance goals.

52. Do you believe that implementation of the Balanced Scorecard in the Department of Defense can be accelerated?

We do not intend to accelerate implementation of a formalized Balanced Scorecard. However, as described above, we apply a performance framework for logistics which has many of the same attributes and objectives of the Balanced Scorecard. Performance is monitored quarterly against defined goals and targets. To meet these goals and targets, we are implementing key initiatives such as the Comprehensive Inventory Management Improvement Plan, automated identification technology, and improved operational contract support, and we continue to seek ways to accelerate the time to implement fully these key initiatives.

Corrosion Prevention and Control

The Congress and the Department of Defense have significantly increased their emphasis on the prevention and management of corrosion in equipment and materiel of the services. Actions to address corrosion challenges include establishment of a central corrosion program management office and the institutionalization of corrosion prevention and mitigation as a key component of the Department's Planning, Programming, Budgeting, and Execution (PPBE) process.

53. What is your understanding of the challenge to the readiness of the military services as a result of corrosion in equipment and materiel and the extent to which the services are coordinating their efforts?

Corrosion has a negative impact on readiness, cost and safety. The Department has completed analyses over the last five years which provide the Services with detailed data on the cost of corrosion for weapon systems.

Clearly, corrosion is a growing challenge that every weapon system in the DoD faces and, as such, the Department is aggressively working to share knowledge between the Services and commercial entities all aimed at finding the best solutions at the least cost to the Department.

54. If confirmed, what would be your relationship with the director of the Corrosion Policy and Oversight Office?

If confirmed, I would collaborate with the Director of Corrosion Policy and Oversight in several activities. Since corrosion is closely linked to sustainment, I would continue to foster this partnership.

55. If confirmed, how would you assess the implementation and effectiveness of corrosion prevention and control efforts in programs under your purview and, working with other responsible officials, address identified areas of concern?

If confirmed, I would aggressively attack this growing logistics issue by collaborating with the Director of Corrosion Policy and Oversight and through corrosion prevention control forums.

Radio Frequency Identification

The Congress has supported the DOD's Radio Frequency Identification (RFID) program in order to improve the visibility and identification of, and access to, equipment and supplies.

56. What experience and familiarity do you have with RFID technologies and their implementation?

I have been a leader in the DoD's efforts to implement RFID technologies since the early-mid 1990's, implementing the world's largest active RFID network to provide in-transit visibility to Combatant Commanders and implementing satellite tracking and intrusion detection devices to reduce pilferage in hostile regions of the world. Under my leadership, we have leveraged commercial global RFID standards to align public and private sector standards, implemented passive RFID at strategic distribution depots, and continued to focus on the use of RFID to add enterprise business value.

In order for RFID technology to be effective, it must be used consistently throughout DOD and the military services. One of the problems highlighted in ongoing contingency operations is a lack of understanding of RFID technology and how to use the devices, particularly in field operations.

57. If confirmed, what actions would you take to ensure that standardized training on the use of RFID and other tracking technologies is being provided to all necessary military and civilian logistics personnel?

I continue to lead efforts to improve the tracking of key assets through the use of RFID across the spectrum of DoD operations, especially in Iraq and Afghanistan. I lead a senior-level summit with the Joint Staff J-4 to continue to improve in-transit visibility.

Currently, our forces train on the use of RFID technologies. We apply active RFID tags to our sustainment shipments bound for overseas destinations even during peacetime, and use them at major training centers as a means to ensure soldiers are trained before they are deployed. If confirmed, I would continue to focus on ensuring our forces are properly trained on the use of our tracking capabilities.

DOD Industrial Facilities

Each of the military departments has its own maintenance depots, shipyards, and air logistics centers to help maintain its equipment. The military departments also contract with the private sector for maintenance support. LMI recently completed a congressionally-directed review of depot maintenance issues and recommended significant changes.

58. What are your views of the LMI study?

The study made specific recommendations to the DoD that it felt would improve the depot maintenance processes. Overall, the study provided the DoD with a review of the organic depot maintenance environment and raised broad issues that we now must more fully assess in the context of the Department's related and on-going logistics support improvements and efficiency initiatives. We are assessing their recommended follow-on policy and legislative implementation activities for feasibility.

59. What changes, if any, do you plan to institute, if confirmed, in response to the recommendations of the LMI study?

Given the far-ranging and long-term implications of any changes, the Department is working through a very deliberate process to determine the most appropriate way forward. If confirmed, I would continue to shape this process.

Data Validation for Depot Maintenance Public-Private Workload Distribution Report

Section 2466 of title 10 U.S. Code directs the Secretary of Defense to submit a report to Congress by April 1 of each year outlining the percent distribution of depot-level maintenance and repair workload between the public and private sectors for the preceding fiscal year and the projected distribution for the current and ensuing physical years. One of the continuing problems noted in the preparation of this report is the validity and accuracy of data submitted by the services. As a result, the actual percentage of work completed at public depots is less than what is reported by the department in some cases.

60. If confirmed, what steps will you take to ensure the accuracy of DOD public-private workload distribution reporting?

The Department has taken steps to improve the accuracy of these reports. These steps include:

- *Improved guidance and instructions. Detailed instructions now accompany our annual data call that supports this reporting;*
- *Third-party review by Military Service audit agencies is required;*
- *Emphasis on prompt and proper training for those responsible for developing the report;*
- *The use of a 2 percent “trigger” for increased oversight – a Military Service must submit a plan to OSD identifying actions taken to ensure compliance if they are within 2 percent of the limitation.*

In their last audit in November 2006, the GAO found only one error in our reporting that amounted to approximately one-half of one percent of the private sector share of the Army’s workload.

If confirmed, I would plan to send Congress the most accurate data available on depot maintenance and public-private workload distribution.

Defense Personal Property System

After many years of costly development, the Department of Defense in 2009 implemented the Defense Personal Property System (DPS) which is a web-based system for managing personal property moves for all DOD personnel. The DPS incorporates numerous improvements including contractual awards to movers based on satisfactory performance, not lowest bid; full replacement value as the standard for lost, stolen or severely damaged personal property; on-demand web-based move counseling; and many other features. An important means of evaluating who the best and worst moving contractors are in DPS is satisfaction surveys that should be submitted by DOD personnel who have completed permanent change of station moves.

61. What is your understanding of the cost-efficiency of the DPS and whether its reliance on web-based systems has produced any savings for the Services?

DPS was intended as a quality of life initiative. However, DPS drives a more competitive rate environment and the Department has realized a savings of \$300 million since implementation in April 2009, and continues to realize savings of more than \$20 million per month.

62. What is your understanding of the current return rate of satisfaction surveys by DPS customers?

The overall customer satisfaction survey return rate for the last 12 months has been gradually improving, and is now at 25%.

63. If the rate is below 50 percent, to what do you attribute the inability to achieve a higher rate of return and do you believe that the current rate of return jeopardizes the ability to distinguish good and bad movers?

Although the current 25% survey return rate is statistically valid and provides the Department with the ability to distinguish between good and bad movers, a higher return rate would optimize the carrier selection process by awarding more business to higher performing movers. The Department, in collaboration with industry, has set a new survey return goal of 35%, which we believe is achievable.

64. What methods do you think could properly be used to improve the survey return rate?

In addition to setting a customer survey return rate goal of 35%, the Department is communicating the importance of completing the customer satisfaction survey via entitlement counseling, on-site inspections, 24/7 call centers, automatic email alerts, brochures, and overseas commercials on the Armed Forces Network. The Department is using every possible opportunity to remind customers about the importance of completing the customer satisfaction survey.

65. What is your understanding of actions being taken by U.S. Transportation Command and the Services to improve the performance and utility of DPS?

The Department is constantly looking for ways to improve DPS for all DoD and industry users. We established a General Office Steering Committee that meets regularly to prioritize work and to steer the program. An example of a recent improvement that U.S. Transportation Command and the Military Services have made is increasing the bandwidth to allow more users on the system, which results in improved DPS response times. Another improvement is that the Department is leveraging DPS to transition household goods storage invoicing and payments from a manual to electronic process.

Logistics Supply Routes for Operations in Afghanistan

Logistics supply for ongoing operations in Afghanistan present a number of difficult issues, including the difficulty of transporting cargo through neighboring countries, security issues on Afghan roads, unreliable transportation and security contractors, limited airfield infrastructure within Afghanistan, synchronizing arrival of units with equipment, and competing logistics priorities in a coalition environment.

66. What role do you expect to play, if confirmed, in addressing these logistics challenges?

If confirmed, I would continue to focus on operations in support of Afghanistan.

While understanding that Afghanistan is a challenging logistical environment, we must continue to identify ways to improve our support to the warfighter. Working with our government and industry partners, I will work to ensure that strategic and in-theater logistics operations are synchronized. We will also focus on improving the visibility of assets and movements in order to better synchronize the arrival of units with equipment and supplies.

67. What steps, if any, do you plan to take if confirmed to address logistics supply challenges for ongoing operations in Afghanistan?

If confirmed I would continue to monitor the delivery to and sustainment of materiel in Afghanistan. My goal would be to continuously improve our logistical support to the warfighter.

L&MR has integrated logistics experts into the requirements process to ensure that sustainment considerations and solutions are incorporated into rapidly fielded programs. Additionally we have focused on programs such as the Mine Resistant Ambush Protected (MRAP) Vehicle. We conduct "MRAP Deep Dives" quarterly in order to focus on the readiness of this key warfighting capability and ensure that all logistical requirements are addressed.

68. What additional steps, if any, do you believe we can and should be taking to address the possibility that the southern supply route may become less available or more challenging in light of recent events in Pakistan?

The Department continues to plan for contingencies that threaten any of our routes into and out of Afghanistan. We continue to look at ways to mitigate dependency on any one country's logistics support by expanding existing capabilities and developing new logistics routes. DoD has already increased the amount of cargo moving via the Northern Distribution Network and we continue to work to minimize the impact of any one route failure. We have also established viable multi-modal and airlift only alternatives to ground movement that can work in both directions.

Planning for Contractor Support in Contingency Operations

The Government Accountability Office recently reviewed DOD's OPLANs and found that only four such plans include an approved Annex W addressing contract support requirements, contractor management plans, contract oversight processes, and manpower requirements to execute contractor oversight. Moreover, GAO found that the few Annexes that do exist merely "restate broad language from existing operational contract support guidance" and fail to identify military capability shortfalls that will require contract solutions or ensure that combatant commanders are aware of even the general scope and scale of contract support that will be needed for an operation.

69. Do you believe that the current level of military planning for contractor support in military operations is adequate and appropriate?

This is a complex issue and may be different for every mission. We have learned a lot and continue to improve and evolve our strategy regarding the use and management of contractors. In terms of forecasting and planning for contracted support, the Department is integrating contractor support estimates into existing adaptive planning systems. If confirmed, I would work through the Defense Logistics Agency to resource joint operational contract support planners for each of the Combatant Commanders. These planners have the background experience and expertise to address the shortfalls noted by the GAO Study. The Chairman of the Joint Chiefs of Staff issued guidance to include contractor deployment planning into Joint Operation Planning and Execution System (JOPES) and to ensure visibility of appropriate development of relevant Annex W's. Additionally, the Department is ensuring that Operational Contract Support (OCS) requirements are considered in force planning scenario development and joint force assessments. To enhance these efforts, I would ensure that we continue to develop the automated tools to support Operational Contractor Support in adaptive planning under JOPES. We need the same level of fidelity in planning for OCS as we have for organic military forces.

70. What steps, if any, would you take if confirmed to improve military planning for contractor support in military operations?

If confirmed, I would continue to work with and support the Chairman in the development of automated tools use to plan for contractors during military operations. The Chairman is currently working on the development of a tool that estimates contractor requirements at the operational level. We are simultaneously developing a complementary type of tool that will allow DoD leaders to have insight into global and strategic requirements that include that availability, readiness, and capabilities of contractors. Both of these automation tools will allow senior decision makers to quickly and accurately assess the impacts, risks, and mitigating strategies for proposed changes to forces, capabilities, assignments, apportionments, and allocations/options. I would also continue to adequately resource joint operational contract support planners currently supporting each of the combatant commands. In addition, the DoD expects to

provide over 50 planners to support the Military Services and Defense Agencies, resourced through the Defense Acquisition Workforce Initiative as provided by the FY12-16 Resource Management Directive 700A2. In coordination with the Chairman and Military Services, if confirmed, I would maintain visibility and oversight of these planners to ensure that they continue to be relevant for contingency contractor planning.

Private Security Contractors

Federal agencies including the Department of Defense have spent more than \$5 billion for private security contractors in Iraq and Afghanistan over the last decade. Over this period, there have been numerous reports of abuses by private security contractors, including allegations of contractors shooting recklessly at civilians as they have driven down the streets of Baghdad and other Iraqi cities. In September 2007, employees of Blackwater allegedly opened fire on Iraqis at Nisour Square in downtown Baghdad, killing more than a dozen Iraqis and wounding many more. More recently, the Senate Armed Services Committee reported on questionable activities by private security contractors in Afghanistan.

71. What role do you expect to play, if confirmed, in addressing issues relating to the use of private security contractors in overseas contingency operations?

The Office of the Assistant Secretary of Defense for Logistics, Materiel, and Readiness oversees the Operational Contractor Support capability along with the Director of Defense Procurement and Acquisition Policy. This is accomplished through the development of joint policies on requirements definitions, contingency program management, and contingency contracting and includes contracted security functions. If confirmed, I would expect that my role would be to ensure that this policy reflects the statutory requirements enacted by law and the values of the Department of Defense - consistent with other national and international laws and the enduring values of our nation.

72. Do you believe the Department of Defense and other federal agencies should rely upon contractors to perform security functions that may reasonably be expected to require the use of deadly force in highly hazardous public areas in an area of combat operations?

Without a substantial increase in the force structure committed to contingency operations, the use of contractors for some security functions in contingencies is a necessity. However, these security contractors must be properly regulated and supervised and their roles must be carefully limited and defined. Contractors cannot engage in combat operations. Their use of force is limited to self-defense and the defense of others against criminal violence and the protection of critical property. Under these circumstances, I believe that the limited use of security contractors in contingency operations is acceptable. It would be inappropriate for me to comment on their use by other departments and agencies. If confirmed, I would ensure that proper limitations on

private security contractors are reflected in Department of Defense Instructions, regulations, and the processes that implement those instructions.

73. In your view, has the U.S. reliance upon private security contractors to perform such functions risked undermining our defense and foreign policy objectives in Iraq and Afghanistan?

The use of force by contractors or military personnel can, if misapplied, undermine our policy objectives. Private security providers are a necessity in Iraq and Afghanistan and will likely continue to be so in future contingency operations. The Department of Defense has established policies and procedures to manage contractors effectively to prevent unnecessary violence that would be detrimental to our policy objectives. This is an area that requires constant attention and in which continued supervision and policy refinement are required.

74. What steps if any would you take, if confirmed, to ensure that any private security contractors who may continue to operate in an area of combat operations act in a responsible manner, consistent with U.S. defense and foreign policy objectives?

If confirmed, I would work to ensure that two actions are taken. First, policy for the management and oversight of private security contractors involved in military operations would be fully coordinated and understood across the Department and in the field. To this end I would work to ensure that Department of Defense instructions remain current, clear, and aligned with Combatant Commander guidance and orders, and consistent with U.S. defense and foreign policy objectives.

Second, there must be unified and consistent procedures for all private security contractors (PSC) that define the proper roles, limitations, and basic operating practices of PSCs among all U.S. Government Agencies, coalition partners, and private sector customers of PSCs operating in contingency areas. If confirmed, I would continue to collaborate with the State Department and other governmental agencies to ensure consistent policy is developed and to promote a common international understanding of responsible use and oversight of private security services.

75. Do you support the extension of the Military Extraterritorial Jurisdiction Act to private security contractors of all federal agencies?

I support steps to ensure that there is legal accountability for the actions of all contractors supporting the U.S. Government in contingency operations. DoD has consistently supported unambiguous application of the Military Extraterritorial Jurisdiction Act to all DoD contractors and all U.S. Government private security contractors who are supporting the DoD mission in a contingency area. If confirmed, I would consult with DoD's interagency partners concerning appropriate mechanisms to ensure such accountability.

76. What is your view of the appropriate application of the Uniform Code of Military Justice to employees of private security contractors operating in an area of combat operations?

I support the use of appropriate civilian and military legal processes to enforce accountability for the actions of all contractors deployed to an area of combat operations. I believe that in the absence of an effective civil legal system, the application of the Uniform Code of Military Justice is one tool that can be employed effectively to hold contractors accountable for their actions if it is authorized.

OMB Circular A-76 defines “inherently governmental functions” to include “discretionary functions” that could “significantly affect the life, liberty, or property of private persons”

77. In your view, is the performance of security functions that may reasonably be expected to require the use of deadly force in highly hazardous public areas in an area of combat operations an inherently governmental function?

There are certain situations where this may be the case, or be so close to inherently governmental as to blur the distinction. For this reason, current Defense Instructions require combatant commanders to carefully assess the likelihood of an activity becoming involved in combat before authorizing the use of private security contractors. This is particularly true for tasks involving access control to military installations and protecting military supplies.

Whether military or civilian contractors, it is critical that we ensure that all security elements are properly trained to a common standard, regardless of who they work for. Further, it is essential that these contractors are effectively supervised, under the control of competent authority, and accountable for their actions. To this end, DoD is facilitating the development of the business and operational standards for private security companies described in Section 835 of the National Defense Authorization Act of 2011. DoD is also working with the State Department to develop international norms for private security provider conduct and oversight. If confirmed, I would ensure that as these efforts mature, and they are incorporated into DoD policy and contracting procedures.

78. Do you see a need for a comprehensive reevaluation of these issues now?

The use, oversight, and management of private security contractors must be continually reviewed. The changing situation on the ground demands that we look to see if our policy remains relevant. International efforts, such as the Montreux Document, the International Code of Conduct for Private Security Service Providers, and the current effort to write business and operational standards for private security service, also require us to regularly review our policies. The implementation of these policies must be reviewed as well. If confirmed, I would continue to review these issues to determine whether there is a need to reevaluate these policies.

Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

79. Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?

Yes

80. Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Assistant Secretary of Defense for Logistics and Materiel Readiness?

Yes

81. Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?

Yes

82. 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?

Yes