



The Principi Group

July Florida Monthly Advocacy Report

For the period July 1-31, 2014

1. Washington DC Insights

a. Budgets

- The Administration submitted budget amendments on June 26, 2014 for DOD and the Department of State and Other International Programs (State/OIP) to fund Overseas Contingency Operations (OCO) in Afghanistan and the Middle East. These amendments (which are off budget) would provide \$58.6 billion for DOD OCO activities, which is \$20.9 billion less than the \$79.4 billion placeholder for DOD OCO in the FY 2015 Budget. It would also provide \$1.4 billion for State/OIP OCO activities, which is in addition to the \$5.9 billion for State/OIP included in the FY 2015 Budget.

- The OCO request also includes \$1 billion for an European Reassurance Initiative (ERI) to provide temporary support to bolster the security of NATO allies and partner states in Europe by increasing military exercises, training, and presence in Europe, especially in Central and Eastern Europe, increasing U.S. naval force deployments to the Black and Baltic Seas, enhancing U.S. preparedness to reinforce NATO allies through the prepositioning of equipment, improving infrastructure at training and logistics facilities, especially in Central and Eastern Europe, and strengthen the capacity of partner states in Europe to operate alongside the United States and NATO and to defend their security.

- The Administration followed the OCO request with another emergency supplemental request for \$3.7 billion to address the urgent humanitarian situation in the Rio Grande Valley areas of the southwest border. This request also includes \$615 million for emergency wildfire suppression activities for FY 2014 and a new discretionary cap adjustment for wildfire suppression operations starting in FY 2015.

- The Senate Appropriations Committee passed a \$549.3 billion spending plan for the Defense Department's fiscal year 2015 base budget and Overseas Contingency Operations fund, which includes a major boost to Navy aviation but big cuts to the Army and Air Force aviation accounts, as well as sizable gains for Navy shipbuilding and Army ground vehicles. The Senate rejected House efforts to buy two additional F-35s, one additional P-8A Poseidon, one E-2D Hawkeye and one UH-1Y/AH-1Z beyond the Pentagon's request.

- As previously reported, the fiscal year 2015 budget request includes a new proposal by the Navy to remove 11 Ticonderoga-class guided missile cruisers and three amphibious dock landing ships from the operational fleet and lay them up for several years under a

phased modernization plan. The Senate Appropriations Committee (SAC) opined that “this proposal does not conform with direction provided in the Fiscal Year 2013 National Defense Authorization Act, the Fiscal Year 2014 National Defense Authorization Act, the Department of Defense Appropriations Act, 2013, and the Department of Defense Appropriations Act, 2014. The Committee notes that the Navy’s proposal removes more Ticonderoga-class guided missile cruisers and amphibious dock landing ships from the operational fleet than previously proposed, relies on the congressional defense committees providing additional financial management and acquisition authorities, and the Navy’s budget plan does not contain full funding in the outyears for this proposal.” Therefore, “the Committee does not support the Navy’s proposal due to concerns over the duration of the proposed lay-up period for several of the ships, the additional authorities required, and severe doubts as to whether the Navy would execute the phased modernization plan as proposed given the volatility in Navy budgets in recent years.”

- The House version of the Defense Authorization Bill has some plus ups from what the Administration asked for in the “Facilities Sustainment, Restoration, and Modernization” account. The Senate also added money in their version of the bill that has come out of committee but is waiting to be introduced on the floor. Specifically:

- Army FSRM – The House added \$179,143,000, the SAC-D increased Army FSRM by \$383,522,000 - an increase over House by over \$204 mil
- Navy FSRM - The House added \$148,350,000, the SAC-D increased Navy FSRM by \$111,104,000 - a decrease from House + by over \$37 mil
- USAF FSRM – The House added \$145,359,000, the SAC-D increased USAF FSRM by \$151,159,000 - an increase over House + by \$5,800,000]

If this holds on the Senate side and in conference, it would be welcome news to our installations that have seen devastating cuts in that while budget pressures will continue, their cuts will not be as drastic as in the President’s budget.

