Statement of

General Duncan J. McNabb, USAF

Commander, United States Transportation Command

Before the

House Transportation and Infrastructure Committee, Aviation Subcommittee

On the Civil Reserve Air Fleet (CRAF)

13 May 2009

Introduction

The United States Transportation Command (USTRANSCOM) operates the integrated, networked end-to-end defense distribution system that delivers to the "right place," at the "right time," for the warfighter and at best value to the nation. As a supporting command, we execute military and commercial transportation, terminal management, aerial refueling and global patient movement through the Defense Transportation System (DTS) in a wide range of military and humanitarian operations. As a combatant command, we have operational warfighter requirements; as the Distribution Process Owner (DPO), we have business and logistics enterprise responsibilities.

USTRANSCOM leads a committed Total Force team of Active Duty, Guard, Reserve, Civilian, contractors and commercial partners. Together we provide the capacity to deliver logistics and distribution capability that supports the Joint Force Commanders' ability to project national and combat power in peace and war.

The Civil Reserve Air Fleet

One of the earliest, most unique and extremely successful partnerships between the Department of Defense (DOD) and commercial industry is the Civil Reserve Air Fleet (CRAF). Instituted by President Truman's Executive Order in 1951, participation in CRAF is a voluntary, contractual arrangement between DOD and U.S.-owned air carriers to transport DOD passengers, patients and cargo. In exchange for DOD peacetime airlift business, air carriers promise to provide aircraft and crews to augment DOD airlift during wartime contingencies or emergencies when requirements exceed the capability of our organic military aircraft fleet. CRAF significantly enhances our ability to succeed anywhere in the world by providing unmatched strategic lift—a capability no other Nation can provide.

CRAF Capability and Participants

Since its inception, CRAF carriers have participated in every military contingency involving the United States, either as volunteers or under activation. Although U.S. commercial air carriers operate voluntarily the majority of the time, CRAF has been activated twice in its history. The first was during Operations DESERT SHIELD/DESERT STORM in 1991, where CRAF carriers flew over 5,000 missions. Those missions accounted for more than 60 percent of passengers and 27 percent of air cargo in deployment and 84 percent of passengers and 40 percent of cargo in redeployment. The second activation occurred during the initial deployments for Operation IRAQI FREEDOM, where our carriers' performance was equally impressive.

Currently, 34 separate carriers participate in the program, committing almost 1,100 aircraft, including 40 Boeing 767 aircraft configurable for aeromedical evacuation. This commitment provides 40.6 million ton-miles/day (MTM/D) in bulk cargo capacity and nearly 200 million passenger miles/day (MPM/D) and exceeds the CRAF wartime requirements of 20.5 MTM/D and 100 MPM/D. We typically plan for CRAF carriers to move about 40 percent of our cargo and 90 percent of our passengers, during peacetime and war.

This program's design where commercial capacity augments the military organic fleet is extremely cost effective and a great value to the nation. In fact, a 1994 RAND study stated that, replacing the CRAF capability with military aircraft would have cost DOD between $1 billion to $3 billion annually. That cumulative cost avoidance in 2009 dollars is between $43 billion to $128 billion dollars. This is comparable to purchasing another 180 to 530 C-17s beyond the 205 we currently have programmed today. The tremendous capability CRAF provides to the Nation is unrivaled.

Regulatory Guidance

The legislative foundation for the CRAF program is provided by the Defense Production Act (DPA) of 1950 (50 U.S.C. App 2061), the Fly America Act (Title 49 USC 40118) and the Fly CRAF Act (Title 49 USC 41106). The Fly America and Fly CRAF Acts require the use of US carriers for government paid transport of personnel and goods and require DOD contracts for airlift be awarded to CRAF carriers, if available. Both acts support our CRAF participants and reflect the belief that a robust commercial air industry is vital for the Nation's defense. President Reagan reinforced this position in his 1987 National Security Decision Directive 280, which recognized the interdependence of military and civilian airlift capabilities in meeting wartime airlift requirements.

Finally, as required by Title 10, USC 2640, the Commercial Airlift Review Board (CARB) subjects CRAF carriers to regular reviews by DOD to ensure their business and maintenance practices allow our Nation's resources and warfighters to be transported as safely as possible. This is a cooperative effort with the Federal Aviation Administration (FAA), with which we share data on safety issues. We also work closely with the FAA to provide aviation war-risk insurance to CRAF carriers when commercial aviation insurance is not available under reasonable terms and conditions to fly DOD missions. The FAA program pursuant to Title 49 of the US Code chapter 443, reauthorized by this committee every few years, is a crucial element of the CRAF program and the committee's support for that vital program is greatly appreciated.

Incentives for Carriers

USTRANSCOM relies upon several contractual vehicles and authorities to incentivize commercial carrier participation. First, is the USTRANSCOM long range airlift service CRAF contract, which charters full planeload business and is awarded to carriers in proportion to aircraft commitment to the various stages of CRAF. The CRAF contract is expected to

distribute over $2.5 billion in charter business in the current fiscal year. Additionally, carriers can participate in DOD's Worldwide Express program for shipment of cargo under 300 pounds and in air tenders for less than planeload, door to door service.

Another CRAF incentive is the General Services Administration's (GSA) government-wide official travel City Pairs contract, which is limited to CRAF members through our strategic partnership with GSA. This year, this contract is valued in excess of $2.4 billion and includes more than 5,500 GSA domestic and international city pair routes. Approximately $70 million per year of DOD business in the GSA Domestic Express contract is also reserved for CRAF carriers.

Finally, the FY09 National Defense Authorization Act provided USTRANSCOM the authority to guarantee higher minimum levels of peacetime business to CRAF participants than previously allowed by law to induce the air carrier to continue to commit aircraft to the program to meet wartime requirements. With this authority came the obligation to take steps to improve the predictability of DOD charter requirements; assure adequate capacity is available to meet steady-state, surge and mobilization requirements; and incentivize carriers to use newer, more fuel efficient and reliable aircraft to support DOD airlift requirements.

Making a Flagship Program Even Better

As required by the FY2008 DOD Authorization Act, USTRANSCOM teamed with the Institute for Defense Analysis (IDA) to examine the future viability of the CRAF program. The Independent Assessment of CRAF Viability study examined the level of increased use of commercial assets to fulfill DOD requirements, risks to the charter air carrier industry due to increased DOD operations, viability of the current program and 5-, 10- and 15-year out, perceived barriers to CRAF viability and ways to improve the program.

Study Results

The IDA study found that civil aviation capacity and CRAF commitments are sufficient to meet DOD's mobilization and peacetime requirements. However, given the changes in the airline charter passenger market, IDA cautioned that CRAF activation may be necessary to meet future DOD contingency requirements, an issue that we will carefully monitor in close coordination with our partners.

The study also suggested ways to improve the program—USTRANSCOM discussed each of these suggestions with our CRAF partners and is incorporating several of them into its FY10 contract. For example, improving aircraft utilization will make better use of assets and incentivize our carriers to bring more modern, efficient aircraft into the program. The airline business model is at its best when aircraft spend minimum time on the ground—we are implementing initiatives like concurrent servicing at Air Mobility Command bases to reduce ground times and keep CRAF aircraft airborne, spending less time on the ground and more time moving cargo. Additionally, we will conduct a test of an extended range, non-stop cargo channel from Dover AFB to Incirlik Air Base, Turkey. Eliminating en route stops, minimizing ground times and other improvements to increase velocity will allow us to take advantage of more modern, fuel efficient aircraft.

We are increasing the amount of forecast business in our contract which will provide a more stable, predictable operating environment to our partners. We are also revising the way we value carriers' commitment to the various CRAF stages. By increasing the award value for the first and second CRAF stages we more closely align our carriers' capacity to the stages most likely to be activated, thus more fairly compensating carriers for their business risk. USTRANSCOM will continue to evaluate the study recommendations to make this outstanding program even better.

Final Thoughts

USTRANSCOM relies heavily on our partners in commercial industry in times of national emergency and the CRAF program is a flagship example of this partnership. CRAF provides the nation with up to half of the nation's strategic airlift capability without the government having to purchase additional aircraft, pay personnel costs or fix and maintain the aircraft during peacetime, and has been providing that capability for over 50 years. Whether in Iraq, Afghanistan or any spot on the globe, CRAF gets our troops to the fight, sustains them while engaged, and bring them home. We are honored to stand beside our commercial partners these past five decades, and look forward to many more to come.