

UNITED STATES AIR FORCE

FISCAL YEAR 2017 BUDGET OVERVIEW

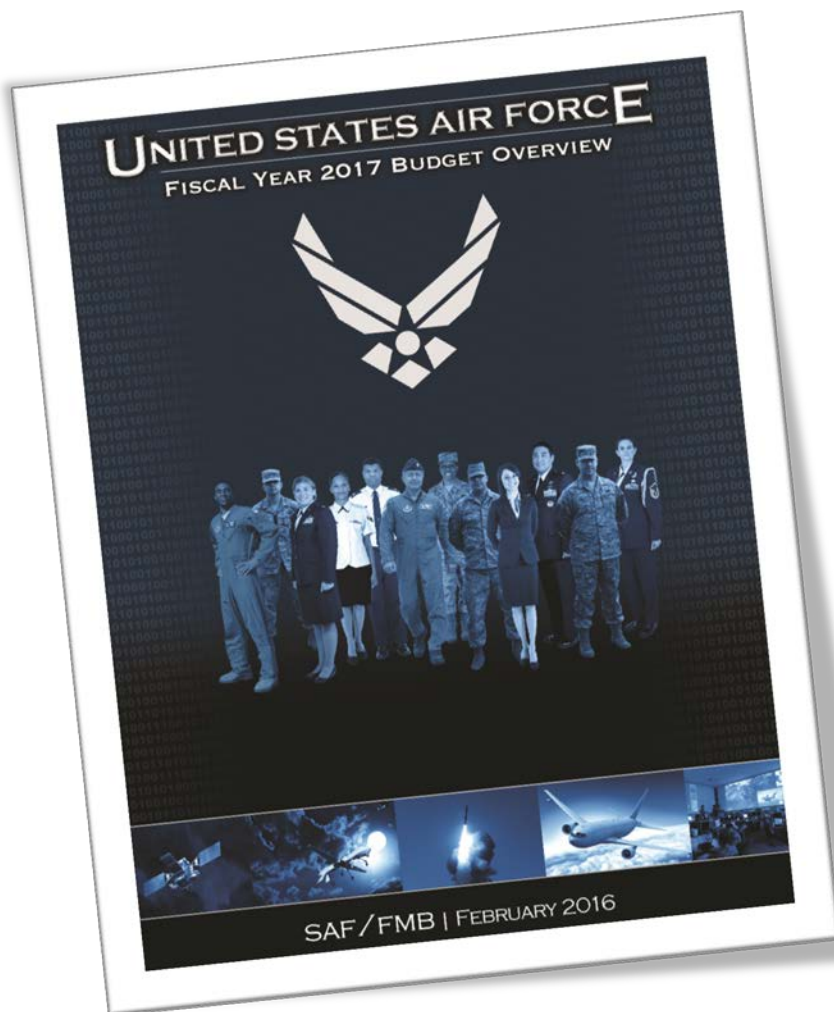


MAJ GEN JIM MARTIN | SAF/FMB | FEBRUARY 2016



U.S. AIR FORCE

Overview



- **Strategic Framework**
- **State of the Air Force**
- **FY13 thru FY16 Recap**
- **FY17 Highlights**
- **FY17 by Appropriation**
- **Final Thoughts**



U.S. AIR FORCE

Strategic Framework

NATIONAL SECURITY
STRATEGY

QUADRENNIAL
DEFENSE

The National Military Strategy
of the
United States of America
2015

The United States Military's
Contribution To National Security
June 2015

National Strategy:

Frames AF budget to support
Combatant Commanders' needs

THE
WORLD'S GREATEST AIR FORCE
POWERED BY AIRMEN, FUELED BY INNOVATION

AMERICA'S AIR FORCE:
A CALL TO THE FUTURE

GLOBAL VIGILANCE, GLOBAL REACH,
GLOBAL POWER FOR AMERICA

AIR FORCE
FUTURE OPERATING CONCEPT

A VIEW OF THE AIR FORCE IN 2035

SEPTEMBER 2015

AF Long-Term plan:

Resource-informed strategy shaped
by who we are as Airmen, what we do
and where we must go to remain
successful for the joint force



Air Force Priorities:

- Taking care of people
- Striking a balance between today's readiness & future modernization
- Making every dollar count

Air Force Budget → Built on Strategy → Built for Today → Built for the Future?



