

Statement of

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TODAY'S UNITED STATES TRANSPORTATION COMMAND
(USTRANSCOM)

Today, America and the international community depend on the US military to perform a wide range of warfighting, peacekeeping, and humanitarian missions. No matter what the mission, whether at home or abroad, this country's Defense Transportation System (DTS) enables it to quickly extend a "hand of friendship" or "the fist of war" to any location on the globe. The DTS, with its people, trucks, trains, aircraft, ships, information systems, and infrastructure, provides the United States (US) the most responsive strategic mobility capability the world has ever seen. It is USTRANSCOM's responsibility to manage this strategic global mobility system.

USTRANSCOM takes a holistic approach to managing the DTS, i.e., strategic transportation planning and modal operations are interdependently managed. When the unified commands, services, or other government agencies require strategic transportation they need to make only one call: to USTRANSCOM.

Because of USTRANSCOM's responsiveness and global reach, the command is in a constant state of activity. At every moment of every day, around the globe, USTRANSCOM's superb force of soldiers, sailors, airmen, marines, coast guardsmen, and civilians is accomplishing a wide array of joint mobility missions. For example, during an average week USTRANSCOM operates 1,669 strategic air mobility missions transiting 52 countries, operates 22 military ocean ports in 13 countries, and has 20 chartered military ships underway. Thirty-six additional government-owned and chartered vessels, loaded with military cargo, are strategically prepositioned around the world, significantly increasing the responsiveness of urgently needed US military equipment and supplies during time of crisis. USTRANSCOM does all of this as a total-force team of active duty, guard and reserve personnel, civilians, and commercial partners, bringing the total synergy of US military and commercial transportation resources to bear in times of crisis, wherever in the world they may be required.

The capability of America's DTS is unparalleled in history. Never before has such a ready and capable mobility system existed in peacetime. But "readiness" and "peacetime" are often ambiguous terms when used to describe today's world environment. USTRANSCOM frequently finds itself operating at a near wartime tempo during peacetime. We are frequently called upon to surge to a combat operations tempo without benefit of our full wartime manning or activation of our agreements with industry for their surge capacities.

That said, even though USTRANSCOM is generally ready and capable, there are a number of challenges in USTRANSCOM's critical personnel, infrastructure, and equipment underpinnings that concern me now and, of even greater concern, challenges that could impair command capabilities in the future if we do not set about to correct them soon.

As you look at USTRANSCOM today, many of the visible features of the DTS are showcased daily around the world: the ships, aircraft, trains, and people who make day-to-day global mobility for the Department of Defense (and others) a reality. That said, many people are not aware of the wide variety of aggressive actions USTRANSCOM is taking behind the scenes to improve our transportation reliability and our global responsiveness to America's challenges. This statement serves as a "State of the Command" report and examines where we are, where we are going, how we are getting there, and the challenges we face. Ultimately, this statement is intended to portray the USTRANSCOM you see and know...as well as, the USTRANSCOM you may not see everyday.

THE MISSION

USTRANSCOM's mission is to provide air, land, and sea transportation for the Department of Defense (DOD), both in time of peace and time of war. To accomplish this mission, for day-to-day execution, we rely on USTRANSCOM's Component Commands: the Air Force's Air Mobility Command (AMC); the Navy's Military Sealift Command (MSC); and the Army's Military Traffic Management Command (MTMC). Relying on a blend of active and reserve forces, civilian employees, and commercial industry, the USTRANSCOM component commands provide mobility forces and assets in a force structure continuum designed to be able to make a seamless transition from peace to war.

USTRANSCOM is a leader in DOD's reengineering efforts. As the first Secretary of Defense-designated "Reinvention Commander-in-Chief (CINC)," with authority to emulate leading edge business practices, USTRANSCOM is actively engaged in finding commercial best business opportunities and implementing those efficiencies for DOD. The command has pioneered DOD's efforts to leverage the strengths of US commercial industry to significantly improve the daily service of the DTS to all customers, contributing significantly to our ability to guarantee wartime readiness. The command has also formed a supply-chain management partnership with the Defense Logistics Agency (DLA), creating a new Strategic Distribution Management Initiative (SDMI) that promises to streamline DOD's entire distribution system.

While we are proud of the significant gains made in peacetime efficiency, we remain focused on our primary imperative: wartime readiness. Simply put, the USTRANSCOM wartime mission has three objectives:

1. Get the warfighter to the fight.
2. Sustain the warfighter during the fight.
3. Bring the warfighter home after the fight is done.

Accordingly, my number one mission at USTRANSCOM is strategic mobility support to the regional CINCs during crises. That said, as our Nation's policy and decision makers ponder changes to our National Security Strategy, they should always keep in mind that USTRANSCOM is only postured--from a force structure perspective--as a one Major Theater War (MTW) force with a two MTW mission and that the command is still evolving to meet even that requirement.

Today, it is our assessment that we can meet the requirements of the first MTW with moderate risk, but that there are higher levels of risk associated with the second nearly simultaneous MTW. In fact, if the National Military Strategy were to evolve from the current two nearly simultaneous MTWs to something considered less stressful—one MTW and one or more

Smaller Scale Contingencies for example, assuming no improvement to our current or projected posture, we would continue to operate at an elevated risk. The June 2000 Government Accounting Office (GAO) report titled, "Military Readiness: Air Transport Capability Falls Short of Requirements" (Code 702017) (Final Report NSIAD-00-135), highlighted the depth of the problem. This report stated, "DOD does not have sufficient airlift and air refueling capability to meet the two major theater war requirements because many aircraft needed to carry out wartime activities are not mission ready." The GAO estimated that DOD is 29 percent short of being able to meet the established military airlift requirement and nearly 19 percent short of being able to meet the established air refueling requirement.

USTRANSCOM's approach to posturing (and improving) itself to be able to meet DOD's transportation mission today and tomorrow requires flexibility and initiative, and is guided by the following four basic themes:

- *Theme one:* Maintaining readiness to perform our global mobility mission.
- *Theme two:* Continuing modernization and upgrade of aging equipment and infrastructure.
- *Theme three:* Improving key processes in the DTS.
- *Theme four:* Investing in the care and quality of USTRANSCOM's most valuable resource -- its people.

THEME ONE: READINESS

Regardless of the above, no matter what US forces are called upon to do around the world, the American fighting machine cannot meet its two critical warfighting capabilities labeled "dominant maneuver" and "focused logistics" without USTRANSCOM forces in the vanguard. Recent exercises and operations demonstrate the day-to-day peacetime readiness and capability of the DTS. That said, the growing impact on our day-to-day peacetime airlift operation resulting from the continuing challenges associated with the low reliability rate of our aging C-5 fleet, coupled with continuing reductions in overall strategic airlift flexibility as a result of the "one-plane-for-two" swap of C-17s for retiring C-141s, adds fuel to a growing list of additional concerns (not the least of which our assessment that our "second of two MTWs" capability is high risk), and is a challenge begging a solution.

Recent Operations

USTRANSCOM's daily Global CINC-support mission, coupled with DOD's Joint exercise program, gives USTRANSCOM the opportunity to plan and execute regularly with the regional CINCs and their Service component commands and staffs. Additionally, it gives the command an opportunity to exercise surge shipping, prepositioned afloat stocks, military air and sea ports, air mobility crews and staffs, reserve component forces, and the staff at USTRANSCOM. Last year, USTRANSCOM participated in 117 Joint exercises worldwide. These exercises not only allow us to revalidate current capabilities, they also allow us to test new capabilities, as well as to improve the processes we use to move bulk DOD cargo within the worldwide transportation network.

USTRANSCOM is a "high tempo" command. In fact, the command's operational pace during peacetime--especially that of our Air component--has increased dramatically since Operations DESERT SHIELD and DESERT STORM. As an example, let me describe USTRANSCOM's contributions to our most noteworthy mission since I last testified before this committee...that being our support of combat operations in the former Yugoslavia. Beginning in February 1999, AMC tanker and airlift aircraft began our support to the Air War over Serbia and subsequent operations by leading the deployment of combat and combat support aircraft to Europe in support of an increasing military capability available to the North Atlantic Treaty Organization (NATO) in the theater. In March of that same year, Operation ALLIED FORCE began in earnest, with an air campaign that lasted 78 days... a campaign which ultimately required USTRANSCOM and its Component Commands to split their capabilities three ways to simultaneously support

the three distinct mobility missions which emerged through the multiple phases of ALLIED FORCE.

For example, at the commencement of ALLIED FORCE, USTRANSCOM's first mission was in support of the United States European Command (USEUCOM) and NATO strategic deployment of combat and combat support aircraft to European bases. In this phase, AMC air refueling aircraft established an air bridge across the Atlantic to deploy combat, combat support, and airlift aircraft...with our airlift aircraft deploying accompanying support personnel and equipment. Additionally, AMC deployed an MTW-sized air refueling force...augmented by forces generated through a Presidential Reserve Call-up of Guard and Reserve Forces...to bases in Europe to support theater air operations. MSC and MTMC simultaneously began deploying ammunition from the US, through European ports, onward to NATO airbases.

As the air campaign intensified, two new missions evolved requiring substantial USTRANSCOM support. The first occurred when refugees streamed across Kosovo's borders into Albania and Macedonia. AMC supported NATO's relief efforts with military and commercial contract airlift missions to provide emergency assistance to refugees. The second additional mission was deployment of Task Force Hawk from the continental United States (CONUS) and Central European Bases into Albania. All USTRANSCOM components supported this effort with AMC providing airlift and air refueling support, MTMC operating seaports in Italy and Albania, and MSC providing sealift.

