

UNITED STATES AIR FORCE

FISCAL YEAR 2015 BUDGET OVERVIEW





U.S. AIR FORCE

Overview



- **Vision**
- **Guiding Principles**
- **Across the FYDP**
- **FY15 President's Budget (PB) Request**
- **FY15 Opportunity, Growth and Security Initiatives**

Integrity - Service - Excellence



Vision

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“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**



“I have personally laid out three priorities for the Air Force. They are taking care of our people, balancing today’s readiness with tomorrow’s readiness, and making every dollar count... 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**

Global Vigilance...Global Reach...Global Power for America

Integrity - Service - Excellence



Guiding Principles

U.S. AIR FORCE

Delivering Air Force Core missions since 1947: Air and Space Superiority, Command and Control, Intelligence, Surveillance and Reconnaissance, Global Strike, and Rapid Global Mobility

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



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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/FY14 Recap

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BASE BLUE



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

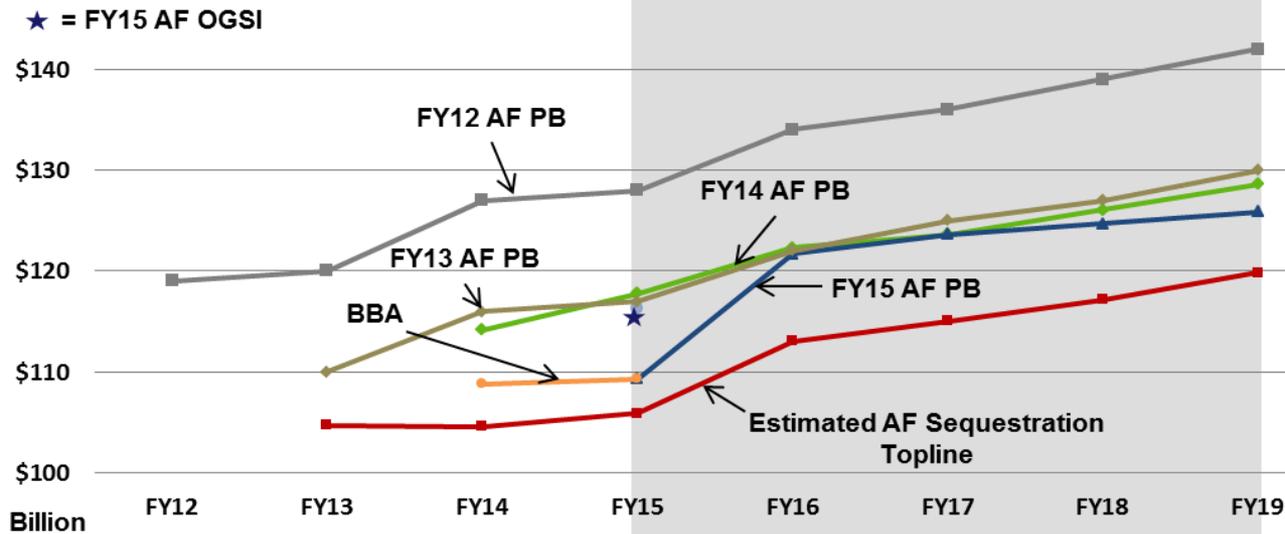
- BBA provides gradual path to readiness recovery
 - Returned flying hours & WSS to near FY14 PB
- Allows limited relief for civilian hiring freeze
- Preserves top three recapitalization programs (KC-46A, F-35A & LRS-B)
- Sustains multi-year contracts (C-130J & CV-22) to avoid increased costs
- Supports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



