Post-Hearing Questions for the Record
Submitted to the Richard "Dick" Ginman
From Senator Kelly Ayotte

"Implementation of Wartime Contracting Reforms"
July 16, 2013

1. Question. Why did the Department of Defense (DoD) need the fiscal year 2012 NDAA section 841 and 842 authorities?

Answer. Task Force 2010 (TF 2010) identified some of the prime and sub-tier contractors receiving U.S. contracting dollars were possible members of the insurgency or were providing monetary support to organizations that support enemies of the United States. Contracting officers could not void such contracts due to a lack of authority to take such actions.

Existing law posed three obstacles that restricted the U.S. government's insight into contractor/subcontractor performance and impeded the Department's ability to uncover corruption arising under the contracts/subcontracts. These obstacles prevented the Department from accessing contractor or subcontractor records: (1) for procurement of commercial items below the simplified acquisition threshold; (2) for negotiated, non-commercial items acquisitions below the simplified acquisition threshold; and (3) when contracting for supplies and services (including construction) by sealed bidding procedures, regardless of dollar value.

The Department needed section 841 authority to immediately cease contracts with the enemy upon such determination and 842 authority to have access and examine any contractor and subcontractor records for an estimated contract value in excess of $100,000 to uncover linkages to corruption and criminal networks in Afghanistan.

2. Question. From your perspective, how have the section 841 and 842 been useful to the Department of Defense?

Answer. Sections 841 and 842 of the National Defense Authorization Act for FY2012 have been extremely beneficial for the Department of Defense. During calendar year 2012, the Department used these authorities to identify enemies of the United States, resulting in the termination of ten subcontracts and withholding funds from one prime contractor. The dollar value associated with these actions was $31M.

3. Question. Using these authorities, has the DoD been able to issue notification letters, identify problematic vendors, and terminate subcontracts—avoiding waste and potentially preventing tax dollars from going to those who undermine our interests in Afghanistan?

Answer. Pursuant to subsection 841(c), Identification of Contracts with Supporters of the Enemy, the USCENTCOM Commander issued three section 841 notification letters. The letters identified four Afghan vendors and 28 entities associated with those four vendors, as supporters

of our enemies. As a result, the Department terminated ten subcontracts held by two of these Afghan vendors, withheld funds from one prime vendor, and debarred one vendor so as to preclude future contract awards. This enabled the Department to stop the flow of $31M.

4. Question. From a DoD perspective, do you believe that all U.S. acquisition officials, not just those in DoD, should have access to the same section 841 and 842 authorities? Why?

Answer. There would be benefit in all federal agencies having sections 841 and 842 authorities, especially those with global missions in countries that pose high security threat to the United States and our allies. These authorities are important tools for U.S. Government to obtain intelligence on local/foreign vendors and to prevent the flow of U.S. funds to insurgents, criminal networks, other individuals or entities that undermine the U.S. efforts in such countries.

5. Question. Regarding DoD's contract to purchase 30 new Mi-17 helicopters from Rosoboronexport, can you confirm whether or not reports that the existing Mi-17 helicopters set to be replaced may be retired well before meeting their maximum flight hours - some with only a half to a third of their standard flight hours - are true?

Answer. The Department's decision to purchase 30 Mi-17 helicopters for the Afghanistan National Security Force's Special Mission Wing (SMW) will not force the retirement of aircraft before they reach the limit of their service life. To maintain safety and airworthiness, the Afghan SMW fleet operates under the rules of Service Bulletin (SB) 2133, which is applicable to aircraft operating in a military environment and to the specific Mi-17 usage spectrum in Afghanistan. SB 2133 defines the aircraft service life with two parameters: age and flight hours. Specifically, SB 2133 defines the service life as 25 years or 7,000 flight hours. When an aircraft reaches either of those limits it must be retired, or a service life extension must be granted by the Mi-17 Design Authority, Mil Moscow Helicopter Plant (MMHP). Today's SMW fleet includes 10 modern Mi-17v5 aircraft on loan from the Afghan Air Force and 20 legacy aircraft that include aircraft on loan from or donated by the United States and other countries. While it is true that many of the legacy SMW aircraft have not reached 7,000 hours, this fact alone does not determine whether the aircraft have significant remaining service life as the average age of the legacy SMW aircraft is 24.5 years. With the exception of one aircraft that was donated by Germany, all of the aircraft are either approaching the end of their 25 year service life, or have already exceeded the 25 year service life and are operating on a service life extension. The table below provides detailed information on the age and the total since new (TSN) flight hours of the twenty aircraft in the SMW legacy fleet.