It was during this phase that the C-17 became the "workhorse" airlifter of the campaign by operating as both an intertheater and intratheater airlifter, flying 430 missions into Albania. The aircraft performed superbly and offered the combatant commander a new capability with its large capacity and ability to land and operate at very short, austere airfields. Finally, as the air campaign ended, USTRANSCOM supported Operation JOINT GUARDIAN, the deployment of NATO peacekeeping forces into Kosovo by air, land, and sea.

Support to ALLIED FORCE was a total force effort by USTRANSCOM. AMC tanker aircraft, placed under the operational control of USEUCOM, performed nearly 7,000 air refueling missions, greatly extending the range and "on-station time" of US and allied combat and combat support aircraft. An additional 654 strategic air refueling missions were performed in support of the various deployments. AMC also flew 1,108 strategic airlift missions and contracted for an additional 66 commercial airlift missions in support of ALLIED FORCE.

Simultaneously, MTMC operated at two US seaports and eight European seaports in support of the deployment and onward

movement of unit equipment, supplies, and ammunition. As NATO air strikes began against Serbia, MTMC began transshipment operations at seaports closest to the strike area. The cargo was transported in vessels managed and directed by MTMC in support of Task Force Eagle and Task Force Shining Hope, the military and humanitarian programs to aid Kosovar refugees.

The first big evidence of this support came in the form of the SS Osprey, which arrived May 2 in Durres, Albania. The Osprey's arrival signaled a critical surface transportation benchmark in the fielding and supply of American forces in Albania.

The Osprey, a MSC charter, carried 60 vehicles, or 11,000-square feet of Air Force cargo. It was loaded by MTMC's 839th Transportation Battalion, Livorno, Italy and unloaded in Durres by MTMC's 840th Transportation Battalion, Izmir, Turkey. Unloading of the Osprey took place without incident. Within a week, MTMC initiated regular ferry operations from Brindisi, Italy, to Durres. For example, some 35,000-square feet of equipment and supplies were moved into Albania between May 7th and 11th. After arriving at Brindisi by rail from Germany, the freight was loaded aboard an Adriatic Sea ferry--chartered by MSC--and shuttled northeast by east, from Brindisi to Durres, in four ferry runs.

A critical shift in surface transportation support took place with the cessation of hostilities, as MTMC shifted gears and began to focus on the movement of the Army task force assigned to perform peacekeeping duties in Kosovo.

In the initial entry, MTMC delivered three shiploads of combat equipment from the 1st Infantry Division via Thessaloniki, Greece, on the northern Aegean Sea. The ship cargoes included hundreds of combat vehicles and scores of shipping containers with equipment to support the 7,000 soldiers of Operation Joint Guardian.

Strategic sealift also played a key role in supporting the combat forces involved in Kosovo operations. MSC supported ALLIED FORCE with 34 strategic sealift ships to include three prepositioning ships. Additionally, MSC tankers carried most of the fuel products used in support of the operation, totaling more than 300 million gallons. MSC supported 29 strategic lift movements, including movement of US Army combat forces from Bremerhaven, Germany to Thessaloniki, Greece. Sealift carried over 1.2 million sq. ft. of vehicles and equipment; 245,280 sq. ft. of ammunition; plus equipment and supplies to assist the more than 400,000 ethnic Albanian Kosovo refugees.

Following ALLIED FORCE, USTRANSCOM supported a fairly steady series of special "headline" missions and humanitarian deployments around the world. For example, AMC airlifted two

Federal Bureau of Investigation (FBI) teams to Kosovo in July and August of 1999 to assist in investigations of war crimes. In July 1999, an AMC C-141B aircraft, supported by two air refueling tankers, airdropped medical supplies over Antarctica to aid an ill American doctor. On 16 October 1999, an AMC New York Air National Guard (ANG) ski-equipped LC-130 airlifted this same physician from Amundsen-Scott South Pole Research Station to McMurdo Naval Air Station on Antarctica's northern coast. Only Air Force airlift aircraft and aircrews had the capability to do this challenging and lengthy mission during the bitterly cold Antarctic winter.

A world away, USTRANSCOM continued its support of those in need following a massive August 1999 earthquake in Turkey. To aid Turkish recovery efforts, an AMC C-5 deployed 70 members of the Fairfax County Virginia Search and Rescue Team to Istanbul on a nonstop flight sustained by two air refuelings. All in all, AMC completed 20 airlift missions in support of Turkish relief efforts. A subsequent Turkish earthquake in November of 1999 claimed over 400 lives and injured over 3,000. AMC and USTRANSCOM relief efforts for this earthquake mirrored the earlier efforts.

In September 1999, USTRANSCOM responded to another earthquake, this time in Taiwan. Again, AMC deployed a rescue team from Fairfax County, Virginia and again, a C-5 aircraft deployed the team direct, nonstop to Taipei. This flight lasted 18 hours and required two air refuelings.

The year 2000 found USTRANSCOM supporting flood relief in South America and East Africa. In Venezuela, USTRANSCOM flew eleven C-17 and five C-5 missions, transporting 189 passengers and over 527 short tons of food, water, blankets, water purification systems, and other supplies. These missions helped the people of Venezuela recover from a devastating flood that left almost 400,000 people homeless, 20,000 to 30,000 dead, and destroyed 23,000 homes. In Mozambique, a three-month relief operation resulted in the formation of Joint Task Force Atlas Response. During Atlas Response USTRANSCOM aircraft flew 596 sorties, carrying 1,172 passengers and 1,019 short tons of relief supplies to aid the almost 1 million people made homeless by the rising floodwaters from Cyclone Elaine.

In our own country, on 2 February 2000, AMC flew a nine-person team and 160,000 pounds of Navy search equipment to California to assist in the recovery operations for Alaska Airlines Flight 261 off the California coast.

This past summer saw the worst western wildfires in 50 years. USTRANSCOM and AMC flew 30 missions and deployed 3,682 Army and Marine passengers, and 206.7 short tons of equipment to battle the fires.

During this same time period, USTRANSCOM completed the first rotation of US forces supporting Task Force Falcon in Kosovo via airlift and sealift. The redeployment returned the original participants to US and European bases and deployed replacements from US bases to Kosovo. In April of 2000, AMC flew over 130 Polish troops and 102.5 short tons of their equipment into Kosovo, marking the first time Polish forces had been transported aboard a US aircraft in support of NATO requirements. Also, for the first time, USEUCOM used trains to transport peacekeeping troops and equipment from Germany through Bulgaria and Macedonia into Kosovo. This rail-overland approach saved seven days from the normal twelve-day sea-overland method previously used. USTRANSCOM also supported the sixth rotation of US forces to the International Stabilization Force in Bosnia with strategic lift.

In October of 2000, the Aeromedical Evacuation (AE) System provided Strategic AE support to the 39 sailors injured during the USS COLE Bombing in the waters off of Yemen. The injured sailors were returned to the United States during a two week period utilizing strategic airlift coordinated by the Theater Patient Movement Requirements Center, located in Ramstein Germany and the Global Patient Movement Requirements Center, which is located at Scott Air Force Base (AFB).

Additionally, USTRANSCOM and AMC relocated our Denton Humanitarian Cargo receiving and shipping hub from Pope AFB, North Carolina, to Charleston AFB, South Carolina, offering more direct access to strategic airlift and sealift to better support this important program. Utilizing military airlift and sealift, the Denton program moved over 2.5 million pounds of humanitarian cargo from 86 donors to 39 countries in the year 2000 alone.

The events just described are only a "snapshot" of the missions USTRANSCOM performed or participated in since USCINCTRANS last testified before this committee. Though sometimes small in scale, the FBI deployments, Antarctic airdrop/rescue, earthquake relief, floods relief, airline crash recovery support, and wildfire support efforts demonstrate the tremendous reach and responsiveness unique to USTRANSCOM's airlift forces. They are also representative of the myriad of tasks mobility forces must be prepared to execute, most often on very short notice.

Several points are important to note in assessing these events. For one, America's mobility force is often as busy in "peace" as it is in war. Even though responses to events such as Hurricane Mitch are not as large or sustained as ALLIED FORCE, such operations are conducted within peacetime manning and materiel constraints. At the same time, USTRANSCOM continues support for Joint Chiefs of Staff and regional CINC-

sponsored exercises, ongoing operations such as NORTHERN and SOUTHERN WATCH, and channel airlift missions worldwide. As a result, the command's peacetime force structure must routinely surge to wartime operational levels. For aircrews alerted on short notice to fly relief support to disaster areas, move fighter and bomber squadrons to Southwest Asia or Europe, or replace deployed crews in moving channel cargo, the tempo can be very similar to wartime. The more frequently we do these missions, the more our people look and feel as if they are on a wartime footing during peacetime. The past few years have brought one deployment after another, hence the observation that USTRANSCOM is often as busy in peace as in war.

All the above aside, although USTRANSCOM is heavily committed around the globe conducting a wide variety of critical peacetime missions, our ability to support the warfighter during two nearly simultaneous MTWs is our paramount indicator of command readiness.