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Across the FYDP



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

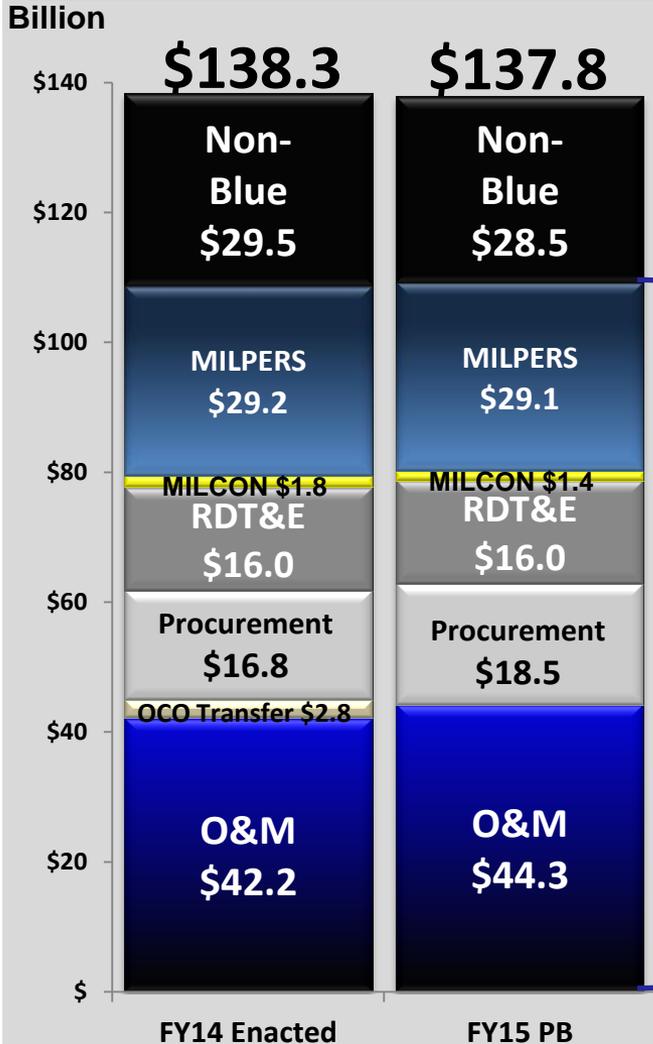
Sacrifices capacity to meet minimum capability requirements

Less ready, less capable, less viable... unable to fully execute defense strategy

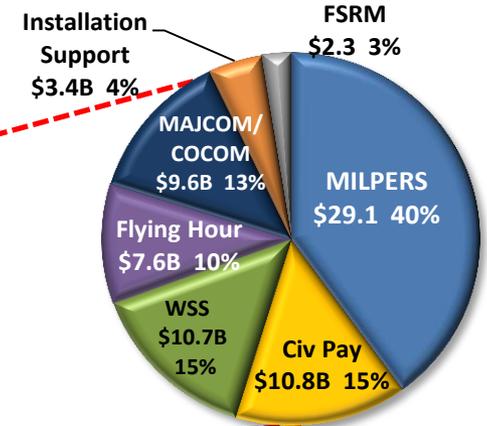
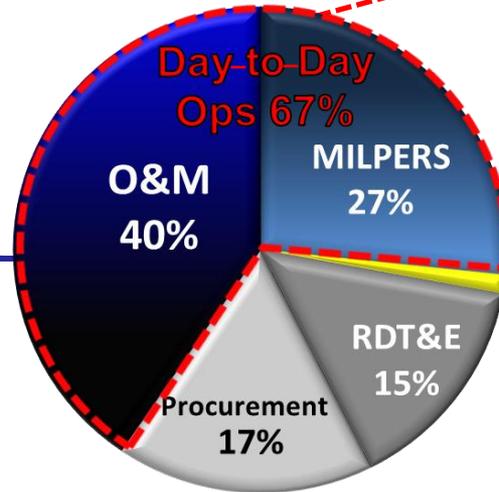


FY15 PB Request

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\$109.3B AF Blue Baseline



Procurement	
Top Aircraft:	\$7.1B
Top Space:	\$2.1B
Top Munitions:	\$0.6B
Sub-Total:	\$9.8B
% of Total:	52.9%

RDT&E	
Classified:	\$3.6B
KC-46, F-35, LRS-B:	\$2.3B
T&E/S&T:	\$3.0B
Space:	\$0.9B
Sub-Total:	\$9.8B
% of Total:	61.3%

Without time and approval to reduce capacity, we can't avoid cuts to readiness or future capability