Special Mission Wing (SMW) Legacy Fleet						
No	Tail #	Factory Serial #	Model Type	Date of Manufacture	Age (years)	TSN (hours)
1	041	94041	Mi-8MTB-1	Sep-85	27.5	2,696
2	076	96076	Mi-8MTB-1	Jan-93	20.5	2,025
3	101	95931	Mi-8MTB-1	May-92	21.0	2,067
4	102	398M06	Mi-17-1V	Dec-04	8.5	313
5	185	96185	Mi-8MTB-1	Jan-94	19.5	1,418
6	233	94233	Mi-8MTB-1	Jun-86	27.0	4,084
7	291	93291	Mi-8MTB-1	Jun-82	31.0	3,627

Special Mission Wing (SMW) Legacy Fleet						
No	Tail #	Factory Serial #	Model Type	Date of Manufacture	Age (years)	TSN (hours)
8	303	108M03	Mi-8MTB-1	Nov-85	27.5	2,548
9	311	94311	Mi-17-1V	Jul-87	26.0	3,248
10	355	95355	Mi-8MTB-1	Mar-91	22.0	1,054
11	447	93447	Mi-8MTB-1	Jun-83	30.0	4,045
12	501	93314	Mi-8MTB-1	Aug-82	31.0	3,402
13	502	202M30	Mi-17-1V	Aug-91	22.0	3,659
14	503	95007	Mi-8MTB-1	Dec-88	24.5	3,025
15	505	94094	Mi-8MTB-1	Jan-86	27.5	1,836
16	506	94512	Mi-8MTB-1	Mar-89	24.0	827
17	510	93510	Mi-8MTB-1	Oct-83	30.0	3,202
18	609	95609	Mi-8MTB-1	Feb-91	22.5	371
19	805	108M05	Mi-8MTB-1	Jul-84	29.0	3,116
20	930	95930	Mi-8MTB-1	May-92	21.0	1,350

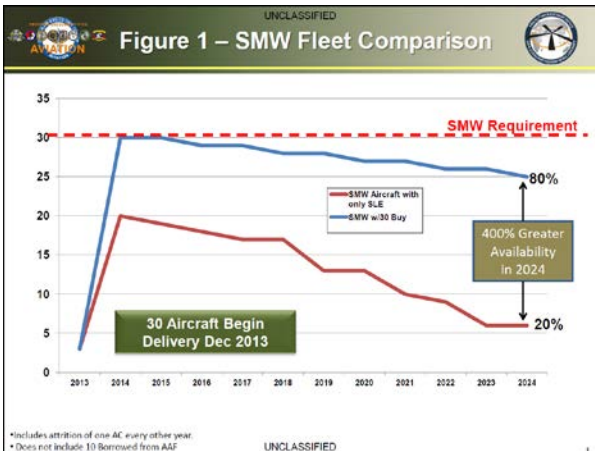
* Note: Aircraft 503 was recently identified by the Overhaul facility as potentially being a counterfeit aircraft. MMHP has inspected the aircraft and recommended it not be returned to service.

6. Question. If yes, what is the rationale behind this decision? Would overhauling their existing aircraft cost less? NOTE: This QFR continues from QFR#5.

Answer. Overhauling the aircraft would cost less upfront than procuring new aircraft but would result in an unacceptable rapid decline in the Afghan Security Force's Special Mission Wing (SMW) fleet over a ten-year period. In addition, overhaul of these civil variant Mi-17s would not meet the SMW requirement for militarized helicopters. The mission of the SMW includes both Counter Narcotics (CN) operations and Counter Terrorism (CT) operations. The organization that flew the legacy fleet prior to the standup of the SMW was only responsible for CN operations. The inclusion of CT missions in the SMW charter requires the capability provided by the Military variant Mi-17s that is not present in the legacy fleet.

Additionally, the operational environment in Afghanistan is extremely harsh and challenging to any rotary wing aircraft independent of the country of origin. Due to the operational environment, the US Army has experienced a 50% increase in its own maintenance costs, and has instituted a requirement to conduct a total reset of every airframe in the standard fleet (Chinook, Apache, etc.) after every two rotations in Afghanistan. Given this austere environment, it is impractical to assume that service life extension could continue to be granted despite the age of the aircraft and the operational environment. Prior to making the decision to procure the 30 new aircraft, the Department analyzed alternatives to meet the SMW requirement.

The chart below depicts SMW aircraft availability over time for either procuring aircraft or service life extending the legacy aircraft and assumes that every legacy aircraft could obtain two successful 7 year service life extensions, which is highly unlikely given the operational environment.



This analysis clearly showed that service life extension / overhaul would not provide the Afghan SMW with the required capability in the out years. This combined with the fact that service life extending the legacy fleet would not meet the SMW required capability for military aircraft, drove the decision to procure the 30 new aircraft.

7. Question. Our military regularly overhauls existing helicopters to extend their service life. If this policy is deemed appropriate for the U.S. military, why is not applied to the Afghan military?