b. Committees

- In a hearing on July 16, 2014 before the House Armed Services Committee, ADM Sandy Winnefeld, Vice Chairman of the Joint Chiefs of Staff and other top Department of Defense leaders proposed expanded use of the OCO, saying it could offer relief to mandatory military budget cuts as threats rise in the Middle East and eastern Europe... “The military sees the OCO money as a way around a spending crunch caused by mandatory sequestration cuts imposed by Congress. So far, lawmakers in the House and Senate have not supported Pentagon efforts to slim personnel costs and end some ship and aircraft programs. If the supplemental money disappears, ‘you will have a broken force at the end of the day,’ Winnefeld said. ‘We will not be able to execute even close to what the strategy calls for us to do.’ In contrast, CM Paul Ryan of the House Budget committee warned in a hearing on the OCO on July 17, 2014 that “OCO funding can’t become a slush fund....There is widespread agreement on this committee that we need to carefully budget for our war-time needs and also that the war-funding designation must not become—in the words of the ranking member—‘a slush fund.’ If the Defense Department does not have enough resources to meet our defense needs, then we should increase the base defense budget. We should not use a temporary authority to pay for our long-term needs.”

- The Senate Armed Services Committee (SASC) is still waiting for floor time from the Senate Majority Leader to debate the bill. There are currently 89 amendments filed on the Bill, none from the Florida delegation.

Senator Levin, the retiring Chairman of the SASC delivered comments on the Senate Floor on June 11 2014 with the Ranking Member, Sen. Jim Inhofe, their hope to bring the bill to the Senate floor as soon as the Senate schedule allows. They are asking for amendments to be filed prior to the August recess as a way to avoid last year's controversy where Senators were unable to take up the bill and vote on any amendments. There is wide speculation that the Senate is more concerned with progress on other issues important to the reelection prospects of vulnerable Democrats and will hold off on debating the NDAA until after the mid-term elections in November.

As for potential Senate amendments to the FY15 NDAA that might impact Florida, the amendment provided in a previous report that would authorize the Secretary of the Air Force to convey to the City of Lynn Haven, Florida approximately 144 acres of the former Lynn Haven Fuel Depot in Bay County, Florida has not yet been filed. It is anticipated that the Air Force will concur with the language, it would most likely be adopted as part of a manager's package when the FY15 NDAA is considered on the Senate floor.

Rep. Randy Forbes (R-Va.), chairman of the House Armed Services' Seapower and Projection Forces Subcommittee, slammed the Navy's plan to save \$4.7 billion by taking 11 guided missile cruisers out of service for modernization. Forbes faulted the proposal during a recent hearing, saying there is no guarantee the ships would return to service since the money needed to update the cruisers may not be available. "I don't think this is a phased modernization plan," Forbes said. "I think this is a phased euthanization plan, because when those ships go into dry dock, we have no assurance they're coming back." Three of the 11 cruisers destined for lay-up are homeported in Mayport.

c. Other:

- Sen Nelson and other Members of the Florida delegation have raised concerns and opposition to the Administration's decision to allow seismic testing off Florida's East Coast.

"Obviously you cannot have oil drilling where we are dropping the first stages of our military and civilian rockets launched at the Kennedy Space Center and the Cape Canaveral Air Force Station," said Nelson in a press statement released by his office. **This is a reference to the Eastern Range.** Senator Nelson is a long-time opponent of allowing oil rigs to operate close to Florida's coast, citing the state's dependence on pollution-free waters for its tourism-driven economy and the vital military training areas off of Florida. *"Drilling off Florida's Atlantic coast is unwise and impractical,"* Nelson added. *"It could interfere with the military operations off of Florida's northeast coast, not to mention the environmental hazard that drilling would pose."*

2. Military Services/Programs

- The Pentagon announced on July 3 that the entire F-35 Joint Strike Fighter fleet was being grounded after a June 23 runway fire at Eglin Air Force Base in Florida. According to congressional and defense sources, the incident happened right before the F-35A -- the Air Force variant -- lifted off the ground. The pilot was able to abort the takeoff and get out of the plane in time.

US Senate Armed Services Committee members reacted to the latest F-35 setback with more resignation than anger. The engine fire occurred on a runway at Eglin Air Force Base in Florida, from which Democratic Sen. Bill Nelson hails. "They'll get it fixed," Nelson told reporters. Committee Ranking Member Sen. James Inhofe, R-Okla., said the fire and subsequent grounding "should not, in my opinion, affect the future of the program." Asked if the program is simply too big to fail, Inhofe replied: "It's too modern to fail." Panel member Sen. John McCain, R-Ariz., expressed the most frustration among members saying "the F-35 program, often over-budget and behind schedule — and the most expensive in Pentagon history — is the worst example "of the military-industrial-congressional complex." The Pentagon intends to spend roughly \$399 billion to develop and buy 2,443 of the planes. However, over the course of the aircrafts' lifetimes, operating costs are expected to exceed \$1 trillion.

While no one is predicting any drastic changes to the program, defense and congressional sources said the F-35's current engine problems could lead to a revival of the battle over whether General Electric and Rolls Royce should build a second engine for the plane. The effort had been deeply controversial within the Pentagon, where senior leaders like then-Defense Secretary Robert Gates derided it as a waste of taxpayer money. The effort was finally killed by Congress in 2011. If it turns out that there is a serious problem with the Pratt & Whitney engine, though, you can expect to see an effort from GE-Rolls Royce.

On July 15, 2014 The Pentagon approved the F-35 to resume limited flying clearance that includes an engine inspection regimen and a restricted flight envelope which will remain in effect until the root cause of the June 23 engine mishap is identified and corrected. A preliminary investigation concluded that the fire was sparked by excessive rubbing of blades within the P&W engine. Secretary Frank Kendall, Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L), said on July 13, 2014 he didn't think it was a systemic fault.

-Marine Corps F-35Bs will not complete movement from Eglin to Beaufort, SC, until March 2015, a delay from previously planned dates.

- The Army recently released the update to the US Army regulation AR 5-11 effective 30 June 2014. There are very significant changes in this update. One of the most significant is the Modeling, Simulation, and Training (MS&T) management reorganization and the commitment of senior officials and General Officers assigned to lead MS&T divisions and initiatives. A clear sign that the US Army is placing a continued emphasis on the importance of the effective and efficient use of MS&T solutions. A summary of changes is attached.

3. Installations

- The federal Bureau of Ocean Energy Management (BOEM) held a pair of meetings in Panama City to solicit public comment on a proposal to open up new areas in the Gulf of Mexico for natural gas and oil production. The meeting was the first of several scoping meetings scheduled along the Gulf Coast this week as the agency begins development of a supplemental environmental impact statement, which will analyze the environmental and socioeconomic impacts of oil and natural gas leasing, exploration, development and production at the two proposed sites.

Gary Goeke, chief of BOEM's environmental assessments section, said the Gulf is a very active oil and gas province for the federal agency, which is responsible for overseeing oil and gas development on the outer continental shelf.

The leased sites under discussion are west of the Military Mission Line and do not impact the Gulf Range.

BOEM is also looking at doing sonic testing off the Atlantic Coast from FL to VA. The Navy is in ongoing discussions with BOEM. They are well aware of this and are actively involved in the discussion. As noted above, SEN Nelson and other members have expressed concerns regarding seismic testing off the east coast of Florida.

- F-35 Record of Decision (ROD) - After completing the Supplemental Environmental Impact Statement for the F-35 bed down at Eglin AFB, a Record of Decision was signed for F-35 training, selecting the No Action Alternative for basing the 59 F-35 aircraft at Eglin AFB main base.

The Air Force will implement the No Action Alternative, which includes operational limitations imposed to reduce noise over the City of Valparaiso. Specifically, Runway 12/30 will remain the primary runway at Eglin Main Base for F-35 operations. Runway 01/19 will only be used for takeoffs to the south, landings to the north, or for operations necessary for emergencies, unplanned contingencies, and weather affecting aircraft performance limitations and requirements.

"The Air Force listened to the community's concerns and worked hard to find a solution that meets mission requirements and also reduces noise impacts," said Kathleen A. Ferguson, Principal Deputy Assistant Secretary for Installations, Environment, and Energy. The No Action Alternative is the environmentally preferred alternative.

- Recently, "the 919th Special Operations Wing welcomed the 2nd Special Operations Squadron, its remotely piloted aircraft unit, to the Emerald Coast. The 2nd SOS, comprised of about 140 Air Force reservists formerly located at Nellis Air Force Base, Nev., began RPA operations in its new facility at Hurlburt Field, Fla., June 14. The 2nd SOS Airmen are associated with their active-duty counterparts in the 3rd SOS, who are assigned to Air Force Special Operations Command's 27th SOW at Cannon AFB, N.M. Along with the change of location, the squadron changed its aircraft as well, transitioning from the MQ-1 Predator to the MQ-9 Reaper aircraft a couple of months ago. The squadron's arrival is great news for Hurlburt Field and the community.

The Navy is expanding its support infrastructure at Naval Station Mayport, Fla., to accommodate eight littoral combat ships (LCSs), all of which will be of the single-hull Freedom class.

LCS Squadron Two, the parent squadron of the ships, is overseeing the build-up, which by 2016 will include an LCS Support Facility, LCS Training Facility, Integrated Tactical Trainer, and Mission Module Readiness Center.

The LCS Support Facility also will serve as headquarters for LCS Squadron Two. The build-up is expected to add 700 Sailors to Mayport.

- The USAF announced changes to its headquarters' organization, including formation of the Air Force Installation and Mission Support Center. See attached official USAF news releases on the topics including a map showing authorization reductions by base and location. The map indicates a loss of 22 positions at Air Force Special Operations Command at Hurlburt Field.

4. Other Federal activities/impacts

- None significant in this period

Attachment 1

SUMMARY of CHANGE

AR 5-11

Management of Army Modeling and Simulation

This major revision, dated 30 May 2014-

- o Changes the name of the regulation from Management of Army Models and Simulations to Management of Army Modeling and Simulation (cover).

- o Introduces the Army communities enabled by modeling and simulation. These communities are referred to by their functional alignment, such as the Acquisition Community, Analysis Community, Experimentation Community, Intelligence Community, Test and Evaluation Community, and Training Community (para 1-1).

- o Establishes the acronym M&S to mean only "modeling and simulation." Other uses of the terms model, models, simulation, or simulations are spelled out without abbreviation (para 1-3b).

- o Assigns the Deputy Chief of Staff, G-8 as the proponent for Army modeling and simulation (para 1-4b(1)).

- o Assigns responsibility to the Director, Center for Army Analysis to perform coordination and collaboration across Army communities and functional areas enabled by modeling and simulation (para 1-4b(3)(a)).

- o Prescribes the designation of a general officer/senior executive service "community lead" for each Army community enabled by modeling and simulation (paras 1-4a(1), 1-4b(4), 1-4d(1), 1-4e(1), 1-4h(1), and 1-4j(1)).

- o Introduces the Army modeling and simulation management framework and the three components of governance, guidance, and execution (para 2-1a).

- o Describes the concept of Army communities enabled by modeling and simulation (para 2-1b).

- o Describes the modeling and simulation governance (paras 2-2 through 2-4).
- o Prescribes the functions of Army Modeling and Simulation Office (paras 2-5a through 2-5g).
- o Introduces the concept of enterprise-level modeling and simulation guiding priorities and principles (para 2-6c).
- o Updates policies and processes (chaps 3 through 7).
- o Adds a section on releasing of Army models and simulations (app B).
- o Adds an internal control evaluation (app C).
- o Makes administrative changes (throughout).

ATTACHMENT 2
OFFICIAL USAF PUBLIC RELEASES CONCERNING CHANGES TO HEADQUARTERS
ORGANIZATIONS AND FORMATION OF THE AIR FORCE INSTALLATION AND
MISSION SUPPORT CENTER

Air Force Announces Changes to Headquarters Organization

/ Published July 14, 2014 **WASHINGTON (AFNS)** -- Air Force leaders announced changes to headquarters staff manning and organization today.

The Air Force will create efficiencies by deactivating and realigning organizations at Headquarters Air Force, Major Commands, Numbered Air Forces and Field Operating Agencies, resulting in savings of \$1.6 billion across the Air Force in the next five years.

"I will work to ensure the world's best Air Force is the most capable at the lowest possible cost to the taxpayer," said Secretary of the Air Force Deborah Lee James. "Everyone knows our economy is still not where it should be; we have a responsibility to ensure that every dollar adds value to the taxpayers and our national defense."

The changes are a result of a comprehensive effort to reduce overhead costs, increase efficiencies, eliminate redundant activities and improve effectiveness and business processes (also known as Air Force Management Headquarters Review). The efficiencies created through the reorganization will also help meet the Department of Defense's directive to reduce costs and staff levels by at least 20 percent, eliminating 3,459 positions at headquarters across the Air Force, both in country and at overseas locations. As part of ongoing cost savings initiatives, the Air Force will also continue to reduce contract spending, operating budgets and travel expenditures.

To minimize the effect on civilian personnel, the Air Force will initiate Voluntary Early Retirement Authority programs and Voluntary Separation Incentive Pay to foster voluntary reductions before pursuing involuntary measures. As part of ongoing efforts to responsibly shape the force, military members were offered a variety of voluntary incentive programs.

"We are aggressively pursuing reductions within the first year, rather than spread them out over five years as allowed by DoD," said James. "It's better for Airmen because it provides them predictability and allows us to re-stabilize our workforce

sooner. It also allows us to harvest the savings earlier so that we can plow it back into readiness and some of our key modernization programs.”

The Air Force’s goal is to go beyond the 20 percent reduction mandated by the DoD so any additional savings can be achieved from staff functions above the wing level, and set to provide additional combat capability to the combatant commanders.

“The current and projected fiscal climate make it essential to centralize management and streamline support to the maximum extent possible in order to improve efficiency and effectiveness, as well as deliver more standardized levels of service across the Air Force,” Booth said. Support functions currently spread across the MAJCOMs’ staffs will be centralized at the AFIMSC.

Also, the current programming functions from A8 will be merged into the service’s financial management organization (FM).

“The Air Force has been making incremental changes in our business practices for the last several years, but we must change the way we are doing business if we are to meet the Air Force’s goal to reduce staffing functions by more than 20 percent,” explained Bill Booth, Air Force’s Acting Deputy Chief Management Officer. “Reducing higher headquarters’ staffs means we can save money that can be re-invested in getting ready for combat missions at the wing level.”

The largest initiative will include centralizing policy and oversight of installation and mission support activities within a newly created Air Force Installation and Mission Support Center, which will report to Air Force Materiel Command. Execution will remain at the local level.

The Air Force will also make changes to the Headquarters Air Force staff organization by splitting Operations, Plans and Requirements (A3/5) and Strategic Plans and Programs (A8) and reorganizing them into the new Operations (A3) organization which will stand alone and merge the planning staffs into the new A5/8 organization.

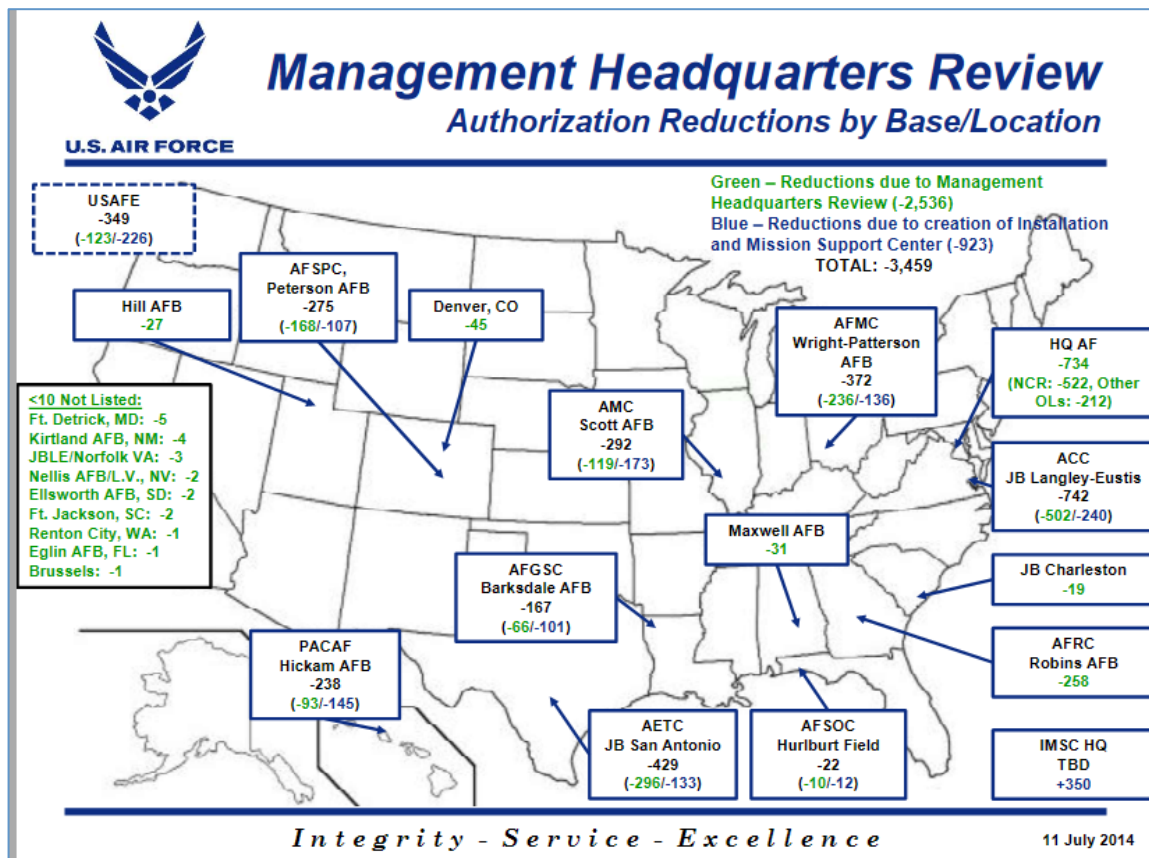
“We will now have an organization, A5/8, that is responsible for developing, managing and constantly assessing an Air Force strategy that is bounded by long-range resource projections and another organization, FM, that deals primarily with the day-to-day budget activities involved in running the Air Force,” Air Force Chief of Staff Gen. Mark A. Welsh III explained. “Keeping organizations aligned will ensure we keep moving towards our long-range strategic goals despite the short-term budget upheaval we face regularly.”

The Air Force will also realign several functions that currently report to the headquarters in an effort to better support combatant commanders and realign some field operating agencies to operational MAJCOMs, merge FOAs with similar missions and deactivate others.

The Air Force Intelligence Surveillance and Reconnaissance Agency is also being realigned from Headquarters Air Force as a FOA to become part of a new operational numbered air force under Air Combat Command.

Realigning the Air Force ISR Agency into the new 25th Air Force within ACC ensures warfighting commands will have the best possible intelligence from integrated national and tactical ISR capabilities, while appropriately realigning operational activities and "organize, train and equip" responsibilities of the AF ISR Agency from execution by Headquarters AF to a MAJCOM.

(Information courtesy of Secretary of the Air Force Public Affairs)



Air Force Creates Air Force Installation and Mission Support Center

/ Published July 14, 2014 WASHINGTON (AFNS) --

The Air Force is centralizing its installation support management within a newly created Air Force Installation and Mission Support Center, Air Force officials announced July 11.

The change resulted from a comprehensive effort to reduce overhead costs; increase efficiencies; eliminate redundant activities; improve effectiveness and business processes; and will help meet the Defense Department's directive to reduce costs and staff levels by at least 20 percent.

"This is a fundamental paradigm shift in how the Air Force has historically controlled and delivered installation support capabilities," said Bill Booth, the Air Force's acting deputy chief management officer. "As we look ahead to 2023, this new command structure will focus on consolidating installation support responsibilities from the Headquarters Air Force, major commands and multiple field operating agencies."

The Air Force currently delivers installation support capabilities through a decentralized control, decentralized execution concept of operation. Consequently, each MAJCOM developed staffs and often created unique processes for the same functions, generating duplication of effort and inefficiencies.

"The current and projected fiscal constraints have driven the Air Force to make strategic decisions to reduce its size while retaining its combat effectiveness. Centralization of management support to the maximum extent possible improves our efficiency and effectiveness in providing installation and expeditionary combat support capabilities to our wing commanders and mission partners, and delivers more standardized levels of service across the Air Force," Booth said. "While efficiency is our goal, we will not lose sight that installations are combat platforms for the Air Force; we deliver Global Vigilance, Global Reach and Global Power from our installations in garrison and at deployed locations around the world."

(Courtesy Secretary of the Air Force Public Affairs)