PUBLIC HEARING

PRESENTATIONS OF RECOMMENDATIONS AND METHODOLOGY

JOINT CROSS-SERVICE GROUPS

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION (BRAC)

Wednesday, May 18, 2005

1:30 p.m.

Dirksen Senate Office Building, Room SD-106

Washington, D.C.

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A T T E N D A N C E

COMMISSIONERS:

The Honorable Anthony J. Principi, Chairman

The Honorable James H. Bilbray

The Honorable Philip E. Coyle III

Admiral Harold W. Gehman, Jr., USN (Ret.)

The Honorable James V. Hansen

General James T. Hill, USA (Ret.)

General Lloyd W. Newton, USAF (Ret.)

The Honorable Samuel K. Skinner

Brigadier General Sue Ellen Turner, USAF (Ret.)

Charles Battaglia, Executive Director

WITNESSES:

The Honorable Michael W. Wynne, Under Secretary of Defense for Acquisition, Technology, and Logistics

Vice Admiral Keith W. Lippert, Director, Defense Logistics Agency

The Honorable Charles S. Abell, Principal Deputy Under Secretary of Defense for Personnel and Readiness

Ms. Carol A. Haave, Deputy Under Secretary of Defense, Counterintelligence and Security

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OPENING STATEMENT OF ANTHONY J. PRINCIPI, CHAIRMAN, DEFENSE BASE CLOSURE & REALIGNMENT COMMISSION

Chairman Principi: Good afternoon. I'm pleased to welcome several individuals who are representing the Joint Cross-Service Groups, whose recommendations make up an extremely important part of the total Defense Department Base Closure and Realignment package.

Our witnesses are the Honorable Michael W. Wynne, Under Secretary of Defense for Acquisition, Technology, and Logistics, who will be addressing the joint industrial functions; Vice Admiral Keith W. Lippert, the Director of the Defense Logistics Agency, who will discuss joint supply and storage issues; the Honorable Charles S. Abell, Principal Deputy Under Secretary of Defense for Personnel and Readiness, who will present testimony about joint education and training missions; and Ms. Carol A. Haave, Deputy Under Secretary of Defense, Counterintelligence and Security, who will cover the joint intelligence elements in the DOD BRAC report.

Today's hearing will help shed more light on the joint service group's recommendations for restructuring our nation's defense installations, and how this process was harnessed to advance long-term transformational goals.

Clearly, the work of the Joint Cross-Service Groups was much different and much more extensive than any prior round of BRAC analysis conducted by the Department of Defense. I'm

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aware that you have exerted an enormous amount of time and energy into the product that is the subject of today's hearing. It is only logical and proper that our witnesses are afforded the opportunity to explain to all of us what they propose to do to the various types of infrastructure that supports joint military operations.

I now request our witnesses to stand for the administration of the oath required by the Base Closure and Realignment Statute. The oath will be administered by Mr. Dan Cowhig.

[Whereupon, the witnesses were sworn.]

Chairman Principi: Thank you.

Secretary Wynne, we'll start with you, sir.

TESTIMONY OF HON. MICHAEL W. WYNNE, UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS

Mr. Wynne: Mr. Chairman, distinguished members of the committee, thank you for the opportunity to testify before you again on this occasion. My role is the chairman of the Industrial Joint Cross-Service Group.

Fulfilling my earlier task, I brought you each a copy of the released volumes of the report on CDs. This information will be posted on the Web at about 2:00 o'clock this afternoon for use by your staff. The technical volume is in final review, and hopefully will meet my promise date of tomorrow.

Let me start my brief remarks with a rundown of the

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process and hard work that went into the development of the recommendations that have been submitted for your consideration by the Industrial Joint Cross-Service Group.

The Industrial Joint Cross-Service Group consisted of a flag-level or senior executive service level representative from each service from the joint staff, and from the Defense Logistics Agency. The Acting Deputy Under Secretary for Logistics and Material Readiness and the Assistant Deputy Under Secretary for Material Readiness and Maintenance Policy also participated.

We established three subgroups based upon the three main functions that we were set to analyze. Each of these subgroups was chaired by a principal member of the Industrial Joint Cross-Service Group, who was also a subject-matter expert. Assisting them were subject-matter experts from each of the services. The maintenance subgroup, for example, was chaired by Mr. Alan Beckett, the Air Force Associate Director of Maintenance. The munitions and armament subgroup was chaired by Mr. Gary Motsek, Deputy G-3 of the Army Materiel Command. And the ship overhaul and repair subgroup was chaired by Rear Admiral Mark Hugel, Deputy Commander of Naval Sea Systems Command.

Each of these subgroups were, in turn, composed of members from each service and supported, as necessary, by contract personnel. The diverse nature of the functions being

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analyzed by the Industrial Joint Cross-Service Group, however, just did not lend itself to a one-size-fits-all analytic approach or strategy.

I would also like to acknowledge the hard work of Mr. Jay Barry, who has served as my chief of staff in orchestrating these three groups.

For example, the throughput of a manufacturing entity is viewed and measured very differently than that of a maintenance facility, and a ship repair and overhaul facility offers yet another set of unique functions. Of course, overlaps do occur. However, to conduct meaningful industrial analysis, we initially analyzed maintenance, munitions and armaments, and ship repair as discreet functions. Where they had functional overlaps, the subgroup chairs resolved who had the lead -- for example, in machine parts.

To meet the goals set forth by the Secretary of Defense, the maintenance subgroup established a strategy based upon minimizing the number of sites that performed maintenance, while retaining sufficient redundancy within the industrial base and maximizing minimal -- military value at the commodity level.

The munitions and armament subgroup addressed the entire life cycle of munitions and armaments, with the exception of research, development, test, and evaluation. They sought to create multifunctional installations, while eliminating excess

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capacity through closures versus realignments, while avoiding single-point failures. These recommendations result in a munitions and armaments industrial base that is efficient, effective, flexible, and multifunctional.

The ship overhaul and repair subgroup sought to ensure that ship maintenance requirements were met effectively and efficiently as the Navy reallocated fleet forces. They wanted to ensure that the number of organic shipyards and the workloads dictated by the 2025 force structure were rationalized. The ship overhaul and repair subgroup also sought to consolidate ship maintenance support functions, and to consolidate and regionalize intermediate-level ship maintenance within geographic region. The ultimate outcome of these efforts resulted in reduced excess capacity.

The overall results from the Industrial Cross-Service Group's work are 17 recommendations that the Secretary has submitted to the Commission. These 17 recommendations result in a net present value savings of approximately $7.6 billion, with a one-time cost of approximately $780 million.

In the maintenance area, the Industrial Cross-Service Group worked with the Navy to recommend implementation of an innovative change in naval aviation maintenance that brings the maintenance capability much closer to the fleet. These new regionalized fleet readiness centers blend intermediate and depot-level maintenance into locations that are closer to

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the aircraft they support, and, therefore, reduce the amount of supplies they might have to hold at various locations.

The maintenance recommendations also move smaller depot maintenance functions from, for example, the Rock Island Arsenal, Naval Weapons Station Seal Beach, and Lackland Air Force Base into larger depot facilities with similar capabilities.

We also proposed a reduction in the munitions and armaments facilities through recommendations to close eight facilities and realign three others. The Army ammunition plants, chemical plants, and depots -- Kansas, Hawthorne, Mississippi, Riverbank, Deseret, Newport, Umatilla, and Lone Star -- are recommended for closure. And the Sierra Army Depot, Watervliet Arsenal, and Lima Tank Plant are recommended for realignment. These actions eliminate much excess capacity, and result in a far more efficient and effective munitions and armaments infrastructure.

In the ship overhaul and repair area, we recommend the integration of intermediate maintenance in the Tidewater, Virginia area, with the depot capability at the Norfolk Naval Shipyard. We also recommend closure of three shipyard detachments in Annapolis, Philadelphia, and Boston, and consolidation with their parent shipyards.

In addition, seven of our original recommendations affect bases where there are other military department

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recommendations. These were integrated into military department recommendations before the Secretary forwarded them to the Commission. These include recommendations to realign the maintenance activities at Marine Corps Logistics Base Barstow and close the maintenance activities and munitions center at Red River Army Depot.

