



SAF/SB Media Summary

Week of 10—14 May 2010

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ARTICLE SUMMARIES

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SMALL BUSINESS

Small-Biz Coalition Takes Up Insourcing Fight

Washington Technology

A coalition is rising up to protect small businesses from the insourcing actions the Obama administration has taken to pull back government work from the private sector. Former top civilian acquisition employee, Robert Burton, now a partner at the Venable law firm, today launched the Small Business Coalition for Fair Contracting. The group intends to give small companies an opportunity to respond to procurement actions that could have major consequences for their contracts and business overall.

Native Businesses Face 'Financial Ruin' After 8(a) Suspension

Alaska Dispatch

Another Alaska Native-owned company has found itself tangled in litigation arising from alleged 8(a) contracting abuses. Cape Fox Corp., a village corporation established under the Alaska Native Settlement Claims Act, and two companies it owns -- APM LLC and 1CI Inc. -- are suing two of APM's former CEOs and four of those men's companies for \$27 million in damages. It's the latest chapter in an ever-more-complicated narrative unfolding around the Native contracting world -- one in which Outside, non-Native managers, brought in for their ability to land lucrative government contracts, tactically structure business relationships to enrich themselves along the way.

Boulder Labs Receives Additional Funds

Boulder County Business Report

Boulder Labs Inc. has received an additional \$250,000 as part of a phase 2 Small Business Technology Transfer grant the company is using to develop modeling software for cold-atom research. Niwot-based Boulder Labs, a software development company focused on inventors and emerging companies, will continue developing its cold-atom software for the U.S. Department of Defense's Defense Advanced Research Projects Agency. The additional money, which runs through December, brings Boulder Labs' project budget from \$750,000 to \$1 million.



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Government Contracting Tips Offered at Small-Business Seminar

Charleston Regional Business Journal

A seminar later this month will offer business owners and managers tips on doing business with the federal government and large prime contractors. The S.C. Small Business Development Center is bringing representatives from Charleston Air Force Base, Space and Naval Warfare Systems Center Atlantic and the Naval Facilities Engineering Command to speak with participants. The seminar is from 8:30 a.m. to noon May 20 at the Small Business Development Center, on the fifth floor of the Bank of America Building on Core Drive in North Charleston. Cost to attend is \$25; registration is required. Register online or by calling 843-740-6160.

Air Force Awards Ridgetop Contract to Develop Innovative Semiconductor Foundry Qualification System

Newswire Today

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ACQUISITION

USAF PEO Restructuring Targets Oversight

Aviation Week

A restructuring of the U.S. Air Force's acquisition management corps is nearly complete, and should improve oversight of major service procurement programs, says Lt. Gen. Thomas Owen, commander of the Aeronautical Systems Center (ASC) here. The Air Force is shifting from one central program executive officer (PEO) to six to handle ASC's portfolio, which in Fiscal 2009 included more than 500 programs and about \$23 billion in funding. ASC handles only major aircraft programs and related efforts. Other product centers handle sensors, weapons and satellite development. The shift is designed to provide more senior-level oversight to ASC programs; the earlier structure called for a single PEO to manage all of the Air Force's aircraft procurement programs.



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BUDGET

Air Force fiscal 2010 Budget Reflects Rebalanced Priorities

Air Force Print News Today, May 7, 2010

Air Force officials here May 7 announced that its portion of the president's fiscal 2010 budget reflects a balanced strategy to prevail in today's joint fight and sustain air, space and cyberspace dominance. The two overarching principles guiding next year's budget are rebalancing the Air Force's capabilities and financing the service's "All In" commitment to joint warfighting, said Air Force Chief of Staff Gen. Norton Schwartz. The Air Force's total budget is \$160.5 billion.

Rep. Tim Ryan to Join Subcommittee that Funds Defense Projects

The Cleveland Plain Dealer

Niles Democratic Rep. Tim Ryan has been appointed to fill a vacancy on the prestigious Defense Appropriations Subcommittee that was open after Rep. John Murtha of Pennsylvania died in February. It has the largest budget of any Appropriations subcommittee, and will give Ryan a chance to steer defense contracts to Northeast Ohio.

LEADERSHIP

Interview: Gen. Norton Schwartz, U.S. Air Force Chief of Staff

Defense News

Since taking office nearly two years ago, Gen. Norton Schwartz has worked to improve intelligence, surveillance and reconnaissance; provide better airlift and close air support, retire aging planes and restore luster to the service's tarnished nuclear enterprise. Schwartz also struck a landmark partnership with the Navy to develop Air-Sea Battle, an operating concept aimed at heavily defended potential foes like China and Iran. And while some in the Pentagon want the Air Force to buy hundreds of light, propeller-driven strike planes for counterinsurgency warfare, Schwartz says his current aircraft can do the job more cheaply. He does say he needs 15 light planes to help train foreign militaries.

EVENTS

Air Force Global Strike, CIC plan symposium

Shreveport Times

The Cyber Innovation Center and Air Force Global Strike Command will co-host the first Air Force Global Strike Command Technology and Innovation Symposium at the Shreveport Convention Center Nov. 16-17. The symposium will be held in conjunction with the Air Force Global Strike Command Global Strike Challenge, successor to "Bomb Comp," and is being advertised as "an opportunity to develop relationships and exchange ideas with Industry and Academia that support the Air Force's newest command."



