Overview

- Vision
- Guiding Principles
- Across the FYDP
- FY15 President’s Budget (PB) Request
- FY15 Opportunity, Growth and Security Initiatives
“In this constrained budget environment, we will continue to look for ways to reduce overhead, improve efficiency and maximize combat power, but we must do so in a deliberate manner after careful consideration of how best to ensure this department is able to carry out its mission of defending the nation.”
Honorable Chuck Hagel, Secretary of Defense
December 2013

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Honorable Chuck Hagel, Secretary of Defense
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“Tomorrow’s Air Force has to be the most agile, credible, and affordable total force team capable of meeting what our Combatant Commanders need.”
Honorable Deborah Lee James, Secretary of the Air Force
January 2014

“We have a dilemma immediately in the Air Force of do we want a ready force today or a modern force tomorrow? That’s the dilemma. You can’t have both. And so you’re looking at a balance going forward between capability, capacity, and readiness.”
General Mark A. Welsh III, Chief of Staff of the Air Force
December 2013
AF 2023

- Provide the Nation with Global Vigilance, Global Reach, and Global Power
- With innovative Airmen who are highly trained, well-equipped and always ready
- Respond in hours not days
- Fly, fight & win from home to anywhere on the globe
- Win against any adversary in a highly contested environment

FY15 PB Guiding Principles

- We must remain ready for the full-spectrum of military operations by providing Airmen with the right training and equipment
- When forced to cut capabilities (tooth), we must also cut the associated support structure and overhead (tail)
- We sought to maximize the contribution of the Total Force
- Our approach will focus on the unique capabilities the Air Force provides the joint force, specifically against a full-spectrum, high-end threat

Informed by national defense requirements and Combatant Commanders’ expectations of their Air Force
Tough Choices…
Striking the Balance

First: Seek efficiencies and cut overhead
- Reduce major headquarters operating budgets to achieve savings
- Support military compensation recommendations
  - Re-invest savings into readiness and quality of work/life
- Take risk in military construction, facility sustainment and installation support
- Limits on TDYs and contract services continue

Second: Balance capability, capacity and readiness
- Divest fleets (A-10 & U-2) to achieve maximum savings
- Reduce some tactical fighters, command and control, electronic attack and intra-theater airlift
- Favored funding new capabilities over upgrading legacy equipment

Bottom line, keep no more force structure than we can afford to keep ready…requires tough choices to absorb billions in reductions

“We're going to build the most capable AF against a high-end threat that is affordable in 2023. To do that we'll have to balance capability, capacity, and readiness.”

- Gen Welsh, December 2013
FY13 Recap

- Flying units stood down: ~1/3 active duty fighter & bomber units stood down and not ready
- Civilian furlough (6-days) and hiring controls
- Limited facility repairs and upgrades
- Deferred depot maintenance and engine inductions
- Emergency congressional reprogramming of $1.7B addressed OCO shortfall
- Freed baseline funds for flying hours, weapons system sustainment (WSS), critical MAJCOM requirements & operations not covered under OCO

FY14 Update

- BBA provides gradual path to readiness recovery
  - Returned flying hours & WSS to near FY14 PB
- Allows limited relief for civilian hiring freeze
- Preserves top three recapitalization programs (KC-46A, F-35A & LRS-B)
- Sustains multi-year contracts (C-130J & CV-22) to avoid increased costs
- Supports key modification / munition programs
- Provides funds to support force management actions

“...if we’re not ready for all possible scenarios, we’ll be forced to accept what I believe is unnecessary risk, which means we may not get there in time, it may take the joint team longer to win, and our people will be placed at greater risk.” Gen Welsh, September 2013
At FY15 PB Levels:
- Still required to make strategic choices
  - Fleet divestitures (e.g. A-10)
  - Force Management Programs
- Maintains Flying Hours and WSS funding to continue on gradual path to recovery of full-spectrum readiness
- Supports readiness components: ranges, simulators, exercises (Red Flag), training pipeline (weapons school)
- Protects investments in Primary Fighter Trainer (T-X) and the next generation of Space Based Systems (e.g., AEHF, SBIRs, Space Fence, Weather System Follow-on)
- Preserve top recapitalization programs (KC-46A, F-35A, LRS-B)
- Accelerates munitions inventory recovery

At Sequestration Levels:
- Reduces tanker and ISR capacity
  - Divests KC-10A and RQ-4 Block 40 fleets
  - Reduces steady state ISR orbits (to 45)
- Reduces investment in new capability:
  - KC-46A, F-35As & MC-130J
  - Cuts S&T funding and investment in new jet engine tech
  - Halts radar, ISR sensor, comm modernization programs
- Slows readiness recovery due to cuts in WSS/ranges
- Compounds existing facility erosion
- Defers even more legacy fighter modification
- Stalls munitions stockpile recovery, reducing ability to meet national defense requirements

Sacrifices capacity to meet minimum capability requirements

Less ready, less capable, less viable... unable to fully execute defense strategy
Without time and approval to reduce capacity, we can’t avoid cuts to readiness or future capability.
Military Personnel