Readiness: Air Mobility

Our newest airlifter, the C-17, continues to exceed expectations. As of March 2001, the C-17 program has delivered 72 of 134 programmed aircraft, as we continue fielding the operational wings at Charleston AFB, South Carolina and McChord AFB, Washington, as well as the training squadron at Altus AFB, Oklahoma.

The C-17 is a tremendous success story. Without a doubt, it has very efficiently and effectively assumed its place as AMC's core airlifter as the C-141 retirement process continues. The C-17's reliability, versatility, and large capacity give combatant commanders options they never previously had at their disposal.

Unacceptably low C-5 fleet mission capable (MC) rates create a shortfall in meeting Mobility Requirements Study 2005 (MRS-05) mandates. MRS-05 requires a C-5 MC rate of 65 percent, but in the past year, C-5 fleet MC rates hovered at (and were frequently below) approximately 58 percent. Over the last two years, AMC had to begin the unusual, but necessary, practice of assigning two C-5s to its higher priority missions to better ensure the missions would be accomplished reliably and/or on time. The net result is less aircraft available for tasking and less flexibility. But, given the current C-5 fleet MC rate, we believe this concept of operation reflects judicious management of critical assets in support of an equally critical mission.

AMC's air refueling force performed superbly in ALLIED FORCE, and operationally is as ready as ever. That said, ALLIED FORCE (the Air War over Serbia) revealed two significant concerns. First, we discovered that our reserve component

tanker units need the same kind of maintenance spares kits as our active duty units. Reserve component tankers are early deployers during large air campaigns and must be just as self-sustaining on arrival as our active units. Second, we revalidated our long held concern that AMC has a significant KC-135 crew-to-aircraft ratio shortfall. The current ratios of 1.36:1 and 1.27:1 (AMC and Mobility Forces, respectively)...inherited from the KC-135's Cold War days... are simply inadequate to meet our post-Cold War contingency requirements. ALLIED FORCE required a ratio of 1.8:1 (only slightly higher than that required for Desert Storm and similar contingencies since) and we expect that future air campaigns will likely require the same. USTRANSCOM and the Air Force are working to resolve both issues (spares kits and crew ratio) through funding and force structure initiatives.

To further quantify the future requirements of our forty-year old KC-135 force a Tanker Requirements Study 2005 and an Economic Service Life Study were recently completed. The results are just now being finalized and once complete, will allow us to better determine the most appropriate "way ahead" for this still reliable, but rapidly aging fleet.

Even though this statement highlights worrisome gaps in airlift capacity, low MC rates, insufficient crew-to-aircraft ratios, and shortfalls of spares kits, you can remain assured that our aircrews and supporting ground crews are highly motivated and extremely capable. You may also be assured that we are working hard with both the Air Force and DOD to try to find the funding required to resolve these significant air mobility shortfalls for current and future requirements.

Readiness: Sealift

Thanks to investments made in our surge sealift forces, they are, today, more efficient and better able to meet lift requirements than ever before. That said, the recently released MRS-05 study indicates that cargo delivery requirements for two MTWs have increased by one million tons relative to the requirements projected in our previous analytical guidance-- Office of the Secretary of Defense's (OSD) 1994 Mobility Requirements Study-Bottom Up Review Update (MRS BURU). With this increased requirement as a backdrop, USTRANSCOM is working hard to identify solutions while building on today's successes.

Early access to commercial shipping, combined with containerization of unit equipment, significantly shortens the time required to close forces for the counterattack phase of a MTW-type operation. Additionally, a properly sized and structured Voluntary Intermodal Sealift Agreement (VISA) program is essential to providing timely access to commercial shipping.

Programs to improve the Ready Reserve Force (RRF) managed by the Department of Transportation's Maritime Administration (MARAD) have excelled at improving readiness. The RRF today is a well-maintained and ready force of 72 inactive ships plus four ships activated for prepositioning. As of December 2000, the RRF had completed 129 of 131 no-notice activations on time since Desert Storm (a dramatic turn-around from our dismal Desert Storm experience). MSC's surge ships -- Fast Sealift Ships (FSSs) and Large Medium Speed Roll-On/Roll-Off ships (LMSRs) -- regularly support joint exercises and their prepositioning ships provide forward-deployed combat equipment and sustainment supplies to the regional CINCs.

Readiness: Forward Presence

Another vital component of USTRANSCOM readiness is forward presence. Each transportation component command has forward based units and deployed forces around the globe. MTMC operates at seaports in Europe, Asia, the Middle East, and in the Pacific where MTMC personnel interact with allied governments, militaries, and local authorities. These forward-based activities allow instant access to seaports as well as to lines of communication radiating from those seaports. MSC's area commands maintain operational control of MSC ships that are assigned to, or pass through, their areas of responsibility. They include MSC Atlantic in Norfolk, Va.; MSC Pacific in San Diego, Calif.; MSC Europe in Naples, Italy; MSC Far East in Yokohama, Japan and MSC Central in Manama, Bahrain. These commands not only serve as focal points for MSC customers in their respective operating areas but are also direct links to MSC ships for maintenance, logistics and other services.

AMC depends on a global network of ready, capable en route bases to support contingency and wartime deployments in support of regional CINCs. It is absolutely imperative that we continue to maintain adequate infrastructure at this declining group of core bases to support sustained strategic airlift operations during contingencies. Since 1993, major overseas en route air base locations declined 69 percent from 39 to 12. Of particular interest are the changes associated with two specific forward bases in Europe: Rhein Main, Germany, and Rota, Spain. USTRANSCOM presence at Rhein Main will end by 31 December 2005. United States Air Forces Europe has agreed to withdraw all US forces from Rhein Main in exchange for a variety of key construction projects at Ramstein and Spangdahlem Air Bases, also in Germany. These projects do not add cargo or passenger throughput capability to the theater but are intended only to replace the capability lost at Rhein Main.

On the Iberian Peninsula, the Air Force left Torrejon Air Base, Spain, and has been working to obtain a like capability at Rota Air Base, also in Spain. USTRANSCOM's air component, AMC, must have at least two capable en route air bases on the Iberian Peninsula. Iberian bases are key to supporting NATO, as well as to managing the easterly strategic airflow required in support of potential areas of conflict in the middle east. Our Spanish en route bases are also blessed with more favorable weather and fewer air traffic control and overflight restrictions than our other European "oases."

Readiness: Partnership with Guard and Reserves

The readiness of USTRANSCOM relies very heavily on our TOTAL FORCE partners in the National Guard and Reserve components. USTRANSCOM, more than any other unified command, relies on its reserve components for both peacetime responsiveness and wartime capability. In every mode--air, land, and sea--USTRANSCOM reserve components provide a majority of the command's military wartime capability. Since USTRANSCOM cannot meet any significant requirements without the immediate participation of reserve forces, it is imperative that they are adequately funded for training and modernization.

USTRANSCOM's reserve forces are key to our peacetime responsiveness, and the command receives excellent support from reserve volunteers. The Air Reserve Component (ARC) flies over 44 percent of AMC and local unit scheduled peacetime missions. These missions are accomplished both during scheduled monthly Unit Training Assembly periods, as well as during additional volunteer flying training periods. To support these missions, the aircrew must deconflict their flying commitments with their civilian responsibilities. Despite the high level of volunteerism, the Presidential Reserve Call-up (PRC) [formerly known as the Presidential Selective Reserve Call-up] is still essential for USTRANSCOM to be able to support any major contingency. Kosovo provides the most recent example where many volunteers responded but the command still needed a PRC to source approximately 3,300 additional personnel, most of whom were used to support the deployed air refueling force, since 57 percent of our capability now resides in the ARC.

A decision to request a PRC is not a business as usual proposition. It is an extraordinarily tough decision made only with full knowledge of the sacrifices it demands of our reservists, their families, and their employers. It cannot (and must not) be taken lightly or used too often.

Readiness: Partnerships With Industry

The readiness of the DTS also depends on timely access to militarily useful commercial transportation. USTRANSCOM's superb relationship with the US commercial transportation industry allows DOD to leverage significant capacity in wartime without the added peacetime cost of sustaining comparable levels of organic capability. To ensure timely and efficient access to commercial capacity, the command has several agreements with industry.

For wartime airlift capacity, the Civil Reserve Airlift Fleet (CRAF) provides 93 percent of DTS international passenger capacity, 98 percent of DTS strategic aeromedical evacuation, and 41 percent of DTS international long-range air cargo capacity. It would cost the American taxpayer over \$50 billion to procure and \$1-3 billion annually to own and operate this capability as part of the US military airlift fleet. Instead, the CRAF program guarantees peacetime business to participating airlines in exchange for their pledge to provide specified capacities in wartime.

Based on the above logic, it is imperative that USTRANSCOM do its best to ensure the CRAF program continues as the success story it has grown to be. Our CRAF partners voluntarily support an unpredictable wartime requirement and, in exchange, deserve as predictable a safeguard of their capital investments as possible. In this respect, Aviation War Risk Insurance is vital to assure our CRAF carriers that they can recover from significant loss or damage in support of DOD. The recent practice of passing one-year re-authorizations strains the mutual commitment between DOD and our CRAF partners and is a disincentive to those in, or contemplating joining, the program. USTRANSCOM fully supports recent congressional efforts to enact Aviation War Risk Insurance legislation in a four-year increment and would encourage similar treatment for the Defense Production Act, another CRAF-related statute.