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CYBERSECURITY

Gen. Keith Alexander Confirmed to Head Cyber-Command

The Washington Post

Keith B. Alexander, director of the National Security Agency, has been confirmed to head a new military command that will be capable of launching attacks against enemy computer networks. A voice vote in the Senate on Friday elevated the career military intelligence officer from a lieutenant general to a four-star general. Alexander, 58, has headed the government's largest electronic espionage agency since 2005. The Pentagon's cyber-command will be located at Fort Meade, NSA's headquarters, to take advantage of that agency's expertise in penetrating adversaries' networks as well as defending the military's systems. The command, which will fall under U.S. Strategic Command in Nebraska, is scheduled to be fully operational in October.

TANKER

USAF Declines to Give KC-X Award Date

Air Force Times

Senior U.S. Air Force officials on Wednesday declined to answer lawmakers who wanted to know when the service will pick a winner in the KC-X tanker contest. "I'm very concerned about the discussion about a projected contract start date of Nov. 12 when there's no projected award date that I know of yet and the entire acquisition process continues to be hampered by delays," said Sen. Patty Murray, D-Wash., at a Senate Appropriations Committee hearing on the Air Force's 2011 budget. "How can the Air Force talk about tentative start dates when they haven't projected an award date yet and seem sort of uncertain about when that will be?"



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Small Business

Small-Biz Coalition Takes Up Insourcing Fight

By Matthew Weigelt, Washington Technology, May 7, 2010

A coalition is rising up to protect small businesses from the insourcing actions the Obama administration has taken to pull back government work from the private sector.

Former top civilian acquisition employee, Robert Burton, now a partner at the Venable law firm, today launched the Small Business Coalition for Fair Contracting. The group intends to give small companies an opportunity to respond to procurement actions that could have major consequences for their contracts and business overall.

“Although well intentioned, the federal government’s current insourcing initiative threatens to take away work from hundreds of small entrepreneurs,” said Burton, former deputy administrator at the Office of Federal Procurement Policy (OFPP).

Burton recently began the coalition after several of his law firm’s clients who own small businesses said they were being battered by the administration's insourcing initiative. For example, Burton said one small business lost 20 percent of its workforce to the federal government. He said agency officials often warn contractors' employees they plan to insource their jobs and they could join the federal workforce to keep a job.

As a result of the initiative, small contractors have been forced to dramatically reduce the scope of their operations as their contracts are canceled and their employees are hired into government jobs.

“It threatens the viability of small businesses when they lose a large percentage of employees to the government,” he said.

The coalition’s mission is to deal with new policies so they don’t unintentionally affect small businesses. Burton also said the coalition also wants to make sure the companies get their fair share of federal procurement dollars.

In the last few years, industry has started to do too much work for agencies, administration officials say. Agency employees, especially those in contracting offices, rely on contractors to accomplish the duties. Furthermore, officials say agencies depend on industry’s expertise because they have not developed it in their own internal circles. Daniel Gordon, OFPP administrator, said one of his top priorities is to "rebalance" the



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federal workforce and contractors. In March, he proposed a policy that gives government officials guides for determining what work they should insource.

However, Burton disagrees with Gordon's term "rebalance."

"You're ignoring the fact that it's referred to as an 'insourcing initiative' in the president's budget," he said. Moreover, the Defense Department's fiscal 2011 budget proposes 19,844 new military and civilian employees, as a high-priority performance goal. Burton said it's a very specific number of jobs to insource, which places heavy pressure on other agencies to also insource jobs.

Entrepreneurs are adapters, said Guy Timberlake, chief visionary officer and chief executive officer of the American Small Business Coalition.

"One man's garbage is another man's gold," he said. Where one industry's businesses may be crunched by insourcing, it opens another field. In this case, he said the information technology industry may get hit because of decreases in IT spending and because the IT systems have become so critical to an agency's infrastructure. Meanwhile, companies in the fields of human resources, professional development of employees and employee training may get a big boost in business.

"It's nature," he said. "You tip the scales one way or the other and someone's going to win and someone's going to lose." He said companies need to adapt their services to fit the government's demands. Essentially, the customer's demands give perspective on how companies need to fit in the new markets.

However, Burton said small businesses may not have a lot of opportunities because the government is taking their employees working in the field. And companies are losing much of what they have invested in those employees, who are now joining the government. "I've been surprised by the aggressiveness of the government in hiring contractors' employees," Burton said.

As a result, small businesses have to work together to ensure that they are treated fairly as the government insources work, he said. They shouldn't unjustifiably lose current contracts and future contracting opportunities.

<http://washingtontechnology.com/articles/2010/05/07/burton-small-business-coalition-for-fair-contracting.aspx>

Further reading:

- [Industry Group Seeks to Highlight Impact of Insourcing on Small Businesses](#)



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Native Businesses Face 'Financial Ruin' After 8(a) Suspension

By Jill Burke, Alaska Dispatch May 12, 2010

Another Alaska Native-owned company has found itself tangled in litigation arising from alleged 8(a) contracting abuses. Cape Fox Corp., a village corporation established under the Alaska Native Settlement Claims Act, and two companies it owns -- APM LLC and 1CI Inc. -- are suing two of APM's former CEOs and four of those men's companies for \$27 million in damages. It's the latest chapter in an ever-more-complicated narrative unfolding around the Native contracting world -- one in which Outside, non-Native managers, brought in for their ability to land lucrative government contracts, tactically structure business relationships to enrich themselves along the way.