Our recommendations are consistent with the Title 10 mandates. They retain the essential capabilities of the Department's organic industrial base, and they result in an enormous savings to the Department of an ongoing annual recurring savings of approximately $613 million.

These decisions were not made lightly. When implemented, they're going to impact thousands of hardworking government employees who have dedicated a major portion of their lives to service in the Department of Defense. It was because of them that such care was taken to ensure a fair process and a comprehensive analysis prior to the recommendations being offered. We are very confident that we did the right thing.

Mr. Chairman, members of this committee, I urge you to accept the recommendations of the Industrial Joint Cross-Service Group. Thank you for having me here today, and I'll be happy to answer any questions that you might have.

Chairman Principi: Well, thank you, Mr. Secretary.

I propose we'll hold off questions to the very end. We'll give all of our witnesses an opportunity to testify, and

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I'll just go down the table.

Admiral Lippert?

TESTIMONY OF VICE ADMIRAL KEITH W. LIPPERT, DIRECTOR,

DEFENSE LOGISTICS AGENCY

Admiral Lippert: Good afternoon, Mr. Chairman, distinguished committee members.

I am Vice Admiral Keith Lippert, and I serve as the Director of the Defense Logistics Agency. I am honored to appear before you today in my role as the chairman of the Supply and Storage Joint Cross-Service Group that was chartered as part of the 2005 Base Realignment and Closure effort by the Under Secretary of Defense Acquisition, Technology, and Logistics.

Before assuming the chair of the Supply and Store Cross-Service Group from the Director of Logistics and the Joint Staff Vice Admiral Holder, in July of 2004, I served as a principal member of this Joint Cross-Service Group since April 2003, very close to the beginning of the 2005 Base Realignment and Closure effort.

I am providing a written statement for the record, and would like to offer the Commission comments that summarize the processes used and the value of the proposals that resulted from over two years of efforts by my team to analyze key aspects of the Defense Department's logistics processes.

We were challenged by the Secretary of Defense to look to

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the future, both to the Department's 20-year force-structure plan and transformation changes now being realized in our various services. Our Joint Cross-Service Group remained attentive to the concept that we needed to seek economies in the manner that supported the operational efficiencies of our forces.

Our research and the resulting data have confirmed that efficiencies in our business processes are available, and excess capacity in our supply and storage infrastructure exists.

Our recommendations revolve around fundamental logistics functions: supply, storage, and distribution. The measures we have recommended will ultimately enable the Department of Defense to achieve substantial savings while improving logistic support to our operating forces. The paybacks are immediate, and have the potential to save the Department over $400 million annually and about $5.5 billion over the timeline for calculating our net present value.

In terms of reducing excess capacity, you will see in our recommendations, with some amount contained in the military departments' recommendations, opportunities to reduce the covered-storage infrastructure that the Defense Logistics Agency maintains at great expense, by approximately 50 percent. Our efforts have resulted in recommendations that represent sound opportunities for the Defense Department to

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pursue. And in each case, and throughout our analysis, we adhered to the directives in Public Law 101-510 and the Base Realignment and Closure principles in accordance with the guidance from the Secretary of Defense.

As we conducted our assessment, our main approach within the Supply and Storage Joint Cross-Service Group was to pursue those logistics, economies, and efficiencies that enhance the effectiveness of operational forces as traditional forces and logistics processes transition to more joint and more expeditionary aspects.

I, along with my senior logistics counterparts in the group representing each of the services, remained cognizant of the lessons being learned in the global war on terrorism. We understand -- we understood the ever-present fiscal pressures the Department faces every day as we provide for the troops in the field. We remained cognizant of what it is that it takes to ensure that our support systems could accommodate surges in demand such as we have experienced in the conflicts in Afghanistan and Iraq.

In our recommendations, we have endeavored to balance the risks that inevitably accompanies change, while maximizing the benefit of reducing our logistics infrastructure. We have recommended approaches that will continue on the path of transformation of our logistics processes.

Our personnel reductions are not large, as most of the

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savings opportunities accrue from reducing the Department's physical storage footprint that was clearly sized for an earlier time and by leveraging the Department's buying power, by consolidating and realigning the personnel who work in supply and related acquisition programs.

It was our military judgment that the logistics functions of supplying, supporting, and distributing the many items our forces need are follower functions. Accordingly, we analyzed the most logical positioning of our supporting infrastructure and understood the need to consider geographic proximity with our customer base to ensure that customer expectations were satisfied. This was notably the case where we have maintenance customers who depend on our logistics infrastructure to deliver the right materials at the right time to keep their production lines moving.

On some issues, we needed to consider the judgments and outcomes arrived by the Industrial Joint Cross-Service Group to ensure that the final outcomes of their analysis were integrated with our own to provide optimal solutions for the Department.

In our recommendations, you will observe that we propose changing the way we buy repairables material. Generally, these are the more expensive subcomponents of major end items purchased by the Department. As part of a comprehensive realignment and some degree of consolidation of the inventory

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control points where these materials are procured, our recommendations are intended to exploit opportunities for consolidated procurement. This enables the combined effects of reducing the material needed in the pipeline, reducing the holding costs for inventory, and leveraging the larger buying power of the entire purchase by the Department for these items. By consolidating the procurement and related management of these particular items under one Defense entity, we believe we can negotiate a better price on Defense-related materials. We enjoyed similar results when we combined the procurement and management of most of the Department's consumable items back in the 1990s.

Further, our analysis identified saving opportunities for the Department by privatizing the supply storage and distribution efforts for selected commodities. We have had notable success in this area previously, and this Base Realignment and Closure round provided the means to assess our buying habits for tires, compressed gases, and prepackaged petroleum products. The Department consumes a great deal of these items. Achieving economies in the current large storage facilities and their management structures allow us to arrive at substantial savings through moving the manage of these items to the private sector in a fashion similar to what we have successfully done with other commodities.

Both the Department of Defense Inspector General and the

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Government Accountability Office have reviewed our processes and our data integrity. We have documented -- they have documented that they were satisfied that sufficient controls were maintained to ensure compliance with the BRAC statutes. I am hopeful that you will find our recommendations sound, and concur with them, and that they may generate savings for our military.

I appreciate the opportunity to discuss our efforts with you today, Mr. Chairman. And I'm happy to answer any questions that you or the distinguished Commission members may have.

Thank you, Mr. Chairman.

Chairman Principi: Thank you, Admiral.

Secretary Abell?

TESTIMONY OF HON. CHARLES S. ABELL, PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS

Mr. Abell: Good afternoon, sir.

I have the privilege to chair the Education and Training Joint Cross-Service Group. My JCSG reviewed institutions and activities that conduct military-focused education and training. Each military service, the joint staff, and the Office of Secretary of Defense appointed senior members who joined me to serve as my decision-making body within the JCSG. Each service provided subject-matter experts. In all, more than 80 military, civilian, and contractor personnel worked on

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this group. It was hard work -- precise detail, under great pressure -- and they did a wonderful job.

We organized ourselves into four subgroups, one for flight training, which looked at undergraduate fixed-wing pilot training, undergraduate rotary-wing pilot training, navigator and naval flight officer training, unmanned aerial vehicle operator training, and Joint Strike Fighter initial training site. The second subgroup deal with professional development education. There, they look at professional military education, joint professional military education, other full-time education programs within the Department, and individual leadership-development programs. The third was a specialized skill training subgroup, which looked at initial skill training, skill-progression training, and functional training among all the services. And then, finally, we had ranges and collective training, where we looked at unit, interoperable, and joint ranges, training support enablers for joint ranges, test and evaluation ranges, and simulation centers.

Our look included both Active and Reserve Component institutions, Special Operations Forces school and training, Defense agencies, and DOD civilian schools.

We excluded from our review initial entry training, including Army one-station unit training, officer accession training, including ROTC, the service academies, OCS, OTS,

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junior officer professional military education, which we viewed as a component of the service schools, and the initial service orientation of the officers, noncommissioned-officers academies, and enlisted leadership schools, and unit-level training.

To organize our analytical approach, we established policies and procedures consistent with the DOD policy memoranda, the force structure plan, the BRAC selection criteria, and Public Law 101-510. The Department of Defense Inspector General monitored our progress at each step and ensured that we were compliant.

We first organized a capacity data call, which were issued through the military departments. Then we developed quantitative methods to assess military value of installations from a training and education perspective.

In the absence of existing service doctrine with regard to surge requirements, we then developed surge requirements specific to each subgroup.

From the outset, I challenged each group -- each of the subgroups to think bold thoughts, to be transformational, to be -- and to be innovative so that we could provide the Secretary and the senior leadership options for them to evaluate and to debate. We used a strategy-driven data-verified approach to develop recommendations.

We started off with 295 ideas. We whittled those down to

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164 proposals, which were further reduced to 64 scenarios, 17 of which became candidate recommendations, 13 of which were finally adopted, nine under the aegis of my JCSG, and four were wrapped into service military department recommendations.

I'm proud of the team's efforts. I saw new, and sometimes revolutionary, thought come forward. Many of the ideas and proposals just did not result in savings or were otherwise inappropriate to be included in the BRAC process, but, nonetheless, they're worthy of consideration.

Senior leaders had to make difficult tradeoffs, and I'm satisfied that our recommendations received full consideration. Although some recommendations were not approved, I'm confident that many of the more transformational concepts will influence future DOD and service education and training decisions.

I urge you to approve the recommendations of the JCSG, and I stand by to respond to your questions, sir.

Chairman Principi: Thank you, Secretary Abell.

Secretary Haave?

TESTIMONY OF CAROL A. HAAVE, DEPUTY UNDER SECRETARY OF DEFENSE, COUNTER-INTELLIGENCE AND SECURITY

Ms. Haave: Good afternoon, Mr. Chairman and distinguished members of the committee.

I believe you have a written statement that we had provided you previously, so I won't go through that. I'd like

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to just offer a couple of comments.

The Intelligence JCSG is one of seven functional groups that was established as part of this process. Our charter was to do a comprehensive review of the intelligence function, less those functions that were evaluated by the military departments and other JCSGs.

The Intelligence JCSG was comprised of senior members of the intelligence community. That means that as our principals we had senior members of Defense Intelligence Agency, National Geospatial-Intelligence Agency, National Security Agency, National Reconnaissance Office, each military department, the joint staff J-2, and it included, at the time, the Director for Central Intelligence and his staff, now the Director of National Intelligence, the counterintelligence field activity, and the Under Secretary of Defense for Intelligence Equities, which I represented.

This was the first time that intelligence was reviewed as part of the BRAC process. And so, we started from scratch in trying to determine how best to do that. As a result, we developed a method for analysis, and that became our analytical framework. Those were: to locate and upgrade facilities on protected installations, as appropriate, reduce vulnerable commercial lease space, realign selected intelligence functions and activities, and establish facilities to support continuity of operations and mission-

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assurance requirements, and to facilitate robust information flow between analysts, collectors, and operators at all echelons, and achieve mission synergy.

We developed a total of 18 scenario proposals. Thirteen of those were declared. And, after considerable analysis and deliberation, six fully-developed candidate recommendations were presented to the Infrastructure Steering Group. You have before you today two recommendations from this group. A third recommendation was referred to the headquarters and support activity.

The first recommendation involves the consolidation of NGA activities, currently at ten different locations, to one facility at Fort Belvoir. The second is the realignment of certain functions of DIA to Ravinia Station and co-located with the National Ground Intelligence Center in Charlottesville.

I'd like to note one thing about the written statement that we submitted. The original classification authority has declassified one portion of that. So, we'd like the recommendation to read as follows: Realign Defense Intelligence Analysis Center at Bolling Air Force Base by relocating Select Defense Intelligence Agency analysis functions of military forces, counterproliferation, and scientific and technical intelligence to a new facility at Ravinia Station, Virginia; realign Crystal Park 5, a lease

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installation in Arlington, Virginia, by relocating the Defense Intelligence Agency counter-drug intelligence analysis function to the Defense Intelligence Analysis Center at Bolling Air Force Base.

We conducted an independent, open process that was consistent with security classification regulations. These two recommendations that I just talked about will result in $138 million in annual recurring savings and $588 million in net present value savings, a reduction of over 1.4 million gross square feet of lease space in the National Capital Region.

The Department of Defense IG has reviewed these recommendations. Their draft report indicates they are satisfied that we established and maintained a process of sufficient controls to ensure compliance with your statutes. And we expect that their final report will reflect the same thing.

And so, this concludes my opening remarks, and I'm happy to answer any questions that you may have.

Thank you, sir.

Chairman Principi: Thank you, Madam Secretary.

I'll begin with questions. My first question is to Secretary Wynne. You have proposed a complete restructuring of naval aviation depots and intermediate aviation maintenance depots into fleet readiness centers. And my question to you

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is: Did you consider excess capacity in naval and Air Force depots? Did you look at the potential to integrate them, perhaps even joint depots?

Mr. Wynne: Yes, sir, we did. We took a good, hard look. The difference between the two services was interesting, and that is that the Navy has started down the road of Six Sigma and Lean well before the Air Force. And so, the Navy fleet support activity and aviation support activity made a leap of faith here into the fleet response centers -- or the force response centers, for aviation -- and essentially integrated those aspects of Six Sigma and Lean right into their fleet support process. This was such a dramatic difference in the way the Air Force currently is operating that it made the integration somewhat harder. In fact, the Navy was worried that, on integration, they would lose some of the Six Sigma and Lean methods that they had learned over the course of the last five or six years. So, one of the things we tried to look at is: How do we get that transfer over to Tinker, Ogden, and Warner-Robbins, et cetera?

The other thing that we found, on researching, was that in 1993 the Navy gave up one-half of their aircraft depots, and in 1995 the Air Force essentially lost two of their depots -- two Commission recommendations, by the way. And so, the aircraft depot was not -- was fairly sized, if you will, before we got a chance to look at it.

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The other thing we found out is that our fleets are essentially aging, and we're not replacing aircraft so much as we're extending their life. Extending the life, both the Navy and the Air Force fleet, means that you're going to have to stay in deep depot for a little bit longer, and possibly -- at Tinker, for example, we're going to be recapitalizing KC-135s probably right out until 2030. So, this extended well beyond our opportunity, if you will, to really close and integrate these two functions.

Chairman Principi: Vice Admiral Lippert, as you did your analysis to realign and combine supply and storage facilities, did you consider the ability to support operational forces in the field? And what surge criteria did you use in making your recommendations?

Admiral Lippert: The -- I think all of us on that panel were very concerned about making sure that we could support our operational force. And, in fact, the number-one tenet that we had was to ensure that we could continue to support our operational forces as best as we possibly could. So, that was the overriding concern that we had in the whole group.

We got input from them -- or we had the -- the COCOMs, the combatant commanders, certainly had opportunities to come back to us. Mr. Wynne and company provided many opportunities for the combatant commanders to read the reports, to see where were going, to see if there was any concern on their part that

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we were breaking the logistics processes.

I didn't receive any feedback that was negative on that. In fact, let me give you an example. One of the lessons learned that we had from Operation Iraqi Freedom is that, in addition to our overseas depots in Germany and our new one that we have now, a supply depot in Kuwait, most of the material that was going in to support our theater was out of the large distribution depot that we have in Susquehanna, Pennsylvania. Well, the amount of demand that hit on that was so high that we had to end up hiring 800 people just to stay up with the workload. It led to backlogs.

So, what we had was really a -- two major strategic distribution depot scenario, one on the East Coast and one on the West Coast. It became obvious that we were going to have to expand that to keep up with the volume of the workload, in terms of surges.

And so, the recommendation is creating four major strategic distribution platforms, adding Warner-Robbins, that responsibility, and in Oklahoma City, so that we can balance the workload better so we don't have to hiring all these people and create these backlogs.

So, in terms of surges, we looked at -- we used the base year of 2003, because of the war, the homeland-security issues, and then we used surge factors of 10 and 20 percent, from a sensitivity analysis perspective, to make sure that we

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had adequate capacity to meet all needs.

Chairman Principi: Thank you very much.

