

NORM DICKS
6TH DISTRICT, WASHINGTON

2467 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4706
PHONE: (202) 225-5916

<http://www.house.gov/dicks/>

COMMITTEE:
APPROPRIATIONS
SUBCOMMITTEES:
INTERIOR
RANKING DEMOCRATIC MEMBER
DEFENSE
MILITARY CONSTRUCTION



Congress of the United States

House of Representatives

August 8, 2002

DISTRICT OFFICES:
SUITE 2244
1717 PACIFIC AVENUE
TACOMA, WA 98402-3234
PHONE: (253) 593-6536
SUITE 301
500 PACIFIC AVENUE
BREMERTON, WA 98337
PHONE: (360) 479-4011
332 E 5TH STREET
PORT ANGELES, WA 98362
PHONE: (360) 452-3370

RECYCLED PAPER

The Hon. Mitchell E. Daniels, Jr.
Director
Office of Management and Budget
New Executive Office Building
Washington, DC 20503

Dear Director Daniels:

I appreciated receiving a copy of your August 1, 2002 letter outlining the Office of Management and Budget's views of the Air Force's potential leases of Boeing 737 and 767 aircraft. While I note that OMB supports a lease for the 737 aircraft, I am concerned that your analysis of the merits of leasing 767 aircraft as aerial refueling tankers focuses more on compliance with OMB circulars than any benefits of a lease alternative. I believe that the fundamental issue is that the Administration's unrealistically low defense procurement budgets have precluded the services from addressing urgent requirements such as tanker replacement. In this regard, the critical need for new tankers is a very serious example of a much larger problem. While questions concerning the procurement of replacement Air Force tankers should have prompted a more comprehensive and thorough defense policy judgment by the Bush Administration, your views solely addressed the accounting technicalities of a lease arrangement that has not even been completed.

I believe it is necessary to clarify, for the record, the actual merits and the context of the tanker discussion, and the problems posed by the inadequate level of defense procurement funding. As recently as February of this year, the Joint Chiefs of Staff prepared a report which stated: "DoD's steady state procurement requirement is \$100-110B(illion)." The Bush Administration's FY2003 Budget allocates only \$68.7 billion to procurement, fully one-third less than the Chairman of the Joint Chiefs believes is required. Procurement spending -- which was 25% of the defense budget in 1980, and 34% in 1985 -- is now only 19% of the DOD budget. I believe this situation is at the root of the Air Force's problem in procuring tankers and other urgently-needed equipment.

Your letter indicates that "the Air Force has not formally identified new tankers as a priority requiring immediate funding." I recognize that the Air Force and other Services always must make choices among competing priorities. However, it does not follow from this process that the need for tankers does not exist. Rather, it is my view that the budget top line for military procurement has been set so low that the actual picture of what the Services require is seriously

distorted. Given unrealistic constraints, the result of DOD's budgeting process is going to be equally unrealistic.

For your information, I visited Tinker Air Force Base earlier this year and I was able to see firsthand the condition of the KC-135's that are maintained by the Air Logistics Center. I saw planes that were manufactured in the 1950's and early 1960's undergoing what can only be described as a complete *remanufacturing* process. Some of the alloys that were used in the original production have since been found to have low durability and to be prone to fatigue cracks and unpredictable failures. As a consequence, major structural elements of the airplane and entire sections of fuselage skin must be replaced. Much of this remanufacturing work involves custom parts fabrication and extensive hand work, leading to very high cost and long turnaround time. As Air Force Secretary Roche testified to the Senate earlier this year, *"Something is wrong if one-fifth of our 135 fleet has to be in major depot at any one time."* We are unnecessarily investing huge amounts of money in extending the life of existing aircraft when we could be reducing the operations and maintenance costs and getting a more reliable fleet by acquiring new tankers promptly.

While you expressed in your letter a concern for funding our warfighting needs, it is clear that all of the warfighting capability in our possession is useless unless we can take it to the fight. As Air Force Lt. Gen. Plummer described in his letter to the General Accounting Office, *"In the opening campaign of this war [Operation Enduring Freedom], every bomb, bullet and bayonet got there thanks to our aging refueling tanker fleet extending the range of USAF airlifters, sensor aircraft and Navy, Marine and USAF strike aircraft ... Regardless of when we start [tanker recapitalization], it will take over 25 years to completely recapitalize the existing fleet. Due to the sheer number of aircraft required, we will still be relying on some (by then) 70-year-old-plus combat aircraft. The ongoing war and the advanced age of our fleet drive our urgency to recapitalize as soon as possible."*

There is no doubt that we need new tanker aircraft now that our air crews can depend on to continue bringing fuel to the other U.S. planes that move troops and material to the theater, provide surveillance and mission planning over the battlefield, and deliver weapons on target. Air Force Secretary Roche summed up the tanker situation saying *"My fear is that our tanker fleet could be the [lost] horseshoe nail that could cause the horse to tumble, the king to fall and the kingdom to come apart."*

In the absence of evidence that procurement budgets will soon rise to adequate levels, I believe that it is prudent to pursue the lease alternative to achieve essential tanker modernization. Both the Air Force and Boeing know that the terms of a lease must be viewed as cost-effective by the Congress and the American taxpayer. We already know that interest costs associated with this proposed lease will be more than offset by the money saved by retiring the oldest and most costly to maintain and operate KC-135E tankers. In fact, it now appears that, for every dollar of interest paid during the lease, the Air Force will save double that amount by avoiding the maintenance and upgrades that would have been required for these 40-year-old aircraft.

As leaders, those of us in Congress, with the Constitutional responsibility to provide for the national defense, must rise above arguments over budget scoring rules and solve the real problem of how the nation equips our military with adequate quantities of modern platforms and weapon systems. I believe that the best approach is to immediately increase defense procurement budgets to the \$100 billion level to make room for recapitalizing our forces. In the near term, however, it would be irresponsible to ignore what we and the Air Force believe is an urgent requirement to procure new tankers through any creative strategy – including leasing -- until the procurement accounts can catch up.

Sincerely,

A handwritten signature in black ink that reads "Norm Dicks". The signature is written in a cursive, slightly slanted style.

NORM DICKS
Member of Congress