The government contracting preferences that helped Cape Fox Corp. rebound from tough financial times in the last decade are now at the center of a criminal investigation, according to the United States Air Force. Last fall, the Air Force expelled 20 contractors from its procurement list, citing an extensive scheme to exploit and deceive an award process designed to assist small and disadvantaged businesses -- businesses which, if Native-owned, are given preferential treatment. Six of the companies named have direct ties to Cape Fox. The rest have ties to former APM chief executive Townsend Jackson, his brother Craig Jackson, and other family members.

The allegations are stark. The Air Force suspects the 20 companies in question received more than \$700 million in ill-gotten government contracts, mostly through the U.S. Department of Defense. Although the turmoil started years ago, the fallout is far from over. A government investigation remains underway. The suspended companies have had their small business contracting privileges yanked -- a devastating financial blow. A congressman is demanding answers about how companies known to have problems continued to land contracts. And Cape Fox is now keeping the business partners that once had a heavy hand in its rising success at arm's reach, turning former allies into courtroom enemies.

In the 8(a) world the stakes are high. Within three years of its acceptance into the 8(a) program in 2003, APM landed more than \$383 million in sole-source and competitively awarded contracts, according to the U.S. Small Business Administration and the Air Force. Contracts since then include more than \$21 million in work last year for the Air Force, funded by the American Reinvestment and Recovery Act. But by then the company was already under investigation, and U.S. Sen. Tom Coburn, R-Okla., has sought answers as to how a company already on the radar for not complying with the rules continued to feed off of the flow of highly prized government gigs.



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In August 2008, the Office of the Inspector General for the U.S. Small Business Administration discovered that APM never received SBA approval for the many management agreements, worth millions, into which it had entered with other companies and non-Native executives. The report showed that APM's relationships began with Townsend Jackson, a successful African American businessman from California, within months of APM's 2003 acceptance into the 8(a) program, and that steps were taken to hide information from the SBA that would have revealed APM's growing size -- a factor that could have cut off access to some of the high-dollar sole-source awards it received. The concealed information called into question \$136 million dollars in 8(a) contracts received by APM that may have been affected by an accurate size determination, according to the OIG report.

OIG recommended that APM be immediately suspended from 8(a) contracting for its "repeated noncompliance" and "ongoing refusal to provide truthful and complete information," and that procurement agencies, like the Air Force, be warned about the suspensions so that any further contract awards could be avoided. One day later, the SBA said it would comply. Yet the Air Force kept doing business with APM and other Cape Fox companies or business ventures, including 1CI Inc., 1CI-All Cities JV, APM Construction Management LLC, APM LLC of Alaska, and Arctic Pipe and Materials.

It was more than a year later, in September 2009, that the Air Force suspended 19 companies implicated in the fraud scheme first uncovered by the OIG report. A 20th company, an APM joint venture named CON-COR, was suspended a month later. The audit and criminal investigation found that APM and the Jacksons conspired to hide APM's 8(a) ineligibility by failing to disclose the extensive list of companies owned or controlled by the Jacksons and by hiding Townsend Jackson's ownership level and influence in APM, and that the scheme allowed the men and the companies to bring in hundreds of millions of dollars to which they were not entitled, according to the Air Force's suspension letter.

Cape Fox Corp. is doing what it can to minimize the massive fallout by going after Jackson in federal court. The corporation alleges that Craig Jackson secretly operated 1CI for his personal gain and that both he and his brother skimmed money from APM. To date, the Jackson-controlled companies have pulled in more than \$13 million through their 8(a) contracts with APM. But the investigation and suspensions have brought the money flow to a grinding halt. 1CI and APM have been booted out of the 8(a) program and are "facing financial ruin," according to the complaint, and parent entity Cape Fox Corp. has been asked to prove why it should also not be kicked out of the program.

When it comes to finger pointing, Cape Fox is not alone in positioning itself as a victim to predatory practices. Earlier this year, another Alaska Native-owned corporation -- Sitnasuak Native Corporation -- locked horns in court with former executives after unacceptable small business practices threatened its own 8(a) status. Sitnasuak has settled out of court with one executive, Jim Nunes, while litigation with the other -- longtime



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board president Robert Fagerstrom, ousted last spring -- remains ongoing. The company has since successfully defended its 8(a) status, said Trudy Sobocienski, Sitnasauk's current president.

CORRECTION: An earlier version of this story incorrectly stated that Sitnasauk is a subsidiary of The Kuskokwim Corp. It is not. The Kuskowkim Corp. is the parent company of Suulutaaq, which is suing a reporter and the San Francisco Chronicle for slander over a story looking into how stimulus money was spent, and contracts awarded, in California.)

<http://alaskadispatch.com/dispatches/rural-alaska/5131-native-corp-facing-financial-ruin-after-8a-suspension?start=1>

Boulder Labs Receives Additional Funds

By Business Report Staff, Boulder County Business Report, May 12, 2010

Boulder Labs Inc. has received an additional \$250,000 as part of a phase 2 Small Business Technology Transfer grant the company is using to develop modeling software for cold-atom research.