And one final question, Secretary Wynne. And I know it's an issue that needs to be asked perhaps tomorrow at the Technical Joint Cross-Service teams, but I wanted to ask it to you, as well, as kind of the -- obviously, the lead Defense person on BRAC. And it's a concern about the brain drain and potential cost when senior professional human capital is realigned and their expertise is lost. I think a good example is moving a lot of people out of Corona to Point Mugu, and then some -- I think over -- well over 2,000 people, high-end people, very technical people from Point Mugu to China Lake. I know Point Mugu, and I know China Lake. And I'm curious as to -- do you really believe that that many people are going to leave their homes and -- in Point Mugu, along the coast, and go out to the desert to China Lake? And I -- did that come up during your deliberations? What percentage of those folks will actually move?

Mr. Wynne: Yes, sir, it had. As you might remember, my experience is that I had -- I moved an entire rocket assembly facility from San Diego into Denver, including all of the engineering personnel associated with it, and also distributed them down to either Vandenberg or to Cape Canaveral, which was a lifelong thing. It has been in the -- San Diego for a long time. So, I had some personal experience with moving, if you

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will, very talented people into a region of the country that they were not familiar with.

That having been said, I think it's all about the mission. And I think there's a lot of travel between Point Mugu and China Lake right now. And this will actually, I think -- and all indications are -- will enhance most of the careers that are going on in Point Mugu to be, if you will, coupled together with the China Lake folks.

The same thing really happened when we talked about Corona, in going to Point Mugu. It's not that far, if you will. It's a reasonable distance. The commute in both of those areas is fairly structured, if I can say it that way. And we felt like -- that in moving them to Point Mugu, we would actually preserve some of the -- and reduce some of the commute for some of the people.

Chairman Principi: So your concerns -- you think most of the people will move --

Mr. Wynne: I think some of the -- most of the people will pursue the mission. And the other side of the coin is that there is a lot of talent in that particular region.

Chairman Principi: Thank you.

Mr. Bilbray?

Mr. Bilbray: Thank you, Mr. Chairman.

This, probably, the first question I have is for Secretary Haave. You're moving the intelligence communities

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into Ravinia, Virginia, correct?

Ms. Haave: Yes, sir, elements of it.

Mr. Bilbray: And how are they really meshed? You can -- one thing it is -- have, like, a space here at -- you know, one -- Army here, Navy here, Air Force over here. Are they meshed together in such a way that they -- we're not duplicating intelligence and working together?

Ms. Haave: Yes, sir. The intention is to relocate elements of DIA and co-locate them with similar type of analyses that are done by the National Ground Intelligence Center. We actually think that this will improve the intelligence relative to those functions, and also provides DIA with some additional space for planned force-structure growth and mission assurance.

Mr. Bilbray: The second question I have is on the National Guard and Army Reserves -- Army National Guard, Army Reserve -- in this case, the Naval Reserve, and so forth. I served in the National Guard as a young man, and the Army Reserve, and often that -- really didn't deal with each other and train together. In this joining together, is there a movement to really integrate Guard and Reserve functions together with the Active Army's? And is that part of your -- what you're working on?

Mr. Wynne: Charlie, I think you should probably take that one.

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Mr. Abell: That is a -- that's an effort that's ongoing, and -- but not one that is specifically addressed by the Joint Cross-Service Group recommendations. As I said, we considered both Active and Reserve institutions, training, and schools. And when we made our recommendations, we were looking for jointness, for synergy, for centers of excellence, and for ways to improve our training capabilities.

We started from the premise that we had a total force here, and that they would train together and to the same standards.

Mr. Bilbray: Thank you.

Chairman Principi: Mr. Coyle?

Mr. Coyle: Thank you, Mr. Chairman.

Secretary Wynne, Admiral Lippert, Secretary Abell, Secretary Haave, thank you all for being here this afternoon. Thank you for your testimony.

Secretary Wynne, how did the Joint Cross-Service Groups interact with the military departments? How did you obtain recommendations from the services, or perhaps not obtain them from the services? And when one of the recommendations of one of the Joint Cross-Service Groups ran counter to what military leadership had sent to you, or wanted, how were those differences resolved?

Mr. Wynne: I think that's a really great process question that -- I'm going to try to cover it in a number of

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ways.

First of all, every one of the Joint Cross-Service Groups had people from the military service departments on their team. Most of the military departments that I'm aware of -- in fact, all of them, I believe -- had those people together in a working group, a working panel to advise the Vice Chief of Staff and the -- either the Under Secretary or the Secretary as to what was going on in their sort of sector, in their Joint Cross-Service Group. So we got immediate feedback, if you will, on friction that was set up.

Maintaining the independence of the Joint Cross-Service Group with that kind of interaction was kind of interesting, and the reason was because they were here among their peers. And among their peers, there was a lot of, if you will, interaction and knowledge that was actually shared more across professional lines than they were across functional lines.

Now, both groups brought their presentations, if you will, to the Infrastructure Steering Group, which had the vice chiefs of all the services and the installation executives from the services on their, myself, and the Under Secretary for I&E on the committee.

Now, what I told them is, once something got to the Infrastructure Steering Group from the Joint Cross-Service Groups, it was eligible for review by the Deputy Secretary of Defense at the IEC. Well, this gave them a whole new thing to

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cope with, if you will, because all of a sudden the Joint Cross-Service Groups had as much stature as did the military department groups, which was very different than the previous BRACs.

The military departments figured out that it was smart for them to come before the Infrastructure Steering Group, in spite of the fact that we didn't have the authority over them, as you can see by the organization chart, and actually present to us what they were thinking, and they did this on their own, but it was -- you know, one decided to do it, then another decided to do it, then a third decided to do it. And the reason for that is that they felt like they would reduce the amount of friction that they would show at the senior-level group, the Infrastructure Executive Council, by presenting, if you will, seamless and integrated responses.

So, now I can go back and tell you that what happened was, we started the Joint Cross-Service Groups first. We generated a lot of good ideas. I think you heard about how 125 ideas got boiled down to 25. And when they got boiled down to even scenarios, those automatically became presentable to the Infrastructure Steering Group.

The services then took those scenarios off, and either accepted or rebutted them. And they should. This was where military judgment and military value came into the process. And so, they either took them onboard as -- and integrated

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them, or they fed us back information with which they were thinking. And so, it was a very nice iterative process by which the Joint Cross-Service Group matured their suggestions, if you will, either by informal feedback, i.e. through membership on their group, or by formal feedback by having the Vice Chief of Staff voice an objection or rebut it.

And then I had a process whereby I decided that everything was going to be tentatively approved unless somebody had an objection. So there wasn't any silent vetoes. Everything that came to -- before me was going forward unless somebody an objection, with rationale. I think this allowed us to proceed, if you will, on a little bit different basis, because some of the more contentious one -- and I would tell you that one of -- my colleague here, who has, by the way, driven his overhead down from 25 percent to 12 percent over the course of the last three years -- but the contentious nature of having him buy the depot-level repairs was an interesting interaction between the services and ourselves. They were convinced that they should have ownership of this. Well, it was going to proceed all the way up to the transformational incline, if you will -- not only myself, but also the leadership of the Department. And so, their objections began to get, if you will, catalogued and rationalized. And we are here today with that recommendation to offer to you.

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So, that's the -- kind of the way that I would say it occurred. It's one of the reasons that I think you're going to find each of the military department recommendations not only resides on its own foundation, but is interleaved with the Joint Cross-Service Group recommendations, because that's the iterative nature of the process we went through.

I hope that helps you.

Mr. Coyle: Thank you.

My next question along that line is, How did the Joint Cross-Service Groups interact with each other? There are interfaces. Each of these topic areas is not, you know, a hard line. Did you have meetings where one or more cross-service groups met with each other? Were the interactions only through the higher-level steering group? How did that work?

Mr. Wynne: When -- all of the Joint Cross-Service team leaders came to the Infrastructure Steering Group. When -- anything that was presented, we, first of all, fought out who was in charge of this area. An example was, headquarters and support thought they owned some of Secretary Abell's education and training areas. Well, we tried to sort that out to make sure that he took over the education and training regimen and they took over the headquarters and support function.

And then, knowing that they had overlap, because they did have some margins, we asked them to come up with

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recommendations they would like to do and then meet together and adjudicate. Supply and storage not only adjudicated with the industrial group, but also adjudicated with some of the technology, and, I think, other groups that are -- the medical cross-service group, as well.

And so, yes, sir, we did have them there. And then, when we got to the Infrastructure Executive Council, what I did was, I had the cross-service groups come to the council as invited guests -- not a part of the council, but invited guests. And then, where it got difficult, they became the subject-matter experts to present the rationale for their recommendation and, many times, to support the rationale of a department -- of a military department which was making a difficult offering.

So I feel like -- and you can ask down the table -- I feel like all of my joint cross-service chairs felt very empowered and very interactive with their military department teams.

Mr. Coyle: Anybody else want to comment on that question?

Admiral Lippert: Well, there was an interesting one, I think, between the industrial group and the supply and storage group, where -- in the recommendations that we have, where we have co-located DLA distribution depots with our maintenance activities, there's obviously synergy among the groups that

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are there. And through communications between the two groups, it was concluded that it would be best that the supply departments at each of these maintenance activities be transferred to DLA, because there was redundant inventories there, that the processes could be streamlined, and resulting savings from that. So, this was a good example where the two groups, I think, worked very closely together.

Mr. Abell: Sir, in my Joint Cross-Service Group, in the ranges and collective training subgroup, we had -- we had, under our cognizance, test and evaluation ranges, so we manned that particular function with folks from my Joint Cross-Service Group, as well as folks from Dr. Sega's Technical Joint Cross-Service Group, to ensure that we had no lines there. So, we had a jointly-manned sub-subgroup, if you will, to make sure that test and evaluation ranges were given due consideration.

And I worked closely with Lieutenant General Taylor in the Medical Joint Cross-Service Group, since that Joint Cross-Service Group had under its cognizance medical training, to make sure that what they were doing and what we were doing were still in sync. And it worked very well.

Mr. Coyle: We had testimony earlier this week that test and training should be seen as one. And we've all been talking for years about ways of bringing testing and training together, common use of the ranges for both purposes. And yet

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they do represent separate cultures, and it's difficult to bring them together. And from the recommendations that I've seen so far, it doesn't look like you made any progress in that area either.

Mr. Abell: We spent a lot of time looking at that to make sure that we had optimum utilization of our ranges by both the testers and the trainers. And we looked at simulation centers, as well, to make sure that they were located on a range facility that could be used by either trainers or testers. And, at the end of the day, we couldn't find a recommendation that fit inside the rubric of BRAC to bring forward. Again, this is one of those areas where I think our work will lead the Department in other activities, but it didn't fit within the BRAC process.

Mr. Coyle: Secretary Haave, I didn't mean to cut you off there.

Ms. Haave: The Intelligence Joint Cross-Service Group actually had relationships with all of the others. We were particularly interested in the scenarios to see whether or not there was any impact on intelligence equities as they were moving forward. But we most closely interacted with the headquarters and support activities group. There is a recommendation in front of you to consolidate the Defense Security Service and the counterintelligence field activity into one agency. That was actually promulgated by

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headquarters and support activity, but, obviously, it has some intel implications, so we discussed it inside of our group.

There was also one other recommendation having to do with the relocation of the counterintelligence field activities' leased space in Colorado, in Colorado Springs, on Peterson Air Force Base. They also took that one for their action. So, there was very close relationship between us and them, and also the technology group.

Mr. Coyle: Thank you.

Admiral Lippert, it seems like every time go to war, there are embarrassing stories about supply problems, equipment not getting to the troops, boxes of the wrong things, you know, sitting on the dock unopened. I'm sure you're well familiar with all of these stories. The GAO has done any number of studies themselves on these issues. So has Business Executives for National Security. Were you able to do anything your Joint Cross-Service Group that makes it less likely that we'll have these kinds of problems in the future?

Admiral Lippert: Well, there's a whole series of initiatives that are -- all the logisticians from all the departments are working right now to alleviate those problems. And I would offer to you that there are -- the logistics support for Armed Forces is a huge challenge In DLA alone, we get 54,000 requests for material a day. And I think when people are critical of the logistics operations, they have to

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keep in perspective the size, the magnitude, and the worldwide responsibilities.

Now, having said that, there are certainly areas that need to be improved, and we are working initiatives like radio frequency identification tags for asset visibility. There are a whole series of deployments that are going on that we -- that DLA and the TRANSCOM and the services are doing right now with deployment distribution operation centers to improve material flow within theater.

But one of the initiatives that certainly has plagued the logistics systems has been our IT systems, or information technology systems. Most of these things were designed in the '60s, they were implemented in the '70s. They were written in COBOL. They are nowhere near being world-class type of information systems. We are in the process right now, all the services in DLA, of replacing these things. In DLA, as an example, we are in full rollout of an enterprise resource planning solution which is going to make DLA, from an IT perspective, a world-class organization.

Many of the initiatives that we have recommended here, the billion dollars of savings that are associated with it, is because we have this IT capability to do this right now. And if I had stood before you five years ago, I couldn't have done it, because I couldn't have done it from an IT perspective.

Mr. Wynne: I'll tell you also, Commission Coyle, that

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we're go to knowledge-enable logistics, and it is the power of e-commerce that really has allowed us to examine: How do we get the inventories down as far as we have? It is the power of e-commerce, really, that is allowing us to really synthesize this Six Sigma/Lean through the Navy, because they're going to -- this has energized them, if you will, that they now know the pattern of breakage in their equipment, so that they can stock just about the right amount, with margin, of equipment that they're going to use.

When Admiral Lippert says that he is investing heavily in information technology equipment, it is really the power of e-commerce that he's talking about, because all of a sudden now he is trying to go paperless in his ordering and supply process. And even some of the buying practices now are going paperless, which allows him to do a significant consolidation of staff. And I think that's where you were headed.

Admiral Lippert: Well, included in that is position of assets, the visibility of assets --

Mr. Wynne: Right.

Admiral Lippert: -- and the overall view of the performance of contractors, and we can do that much better with these new IT systems.

Mr. Coyle: I was in the Pentagon long enough -- almost seven years, probably too long -- that I would hear, you know, people talking about -- this was certainly not my area, of

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course, but I would hear people talking about how the logistics supply system was going to be improved. There were all these slogans about, you know, "Just in time, and not just in case," and how information technology and e-commerce and all of these things were going to make a difference. But then a year or two would go by, and we'd get involved in some conflict someplace in the world, and it wouldn't happen. And then the conflict would pass, I'd hear the slogans again, and then another couple of years later there would be another conflict, and again it wouldn't happen.

And so, Admiral Lippert, that your Joint Cross-Service Group has had a really important opportunity. And I don't know whether these things will pan out any better than the things I heard about in the past, but I certainly hope so.

Thank you.

Chairman Principi: Admiral Gehman.

Admiral Gehman: Well, thank you, all four, for helping us out and appearing here today.

Ms. Haave, I have a question. According to the two recommendations that we have here in front of us, the first one realigns the DIA by moving some analysts out of leased facilities in the National Capital Area onto the Bolling Air Force Base, and then moves people from the Bolling Air Force out to Ravinia. Is that -- but we don't -- this doesn't tell us these people are, what they do, or anything like that. But

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-- so we don't have any way of evaluating that. But is that not a double move? And is it necessary to move twice as many people as necessary?

Ms. Haave: Part of what we were trying to achieve here is to -- as we went through our JCSG, we were looking at how we could reduce our vulnerability in leased spaces. We have force-protection standards that we're trying to adhere to, and some of that leased space is not very survivable or protected.

We were looking at how you develop synergy among different elements. So, what you find is that to move the folks out of the 20,000 square feet of space that we have in Crystal City, we're moving those into the DIAC, and then some elements of the DIAC down to Ravinia. The elements that are moving down with the National Ground Intelligence Center are those that are really synergistic. And so, while it may appear to be two moves, it's actually accommodating many of the tenets that we were trying to achieve -- the reduction of leased space, the synergy of elements -- to create that better capability that we're looking for. We think it was the smart thing to do. And it provides DIA some alternate capability.

Admiral Gehman: Thank you.