U.S. AIR FORCE

FY17 Guiding Principles to Support Core Missions

Air & Space Superiority



Global Strike



Guiding Principles for FY17

- Align choices with Defense & Air Force 30-year strategy
 - Ensure credible nuclear deterrence
- Advance space and cyber capabilities in contested environments
- Maintain an effective fighting force ready for today's fight
- Modernize the Air Force (fleet, infrastructure, concepts)

Rapid Global Mobility



Command and Control



ISR



Without Air Force capabilities, the Joint force fails...National Security at risk

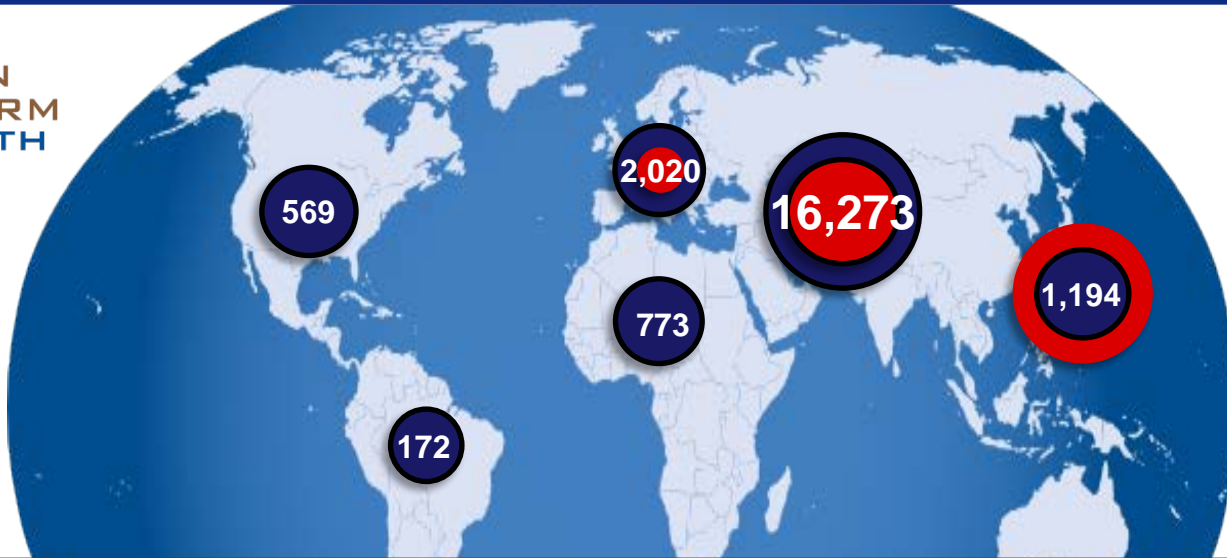


U.S. AIR FORCE



OPERATION
DESERT STORM
25TH
ANNIVERSARY
#DESERTSTORM

Delivering Global Vigilance, Reach, and Power...Daily



Where we are
vs.
What we thought
in 2012

- 205,000 Airmen directly support Combatant Commander requirements from home stations
- 20,200 Airmen deployed...80,800 stationed overseas – Active, Guard, & Reserve
- Flew nearly 1.7 million hours, equal to 194 continuous years of flying
- Delivered 1.2 billion pounds of fuel, 345,000 tons of cargo & evacuated 4,300+ injured / ill patients
- Conducted over 8,000 cyber ops – detected 29 intrusions / 1,400 anomalies investigated & closed
- Executed 9,400 ISR missions in Iraq / Syria – improved targeting with fewer civilian casualties
- Supported 25 space missions in support of National Security objectives
- 35,000 Airmen provide the bedrock of our Nation's security with credible nuclear strategic deterrence

American Airmen...amazing results, but 25 years of combat ops are taking a toll



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State of the Air Force ...Today's Reality



**1991: 946K
2017: 664K**



**1991: 8,637 a/c
2017: 5,517 a/c**



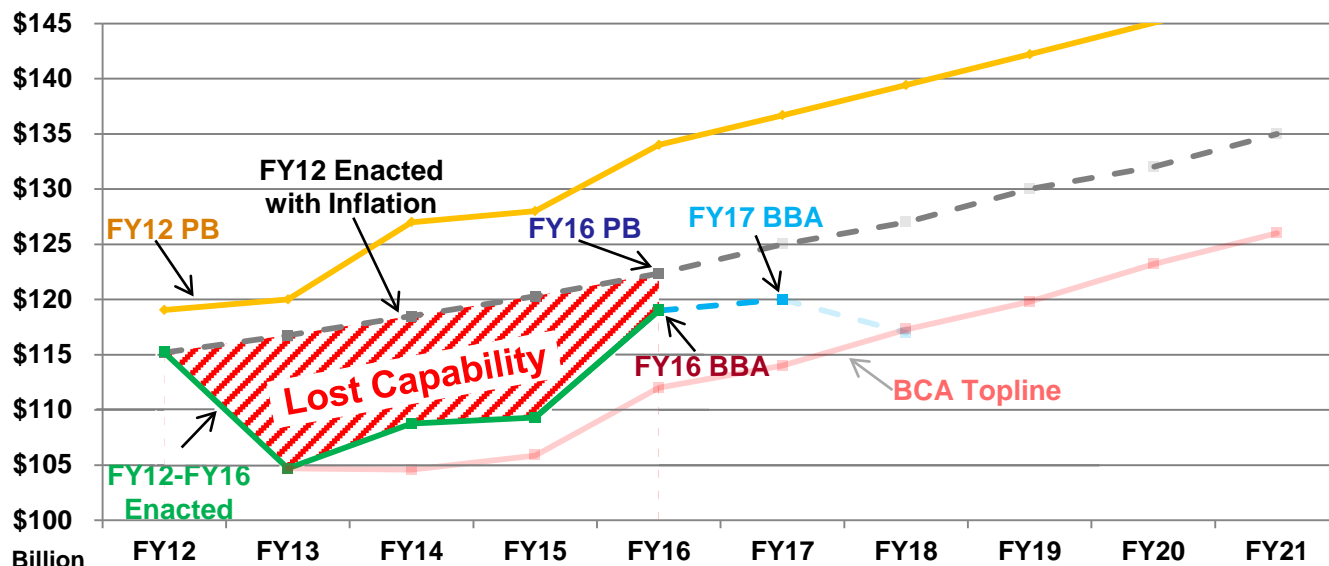
- Since Desert Storm...25 yrs of combat ops...tremendous toll on Airmen, their readiness & equipment
 - 59% fewer combat coded fighter squadrons...134 in 1991, 55 today...33 used in DESERT STORM
 - 30% fewer people...down from 946K to 664K military and civilian airmen
 - 37% fewer aircraft...from 8,637 in 1991 to 5,517 in 2017
 - Average age of a/c is 27 yrs...21 qualify for antique license plates...readiness near all-time lows
- Demand for Air Force capability is increasing...capability advantage over competitors is shrinking
 - Leading global response against ISIL in the Middle East...still heavily engaged in Afghanistan
 - Facing a resurgent Russia...watchful eye on North Korea and rising China in the Pacific
 - Competitors closing gap in space, cyber, strategic deterrence...fielding advanced air defenses & their own 5th generation aircraft