Niwot-based Boulder Labs, a software development company focused on inventors and emerging companies, will continue developing its cold-atom software for the U.S. Department of Defense's Defense Advanced Research Projects Agency.

The additional money, which runs through December, brings Boulder Labs' project budget from \$750,000 to \$1 million. The money will be used to add new features requested by researchers at the Air Force Research Lab at Hanscom Air Force Base near Boston.

Boulder Labs is developing a software program that helps depict how ultra cold atoms will change in size, shape and activity under certain magnetic fields. Ultra cold atoms could be used in very accurate atomic clocks, accelerometers and sensors.

<http://www.bcbcr.com/article.asp?id=51546>



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Government Contracting Tips Offered at Small-Business Seminar

Charleston Regional Business Journal, May 7, 2010

A seminar later this month will offer business owners and managers tips on doing business with the federal government and large prime contractors.

The S.C. Small Business Development Center is bringing representatives from Charleston Air Force Base, Space and Naval Warfare Systems Center Atlantic and the Naval Facilities Engineering Command to speak with participants.

Topics will include:

- Products and services purchased by the military and large prime contractors in South Carolina.
- Steps necessary for participation in government contracting.
- Identification of bid opportunities using the Internet.
- Identification of points of contact for marketing of your products and services.
- Small business set-aside programs for businesses owned by minorities, women, veterans and businesses in historically underutilized business zones.
- Whether selling to the U.S. government is right for you.
- Does the U.S. government buy your product or service?
- How the U.S. government buys your product or service.
- Steps you must take to qualify to do business with the U.S. government.
- Whether you need a performance bond and how to obtain one.
- Various preference programs and their requirements.

The seminar is from 8:30 a.m. to noon May 20 at the Small Business Development Center, on the fifth floor of the Bank of America Building on Core Drive in North Charleston.

Cost to attend is \$25; registration is required. Register online or by calling 843-740-6160.

<http://www.charlestonbusiness.com/news/34128-government-contracting-tips-offered-at-small-business-seminar>



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Air Force Awards Ridgetop Contract to Develop Innovative Semiconductor Foundry Qualification System

Newswire Today, May 11, 2010

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Air Force missions often require leading-edge semiconductor processes to achieve the integrated circuit (IC) performance targets sought in critical space applications. The significance of Ridgetop's innovation is that for the first time, a portable and user-programmable process reliability evaluation IC with data analysis software, for nanotechnology complementary metal-oxide semiconductor (CMOS) processes, will be available to the space microelectronics design community. This system, using Ridgetop's silicon-verified IC degradation monitors, will enable cost-effective and fast qualification of the intrinsic reliability of semiconductor processes that are candidates for fabrication of microelectronics to be used on satellite missions.

The \$745,000 contract extends for a period of two years. Ridgetop's solution will provide optimal qualification support beyond any other existing option to facilitate the rapid design, testing, and deployment of space-bound platforms. Over the years, Ridgetop Group has acquired broad experience in designing precision die-level test structures for parameters such as TDDDB, HCI, NBTI and mismatch. These proven test structures will be leveraged and embodied into an effective tool platform for the Air Force.

According to Division Manager Phil Davies, "The ability for Ridgetop's innovation to qualify critical circuits as much as 10 times faster than current methods means that critical applications can be space-qualified in a matter of months instead of years. For the commercial sector, this tool can also be applied to meet the needs of fabless semiconductor firms to rigorously compare the performance of different foundry processes in a deterministic way."

<http://www.newswiretoday.com/news/70167/>



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Acquisition

USAF PEO Restructuring Targets Oversight

By Amy Butler, Aviation Week, May 11, 2010

A restructuring of the U.S. Air Force's acquisition management corps is nearly complete, and should improve oversight of major service procurement programs, says Lt. Gen. Thomas Owen, commander of the Aeronautical Systems Center (ASC) here.

The Air Force is shifting from one central program executive officer (PEO) to six to handle ASC's portfolio, which in Fiscal 2009 included more than 500 programs and about \$23 billion in funding. ASC handles only major aircraft programs and related efforts. Other product centers handle sensors, weapons and satellite development.

The shift is designed to provide more senior-level oversight to ASC programs; the earlier structure called for a single PEO to manage all of the Air Force's aircraft procurement programs.

The new structure, which will become effective July 1, will include unique PEOs for the following portfolios: ASC major programs (Owen's current position); KC-X; Fighter/Bombers; Intelligence, Surveillance and Reconnaissance; Mobility; and Agile Combat Support (ACS — such as engines, simulators, training and night-vision systems).

PEOs have not yet been selected for the Mobility and ACS portfolios; Owen says that is in the works.

Defense Secretary Robert Gates criticized the Pentagon for a bloated management apparatus during a May 8 speech. But, Owen notes that these offices are needed to properly oversee major programs.

As ASC commander, Owen will retain direct oversight over the F-22, future next-generation bomber and C-17 programs, which are high-profile items. Once they are more "normalized," he says that they will transfer to the oversight of the respective PEOs.

This structure harkens back to one in place during the late 1990s and early 2000s, where many more PEOs were in place to manage programs. The difference now is that those PEOs used to be based in Washington; they will now operate out of the product centers, such as Wright-Patterson.