**Force Reductions:** Driven by the divestiture of associated force structure / weapon systems, headquarters realignment & rebalancing of aircrew-to-cockpit ratios in a post-Afghanistan environment

- Reduces end-strength authorizations from 503K to 483K

**Force Management:** Targeted programs to meet end strength; focused first on voluntary separations / retirements, then involuntary measures

**Military Compensation / Health Care Benefit:** Proposed reforms avoid deeper reductions to force structure, readiness and modernization

- Basic Pay raise held at 1.0% increase, General Officer pay frozen
- Basic Allowance for Housing held to 1.5% increase

"Our people are very proud of who they are and what they do. They love being the best in the world at it and they want to remain that way." Gen Welsh, December 2013
# Operations & Maintenance

<table>
<thead>
<tr>
<th>Category</th>
<th>FY14 Enacted</th>
<th>FY15 PB</th>
<th>Delta</th>
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<td>0.3</td>
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<td>5.7</td>
<td>(0.6)</td>
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<tr>
<td>Logistics Ops &amp; AF Wide Support</td>
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<td>(0.2)</td>
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<tr>
<td>Training &amp; Recruiting</td>
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<td>0.9</td>
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<tr>
<td>Mobility Forces</td>
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<td><strong>($0.7)</strong></td>
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On the path to readiness recovery to support full spectrum combat operations for AF 2023

### Flying Hours

- **FY13**: $6.2 billion, **FY 15 PB**: $7.6 billion
- **FY14 Enacted**: $7.6 billion

### Civilian Pay

- **FY13**: $10.6 billion, **FY 15 PB**: $11.0 billion
- **FY14 Enacted**: $10.8 billion

### WSS

- **FY13**: $8.7 billion, **FY 15 PB**: $10.7 billion
- **FY14 Enacted**: $10.4 billion

### Base Support

- **FY13**: $6.9 billion, **FY 15 PB**: $5.6 billion
- **FY14 Enacted**: $6.3 billion

### Readiness:

- Funded all executable flying hours: 1.2M hours / $7.6B
- Weapon System Sustainment funded at 70% (80% w/OCO)
- Supports ISR capability for today’s fight
- Sustains required space enterprise capabilities
- Supports USCYBERCOM’s mission force
- Fully funds Nuclear Enterprise ops: ICBM, B-2 & B-52

### People / Base Operations:

- Funds SAPR billets, supports core Airmen services
  - Childcare, fitness centers and food services
- 1% civ pay increase; targeted hiring for critical skills
- Min funding for Installation Support / Facility Sustainment at 65%

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Readiness is “The right number of units, with the right equipment, trained to the right level, in the right skills, with the right amount of support and supplies to accomplish what the President tasks us to do in the right amount of time…and survive.” Lt Gen Field, HAF A3/5
Military Construction, BRAC & Military Family Housing

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<th>FY14 Enacted ($B)</th>
<th>FY15 PB</th>
<th>Delta ($B)</th>
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<tr>
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<td><strong>Total</strong></td>
<td>$1.8</td>
<td>$1.4</td>
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Funds minimum essential levels to free resources necessary to support force structure, modernization, and operational readiness requirements

Funds highest priority facility req’ts for COCOMs, Joint Partners & Total Force Airmen

- Fourth increment of the US Strategic Command Headquarters project ($180M)
- Second increment of the US Cyber Command Joint Operations Center ($166M)
- First phase of the Joint Intelligence Analysis Complex ($92M)
- Second increment of Fuel Cell Maintenance Hangar ($64M)
- Pacific Regional Training Center Combat Communications Infrastructure Facility ($3.8M), RED HORSE Logistics Facility ($3.1M) and Fire Station ($6.5M)
- Quality of Life ($14M): 72-room dormitory for unaccompanied personnel

**Air Force Reserve:** KC-135 Tanker Parking Apron Expansion ($9.8M); AFRC Consolidated Mission Complex ($27.7M); Explosive Ordnance Disposal Facility ($3.7M)

**Air National Guard:** Remotely Piloted Aircraft (RPA) Bed-down ($6M); RPA Operations Center ($5.8M); RPA and Targeting Bed-down ($9.1M) C-130 Fuel Cell and Corrosion Control Facility ($16.3M); KC-46A mission facilities ($41.9M)

**New mission bed-downs:** KC-46A ($145M); F-35A ($67M); F-22 ($14M)
Research, Development Test & Evaluation

Prioritized new capabilities over upgrading legacy platforms

Preserves top three recapitalization programs:
- Sustains design/development of LRS-B
- Maintains developmental & operational testing for F-35A’s Blk 2B & Blk 3F mods
- Continues KC-46A development and test supporting 1st flight

Invests in future technology & capabilities:
- Minimizes reductions to Science & Technology and Test & Evaluation activities
- Begins next generation JSTARS; re-enforces commitment to joint and global C2
- Funds RQ-4 viability, reliability, and sensor improvements
- Starts T-X, Primary Fighter Trainer, program to recapitalize T-38C