Secretary Wynne, once again, the proof is probably in the pudding here, but in the depot area I noticed that there's a very, very major movement in the naval -- Navy aviation depot world to essentially -- of course, I haven't analyzed this, so

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I may have characterized this wrong -- but essentially to break up or disestablish the large naval aviation depots into these fleet readiness centers and spread them out at working airfields where they're closer to the operating forces, closer to the airplanes. But right next to that is the recommendation to take the ships intermediate maintenance activity, which is at the waterfront, next door -- within walking distance of the ships, and roll them up into the depots. Are we -- are both -- these appear to be contradictory business plans, yet all of them are justified as being great business ideas. Could you help me -- explain that a little bit to me?

Mr. Wynne: I think the best way to start is, first of all, the Navy wanted to consolidate their intermediate and depot level, where they could, to minimize the storage of parts and spares and personnel. I don't think there was enough room, if you will, on the various shipyards right by the ways. And so, they were stuck, for geography.

There is -- in order to move in the heavier repair, it just made sense to them, especially in the area of the ships avionics, that they had more capability to do that back, and there was no reason to do one-stop shop, if you will, to determine whether or not the avionics was -- or the avionics on ships -- electronics on ships were necessary for overhaul.

So that -- and it is strictly a 24-hour turnaround to the

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depot -- so getting, I think, the realization that we could track stuff these days far better than we could ever track it even ten years ago, I think, led to the realization that you have portability in your system. So this was all about, again, consolidating to a two-level maintenance -- that is, operational maintenance and depot maintenance -- wherever you could.

On the follow-the-fleet, they had plenty of geography available for the air -- for the aviation area, and they felt like that the more expensive electronics there could be a little closer to their avionics depot. And they did exactly the same thing by breaking it into regionals. They put that together and saved a tremendous amount of material. Most of the savings that's in these fleet response centers turns out to be in savings of stock, and then a modest amount of savings of people.

So this was all about really merging two levels of maintenance either closer to the air freight or at -- where they could handle it for the ships.

Admiral Gehman: Thank you, Mr. Chairman.

Chairman Principi: Mr. Hansen?

Mr. Hansen: Thank you, Mr. Chairman.

I really appreciate the work you've done. It seems like it's been very extensive. And, you know, with my 22 years in Congress, that's all we talked about, was trying to some way

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get the military to do more interservicing, jointness, working together, cross-training, and all that kind of stuff. And I've never seen a harder nut to crack than that one, and I compliment you for making a giant step into it.

You know, years ago in my state we had the 2002 Winter Games. And we had to move a piece of the 96th ARCOM, a Reserve unit, to another area so we could facilitate a place for the athletes. And we thought, "Well, why shouldn't they move down to Camp Williams with the Guard?" -- which seemed like a very reasonable approach. It was reasonable to us, but it wasn't reasonable to them. And I've never seen such a hard fight in my life. And we didn't win. We ended up spending another eight- or nine-, ten-million dollars to find a place down by the airport to move part of the 96 ARCOM.

Now, I know that you can mandate things, but how do you politically pull this off? I mean, how do you get that to work? I would be curious, in my time, to have you respond to that, and one other. The Chairman alluded to the naval aviation and the Air Force. And it just seems to me -- I still remember Admiral Border verbally abusing us because we closed three of his six, back in '93, and then, in '95, what was it, McClelland and Kelly went down, for the Air Force. And it just seems to me that there can be more interservicing there. I mean, more overlap, more exchange.

In the old days, when I was in the Navy, they used to

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argue, "Well, the Navy only used Grumman airplanes." You may recall -- what was the last one, the F-9? And the Air Force was using the North American stuff and air -- water-cooled and all that type of thing. Now I don't think there's too many people that can tell the difference between an F/A-18 Hornet and an F-15. They're built, if you see, one down one line, and one down another line. And you see a lot of things -- landing gear, the avionics, the engines -- I just can't see why there can't be more of integration between the services. But -- I don't mean to be sour grapes, but I -- and I appreciate what you've done, but it just seems like you've started a process, or continued a process, that should even go a little further.

If you could respond briefly to those two issues, I would appreciate it.

Mr. Wynne: Well, in fact, we do have now a consolidated engine facility, repair facility, what they're calling the CERTF, Consolidated Engine Repair Facility -- and Test Facility, there that the F-100 and the F-101 are going through, which services both the F-15s and the F-16s. And the F-404 is -- I think, is going to be a part of that. They have a -- they're outsourced the engine facility to a contractor logistics support, so the -- they've got that pretty well ironed down.

I would say it this way, that the -- the services realize

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that ultimately the Joint Strike Fighter is going to be a cross-service airplane. I mean, so this is in their future. The great step forward was orchestrated, I think, by Secretary Abell's thing on not mandating, but getting consensus on a initial pilot training for this airplane so that all of the services will show up at the same site, initially at Eglin, and then perhaps at an additional site in the desert sometime in the future. But -- so this is starting.

The -- as you know, we have the services now aligned in many of their areas, but I was very serious about the fact that the Navy had just made enormous strides on this Six Sigma and Lean, to the point where the CNO had actually had his senior leadership for all of his depots off to take this course, and they really came back and learned it. There is a little bit at Tinker. They're doing a great job at Tinker in learning this, same thing. There's a little bit, but a little less, at Ogden, which is mostly aimed at the electronics features. And there's a little bit less at Warner-Robbins. The Navy went down and looked at the team that they had at Warner-Robbins, and we even offered to, if you will, allow them to manage Warner-Robbins, so that they could inflict, if you will, what they learned on the -- on an unsuspecting Air Force.

The difference in timing was fairly dramatic, in that the Air Force was -- believed that they could centralize up inside

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the depot, and, therefore, reduce costs, and the Navy felt like they wanted to disperse it all and move closer to the final assembly line, if you will, which is kind of the tenets of Six Sigma.

So, we could never bring those two together in that world. And I think the Navy just went ahead and made a tremendous leap of faith in essentially moving closer to the flight line with their fleet response center in order to preserve their lead, if you will, in Six Sigma/Lean.

So what we took from it was, you know, maybe we didn't go far enough this time, but we now know the process by which we are going to go forward, and it has slowly infected almost all of our depots, including Corpus Christi, Texas, which is rotary wing. And the Air Force is picking up on it.

Then the next thing we did was, we introduced the supply and storage element to it and essentially ate out the back end of the warehouse for each of the depots and brought 'em into DLA, not only the inventory that they had, inventory control point, but also then the depot-level repairables. And so, we took a large chunk, if you will, of the process, that you might have seen, for inventory control, and embedded it, if you will, in the purchasing hierarchy of DLA.

So, we took two bites of it, if you will; not just the floor space, which is the argument on consolidation, but also the back end, where the money really is. That's how we did

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it.

Mr. Hansen: Thank you.

Chairman Principi: General Hill?

General Hill: Thank you. I thank all the participants for coming in this afternoon and talking with us.

The -- I can remember, when this all began, there was some wailing and gnashing of teeth down in the services, but all the services' secretaries and chiefs have come in to testify in front of us, and they've all praised the joint service group's system, and, in fact, the recommendations. I think it's a major step forward, and it goes a long way to answering, I hope, Mr. Hansen's question as we move forward down the line.

In that regard, to Mr. Abell, Secretary England yesterday gave a great answer when asked, "Why didn't you close down Monterey?" And it was a thoughtful cultural answer. And my question to you is: As you look at the training, and you ticked off the things that you did not look at, did you, in fact, look at combining the senior service schools? And if you did, and did not, why didn't you? Why didn't you close them -- or combine them, excuse me?

Mr. Abell: We certainly did. This was one of the areas where we brought forward, early in the process, a concept to the Infrastructure Steering Group that had, from the revolutionary of "We will have one" to the status quo, and a

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series of options in there. And it was among the more exciting ISG meetings, as you might imagine, as the services reacted to the "We shall have one" concept.

Ultimately, when we were -- when we got to the quantitative analysis, the "We shall have one" didn't work, but we did look at a co-located -- where services maintained the over-watch and the content control, but they were located on a single campus. And that would have worked. The savings wasn't anything that you would write home about, but it would have worked.

But, ultimately, when the IEC looked at it and the military judgment of the most senior leaders were put together, the consequences of breaking the synergy between the senior college and the intermediate college was greater, in their view, than the synergy we would have created by bringing the senior colleges all together in one place; and, hence, the recommendation not to move forward in that arena.

General Hill: You -- in your statement, you talked about taking X number of ideas, whittling them down into proposals and back down into here. Give me a flavor of some of those ideas that didn't make it to our table, besides the war college piece.

Mr. Abell: Sure. We looked at any number of things. We looked at -- we tried to look at everything that the -- the 295 ideas we had were the old brainstorming, where there are

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no bad ideas, just throw it up on the wall. We looked at outsourcing almost everything. Could we do that? And, in many cases, of course, you -- it's a military competency, and you could not. I looked at the Defense Language Institute. It sits on a very expensive piece of property in the Presidio of Monterey, as you know. And where did we have, in the United States, language centers of excellence? And could we co-locate and use that? And the answer is, yes, you could, but the -- but replicating the language laboratories and the capabilities that we have put at Monterey, again, it just didn't -- the costs exceeded the savings. And so, that was one that fell off the table as we went through.

There were many others. We looked at many -- anyplace where we weren't training the same subjects jointly and looked at, "Why not?" and, "Could we do it?" And in some cases we were able to make it work, in other cases -- for instance, we look at military police training, and they -- a lot of that is joint today, but there are parts of it that aren't. So, we said, "Why not?" And, as it turns out, as you know, well, master of arms on a ship and am Army MP don't do even close to the same things, so it's not really singular training. So --

General Hill: Okay. I appreciate it. Thank you very much.

And, finally, for Ms. Haave, as you talked about your recommendations -- in your field, you have to deal with

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outside agencies, other than military.

Ms. Haave: That's correct, sir.

General Hill: Were those brought into your discussions?

Ms. Haave: Yes, sir, they were.

General Hill: Okay. And, specifically, my question is, on the -- because I happened to see it on television; we were having lunch -- swearing in Mr. Negroponte. He's going to need buildings, staff, and space. Do your recommendations take into account some of the things that -- I know it's evolving -- that he's going to need?

Ms. Haave: No, sir, we did not take it into the BRAC process. As you know, he was only appointed just recently, and we were pretty much through the process at that point, so it doesn't take that into account. What the DIA -- there has been some discussion about whether or not he might take some space located at Bolling Air Force Base.

What we did in our recommendation, basically, was to accommodate future force growth that we see inside the intelligence community -- DIA, NGIC, those kinds of things. We did not take into account the DI's needs.

General Hill: Thank you.

Chairman Principi: General Newton?

General Newton: Thank you, Mr. Chairman. Madam, and gentlemen, thank you very much for your testimony this afternoon.

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Secretary Wynne, I don't know whether this is for you or Secretary Abell. Reference the Joint Strike Fighter again. Have they decided on where the depot will be for that system with reference to whether it's engine, airframe, and so on? Has the decision been made there yet? And is that in here?

Mr. Wynne: No, sir, it's not in there, because I think they are -- they, first, are trying to get a production and support agreement tabled up to their international partners.

General Newton: Okay.

Mr. Wynne: Their international partners have some ideas, if you will, because they'd like to be a participant in some of the offshore activities. And so, we're a little bit reticent to table up, even in this process, the size, the location, et cetera.

That having been said, though, we're talking, really, about something that's going to come more to fruition in 2011 and 2012, so there was also some idea of whether or not it was -- the establishment was going to be a part of this. So, early on, we expect GE and Pratt and Lockheed Martin to essentially run the initial spares right there on their site.

General Newton: Okay.

Mr. Wynne: Do I have that right, Charlie?

Mr. Abell: Absolutely. We did put the maintenance training at the training site, co-located, but we did not deal with the depot issue.

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General Newton: Very good.

To pilot training, probably one of your and my favorite subjects, I guess, I noticed, again, we moved out of Moody and moved back to the other pilot training bases. Tell me -- give me a little bit of logic about the capacity at which we have at those other bases, particularly in case of some reason to have to surge more than where we are today. If you will remember, it was a very short period of time. We went to Moody because we didn't have capacity in the other bases. And now we'll just reverse that again. Can you share some of the logic with that for me?

Mr. Abell: Yes, sir. We -- our -- in our capacity analysis, we analyzed the capacity of all the airbases, without regard to service. And one of our goals in this was to reduce excess capacity. There is significant excess capacity at those airfields. And even when we put in the surge -- and for flight training, we assumed a 20 percent surge requirement, so maximum capacity plus 20 percent -- there's still excess capacity.

Now, as you know well, sir, you get three aviators together and you will argue about what is capacity and what makes excess capacity. Is it takeoffs and landings? Is it cubic miles of airspace? Is it ramp space? And the answer is, it's all of that somehow woven together.

And so, capacity was never a question. And our

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recommendations modestly reduces excess capacity. But what we -- we have not challenged, on any of the airfield moves, the capacity of the airfield.

General Newton: Okay, very good.

Thank you, Mr. Chairman.

Chairman Principi: Thank you.

Mr. Skinner?

Mr. Skinner: Thank you. Thank you, ladies and gentlemen, for your effort here today.

Admiral Lippert, I think that goes to you. I'm -- it's my understanding that the -- that, over time, the Defense Department is making some real progress in procurement and distribution. Could you give -- in kind of a summary form, give us what these next steps do for us in that evolutionary process?

Admiral Lippert: Sure. Yes, sir. I would -- again, we were looking at making sure that we can continue to support our troops the best possible way we can. And then, in addition to that, we were looking for economies and efficiencies.

So, there were three major areas of these recommendations. One, and the simplest one, is that the services and DLA manage prepackaged petroleum products, compressed gases, and tires. And, in most cases, we stock those in a warehouse. Well, as in warehouses, I should say,

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across the continental United States and overseas. They take up -- those commodities take up huge amounts of warehouse space.

Now, the recommendation is that we get out of the warehousing business, with -- we award what we call direct vendor delivery contracts, which means the private sector will stow the material for us, do the issuing for us, and use their transportation systems, in most cases, to get it to the customers. We do it -- this is like in a business-case analysis, where it makes good business sense. They can do it cheaper, faster than we can.

Mr. Skinner: Right.

Admiral Lippert: We think these commodities all lend themselves to that, and we free up a lot of warehouse space by doing that. So that was number one.

The second one, and the one I talked with, with Mr. Wynne, because of the effort that we've done together between the industrial group and the supply and storage group, was -- the basis of it is, we had, originally, two strategic distribution platforms. They are in Susquehanna, Pennsylvania, and San Joaquin, California. Because of lessons learned in the war, Susquehanna got backlogged, we needed to distribute the workload better, so we made the strategic distribution platforms, ones that have worldwide missions, by adding on Warner-Robbins and Oklahoma City so that we don't

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have bottlenecks in the future.

Now, in doing that, what it means is that the other continental distribution depots that we have -- and that number is about 16 -- are going to take on more a regional mission, meaning they're going to support the maintenance depot that they're co-located with. And any inventory that's there that's for a worldwide mission is going to go to these major four activities. It frees up a whole bunch of warehouse space, about 50 percent. So, by doing that, we can take warehouse space that are service-owned property and give it back to the services, and they can figure out what they want to do with that property.

In addition to that, at our co-located supply and maintenance depots we found out that there is a lot of redundant inventory -- $630 million, to be exact. Okay? And by combining that into DLA, we can get rid of that inventory, we can cut down personnel costs and return the space that is being used at the maintenance depot to be used for supply, to be used for other things. And so, there's significant savings associated with that.

The third piece of these recommendations was that we -- all the services and DLA award something that we call performance-based logistics type of contracts. These are long term in nature. We have performance specifications in the support of these type of contracts. The problem has been --

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is, historically, the Air Force awards these, the Navy awards these, the Army awards these, and DLA awards these. The issue becomes: Can we combine these together so that we can go to industry with one face, get better prices, reduce the lead times that are associated with these types of materials, because we can give better planning estimates of what our requirements are going to be?