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“This takes a significant step in the direction of allowing the individuals that are designated as the PEOs to be able to provide much more hands-on close support and assistance to these programs,” Owen says.

This comes as the Air Force continues to experience heavy scrutiny for its acquisition activities. Six years ago, a former senior Air Force procurement official, Darleen Druyun, admitted to unfairly steering contracts to Boeing, where she took a high-paying vice president job. She served jail time for the malfeasance, but has left a seemingly permanent scar on the Air Force’s acquisition corps.

The service also is continuing to in-source and hire more acquisition professionals to provide the necessary scrutiny to its programs, Owen says. Owen notes that as the acquisition workforce dwindled in the past decade, procurement dollars were on the rise. So fewer experts were available to manage more costly and complex weapon procurements.

http://www.aviationweek.com/aw/generic/story_generic.jsp?channel=aerospacedaily&id=news/asd/2010/05/11/01.xml&headline=USAF%20PEO%20Restructuring%20Targets%20Oversight

Budget

Air Force Fiscal 2010 Budget Reflects Rebalanced Priorities

By Tech. Sgt. Amaani Lyle, Air Force Print News Today, May 7, 201

Air Force officials here May 7 announced that its portion of the president's fiscal 2010 budget reflects a balanced strategy to prevail in today's joint fight and sustain air, space and cyberspace dominance.

The two overarching principles guiding next year's budget are rebalancing the Air Force's capabilities and financing the service's "All In" commitment to joint warfighting, said Air Force Chief of Staff Gen. Norton Schwartz.

"We've focused on our people and proven technologies, and put heavy emphasis on supporting combatant commanders in a way that complements the joint team," the general said.

The Air Force's total budget is \$160.5 billion. Of that, the budget over which the Air Force has management discretion in fiscal 2010 -- including allowances for people, readiness, infrastructure and modernization -- is



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\$115.6 billion. An additional \$16 billion requested for overseas contingency operations supports ongoing operations in Afghanistan and Iraq. Another \$28.9 billion submitted in the request but not managed by the Air Force includes funding for medical personnel, special operations personnel and national intelligence requirements.

"Our balanced approach is in line with the Department of Defense's emphasis on prevailing in today's operations while investing in new capabilities, force structure, skills and technologies that meet tomorrow's needs," said Secretary of the Air Force Michael B. Donley.

Secretary Donley emphasized that the funding decisions are consistent with the five priorities Air Force leaders adopted in October 2008. Those priorities are:

- Reinvigorate the Air Force nuclear enterprise.
- Develop and care for Airmen and their families.
- Partner with the joint and coalition team to win today's fight.
- Modernize air and space inventories, organizations and training. And
- Recapture acquisition excellence

The right mix of people

The fiscal 2010 budget protects funds that help the Air Force recruit, train, educate, sustain and retain the right number and mix of people, according to service officials. This includes selective re-enlistment bonuses and quality of service enhancements that are among the Air Force's most useful tools for developing and retaining Airmen with key skills.

The "huge news" affecting all Airmen is "despite an uncertain economy," Airmen can expect to see pay and benefits increases across the board, said Maj. Gen. Larry O. Spencer, deputy assistant secretary for budget. Increases of 2.9 percent in basic military pay, 2 percent in civilian pay, 5.6 percent in housing allowance and 5 percent in subsistence allowance are on the books.

Air Force officials also will invest \$313 million in quality of service projects that specifically benefit Airmen, such as military construction, family housing, child development centers, dormitories and a new Basic Military Training facility.

Personnel funding in fiscal 2010 will play an active role in shaping the force, as the Air Force directs approximately \$641 million toward recruiting and retaining critical wartime skills such as explosive ordnance disposal, medical, intelligence, contracting and special operations.



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In terms of force structure, the budget also heralds the unprecedented undertaking of converting contractor positions to about 4,200 civil service jobs.

"The cost reduction from the contractor conversion will be significant, and if Congress approves the budget, there will be a lot of civilian hiring in 2010 and beyond," General Spencer said, especially in areas of emphasis such as acquisition.

Reflecting on the budget's emphasis on personnel programs, General Schwartz observed that "beyond the platforms we operate or the technologies we employ, Airmen are the true strength of America's Air Force. Peak combat capability begins and ends with talented, healthy, motivated, trained and well-equipped Airmen."

The right mix of resources

The fiscal 2010 budget also provides an opportunity to balance traditional Air Force investment in capabilities useful across the spectrum of conflict with much-needed capabilities that have special relevance at the ends of the spectrum.

"This budget really tells a story of balance between today's fight and tomorrow's needs," General Spencer said. "We're investing in combatant command support, including fifth generation planes, intelligence, surveillance and reconnaissance, space assets and preferred munitions such as AIM 9X, AIM-120 and Joint Direct Attack Munitions."

The chief of staff noted that the budget pays special attention to ensuring that there is a sufficient support "tail" behind the Air Force's significant combat "tooth."

"The budget not only supports the joint fight, but funds the communications, munitions, build-up, logistics, maintenance and weapons sustainment so that we can contribute to the overall defense plan of delivering global vigilance, reach and power in support of national objectives," General Schwartz said.