**Air Force is one of the busiest, smallest, oldest and least ready fleets in our history
...all while we continue to have unstable budget environments**



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FY13 – FY16 Recap



FY13 Sequester

- Large, immediate cuts
- Readiness dropped to levels almost as low as early 1980s
- Stood down flying squadrons for more than three months
 - Deferred aircraft & depot mx
 - Deferred infrastructure repairs
- Delayed critical modernization
- Broke faith with civilian Airmen

FY14 / 15 Bipartisan Budget Act

- Modest, temporary budget relief
- Funded readiness components
- Protected F-35A, KC-46, & LRS-B
- To pay bill...made tough choices:
 - Tried to divest force structure
 - Reduced military endstrength & Management Headquarters
- Took substantial risk in base spt, facilities, munitions & MILCON

FY16 After Bipartisan Budget Act

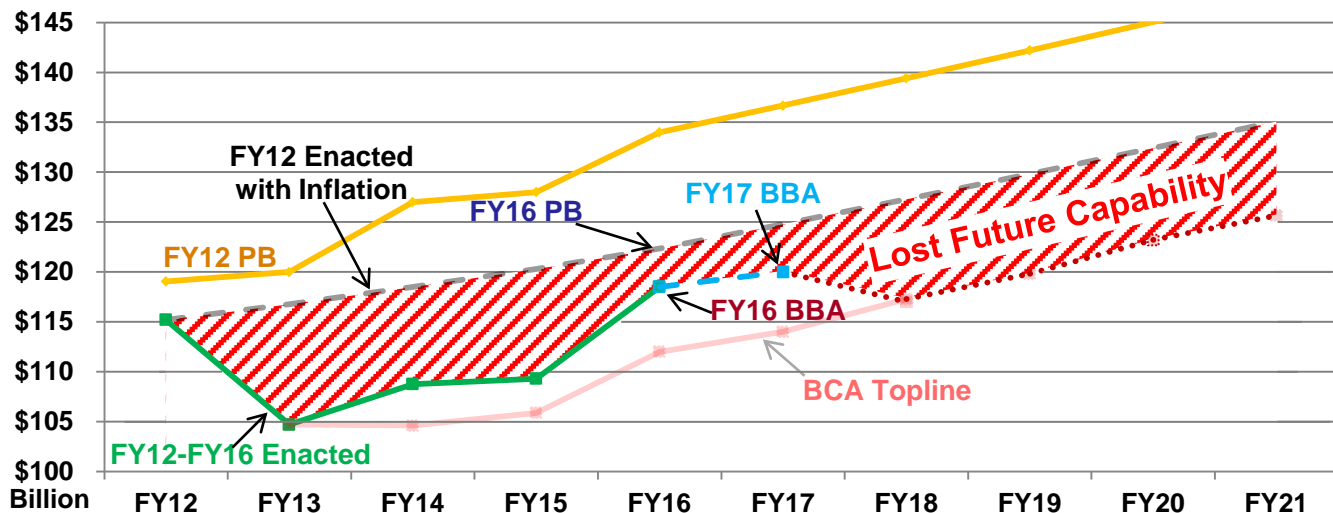
- Temporary relief w/ FY18 uncertainty
- Fund executable readiness components; other readiness impacts
- Restore force structure (A-10 / EC-130)
- Preserve F-35A, KC-46, & LRS-B
- Over 3X increase in munitions buys
- Right-size force to fill cyber, nuclear, RPA & maintenance manning shortages
- Preserve space advancements

Cumulative impact of budget cuts...our relative capability advantage is shrinking