For sealift we rely upon the commercial US Flag Fleet to move over 80 percent of sustainment cargo during wartime. The sealift companion to CRAF is the Voluntary Intermodal Sealift Agreement (VISA). Recently implemented in concert with MARAD and the US maritime industry, VISA provides DOD wartime access to sealift capacity and intermodal infrastructure in return for peacetime business preference. When needed, VISA is activated in three stages of increasing levels of commitment. Implementation of this program, after several years of negotiations, is a major accomplishment for USTRANSCOM. DOD now has much quicker and far more effective access to US flag fleet capacities during both contingencies and war.

A third formal agreement with industry in support of DOD is the Maritime Security Program (MSP). MSP provides an underpinning for VISA by helping to guarantee the continued presence of a healthy US flag commercial fleet operating in international commerce, and available to provide sustainment sealift capability in time of war or national emergency. In return for MSP financial assistance, participating carriers commit vessels and other transportation resources for DOD use in the event of contingencies. These vessels also provide employment to a number of the US merchant mariners needed to operate RRF, surge, and commercial shipping during wartime. Although we are confident MSP continues to ensure the availability of near-term manning of US flag sealift capacity, it has not stopped the disturbing decline in the US population of qualified civilian mariners. It is essential that we continue to monitor this domestic maritime workforce and, as necessary, take whatever protective measures might be required to maintain the numbers we will need in time of crisis. In addition to MSP, bilateral shipping agreements with allied nations are also established to increase surge sealift capability in time of war.

All the above aside, USTRANSCOM's partnership with industry extends far beyond the formal contractual arrangements just outlined. In fact, the command interacts daily with the commercial sector in support of DOD customers. Commercial air and sea carriers carry tons of DOD cargo and thousands of DOD passengers annually, from scheduled channel air cargo and passenger movements to containerized cargo aboard ships destined for exercises, sustainment activities, and commissaries. Almost 70 percent of scheduled DOD passengers were carried by the commercial sector in 2000 and almost 40 percent of scheduled air cargo moved by commercial carrier.

It is imperative that USTRANSCOM continue to foster partnerships with industry and remain sensitive to the business environment in which our commercial partners operate. The US transportation industry is vital to national defense and USTRANSCOM strongly supports laws such as the Jones Act, the Cargo Preference Acts of 1904 and 1954, and the Fly America Act that contribute to the health of those industries and our accessibility to them.

Readiness: Antiterrorism and Force Protection (AT/FP)

DTS transportation assets and information systems are vulnerable to a variety of threats worldwide that could diminish readiness in peace and war. The increased attempts by rogue elements to acquire missile technology, as well as weapons of mass destruction, threaten every element of the DTS. The

threats to transportation information management systems grow as well, not just from potential enemies abroad but also from attacks at home.

Man Portable Air Defense Systems (MANPADS) are the most serious threat to our large, predictable, and slow flying air mobility aircraft. These systems are lethal, affordable, easy to use, and difficult to track and counter. According to a 1997 CIA Report, MANPADS have proliferated worldwide, accounting for over 400 casualties in 27 incidents involving civil aircraft over the previous 19 years. This proliferation has forced air mobility planners to frequently select less than optimal mission routes due to lack of defensive systems on airlift aircraft.

Increasing numbers of potential adversaries have developed, or are developing, sophisticated air defense systems. During ALLIED FORCE, concerns about the Yugoslav air defense system, especially mobile launchers and MANPADS, forced airlift planners to frequently use less efficient routings. To counter such threats, AMC and the Air Force are developing a Large Aircraft Infrared Countermeasures (LAIRCM) system to protect mobility aircraft.

Our merchant ships that carry large volumes of high value DOD cargo during contingencies are also vulnerable to attack--in port, at anchorage, and in transit through disputed waterways and choke-points worldwide. Since they may operate independent of naval escorts, we are reviewing options to ensure protection from a growing number of asymmetric threats, including piracy and terrorism. Due to the relatively small size of the crews aboard our merchant ships, technology must be the force multiplier that gives them the capability to detect, identify, and deter threats. MSC is developing a ship defensive system that will use thermal imaging and intrusion detection devices to help protect merchant shipping utilized by DOD.

Chemical or biological weapon attacks on en route or arrival airfields or seaports during deployments could significantly reduce throughput, slowing the deployment of combat forces. Even though our military aircraft and ships are prepared to operate in contaminated environments, our CRAF and VISA commercial carriers are not obligated to proceed into such areas. Given today's increased threat, we must provide reasonable protection for our commercial crews who, despite all precautions, could be exposed to contamination while supporting deployments. Additionally, AMC is developing and testing a procedure designed to protect commercial aircraft and personnel by reloading cargo from commercial aircraft onto military aircraft. This procedure will allow AMC to keep commercial aircraft flying into protected areas and to continue cargo

movement into high-risk areas. This will hopefully ensure an uninterrupted flow of personnel and cargo into a theater.

Significant progress has been made in improving the protection posture of merchant mariners. Five of six Maritime Union Schools have been certified to teach chemical, biological, and radiological (CBR) defense courses and three of seven maritime academies are preparing to teach MSC-sponsored CBR defense courses. Today, all FSSs, LMSRs, and prepositioning ships are CBR defense equipped and MSC recently received funding to begin purchasing CBR defense equipment for inactive RRF ships. As of October 2000, \$987,000 has been obligated to fully outfit 36 RRF vessels.

Progress is also being made in providing protection for CRAF aircrews. AMC stores and maintains protective clothing and equipment for issue to civilian aircrews prior to their entry into potentially hazardous areas. This equipment is currently stored in a central location for inventory and replenishment reasons and stands ready for immediate issue.

Readiness: Strategic Brigade Airdrop

Improved capability to mount a strategic brigade airdrop (SBA) of Army airborne forces is an important AMC readiness initiative. The C-17, as the C-141B's replacement for SBA, was initially unable to meet the Army's 30 minute SBA standard. Today, after working with the Army on both the C-17's hardware and procedures associated with SBA, AMC is now able to conduct an SBA within 28 minutes using a mix of C-17 and C-141B aircraft. By the time our C-141Bs have retired, we will have installed a Dual Row Airdrop System in the C-17 fleet, allowing our C-17s to drop twice as much cargo per aircraft, thereby decreasing the number of aircraft required for a C-17 only SBA and keeping formation "pass time" within the Army's time standard...another AMC/Army "good news" story.

Readiness: Joint Logistics Over The Shore

I continue to be concerned about the readiness of our Joint Logistics Over The Shore (JLOTS) capabilities...primarily due to the decline in CINC-sponsored JLOTS exercises. Many areas of the world, where we might be required to deploy, lack the kind of fixed port infrastructure required to offload the large ships that move the bulk of our land combat forces and sustainment cargo. JLOTS is a joint Navy and Army operation that utilizes a variety of landing craft, floating causeways and cranes, tug boats, and specially trained personnel to offload ships at sea and move cargo ashore without benefit of accessible or suitable ports. That said, to be able to implement this capability in a timely manner, it must be exercised regularly and realistically.

Since 1998, USTRANSCOM has been able to execute limited JLOTS exercises. Four of the last five scheduled exercises were cancelled due to real-world operations, funding shortfalls, operations tempo (optempo)/personnel tempo (perstempo) concerns, and host nation/local political issues. Robust, realistic exercises must be conducted regularly if a ready, reliable capability is to be sustained. JLOTS exercises are time consuming and difficult to simulate. Personnel and equipment must be put offshore, in the surf, and on the shore to maintain proficiency. The planning between maritime units responsible for JLOTS and combatant command staffs that employ JLOTS operations is invaluable. As the designated DOD proponent for JLOTS, USTRANSCOM will continue to encourage the regional CINCs to include JLOTS scenarios in their overall exercise programs, as well as to assist them in programming and planning future such exercises.

THEME TWO: MODERNIZATION

USTRANSCOM's modernization efforts are focused on being able to fully meet this nation's strategic mobility requirements, across the spectrum of operations, while simultaneously reducing risk, ensuring future readiness, and providing a framework for meeting future MRS-05 requirements. Continued acquisition of the C-17, upgrade of our C-5 and KC-135 fleets, standardization and modernization of our C-130 fleet, completion of existing sealift programs, improvements to the network of bases which comprise our global transportation infrastructure, and upgrades to the tremendous capability enhancers inherent in our transportation information systems capability, are all key pillars of our comprehensive modernization program. Additionally, we are looking well ahead to identify, develop, and program projects for the inevitable future recapitalization of aging air mobility and sealift systems, as well as our global transportation infrastructure.