Among the major force modernization initiatives built into the budget, the Air Force plans to accelerate the retirement of about 250 legacy fighter aircraft. This will enable a rebalancing of funds to upgrade F-15 Eagles, F-16 Fighting Falcons and A-10 Thunderbolt IIs, procure preferred munitions and enhance critical enablers. Additionally, the retirements enable the Air Force to realign approximately 4,000 military positions to support manpower needs in key focus areas such as intelligence, surveillance and reconnaissance and the nuclear enterprise.



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The budget proposes to enhance the lethality of combat forces with the purchase of 10 F-35 Lightning II Joint Strike Fighters in fiscal 2010.

"These fifth-generation strike aircraft will deliver complementary capability to the air superiority provided by 183 F-22 Raptors funded in previous fiscal years and four additional F-22s pending in the fiscal 2009 overseas contingency operations supplemental request," General Spencer said.

Air mobility and personnel recovery requirements are supported in the budget with \$400 million for the development of the KC-X tanker, \$1.4 billion for M/H/C-130Js and \$90 million to acquire HH-60M helicopters.

All told, more than \$1 billion will go to modernizing the fighter, bomber and mobility fleet with software, radar and other modifications.

"These critical upgrades will make our current force more lethal and effective," General Spencer said.

With an eye on nuclear deterrence, the Air Force budget will support the stand-up of a new major command (Air Force Global Strike Command) and enhancements to the Air Force Nuclear Weapons Center. Funding will support a centralized inspection process that ensures responsible handling of nuclear material. In addition, the service plans to increase the nuclear enterprise workforce by about 2,500 personnel.

Tying execution of the budget together is the Air Force's upcoming Acquisition Improvement Plan. The service's top leaders have noted repeatedly that acquisition excellence remains essential to both long-term modernization and short-term technological innovation to meet demand for irregular warfare and ISR capabilities.

"This is a unique point in our history," Secretary Donley said. "We can look at what we've learned from the wars we're in and apply real-time lessons to adjust to our environment, while ensuring the money we're given is spent in the most effective and efficient way possible."

http://www.af.mil/news/story_print.asp?id=123148160

Further Reading:

- [2011 Force structure Alignments Announced](#)
- [Shaping the Force](#)



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Rep. Tim Ryan to Join Subcommittee that Funds Defense Projects

By Sabrina Eaton, The Cleveland Plain Dealer May 12, 2010

Niles Democratic Rep. Tim Ryan has been appointed to fill a vacancy on the prestigious Defense Appropriations Subcommittee that was open after Rep. John Murtha of Pennsylvania died in February. It has the largest budget of any Appropriations subcommittee, and will give Ryan a chance to steer defense contracts to Northeast Ohio.

Ryan called the switch "a huge win for the 17th district," and said he'll "make sure everyone doing business with the Pentagon knows what a great place Northeast Ohio is to do business."

"Having the opportunity to steer federal defense dollars to our district will accelerate the economic progress of our region and further promote the Tech Belt initiative," Ryan said in a press release.

Ryan also joined the Appropriations subcommittees on Financial Services and General Government and kept his seat on its Labor, Health and Human Services and Education subcommittee. He gave up seats on the Energy and Water and Legislative subcommittees.

http://www.cleveland.com/open/index.ssf/2010/05/rep_tim_ryan_to_join_subcommit.html

[Leadership](#)

Interview: Gen. Norton Schwartz, U.S. Air Force Chief of Staff

Defense News, Mat 10, 2010

Since taking office nearly two years ago, Gen. Norton Schwartz has worked to improve intelligence, surveillance and reconnaissance; provide better airlift and close air support, retire aging planes and restore luster to the service's tarnished nuclear enterprise.

Schwartz also struck a landmark partnership with the Navy to develop Air-Sea Battle, an operating concept aimed at heavily defended potential foes like China and Iran.



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And while some in the Pentagon want the Air Force to buy hundreds of light, propeller-driven strike planes for counterinsurgency warfare, Schwartz says his current aircraft can do the job more cheaply. He does say he needs 15 light planes to help train foreign militaries.

He also spends more time pondering future budgets, and how to cut personnel and overhead costs that annually eat more of his budget.

Q. Is it fair to say that the future holds decreasing budgets?

A. I think decreasing purchasing power; put it in that context. That decreasing purchasing power and the reality of where investments are required. For example, our personnel costs for the department continue to increase, and there are good and valid reasons for that. But the reality is that that kind of scenario is going to force out content elsewhere in the portfolio.

Q. Personnel costs are skyrocketing and critics say you have an organizational structure dating from a time when airmen cost \$85 a month, not \$200,000 a year. How do you get that right?

A. We will have to come to terms here with our personnel costs. Other industries in the country have had to do this, and we will as well.

That is one of the reasons why the United States Air Force is not going to grow, even though we have a demand signal for manpower that exceeds our statutory ceiling of about 332,000 active-duty. The reason is because we cannot afford it. Or that we have to trade something that we think is very important with respect to our capabilities.

A case in point: We've put probably more than 4,000 into the ISR business with a fixed manpower top line. That means you've got to take manpower from other areas in the Air Force. This cannot continue indefinitely. We have a mandate to grow to 50 24/7 orbits by the end of 2011, 65 by the end of 2013.