Military Personnel

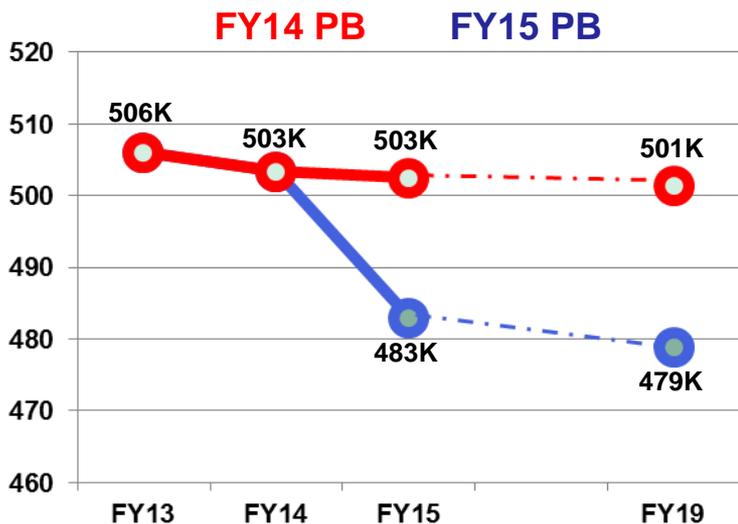
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(\$B)	FY14	FY15	Delta
	Enacted	PB	
Air Force Active Duty	23.2	23.1	(0.1)
Air Force Reserve	1.7	1.7	0.0
Air National Guard	3.1	3.1	0.0
Medicare Eligible Retiree Health Care	1.2	1.2	0.0
Total	\$29.2	\$29.1	(\$0.1)



Funds 483K Total Force Airmen – Incorporates a balanced end-strength reduction approach, force mgt initiatives & limited compensation changes to preserve a ready and modernized force



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

	<u>FY05</u>	<u>FY14</u>	<u>FY15</u>	<u>FY19</u>
Active:	360K	328K	311K	308K
AFR:	76K	70K	67K	67K
ANG:	107K	105K	105K	104K

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

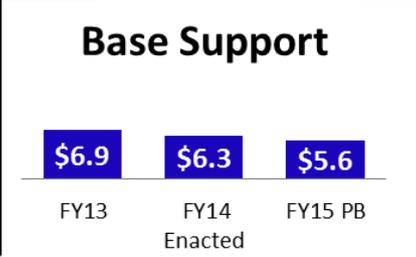
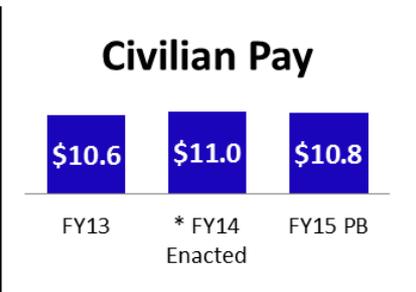
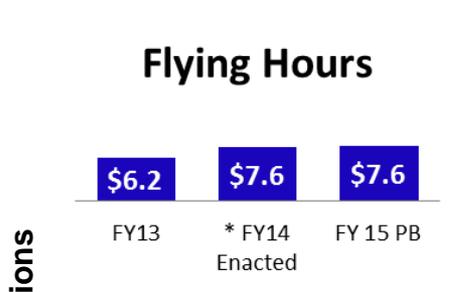


Operations & Maintenance

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	FY14 Enacted*	FY15 PB	Delta
(\\$B)			
Flying Operations	18.0	18.3	0.3
Civilian Pay	11.0	10.8	(0.2)
Space/Other Combat Forces	5.4	5.7	0.3
Installation Support & FSRM	6.3	5.7	(0.6)
Logistics Ops & AF Wide Support	2.3	2.1	(0.2)
Training & Recruiting	1.1	0.9	(0.2)
Mobility Forces	1.0	0.9	(0.1)
Total	\$45.0	\$44.3	(\$0.7)

On the path to readiness recovery to support full spectrum combat operations for AF 2023



* FY14 Enacted includes \$2.8B (Base to OCO transfer)