Answer. The Mi-17s in the Afghan inventory are different in that they are operated and maintained in accordance with the processes and procedures established by the original equipment manufacturer and endorsed by the Russian airworthiness authorities and accepted by the U.S Army airworthiness authority. The United States does not establish service life extension policy for Mi-17s. Part of the standard maintenance of the Mi-17 is periodic depot-level overhauls. However, these overhauls do not extend the service life of the airframe. The Russian process to extend aircraft service life is conducted in addition to the standard overhaul process. The aircraft must be inspected by the design authority, and the extension of the service life is dependent upon the condition of the airframe at the time that Mil Moscow Helicopter Plant conducts this inspection.

8. Question. Do you believe we should help train the Afghans to operate and maintain their existing aircraft before we purchase new ones for them?

Answer. Yes. The Department is actively engaged in training Afghans to operate and maintain their existing aircraft and the purchase of new aircraft will allow for a significant acceleration of Afghan training. The table below that outlines each fixed-wing aircraft and Mi-17 operational capability dates.

Aircraft	**Initial Operational Capability**(IOC) (basic crews ready)	**Full Operational Capability** (FOC) (1.5 crew ratio per A/C, plus perform missions)
PC-12 (Spec Msn Wg)	3d Quarter (Q) 2015	3d Q 2016
Mi-17 helicopter	Already IOC	With 86 air craft (a/c) FOC 1st Q 2016
C-208 light lift plane	Already IOC	With 26 a/c FOC 1st Q 2015
C-130 medium lift	1st Q 2016	With 4 a/c FOC 4th Q 2018
A-29 light attack plane	4th Q 2016	With 20 a/c ~2019

Current training program in place: All pilot trainees regardless of platform are required to achieve a minimum English language skill score before starting flight training. Most fixed-wing pilot training occurs at Shindand Air Base (AB), Afghanistan. Students learn basic flight skills in the Cessna C-182 and then progress to the Cessna C-208 for advanced training. Other initial pilot training occurs in the United Arab Emirates (UAE) and the Czech Republic. Classes are full and training is progressing well. The C-182 and C-208 are less complicated to maintain and have high sortie production rates. C-130 training is at Little Rock Air force Base, Arkansas. Two students are in training and scheduled for completion commensurate with the delivery of the first aircraft in September/October 2013. Six other C-130 pilot candidates are in English training and will start C-130 training in the spring of 2014. The remaining 12 C-130 pilot candidates have been identified but have not started training. C-130 loadmasters and engineers have been identified and are enrolled in English language training. The initial two C-130 aircraft will commence operations in the fall of 2013 with U.S. Air Force aircrew support.

Training Pipeline: 104 students are in Undergraduate Pilot Training, Undergraduate Helicopter Pilot Training or Initial qualification Training. Six in the United States, 48 in UAE, and 50 at Shindand AB. There are 441 students (aircrew and maintenance) in English training (various locations) – a 300% increase in the last six months.

9. Question. How much does it cost to procure new Mi-17s versus overhauling existing aircraft?

Answer. The cost to procure the 30 military Mi-17s for the Special Mission Wing (SMW) was $18.25 million (M) per aircraft. This price is for a military aircraft that is fully mission capable and airworthy to both Russian Ministry of Defense and U.S. Army standards, and fully meets the SMW requirement. The cost to overhaul, service life extend, and modernize the cockpit to make the legacy aircraft somewhat comparable to those being procured from the Russian joint stock company Rosoboronexport is estimated at approximately $10M per aircraft. However, since the SMW legacy fleet is comprised of civil variant Mi-17s, it should also be noted that this would not provide the unique capabilities of the military aircraft, it would not fully meet the SMW requirement, and it would provide that limited capability only for a short period of time. The procurement of 30 military aircraft for the SMW will provide the full required capability by 2014, and this capability will be sustainable in the out years. The attached illustration identifies the unique capabilities and characteristics of the military variant Mi-17 that are not present on civil variant Mi-17s.

Attachment:
Mi-17 Illustration

10. Question. Are you aware of Rosoboronexport's relationship with the Assad regime and its activities in Syria?

Answer. I am aware that the Russian government has shipped some arms to the Syrian regime of Bashar al Assad and that the Russian joint stock company Rosobornonexport, as the official Russian arms export entity, likely has a role in these transactions. As explained in the response to Question # 11, the Department is addressing these concerns.

11. Question. Can you help me understand why DoD continues to give hundreds of millions of taxpayer dollars to a state-owned arms export corporation that actively arms the Assad regime in Syria and is complicit in the deaths of thousands of innocent men, women, and children?

Answer. The Department of Defense is concerned about arms shipments to the Syrian regime of Bashar al Assad and the U.S. government has raised these concerns directly with the Russian government. Our involvement with the Russian joint stock company Rosoboronoexport is very limited and exists primarily to support the Afghan National Security Force.

Unique Characteristics of Military Mi-17 vice Civil Mi-17