There is a place for automation here that reduces the manpower requirement, both to operate and to process the backend data stream. Here's a case where we have to use modern techniques. With basketball replays, the data comes to them - they don't screen the thing. It's done very smart. Similar techniques will apply to our business as well.

Q. At some point, are you and the other service chiefs going to look at your folks and say, "We have to start dialing back on some of the things we do for you?"



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A. I think that is in the cards. And it's not just the active duty. It's the alumni, as well. That is going to be very heavy lifting, for all the right reasons.

But the deal is that we're going to have to again look at ourselves and the proportion of dollars that we invest in personnel and personnel programs and family programs - where we might be able to sort of reduce the growth in our personnel costs. Any strategic leader has to look at that. As have American companies - and they have found ways to adjust.

The president asked for a 1.4 percent pay raise for military members. Typically, the Congress adds to that, and we certainly are grateful for their generosity. However, it comes from someplace. It requires a trade. And that is why each of us has said in our own way that for now, 1.4 percent is enough.

Q. It takes roughly 70 man-hours to process data from each hour that a Predator UAV is aloft, and that's going to jump to 800 hours with the next generation. What impact will that have?

A. That's because the video capability of the Reaper will be, initially, from 10 to 12 times as much. Where you have one spot now, you'll have a dozen or more - maybe 30 or more.

The bottom line is, again, that we cannot continue to throw people at this. We have to find ways to do this better, less manpower-intensive.

But I think in the larger sense, these are the sort of strategic tensions that we face. How do we maintain the right content in our force structure, in the investment streams that go along with that?

Q. Do you feel you have to always make the case for an independent Air Force?

A. I don't think so. And maybe I'm naïve, but look at what [Chief of Naval Operations] Gary Roughead and I are doing. He's going to have his version of Global Hawk, BAMS [Broad Area Maritime Surveillance], and I'm going to have ours.

So the question is: Do we let this evolve in a way that his ground station is different from mine, that his depot is in a different location than mine, that the way he processes the data stream is different than mine? It makes no sense to do that. And he's not in a better position to afford non-prudent investment any more than we are.

This is one example of a number where we and the Navy are working our common content issues.

We are concerned, for example, about area denial capability. This is a major feature of our future contribution. We need to make sure that we and they, if there's duplication, that we agree that makes sense.



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That we rely on each other. For example, would anyone in the department suggest that the Navy have its own refueling fleet? It makes no sense to do that. They have some tactical for limited purposes.

Over time, we have engendered a level of trust where they have confidence that we'll be there when they need us. The same thing is true of the Army on direct airlift support. [Army Chief] Gen. George Casey and I have discussed this at length. It revolves around the C-23s and C-27s and so on. We ran a test in Iraq, and we did it with two National Guard C-130s, by the way. And there are times when specific maneuver units need direct support. Is the Air Force postured to do the latter? It's a matter of trust. We demonstrated, convincingly, that we can do this, and that we are willing to do this if that's what's required. In the end, this is a "show-me game."

Q. What's your view of OSD's proposed capability assessments, which appear to shift authority from the services?

A. The department has a legitimate place articulating what their

expectations are. What I will share with the leadership in the department, and I certainly have with Air Force Secretary Michael Donley, is what should not happen is for such assessments to foreclose the debate - to foreclose discussion about things we believe in, and that we think are important for the department and for the joint team.

The Joint Chiefs have a voice in this, as well. To have one agency of the department to declare out of bounds certain areas for discussion, or certain options for consideration one needs to proceed very carefully. Now, if the analytic rationale accompanies the assessments that makes me much more comfortable. But we should be very careful about agencies asserting their sense of the correct outcome without the accompanying rationale.

Q. On F-35, do you have backup plans?

A. We're committed to the F-35 because we believe that a generation-five fighter is the thing we should hang our hat on for the next 30 years. Now, I can't speak for Gary Roughead, but my sense is he understands their need for a generation-five capability - or a mix of carrier aviation capability. And certainly [Marine Corps Commandant] Gen. Jim Conway is committed to his short-takeoff and vertical-landing [STOVL] version of the F-35.

For us, as we see the threats evolving, I cannot bring myself to a point where, in a situation with limited resources, I am going to dissipate that pool of resources by buying airplanes that will last as long - 25 or 30 years - and be less capable than we have to be to deter a fight and win. I think that's not a good solution.



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F-35, obviously, we just had a Nunn-McCurdy breach, but I think it is interesting that Jim Conway's airplane just had its first full hover of the STOVL version without a single mishap. If you go back to the early days of the Harrier, it took them six airplanes to get to that point.

All I'm suggesting is that we've had program management issues, we've had cost-control issues, we've had some manufacturing issues, but what I'm seeing is, at the technical level, pretty promising. So if we can bend the cost curve and exert the kind of program management focus that [Pentagon acquisition chief] Ash Carter has undertaken, I'm nowhere near to thinking of abandoning this effort.

Q. What's your view of long-range strike?

A. I think the innovation in the Quadrennial Defense Review was - and it's something I agree with - that long-range strike isn't 100 percent defined by an Air Force platform. It is a family of systems.

The issue is: you have tactical aviation, you have long-range aviation, you have stand-off missile capability, you have penetration capability, you've got potential prompt global strike in a conventional intercontinental ballistic missile or conventional Trident missile, you've got electronic attack, you've got ISR pieces of it.

Fundamentally, the question is: Do we as an Air Force need to have a lone wolf? Or can we, like we suggest to other elements of the joint team, rely on other means to support our mission so that our platform doesn't have to be quite as exquisite? Again, that is an advantage of looking at this as a portfolio, as a family of systems that may allow us, at least up front, to have a machine that will accomplish the tasks required but not be so well-equipped that it can do it exclusively by itself.

The independent variable on all this will be cost. What I am trying hard to do is to move us beyond - and to move both our acquisition community, our requirements community - beyond wishful-thinking mode. The reality is that cost is going to be an issue. It may be that, to some degree, we will have to design to cost.

<http://www.defensenews.com/story.php?i=4617346&c=FEA&s=INT>



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Events

Air Force Global Strike, CIC Plan Symposium

Shreveport Times, May 10, 2010

The Cyber Innovation Center and Air Force Global Strike Command will co-host the first Air Force Global Strike Command Technology and Innovation Symposium at the Shreveport Convention Center Nov. 16-17.

The symposium will be held in conjunction with the Air Force Global Strike Command Global Strike Challenge, successor to "Bomb Comp," and is being advertised as "an opportunity to develop relationships and exchange ideas with Industry and Academia that support the Air Force's newest command."

The symposium will focus on concepts within the nuclear enterprise essential to supporting the AFGSC mission. Symposium attendees will be offered topics that include educating the next generation of Air Force nuclear experts, nuclear safety, and research and development updates. There also will be forums and panel discussions with presentations from Air Force and Department of Defense officials instrumental in the formation of Air Force Global Strike Command.

Planning, selection of speakers and event details are still in progress. For more information, call JoAnn Marshall at (318) 678-6603.

<http://www.shreveporttimes.com/article/20100513/NEWS01/5130335/1060/news01>

Cybersecurity

Gen. Keith Alexander Confirmed to Head Cyber-Command

By Ellen Nakashima, The Washington Post, May 11, 2010

Keith B. Alexander, director of the National Security Agency, has been confirmed to head a new military command that will be capable of launching attacks against enemy computer networks.

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A voice vote in the Senate on Friday elevated the career military intelligence officer from a lieutenant general to a four-star general. Alexander, 58, has headed the government's largest electronic espionage agency since 2005.

The Pentagon's cyber-command will be located at Fort Meade, NSA's headquarters, to take advantage of that agency's expertise in penetrating adversaries' networks as well as defending the military's systems. The command, which will fall under U.S. Strategic Command in Nebraska, is scheduled to be fully operational in October.

Pentagon spokesman Bryan Whitman said that the department is pleased with the Senate's confirmation of Alexander, adding that "Gen. Alexander brings a wealth of experience and expertise to address the many security challenges facing the Department in this domain."

At his confirmation hearing last month before the Senate Armed Services Committee, Alexander said the prospect of cyberwarfare is real, but likely would exist as part of a larger military campaign. He also said that the command must be ready to assist the Department of Homeland Security in a cyber-crisis affecting critical industries, such as the power and financial sectors. The most difficult problem in a crisis, he said, will be figuring out how to coordinate DHS, Pentagon and industry.

President Obama nominated Alexander to head the command in October. His confirmation had been delayed by questions on the Hill over exactly what the command's roles, authorities and operational scope would be. But at Alexander's hearing, committee members from both parties expressed confidence he would be confirmed -- even though the administration has not fully resolved policy issues governing offensive action in cyberspace.

<http://www.washingtonpost.com/wp-dyn/content/article/2010/05/10/AR2010051005251.html>

Tanker

USAF Declines to Give KC-X Award Date

By John Reed, Air Force Times, May 12, 2010

Senior U.S. Air Force officials on Wednesday declined to answer lawmakers who wanted to know when the service will pick a winner in the KC-X tanker contest.

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"I'm very concerned about the discussion about a projected contract start date of Nov. 12 when there's no projected award date that I know of yet and the entire acquisition process continues to be hampered by delays," said Sen. Patty Murray, D-Wash., at a Senate Appropriations Committee hearing on the Air Force's 2011 budget. "How can the Air Force talk about tentative start dates when they haven't projected an award date yet and seem sort of uncertain about when that will be?"

Air Force Secretary Michael Donley responded, "Based on our experience in this RfP [request for proposal] and previous RfPs, the judgment was it's best not to pin down exactly when the contract award would be. We'll leave that to the source selection authority."

Donley noted that the deadline for bids is July 9, and repeated the Pentagon's message that the service will "have ample time to review proposals."

In late March, the Pentagon changed the May 10 deadline so that EADS could put together a solo bid following the departure of its former KC-X partner Northrop Grumman. Pentagon officials said at the time they would accelerate the bid evaluation process in order to meet the original contract award target date of "early fall."

Last week, Pentagon Press Secretary Geoff Morrell reiterated that the KC-X contract would be awarded sometime in the fall.

On April 29, the Pentagon crossed out the term "contract award date" and its corresponding date of Aug. 16 in the KC-X RfP and replaced the term with the words "contract start date" and a new deadline of Nov. 12. It did not explain the difference between the two.

Morrell described the term "start date" as an arbitrary deadline to help contractors prepare their master schedules.

http://www.airforcetimes.com/news/2010/05/defense_tanker_date_051210/