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Across the FYDP



At FY17 BBA levels, we can:

- Sustain capacity to meet CCDR's most urgent needs & readiness for today's fight...A-10 & EC-130
- Fund readiness components (FHs, WSS, exercises, etc.)
- Procure munitions to capacity to support current operations
- Fund top recap prgms KC-46, LRS-B, but F-35A at reduced rates
- Invest in nuclear enterprise (e.g., ICBM, C3, & B-2 mods)
- Advance space capabilities & build cyber mission teams
- Improve RPA enterprise (bonuses, enlisted pilots, & 60 lines)
- Fund Combat Rescue Helicopter & AF One recapitalization
- Stabilize the force (317K)...assess capability gaps
- Leverage Total Force capabilities and capacity
- Provide civilian & military pay increases (1.6%)

Continues recovery in readiness and capacity, with modernization challenges

FY17 Funding Gap:

- Modernization: Deferred 5 F-35As & 4th Gen mods...gap closing
- Recapitalization: Delayed incremental replacement of C-130H fleet
- People: More needed to fill critical capability & capacity gaps
- Infrastructure: Continues to degrade readiness / IT / QOL impacts

FY18 BCA Potential Impacts...all bad choices:

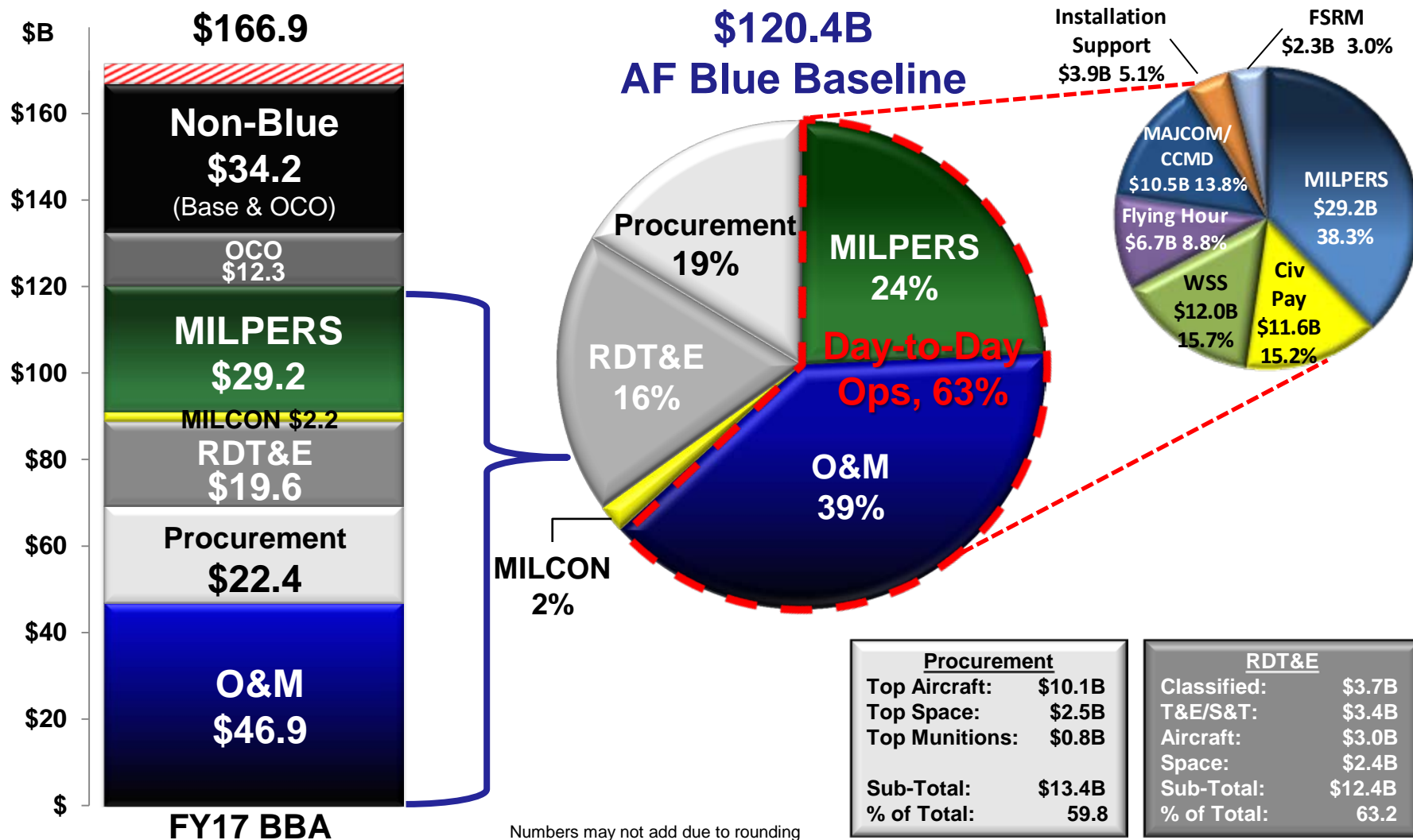
- Force structure cuts...already too small for current demand
- Delay modernization...capability advantage is already shrinking
- Halt readiness recovery...even less ready than we are today
- Defer advancements in space & cyber...already contested
- Infrastructure / base spt suffers...bow wave continues to grow
- People...delays growth & civilian hiring in critical skill sets