So the proposal was, as -- at DLA right now, we manage 90 percent of the consumables or the throwaway materials, but we don't manage the depot-level repairables, the major subcomponents of end items that are -- once they fail, they can be repaired, and once they can't be repaired any longer, we procure them. So the idea was to give DLA the procurement mission of this task and work on better pricing, reducing the amount of inventory so there's less holding costs associated with these.

And that's -- so that's, in a nutshell, what these recommendations are.

Mr. Skinner: The -- and who is the deciding authority as to whether it stays within the branch or whether it goes to DLA, and what's the process for that occurring?

Admiral Lippert: Well, what we have done in the -- part of the initiative was to transfer a lot of the consumables that the services still managed to DLA. We negotiate with the service on these, because there are some items that, as an

CERTIFIED

examples, are design unstable, that are better left with the services, from a technical perspective. So there's a negotiation process on that.

In terms of the depot-level repairables, it'll be the same negotiation between DOA and the services about what items should be part of this process, but I would expect that it would be most of them.

Mr. Skinner: Now, therefore, it looks like DLA will have more responsibility, although they're -- I think you called -- "de-establishing" some of it, and privatizing some of it.

Admiral Lippert: Yes, sir.

Mr. Skinner: Is -- these recommendations in here contain the necessary facilities and personnel that you're going to be acquiring as you take on these additional functions?

Admiral Lippert: Yes, sir. That was part of the real -- or the analysis that we were going through with these Joint Cross-Service Groups, about: Exactly what type of people do we need? What type of expertise do we need so that we can achieve the savings that we have estimated? So there has been, as you will see when you see there report, a lot of detailed analysis about exactly what is needed to do this.

Mr. Skinner: And you'll do that in how many different locations?

Admiral Lippert: The number of different locations, I would -- I'm guessing right off the top of my head, but were

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in the nature of 15, probably, across the continental United States.

Thank you. No further questions.

Chairman Principi: General Turner?

General Turner: Thank you, Mr. Chairman.

And good afternoon to all of you. And thank you, Secretary Wynne, for coming back a second time.

I guess my question is for Secretary Abell, and it kind of goes along the same path that General Hill was on a moment ago, and it addresses the Department's objective relative to enhancing jointness while preserving service-unique training and culture.

You spoke already to the consideration of consolidation the senior service schools. I'm wondering if there were other areas of interest discussed that the members felt had merit that did not make it into the final recommendations. And if you could give us a sense of the kinds of things that may have been discussed. And, also, as a part of that, did you get any -- did you -- how low did you get in your discussion of enlisted training? For example, did you get as far as the process beginning with consolidation of all initial basic training for enlisted personnel?

Thank you.

Mr. Wynne: Let me take your last one first, if I might. Initial entry training, basic training, one-station unit

CERTIFIED

training -- services call it different things -- was not in the purview of the Joint Cross-Service Group. Those are considered service-unique accession training programs, and so they were not in my purview to review.

The things that would advance jointness and enhance total force capability that were considered and not accepted. There were many. We -- again, we looked at everything. We tried to look at everything. I tried very hard to put all of our legal training, from the lowest enlisted to the most senior colonels, lawyers, in one place, because I thought that -- it made sense to me, anyway, from the initial look, that that was fairly common. And we shredded that every way we could, and we still couldn't make it come out with savings. So, it's probably something where the concept is good, but we couldn't save any money, we couldn't close installations to get it there. We could have closed pieces of other installations, but we would have been building more at a receiving installation, and it just didn't work out from a cost perspective.

We looked at diver training. All diver training, except the Army's diver training, is conducted at Pensacola, Florida. The Army conducts its diver training at Key West, Florida. We looked at bringing that back and putting it together. And we certainly could have done that, and we would have saved a modest amount of money. It's not a very big operation. But

CERTIFIED

it didn't close anything at Key West. It didn't save anything at Key West. So, our savings really were so minor that the capabilities that we had at Key West, the loss of those capabilities, especially for Special Operations Command, again, this just didn't justify making that change.

In the undergraduate pilot training, much like the senior service college, I brought forth, early on, in probably the next most interesting ISG, a series of concepts about undergraduate pilot training that, again, had a range of ideas. The most revolutionary of which would have put all type of aircraft at the same base without regard to service. So, in other words, if you were going to be a jet pilot without regard to service, you went to one base to train. If you were going to be a helicopter pilot, you went to another base. If you were going to be a cargo pilot or a tanker pilot, you went to another base; or a bomber pilot, to yet another base.

Our analysis showed us that that was possible, practical. We met with the service training commands, who had alternative views, who honestly -- and these were sincere debates that we had -- who thought that -- they worried about having multiple-type aircraft and multiple-level students in the same airspace, and what would that do to our accident rates?

The other thing, and probably the thing that caused us

CERTIFIED

not to accept the most -- or not to endorse the most radical recommendation in this area, was what it did to student throughput. We would have been moving a lot of airplanes around the United States to get 'em from where they are today to the new situation, hundreds of airplanes, which would have added years to the pilot training output as we interrupted at one place and got it established another place. And none of the services could stand to have their pilot throughput -- pilot training throughput interrupted significantly for four or five years. And so, while that's another probably good idea, we'll probably have to get at it more incrementally than we can in a very bold sort of revolutionary move.

General Turner: Thank you.

Chairman Principi: Secretary Abell, it has been commonly reported that approximately 70,000 servicemembers are coming home. When they come back to U.S. soil, I guess we could expect a significant increase in training requirements, you know, space for maneuver room, ranges, schools, staffing, training in new strategies to deal with new threats. To what extent was this taken into consideration by your group in developing your BRAC recommendations for this year?

Mr. Abell: Mr. Chairman, we certainly looked at that. I would take exception to the increased number of schools. We move our students to the schools this year without -- now -- without regard to their assignment, so the number of people

CERTIFIED

flowing to the schools, we thought, was not governed by where they were based.

On the other hand, training areas and ranges were -- are going to be a commodity that will be increased, because we'll be doing more training here than overseas, of course. So when we looked at the training range capacity, both ground, air, and sea, we took the future force structure plan into account and looked at that. And when we applied, again, the surge capability for mobilization, or whatever we -- for the ranges, we -- because of mobilization, we included a surge factor of 25 percent. We immediately found that our existing range -- we had no excess capacity in our existing ranges, both ground and air. And so, we made no recommendations to somehow eliminate that or make it smaller.

We found that we do have, today, based on the force structure plan, some excess capacity in our sea ranges; however, when we analyzed the type of ships that we anticipate in the Navy, and the weapons systems on them, we decided that -- and since there are no facilities in sea ranges; it is just open pieces of seawater, we don't have anything that we maintain out there -- that we didn't want to give up any sea range space either, because the new ships are going to be faster, and their weapons are going to be longer range. In addition, of course, we can fly over sea ranges, as well, and airspace is going to be more and more critical to us,

CERTIFIED

especially as we go to the F-22 and the Joint Strike Fighter, which have speed considerations outside of what we have today.

Chairman Principi: With regard to ranges and airspace, was there a proposal for a joint Navy/Marine Corps use of Cannon airspace and ranges? Did that come before your group?

Mr. Abell: We actually developed a proposal that would have -- that would divide the nation into three sectors and have a joint control of all the range and training assets in those three sectors. We figured out how to do it, but then, when we looked at it, and we said, look, this really isn't -- it's a management activity; it's not a base realignment or closure activity. We weren't realigning anything from one base to another; we were creating a new capability. And, hence, we can do this, the Department can do this, but they do it as part of their normal management. And I would expect that we will.

Chairman Principi: Would the impact of your proposal to close Cannon impact on that --

Mr. Abell: No, sir.

Chairman Principi: -- such a proposal?

Mr. Abell: No, sir.

Chairman Principi: Would not? They could still -- they would still be able to use the associated airspace and ranges --

Mr. Abell: Yes, sir.

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Chairman Principi: -- without Cannon?

Mr. Abell: Yes, sir.

Chairman Principi: Thank you.

Any further questions by the Commission?

[No response.]

Chairman Principi: Well, on behalf of the Commission, I wish to thank you all for your testimony, your time this afternoon. We very, very much appreciate it.

The Commission will stand in recess until 9:30 tomorrow morning.

Thank you.

[Whereupon, at 3:00 p.m., the hearing was adjourned.]

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