Modernization: Air Mobility

This country's number one Defense Transportation challenge (read: "shortfall") is with its strategic airlift fleet...a significant gap in our ability to meet the needs of DOD agencies (and specifically the needs of the regional warfighting CINCs) around the globe...due to a simple shortage in the number of airlifters available coupled with significant maintenance challenges associated with our fleet of C-5 airlifters. Consequently, USTRANSCOM's number one modernization goal is to, once and for all, complete the "fix" to our strategic airlift fleet. As suggested, one key to our airlift modernization requirement is a significant reliability enhancement and re-engining to AMC's C-5 fleet. The C-5 fleet represents 50 percent of this nation's organic airlift capability and carries approximately 50 percent of our wartime outsize and oversize cargo. There is no other aircraft in the world that can do what the C-5 does for America. Unfortunately, over this past year, MC rates for C-5s have averaged approximately 58 percent, well below our wartime requirement. Only two projects are required to make the C-5 "well": an Avionics Modernization Program (AMP) and a Reliability Enhancement and Re-engining Program (RERP). The AMP is designed to replace all the high failure and unsupportable avionics and flight control systems on the entire 126 aircraft C-5 fleet and make the C-5 compatible with international standards required for flight today and tomorrow's increasingly restrictive Global Air Traffic Management (GATM) airspace. RERP will replace engines and pylons, and upgrade aircraft skin and frame, landing gear, pressurization, and auxiliary power units...the C-5's most unreliable systems. A

number of independent studies have shown that C-5 modernization efforts could improve the C-5 MC rate to 75 percent (or higher) by 2014, as well as extend the aircraft's service life past 2040, while simultaneously reducing our cost of ownership by over \$11 billion in Life Cycle Costs.

At the request of the OSD, AMC has completed an Outsize and Oversize Analysis of Alternatives, focused on the increased MRS-05 airlift requirement, that defines needs, options, and costs, and using those inputs, recommends solutions. To meet this nation's peacetime and wartime outsize and oversize requirements, results of that analysis recommend an operationally effective, best value mix of RERPed C-5s and new purchase C-17 aircraft. We agree completely with that analysis. America cannot afford to lose the C-5 fleet's organic capability or allow it to continue to atrophy. Without it, simply put, the cost and risk associated with meeting our wartime requirements would be unacceptable.

In fact, it was USTRANSCOM's inability to meet our warfighting oversize and outsize airlift cargo requirement which led to the decision to significantly modernize the Air Force's strategic airlift fleet through the acquisition of the C-17 aircraft. That said, even with the currently approved C-17 "multi-year procurement" program, we will still fall approximately 10 percent short of being able to meet even the our operational war plans. Complicating matters even more, the ongoing retirement of our C-141 fleet (Active Duty by FY03 and Guard/Reserve by FY06) is rapidly putting Air Mobility Command in a position, based on a simple shortage of airframes, where with increasing frequency, it is losing the flexibility to reliably and efficiently meet the country's peacetime requirements. Simply put, the authorized C-17 fleet of 134 programmed aircraft cannot and will not offer the same flexibility as did the 256 aircraft C-141B fleet it is replacing. Based on the current program, USTRANSCOM simply will not have as many aircraft "tomorrow" to meet its constantly increasing peacetime requirement, as it did "yesterday."

Bottom line: this nation's number one DTS "shortfall" is its ailing and numerically inadequate strategic airlift fleet. The simple solution to this challenge is at hand: We must get on with modernizing our C-5 fleet (AMP and RERP) and we must continue the C-17 acquisition program--up to the requirement specified in the recently released Mobility Requirements Study - 2005 (MRS-05). Without a doubt, fixing Strategic Airlift is our number one DTS imperative.

The ongoing modernization of the Air Force's 546 KC-135 air refueling tankers involves two primary programs: The first, an ongoing avionics modernization program called Pacer CRAG

(Compass, Radar, and Global Positioning System) will be completed by 2003. Besides improving the aircraft's operational capability, Pacer CRAG reduces required aircrew members from four to three and significantly reduces maintenance costs. The second program proposes modifying 45 KC-135s to a MultiPoint Air Refueling System configuration, purchasing 33 MultiPoint kits by 2007. Unlike Air Force aircraft, Navy, Marine and many allied aircraft require drogue nozzles for air refueling; yet only our KC-10 tankers currently have the ability to perform boom refueling and drogue refueling on the same sortie. KC-135s must currently land and be re-configured with a drogue adapter system for drogue air refueling missions. A MultiPoint capability on 33 aircraft will significantly increase our ability to provide air refueling to our sister services, as well as to our allies.

The C-130 fleet consists of 700 aircraft composed of 15 different models and 20 variations. There are 514 basic combat delivery C-130s and USTRANSCOM owns 346 of them. Within USTRANSCOM, the C-130 serves two primary purposes: power projection and intratheater support of deployed forces.

There are several challenges facing the C-130 fleet. The average active duty aircraft is 28 years old. Several of these aircraft will reach the end of their service life as early as 2002, and older onboard equipment across the remainder of the fleet is rapidly becoming obsolete and cost prohibitive to maintain. Three years ago, an AMC Tiger Team studied the problem and recommended replacing the oldest C-130 models with new C-130Js and modifying those with the longest remaining service life to a common C-130X configuration.

The Air Force plans to purchase approximately 150 combat delivery C-130Js, retire an equivalent number of C-130Es, and modify the remaining 397 C-130E/H model aircraft to the standard "X" configuration. As with the KC-135 Pacer CRAG program described above, the core of the C-130X program is a total cockpit Avionics Modernization Program (AMP). While we're at it, AMP will incorporate the requirements of the GATM environment, to include required upgrades to communications, navigation, and surveillance systems. The C-130 AMP is currently in source selection and the contract is expected to be signed in spring 2001.

USTRANSCOM's number one force protection concern is with the vulnerability of its large, slow-flying aircraft to the "terrorist" world's increasing shoulder-fired surface-to-air missile (MANPAD) capability. Consequently, high on our priority list is fielding of a Large Aircraft Infrared Countermeasures (LAIRCM) system which can counter that threat. The cost of this program, with an ultimate objective of equipping all "at risk" mobility aircraft, is substantial, but we feel the cost of

losing a large airlifter, an aircrew, or its critical passengers and/or cargo is significantly greater. Currently, funding is approved in FY 2001 for research, development, test and evaluation, and installation of LAIRCM on 20 aircraft (twelve C-17s and eight C-130s). Additional funding and options for additional installations will be coordinated in future Air Force Budget submissions.

To operate in the increasingly crowded international airspace environment, AMC is committing more than \$6 billion to modernize the communications, navigation, and surveillance systems of its air mobility fleet. As suggested, a modern and capable Global Air Traffic Management (GATM) suite is essential for access to the optimal but increasingly congested flight routes through which we are required to operate. To prevent backlogs, air traffic controllers must put more aircraft in the same airspace. In order to comply with international agreements related to safety, traffic separation, and communication, and for AMC aircraft to continue to be allowed access to this increasingly congested controlled airspace, we must keep pace with the GATM requirement.

Modernization: Sealift

Sealift modernization is a good news story. Our sealift capability meets three critical requirements: prepositioned equipment and supplies afloat for immediate response, surge for rapid power projection, and sustainment for support of protracted operations. Thanks to the commitments of the Navy and MARAD, our sealift force--including surge, RRF, and prepositioning--is more capable and ready today than it has ever been. By 2002, when our last LMSR is delivered, we will, at long last, meet the sealift requirements specified in the 1994 MRS BURU. That said, we do know that the total sealift requirement grew somewhat in the recently completed MRS-05 study. As well, our continuing concern with the shortage of heavy lift vessels required to deliver smaller floating craft has still not been resolved. We will be addressing solutions to these two issues in the months to come.

Of 19 LMSR ships originally programmed, 18 have been launched and 15 delivered. The latest, named after Medal of Honor recipient Private First Class Ralph E. Pomeroy, was launched 19 March 2001. Recently, a decision was made to make modifications to an existing LMSR, to use it to complete the Marine Corps' Maritime Prepositioning Force-Enhanced (MPF-E) program, and to build a 20th LMSR to complete the Army's prepositioning program. This win-win solution further enhances our sealift forces by adding capacity to the original MPF-E program and giving the Army a new LMSR to meet its requirements.

MARAD continues to improve the RRF. Recently, it reconfigured several existing ships to provide additional deck space and modified existing spaces to increase overall capacity. As good as it is today, the current force is aging and will, over time, become more costly and difficult to maintain. Recapitalization of the sealift capacity provided by the RRF will eventually be necessary and we must plan and program accordingly to avoid having sealift capability decline again to its woeful pre-DESERT STORM condition. Therefore, I wholeheartedly urge that we continue the funding, vigilance, and vision that sustain current levels of sealift readiness and capacity for the long term. Similarly, funding and vigilance to sustain the readiness of MSC's surge forces, the FSSs and LMSRs, must remain a priority in order to preserve these vital front-line deployment assets.

Modernization: Infrastructure and Enablers

Modern infrastructure, in CONUS and overseas, is critical to rapid and/or timely and efficient strategic deployment. Our domestic infrastructure of aerial ports, sea ports, railheads, and connecting highway and rail arteries are the "launch platforms" we use for our strategic deployments. As a predominantly CONUS-based force, these "launch platforms" mean more to us today than ever before. Overseas, our en route air mobility bases and seaports remain key to moving forces into a theater of operations. In the wake of the Cold War, our CONUS and overseas mobility infrastructure has been stressed in two fundamental ways: first, we have fewer overseas bases through which we can operate, and second, an increased (and increasing) deployment optempo is stressing that fewer number of bases in ways they have never been stressed before. Along with the Services and regional CINCs, USTRANSCOM must continue to diligently monitor our global mobility infrastructure and keep up with needed repairs and improvements.

For example, to sustain large airflows during peacetime and wartime, AMC requires access to a network of air bases worldwide with sufficient fuel systems, ramp space, and other servicing facilities to accommodate large numbers of large aircraft. USEUCOM, USTRANSCOM, and the Joint Staff identified the need for at least six primary en route air mobility bases in USEUCOM and, partnered with DLA, have developed a comprehensive plan to improve the infrastructure at those bases. Likewise, we are working with United States Pacific Command (USPACOM) and DLA to identify and fix en route base shortfalls in the Pacific region. In fact, DLA and Air Force budgets now support all identified en route fuels projects. Significant construction began several years ago and continues in FY 2002, but the infrastructure will

not "get well" (i.e. fully meet the requirements laid out in our war plans) until the end of FY 2006, and then only if all projects remain on track. Therefore, en route infrastructure investments will continue to be among the highest priorities at USTRANSCOM for some time to come.

Over the past several years, Congress has been generous in providing USTRANSCOM with a modest separate funding line labeled Mobility Enhancement Funds (MEF). MEF infrastructure projects are, by definition, relatively low in cost (less than \$5M) but with an excellent cost-to-benefit ratio. MEF provides funds for small, less glamorous, but high payback, improvements that are otherwise overlooked by the Services. Since DESERT STORM, MEF has improved rail links to ammunition depots and military installations and funded a host of runway and ramp improvements in CONUS and around the world, contributing significantly to an increasingly efficient and effective DTS...in peace and crisis.

An important milestone occurred last year when MTMC took over operation of a portion of Concord Naval Weapons Station, California. Previously, the only developed ammunition seaport for unrestricted operations was Sunny Point, North Carolina. Very important to our war plans, further development of this key West Coast ammunition port will significantly reduce shipment times to the Pacific region and provide much needed redundancy for strategic munitions sustainment.

Another important enabler in need of modernization is the Army and Navy's JLOTS capability. The challenge? There is minimal JLOTS equipment forward deployed and current equipment can only offload ships during Sea State Two Conditions (relatively calm seas) or less. We believe the regional CINCs will benefit significantly from a Sea State Three (SS3) capability, currently under development, that in some regions would allow substantially more operating time in rough seas. As suggested, the Army and Navy have programs in place that should attain SS3 capability by 2005 if fully funded.

Modernization: Mobility Requirements

MRS-05, mentioned earlier, identified a mobility requirement baseline for the beginning of the new millennium. A more comprehensive and realistic analysis than ever before conducted, MRS-05 used the FY 2005 programmed force structure for all Services as outlined by defense planners and Service program's. The scenarios explored in the analysis also recognized the increased complexity involved in deploying forces from our post-Cold War global engagement posture, as well as our need to be able to respond to asymmetric attacks by enemy forces, including attacks using chemical weapons. This comprehensive, two year, end-to-end analysis looked at mobility

requirements within the CONUS, between theaters (inter-theater mobility), and within individual theaters (intra-theater mobility). While prepositioning, surge sealift, and CONUS transportation assets were found largely satisfactory, some improvements are required in each area. That said, the most dramatic finding in the new study was its validation of the consensus belief across the DOD that we are operating today with a significant strategic airlift shortfall.

Of particular interest has been the JCS and CINC review of the study. Without exception, their review supports an increased strategic airlift requirement of 54.5 million ton-miles per day (MTM/D) to meet the mandates of the National Military Strategy at a minimal "moderate" level of risk (...versus the 49.7 MTM/D requirement goal outlined in the 1994 MRS-BURU study, and our current approximately 45 MTM/D capability). While USTRANSCOM fully supports the Chairman's recommendation of A minimum 54.5 MTM/D, it must be understood that the range of options varied from 51.1 MTM/D up to 67 MTM/D. When the assumptions are adjusted, the study shows a significantly higher demand for organic (military) airlift assets and capability.

Modernization: Shaping the Future DTS

Given the probability, at some point in the near-future, that the CINCs will be tasked, once again, to support an operation on the high-end of the spectrum of conflict, i.e. a high intensity Small-Scale Contingency or a Major Theater War, the Services are working hard to transform themselves to meet the challenges of the 21st Century.

Responding to this reality, the Army has articulated a new vision for a strategically responsive and dominant force designed to meet the full spectrum of future military operations. The Army's "Transformation" will occur in three phases, culminating in an "Objective Force" whose goal is to send a brigade anywhere in the world in 96 hours, a division in 120 hours, and five divisions in 30 days.

Similarly, the Air Force has transitioned to an Expeditionary Aerospace Force (EAF) structure to improve its responsiveness to the diverse needs of our National Security Strategy and the warfighting CINCs. Organized into smaller Air Expeditionary Force (AEF) packages, the EAF provides standard sets of capabilities to the regional CINCs while simultaneously providing more stable, predictable rotations for Air Force people. The Air Force goal is to be able to deploy five AEF modules anywhere in the world in 15 days.

As a supporting command, USTRANSCOM's job is to be able to rapidly project these transformed forces quickly and reliably

anywhere in the world. The future DTS must be as flexible as technology will allow, complete with state-of-the-art information systems, modernized transportation vehicles and support equipment, and top-of-the-line trained personnel to operate the technology. Simultaneously, USTRANSCOM's operational processes must be updated to take advantage of the technologies and capabilities we are pursuing.

It is obvious that future strategic mobility aircraft and ships will need to move greater amounts of cargo faster. Among the possible capabilities that we are studying include: high speed sealift vessels that cross the oceans and offload cargo in a fraction of today's time; large airships that carry several times the cargo of today's airlifters; floating off-shore base modules that are moved to crisis areas and assembled as multi-modal transshipment bases; super short take-off and landing tactical transports that carry C-130 size loads to small, austere landing zones; and multi-mission strategic mobility aircraft with a common airframe for airlift and aerial refueling (and perhaps even Command and Control, Reconnaissance and Surveillance). USTRANSCOM, along with industry, is actively exploring these and other future technologies and concepts for military and commercial use. Given current lead times for design and development, it is imperative that we stay abreast of industry initiatives, articulate militarily useful requirements, and insert them early in the design of future systems.

Every regional CINC knows well that he cannot prosecute his mission without adequate and reliable strategic lift. On 27 March 2001, Gen Tommy Franks, CINC, US Central Command, testified before the Senate Armed Services Committee. His comments are representative of what I hear from the other regional CINCs every day:

"With few permanently stationed forces in the region, our vitally important power projection capability depends upon strategic lift and robust land and sea-based prepositioned assets. Our ability to deploy forces and equipment quickly remains the linchpin for conducting rapid response to contingencies in USCENTCOM's AOR. We must continue modernization and maintenance of our strategic deployment triad: airlift, sealift, and prepositioning.

The accelerated retirement of the C-141 fleet and the significant challenges of maintaining readiness levels of the C-5 fleet make continued production of the C-17, progress toward C-5 modernization, and support of the CRAF program critical to meet major theater war deployment timelines. Our requirements for strategic airlift combined with intratheater airlift are addressed in MRS 05, which we support.

The procurement of Large, Medium Speed Roll-on Roll-off (LMSR) ships is on track and will significantly enhance our lift capability. Under the current procurement plan, we will meet our force and sustainment deployment timelines with these LMSRs and Ready Reserve Fleet (RRF) assets by the end of FY03.

Prepositioning in the region, the third leg of the strategic deployment triad, helps mitigate our time-distance dilemma, ensures access, demonstrates our commitment to the region, and facilitates sustainment of forces until the Sea Lines of Communication (SLOCs) are established...."

THEME THREE: PROCESS IMPROVEMENTS

Our processes, the collection of rules and procedures which govern our day-to-day business practices are under constant revision as we seek to improve the speed and reliability of our customer service. Our goal is a set of "most effective and efficient" processes that are applicable across the entire spectrum of our activities, from interaction with our commercial transportation providers to our "warfighter CINC" customers. Whether the issue is information technology, supply-chain management, doctrine or training, USTRANSCOM is constantly searching for the best business practices available today.

Process Improvements: Information Management

DOD relies on USTRANSCOM to do more than just provide multimodal planning and transportation support to US forces worldwide. We also provide information systems critical to managing the DTS. Our systems are robust, reliable, and available to our customers worldwide. Transportation management today is not just about moving people and cargo but also about the timely and accurate movement of shipment information.

The role of information technology (IT) at USTRANSCOM today has moved beyond being a great enabler of our current procedures, to the point now where it has become the catalyst for the introduction of new processes designed to change future business practices. In order to maximize IT investments and mission support, USTRANSCOM has designated a Chief Information Officer (CIO) to conduct strategic planning and IT management. The USTRANSCOM Command, Control, Communications, and Computer Systems (C4S) Director fills that function and today wears two hats: CIO in peacetime and Director of C4S in wartime.

The USTRANSCOM CIO and I are working closely together to develop an enforceable enterprise-level architecture. It is our vision that such an architecture, properly constructed, will establish system, technical, and operational views of the present and future that will set the policy and chart the development of information technology solutions for as far out into the future as we can see. The architecture documenting our current environment was delivered in 1998, and in December of 2000 we completed our "To-Be" Enterprise Architecture. Now, we are focused on establishing the foundation for managing our information technology investments.

The Global Transportation Network (GTN) is USTRANSCOM's pivotal information system for the management of transportation information both today and in the future. GTN is changing the way military organizations and our commercial partners conduct their operations. In fact, USTRANSCOM is moving to the next phase of GTN process improvement with the recent announcement of

our GTN 21 initiative. With near real-time visibility of high priority materiel moving through the DTS, customers can make operational decisions faster than ever before. GTN is linked to a wide variety of transportation IT systems across DOD and the commercial transportation sector, contributing significantly to total in-transit visibility (ITV), i.e. the ability to track the identity, status, and location of any passenger or piece of cargo moving in our system. Today, commanders, planners and logisticians, whether they be on CINC-level staffs or in tactical units on the battlefield, expect accessible and reliable ITV. USTRANSCOM is dedicated to giving it to them--from end-to-end.

Within AMC, Mobility 2000 (M2K) is another 21st century process improvement designed to guarantee a near real-time digital data link connection between AMC aircraft and our worldwide command and control centers, to include Federal Aviation Administration en route air traffic control centers. M2K will significantly improve both our capabilities and our safety, linking AMC not only to our aircraft, but also to this country's global network of air traffic control systems, allowing totally integrated flight management. We will begin M2K modification of our aircraft in FY 2002 but, unfortunately, based on current funding availability, will not be able to complete the program until FY 2014.

Process Improvements: The Deployment Process

USTRANSCOM is also pursuing a number of initiatives, many in partnership with United States Joint Forces Command, to improve the deployment process. One of the most far-reaching projects currently underway is orchestration of the several sub-initiatives associated with the Chairman of the Joint Chiefs of Staff's 72-hour standard for generation of Time-Phased Force and Deployment Data (TPFDD) required for any sizable deployment of DOD forces. The TPFDD is basically a list and schedule of deploying units and all their deploying equipment and is typically developed jointly by the combatant commander, the Services, and USTRANSCOM. In the past, TPFDDs have taken weeks to develop and implement. Our improvement initiatives include four key areas for improvement, which we believe, collectively, will decrease the time required to develop the TPFDD down to the Chairman's desired standard.

Process Improvements: Leading DOD's Distribution Revolution

Currently no single DOD organization is tasked with measuring the overall effectiveness, design, or optimization of DOD's global distribution/supply chain management system. As a partial remedy to this disconnect, in February 2000 the Defense

Logistics Agency (DLA) and USTRANSCOM partnered to lead a revolution in DOD's supply and transportation systems. The primary goal of our "revolution" has been to create a warfighter-based, value-added, logistics capability which will allow DOD to more rapidly, effectively and efficiently fulfill its mandate under the National Military Strategy. The key component of our partnership is the Strategic Distribution Management Initiative (SDMI), an initiative formed to provide senior DOD leaders with logistics process improvement recommendations that balance four major customer focus areas: service, cost, readiness, and sustainability.

SDMI "cutting edge" efforts analyze and compare current distribution requirements, patterns, processes, and systems against an ideal "to-be" integrated distribution supply chain. The initiative is designed to optimize support to the warfighter by analyzing material stockage through warehousing, storage, distribution, and strategic transportation practices and linking them to each regional CINC's joint theater distribution system. In the short time since we set off on this journey, SDMI has conducted in-depth analyses of the air and surface distribution channels, performed modeling and simulation diagnostics, and started developing processes and digital tools that imbed velocity in our customer support. SDMI's initial focus is on four major areas: stock management, surface distribution, air distribution, and financial processes. A flag officer heads each effort in consultation with OSD, the Joint Staff and military service representatives.

Process Improvements: Command Streamlining

USTRANSCOM has fully embraced a series of organizational initiatives designed to streamline our operations and increase effectiveness. A prime example of these changes is taking place within our Army component, Military Traffic Management Command (MTMC). MTMC has adjusted portions of its headquarters staff and shifted some planning and operational responsibilities to its subordinate commands while simultaneously centralizing personnel, logistics, administration, resource management, passenger, and personal property functions at their headquarters in order to keep field elements focused on force projection and sustainment. MTMC has also standardized the organization and size of its battalions and groups making them more flexible and responsive and better able to project Deployment Support Teams worldwide, thereby making MTMC forces more flexible and responsive. These centralization and standardization changes have produced impressive results. MTMC is now operating with a five percent smaller staff and has realized a \$57.6 million cost avoidance over the last fiscal year.

Future initiatives at MTMC will pursue contracting for the management of container and rail assets, and address options for better integration of operational functions up and down the chain of command, as well as across commands. Through all of this, USTRANSCOM and MTMC will continue to work with our commercial partners to identify, evaluate and, where appropriate, pursue better business practices to improve our support to our customers.

Process Improvements: Agile Transportation for the 21st Century

With one eye always on the future, USTRANSCOM is initiating an Advanced Concept Technology Demonstration that will concentrate exclusively on enhancing the DTS. As the single manager for the DTS, USTRANSCOM requires system-wide visibility of all transportation assets and intermodal resources to optimize the employment of its lift capabilities in response to movement requirements. Agile Transportation 2000 (AT 2000) will enable USTRANSCOM to better determine transportation feasibility, estimate costs, project throughput capability, foresee potential choke points, and make modal and intermodal decisions. AT 2000's operational objectives include:

- Development of decision support tools to better manage the DTS in peacetime and in crisis surge modes
- Cost Avoidance for DTS services for CINCs and services
- Improvements in the quality of service for component customers

Finally, a major goal of Agile Transportation for the 21st Century is to develop a "near real-time" capability to provide a transportation plan to a supported CINC within 4 hours of USTRANSCOM receiving the CINC's TPFDD.

Process Improvements: Business Practices

The longstanding partnerships between USTRANSCOM and commercial industry afford a unique opportunity to infuse best business practices of the civilian sector into the DTS. Recognizing this opportunity, the Secretary of Defense designated USTRANSCOM as DOD's first "Reinvention CINC." Since that time, USTRANSCOM has played a key role in the development of reinvention proposals that will change the way DOD does business in the areas of business finance, workforce and organizational shaping, and process streamlining. For example, USTRANSCOM is seeking:

- Improved financial controls—real-time visibility of our financial status and improved flexibility in directing funds towards emerging opportunities.

- Improved organizational controls--the ability to shape our workforce and organizational structure in response to changing market conditions.
- Improved process controls--the ability to rapidly evolve our business rules, information processes, and contracting decisions for optimal efficiency and effectiveness.

Process Improvements: Management Reform Memorandum #15

A significant change is taking place in the way USTRANSCOM conducts its day-to-day business with its customers and vendors. Government-unique documents are going out the window. In their place are commercial forms and streamlined automation of our business practices.

Improvements to USTRANSCOM's business processes have been underway for some time. That said, our efforts have been elevated to the next level with our implementation of Management Reform Memorandum #15 (MRM-15) -- Reengineering Defense Transportation Documentation and Financial Processes. MRM-15 memorandum, signed July 7, 1997, by Deputy Secretary of Defense John Hamre, set in motion a revolution in business practices for DOD transportation services.

USTRANSCOM is the functional manager for MRM-15, which is virtually overhauling our defense transportation and payment processes. The changes we are making streamline procedures, reduce paperwork, and eliminate the need for government-unique payment centers dedicated to paying transportation services. A major initiative under MRM-15 eliminates government-unique documentation, to include freight Government Bills of Lading and military manifests for commercial sealift movement.

Currently, the DOD is using US Bank's PowerTrack service, an online payment and transaction tracking system, basically reducing the payment cycle to carriers from an average of 60 days to 3 days. This new service is now used almost exclusively for worldwide express movements and sealift intermodal container service, as well as for commercial transportation payment of freight movements within the US. Additionally, PowerTrack's single-source information center provides instant access to shipment data for both carriers and shippers. Furthermore, it automates reconciliation of freight bills and invoices, and guarantees timely payments. A collateral benefit is that PowerTrack provides a strong information component which will serve as an analytical tool to accelerate our move into true distribution management for the entire DTS.

Process Improvements: Personal Property Enhancements

Our effort to improve the household goods (HHGs) movement process is a critical quality of life issue for DOD members. The current program, unchanged for 35 years, has drifted far from the quality move our service members and their families deserve. To remedy this unsatisfactory situation, and based on congressional language in the FY 1996 National Defense Authorization Act (NDAA), three different, but related, pilot programs are currently ongoing.

All three pilot programs have proven themselves to be significant improvements over the current program. Unfortunately, since the onset of these initiatives, because they are still only pilot programs, only a small number of DOD members have experienced the program improvements our "test group" has enjoyed. At best we have "touched" only an estimated 46,000 of the 613,000 households we move each year. Consequently, less than 10 percent of our shipments have received any of the benefits a complete HHGs reengineering will bring. That still leaves 567,000 shipments per year unaffected by any real systemic improvement. Left to its scheduled course, our HHG reengineering efforts will not touch the remainder of these DOD families for several more years. We believe DOD can realize improvements much sooner than planned by incorporating those successful pilot features which have already proven successful across all three initiatives into the current program now. It is USTRANSCOM's recommendation, for the good of DOD personnel worldwide, that we incorporate these core cross-pilot initiatives now versus waiting until the pilots are complete and the final report rendered.

To bring these pilot successes into the current program, we have established a task force team, comprised of industry representatives and DOD personnel, to review and coordinate the proposed changes. As a reminder, our proposal to begin integrating our most successful pilot features into the current program now is not intended to replace or stop the pilots, but merely to capitalize on their successes early--with the real winner being our military families around the world.