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%

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

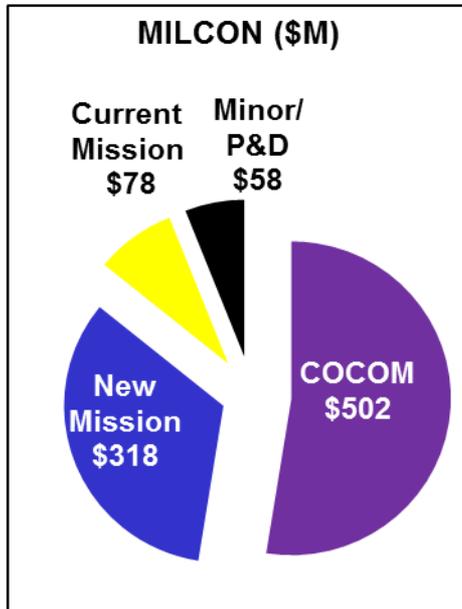
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(\$B)	FY14	FY15	Delta
	Enacted	PB	
Military Construction	1.2	1.0	(0.2)
Military Family Housing	0.5	0.3	(0.2)
BRAC	0.1	0.1	0.0
Total	\$1.8	\$1.4	(\$0.4)



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)

Funds COCOM missions and weapon system bed-downs



Research, Development Test & Evaluation

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	FY14 Enacted	FY15 PB	Delta
Basic Research	0.5	0.5	0.0
Applied Research	1.1	1.1	0.0
Adv Technology Dev	0.6	0.6	0.0
Demonstration/Validation	0.8	1.4	0.6
Engineering Manufacturing Dev	4.5	3.3	(1.2)
RDT&E Management Support	1.1	1.2	0.1
Operational System Dev	7.2	7.9	0.7
Total	\$16.0	\$16.0	\$0.0



Prioritized new capabilities over upgrading legacy platforms

Program Highlights

(\$ in millions)

	FY14	FY15
LRS-B	\$359	\$914
KC-46A	\$1,559	\$777
T&E	\$852	\$853
F-35A EMD	\$629	\$563
SBIRS EMD	\$322	\$320
S&T	\$2,308	\$2,129
AEHF	\$266	\$314
GPS III-OCS	\$373	\$300
F-15E Sq	\$234	\$262
RQ-4 UAV	\$120	\$245

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

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	FY14 Enacted	FY15 PB	Delta
Aircraft Procurement	10.3	11.5	1.2
Missile Procurement	3.8	3.8	0.0
Ammunition Procurement	0.7	0.7	0.0
Other Procurement	1.9	2.6	0.7
Total *Numbers do not add due to rounding	\$16.8	\$18.5	\$1.9



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

	FY14	FY15
Aircraft	\$ Millions	
F-35A	\$3,319	\$4,269
KC-46A	-	\$1,582
C-130J MYP	\$1,732	\$1,283
Space		
SELV	\$559	\$750
EELV	\$808	\$631
SBIRS	\$525	\$451
AEHF	\$328	\$299
Munitions		
JASSM	\$271	\$337
JDAM	\$179	\$101
AIM-9X	\$108	\$140

- 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 (SELV): 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

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AIRCRAFT	FY14	FY15
F-35A Lightning II	19	26
KC-46A Tanker	0	7
MC-130 Recapitalization	4	2
MQ-9A Reaper	20	12
CV-22B Osprey	3	0
HC-130 Recapitalization	1	4
C-130J Super Hercules	6	7
AC-130 Recapitalization	5	0
Total	58	58



WEAPONS	FY14	FY15
JDAM	7,536	2,973
AGM-114 Hellfire	413	283
AIM-9X Sidewinder	225	303
AIM-120D AMRAAM	183	200
AGM-158 JASSM	187	224
Small Diameter Bomb	144	246
Total	8,688	4,229



SPACE	FY14	FY15
GPS III	2	1
EELV	5	3
Total	7	4



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FY15 Opportunity, Growth and Security Initiative



Readiness

- Munitions
- Training and Ranges

- Readiness enhancements will help AF recover and position us better for “fight tonight”



Recapitalization

- F-35As
- C-130J
- MQ-9s

- Procures 2 F-35As
- Accelerates C-130J and MQ-9 recapitalization efforts



Modernization

- Aircraft Mods

- Funds deferred modifications for legacy fleets and more advanced platforms



Installation

- Restoration & Modernization
- MILCON
- Facility Sustainment to 80%

- 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



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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



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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>