At BCA...too small, less capable... need budget certainty to continue recovery



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FY17 Budget Request



**Budget request starts to address capacity & readiness...
but at expense of modernization**



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Overseas Contingency Operations (OCO)



Category (\$B)	FY16 Enacted	FY17 BBA
Military Personnel (MILPERS)	0.7	0.7
Operation and Maintenance (O&M)	8.6	9.6
Procurement	0.8	1.9
RDT&E ¹	0.0	0.0
MILCON	0.0	0.1
Total	10.1	12.3

¹ FY16 RDT&E is \$0.3M / FY17 RDT&E is \$20M



Supports President's comprehensive strategy to confront threats to U.S. security and interests

	FY17 (\$M)	Qty
Flying / Support Operations		
Flying Hours	2,326	214K
WSS	2,137	N/A
Ops Support	5,097	N/A
Procurement		
MQ-9	453	24
SDB I	168	4,195
Hellfire	145	1,252
JDAM	403	18,531

Current Ops: Operations in Afghanistan and Iraq and in support of European Reassurance Initiative (ERI) and Trans-Regional Counterterrorism

- More than 28,000 munitions dropped in fight against ISIS and ISIL
- In 2015, for Operation Inherent Resolve:
 - Flew 14,700 tanker sorties to refuel 84,000 aircraft with 136 million gallons of fuel
 - Executed 9,400 ISR missions in Iraq and Syria
 - Airlifted 71,600 tons of cargo and 43,000 passengers

Major Requirements: Funds day-to-day basics for current operations

- Flying hrs and Weapon System Sustainment (WSS)—WSS at 88% with base
- Operating Support for six enduring locations
- Procures critical preferred munitions in response to high ops tempo & declining inventories
- Provides 8 additional RPA combat lines to support high demand
- Invests in MILCON airfield projects in AFRICOM
- Funds airfields, aircraft storage, & munitions storage facilities in Europe in support of ERI

Combatant Commanders' demand for unique Air Force capabilities continue to grow



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Final Thoughts

- AF strategy balances capacity, capability & readiness and supports five core missions
- AF priorities remain the same...taking care of people, striking the right balance between readiness & modernization, and making every dollar count
- 2015 Bipartisan Budget Act allows us to...
 - Restore end-strength to cover core mission sets
 - Continue top 3 recapitalization programs...but at reduced rates for the F-35A
 - Sustain capacity to meet CCDR's most urgent needs & readiness for today's fight
 - Resource strategic assets in nuclear, space, cyber and ISR mission areas
- Appreciate relief BBA gives...tough choices remained (uncertainty looms in FY18)
 - Delay or defer vital modernization programs and critical infrastructure
 - Maintain military end strength at FY16 levels, but critical capability gaps still remain
- Our Nation has one of the smallest, oldest and least ready fleets in Air Force history
- Budget stability and repeal of BCA limits are necessary for AF to support our Nation



*"The return of **Sequestration** will drive a choice between 'ready and capable now' and 'ready and capable in the future.' It's a false choice... we must be both for the Joint Force to be successful."*

General Welsh





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More Information

- For more information, please visit the website below or scan the QR code for the Department of the Air Force's budget overview



<http://www.saffm.hq.af.mil/budget/index.asp>





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BACK-UP



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Smaller than we Should Be Older than we Ought to Be

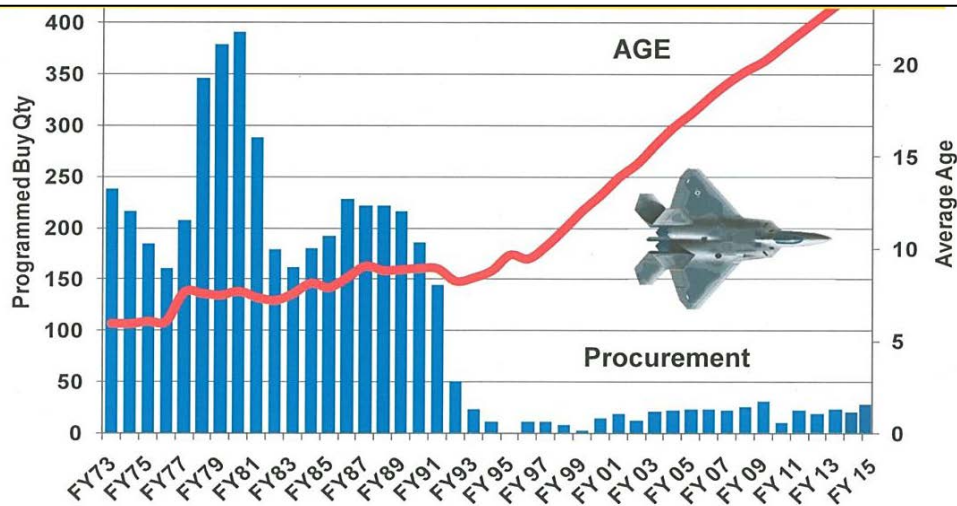
1954 - 1970



TODAY



USAF procured an average of 200 fighters per year during the 20 years prior to 1992...

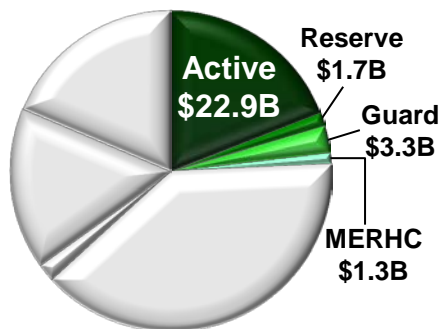


...an average of 20 fighters per year in the 20 years after



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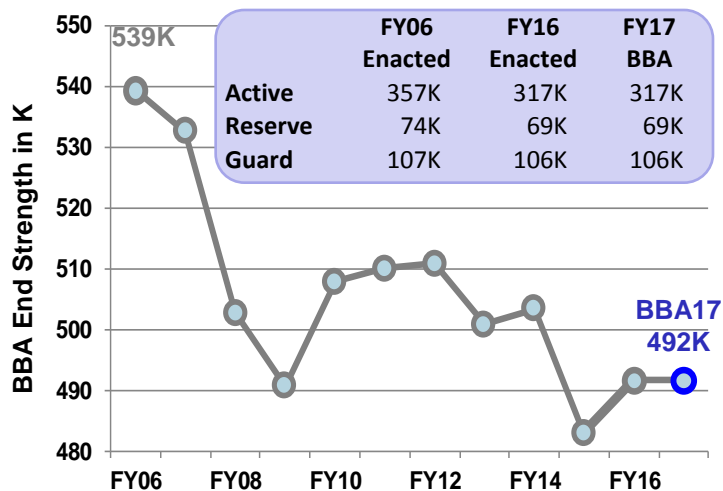
Military Personnel



Category (\$B)	FY16 Enacted	FY17 BBA
Pay & Allowances	25.9	26.6
Medicare Eligible Retiree Health Care	1.3	1.3
Permanent Change of Station	1.2	1.2
Other Military Pay	0.1	0.1
Total	28.5	29.2



BBA: Maintains end strength at FY16 levels (492K) – pushing to right-size and stabilize the force while assessing critical capability gaps



Right-Size the Force:

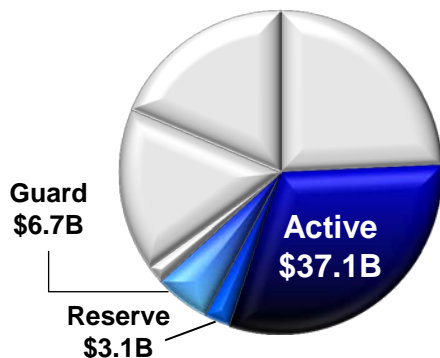
- Provides deliberate plan to address key capability gaps, shape workforce
 - Invests in student training pipeline: supports ~26K accessions and adds ~100 Basic / Tech Training instructors
 - Increases Officer Training School to max capacity of 1,118 trainees
 - Max retention bonuses to address skilled manning shortages
 - Optimizes pay for critical skill sets (nuclear, cyber, pilots, mx, RPA)
 - Initiates plan to integrate enlisted pilots into RQ-4 community
 - Preserves A-10 and EC-130 capabilities; builds F-35A mx force
 - Supports 1.6% pay raise to maintain competitive compensation profile

Tough Choices: Critical capability gaps remain...must recruit and retain right skill set mix



Operation & Maintenance

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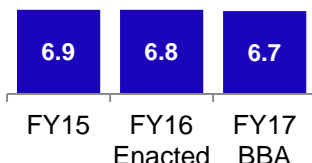


Category (\$B)	FY16	FY17
	Enacted	BBA
Flying Operations	18.2	18.7
Civilian Pay	11.2	11.6
Space / Combat Forces	6.0	6.4
Installation Support and FSRM	6.5	6.2
Logistics Ops & AF Wide Support	2.1	2.1
Training & Recruiting	1.0	1.1
Mobility Forces	1.0	0.9
Total	46.0	46.9

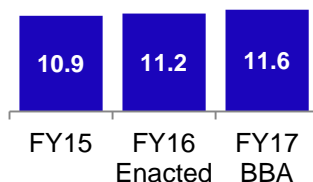


BBA: Temporarily prevents readiness decline; however, challenges remain in readiness recovery & sustainment of critical infrastructure, today & in the future

Flying Hours



Civilian Pay



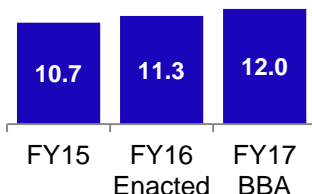
Readiness:

- Caps flying hours at executable level (1.16M hours / \$6.7B)
- Funds WSS to manageable level of risk (75% base / 88% OCO)
- Supports 60 RPA combat lines (33% base / 67% OCO)
- Funds Cyber Ops at \$2.4B; supports cyber mission teams (\$377M)
- Retains A-10 / EC-130; funds additional contract maintainers

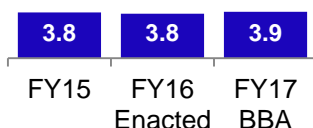
People / Base Operations:

- Supports 1.6% civilian pay raise to maintain competitive compensation
- Funds MilTA (\$139M); +110 SAPR billets (\$5.1M)
- Provides child/youth care, Amn Family Readiness Centers (\$89M)
- Funds facility sustainment at (77%); M&R at (1.6% property real value)

WSS



Base Support

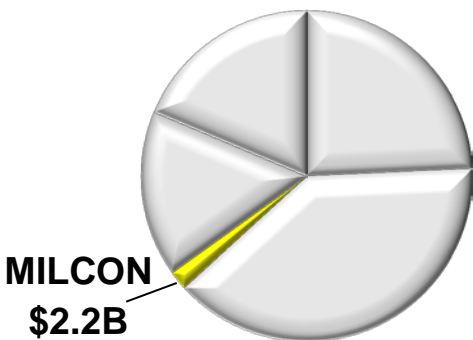


Tough Choices: Falls short in infrastructure (-\$156M/sustainment) (-\$719M/R&M); cyber networks (-\$112.8M); Defense Information Systems Network services (-\$178.8M)



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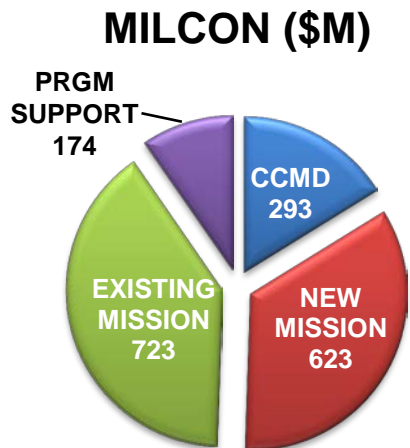
Military Construction, BRAC & Military Family Housing



Category (\$B)	FY16 Enacted	FY17 BBA
Military Construction	1.6	1.8
Military Family Housing	0.5	0.3
BRAC	0.1	0.1
Total	2.2	2.2



BBA: The AF is focused on new mission beddowns and CCMD requirements while mitigating overall risk to current mission MILCON



MILCON:

Active Air Force:

- New mission bed-downs: F-35A (\$336M); KC-46 (\$37M); Combat Rescue Helicopter (\$7M)
- Quality of Life (\$115M): 2 CONUS dorm projects (incl \$67M for BMT) and fitness center
- Nuclear Enterprise (\$41M): Missile Maintenance and Transfer Facilities; Comm Facility

Air Force Reserve: KC-46 Corrosion Control / Fuel Cell Hangar (\$90M) and Avionics Ground Equipment / Fuselage Training Facility (\$6M); C-17 bed-down projects (\$85M)

Air National Guard: C-17 Corrosion Control / Fuel Cell Hangar (\$30M) & Hydrant Refueling System (\$21M); F-22 Composite Repair Facility (\$11M); Fire Crash / Rescue Station (\$9M)

Combatant Commands: Joint Intelligence Analysis Complex (JIAC) (\$53M); European Infrastructure Consolidation Site Development and Infrastructure (\$43M); CENTCOM Large Aircraft Maintenance Hangar (\$35M); Asia-Pacific Munitions Storage Igloos (\$35M)

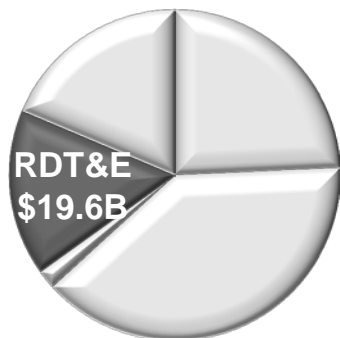
BRAC: Continues environmental restoration at closed BRAC properties

Tough Choices: Continue to take risk in current mission ops...we could execute an additional \$464M across 23 states / territories if additional funds become available



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Research, Development Test & Evaluation



Category (\$B)	FY16 Enacted	FY17 BBA
Basic Research	0.5	0.5
Applied Research	1.2	1.3
Adv Technology Dev	0.7	0.7
Demonstration/Validation	1.6	2.8
Engineering Manufacturing Dev	3.9	4.1
RDT&E Management Support	1.2	1.2
Operational System Dev	8.2	9.0
Total	17.3	19.6



BBA: Strategic investment in innovative and advanced concepts that leverage “leap ahead” technologies to maintain our competitive edge over adversaries

RDT&E		
Program Highlights		
\$ Millions		
	FY16	FY17
S&T	2,481	2,486
LRS-B	736	1,358
T&E	859	923
F-35A EMD	587	450
GPS III-OCX	349	393
F-22 Sq	232	388
F-15E Sq	206	357
PAR	82	351
Tech Trans	267	347
CRH	156	319

Investment in Nuclear and Space Enterprise:

- Reduces risk to Ground Based Strategic Defense: ICBM guidance, propulsion, security, and command & control applications
- Provides B-2 fleet Defensive Management System upgrades for direct attack capability
- Invests in domestic launch systems—mitigates reliance on foreign engine providers

Invests in future capabilities & technology:

- Supports Adaptive Engine Transition Program testing—revolutionary engine architecture
- Advances JSTARS recapitalization providing critical C2 with enhanced ISR capabilities

Maintains commitment to recapitalize the Air Force:

- Sustains design/development of F-35A, KC-46, & LRS-B, and Combat Rescue Helicopter
- Continues development funding for the recapitalization of Air Force One

Must continue to invest...can't allow competitors to close capability gap

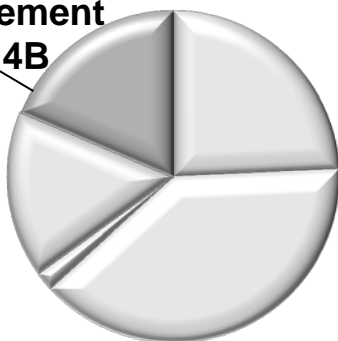


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Procurement

Procurement

\$22.4B



Category (\$B)	FY16 Enacted	FY17 BBA
Aircraft Procurement	15.8	13.9
Missile Procurement	2.1	1.4
Space Procurement	2.8	3.1
Ammunition Procurement	1.7	1.7
Other Procurement	2.7	2.3
Total	25.1	22.4



BBA: Invest in multi-role platforms for today's fight and future high threat environments

Procurement		
Program Highlights		
\$ Millions		
	FY16	FY17
Aircraft		
KC-46 inc. spares	2,406	3,057
F-35A inc. spares & mods	6,020	5,250
C-130J	892	146
Space		
EELC	571	769
EELV	680	738
SBIRS	543	363
AEHF	327	646
Munitions		
JASSM-ER	352	432
JDAM	350	304
Hellfire	417	34

Preserves Air Force top acquisition programs in FY17...defers some F-35A buys:

- Procures 15 KC-46 Tankers, 43 F-35A aircraft, and 11 C-130J aircraft of various configurations
- Maintains F-22 combat capability modernization as an area of emphasis
- Begins the modification of F-16 aircraft for the inclusion of AESA radar capability

Assures space access and dominance in contested environments:

- Continues the Department's Efficient Space Procurement (ESP) approach for the block buys of AEHF satellite vehicles 5 and 6 and SBIRS Geosynchronous Earth Orbit (GEO) 5 and 6
- Funds five EELV launch services; three competitive launch opportunities

Provides critical inventory levels for high ops tempo:

- Funds 284 Hellfire missiles and 12,133 JDAMs (baseline funds only)

Invests in protected communications and C2:

- Fields Increment 1 Global Aircrew Strategic Network Terminal (G-ASNT) replacement
- Implements AF transition to Joint Regional Security Stacks (JRSS)

Tough Choices: Delayed F-35A ramp to 1,763...deferred 5 aircraft in FY17, C-130H recapitalization & fourth generation modifications



U.S. AIR FORCE

Major Procurement Quantities



AIRCRAFT	FY15 Actual	FY16 Enacted	FY17 BBA
F-35A Lightning II	28	47	43
KC-46 Pegasus	7	12	15
MC-130J Commando II Recap	3	8	6
HC-130J Combat King II Recap	4	5	3
C-130J Super Hercules Base	8	14	2
<i>C-130J Super Hercules OCO</i>	<i>0</i>	<i>0</i>	<i>1</i>
MQ-9 Reaper Base	24	33	0
<i>MQ-9 Reaper OCO</i>	<i>0</i>	<i>0</i>	<i>24</i>
Total Base	74	119	69
<i>Total OCO</i>	<i>0</i>	<i>0</i>	<i>25</i>
SPACE	FY15 Actual	FY16 Enacted	FY17 BBA
GPS III	1	1	0
EELV	4	4	5
Total	5	5	5
WEAPONS	FY15 Actual	FY16 Enacted	FY17 BBA
AIM-9X Sidewinder	303	506	287
AIM-120D AMRAAM	223	262	256
AGM-158 JASSM-ER	140	240	360
JDAM Base	3,836	13,848	12,133
<i>JDAM OCO</i>	<i>4,950</i>	<i>8,511</i>	<i>18,531</i>
AGM-114 Hellfire Base	2,026	3,756	284
<i>AGM-114 Hellfire OCO</i>	<i>1,117</i>	<i>2,500</i>	<i>1,252</i>
Small Diameter Bomb Base	175	1914	312
<i>Small Diameter Bomb OCO</i>	<i>268</i>	<i>63</i>	<i>4,195</i>
Total Base	6,703	20,526	13,632
<i>Total OCO</i>	<i>6,335</i>	<i>11,074</i>	<i>23,978</i>

Integrity - Service - Excellence