As demonstrated in the ongoing pilots, there is additional cost associated with giving our Service members the kind of move they deserve. Today, our Service members not only receive a substandard move, they also simultaneously incur a host of out-of-pocket expenses not covered by their moving allowances. That said, we are aware that the military services have not programmed the necessary funds near term for the increased costs required to fix this unsatisfactory situation. Therefore, to lead turn this, USTRANSCOM has begun soliciting the support of senior leaders in DOD, the Administration, and Congress to begin

identifying funds now, so that we can start including these core improvements in our FY 2002 move program. In my view, we cannot start too soon to rectify our deplorable HHGs movement system.

Process Improvements:

Global Privately Owned Vehicle (POV) Contract

Another critical quality of life issue for military personnel assigned overseas is the movement of POVs to new duty stations. In September 1998, MTMC awarded a 2-year contract with three 1-year options to handle the approximately 75,000 vehicles per year that DOD ships. Now in its first option year, the program is a real success story. Customer satisfaction rates are up from 77 percent to 99 percent and claims ratios have decreased from 11 percent of shipments to 5 percent. Furthermore, because all CONUS vehicle processing centers are contractor-owned and operated, MTMC has realized outsourcing cost savings through the closure of 12 government-owned vehicle processing centers and the reduction of 39 positions. The contractor assumes full movement responsibility and full claims responsibility up to \$20,000 per vehicle except during the ocean portion of the shipment. Any responsibility for ocean damage is with the ocean carriers in accordance with the separate contract with them. With this new POV shipment program, along with enhanced intransit visibility, DOD has simultaneously realized a strengthened partnership with ocean carriers, supported our VISA participants and VISA program goals, and promoted financial stability for our partner ocean carriers. The program has been so successful that the projected cost of the two-year contract fell from the original \$394M to \$350M, a savings of \$44M. Rates per POV fell \$70 for the three option years, providing savings in those years of \$5M per year and \$15M overall. Effective the second quarter of FY 2001, the contractor assumed responsibility for vehicle cleaning and agriculture inspections at no cost to the government (saving an additional \$1.5M), developed a new computer system to provide total end-to-end visibility of POVs in shipment and absorbed the \$3M in costs for that system.

Process Improvements: Aeromedical Evacuation (AE) System

It has been recognized that today's AE system was built for "a world that no longer exists." With the reduction in DOD's overseas medical footprint since the end of the Cold War, we have seen an increased requirement for a more rapid, responsive AE system. Last year, an AE Tiger Team formed by Air Mobility Command reviewed the existing system, end-to-end, and proposed a more responsive, flexible, and capable system adaptable to missions across the spectrum of operations. The goal is to build

a single, integrated, requirements-based AE system that operates as efficiently in peacetime as it is designed to operate in war.

THEME FOUR: PEOPLE

It should go without saying that the real strength of USTRANSCOM's readiness and warfighting capability lies in her exceptional men and women. It is only through their frequently extraordinary efforts that we are able to provide and maintain a ready, dependable DTS...around the world, every day. In these times of increased operations tempo, we must remain sensitive to the quality of life of our Service members. Meeting their needs not only leads to better readiness and higher retention, it is simply the right thing to do.

That said, I am not encouraged with the trends associated with retention of our highly-trained aircrews. To be blunt: pilot retention is at historic lows...a condition which stretches USTRANSCOM's ability to maintain readiness. I am also concerned by significant losses of experienced enlisted aircrew members. The percentage of aviators accepting increased retention bonuses rose slightly this past year but still falls below the level we require to sustain the force. Just as troubling, second-term reenlistment rates, my primary indicator of enlisted retention, are dropping significantly among several critical support fields, and it appears that monetary incentives alone are not going to solve the problem.

In addition to inadequate compensation, "workload" is the other factor at the root of our retention problems. Aircrews and support personnel spend too much time away from home or work too hard while they are at home compensating for deployed personnel and training time lost to previous deployments. Today, as I said earlier, the peacetime workload is often as heavy for active duty aircrews and support personnel as during wartime. The situation becomes even more tenuous for our guardsmen and reservists who must balance high peacetime operations tempo demands with the stresses of their civilian careers. Although we have taken some steps to mitigate the effects of the unprecedented peacetime operations tempo, now we need to take the next step and increase support manning and aircrew-to-aircraft ratios to the levels required in this new environment in which we are operating.

With our frequent wartime optempo going head-to-head with manning levels and ratios established in the Cold War, we are wearing our people out and as a consequence, many who would prefer to stay are leaving for more stable and predictable civilian careers. In my view, it is more cost-effective to increase manning than to have to continually prematurely replace experienced personnel...and I suggest that it is "high time" we got on with fixing the problem.

Another USTRANSCOM area of concern is the availability of trained and qualified merchant mariners. The goal here is to ensure a trained and efficient US merchant marine workforce sufficient to support domestic and international waterborne commerce as well as to guarantee national emergency and wartime sealift and auxiliary manning needs. MARAD supports the maintenance of a viable US merchant mariner pool through the MSP, enforcement of cabotage laws, enforcement of government cargo preference requirements, and maritime training and education. DTS prepositioned, surge, and sustainment sealift are all dependent on this pool of qualified US merchant mariners. While no significant problems are apparent in manning the surge fleet through FY03, the projected speed of mobilization, combined with the projected length of future conflict, portends significant shortages. Current "drags" on the pool of merchant mariners include the relative unattractiveness of the career due to salaries, lifestyle, and work environment. Limited new vessel construction coupled with the reduction in crew size required on our newer ships is aggravating the situation. Through MSC, USTRANSCOM is partnering with maritime labor organizations, the US Coast Guard (USCG), and MARAD to refine a mariner tracking system and to develop contingency sealift crewing processes and mechanisms. This partnership will look at methods of increasing the availability of both licensed and unlicensed mariners while simultaneously continuing to urge the Administration and Congress to support those programs that serve to maintain this critical personnel resource pool into the future.

Over the past two years, there have been significant enhancements in the military health system, making the TRICARE benefit more accessible to our entire military family--both to our active duty members and their families, as well as to our retirees of all ages. We are grateful to Congress for the hallmark provisions of the FY 2001 NDAA, which--among other things--expanded the military healthcare benefit for active duty members and their families, returned military healthcare to our Medal of Honor recipients, and perhaps, most significantly, returned the promise of healthcare for life to our senior patriots (over age 65), as well as extending to them the comprehensive pharmacy benefit they so richly deserve. Over the past several years, Service members have voiced apprehension that benefits promised to them upon entering the military have changed or may change in the future. They wondered if the quality health care promised to them and their families would be there when they need it. They watched to see how we kept faith with retirees and placed significant weight on this factor when making their career decisions. I am hopeful that this year's

landmark legislation will reaffirm for active duty members our nation's commitment to truly take care of them and their families if they choose a career with us. Indeed, if we can regain and retain the troops' confidence, this legislation can be a tremendous retention tool.

That said, even with the great strides that have been made at the legislative and operational levels in improving our military healthcare program, many challenges remain. Although patient satisfaction with TRICARE has steadily increased over the last several years, issues surrounding access, claims processing, and other bureaucratic "hassles" associated with the program are still major "dissatisfiers" among our beneficiaries. Recent programmatic and legislative changes to the program, such as the FY00 NDAA introduction of Beneficiary Counselors and Assistance Coordinators, designed to resolve user concerns on the spot, provide patients with significantly improved advocacy in our military treatment facilities. That said, much remains to be done, and the men and women of the military health system are working hard to implement the additional reforms needed to keep our promise of quality healthcare delivery for the entire military family.

TRICARE aside, Congressional support for our people extends well beyond the health care arena. For example, pay and benefits, to include adequate housing and/or housing allowances, remain major concerns as we strive to adequately care for the men and women who daily sacrifice so much for our nation.

I am hopeful that last year's landmark legislation will translate into a reaffirmation of Congress' and the Administration's commitment to take care of our members and their families as they, in like manner, commit to a career of service to our country. This legislation should be another significant retention tool and, likewise, should form the basis for all necessary follow-on quality of life initiatives. I can not emphasize strongly enough how important it is that we do whatever is necessary today to win the battle for the hearts and souls of our very talented men and women and their families. The risk--in continued loss of combat capability and readiness to execute the national military strategy today and in the future--is too great to accept.

FINAL THOUGHTS

Since President Reagan ordered the establishment of USTRANSCOM on 18 April 1987, the command has evolved into a truly unique joint organization with a customer focus second to none. On any given day, the USTRANSCOM team can be found providing critical strategic transportation to a host of US and international agencies, from our regional CINCs to the myriad of other US government agencies with global interests. No matter what the mission assigned, the customers supported, or the major world event to which America has chosen to respond, the connection I would have you make -- and remember for all future events -- is that if there is a US response, that response is borne on the shoulders of the men and women who operate the air, land, and sea components of USTRANSCOM. There are not many headlines for what they do. In fact, we call them this country's "quiet heroes." These dedicated transportation warriors stand ready every day to professionally execute their global mobility mission--and in so doing, to successfully enable our national military strategy.

While ready to perform any mission assigned today, we remain focused on, and committed to, preparing for the future. Accordingly, our focus is on the readiness of our people, our processes, our systems, our infrastructure, and our partnerships with industry.

I am extremely proud of today's USTRANSCOM "Total Force Team" of civilians, active duty, Guard, Reserve, and industry partners. It is an honor for me to lead the highly professional members of USTRANSCOM and its Service Components who comprise our national Defense Transportation team. I look forward to the future and remain confident that USTRANSCOM will continue to provide the most effective and responsive strategic mobility capability in the world.