

DEPARTMENT OF THE AIR FORCE

PREPARED STATEMENT

OF

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BEFORE THE

**SUBCOMMITTEE ON READINESS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

SUBJECT: DEPOT MAINTENANCE POST IRAQ

JULY 20, 2004

Chairman Hefly, Congressman Ortiz, and distinguished members of the committee, thank you for this opportunity to appear before you to present the status of Air Force depot maintenance workload resulting from the Global War on Terrorism. As the Air Force Deputy Chief of Staff for Installations and Logistics, it is my privilege to report on the current and future program for our three depots. On behalf of Secretary Roche and Chief of Staff Jumper, thank you for your continued strong support of the depots. As you know, our depots play a critical role in assuring the Nation's air and space combat capability.

The outstanding workforce at our depots has done heroic work supporting three concurrent contingencies over the last two years. In fiscal year 2003, the depots produced 23.5 million hours, six percent above planned, at a total value of \$6.4 billion. Fiscal year 2003 production of depot level reparables exceeded fiscal year 2002 by 11,367 units, and we continue to exceed planned production in fiscal year 2004. Both aircraft and engine production surpassed goals; six additional aircraft and 31 additional engines were produced. Air Force depots continue to demonstrate their ability to meet increased requirements driven by Operations NOBLE EAGLE, ENDURING FREEDOM and IRAQI FREEDOM. We can count on our depots to continue to surge repair operations and realign capacity as we've already seen.

As you are aware, the Air Force has embarked on a strategy for three (3) world-class depots and has increased funding for essential depot facilities upgrades and equipment modernization as part of our Depot Maintenance Strategy and Master Plan. The key to

our strategy is maintaining a depot maintenance capability that provides reliable, flexible, and timely support services and products to the operational forces worldwide. A robust, modern depot level maintenance and repair capability is a critical element of that overall support capability, and is a core competency of the United States Air Force. Air Force depots have played a vital role in the success achieved by the Air Force in past decades. In order to ensure the Air Force remains the premier air and space force in the world during the next decade and beyond, the Air Force is fully committed to sustaining a healthy depot level maintenance and repair capability.

The foundation for determining how much organic depot capability the Air Force requires is three-fold. First, the Air Force must organically maintain and accomplish adequate depot maintenance workload annually to sustain its core depot maintenance capability. Core capability is defined as the skills, facilities, and equipment needed to provide depot level repair for the weapons systems and technologies required to support Joint Chiefs of Staff contingency scenarios. Second, the Air Force must maintain adequate organic depot maintenance capability to ensure it can support the projected increase in “surge” depot maintenance workload associated with involvement in major contingencies. Finally, the Air Force must maintain adequate depot maintenance capability to provide all depot maintenance where the organic depot is the source of last resort. Additional workloads needed to improve overall efficiency are assigned to organic depots based on a “best value” determination.

Since the publication of the Depot Maintenance Master Plan in August of 2002, the Air Force has made great progress toward modernizing the depots at our Air Logistics Centers, procuring technologically advanced facilities and equipment and maintaining a highly qualified workforce. We are on our way to transforming our organic depots into “world class” maintenance repair and overhaul operations.

Fiscal year 2003 was a year that witnessed great improvement in all areas of depot maintenance: quality, schedule conformance, and productivity. New and innovative product support initiatives and process improvements yielded demonstrable results in fiscal year 2003. The depots have made quality and schedule conformance a priority. Over the past two years, our quality defect rate has improved from 0.34 defects per aircraft to 0.27 defects per aircraft. On-time completion of aircraft in programmed depot maintenance has improved from 78.4% in fiscal year 2003 to 92.9% thus far in fiscal year 2004. Our depot maintenance teams were more productive than planned, exceeding aircraft engine and commodity production goals, and reducing flow days in nearly all areas. Implementation of “lean” production processes, optimized use of the existing workforce, and appropriate funding all contributed to the good news story. In fact, thanks to the dedication and commitment of our depot workforce, we achieved many readiness milestones last year. One of the biggest measures of merit was the fact that 14 of 20 major weapons systems saw improved in-commission rates at a time when we were flying more hours. Fleet-wide mission capable rates have remained steady with a slight increase from fiscal year 2002 to fiscal year 2003. Additionally, fiscal year 2003 ended with the best Air Force Total-Not-Mission-Capable-Supply rate and cannibalization rate

since fiscal years 1994 and 1995 respectively. A portion of those successes can be attributed to our world-class depots. Improved depot performance has had a direct impact on combat capability and our ability to meet the worldwide mission. Secretary Roche, General Jumper and I are proud of the performance of the individual members of the workforce at all of our depots. A comparison of what the production floor looked like three years ago and what it looks like today shows dramatic improvement in workplace processes.

Our depot strategy calls for infrastructure capitalization to ensure Air Force hardware is safe and ready to operate across the threat spectrum. The nearly \$150M in increased funding for depot facilities, workforce training and equipment modernization in fiscal years 2004-2009, along with effective public-private partnerships, will sustain our world-class depot operations and result in more responsive support to the warfighter. We began a significant push to require weapon systems managers to begin establishing partnerships, product support and depot maintenance programs early in the acquisition cycle, and to plan and program investment dollars required for capacity and capability. We are partnering with private industry to glean best practices, and adopt cutting-edge technologies to meet core capability requirements. The results from these efforts will be enhanced, more agile warfighter support through the critical enabler of infrastructure.

In addition to the \$150M funded through our depot maintenance strategy, the Air Force continues to place emphasis on a solid depot maintenance program for DoD's weapon systems. In the fiscal year 2005 President's Budget, we increased Depot Purchased

Equipment Maintenance (DPEM) funding over the previous budget position to ensure the proper level of support to the warfighter. Our budget request identifies our most critical requirements, and with your support it will ensure we will have our depots fully work-loaded. An extremely important facet of depot capacity is that during wartime or contingencies, the Air Force can surge repair operations and realign capacity to support the warfighter's immediate needs. We will maintain the appropriate level of depot maintenance to ensure our fleet stands ready to deploy, fly and fight anywhere, anytime.

Any impact on the depots from surge and reconstitution is minimized through formal workload reviews driven by Major Command customer requirements based on current operating scenarios. These requirements are programmed to include an estimate of unscheduled maintenance based on history and current indicators. Air Force assets are rotated through the depots on a scheduled basis as required by operational parameters. Known changes in workload are accommodated as they occur. In fact, Air Force depot backlog has decreased in recent years due to supplemental and Global War on Terrorism funding. Due to this planning, we anticipate that we will be able to handle any additional workload as a result of reconstitution efforts. We will incorporate changes from the warfighter as soon as they become known. If we experience an unexpected surge, overtime and additional shifts can be used to accommodate the requirement. We have the physical capacity and the people to support the workload that may be generated as a result of real world operations and reconstitution efforts. We are meeting all demands and expect to continue to do so.

The Air Force remains committed to maintaining a ready and responsive organic depot infrastructure with technologically advanced facilities and equipment and a highly qualified workforce. The greatest testament to Air Force depots is our continued success in providing readiness and support to the warfighter around the globe. The Air Force, along with all the members of the joint team, is proud of our successes over the past two years, but we cannot rest on our accomplishments. The readiness that made the Air Force contribution possible was the result of a lot of hard work by the Airmen, military and civilian, at our depots. Our success was also a tribute to this subcommittee's leadership and its staunch support at such a critical time in our nation's history. Chairman Hefly, Congressman Ortiz, and members of the committee, thank you for your support.