Made affordability tradeoffs across the FYDP:
- Delays delivery of B-2 Defensive Management System Modification
- Extends delivery of Space Based Space Surveillance follow-on by a year

"The Air Force is a high-tech force so recapitalization is a requirement to be a viable force in the mid-2020s". Gen Welsh
**Procurement**

**U.S. AIR FORCE**

Funds top procurement programs, sustains space capabilities & maintains munition inventories

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<th>FY15 $B</th>
<th>Delta $B</th>
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<td><strong>Ammunition Procurement</strong></td>
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<tr>
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<tr>
<td><strong>Total</strong></td>
<td>$16.8</td>
<td>$18.5</td>
<td>$1.9</td>
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*Numbers do not add due to rounding

**FY14**

**Aircraft**
- Funds first production lot of 7 KC-46 Tanker aircraft
- Maintains stable production ramp for F-35As (26 a/c); will increase to 60 a/c by 2018
- Preserves C-130J Multi Year Procurement; procures 13 a/c supporting SOF & mobility

**Space**
- Space Expendable Launch Capability (SELC): Reflects funding required to support launch and acquisition of National Security Space launch vehicles
- Reflects Evolved Expendable Launch Vehicle (EELV) newly negotiated contract savings
- Sustains Efficient Space Procurement strategy for AEHF & Space Based Infrared System

**Munitions**
- Increases quantity of Joint Air to Surface Standoff Missiles with extended range (JASSM-ER)
- Maintains min sustainment rates for Advanced Medium-Range Air-to-Air Missile & AIM-9X

**Other**
- Funds C2 capability for network infrastructure, communication for STRATCOM HQ and replaces end of life distributed common ground systems

"The objective is that we continue to control the skies just as we have in the decades past. …project power like no one else and extend global reach for many years to come."

Secretary James, January 2014
# Major Procurement Quantities

## AIRCRAFT

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<tr>
<th>Aircraft</th>
<th>FY14</th>
<th>FY15</th>
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<tbody>
<tr>
<td>F-35A Lightning II</td>
<td>19</td>
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<tr>
<td>KC-46A Tanker</td>
<td>0</td>
<td>7</td>
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<tr>
<td>MC-130 Recapitalization</td>
<td>4</td>
<td>2</td>
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<tr>
<td>MQ-9A Reaper</td>
<td>20</td>
<td>12</td>
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<tr>
<td>CV-22B Osprey</td>
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<tr>
<td>HC-130 Recapitalization</td>
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<td>4</td>
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<tr>
<td>C-130J Super Hercules</td>
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<tr>
<td>AC-130 Recapitalization</td>
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## WEAPONS

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<tr>
<td>JDAM</td>
<td>7,536</td>
<td>2,973</td>
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<tr>
<td>AGM-114 Hellfire</td>
<td>413</td>
<td>283</td>
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<tr>
<td>AIM-9X Sidewinder</td>
<td>225</td>
<td>303</td>
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<tr>
<td>AIM-120D AMRAAM</td>
<td>183</td>
<td>200</td>
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<tr>
<td>AGM-158 JASSM</td>
<td>187</td>
<td>224</td>
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<tr>
<td>Small Diameter Bomb</td>
<td>144</td>
<td>246</td>
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<td>Total</td>
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## SPACE

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<th>Satellite</th>
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<tr>
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<tr>
<td>Total</td>
<td>7</td>
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FY15 Opportunity, Growth and Security Initiative

- Readiness enhancements will help AF recover and position us better for “fight tonight”
- Procures 2 F-35As
- Accelerates C-130J and MQ-9 recapitalization efforts
- Funds deferred modifications for legacy fleets and more advanced platforms
- Opportunities to improve installations and accelerate MILCON

“The President’s Opportunity, Growth and Security Initiative would allow us to continue to restore and sustain readiness – helping to mitigate this risk.”
Honorable Chuck Hagel, Secretary of Defense, February 2014
Final Thoughts

- FY15 PB attempts to balance capability, readiness and capacity to support the fight tonight and a high-end fight in 2023
  - Reinvest in Airmen readiness: train, equip…core people programs
  - Begins the gradual road to recovering full-spectrum readiness
  - Shields highest-priority capabilities
  - But still forced to make difficult capacity trade-offs

- At Sequestration levels…forced to make even tougher choices
  - Global Vigilance degraded with additional loss of ISR capacity
  - Global Reach capability reduced with loss of KC-10 fleet
  - Global Power diminished with loss of additional F-35As & critical 4th generation fighter modifications

“Airmen travel where no one has ever traveled before…fly the fastest planes that have ever been built, reach the highest altitudes….and hold in their hands the most awesome destructive power that any nation or any man has ever conceived.”
President John F. Kennedy, May 1963
For more information, please visit the website below or scan the QR code for the Department of the Air Force’s budget overview:
