

UNITED STATES AIR FORCE

FY 2010 Budget Overview



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United States Air Force
FY 2010 Budget Overview

Foreword

The FY 2010 Budget Overview Book portrays how Air Force resources are applied to support the National Military Strategy and our Joint Force Commanders while taking care of our Airmen and their families. The budget was built on a balance-driven strategy to find the right mix between prevailing in today's operations with current capabilities while simultaneously identifying and investing in new capabilities, force structure, skills and technologies to meet tomorrow's challenges.

The Air Force mission to “*fly, fight and win...in air, space and cyberspace*” along with Air Force Core Values “Integrity first, Service before self and Excellence in all we do” form the foundation of the Air Force. Our budget themes are to reaffirm our commitment to take care of the all-volunteer force, rebalance programs to institutionalize and finance our capabilities for today's fight and the years ahead, and reform how and what we buy. This FY 2010 Budget Request ensures the Air Force is “*All In*” for today's fight, continues dedicated support to Airmen and their families, reinvigorates the nuclear enterprise, maintains readiness with the Joint and Coalition team, halts end-strength drawdown, and modernizes combat forces. By balancing our budget requirements to support departmental focus areas, we will be stewards of all Air Force resources in service to the American people, while providing *Global Vigilance, Reach and Power* for the Nation.


LARRY O. SPENCER, Maj Gen, USAF
Deputy Assistant Secretary (Budget)





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Introduction

The FY 2010 Budget Overview Book provides a summary of the Air Force's top priorities and the resources required to support them. This Budget Request reaffirms our commitment to take care of our all-volunteer force, rebalances programs to institutionalize and finance our capabilities to fight today and the years ahead, and supports activities that will reform how and what we buy as good stewards of public resources.

This book is a synopsis of the Air Force's budget priorities and is divided into four main sections with Total Obligation Authority (TOA) as the common denominator. Each dollar in the Air Force is considered a part of the Air Force TOA--the amount of money the Air Force has the authority to obligate throughout the life of the appropriation. TOA is viewed in two "buckets" by the Air Force--"Blue TOA" and "Non-Blue TOA"--allowing Air Force leadership to distinguish between discretionary and non-discretionary dollars. Blue TOA is the TOA which the Air Force has discretion over and it comprises approximately 80 percent of the FY 2010 budget. Non-Blue TOA is about 20 percent of the total budget and is largely National Intelligence Program and Defense Health Program funding. In addition to Blue and Non-Blue areas, for the past several years (FY 2009 included) there have been supplementals to support Overseas Contingency Operations (OCO) and in FY 2009 there was a one-time American Recovery and Reinvestment Act (ARRA) to stimulate the economy.

The book is organized in four sections:

- Section 1 is a summary of the Air Force budget by appropriation. This is how the Air Force budget is submitted to Congress for authorization and appropriation as part of the legislative process. Section 1 breaks out our Air Force FY 2010 Budget Request by Blue and Non-Blue TOA with the focus of the highlights discussing initiatives in Blue discretionary areas. The section also breaks out OCO funding, FY 2009 OCO bridge funding (appropriated at the time of the Appropriation Act) and FY 2009 ARRA funding as separate line items for a cleaner comparison of FY 2009 and FY 2010.
- Section 2 summarizes our OCO Request for FY 2010 and is organized by major appropriation. Descriptions of the FY 2010 requirements reflect needs of Joint Force Commanders across multiple geographies.
- Section 3 is a summary of the Air Force Performance Based Budget organized into the Air Force's top five priorities listed in our current strategic plan. This section includes all TOA, prior year OCO funding and bridge funding. The Performance Based Budget discusses Air Force performance goals in specific mission areas and progress achieved towards these goals. The totals in this section balance with the justification books that are provided to Congress with all of our budget details for FY 2010.
- Section 4 highlights the Air Force Working Capital Fund and describes the initiatives within each business activity. The Working Capital Fund includes both planned revenue and expenses required to support Consolidated Sustainment activities, Supply Management activities and Transportation Working Capital Fund activities that meet logistics demands of the warfighter on a daily basis.

The Air Force FY 2010 Budget Request ensures the Air Force is "*All In*" for today's fight, reinvigorates the nuclear enterprise, maintains readiness with the Joint and Coalition team, halts end-strength drawdown, continues dedicated support to Airmen and their families, and modernizes combat forces to meet future challenges.

Section 1: FY 2010 Budget Highlights

The Air Force's FY 2010 Budget Request supports the National Defense Strategy and Combatant Commander priorities across the spectrum of peacetime and wartime missions. Our core values--Integrity first, Service before self and Excellence in all we do--are the standards we live by. Our vision and priorities provide the framework in which the Air Force directly supports the Joint Team. This budget supports the right balance between prevailing in today's operational environment while investing in new capabilities and force structure to meet tomorrow's threats. This section will address the Air Force budget highlights by appropriation.

Our Air Force priorities reflect the understanding that all Airmen will be trained and equipped to provide our Joint Force with *Global Vigilance*, *Reach* and *Power* through air, space and cyberspace. We provide these capabilities from operating locations around the world. *Global Vigilance* is the ability to gain and maintain awareness by keeping an unblinking eye on an entity, *Global Reach* is the ability to project military capabilities to any point on or above the earth with unrivaled velocity and precision, and *Global Power* is the ability to hold at risk or strike a target anywhere in the world. Our FY 2010 Budget Request not only funds the development and procurement of platforms that make this possible, it funds the logistics, maintenance and weapons sustainment that are part of the chain of actions necessary to deliver *Vigilance*, *Reach* and *Power* in support of national objectives. As stewards of our national resources, we will also continue to examine and reduce capability gaps across components and prioritize investments to emphasize our capabilities in irregular warfare and in concepts that benefit the entire Joint Team as part of our larger contributions to the Joint fight.

➤ **Air Force Mission**

- *Fly, fight and win...*in air, space and cyberspace

➤ **FY 2010 Budget Themes**

- Reaffirm our Commitment to Take Care of the All-Volunteer Force
- Rebalance Programs to Institutionalize and Finance our Capabilities for Today's Fight and the Years Ahead
- Reform How and What We Buy

➤ **Leadership Priorities**

- Reinvigorate the Air Force Nuclear Enterprise
- Partner with the Joint and Coalition Team to Win Today's Fight
- Develop and Care for Airmen and Their Families
- Modernize Our Air and Space Inventories, Organizations and Training
- Recapture Acquisition Excellence

Table 1. Air Force Blue Budget Highlight Summary

FY 10 Budget Facts			
** Includes \$1.3B request for fuel cancellation	FY 09 APPN**	FY 10 PB	Delta
Total Air Force (\$M)	\$161,409	\$160,538	(\$871)
Blue	\$113,611	\$115,587	\$1,976
Military Personnel (MILPERS)	\$27,325	\$28,636	\$1,312
Operations and Maintenance (O&M)	\$42,103	\$43,424	\$1,321
Research Development Test & Evaluation (RDT&E)	\$18,767	\$19,439	\$673
Procurement	\$21,853	\$21,679	(\$174)
Military Construction (MILCON)	\$1,425	\$1,298	(\$127)
Military Family Housing (MFH)	\$986	\$565	(\$421)
Base Realignment and Closure (BRAC)	\$1,152	\$546	(\$607)
Non-Blue	\$26,750	\$28,933	\$2,183
ARRA	\$1,536	\$0	(\$1,536)
OCO	\$19,513	\$16,018	(\$3,494)
OCO Bridge	\$6,915		
OCO Request	\$12,598	\$16,018	
General Facts			
	FY 09 APPN	FY 10 PB	Delta
Major Installations	84	83	(1)
Total Aircraft Inventory	5,584	5,493	(91)
Flying Hours	1,427,000	1,360,000	(67,000)
Personnel Facts			
	FY 09 APPN	FY 10 PB	Delta
Authorized Manpower	662,519	687,052	24,533
Military	491,206	507,900	16,694
Active	317,050	331,700	14,650
Air Force Reserve (AFR)	67,400	69,500	2,100
Air National Guard (ANG)	106,756	106,700	(56)
Civilian	171,313	179,152	7,839
Active	133,213	140,577	7,364
ANG	24,148	24,108	(40)
AFR	13,952	14,467	515
FY 10 Major Procurement Quantities			
Aircraft	81	Space	7
F-35A	10	SBIRS High	1
MQ-9	24	EELV	5
RQ-4	5	AEHF	1
CV-22B	5		
MC-130	4	Munitions	7,139
HC-130	5	AIM-9X Sidewinder	219
C-130J	3	AIM-120 AMRAAM	196
C-27J	8	Hellfires	792
USAFA Flight Program	13	JDAM	3,592
C-37A	1	Small Diameter Bomb	2,340
C-40	3		

Numbers may not add due to rounding.

Total Air Force (Components)

The components of the Air Force--Active, Reserve, Guard and Civilian--make up the Total Force to support the domains of air, space and cyberspace. The Air Force optimizes its force through Total Force Integration (TFI). The overall TFI objective is to enhance support to the Joint Force Commander by cohesively integrating the Total Force. This is essential to meeting the challenges of emerging missions in a competitive resource environment. Through the TFI process, the Air Force has identified, analyzed and selected new ways of organizing its forces to meet the Nation's military challenges now and into the future. Together with Air Force Reserve and Air National Guard forces, the United States Air Force (USAF) is the best in the world.



Active Air Force

The active component comprises approximately 65 percent of the Air Force's Total Force and delivers military options for the U.S. through air, space and cyberspace. The active Air Force maintains an inventory of over 4,000 aircraft and is responsible for 83 major installations across the U.S. and overseas. All mission areas are supported by the active Air Force to include global strike; homeland defense and civil support; global mobility; global persistent attack; nuclear response; space and Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and agile combat support. The active Air Force is the only full time component of the Air Force--the other components can be called to full time when "activated" to support operational requirements. The blend of active Air Force leaders with leaders from the Reserve and Guard are proving to be key to TFI success.

Air Force Reserve

The Air Force Reserve supports the Air Force mission to defend the U.S. through control and exploitation of air and space by supporting global engagements. The Air Force Reserve is supported by Air Force Reserve Command (AFRC), which plays an integral role in the day-to-day Air Force missions not held in reserve for possible war or contingency operations. AFRC has 35 flying wings equipped with dedicated aircraft and nine associate units that share aircraft with an active duty unit. Four space operations squadrons share the satellite control mission with the active force. There are also more than 620 mission support units in the AFRC, equipped and trained to provide a wide range of services, including medical and aeromedical evacuation, aerial port, civil engineer, security force, intelligence, communications, mobility support, logistics and transportation operations among others. Air Force reservists are part-time Airmen until "activated."

Air National Guard

The Air National Guard's federal mission is to maintain well-trained, well-equipped units available for prompt mobilization during war and provide assistance during national emergencies (such as natural disasters or civil disturbances). During peacetime, the combat-ready units and support units are assigned to Air Force Major Commands to carry out missions compatible with training, mobilization readiness, humanitarian and contingency operations such as Operation Enduring Freedom in Afghanistan. Air National Guard units may be activated in a number of ways as prescribed by public law. The Air National Guard provides almost half of the Air Force's tactical airlift support, combat communications functions, aeromedical evacuations and aerial refueling. In addition the Air National Guard provides the preponderance of forces for the Air Defense of the United States. The Guard is the only military force that state governors can call upon to respond to disasters and other emergencies.

Military Personnel

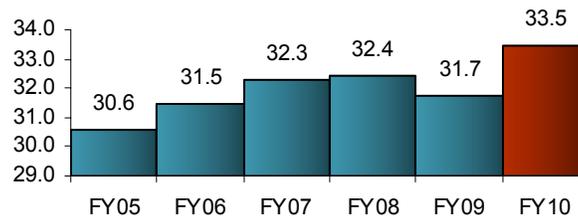


Figure 1. Military Personnel Budget Request Total Force (\$B)

The FY 2010 Budget Request

- Supports recruiting and retaining the world’s highest quality force, with pay and allowance increases to maintain the force at a standard of living that will attract and retain quality Airmen
 - Provides an across-the-board 2.9 percent military pay increase, a Basic Allowance for Housing increase of 5.6 percent and a Basic Allowance Subsistence increase of 5.0 percent
- Halts end strength drawdown and includes an active component end strength of 331,000, a growth of 14,600 Airmen. This increase rebalances the Total Force to support new and emerging missions and specifically increases manning for the nuclear enterprise, aircraft maintenance, Intelligence, Surveillance and Reconnaissance (ISR), acquisition, cyber and medical
- Includes Reserve Component end strength of 69,500 Airmen
- Includes Air National Guard end strength of 106,700 Airmen
- Funds recruiting efforts focused at attracting a diverse and multi-skilled workforce
- Supports \$641M to fund bonuses and incentives

Table 2. Military Personnel – Air Force Total Force TOA

Military Personnel, Air Force Total Force TOA (\$M)	FY 09	FY 10
Category	Enacted	Request
Air Force Active Duty	21,192	22,055
Air Force Reserve	1,411	1,591
Air National Guard	2,727	2,955
Medicare Eligible Retiree Health Care	1,995	2,035
Blue Total	27,325	28,636
Non-Blue	4,322	4,824
OCO	75	-
Recovery Act	-	-
AF TOA Total	31,722	33,460

Numbers may not add due to rounding.



Military Personnel – Active Air Force

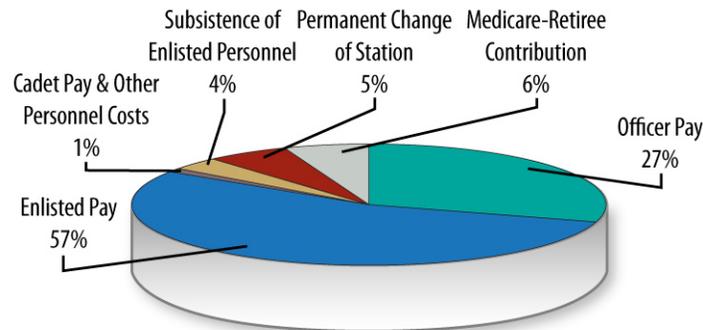


Figure 2. Military Personnel – Active Air Force

The Air Force Military Personnel appropriation provides funding for the care of the all-volunteer force. It includes all direct military compensation for active duty personnel including regular pay, special pays, retired pay accruals and allowances for subsistence and housing. In addition, this funds recruiting and retention incentives, permanent change of station moves, social security benefits to surviving family members, death gratuity, unemployment compensation benefits and bonuses.

Table 3. Military Personnel – Active Air Force TOA

Military Personnel, Active Air Force TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Officer Personnel Pay and Allowances	6,007	6,395
Enlisted Personnel Pay and Allowances	12,675	13,293
Cadet Pay and Allowances	61	71
Subsistence of Enlisted Personnel	798	920
Permanent Change of Station	1,509	1,244
Other Personnel Costs	142	133
Subtotal	21,192	22,055
Medicare-Retiree Contribution	1,402	1,439
Blue Total	22,594	23,494
Non-Blue	4,288	4,786
OCO	75	-
Recovery Act	-	-
AF TOA Total	26,957	28,280

Numbers may not add due to rounding.



Military Personnel – Air Force Reserve

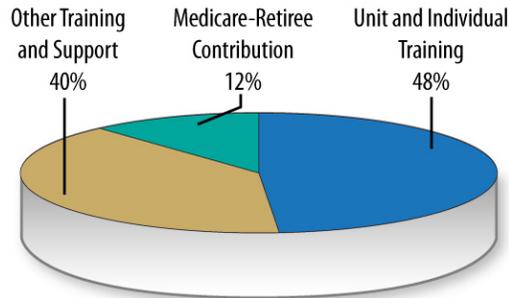


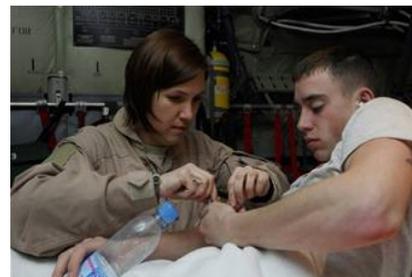
Figure 3. Military Personnel – Air Force Reserve

The Air Force Reserve Personnel budget funds direct military compensation including regular pay, allowances and benefits for Reserve Airmen to support the Reserve mission of providing trained units and individuals to augment the active force. This funding supports school training and special tours of active duty training required to acquire and maintain skill level proficiency and to accomplish mission assignments. This appropriation includes funds for reserve personnel called to full-time active duty for administration and management of the Air Force Reserve and recruiting for Air Force Reserve programs.

Table 4. Military Personnel – Air Force Reserve TOA

Air Force Reserve Personnel TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Unit and Individual Training	771	869
Other Training and Support	640	722
Subtotal	1,411	1,591
Medicare-Retiree Contribution	221	223
Blue Total	1,631	1,814
Non-Blue	16	20
OCO	-	-
Recovery Act	-	-
AF TOA Total	1,647	1,833

Numbers may not add due to rounding.



Military Personnel – Air National Guard

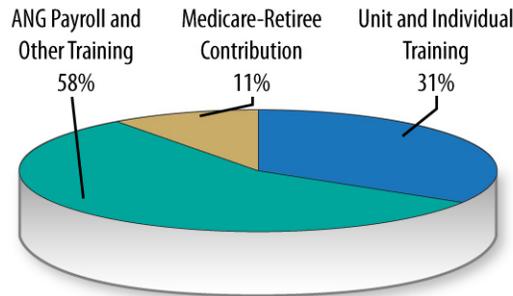
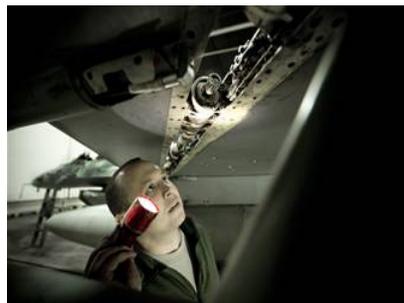


Figure 4. Military Personnel – Air National Guard

The Air National Guard Personnel budget funds direct military compensation including regular pay, special pays, retired pay accruals, basic allowances for subsistence and housing, recruiting and retention incentives and clothing allowances to accomplish the mission of providing trained units to participate in the Expeditionary Air Force. This funding supports annual 15-day tours and 48 drill periods, as well as tours of active duty for training of selected Air National Guard personnel in FY 2010. This appropriation supports an Air National Guard end strength of 106,700, including 942 full time command post positions and 75 pilot man-years to perform Air Sovereignty Alert missions.

Table 5. Military Personnel – Air National Guard TOA

Air National Guard Personnel TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Unit and Individual Training	976	1,018
ANG Payroll and Other Training	1,751	1,937
Subtotal	2,727	2,955
Medicare-Retiree Contribution	373	374
Blue Total	3,100	3,329
Non-Blue	18	18
OCO	-	-
Recovery Act	-	-
AF TOA Total	3,118	3,347



Operations and Maintenance

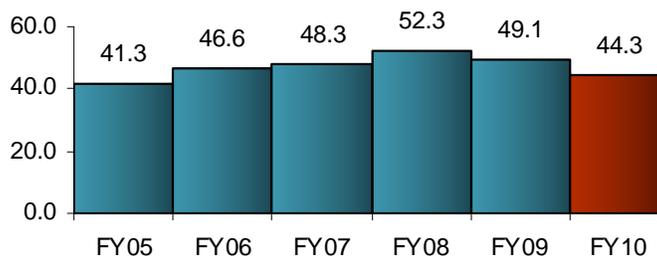


Figure 5. O&M Budget Request (\$B)

Table 6. O&M – Air Force Total Force TOA by Budget Category

O&M, Air Force Total Force TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Active Air Force	33,163	34,459
Air Force Reserve	3,012	3,079
Air National Guard	5,889	5,886
Blue Total	42,064	43,424
Non-Blue	811	848
OCO	5,065	-
Recovery Act	1,135	-
AF TOA Total	49,075	44,272

Numbers may not add due to rounding.

The FY 2010 Operations and Maintenance (O&M) Budget Request funds the day-to-day operating expenses to run the Air Force. It supports operations for 83 major installations including two spacelift ranges, and funds critical programs such as intelligence, logistics, weather, air traffic control and search and rescue.

➤ **Readiness**

- Civilian workforce pay and entitlements for 180,000 employees, including 4,200 contractor to civilian conversions and an increase of over \$900M in Civilian Personnel Pay that supports a 2.0 percent pay raise and changes in employee benefits
- Fully funds flying hour program--1.4M flying hours, produces 1,200 pilots, sustains over 5,400 aircraft
- Smaller, more capable fighting force accelerates retirement of roughly 250 aircraft, reduces flying hours by approximately 26,000 and saves over \$350M
- Rebuild nuclear infrastructure by fortifying operations, developing people and sustaining 76 B-52s
- Increases MQ-1 and MQ-9 ISR capability to 43 unmanned Combat Air Patrols in FY 2010
- Supports operations at 83 major installations including facility sustainment at 90 percent
- Acquisition workforce increased by 458 military and civilian acquisition professionals
- Provides Executive Agency support for 5 Combatant Commands

➤ **Quality of Service**

- Child care--increase availability and special programs for children of deployed parents
- Unaccompanied housing/dormitory initiative
- Active Warfighter/Family Support Centers
- Fitness Centers
- Legal assistance and advanced education opportunities

The following table is a different look at how O&M funds are distributed in the FY 2010 budget. The subsequent O&M sections further breakout the O&M budget across Active, Reserve and Guard.

Table 7. O&M – Air Force Total Force Blue TOA

O&M, Air Force Total Force Blue TOA (\$B)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Civilian Pay	9.3	10.2
Flying Operations	14.7	15.2
Mobility Forces	1.3	1.3
Space/Other Combat Forces	6.1	6.0
Training and Recruiting	1.3	1.3
Logistics Ops and Air Force Wide Support	2.3	2.5
Installation Support and Facilities, Sustainment, Restoration and Modernization	7.1	6.9
Blue Total	42.1¹	43.4

¹ Includes \$1.3B requested fuel cancellation.

O&M – Active Air Force

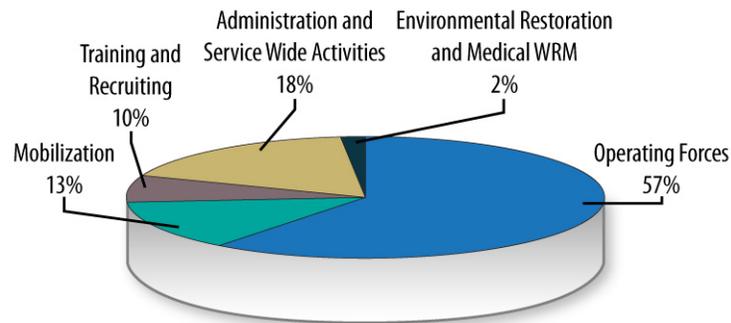


Figure 6. O&M – Active Air Force

The O&M Active Air Force appropriation funds day-to-day operational activities, organizational, intermediate and depot level maintenance, training, engineering support, and logistical support necessary to operate, maintain and deploy forces in support of the National Military Strategy. These include operating costs such as flying hours and base operations including civilian and contractor pay. They also provide support for land-based nuclear and space forces, electronic warfare and defense suppression missions and ISR missions. The FY 2010 Active Air Force appropriation supports 83 installations, produces over 1,200 pilots and funds approximately 1.0M flying hours while sustaining an aircraft fleet of over 4,000 aircraft to meet Joint Commander operational requirements. The budget supports a decrease in support service contractors and an increase in full-time government employees as part of the contractor to civilian conversion effort.

Table 8. O&M – Active Air Force TOA

O&M, Active Air Force TOA (\$M)	FY 09	FY 10
Category	Enacted	Request
Operating Forces	19,363	19,608
Mobilization	4,988	4,497
Training and Recruiting	3,523	3,556
Administration and Service Wide Activities	6,071	6,240
Environmental Restoration	495	494
Medical WRM	61	64
Requested Fuel Cancellation	(1,340)	
Blue Total	33,163	34,459
Non-Blue	811	848
OCO	5,000	-
Recovery Act	1,096	-
AF TOA Total	40,070	35,307

Numbers may not add due to rounding.



O&M – Air Force Reserve

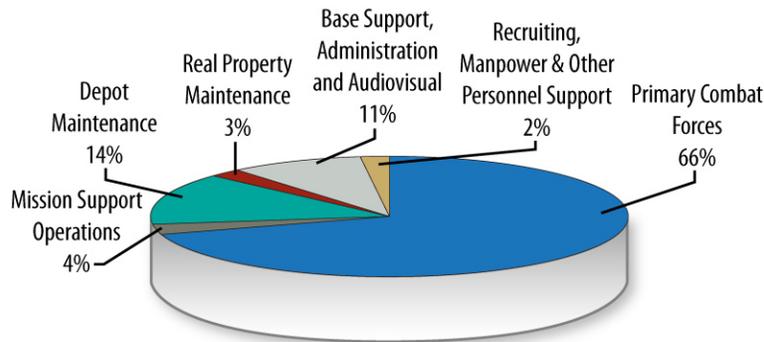


Figure 7. O&M – Air Force Reserve

The O&M Air Force Reserve appropriation provides funding to maintain and train units for immediate mobilization, and to provide administrative support for the Office of Air Force Reserve (Air Staff), Headquarters Air Force Reserve (Operational Headquarters), the Numbered Air Forces and the Air Reserve Personnel Center. The FY 2010 Request provides for the operation and training of 73 flying units, approximately 121,000 O&M funded flying hours, maintains approximately 400 aircraft, 412 mission support units, and the flying and mission training of over 69,000 Selected Reserve personnel. Activities include aircraft operations, training, base and depot level aircraft maintenance, mission support, facilities sustainment, restoration and modernization and supply and maintenance for Air Force Reserve units.

Table 9. O&M – Air Force Reserve TOA

O&M, Air Force Reserve TOA (\$M)	FY 09	FY 10
Category	Enacted	Request
Primary Combat Forces	2,035	2,049
Mission Support Operations	114	121
Depot Maintenance	379	442
Real Property Maintenance	89	79
Base Support	269	258
Administration	70	77
Recruiting and Advertising	25	25
Military Manpower and Personnel Management	22	21
Other Personnel Support (Disability Compensation)	7	6
Audiovisual	1	1
Blue Total	3,012	3,079
Non-Blue	-	-
OCO	12	-
Recovery Act	13	-
AF TOA Total	3,038	3,079

Numbers may not add due to rounding.



O&M – Air National Guard

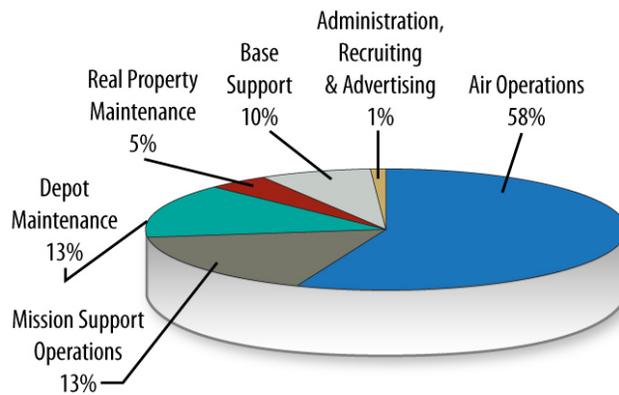


Figure 8. O&M – Air National Guard

The O&M Air National Guard appropriation funds the flying and maintenance of Air National Guard mission-related aircraft. It also provides for the facilities, equipment and manpower required to sustain the force structure at a combat readiness level enabling immediate assimilation into the active Air Force as well as the capability to conduct independent operations in accordance with unit wartime taskings. The FY 2010 Budget Request provides for approximately 244,000 O&M funded flying hours, maintains over 1,000 aircraft and the flying and mission training of over 106,000 Air National Guard personnel.

Table 10. O&M – Air National Guard TOA

Operations and Maintenance, Air National Guard TOA (\$M)		FY 09	FY 10
Category		Enacted	Request
Air Operations		3,562	3,348
Mission Support Operations		689	780
Depot Maintenance		689	780
Real Property Maintenance		305	303
Base Support		593	607
Administration, Recruiting and Advertising		52	68
Blue Total		5,889	5,886
Non-Blue		-	-
OCO		53	-
ARRA		26	-
AF TOA Total		5,968	5,886

Numbers may not add due to rounding.



Research, Development, Test and Evaluation

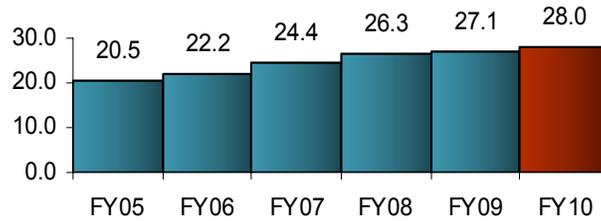


Figure 9. RDT&E Budget Request (\$B)

The Air Force Research, Development, Test and Evaluation (RDT&E) appropriation funds requirements for next generation weapons and platforms by maturing technologies essential to equipping our Nation to defeat near-term and forecasted threats. We continue to develop and invest in future systems such as the KC-X Tanker program, F-35 Joint Strike Fighter, and the next enhancement of the Global Positioning System (GPS). Science and technology efforts advance propulsion, space based airborne and ground sensors, directed energy and command and control for both air and space. Modernizing our current fleet initiatives will provide upgrades to legacy fighters, bombers, strategic radar and mobility requirements. Systems and technologies designed to improve space situational awareness are also critical elements of this Budget Request. Investments in very long term enhancements in communications technology are being refocused. Discontinuing the Transformational Satellite development will allow the Air Force to invest in proven communications systems such as Wideband Global Satellites, as well as continued evolution of other Military Satellite Communication programs.

Table 11. RDT&E TOA

Research, Development, Test and Evaluation TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Basic Research	464	466
Applied Research	1,214	1,095
Advanced Technology Development	723	618
Demonstration and Validation	2,530	1,796
Engineering and Manufacturing Development	4,159	4,220
Management Support	1,128	1,047
Operational Systems Development	8,549	10,198
Blue Total	18,767	19,439
Non-Blue	8,214	8,554
OCO	72	-
ARRA	75	-
AF TOA Total	27,127	27,993

Numbers may not add due to rounding.



Procurement

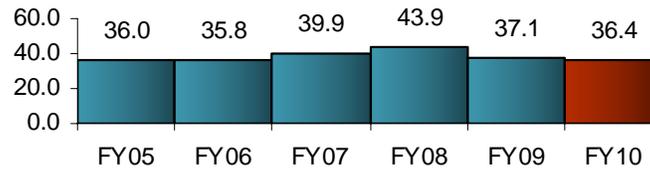


Figure 10. Procurement Budget Request (\$B)

The Procurement appropriation portfolio delivers immediate and future capabilities through investments made across four specific appropriations. Examples of efforts which fall into the procurement appropriations include: acquisition and modification of manned and unmanned aircraft, missiles, munitions, vehicles, electronic and telecommunications equipment, satellites and launch vehicles, and support equipment. These appropriations fund programs, systems and equipment that enable our Airmen to stay operationally viable with current technological demands ensuring dominance in air, space and cyberspace. The FY 2010 Budget Request supports increases in ISR platforms, invests in munitions and systems to support today’s Joint warfighter requirements, and balances investment in advanced aircraft platforms and legacy aircraft modifications. Table 12 reflects the total procurement budget request for Blue and Non-Blue and is followed by sections on each of the primary procurement appropriations: Aircraft, Missiles, Ammunition and Other Procurement.

Table 12. Procurement TOA

Procurement TOA (\$M)	FY 09	FY 10
Appropriation	<i>Enacted</i>	<i>Request</i>
Aircraft	13,063	11,947
Missiles	4,891	5,447
Ammunition	857	822
Other Procurement	3,042	3,462
Blue Total	21,853	21,679
Non-Blue	13,499	14,704
OCO	1,702	-
ARRA	-	-
AF TOA Total	37,054	36,383

Numbers may not add due to rounding.



Procurement – Aircraft

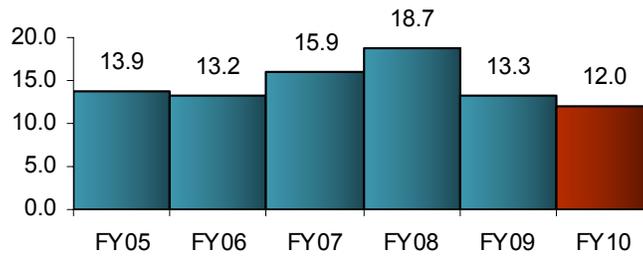


Figure 11. Aircraft Procurement Budget Request (\$B)

The Aircraft Procurement appropriation enables the acquisition and modification of aircraft, specialized ground handling equipment, training devices, spare parts and accessories. Additional ISR platform investments support the irregular warfare mission, technological investments increase aircraft capability to the Joint warfighter, and balancing investments between new platforms and legacy modifications best utilize funds for near and long term overall force impact. The FY 2010 Budget Request supports the purchase of 81 aircraft (52 manned and 29 unmanned). Major aircraft procurements include 10 F-35s, 24 MQ-9s, 3 C-130Js, 5 HC-130s, 4 MC-130s, 8 C-27J Joint Cargo Aircraft, 5 CV-22s and 5 RQ-4s.

Table 13. Aircraft Procurement TOA

Aircraft Procurement TOA (\$M)	FY 09	FY 10
Appropriation	Enacted	Request
Combat Aircraft	5,080	2,445
Airlift Aircraft	977	1,818
Trainer Aircraft	28	20
Other Aircraft	2,117	1,913
Modifications of Inservice Aircraft	3,633	4,302
Aircraft Spares and Repair Parts	255	419
Aircraft Support Equipment and Facilities	974	1,030
Blue Total	13,063	11,947
Non-Blue	11	19
OCO	202	-
ARRA	-	-
AF TOA Total	13,276	11,966

Numbers may not add due to rounding.



Procurement – Missiles

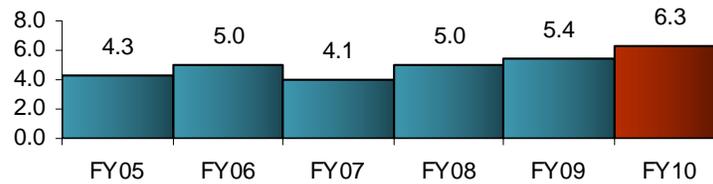


Figure 12. Missiles Procurement Budget Request (\$B)

The Missile Procurement appropriation provides the funding for acquisition and modification of missiles, spacecraft, launch vehicles, related equipment, spare parts and accessories. The FY 2010 Budget Request funds continued provision of critical space based capabilities for our Nation. The Space Based Infrared System (SBIRS) ensures continuous missile warning, the Advanced Extremely High Frequency (AEHF) satellite provides protected communications for our Airmen, Soldiers, Sailors and Marines, and the Evolved Expendable Launch Vehicles (EELV) program continues to assure our Nation’s access to space. The FY 2010 Budget Request also funds 219 AIM-9 Sidewinders and 196 AIM-120 Advanced Medium-Range Air-to-Air missiles--both of which are supersonic, air-to-air missiles carried by fighter aircraft. Also budgeted in this appropriation are 792 Hellfire missiles employed by multiple aircraft. Space program procurement efforts include one AEHF satellite, one SBIRS satellite and five EELVs.

Table 14. Missiles Procurement TOA

Missiles TOA (\$M)	FY 09	FY 10
Appropriation	Enacted	Request
Ballistic Missiles	32	58
Other Missiles	679	639
Modification of In-service Missiles	306	230
Spares and Repair Parts	21	70
Space and Other Support	3,853	4,450
Blue Total	4,891	5,447
Non-Blue	527	854
OCO	-	-
ARRA	-	-
AF TOA Total	5,418	6,301



Procurement – Ammunition

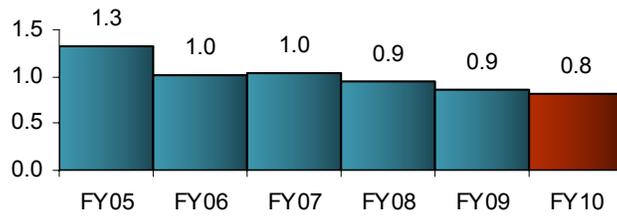


Figure 13. Ammunition Procurement Budget Request (\$B)

The Ammunition Procurement appropriation provides the means to acquire and modify all munitions. The munitions portfolio includes ammunition, bombs, flares, cartridges and related training devices. A few requirements addressed in the FY 2010 Request include over 3,500 Joint Direct Attack Munitions (JDAM), 2,300 Small Diameter Bombs and over 20,000 general purpose bombs.

Table 15. Ammunition Procurement TOA

Other Procurement TOA (\$M)	FY 09	FY 10
Appropriation	<i>Enacted</i>	<i>Request</i>
Rockets and Launchers	25	43
Cartridges	151	124
Air Delivered Weapons	265	381
Other items	50	55
Flares	358	214
Small Arms	8	6
Blue Total	857	822
Non-Blue	-	-
OCO	-	-
ARRA	-	-
AF TOA Total	857	822

Numbers may not add due to rounding.



Procurement – Other

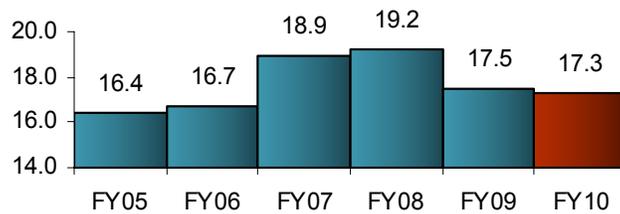


Figure 14. Other Procurement Budget Request (\$B)

The Air Force Other Procurement appropriation provides acquisition and modification funding for a range of requirements from vehicles to information systems and technology. Vehicle acquisition includes security and tactical, firefighting and rescue and passenger carrying vehicles. Global Combat Support Systems, combat training ranges and base communications infrastructure are a few examples of initiatives addressed by the Other Procurement appropriation.

Table 16. Other Procurement TOA

Other Procurement TOA (\$M)	FY 09	FY 10
Appropriation	<i>Enacted</i>	<i>Request</i>
Vehicular Equipment	149	199
Electronics and Telecom Equipment	2,054	2,283
Other Base Maintenance and Support Equipment	813	960
Spares and Repair Parts	26	19
Blue Total	3,042	3,462
Non-Blue	12,961	13,831
OCO	1,501	-
ARRA	-	-
AF TOA Total	17,504	17,293

Numbers may not add due to rounding.



Military Construction

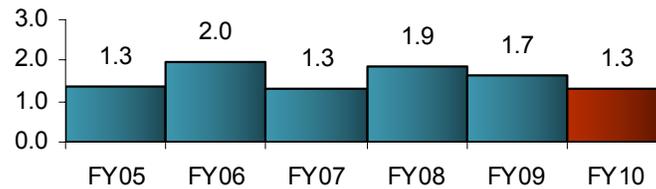


Figure 15. MILCON Budget Request (\$B)

The Air Force Military Construction (MILCON) appropriation funds construction projects which support operational needs, secures Air Force interests and provides Quality of Service for Airmen and Joint personnel. Examples of operational capability focused projects include: Nuclear Enterprise projects and Unmanned Aircraft System (UAS) Operations centers. Securing Air Force interests includes airframe (F-35, F-22, HC-130J and C-5) facilities. Lastly, examples of Quality of Service projects include building five new dormitories and two child development centers.

Table 17. MILCON TOA

MILCON TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Active Air Force	1,117	1,142
AFR	37	27
ANG	271	128
Blue Total	1,425	1,298
Non-Blue	-	3
OCO	-	-
ARRA	230	-
AF TOA Total	1,655	1,301

Numbers may not add due to rounding.



MILCON – Active Air Force

Table 18. MILCON, Active Air Force TOA

MILCON, Air Force (Active) TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Major Construction	1,009	1,045
Minor Construction	15	18
Planning and Design	93	79
Blue Total	1,117	1,142
Non-Blue	-	3
OCO	-	-
ARRA	180	-
AF TOA Total	1,297	1,145

MILCON – Air Force Reserve

Table 19. MILCON, Air Force Reserve TOA

MILCON, Air Force Reserve TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Major Construction	25	25
Minor Construction	5	1
Planning and Design	6	2
Blue Total	37	27
Non-Blue	-	-
OCO	-	-
ARRA	-	-
AF TOA Total	37	27

Numbers may not add due to rounding.

MILCON – Air National Guard

Table 20. MILCON, Air National Guard TOA

MILCON, Air National Guard TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
Major Construction	243	109
Minor Construction	12	9
Planning and Design	16	10
Blue Total	271	128
Non-Blue	-	-
OCO	-	-
ARRA	50	-
AF TOA Total	321	128

Military Family Housing

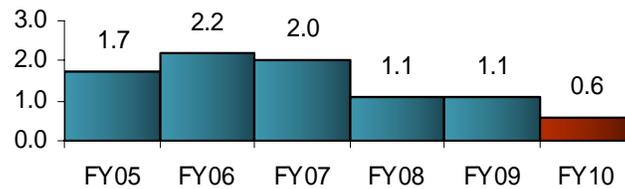


Figure 16. Military Family Housing Budget Request (\$B)

The Military Family Housing Budget Request reflects the Air Force’s continued emphasis on revitalizing housing and providing service members with homes that meet contemporary standards similar to the size and floor plans of homes constructed in the local community. The Air Force created the Air Force Family Housing Master Plan (FHMP) as the “roadmap” to guide the planning and programming of investment, operations and maintenance and privatization in military family housing. The FY 2010 Budget Request fully funds the FHMP using a balanced, requirements-based strategy. This strategy integrates and prioritizes traditional construction and O&M, with a measured approach to privatization into a single “roadmap.” FY 2010 includes \$66M to improve overseas houses in Kadena, Japan, and supports planning and design at various locations. It also provides \$503M to operate, maintain and oversee 80,000 Air Force owned, leased and privatized units.

Table 21. Military Family Housing TOA

Military Family Housing TOA (\$M)	FY 09	FY 10
Category	<i>Enacted</i>	<i>Request</i>
New Construction	72	-
Improvements	316	62
Planning and Design	8	4
Housing Operations and Maintenance	590	499
Blue Total	986	565
Non-Blue	4	4
OCO	-	-
ARRA	97	-
AF TOA Total	1,087	569



Base Realignment and Closure

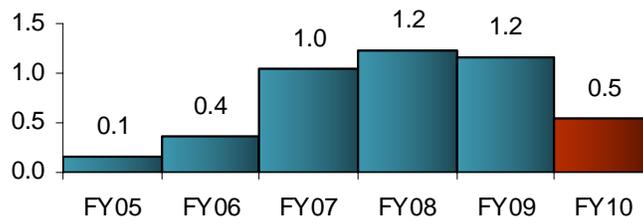


Figure 17. BRAC Budget Request (\$B)

The law authorizes the Base Realignment and Closure (BRAC) accounts to fund one-time, nonrecurring costs that are a direct result of BRAC-directed base closure or realignment actions. BRAC 1995 and 2005 provided multi-year funding to implement realignment and closure recommendations. These BRAC funds include environmental cleanup at legacy bases to fulfill National Environmental Policy Act requirements, movement of civilian and military personnel and equipment, training and program management. Air Force BRAC programs support seven closures, 59 realignments and include 63 major construction projects all based on the BRAC 2005 plan. The FY 2010 Air Force BRAC budget includes \$83M for MILCON planning and design, \$335M for operating expenses, and funding from three prior BRAC rounds of \$127M for a total FY 2010 program of \$545.6M.

Table 22. BRAC TOA

Base Realignment and Closure TOA (\$M)	FY 09	FY 10
Category	Enacted	Request
BRAC 1995	139	127
BRAC 2005	1,013	418
Blue Total	1,152	546
Non-Blue	-	-
OCO	-	-
ARRA	-	-
AF TOA Total	1,152	546

Numbers may not add due to rounding.

Summary

The Air Force is postured to deliver decisive effects in, through and from the domains of air, space and cyberspace. Our priorities and budgetary decisions reflect the understanding that all Airmen must be trained and equipped to support the Joint Force, and our modernization efforts must focus on improving our capabilities commensurate with the technological advances of the 21st Century. Our Nation depends on the Air Force to provide a dominant and decisive edge for Joint and Coalition military operations, and to continue to meet this challenge we must continue to improve our capabilities. This strategy will ensure that we have the systems, equipment and personnel to meet the challenges of today and tomorrow--to *fly, fight* and *win...*in air, space and cyberspace.



Section 2: FY 2010 Overseas Contingency Operations Request

The OCO request is separate from the baseline budget submission and provides for daily contingency operations requirements, to maintain aircraft and to provide for the needs of our warfighters as they support our Combatant Commanders. The Air Force is prepared to support the Combatant Commander as forces transition between Iraq and Afghanistan. Our submission provides the resources necessary to sustain our deployed forces in the near term and replace broken equipment to ensure a successful transition. The Budget Request includes O&M, Military Personnel, Procurement and MILCON appropriations. The FY 2010 Blue OCO Request is \$13.7B and \$2.3B for Non-Blue for a total of \$16B as shown in Table 23.

Table 23. FY 2010 OCO by Appropriation

OCO by Appropriation (\$M)	FY 09	FY 10	Delta
MILPERS	75	-	-
O&M	5,065	-	-
RDT&E	72	-	-
Procurement	1,703	-	-
OCO Bridge	6,915		
MILPERS	1,426	1,489	63
O&M	6,328	10,443	4,115
RDT&E	109	14	(95)
Procurement	4,454	3,598	(856)
MILCON	281	474	193
OCO Request	12,598	16,018	-
OCO Total	19,513	16,018	(3,494)

Numbers may not add due to rounding.

Military Personnel

Support for Officer and Enlisted pay and special pay for a total of \$1.5B is included in these appropriations. This funding will cover the additional end strength requirement to support these operations along with hazardous duty pay and other special pays necessary to cover forecasted expenses over and above our baseline program. Airmen are performing many missions to include supporting Army and Marine units in theater. For example, Expeditionary Security Forces provide combat support by patrolling as police transition teams, to performing intelligence operations and using military working dog teams to help Iraqi police with security.

Operations and Maintenance



The FY 2010 O&M Budget Request supports operational costs associated with flying hours for multiple aircraft, supplies and materials, Depot Procured Equipment Maintenance and Contractor Logistics Support, transportation costs for equipment to be shipped into and out of the theater, equipment and communications, and other miscellaneous costs to meet world-wide operational requirements. The FY 2010 budget submission includes \$10.4B for OCO Readiness.

Investment (RDT&E and Procurement)

FY 2010 OCO investment funds both RDT&E and Procurement projects. The Air Force will use these funds to reconstitute equipment and ammunition, deliver increased operational capability to the warfighter and secure deployed interests. The Air Force must continue to reconstitute and further equip the force, ensuring the warfighter is adequately prepared to successfully meet a range of security challenges. Investments include acquisition of aircraft end items to add an operational C-130J (\$72M) to replace a combat loss and one BD-700 (\$18M). OCO Procurement funds restore war reserve material stocks of missiles, ammunition and personal protective equipment. Examples of war material stocks include precision weapons such as JDAM (\$98M) and Hellfire missiles (\$29M).

OCO Procurement funds are also utilized to directly increase operational capability. Modifications to the Advanced Targeting Pod amplify precision attack and situational awareness capability. MQ-9 Reaper modifications provide greater situational awareness through heightened ISR capability. Operational capability is enhanced by the RC-135 Joint Rivet Worldwide Interoperability for Microwave Access effort (\$10.3M), which delivers the next generation of wireless video and audio communication connection to the warfighter throughout the area of responsibility (AOR). Equipping Air National Guard security forces personnel with night vision goggles will increase force protection. Procurement funds acquire mission critical vehicles such as medium tactical, passenger carrying and firefighting and crash rescue vehicles. Modifications for Large Aircraft Infrared Countermeasures (LAIRCM) will provide covert and highly effective protection to mobility aircraft including C-5, C-17 and C-130. The FY 2010 submission includes \$1.3B in RDT&E and Procurement funding to support contingency operations.

Military Construction

The Air Force submission includes funding for 23 MILCON projects in Southern and Eastern Afghanistan for increased ground operations to maximize operational effectiveness and response time to ground forces in the region. Several of the larger projects include constructing a refueler apron and relocating the hot cargo pad at Kandahar Air Base, ISR ramp extensions at Kandahar Air Base and Bastion, a cargo helicopter ramp at Kandahar Air Base, and a close air support ramp extension at Bastion. Some of the smaller projects include building cargo handling areas at five locations including Bastion, Dwyer, Shank, Tarin Kowt and Woverine. The FY 2010 submission includes \$0.5B for MILCON funding to support contingency operations.



Summary

The Air Force is providing support to OCO in multiple locations to meet the needs of the operational commander. Our Airmen are training, coaching and mentoring the Iraqi police and providing relief medical supplies to remote areas of Afghanistan. We run missions every day of the week and at all hours of the day in support of our Army and Marine counterparts to assist with transportation and security details as well as providing airdrop capabilities to remote areas all over the globe. The FY 2010 OCO Request sustains this support and ensures our troops are equipped with the materials they require to continue to accomplish their missions as forces transition from Iraq to Afghanistan.

Section 3: Performance Based Budget

The Government Performance and Results Act of 1993 envisioned the integration of the Annual Performance Plan with the Budget process. This integration came to be known as “Performance Based Budgeting” which attempts to measure actual outcomes against planned outcomes. Performance budgeting shifts the focus from detailed items of expense to the allocation of resources based on program goals and measured results.

The Office of Management and Budget Circular A-11, *Preparation, Submission and Execution of the Budget*, requires each government agency to align their performance budget against their strategic plan. The Air Force’s Strategic Plan, published in October 2008, identifies priorities and goals that will shape Air Force actions over the next three to five years. The *2008 Air Force Strategic Plan* aligns activities and functions across the entire Air Force with the guidance of the Secretary of Defense, Chairman of the Joint Chiefs of Staff and the needs of the Combatant Commanders. This plan aligns our vision, mission, priorities and goals; and progress is reported quarterly at the Corona senior leader conference.

The Performance Based Budget section that follows is organized by aligning TOA against the *2008 Air Force Strategic Plan*. It is important to note that the resources aligned against each priority area are approximate values since many Air Force programs support more than one priority. This TOA alignment was made at the appropriation and program level for simplicity and traceability and includes Blue, Non-Blue, supplementals and ARRA.

The Air Force priorities are:

- Reinvigorate the Air Force Nuclear Enterprise
- Partner with the Joint and Coalition Team to Win Today’s Fight
- Develop and Care for Airmen and Their Families
- Modernize Our Air and Space Inventories, Organizations and Training
- Recapture Acquisition Excellence

Priority 1 – Reinvigorate the Air Force Nuclear Enterprise

Overview

Nuclear capabilities are a key to strategic deterrence, and a distinct national strength. The Secretary of the Air Force created a Nuclear Task Force which developed a strategic roadmap to rebuild our nuclear enterprise and restore the standards of safety, security and reliability. This section addresses Air Force operations that support leadership’s highest priority: *Reinvigorate the Air Force Nuclear Enterprise*. The specific goals are listed in Table 24.

Table 24. 2008 Air Force Strategic Plan Goals Supporting Priority 1

Priority 1 Goals
1.1: Meet Recognized Benchmarks for Nuclear Surety
1.2: Improve Focus on the Nuclear Mission

The Air Force nuclear enterprise consists of the people, organizations, processes, procedures and systems used to conduct, implement and sustain nuclear operations and forces. Some systems include the B-52, B-2, Minuteman III, COBRA BALL and early warning systems. This nuclear enterprise section makes up approximately \$4.4B of the Air Force FY 2010 Budget Request equating to about 3 percent. Figure 18 reflects the total funding by appropriation for the nuclear enterprise. Many programs in this priority also support mission areas beyond the nuclear enterprise (like the B-2 and B-52 which have both a nuclear and conventional capability). It is important to understand these overlaps occur across operational areas by design to meet the requirements of the operational commander.

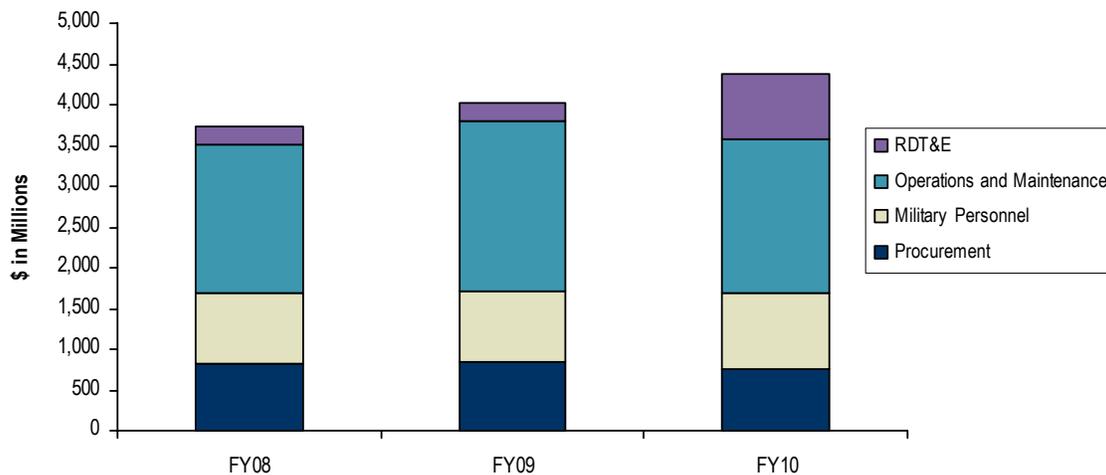


Figure 18. Reinvigorate the Nuclear Enterprise TOA by Appropriation

The end of the Cold War (1989) brought changes in global challenges, defense downsizing and a shift in national leadership priorities. During this timeframe, increasing needs for conventional capabilities, driven by contingencies in the Middle East, caused funding constraints that impacted support to the nuclear enterprise. Ongoing conflicts including Operation Enduring Freedom and Operation Iraqi Freedom further shifted focus and priorities to conventional capabilities. This shift resulted in a fragmented nuclear sustainment system and erosion of the nuclear expertise.



The Secretary of Defense appointed a task force in June 2008, led by Dr. James Schlesinger, to evaluate the Air Force and Department of Defense (DoD) nuclear weapons management. Review of the Air Force nuclear enterprise was completed and documented in the *Report of the Secretary of Defense Task Force on DoD Nuclear Weapons Management Phase I: The Air Force's Nuclear Mission*, September 2008, and is referred to as the Schlesinger report. The Schlesinger report identified six main areas requiring additional focus as listed in Table 25.

Table 25. Nuclear Challenge Areas Identified in the Schlesinger Report

Six Challenge Areas	
1)	Underinvestment in the nuclear deterrence mission
2)	Nuclear-related authority and responsibility are fragmented
3)	Processes for uncovering, analyzing and addressing nuclear-related compliance and capability issues are largely ineffective
4)	Nuclear-related expertise has eroded
5)	A critical self-assessment culture is lacking
6)	Air Force nuclear culture has atrophied resulting in a diminished sense of mission importance, discipline and excellence

The Strategic Plan

The Air Force is actively addressing the findings of the task force created by the Secretary of the Air Force. Implementing the strategic roadmap, *Reinvigorating the Air Force Nuclear Enterprise*, will “revitalize the nuclear enterprise and reclaim the trust of our Nation and confidence of our allies.”² This roadmap identifies action plans to overcome recent situations and restore an environment for prolonged excellence throughout the Air Force nuclear enterprise. The roadmap highlights nuclear deterrence as the foundation for the security of the U.S. and our allies, with discipline and accountability as essential elements of the nuclear culture. The roadmap lays out the Air Force plan to provide ongoing excellence in the nuclear deterrence capability, mission and enterprise.

The Air Force is correcting problematic areas identified in the Schlesinger report and “...reestablishing recognized standards of excellence in the USAF’s nuclear enterprise.”³ To accomplish these goals, the Air Force identified five major focus areas:

- Restore the culture of compliance
- Rebuild the nuclear expertise
- Invest in nuclear capabilities
- Organize to enable clear lines of authority providing sustained institutional focus
- Reinvigorate the Air Force nuclear stewardship role

² *Reinvigorating the Air Force Nuclear Enterprise*, 24 October 2008, page 1.

³ *Reinvigorating the Air Force Nuclear Enterprise*, 24 October 2008, page 3.

Restore a Culture of Compliance

The Air Force action plan is to rebuild a nuclear culture with robust self-assessment and inspection processes to effectively reveal, analyze, resolve and review program weaknesses and restore a culture of compliance. Our Air Force leadership at all levels are making nuclear mission oversight and self-assessment a top priority, and communicating this message to their Airmen highlighting a zero defect nuclear culture and rigid adherence to standards. We are clarifying nuclear guidance and policy, and establishing a comprehensive and consistent inspection process. To ensure independence and consistency in the assessment process, the Inspector General of the Air Force will have authority and responsibility for Air Force nuclear inspections, while the Major Command will maintain training and readiness authority and responsibility. Taking these actions should standardize inspection processes, reinstate a culture of accountability and revive the standards of nuclear excellence across the Air Force.

Rebuild Nuclear Expertise

To rebuild nuclear proficiency, the Air Force is investing to improve nuclear guidance and training programs, leveraging educational opportunities to optimize assignment selections and relocating personnel as necessary to ensure that nuclear billets are filled with qualified personnel. We are reviewing education and training at all levels, improving tracking and placing highly qualified and trained staff in positions that demonstrate nuclear proficiency and adhere to the highest standards. A Joint training and education review has already been accomplished by the Directorate of Manpower and Personnel to establish baselines for nuclear education and training and determine whether present education and training portfolios are adequate. Proposed curriculum modifications have been sent to the Air Force Learning Committee for confirmation and endorsement. Air University has also developed a short course for new commanders on nuclear doctrine, procedures and operational accountability and custody. Finally, we will improve oversight of the nuclear enterprise by reviewing the frequency and content of nuclear exercises, standardize training for nuclear inspection teams, and require Airmen entering nuclear command or supervisory roles to attend nuclear-related leadership training.



Invest in Nuclear Capabilities

The Air Force's long-term plan for maintaining, reinvesting and modernizing the nuclear capability to provide sustained institutional focus begins with identifying a sole advocate for nuclear funding requirements, acquisition and programming. We also established a new Headquarters Air Force directorate for Strategic Deterrence and Nuclear Integration as a full member of the Air Force Group and Air Force Board to provide strong representation for nuclear issues. The Assistant Chief of Staff of the Air Force, Strategic Deterrence and Nuclear Integration, will work to ensure the nuclear program receives sufficient investment. The Air Force is also aligning nuclear program funding with the strategic plans for the nuclear mission to include short term (re-establishing the nuclear enterprise), mid-term (F-35 dual capability, tanker replacement and weapon storage area alignment) and long-term (air launched cruise missile, bomber and intercontinental ballistic missile replacements) mission strategies. This action plan should allow us to maintain, reinvest and modernize the nuclear capability in order to meet mission requirements for the long term.

As previously mentioned, Figure 18 shows the current and prior year funding profiles in the nuclear area. Some of the key nuclear funding efforts in FY 2010 include B-52 upgrades, building a B-52 weapons storage area, Minuteman III revitalization programs and solid rocket motor replacements, security forces enhancement, standup of Air Force Global Strike Command and establishing the Assistant Chief of Staff of the Air Force, Strategic Deterrence and Nuclear Integration (AF/A10) directorate.

Organize to Provide Sustained Institutional Focus

Our plan for sustainment of the nuclear enterprise requires establishing and instituting end-to-end logistics and supply chain management procedures. This includes positioning nuclear assets in Air Force owned and controlled facilities to establish and maintain positive inventory control; refining guidance and processes for nuclear maintenance, inventory and distribution; and instituting training programs across sustainment activities. Identifying, physically marking and maintaining positive inventory control of all nuclear-related assets has begun. The ultimate goal will be implementation of the Expeditionary Combat Support System which will provide fully automated positive inventory control including real-time visibility and serial number tracking. Secondly, the Air Force will refine maintenance, inventory and distribution processes by assessing whether nuclear-related facilities and equipment meet sustainment requirements, reviewing and revising technical orders and guidance related to storage and handling, and verifying that personnel who require access to nuclear weapons have adequate availability to secure communication modes. The Air Force will also improve weapons maintenance and storage safety with updates to radiation-related safety guidance, requirements, training, assessment and monitoring. In addition, we plan to improve engineering support by implementing an automated tool for tracking and managing engineering and sustainment requests. Finally, we will bolster training, make specific training mandatory and ensure training resources help provide a realistic learning environment.

Reinvigorate the Nuclear Stewardship Role

The Air Force plan for reinvigorating nuclear stewardship focuses on building unrelenting support and commitment to the nuclear deterrence mission while continuing to win today's fight. Increased communication is key to our plan for institutionalizing long-term support and commitment to nuclear deterrence. Senior leaders are recognizing the significant achievements of Airmen working in the nuclear arena, presenting briefings promoting nuclear deterrence, attending nuclear assessment debriefs, and maintaining an overall high level of involvement and oversight in the nuclear mission arena. Leadership will also present public briefings on the importance of our role in nuclear deterrence and highlight program improvements to further promote advocacy of the nuclear mission. We will make nuclear mission training a part of both officer and enlisted course curriculums so all Airmen have a thorough understanding of the nuclear enterprise and the significant role it plays in nuclear deterrence. The ultimate goal will be to bolster support in Joint Doctrine, Office of the Secretary of Defense (OSD) policy and National Security Strategy for the Air Force nuclear enterprise. These actions, along with actions taken in the preceding focus areas, will demonstrate a sustained commitment to the Air Force nuclear deterrence mission.

Implementing the Transformation

In order to transform the nuclear enterprise, the Air Force is significantly increasing nuclear funding, as well as implementing organizational, functional and operational changes. The fundamental premise behind the transformation is advocacy for the nuclear mission based on nuclear deterrence as a foundational element for National Security Strategy. The Air Force is currently working to develop performance measures to track progress in meeting nuclear goals, which will include specific objectives, standards and related metrics. Because these measures are still being defined, there are no actual nuclear performance measures included in this publication.



Priority 2 – Partner with the Joint and Coalition Team to Win Today’s Fight

Overview

The Air Force provides Joint Force Commanders a range of capabilities to achieve desired global effects. Our Airmen currently fly an average of 265 sorties daily as part of Operation Enduring Freedom and Operation Iraqi Freedom. Over 27,000 Airmen are deployed to the U.S. Central Command (USCENTCOM) AOR today and over 36,000 are deployed to contingencies around the globe. This section addresses Air Force operations that support one of the five leadership priorities: *Partner with the Joint and Coalition Team to Win Today’s Fight*. The specific goals are listed in Table 26.

Table 26. 2008 Air Force Strategic Plan Goals Supporting Priority 2

Priority 2 Goals
2.1: Support the Combatant Commanders at All Levels, Particularly in Irregular Warfare
2.2: Bolster ISR Support for Joint Operations
2.3: Build Global Partnerships

The Air Force’s commitment to supporting the Joint warfighter by providing *Global Vigilance, Reach and Power* remains at the top of our priorities. This section focuses on Air Force operations and the infrastructure currently supporting the Joint and Coalition warfighters and makes up approximately \$58B or about 40 percent of the Air Force FY 2010 Budget. It specifically describes how Air Force operations contribute to the defense of the U.S. and to furthering our global interests. Figure 19 shows Priority 2 funding broken out by appropriation.

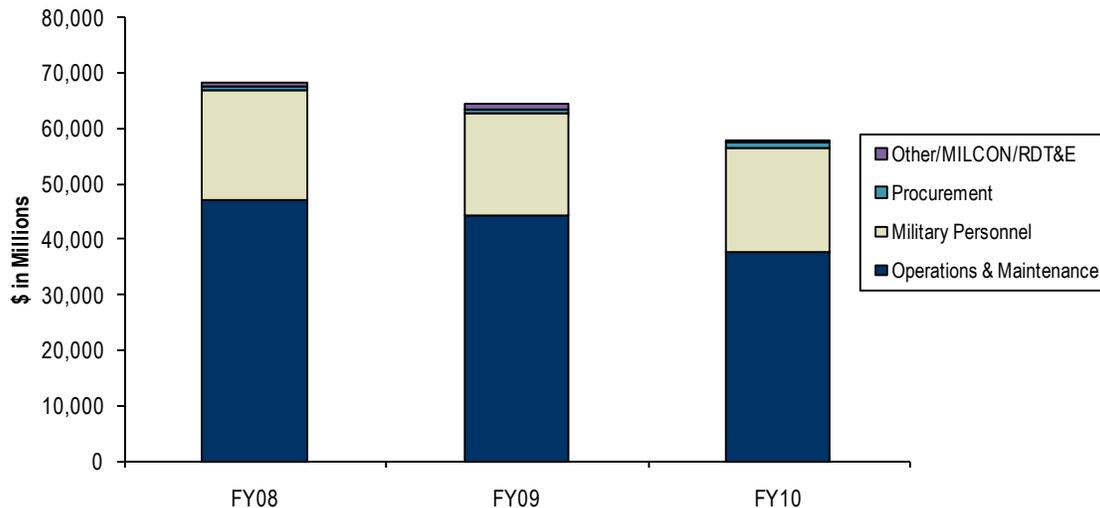


Figure 19. Win Today’s Fight TOA by Appropriation

Our Airmen are battle-tested and have proven their capabilities across the spectrum of conflict. Over the past year the Air Force flew over 97,000 sorties in the wars in Iraq and Afghanistan and has flown over a million sorties since 9/11. Since 2001 the Active Duty Air Force has reduced its end strength by almost six percent but our deployments have increased over 30 percent--primarily in support of ongoing operations. This part of the FY 2010 Air Force Budget Request fully funds the flying hour program at 1.4M flying hours, sustains over 5,400 aircraft and provides Executive Agency support for five Combatant Commands. The Air Force is constantly evaluating performance in current operations to facilitate improvements and enhance tomorrow’s capabilities. This is accomplished through an evaluation of the Air Force’s current capabilities compared to the desired capabilities for greater success in the future.

Supporting Combatant Commanders through Capabilities-Based Planning

Given the spectrum of threats the U.S. faces, the Air Force must be capable of assuring our allies, dissuading and deterring potential adversaries, and, if necessary, defeating those who choose to become our enemies. The Air Force has implemented a strategy based on providing policy makers with options for our defense, covering the spectrum of air, space and cyberspace. In war, Air Force capabilities provide decision makers with a range of options, from supporting Joint and Coalition actions in conjunction with allied air, land and sea forces to direct strikes against enemy centers of gravity. These options are enabled by the asymmetric advantages the U.S. possesses in air and space technology and the preparation of our forces. The Air Force uses seven Concepts of Operation (CONOPS) designed to achieve Joint Commander’s desired effects through the application of capabilities needed by Joint Operating, Functional and Integrating Concepts. Figure 20 depicts how the National Security Strategy and other Defense strategies guide the Air Force’s planning process in support of Combatant Commander mission requirements.

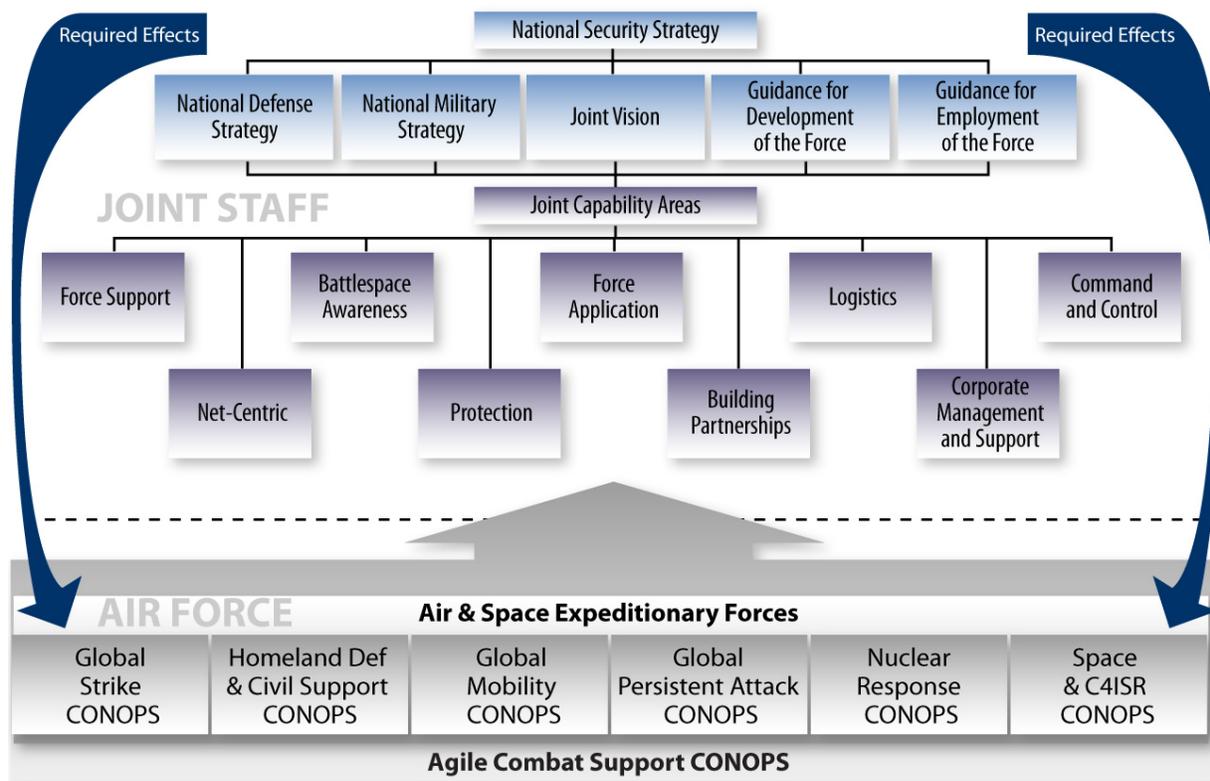


Figure 20. The Capabilities Planning Construct

A growing threat to U.S. military forces and our Nation is the threat of cyber attack. Cyberspace challenges are constant and continue to grow. These challenges include increasing identity theft, constant intrusions into government networks, rampant cybercrime, advanced social engineering techniques, and widespread vulnerabilities continuously exploited by entities ranging from criminal organizations and entrepreneurial hackers to well-resourced espionage agents. The Air Force is actively working to counter and combat the war in cyberspace by defining and shaping the Service’s future cyber operations requirements. The provisional Air Force Cyberspace Command (AFCYBER (P)) team worked to determine how the Air Force should organize, train and equip its cyber forces. Air Force officials decided to stand up a numbered Air Force headquarters (24th AF) to lead related cyberspace administration, policy and organize-train-equip functions. This component will be organized under Air Force Space

Command (AFSPC) to lead our increasing number of cyber experts and ultimately improve our cyberspace capabilities.

Global Vigilance

Global integrated ISR is the foundation of *Global Vigilance*, cuts across all domains and affects almost every mission area. ISR activities make up the majority of the operations required to achieve our security objectives. Air Force operations in this area range from finding the enemy, to deconstructing enemy network and intentions, to making it possible to deliver weapons or other effects on target and then assessing the results of our efforts.

ISR is a key enabler for the Joint Team. The Air Force has seen a surge in the demand for UASs and has doubled Air Force Combat Air Patrol (CAP) support in the USCENTCOM theater since 2007. The FY 2010 Budget Request increases MQ-1/MQ-9 CAPs from 34 in theater today to 43 total CAPs. Figure 21 shows the exponential growth in MQ-1/MQ-9 CAPs in FY 2001, and we are on track to meet the 50 MQ-1/MQ-9 combined CAP mandate to support the Joint Force by FY 2011. The Air Force is also partnering with U.S. Special Operations Command (USSOCOM) to provide additional manpower billets to meet special operations ISR needs worldwide. We are making improvements to our Distributed Common Ground System that will allow further harmonization of intelligence increasing both the volume and types of shared data.

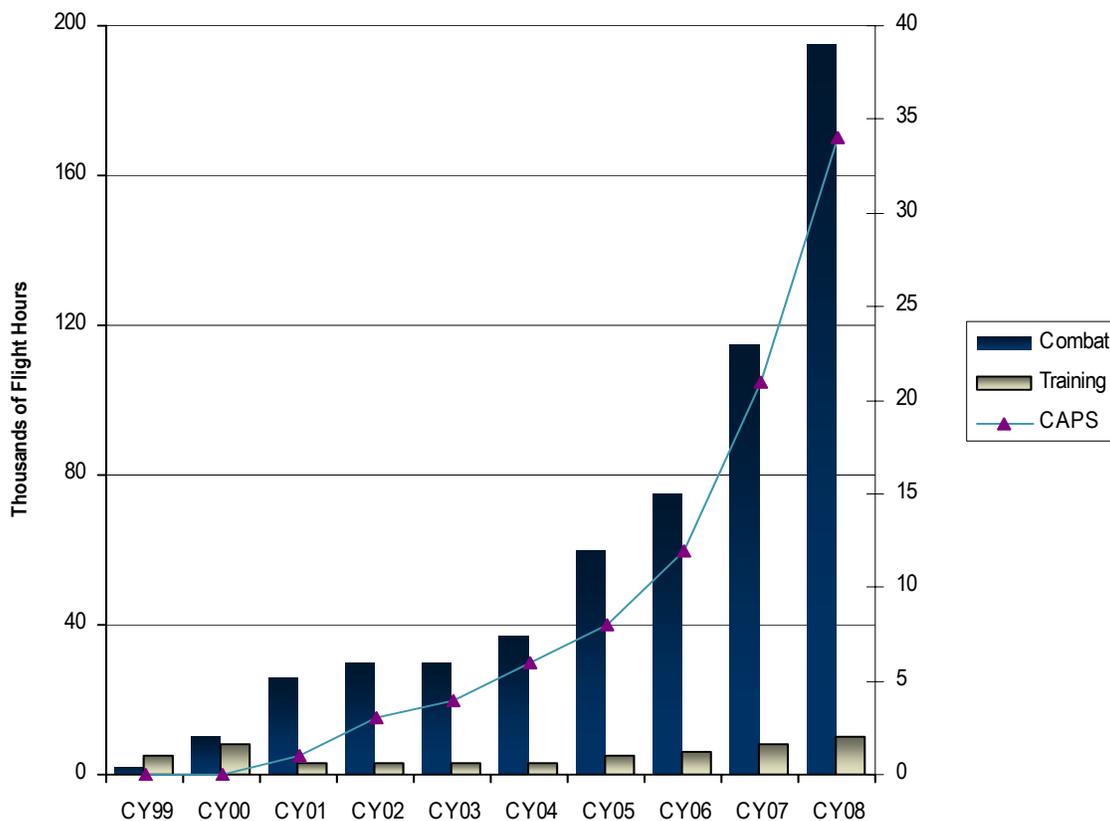


Figure 21. Historic MQ-1/MQ-9 Operational Growth (by Calendar Year)

Space superiority is essential to Joint warfighting success. America’s space capabilities have completely transformed the way America fights. Our Airmen currently operate 67 satellites and provide command and control (C2) infrastructure for over 140 satellites, providing the U.S. persistent global communications; weather coverage; strategic early warning; global position, navigation and timing services; signals and ISR capabilities--all vital to the Joint Team’s success.

Global Reach

Rapid global mobility is a key component for Joint warfighting to deliver the right resources at the right time and at the right place. As U.S. forces stationed overseas continue to decline, global interests remain, making the unique capabilities provided through Air Mobility Command even more in demand. Airlift provides the capabilities to deploy our armed forces anywhere in the world and help sustain them in a conflict. Both intertheater and intratheater airlifters have been indispensable to the Joint Forces in Iraq and Afghanistan as well as to crisis response planners in the wake of natural disasters both at home and abroad. The Air Force provides U.S. forces an air bridge making possible the deployment and employment of Joint combat power and humanitarian relief anywhere on the planet. In Iraq, Air Force airlift delivers approximately 3,500 equivalent truckloads of cargo in an average month, taking more than 8,600 people off dangerous roads and providing the Army and Marine Corps the flexibility to re-assign those vehicles and support troops to alternate missions and safer routes. Most airlift is provided by the C-5 Galaxy, the C-17 Globemaster and the C-130 Hercules. Air refueling enhances the Air Force’s ability to accomplish its missions of *Global Reach* and *Global Power*. Primarily provided by the KC-135 Stratotanker and the KC-10 Extender, air refueling extends the reach of other capabilities to any destination around the world.



One of the measures the Air Force is tracking in mobility aircraft is the amount of LAIRCM kits purchased and installed. The LAIRCM system is an active countermeasure that defeats the threat missile guidance systems by directing a high-intensity laser beam into the missile seeker. The system automatically counters advanced infrared missile systems with no action required by the crew. The Air Force is planning to exceed 300 total installs of the LAIRCM system on mobility aircraft by FY 2015. Figure 22 shows how many systems have been purchased through FY 2008.

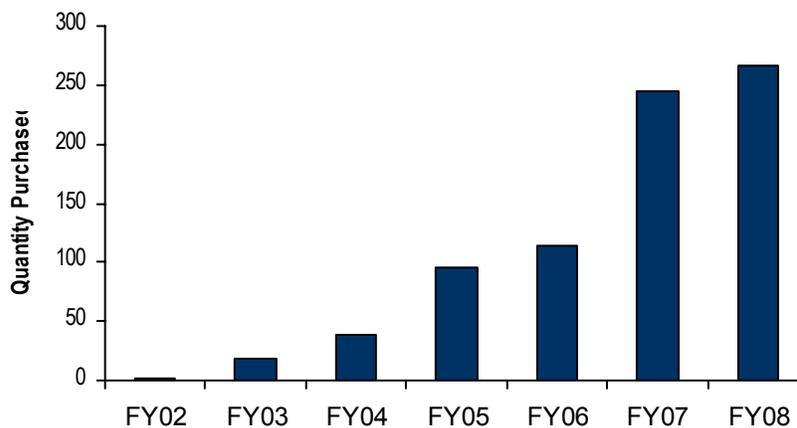


Figure 22. Purchased LAIRCM for Mobility Aircraft

Global Power

The ability to provide rapid, precise and lethal effects at global distances is essential to defeating enemy networks and systems, defending the homeland and shaping choices of other nations. The U.S. has enjoyed air dominance over the last 50 years which provides a distinct strategic advantage in any military operation. The backbone of this advantage is provided through the F-15s and F-16s which make up the bulk of our fighter force. However, the Air Force is transforming its fighter force to 5th generation systems. With the retirement of roughly 250 of the oldest Air Force tactical fighters, the Air Force will save over \$350M in O&M and aircraft modifications.

The F-22 is the only operational 5th generation fighter and provides a combination of stealth, supercruise, maneuverability, integrated avionics and improved supportability to make it the most formidable fighter in the world. The F-22 possesses a sophisticated sensor suite allowing the pilot to track, identify, shoot and kill air-to-air threats before the enemy can detect its presence. We will complete our buy of the final four F-22s in FY 2009, and in FY 2010 will move focus to the F-35, a supersonic, multi-role, 5th-generation stealth fighter. The F-22’s unmatched capability is complementary to the capabilities of the F-35 which excels at Global Precision Attack.

Flying Operations Performance

The Air Force uses numerous measures to track performance of our operational missions described in *Global Vigilance, Reach and Power*. (Note that some systems like the B-52 and B-2 support both nuclear and conventional roles so their performance measures are included in the overall measures described in this section.) Figure 23 shows the makeup of the Air Force’s active inventory by mission performance area (trainers, strike, mobility and ISR). The trend over the last decade had been an overall reduction in aircraft in every mission area with the exception of ISR due to the increased demands and requirements for UASs.

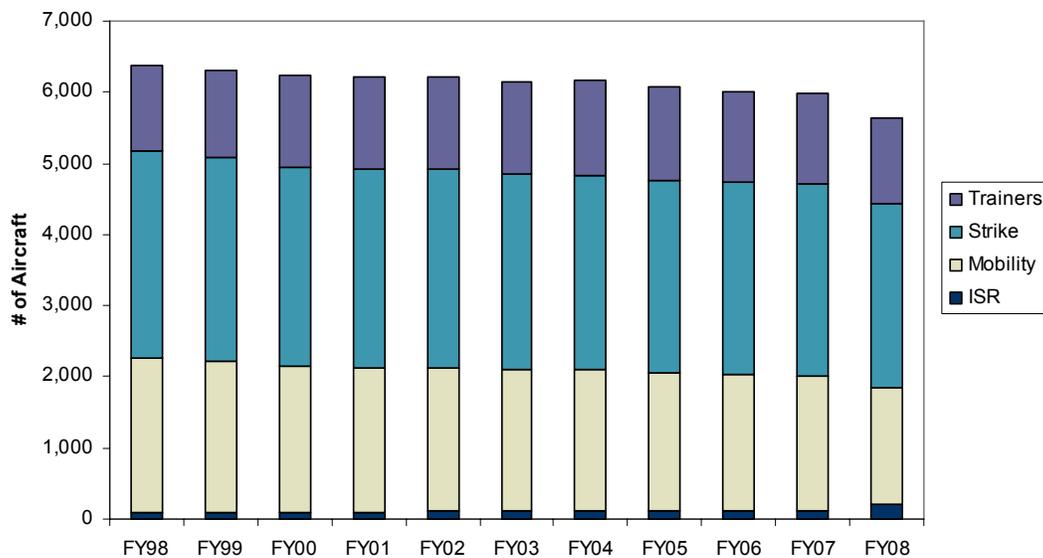


Figure 23. Total Active Inventory by Mission Performance Area (FY 2008 Actuals)

Air Force operations are largely impacted by the ability to support planned flying missions with the right aircraft at the right time. Figure 24 shows our aircraft availability metrics by mission performance area. Each aircraft type has a different aircraft availability target based on the number of available crews and scheduled missions on a monthly basis. The decrease in *Global Power* availability in FY 2008 was primarily due to the grounding of the F-15 and A-10 when structural defects were identified. All F-15 A-D models were inspected before being placed back in service which negatively impacted the airframe’s availability in FY 2008. The Air Force issued a time-compliance technical order on approximately 130

A-10s in October 2008, requiring immediate inspection and repair of wing cracks. The inspections focused on A-10s with thin-skin wings, installed during original manufacture, to ensure the operational safety of the aircraft.

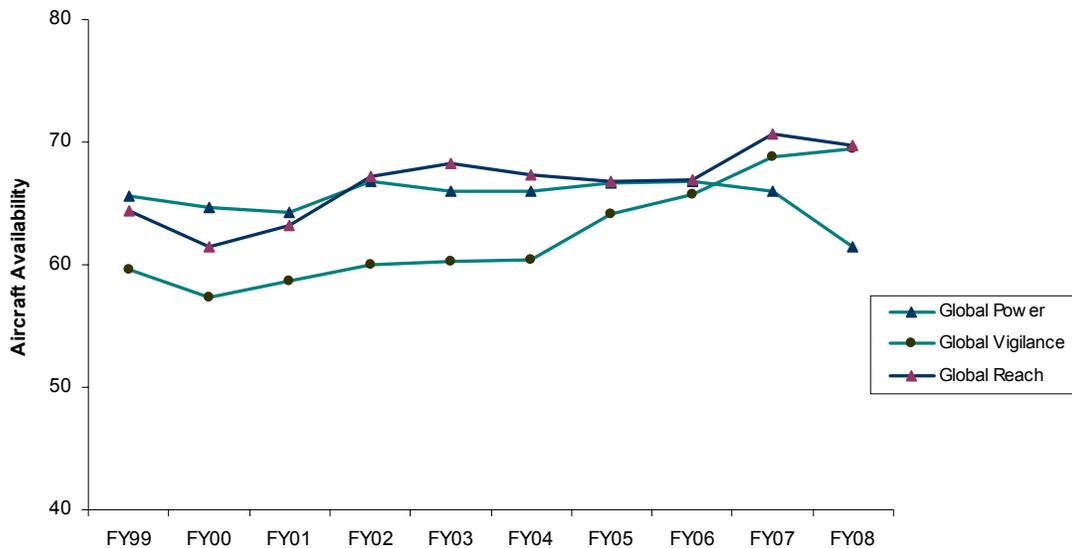


Figure 24. Aggregate Aircraft Availability by Mission Performance Area (Total Force)

Build Global Partnerships

Winning today’s fight requires commitment, capability and cooperation from our interagency and international partners. We work closely with our interagency partners and other services in order to ensure a synchronized government approach toward establishing and maintaining international partnerships. We depend on our international partners to secure their territory, support regional stability, provide base access and overflight rights, and contribute multiple air, space and cyberspace power capabilities as interoperable coalition partners. Building these relationships increases national legitimacy as an important part of America’s diplomacy in an increasingly connected world.

The Air Force approaches Building Partnerships (BP) from the perspective of our Global Partnership Strategy where we employ 17 means of engagement, three of which include Education and Training, Aviation Advisor Programs and Cooperative Relationships in support of the Combatant Commander’s BP strategies and the Guidance for the Employment of the Force.

Education and Training: Developing international partner’s capabilities requires that we provide a wealth of technical and professional military education training courses ranging from Joint Terminal Attack Controller and Aircraft Load Planning to Air War College and Senior NCO Academy to our international partners. The USAF educates and trains more than 8,500 coalition air force members each year through developmental education, Professional Military Education (PME), language, medical, C2, security, logistics, maintenance and flying training courses. The USAF is a BP core enabler as the executive agent for Defense Institute for Medical Operations and the Defense Language Institute English Language Center with the latter ensuring all international partner students possess the requisite English language comprehension for their training courses. Our training activities not only impart the required skills and knowledge but they also establish the personal bonds of friendship and respect forged among all participants who may be involved in Joint and Coalition operations in the future.



Aviation Advisor Programs: Our aviation advisors possess language skills, cultural expertise, regional/political knowledge, advanced technical skills and exceptional advisor/mentor skills. These experts are often on the leading edge for assisting an international partner to develop their aviation capability from the ground up, resulting in a fully interoperable operational/combat aviation capability. With cooperation from the Coalition Air Force Team and the 52nd Expeditionary Flying Training Squadron at Kirkuk Regional Air Base, Iraqi pilots are being trained to establish the future of Iraq's air power. These new pilots are the first Iraq has produced since the fall of Saddam Hussein. They are fully qualified, instrument rated pilots and will have the skills to project airpower day or night in support of counter-insurgency operations.

Cooperative Relationships: Establishing and maintaining cooperative relationships with our partners in air, space and cyberspace are essential to ensuring the U.S. and our partners have the most effective capabilities available. Developing mutually beneficial relationships through cooperative agreements such as the Acquisition and Cross Servicing Agreement and disclosing the appropriate level of information consistent with U.S. national security allow the USAF to enhance cooperation and interoperable capabilities. Cooperative weapons systems partnerships are critical in today's environment. An example of this is the F-35 which is dramatically increasing the interoperability that binds our air forces together today. The technological, industrial, economic, logistical and operational links inherent in this program will provide a centerpiece for air force relationships for the next 40 years.



The Air Force's need to retain the ability to meet the demands of a dynamic, dangerous and unpredictable world is supported by the FY 2010 Budget Request. Preparation for the Joint and Coalition warfighting environment requires investment in the key capabilities envisioned in Joint Concepts and will allow the Air Force to continue to meet any and all threats. The Air Force leadership priorities support the National Military Strategy and our ability to deliver *Global Vigilance, Reach and Power* for Americans.

Priority 3 – Develop and Care for Airmen and Their Families

Overview

Taking care of Airmen and their families is key to our ability to continue to fight today’s fight and prepare for future challenges. The specific *2008 Air Force Strategic Plan* goals supporting this priority are listed in Table 27.

Table 27. 2008 Air Force Strategic Plan Goals Supporting Priority 3

Priority 3 Goals
3.1: Ensure Airmen Possess the Appropriate Skills to Conduct Joint Operations in Air, Space and Cyberspace
3.2: Sustain Deployed and Home Station Quality of Service

The *Develop and Care for Airmen and Their Families* priority accounts for approximately \$15.9B of the Air Force FY 2010 Budget Request, about 11 percent of the total as reflected in Figure 25. The Air Force’s budget reflects the commitment to providing our entire team with world-class programs, facilities and morale enhancing activities. Funding supports sustainment and expansion of critical programs like recruiting, Joint training exercises, balance of Reserve and Guard forces and professional and personal development of our Airmen. The FY 2010 program includes various bonus programs to ensure success in meeting Congressionally authorized end strength levels, while continuing excellence in our highest priority mission areas.

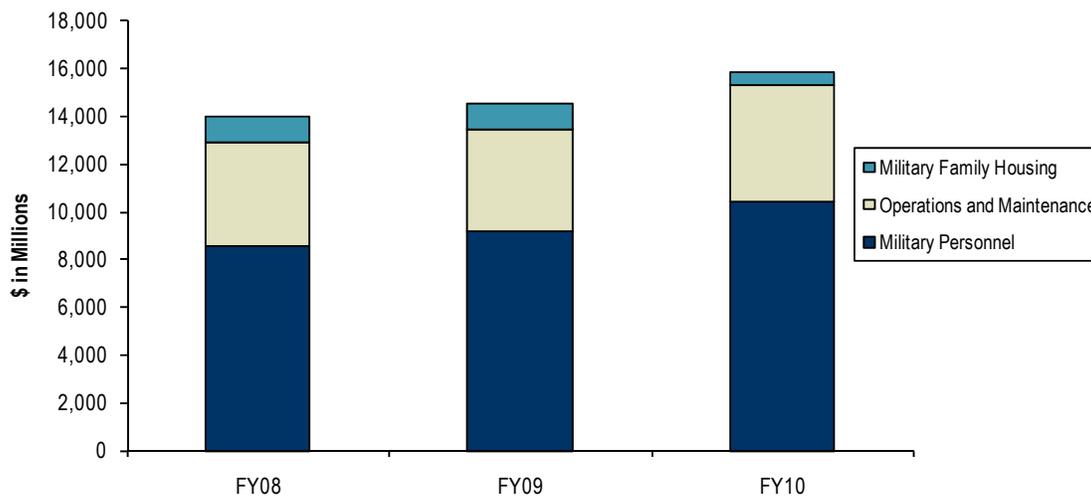


Figure 25. Develop and Care for Airmen TOA by Appropriation

Retention

An all-volunteer force is the foundation of the most professional and proficient fighting force in the world. This necessitates the need to provide opportunities for advancement and growth. Our civilian and military workforces similarly possess skills that are highly prized in the private sector, thus requiring a concerted strategy to retain these professionals.

Legislative bonus programs, along with increases in pay, benefits and Quality of Service initiatives, have a positive impact on career field health. Figure 26 displays manning and retention data for the 10 enlisted career fields being most closely monitored for retention issues. Most of these career fields improved in health during FY 2008. The Air Force increased bonus amounts in FY 2009 for the few for which health declined. There are 88 Air Force Specialty Codes (AFSC) in the Selective Reenlistment Bonus Program, 51 new AFSCs (that did not get bonuses in FY 2008) and 37 carry-overs from FY 2008.

AFSC	Title	Metrics as of End Sept 08		Legislative Authority Programs				
		Manning	Retention*	SRB	IEB	SDAP	CSAIP	CSRB
1A7X1	AERIAL GUNNER	101%	9.58	X				
1A8X1	AIRBORNE CRYPTO LINGUIST	102%	10.48	X	X	X		
1C1X1	AIR TRAFFIC CONTROL	84%	8.47	X				
1C2X1	COMBAT CONTROL	82%	12.95	X	X	X	X	X
1C4X1	TACTICAL AIR CONTROL PARTY (TACP)	79%	11.18	X	X	X		
1N0X1	OPERATIONS INTEL	88%	9.66	X				
1N1X1	IMAGERY ANALYSIS	82%	9.70	X				
1T0X1	SURV, EVAS, RES, ESCAPE	93%	13.31	X	X	X		
1T2X1	PARARESCUE	74%	12.29	X	X	X	X	X
3E8X1	EXPLOSIVE ORD DISPOSAL	82%	9.94	X	X	X		

*Average Career Length measured in terms of completed years of service

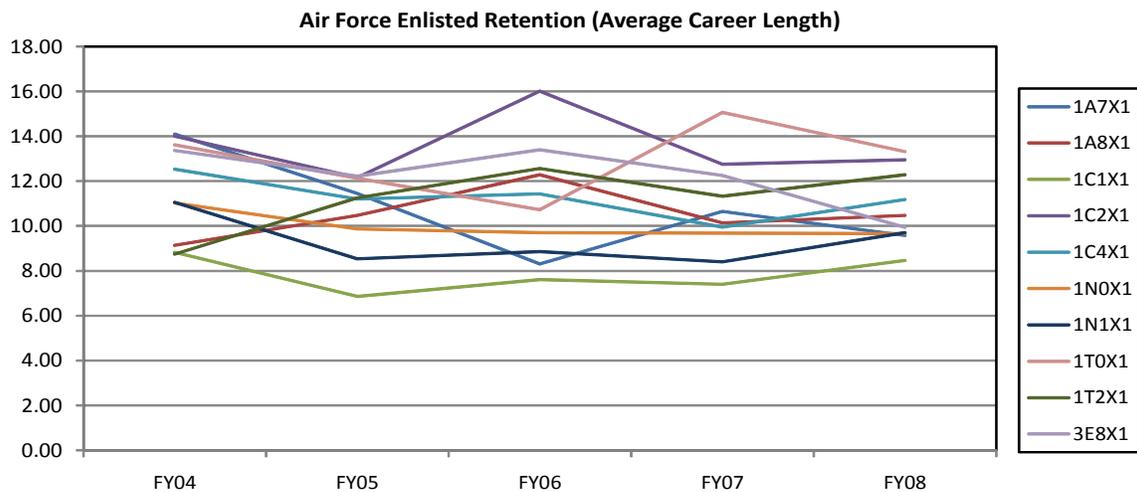
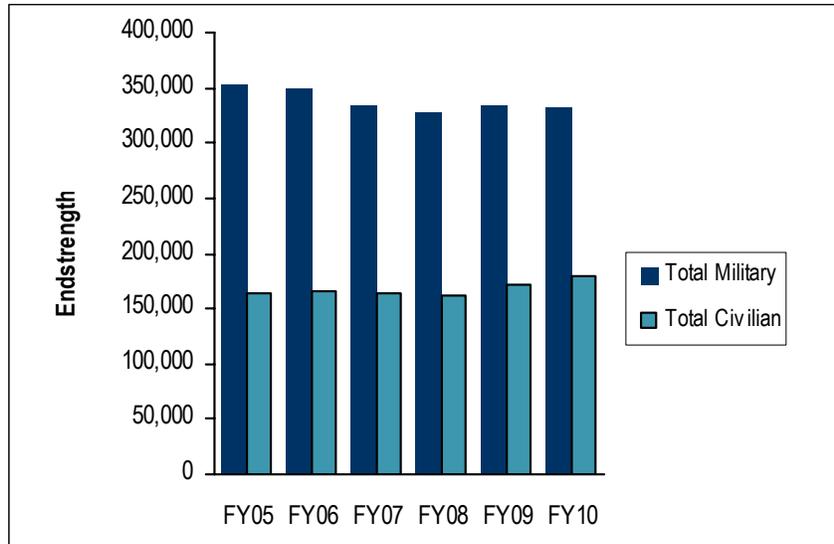


Figure 26. Enlisted Retention and Uses of Legislative Authorities

The majority of our officer accession programs met end strength goals, except for the medical area. Since 9/11, Air Force Recruiting Service and Air Force Medical Service (AFMS) have worked together to implement innovative ways to address our shortfalls in medical recruiting. The AFMS continues to develop accession and retention incentives to ensure the right mix of health professionals exists for today and the future. Budgetary support for retention programs is critical to effectively manage the force and retain needed warfighting capability. The FY 2010 Budget Request includes a \$65M increase for health professional recruiting and retention bonuses starting in FY 2009.

Balancing and Optimizing the Force

The Air Force had focused efforts on decreasing its end strength by about 60,000 from FY 2004 through FY 2009, with an end goal of approximately 316,600 active duty personnel by the end of FY 2009. However, after manpower shortfalls were identified in nuclear enterprise, ISR, acquisition, cyber, medical and maintaining aging aircraft, the drawdown was halted. This left the Air Force on a relatively constant end strength of 332,748 in FY 2009 to 331,700 in FY 2010 and level off at approximately 332,800 in FY 2012. Figure 27 shows the active personnel end strength from FY 2005 through FY 2010.



	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Officer	73,252	70,539	65,722	64,805	65,374	63,866
Enlisted	276,117	273,990	263,372	258,092	262,889	263,834
Cadets	4,327	4,424	4,401	4,482	4,485	4,000
Total Military	353,696	348,953	333,495	327,379	332,748	331,700
Total Civilians	164,033	166,538	163,807	161,108	171,313	179,152
Total Active	517,729	515,491	497,302	488,487	504,061	510,852

Numbers may not add due to rounding.

Figure 27. Active Personnel End Strength

Ensuring Sustainable Military Tempo

Over 36,000 of America’s Airmen are currently deployed to contingencies worldwide, with over 27,000 Airmen deployed to 63 locations across the Middle East. Over 157,000 Airmen have shouldered the burden of multiple deployments to theater. Thousands more project America’s strength from their home bases. Airmen who were previously categorized as filling non-standard or “in lieu of” taskings are now referred to as filling a Joint Expeditionary Tasking (JET), a re-designation to more accurately define their contributions to the Joint Team.



The number of Airmen performing JET missions for the land components has nearly tripled in the past two years. Less than 2,000 Airmen were performing missions such as interrogator and convoy driver in 2005. The number is now over 5,000. The top five career fields supporting these taskings are Security Forces, Vehicle Operations, Pavement and Construction, Explosive Ordnance Disposal and Intel Applications.

Table 28. Career Field Stress Summary

Officer	Enlisted	Total
AFSCs = 7	AFSCs = 14	AFSCs = 21
Personnel = 4,618/64,512 (7.2%)	Personnel = 41,618/258,095 (16.1%)	Personnel = 46,236/322,607 (14.3%)

Numbers may not add due to rounding.

Table 28 is a summary of Career Field Stress by officer and enlisted personnel. Table 29 and Table 30 provide additional detail on stressed AFSCs. An AFSC with two or more check marks is considered stressed. The criteria for a check mark is: a rating of 3 (very high) operational or “ops” demand, a stress factor greater than or equal to 1.20 from the required versus funded manpower metric, or meeting the unhealthy AFSC criteria based on personnel inventory and retention. All of the stressed AFSCs are listed. The top five officer and top five enlisted stressed AFSCs are highlighted in red.

Table 29. Enlisted – Career Field Stress

Air Force Specialty	Title	Operational Demand	Required vs. Funded Manpower	Personnel Inventory/Retention
ENLISTED AFSCs				
1C2	Combat Control	✓		✓
1C4	Tactical Air Control Party	✓	✓	✓
1N0	Operations Intel	✓		✓
1N1	Imagery Analyst	✓		✓
1T2	Pararescue	✓		✓
2T1	Vehicle Operations	✓	✓	
3C2	Network Integration		✓	✓
3E2	Pavement/Construction Equipment		✓	✓
3E3	Structural	✓	✓	✓
3E6	Operations Management	✓	✓	✓
3E8	Explosive Ordnance Disposal	✓	✓	✓
3P0	Security Forces	✓	✓	
6C0	Contracting	✓	✓	✓
7S0	Special Investigations		✓	✓

Table 30. Officer – Career Field Stress

Air Force Specialty	Title	Operational Demand	Required vs. Funded Manpower	Personnel Inventory/Retention
OFFICER AFSCs				
12S	Special Ops Navigator	✓	✓	
13D	Control and Recovery	✓		✓
13M	Airfield Ops	✓	✓	
31P	Security Forces	✓	✓	
32E	Civil Engineer	✓	✓	
35P	Public Affairs	✓	✓	
64P	Contracting	✓	✓	
Top 5 Stressed AFSCs, Stressed AFSCs				

There are numerous initiatives in place and planned to help alleviate career field stress. Enlisted initiatives include promotions, special reenlistment bonuses, reduced operational demands and increased accessions. Officer initiatives include bonuses, longer active duty service commitments, higher accessions, reduced operational demands and reduced non-Air Force demands.

Developing Airmen



An example of our progress toward the Strategic Plan goals is the additional 14 days of basic military training as a direct result of our experiences in Iraq, Afghanistan, and other operations. This fall Air Force recruits faced a rigorous eight-and-a-half week course to prepare Airmen for their Air and Space Expeditionary Force rotations by providing more hands-on experience in learning such critical skills as battlefield first aid and defending a base. We invested in physical facility additions, class time and instructor retraining to better prepare our Airmen to meet the challenges of

the current and future strategic environment. We also completed an overhaul of the Officer Training School and the Air and Space Basic Course. Basic expeditionary skills training is now incorporated throughout the officer training curriculum.

Caring for Airmen and Their Families

As we continue playing a large role in OCO, our Airmen and their families are making huge sacrifices. Military families are a foundational element of America's defense. Our commitment to military families is reflected in the base communities that we foster and the Airmen and Family Readiness centers that assist deploying service members and their families with so many important programs. Projects to expand child development centers and increase childcare spaces are particularly important, and they are planned to grow throughout the next few years. In 2008, we created 724 spaces at three new centers. This year's Budget Request includes \$49M for child development centers and youth programs, a \$4.7M increase from FY 2009, and includes additional manpower spaces, supplies and equipment for three child development centers and MILCON projects for two new centers (resources included under Priority 4). With the current economic situation, many spouses must work to supplement their family income. To accomplish their need, we have made good progress in providing affordable child care and we will continue these efforts. Currently we have a need for about 1,900 child care spaces, with a goal of getting to zero.

We continue to place considerable emphasis on looking for new, innovative ways to reach families of deployed members and to continue improving programs already in place. New initiatives include pre-deployment, deployment and post-deployment Airmen and family wellness programs. Specific areas of improvement include a standardized pre-deployment checklist as well as mandatory, comprehensive redeployment services, post-deployment health assessment and reassessment, non-clinical counseling and education on reunion challenges that Airmen and their families face.



Leadership is committed to providing a quality dormitory living environment for our young unaccompanied Airmen. During the last 10 years, the Air Force has dedicated more than \$2.5B to improve and construct dormitories. In 2008, the Air Force broke ground on two brand new dormitories at Minot Air Force Base and Dover Air Force Base. With our investment to date, the Air Force eliminated centralized dormitory bathrooms/showers and shared bedroom space. We are now building "Dorms-4-Airmen" that increase privacy, yet improve social interaction. This year's Budget Request includes \$136M for five dorm projects--a \$48M increase from FY 2009.

We are investing in other Quality of Service initiatives and are constantly expanding care for our wounded warriors. Our warrior survival care program cares for Airmen and their families through treatment, recovery and into the post-separation period. We are also working with our Joint partners on a special monthly compensation which will assist the families of catastrophically wounded service members towards maintaining financial balance with their loved ones during recovery. This compensation is intended to help family caregivers in meeting recurring monthly expenses such as rent, credit card and car payments while they are at the bedside. Our family housing investment program will fund \$66M to modernize overseas houses. By the end of FY 2010, the Air Force will privatize 56,600 units--100 percent of the units in the U.S. and U.S. territories--exceeding the OSD goal of 60 percent by the end of FY 2009.

The Air Force priorities reflect the understanding that all Airmen must be trained and equipped to provide our Joint Force with *Global Vigilance, Reach and Power* through air, space and cyberspace. Moving forward, the Air Force must recruit, train, educate, sustain and retain the right number and mix of Airmen--including Active Duty, Air Force Reserve, Air National Guard and Civilian personnel.



Priority 4 – Modernize Our Air and Space Inventories, Organizations and Training

Overview

Fundamental to our Air Force is the ability to exploit air, space and cyberspace. As the Nation adapts to and shapes an evolving threat environment across the spectrum of operations, the Air Force must maintain a comprehensive set of capabilities--organizations, personnel and equipment--available to national leaders and Joint Force Commanders.

Table 31 reflects the five goals established under the *2008 Air Force Strategic Plan* objectives supporting Priority 4: *Modernize Air and Space Inventories, Organizations and Training*.

Table 31. 2008 Air Force Strategic Plan Goals Supporting Priority 4

Priority 4 Goals
4.1: Reduce Medium to Long-Term Joint Warfighting Risk
4.2: Meet Joint and Air Force Recapitalization Benchmarks
4.3: Ensure an Accountable, Credible and Transparent Institution
4.4: Achieve Total Force Integration
4.5: Align Organization and Processes With Air Force Core Functions and DoD Core Competencies

This part of the budget supports our modernization efforts and is made up primarily of the RDT&E and Procurement appropriations, including approximately \$65B or about 45 percent of the FY 2010 Budget Request. Figure 28 shows Priority 4 broken out by appropriation.

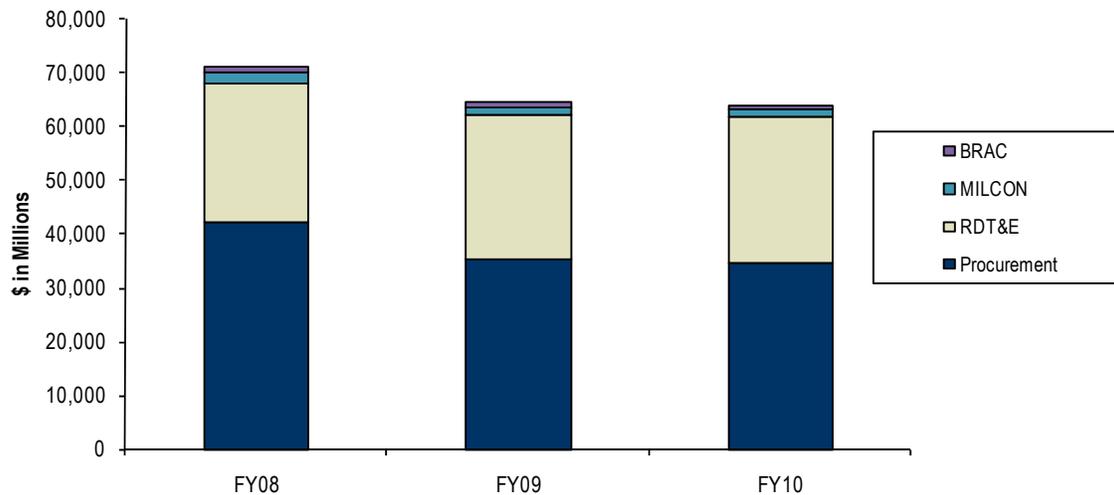


Figure 28. Modernize Air And Space Inventories TOA by Appropriation

Strategies and Priorities

Our most comprehensive plan to build a modern, 21st Century Air Force has two critical, parallel efforts. The first is retirement of aging systems that are too costly to operate or are obsolete. Even though we have made some progress in this area, legislative restrictions on some aircraft retirements remain an obstacle to efficient divestiture of our oldest and least capable platforms.

Figure 29 shows the growth in average age of our aircraft from FY 1999 to 2008 and reflects how our aircraft availability rates compare during the same time period.

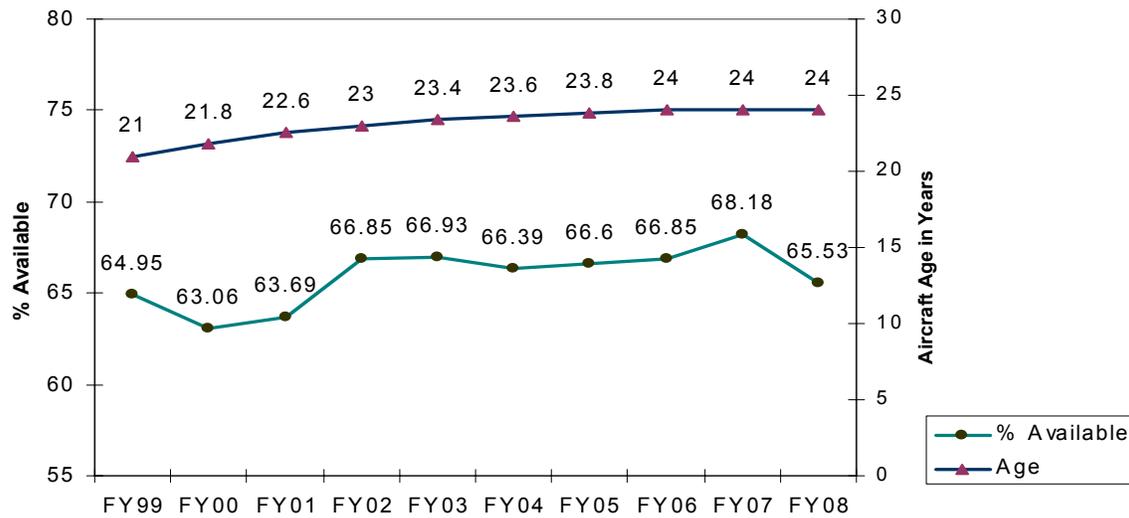


Figure 29. Average Age of Air Force Aircraft Compared to Aircraft Availability

The second part of our strategy is procurement of proven, more capable systems. This phase will equip our Airmen with fewer numbers of systems and increase warfighter capability to ensure Total Force readiness for future conflict. Figure 30 shows our aircraft recapitalization rate for FY 2009 and FY 2010 compared to the FY 1982–FY 1986 average as a baseline.

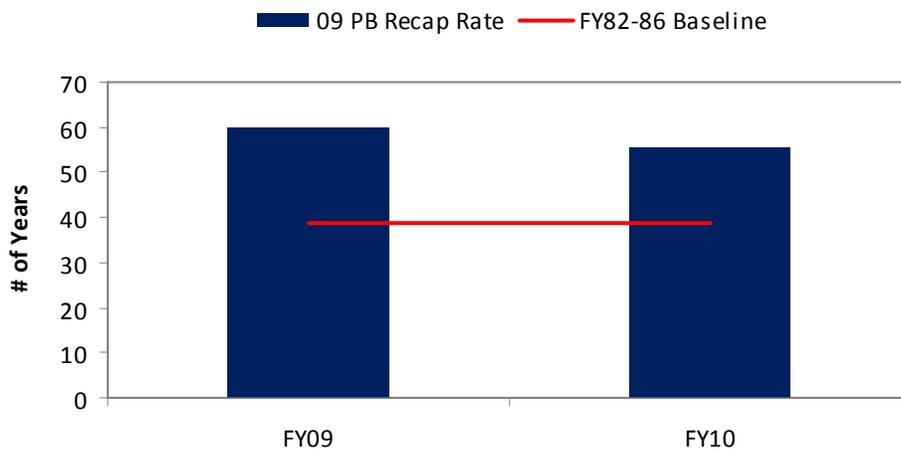


Figure 30. Aircraft Recapitalization Rate

The Air Force’s top procurement priorities are the tanker program, the Joint Strike Fighter (F-35), the MQ-9 Reaper and space programs including the AEHF Satellite Communications (SATCOM) system. The sections to follow will highlight some of the primary systems we are focused on developing and procuring over the next decade. We will discuss each of these by capability area: *Global Vigilance, Reach and Power*.

As our modernization strategy progresses, we must also build a global Total Force roadmap for procurement, deployment and beddown of new aircraft and equipment. This modernization strategy includes being a leader in energy innovation and stewardship. Just as our Air and Space Expeditionary Force construct seamlessly integrates elements across the Total Force, so will the beddown of future Air Force systems by involving Active, Reserve and Guard bases.

Table 32 reflects the programmed space procurement for FY 2009 and FY 2010, and Table 33 reflects the programmed aircraft procurement for FY 2009 and FY 2010.

Table 32. Summary of Programmed Key Space Systems Procurement Quantities

Procurement	FY 09	FY 10
SBIRS	2	1
EELV	4	5
AEHF	0	1
TOTAL	6	7

Table 33. Summary of Programmed Aircraft Key Systems Procurement Quantities

Procurement	FY 09	FY 10
C-130J	0	3
HC-130	2	5
MC-130	4	4
F-22A	20	0
USAFA Flight Program	0	13
C-27J	0	8
CV-22B	6	5
F-35A	7	10
MQ-9	9	24
RQ-4	5	5
MQ-1B	38	0
C-12	24	0
C-37A	1	1
C-40	1	3*
C-29A	1	0
TOTAL	118	81

*C-40 FY 2010 number includes two lease buyouts.

Global Vigilance

The Air Force acts as the global eyes and ears of the Joint Team and our Nation through a vast array of terrestrial, airborne and space-borne sensors. These systems support our C4ISR networks through information transfer across the Joint Team. Our modernization and recapitalization plan in this area aims to dramatically increase the quantity and quality of C4ISR products and services to the Joint Team and the Nation. This plan focuses on ensuring Air Force space communications, space situational awareness and early warning missions provide uninterrupted continuity of service for the U.S. and our allies. The following is a sampling of these systems.

Space Based Infrared System. SBIRS is a consolidated space surveillance system which supports the warfighter with reliable, accurate and timely missile warning, missile defense and battlespace characterization information. SBIRS is expected to provide military leaders reliable, unambiguous, timely and accurate missile warning information in support of passive defense and force posturing.

Operationally Responsive Space. The Operationally Responsive Space (ORS) program was initiated by the Air Force in 2007 to develop, test and field satellites that would fulfill Combatant Commander requirements in the very near term. ORS continues to mature space born sensors and field tactical satellites targeted to specific theater needs.

Advanced Extremely High Frequency SATCOM System. The AEHF system is a Joint service SATCOM system that provides global, highly secure, survivable communications for high-priority military land, sea and air assets succeeding the Military Strategic, Tactical and Relay (MILSTAR) system. AEHF consists of four satellites in geosynchronous earth orbit which will offer from 10 to 100 times the total capacity and six times higher channel data rates over the MILSTAR II satellites. The higher data rates allow transmission of real-time video, battlefield maps and targeting data to support tactical military operations.



Unmanned Aircraft Systems. UASs are having a more significant role in meeting mission needs for the warfighter. In FY 2010 UASs comprise 36 percent of the planned aircraft procurements. The Air Force's inventory of UASs used for *Global Vigilance* missions includes RQ-4 Global Hawks, MQ-1 Predators, MQ-9 Reapers and RQ-11 Ravens. The RQ-4 Global Hawk is the only high altitude, long endurance UAS system currently used by the Air Force. The Global Hawk provides a wide spectrum of ISR collection capability to support Joint Forces in worldwide peacetime, contingency and wartime missions. The Global Hawk provides military field commanders with high resolution, near real-time reporting of large geographic areas using imagery intelligence sensors. The Air Force currently plans steady procurement of five Global Hawk aircraft in FY 2010.

Global Reach

The USAF provides intertheater, intratheater and mobility forces in support of all DoD branches as well as other government agencies. This is a mission area with increasing demand and decreasing availability, which underscores the need to recapitalize and modernize our mobility forces to ensure long-term viability of this critical capability. This mission area not only provides the heavy lifting of time-essential material but also enables our global strike capabilities and global persistence. The following is a sampling of these systems.

Tanker. Air refueling is a critical capability for supporting Joint and Coalition air missions, and a lack thereof would cause a single point of failure for Global Strike. The KC-135 is currently the Air Force's primary air refueling capability, but with the average age of the inventory over 45 years old, a new Tanker has become an operational necessity as well as a financially prudent decision to meet refueling requirements. The Tanker will provide greater capability, increased aircraft availability and more adaptable technology than the KC-135E and KC-135R tankers it will replace. The new Tanker will be able to deliver fuel to both boom-and-receptacle and probe-and-drogue aircraft, and will be able to refuel two aircraft simultaneously.

C-130J Hercules Cargo Aircraft. The C-130J Hercules primarily performs tactical airlift. It is the main transportation used to air drop troops and equipment into hostile areas and is able to land on rough, dirt strips. The C-130J incorporates state-of-the-art technology to reduce manpower requirements, lower operating and support costs and offers life-cycle cost savings over earlier C-130 models. The C-130J climbs faster and higher, flies farther at a higher cruise speed and takes off and lands in a shorter distance than older C-130 models. The C-130J can airdrop loads up to 42,000 pounds and can accommodate oversized cargo including everything from military troops to utility helicopters and six-wheeled armored vehicles.

Global Power

The USAF provides the ability to deliver precise, tailored effects whenever and wherever needed, both kinetic and non kinetic, lethal and non-lethal, at the speed of sound and at the speed of light. It is an integrated cross-dimensional capability that rests on our ability to control air, space and cyberspace. As a vital element of U.S. national power, we continue to transform this capability and focus on expanding our effectiveness to achieve cross-domain dominance. The following is a sampling of these systems.

F-35A Lightning II. The F-35A is a supersonic, multi-role, 5th-generation stealth fighter with conventional takeoff and landing. The F-35A will replace the Air Force's F-16 and A-10 aircraft, and complement the F-22 Raptor. The F-35A will offer two internal weapon bays that can each hold a 2,000-pound precision-guided munition as well as a radar-guided air-to-air missile. The F-35A exceeds F-16 performance levels with stealth, increased range on internal fuel and advanced avionics capabilities which all contribute to improved operational effectiveness, survivability and supportability. The F-35A also enhances our ability to support combat operations at longer ranges due to the larger internal fuel capacity and single-engine design which dramatically increases its range and payload capability. The F-35A will be more effective than legacy fighters in air-to-air engagements, prosecuting missions against fixed and mobile targets, and non-traditional ISR and Suppression of Enemy Air Defenses and Destruction of Enemy Air Defense missions. It will support all of these capabilities at about the same procurement cost as legacy fighters but require significantly less infrastructure with a smaller basing footprint. The FY 2010 Air Force Budget Request includes the procurement of 10 F-35s. The total Air Force projected buy is for 1,763 aircraft with an Initial Operational Capability (IOC) in FY 2013. The FY 2010 Air Force Budget Request includes \$4.1B of RDT&E and Procurement for the F-35.

MQ-9 Reaper. The MQ-9 Reaper is a long endurance, medium-to-high altitude, unmanned aircraft system. The primary mission of the MQ-9 is to provide persistent targeting and engagement against emerging targets to achieve Joint Force Commander objectives. The MQ-9 can also be used as an ISR asset, using sensors to provide real-time information to commanders and intelligence personnel. The MQ-9 flew its first mission for the Air Force in Afghanistan in 2007 and Iraq in 2008, and proved to be highly valuable offering longer loiter times and delivering precision strikes at enemy targets. MQ-9s are primarily controlled by satellites from the U.S., and can be readily transported by disassembling and loading parts into a container for air deployment worldwide. The Air Force procurement plans include 24 MQ-9 Reaper aircraft in the FY 2010 Budget Request.



Global Positioning System. GPS is a critical component of *Global Power* due to its inherent capability to provide precision targeting for strike missions. GPS relies on a network of satellites orbiting the globe to relay position signals. Modernizing and upgrading GPS is ongoing, with launches of GPS IIR providing more power, a second civil signal and a new, stronger military signal. GPS IIF will offer longer life, improved reliability and accuracy and a third civil signal able to satisfy safety-of-life requirements for civil aviation. GPS III is the next-generation system and will deliver even higher accuracy and availability for both civilian and military users as well as interoperability, jam resistance, and the capability to turn off GPS service to a selected geographical location while providing service to U.S. and allied forces. Eight GPS IIIA satellites are planned, with the first scheduled to go into orbit in 2014, followed in later years by eight GPS IIIB and 16 GPS IIIC satellites, with each block offering increasingly advanced capabilities. The FY 2010 Budget Request includes \$815.1M in RDT&E for GPS III.

Table 34 shows some of the increased capabilities to be provided by GPS III.

Table 34. Advanced GPS Characteristics

Advanced Global Positions System Performance Goal	GPS III Planned Performance
Greater signal power and anti-jamming	Yes
Superior precision to support aviation level integrity	Yes
Cross links for increased C2	Yes
New civil signal/common with European Galileo system	Yes
Flexibility for future technology upgrades	Yes

Organizational Changes

Beyond modernizing our air, space and cyberspace systems, improvements in organizational structures and organizational effectiveness are essential to improving capabilities the Air Force provides the Joint Team. Major changes in organizations taking effect in FY 2010 include:

- Implementation of the Air Force Deputy Chief Management Officer within the Office of the Under Secretary of the Air Force to drive organizational efficiency and effectiveness across Air Force combat support, consistent with National Defense Authorization Act (NDAA) 2009 requirements
- Establishment of the AF/A10 within Headquarters Air Force and the Air Force Global Strike Command to reinvigorate nuclear excellence and stewardship
- Consolidation of many nuclear functions under the Nuclear Weapons Center establishing a Nuclear Oversight Board to provide nuclear-related policies and governance
- Stand-up of the 24th AF under AFSPC to better orchestrate operational effectiveness within the Air Force cyber domain
- Further maturation of the Air Force Global Logistics Support Center (AFGLSC) for Air Force end-to-end supply chain management
- Advancing TFI to leverage the strengths of the Active, Reserve and Guard Total Force support
- Alignment of Air Force strategies to Department strategies and cascaded alignment and deployment of those strategies (and regular performance dialog and corrective action) by Air Force top leadership throughout the year

Modernization and Training

The Air Force has also been on the leading edge in other modernization efforts such as energy stewardship. We remain committed to efficiently managing our energy consumption, enhancing our execution of sustainable environmental practices, and being on the forefront of advanced research to develop more efficient engines, lightweight materials and structures, and aerodynamically advanced platforms. Our strategy is to reduce demand, increase supply and change the culture and standard for energy stewardship. Last year we were again cited as the Federal Government’s largest purchaser of green power and received the Environmental Protection Agency’s Green Power Award in recognition of our accomplishments. These efforts are not only environmentally smart, but also have significant budget impact. For example, the 14 megawatt solar photovoltaic array at Nellis Air Force Base provided approximately one-third of the base power requirements and saved approximately \$1M in operating costs in FY 2008.



The Air Force has also reached significant milestones in our alternative aviation fuel initiative. We tested and certified synthetic fuel blends on the B-52, C-17 and B-1B and are positioned to certify the remainder of the Air Force fleet by early 2011. We are also initiating a similar pioneer program for bio-fuel based aviation fuel blends. We will continue our work toward efficient facilities, alternative aviation fuels and related technological advancements through initiatives with other DoD agencies and our Interagency partners.

The National Defense Strategy depends on the Air Force to provide a dominant and decisive edge for Joint and Coalition military operations. The FY 2010 Budget Request provides the resources in capability areas to help deliver decisive effects in, through and from the domains of air, space and cyberspace. We will continue to develop and field capabilities to provide protection to American and Coalition ground forces from enemy air attacks, battlespace awareness, cyber capabilities and the ability to deliver precise, tailored effects whenever and wherever needed, all while serving as a leader in energy innovation. The technology-fueled environment of the 21st Century demands continued dominance in air, space and cyberspace which can only will be accomplished through balanced modernization and enabling organizational change.

Training is a focus area for the Air Force which connects to each priority in the strategic plan. The Air Force is undertaking major training initiatives in the nuclear and acquisition arenas as discussed in the Reinvalidate the Nuclear Enterprise and Recapture Acquisition Excellence priorities, respectively. Further, the Develop and Care for Airmen and Their Families priority includes efforts the Air Force is taking to expand basic military training, overhaul the Officer Training School and the Air and Space Basic Course, as well as making new investments in training facilities, increasing class time and instructor retraining to better prepare our Airmen. Finally, in the Partner with the Joint and Coalition Team to Win Today's Fight priority, training is a key component of our initiatives to build global partnerships.

In addition to the training efforts noted, the Air Force continues focused training exercises to ensure Airmen are ready to meet the warfighting mission. One such example is Silver Flag, a deployment exercise played out multiple times yearly at select bases world-wide. This exercise improves combat leadership skills and trains personnel to establish and sustain a forward operating base. Silver Flag provides contingency training where combat support teams from various career fields (civil engineering, services, finance, communications, contracting and personnel) can train, interact and conduct training operations in a realistic environment. Another example is Red Flag, an exercise that enables flying squadrons to enhance their warfighting capabilities by flying simulated combat sorties in a realistic threat environment. The Air Force is committed to developing our Airmen through quality training programs to ensure they are prepared to successfully execute the warfighting mission.

Priority 5 – Recapture Acquisition Excellence

Overview

Air Force acquisition has been shaped throughout the past six decades based on needs of the warfighter, ever-changing technology, modernization and sustainment requirements and the demand for higher accountability in the acquisition process. A combination of both successes and failures in the acquisition process has created the necessity to develop metrics based on performance goals. As a result, the Air Force has developed an Acquisition Improvement Plan (AIP) aligned with the *2008 Air Force Strategic Plan* and the Air Force Posture Statement. This section of the Performance Budget highlights those alignments and emphasizes efforts to recapture acquisition excellence.

To meet the demands of our warfighters in this uncertain and rapidly changing strategic environment, the Air Force has made acquisition excellence a top priority. We recognize the importance of acquiring and recapitalizing platforms that ensure *Global Vigilance, Reach and Power* for America. Through our revitalization efforts, the Air Force will solidify an acquisition system that delivers products and services that perform as promised--on time and within budget. Table 34 includes the Air Force’s specific goals for this priority.

Table 35. 2008 Air Force Strategic Plan Goals Supporting Priority 5

Priority 5 Goals
5.1: Rebuild and Shape the Acquisition Workforce
5.2: Continue to Improve Acquisition Process and Skills
5.3: Enforce Stability in Requirements, CONOPS and Funding

In line with the Air Force’s efforts to strengthen America’s defense posture and contribute to the Joint Team, this priority sets in motion a plan which includes rebuilding and shaping the acquisition workforce, continues to improve acquisition processes and skills and enforces stability in requirement definition, CONOPS and funding. Figure 31 shows the approximate portion of the FY 2010 Budget Request that supports our efforts to recapture acquisition excellence. These include O&M and Military Personnel appropriations and make up approximately \$1.2B or about 1 percent of the FY 2010 budget submission.

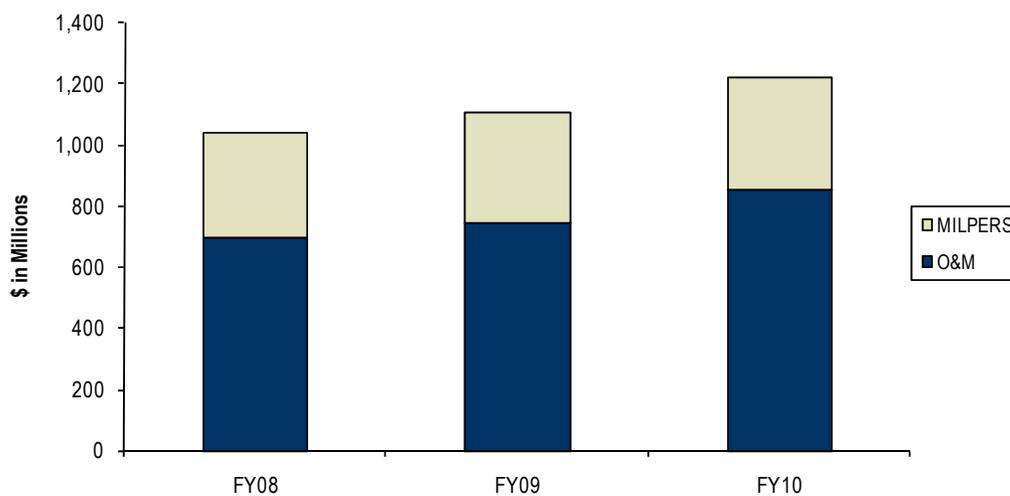


Figure 31. Recapture Acquisition Excellence TOA by Appropriation

The strategic changes called for by Priority 5 are outlined in depth by the Secretary of the Air Force and Chief of Staff’s dual signed AIP. Recapturing acquisition excellence requires an experienced, skilled, empowered and accountable workforce equipped with defined requirements and adequate/stable funding. The following five initiatives (Table 36) and their associated actions set forth a comprehensive improvement plan for addressing the acquisition issues, and for achieving the *2008 Air Force Strategic Plan* Goals supporting Priority 5.

Table 36. Acquisition Improvement Plan Initiatives

Acquisition Improvement Plan Initiatives
1: Revitalize the Air Force Acquisition Workforce
2: Improve Requirements Generation Process
3: Instill Budget and Financial Discipline
4: Improve Air Force Major Systems Source Selections
5: Establish Clear Lines of Authority and Accountability within Acquisition Organizations

Rebuild and Shape the Acquisition Workforce

The most important resource any organization has is its people, and our acquisition workforce includes a group of highly professional men and women dedicated to meeting the needs of the Air Force. We are taking actions to bolster our workforce by increasing the size, experience and skill of our acquisition workforce, meeting recruiting and hiring initiatives, enhance training, and recognizing and promoting our talented acquisition professionals. To measure progress towards this goal, the Assistant Secretary of the Air Force for Acquisition (SAF/AQ) will track the following five metrics: certification rates of the total acquisition workforce (currently at 92 percent overall as shown in Table 37), number of vacant military/civilian positions, number of NDAA FY 2008 Section 852 positions filled, manning levels for the Acquisition Workforce as outlined in the Non-rated Prioritization Plan, and maintain core inventory at Air Force projection and authorizations levels.

Table 37. Certification Rates for Acquisition Workforce

Career Field	# of People in Workforce	% of Workforce Meeting Position Requirements (or w/in 24-months)
Program Manager	4,117	96%
Contracting	6,929	94%
Industrial Property Management	26	88%
Purchasing	143	68%
Facilities Engineer	6	67%
Production, Quality and Manufacturing	385	79%
Systems Planning, Research, Development & Engineering (SPRDE) – Science & Technology Manager	40	80%
Business, Cost Estimating, Financial Management	1,557	91%
Life Cycle Logistics	1,776	90%
Information Technology	956	75%
SPRDE-Systems Engineering	6,465	92%
Test and Evaluation	2,650	91%
SPRDE-Program Systems Engineer	7	86%
Other	23	87%
TOTAL	25,080	

Numbers may not add due to rounding.

SAF/AQ is currently implementing multiple initiatives to revitalize the acquisition workforce and increase the number of sufficiently educated, trained and experienced acquisition professionals. The AIP directs the implementation of the following ten actions:

- Exploit newly delegated expedited hiring authority to fill current civilian vacancies
- Increase and fund military and civilian personnel authorizations, as required
- Fully utilize the recruitment, training and retention funding derived from Section 852 of the FY 2008 NDAA
- Develop and implement recruitment and retention initiatives, including management training programs and bonuses where appropriate
- Increase manning priority for civilian and military acquisition positions
- Examine the mix of military and civilian acquisition personnel and the mix of Senior Executive Service and General Officers to ensure we have the right balance of military and civilian personnel to ensure leadership, experience and stability
- Develop a succession planning procedure for acquisition leadership in functional specialties
- Establish training and experience objectives as part of the career paths for each acquisition specialty and increase the availability of specialized training
- Assess the acquisition workforce to determine the appropriate level of personnel needed to accomplish inherently governmental work and the level of support contractors needed to assist with work that is not inherently governmental
- Examine the possibility of re-assigning responsibility for acquisition workforce management to Air Force Materiel Command (AFMC) as the lead command

Continue to Improve Acquisition Processes and Skills

The Air Force will pursue improvements in the delivery of air, space and cyberspace capabilities by improving enterprise-wide understanding and execution of acquisition processes. In an effort to monitor the execution of the acquisition process, three objectives and five metrics were identified.

Enabling combat support functions and posturing the warfighter to execute required missions is a critical link to our Nation's defense. Reviewing and revitalizing acquisition and its related processes to improve cost/schedule control and performance assurance is vital to ensuring the warfighter receives the best products possible. Additionally, the AIP directs the implementation of the following seven actions:

- Modify Air Force source selection procedures to strengthen governance of the process, including Service Acquisition Executive (SAE) approval of source selection leadership for major acquisitions, and use of realistic source selection schedules
- Improve source selection training to include the most current lessons learned and ensure this training is available and mandatory for all Major Defense Acquisition Program (MDAP) source selection teams prior to initiation of new source selections
- Require the use of Multifunctional Independent Review Teams in the Air Force business clearance process by employing additional internal Air Force reviews during all phases of the source selection process from Request for Proposal (RFP) preparation through contract award and debriefing of competitors
- Appoint a team of the most qualified Air Force source selection experts to provide on-call augmentation/consultation to source selection teams across the Air Force

- Create a designation for both civilian and military personnel records to identify individuals with competency and experience in source selection procedures and ensure this competency and experience are considered in assigning personnel to key acquisition positions
- Review the current acquisition planning process as it relates to RFP and source selection planning
- Simplify the source selection process wherever possible

To measure progress against how its goal to improve Acquisition Processes, SAF/AQ is projected to track the following metrics: deviation from Acquisition Program Baseline (APB) by appropriation by program percentage (standard: 90 percent of programs with less than 5 percent cost growth), schedule deviation from next APB major milestone by program percentage (standard: 90 percent of programs with greater than 0-90 days schedule slippage from the next APB major milestone), and programs meeting all Key Performance Parameters (KPP) at IOC (standard: 100 percent of programs meeting all KPP at IOC).

Figure 32 below reflects the acquisition objective to improve the requirements definition process by reducing unplanned requirements growth. The metric was developed to measure acquisition baseline cost growth due to engineering changes. The goal for baseline cost growth is 90 percent of programs with less than 5 percent engineering cost growth.

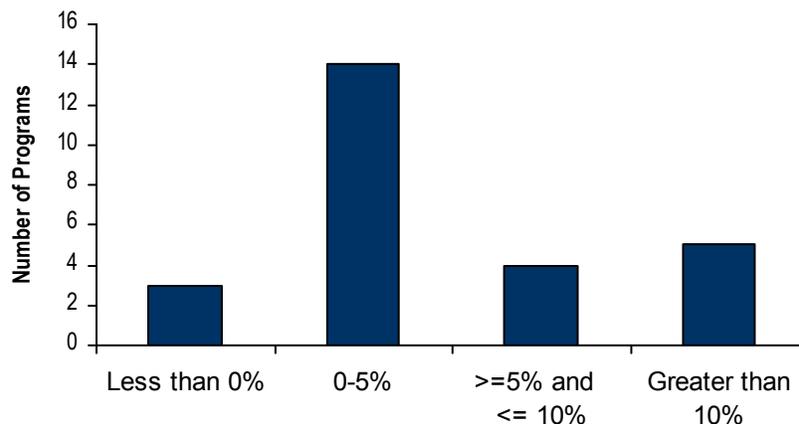


Figure 32. Acquisition Baseline Cost Growth Due to Engineering Changes⁴

Enforce Stability in Requirements, CONOPS and Funding

Properly developed requirements are a critical component in any acquisition program. Further, the AIP directs the implementation of the following six actions:

- Ensure acquisition involvement and leadership in support of the lead command early in the development of program requirements
- Require that the SAE and, when applicable, the Commander, AFMC or Commander, AFSPC, when appropriate, certify that the acquisition community can successfully fulfill the requirements in the Capabilities Development Documents in conjunction with the Air Force Requirements for Operational Capabilities Council (AFROCC)
- Require the Program Executive Officers (PEO) to coordinate the RFP and the associated attachments with the lead requiring the Major Command Commander or his/her designee based on the acquisition category level

⁴ Pulled from the Selected Acquisition Report including both space and non-space programs for most recent data, FY 2006/2007.

- Carefully minimize the number of KPPs and other requirements to the appropriate level for acquisition programs; ensure all requirements are finite, measurable, prioritized and can be evaluated during a source selection
- Require incremental acquisition strategies that reduce cost, schedule and technical risk and produce operational capability earlier
- Freeze program requirements at contract award and require subsequent changes to MDAP KPPs be accompanied with adequate funding and schedule considerations that are reviewed and agreed upon by Chief of Staff of the Air Force prior to Joint Requirements Oversight Council validation; and similarly require changes to other requirements be reviewed or proposed by the lead Major Command Commander or his/her designee before presentation to AFROCC

The Secretary of the Air Force's focus is to instill budget discipline and clear lines of authority across the Air Force acquisition enterprise. Implementing actions range from stabilizing program funding to reassessing the acquisition structures.

Regardless of the quality of our acquisition workforce and processes, and regardless of having clearly defined and validated requirements, we will be unable to deliver on time and within budget if we do not exercise budget and financial discipline. Budget instability is disruptive to program execution and a contributor to cost growth and schedule slips. Establishing adequate and stable budgets is critical for program success. The AIP directs the implementation of the following six actions:

- Establish program baselines for cost, schedule and technical performance after Preliminary Design Review
- Identify and implement means to increase cost estimating confidence levels and establish more realistic program budgets
- Stabilize program funding--once funds are committed to a major acquisition program, funding will not be changed without the informed advice of the SAE
- Establish a formal review of contractor overhead costs for reasonableness
- Review individual development contract profitability to ensure profits and award fees are comprehensively tied to cost, performance and schedule
- Place renewed emphasis on ensuring contractor earned value management systems meet minimum requirements to provide confidence that such systems are effective for evaluating program progress and properly used by both contractor and government managers

Stabilizing the funding and requirements part of the acquisition process (Goal 5.3) is critical to ensuring the efficiency of resource allocation and providing the resources needed to support the warfighter in a timely manner. Equally important is assuring we have clear lines of authority and accountability. This requires us to reevaluate long standing relationships between delegated authorities and how we treat acquisition accountability within the Air Force. The Air Force will undertake the following action items to establish clear lines of authority and accountability within the acquisition organizations:

- Reassess the wing/group/squadron structure and determine if the shortcomings can be corrected without a reorganization--provide specific actions that could be taken within the existing structure or recommend change in the structure
- Explore a realignment of the rating and reporting chain for the contracting function to ensure the independence of the contracting officers, who are matrixed back to the wings/groups/squadrons, to ensure compliance with OSD policy
- Reassess the PEO construct and offer recommendations for improvement
- Assess the value of re-establishing functional matrix management at the centers

The Air Force is committed to strengthening its acquisition processes. We are dedicated to providing our Airmen, Joint Force, the U.S. and our international partners the best equipment--on time and on cost--to *fly, fight* and *win* in air, space and cyberspace. We are implementing plans to develop, shape and size our workforce and ensure adequate and continuous training of our acquisition, financial management and requirements professionals. In so doing, we will recapture the acquisition excellence of the Air Force.

Linking Budget Highlights to Performance Based Budgeting

Table 38 displays each of the top five Air Force priorities along with a description and dollars appropriated that support each for FY 2008-2010. Note: this table excludes the OCO Request and \$1.3B fuel cancellation but does include ARRA.

Table 38. Appropriations by Air Force Priority (Blue and Non-Blue TOA)

AF PRIORITY DESCRIPTION	APPROPRIATION DESCRIPTION	FY 2008	FY 2009	FY 2010
REINVIGORATE THE NUCLEAR ENTERPRISE	MILITARY PERSONNEL - ACTIVE AF	868,019	847,919	911,049
	MILITARY PERSONNEL - AFR	9,977	11,111	12,450
	MILITARY PERSONNEL - ANG	-	4,981	4,187
	MEDICARE RETIRE CONTRIB - ACTIVE AF	-	-	2,711
	MEDICARE RETIRE CONTRIB - AFR	2,691	2,476	2,444
	MEDICARE RETIRE CONTRIB - ANG	-	-	2,266
	OPERATIONS AND MAINTENANCE - ACTIVE AF	1,698,621	1,970,731	1,780,841
	OPERATIONS AND MAINTENANCE - AFR	106,788	103,858	97,324
	OPERATIONS AND MAINTENANCE - ANG	3,927	13,991	17,830
	RDT&E - AF	219,049	226,499	798,316
	AIRCRAFT PROCUREMENT - AF	207,777	468,364	425,529
	MISSILE PROCUREMENT - AF	578,777	339,308	310,660
	OTHER PROCUREMENT - AF	26,955	31,616	15,463
REINVIGORATE THE NUCLEAR ENTERPRISE TOTAL		3,722,581	4,020,854	4,381,070
SUPPORT TODAY'S JOINT AND COALITION FIGHT	MILITARY PERSONNEL - ACTIVE AF	18,716,881	17,463,354	17,481,317
	MILITARY PERSONNEL - AFR	1,012,527	997,121	1,142,322
	MILITARY PERSONNEL - ANG	2,518,508	2,484,145	2,724,627
	OPERATIONS AND MAINTENANCE - ACTIVE AF	36,077,786	31,974,739	26,528,102
	OPERATIONS AND MAINTENANCE - AFR	2,807,183	2,856,681	2,911,814
	OPERATIONS AND MAINTENANCE - ANG	5,765,318	5,895,553	5,822,029
	OPERATIONS AND MAINTENANCE - AF ARRA	-	1,095,959	-
	OPERATIONS AND MAINTENANCE - AFR ARRA	-	13,187	-
	OPERATIONS AND MAINTENANCE - ANG ARRA	-	25,848	-
	DEFENSE BUSINESS OPERATIONS	608,112	61,465	64,239
	ENVIRONMENTAL RESTORATION, AF	-	495,259	494,276
	RDT&E - AF	28,143	18,839	22,219
	AMMUNITION PROCUREMENT - AF	938,350	856,931	822,462
	OTHER PROCUREMENT - AF	12,294	15,924	14,845
	MILCON - AF ARRA	-	180,000	-
MILCON - ANG ARRA	-	50,000	-	
SUPPORT TODAY'S JOINT AND COALITION FIGHT TOTAL		68,485,102	64,485,005	58,028,252
DEVELOP AND CARE FOR OUR AIRMEN	MILITARY PERSONNEL - ACTIVE AF	5,375,453	6,130,774	7,323,304
	MILITARY PERSONNEL - AFR	331,168	408,704	445,158
	MILITARY PERSONNEL - ANG	244,628	252,642	242,135
	MEDICARE RETIRE CONTRIB - ACTIVE AF	1,958,800	1,777,964	1,837,060
	MEDICARE RETIRE CONTRIB - AFR	249,203	221,100	223,181
	MEDICARE RETIRE CONTRIB - ANG	402,199	376,048	373,953
	OPERATIONS AND MAINTENANCE - ACTIVE AF	4,239,967	4,214,594	4,746,487
	OPERATIONS AND MAINTENANCE - AFR	60,435	63,701	70,005
	OPERATIONS AND MAINTENANCE - ANG	36,588	32,076	45,902
	FAMILY HOUSING CONSTRUCTION, AF	404,097	395,879	66,101
	FAMILY HOUSING O&M, AF	699,330	594,465	502,936
	MFH CONSTRUCTION, AF ARRA	-	80,100	-
	MFH O&M, AF ARRA	-	16,461	-
	DEVELOP AND CARE FOR OUR AIRMEN TOTAL		14,001,868	14,564,508
MODERNIZE ORGANIZATIONS, TRAINING & EQUIPMENT	MILITARY PERSONNEL - ACTIVE AF	363,624	376,742	357,141
	MILITARY PERSONNEL - AFR	8,001	4,848	5,149
	OPERATIONS AND MAINTENANCE - ACTIVE AF	774,721	850,957	838,929
	OPERATIONS AND MAINTENANCE - AFR	8	95	85
	RDT&E - AF	26,099,623	26,806,883	27,172,292
	RDT&E - AF ARRA	-	75,000	-
	AIRCRAFT PROCUREMENT - AF	18,482,103	12,807,198	11,540,747
	MISSILE PROCUREMENT - AF	4,451,129	5,078,790	5,990,068
	OTHER PROCUREMENT - AF	19,195,206	17,456,130	17,262,833
	MILITARY CONSTRUCTION - AF	1,560,849	1,117,246	1,145,434
	MILITARY CONSTRUCTION - AFR	28,359	36,958	27,476
	MILITARY CONSTRUCTION - ANG	287,537	270,924	128,261
	BRAC ROUND IV (FY 96)	140,500	139,155	127,364
BRAC ROUND V (FY05)	1,086,522	1,013,224	418,260	
MODERNIZE ORGANIZATIONS, TRAINING & EQUIPMENT TOTAL		72,478,182	66,034,150	65,014,039
ACQUISITION EXCELLENCE	MILITARY PERSONNEL - ACTIVE AF	337,514	360,000	366,950
	MILITARY PERSONNEL - AFR	4,269	1,892	2,633
	OPERATIONS AND MAINTENANCE - ACTIVE AF	699,486	745,940	853,800
ACQUISITION EXCELLENCE TOTAL		1,041,269	1,107,832	1,223,383
GRAND TOTAL		159,729,002	150,212,349	144,522,966

Numbers may not add due to rounding.

Summary

This Performance Based Budget section was aligned against the *2008 Air Force Strategic Plan* based on the top Air Force priorities: *Reinvigorate the Air Force Nuclear Enterprise, Partner with the Joint and Coalition Team to Win Today's Fight, Develop and Care for Airmen and Their Families, Modernize Our Air and Space Inventories, Organizations and Training, and Recapture Acquisition Excellence.*

The Air Force has acknowledged the need to rebuild and strengthen the nuclear enterprise, and has already taken actions to accomplish this such as rejuvenating our nuclear security forces and strengthening the physical integrity of our Weapon Storage Areas. Reinvigorating the Air Force nuclear enterprise is leadership's highest priority. Meeting this goal will require investment in the Air Force's nuclear enterprise, dedicated and committed leadership, rebuilding and fortifying Airmen's nuclear skill sets, establishing positive inventory control and enhancing inspection processes. The FY 2010 Budget Request will help support these goals, and the Air Force is fully committed to reestablishing excellence in its nuclear deterrence capability, mission and enterprise.

In addition to nuclear capabilities, the Joint and Coalition team depends on the Air Force to provide superiority in air, space and cyberspace. We must meet the demands of a dynamic, dangerous and unpredictable world and are committed to maintaining readiness to support the Joint and Coalition team. Ensuring our men and women are prepared for the Joint warfighting environment requires investing in the key capabilities envisioned in Joint concepts today and will allow the Air Force to continue to meet any and all threats in the future. The Air Force air, space and cyberspace capabilities provide *Global Vigilance, Reach and Power* to support Combatant Commanders.



The Air Force is committed to taking care of our Airmen with quality housing, increased child development center availability, dorms for our unaccompanied Airmen, as well as support for our wounded warriors. Our priorities reflect the understanding that all Airmen must be trained and equipped to perform. The Air Force must recruit, train, educate, sustain and retain the right number and mix of Airmen to ensure we are prepared for the challenges of today and tomorrow. The commitment to take care of the all-volunteer force continues in the FY 2010 Budget Request.

The uncertainty brought about by irregular warfare and civil support assumes superiority in air, space and cyberspace. We are accomplishing this through modernization enabled by organizational change. We continue to develop and field capabilities to provide protection to American and Coalition ground forces from enemy air attacks, enable battlespace awareness, and provide cyber capabilities whenever and wherever needed. Part of this modernization depends on strong acquisition processes and a well trained workforce to manage it. The Air Force is rebuilding and reshaping the acquisition workforce, improving processes and skills, and enforcing stability in requirement definition and funding practices to make the acquisition process delivers products and services that perform as promised--on time and within budget.

The Air Force FY 2010 Budget Request ensures the Air Force is "*All In*" for today's fight, reinvigorates the nuclear enterprise, maintains readiness with the Joint and Coalition team, halts end-strength drawdown, builds on programs to take care of our people, supports acquisition excellence and balances today's needs with modernization efforts to meet the desired effects of tomorrow's operational environment.

Section 4: Working Capital Fund

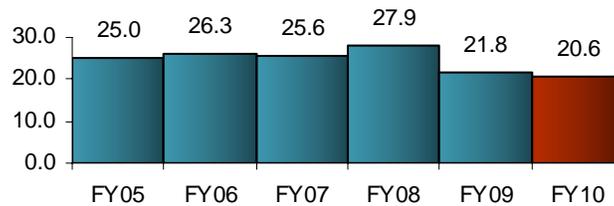


Figure 33. Air Force Total Revenue (\$B)

Eighteen years ago, a Defense Management Review Decision established the working capital fund concept under the Defense Business Operating Fund to begin operating some missions of the DoD in a more business-like manner. Working Capital Funds (WCF) are intended to generate sufficient revenues to cover expenses incurred in operations and to operate on a break-even basis over time. The Air Force WCF supports the following Air Force core functions which are fundamental to the Air Force mission: *Rapid Global Mobility*, *Global Precision Attack*, *Special Operations*, *Agile Combat Support* and *Global Integrated ISR*. In support of these core functions, WCF activities provide maintenance, weapon system spare parts, base supplies and transportation services. The working capital funds are integral to readiness and sustainability of our air and space assets and our ability to deploy forces around the globe and across any theater in support of OCO and National Military Strategy requirements. Maintenance depots provide the equipment, skills and repair services necessary to keep forces operating worldwide. Supply management activities procure and manage inventories of consumable and repairable spare parts required to keep all elements of the force structure mission ready. Transportation provides the worldwide mobility element of the global engagement vision.

The FY 2010 WCF budget estimates reflect current execution plans and a number of Air Force initiatives to improve the efficiency and effectiveness of our activities while continuing to meet the needs of the warfighting forces. Successful WCF operations are essential to the Air Force's mission. In order to continue as a world class operation, logistics and business processes are continuously improved to ensure warfighters receive the right item at the right place, right time and lowest cost. The Air Force has launched a campaign called Expeditionary Logistics for the 21st Century (eLog21). eLog21 is designed to bring logistics operations into the 21st Century by modernizing processes and systems with new expeditionary, network-centric, enterprise wide processes and systems. As processes continue to be improved, customers will receive the benefit of receiving repaired weapon systems and spare parts at the right place, right time and lowest cost.

Table 39. Air Force Working Capital Fund

Air Force Working Capital Fund (\$M)	FY 09	FY 10
Total Revenue	21,773	20,599
Cost of Goods Sold	22,248	21,100
Net Operating Result	(474)	(501)
Accumulated Operating Result (AOR) ^{5 6}	108	(144)
Civilian End Strength	26,217	24,261
Military End Strength	14,098	14,154
Civilian Workyears	26,117	25,242
Military Workyears	12,639	12,697
Capital Budget	348	340
Direct Appropriation - WRM	61	64

FY 2010 Budget Estimates

The FY 2010 Air Force WCF budget estimates reflect current execution plans and a number of Air Force initiatives to improve the efficiency and effectiveness of our activities while continuing to meet the needs of the warfighting forces. Successful WCF operations are essential to the Air Force's mission. In order to continue as a world class operation, logistics and business processes are continuously improved to ensure warfighters receive the right item at the right place, right time and lowest cost.

Activity Group Overview

The WCF conducts business in two primary areas: the Consolidated Sustainment Activity Group (CSAG) and the Supply Management Activity Group-Retail (SMAG-R). The Transportation Working Capital Fund (TWCF), for which the Air Force assumed responsibility of cash oversight in FY 1998, is part of this submission, although the Air Force does not have day-to-day management responsibility for TWCF operations.

Air Force Core Functions

The WCF activities support the following Air Force core functions: *Rapid Global Mobility, Global Precision Attack, Special Operations, Agile Combat Support and Global Integrated Intelligence, Surveillance and Reconnaissance*. In support of core functions, the WCF activities provide maintenance, weapon system spare parts, base supplies and transportation services. The working capital funds are integral to readiness and sustainability of our air and space assets and our ability to deploy forces around the globe and across any theater in support of OCO and National Military Strategy requirements. Maintenance depots provide the equipment, skills and repair services necessary to keep forces operating worldwide. Supply management activities procure and manage inventories of consumable and reparable spare parts required to keep all elements of the force structure mission ready. Transportation provides the worldwide mobility element of the global engagement vision. Directly or indirectly, working capital fund activities provide warfighters the key services needed to meet mission capability requirements.

Air Force Initiatives

The Air Force has launched a campaign called "eLog21." eLog21 is designed to modernize processes and systems with new expeditionary, network-centric, enterprise wide processes and systems. As processes continue to be improved, customers will receive the benefit of receiving repaired weapon systems and spare parts at the right place, right time and lowest cost. We are benchmarking against industry to capitalize on best practices used in the areas of repair processes, inventory management and cost control.

⁵ Includes Non-recoverable AOR adjustments

⁶ Transportation Working Capital Fund is (\$143.5M)

Other acquisition reform efforts are underway to streamline contracting, strengthen vendor relationships and expand the use of electronic interchanges for material management.

Two major initiatives included under the umbrella of eLog21 are the Repair Network Integration (RNI) and AFGLSC initiatives. The vision of RNI is to establish enterprise management of the Air Force repair network by utilizing existing depots and establishing Centralized Repair Facilities. In addition, the repair network will support mission generation and sustain weapon systems and equipment. The AFGLSC is an enterprise network of supply chain experts. The AFGLSC merged wholesale (i.e. depot) and retail (i.e. base level) supply chain entities into a single organization. It now administers the majority of WCF supply chain processes, technologies and resources to deliver end-to-end warfighter support. In addition, the AFGLSC manages materiel and its distribution, and oversees execution of the supply plan to improve the delivery of serviceable spare parts to the warfighter. The AFGLSC is designed to establish a supply chain management capability that provides enterprise planning, global C2 and a single focal point in support of logistics requirements.

The transition of contract depot maintenance from the working capital fund was completed in FY 2008. The activity ceased accepting new orders at the end of FY 2008 and is expected to close out all accounting records by the end of FY 2010. This change brings the user and provider of contract depot maintenance services closer together and removes the WCF from its current role as the “middleman.” This action will allow depot managers to dedicate time and efforts to organic production.

The Air Force has formalized the use of functional and financial performance plans to assess business operations at both AFMC and Air Logistics Centers since FY 1997. Quarterly reviews with the Deputy Chief of Staff for Logistics, Installations and Mission Support continue to focus management attention on cost performance as well as the ability to deliver parts and maintenance on time.

The Air Force continues to make improvements in our financial and reporting structures through close cooperation with OSD and the Defense Finance and Accounting Service. Financial reporting improvements allow us to work closely with customers by having consistent and timely data, resulting in the ability to identify discrepancies between the accounting system and the logistics feeder systems from which data is supplied.

Consolidated Sustainment Activity Group

The CSAG is a new WCF business activity. The CSAG consolidates the Depot Maintenance Activity Group (DMAG) and the Material Support Division (MSD) from the SMAG-R into a single business enterprise. This consolidation eliminates internal transactions between MSD and DMAG, resulting in a more efficient business enterprise and customer support improvements. The mission of CSAG is supply management of reparable and consumable items as well as maintenance services. Under CSAG, business operations formerly known as DMAG are now characterized as the Maintenance Division, and business operations formerly known as MSD are now designated the Supply Division.

The CSAG Supply Division is primarily responsible for Air Force-managed, depot-level reparable spares and consumable spares unique to the Air Force. In addition to management of these inventories, the Supply Division provides a wide range of logistics support services including requirements forecasting, item introduction, cataloging, provisioning, procurement, repair, technical support, data management, item disposal, distribution management and transportation.

The CSAG Supply Division is committed to implementing improvements that meet customer demands and lower cost. The Air Force is examining new ways of doing business and leveraging new technologies to support warfighter needs. We are committed to reducing the impact of parts obsolescence and material shortage problems in aircraft fleets with an average age of 24 years. The number of parts that have no qualified manufacturing or repair source is expected to increase over the next ten years. In addition there are increasing numbers of manufacturers not willing to produce and/or repair aging spare parts. The

CSAG Supply Division remains committed to re-engineer these parts for which no supplier exists and take proactive action to identify future obsolescence issues.

Supporting aging weapon systems requires proactive management and increased inventory levels. As weapon systems exceed their life expectancy, additional maintenance drives increased demands on spare parts inventory. An initiative is underway to reduce excess on-order and on-hand inventory. Inventory levels were reduced by 1.2M cubic feet in FY 2008. Quarterly reviews have been established and metrics are reported to the Deputy Chief of Staff for Logistics, Installations and Mission Support.

The CSAG Maintenance Division repairs systems and spare parts to ensure readiness in peacetime and to provide sustainment for combat forces in wartime. This division operates on the funds received from its customers through sales of its services. In peacetime, the Air Force enhances readiness by efficiently and economically repairing, overhauling and modifying aircraft, engines, missiles, components and software to meet customer demands. The CSAG Maintenance Division's depots have unique skills and equipment required to support and overhaul both new, complex components as well as aging weapon systems. During wartime or contingencies, the depots can surge repair operations and realign capacity to support the warfighter's immediate needs.

A number of initiatives have begun to ensure the depots are poised to fulfill Joint warfighter mission needs with the best product at the best price. These initiatives include formal training programs to develop multi-skilled "maintenance-ready" technicians and managers, benchmarking programs to identify industry leaders in various production processes, and the institutionalizing of lean principles within the workforce. By embedding these initiatives into the maintenance culture, reductions are being made in shop flow days and cost. For example, over the last five years Oklahoma Air Logistics Center reduced Programmed Depot Maintenance flow days for the B-1 by 30 days (18 percent). Ogden Air Logistics Center has reduced the A-10 wing, F-16 wing and F-16 stabilizer repair flow days by 39 percent, while on-time delivery has improved to 100 percent and 98 percent for A-10 wings and F-16 wings respectively. Warner Robins Air Logistics Center has reduced C-5 aircraft overhaul flow days by 103 days (31 percent), freeing up floor space for additional workload. The tables below provide details on CSAG performance.

Table 40. Air Force Working Capital Fund CSAG Revenue, Expenses and Net Operating Results

Revenue, Expenses and Net Operating Result (\$M)	FY 08	FY 09	FY 10
Total Revenue	12,160 ⁷	8,276	7,533
Total Expenses	11,812	8,368	7,698
Net Operating Results	348	(93)	(165)
Accumulated Operating Results	258	165	0.0

Numbers may not add due to rounding.

Table 41. Air Force Working Capital Fund CSAG Cash Management

Cash Management (\$M)	FY 08	FY 09	FY 10
Beginning of Period (BOP) Cash Balance	1,159	925	733
Less: Disbursements	8,527	8,510	7,759
Collections	8,375	8,318	7,548
Transfers (+/-)	(83)	-	-
Changes in Cash	(234)	(192)	(211)
Cash Balance	925	733	522

Numbers may not add due to rounding.

⁷ Includes a one-time \$16.4M revenue adjustment to account for depreciation recognized on buildings capitalized into the maintenance division.

Table 42. Air Force Working Capital Fund CSAG Item Quantity Requirements

Supply Item Quantity Requirements	FY 08	FY 09	FY 10
Number of Issues	2,291,481	2,192,947	2,098,651
Number of Receipts	1,628,309	1,558,292	1,491,285
Number of Requisitions ⁸	1,751,788	1,676,461	1,604,373
Contracts Executed ⁹	3,163	3,163	3,163
Purchase Inflation	3.8%	3.1%	4.1%
Items Managed	106,146	102,788	99,788

Supply Management Activity Group – Retail

The SMAG-R manages over 1.4M inventory items including weapon system spare parts, medical-dental supplies and equipment, and other supply items used in non-weapon system applications. The Air Force SMAG-R is a critical component in the support of combat readiness by procuring materiel and selling spares to authorized retail customers. Within SMAG-R, the Medical Dental Division inventory includes a War Reserve Material (WRM) stockpile. WRM provides initial war fighting capability until re-supply lines can sustain wartime demands for medical and dental supplies and equipment. The tables below provide details on SMAG-R performance.

Table 43. Air Force Working Capital Fund SMAG-R Revenue, Expenses and Net Operating Results

Revenue, Expenses and Net Operating Result (\$M)	FY 08	FY 09	FY 10
Total Revenue	3,422	3,704	3,514
Total Expenses	3,368	3,636	3,568
Net Operating Results	54	68	(54)
Non-Recoverable AOR Adjustment	1	-	-
Accumulated Operating Results	(14)	54	0

Numbers may not add due to rounding.

Table 44. Air Force Working Capital Fund SMAG-R Cash Management

Cash Management (\$M)	FY 08	FY 09	FY 10
BOP Cash Balance	129	34	120
Less: Disbursements	3,379	3,661	3,649
Collections	3,224	3,685	3,580
WRM	60	62	64
End of Period (EOP) Cash Balance	34	120	115

Numbers may not add due to rounding.

⁸ Requisitions are lower than issues due to Supply requisitions containing quantities greater than one, while issues are counted per unit. For example, one requisition for a National Stock Number (NSN) may order a quantity greater than one. When the requisitioned NSNs are issued, each unit is counted as an individual issue.

⁹ Contracts containing multiple fund citations have been omitted because the current contracting system cannot distinguish Supply funding under those conditions.

Table 45. Air Force Working Capital Fund SMAG-R Stockage Effectiveness¹⁰

Division	FY 08	FY 09	FY 10
General Support	85%	84%	84%
Medical-Dental	96%	96%	96%
Academy	95%	95%	95%

Table 46. Air Force Working Capital Fund SMAG-R Item Quantify Requirements

Item Quantity Requirements	FY 08	FY 09	FY 10
Number of Issues	5,887,949	5,793,848	6,053,455
Number of Receipts	4,591,806	4,587,300	4,687,928
Number of Requisitions	6,799,474	6,613,997	6,806,901
Contracts Executed	15,723	21,621	21,896
Purchase Inflation	2.7%	2.6%	2.0%
Items Managed	1,451,116	1,451,363	1,451,618

Transportation Working Capital Fund

U.S. Transportation Command (USTRANSCOM), as the single DoD manager for the Defense Transportation System, exercises Combatant Command and peacetime management over all common user aspects of the global mobility system. One of DoD's highest priority goals is to maintain a robust and responsive defense transportation and distribution system as a critical element of America's national security strategy for rapid power projection and sustainment. USTRANSCOM's ability to move and sustain sufficient numbers of U.S. forces, equipment and supplies enables us to defend vital national interests anywhere in the world at a moment's notice. Working with the DoD, regional Combatant Commands, Joint agencies and the Services, USTRANSCOM is leading the collaborative effort to make Joint logistics a reality--leveraging experience and using information technology to consolidate logistics requirements in real time, compress the decision cycle, and empower smarter decisions. USTRANSCOM is synchronizing the deployment, distribution and sustainment of forces to achieve maximum efficiency and interoperability by eliminating duplication and nonstandard practices. Together with its components and national partners, USTRANSCOM is building a truly seamless, end-to-end defense logistics enterprise. FY 2008 data are actuals while FY 2009 and FY 2010 contain OCO assumptions as directed by budget policy. Since 1994, USTRANSCOM productivity and cost avoidance initiatives and organizational streamlining efforts resulted in savings of over \$1.7B. In addition, since USTRANSCOM's designation as Distribution Process Owner (DPO) in 2004, the DPO has produced over \$2.3B in cost avoidance initiatives. The savings accrue to the DoD budget and have allowed the Services to purchase other high priority items.



Cash Management

In FY 2008, WCF cash decreased \$321.4M primarily due to a change in the Air Force billing process. Historically Air Force Supply Divisions billed customers twice a month for each spare part purchased. Under the new process, a billing is issued once a month based on actual flying hours executed times the budgeted cost per flying hour for the Active Air Force, Air Force Reserves, Air National Guard, TWCF

¹⁰ Stockage Effectiveness measures how often the supply system has available for immediate sale those items it intends to maintain at base and depot level supply locations.

and USSOCOM customers. The FY 2008 cash balance includes a \$60.2M appropriation for Medical Dental WRM requirements. In FY 2009, WCF cash decreases by \$298.9M primarily due to TWCF returning prior year gains to customers of Surface Deployment and Distribution Command (SDDC). The FY 2009 cash balance includes \$61.5M requested for WRM requirements. In FY 2010, WCF cash decreases by \$372.0M primarily due to TWCF and the Air Force returning prior year gains to customers of SDDC, General Support Division within SMAG-R and CSAG-Supply Division. The FY 2010 cash balance includes \$64.2M requested for Medical Dental WRM requirements.

Table 47. Air Force Working Capital Fund Cash

Air Force Working Capital Fund Cash Including TWCF (\$M)	FY 08	FY 09	FY 10
BOP Cash Balance	1,706	1,384	1,085
Less: Disbursements	24,104	22,786	21,506
Collections	23,235	22,425	21,069
Transfers	487	-	-
WRM	60	62	64
EOP Cash Balance	1,384	1,085	713
7-Days of Cash	1,105	831	818
10-Days of Cash	1,418	1,087	1,063

Numbers may not add due to rounding.

Summary

Air Force WCF activities provide warfighters the key services needed to meet mission capability requirements. Maintenance depots provide the equipment, skills and repair services to keep forces operating worldwide. Supply management activities procure and manage inventories of consumable and repairable spare parts to keep all elements of the force structure mission ready. Transportation provides the worldwide mobility element of the global engagement vision. The working capital funds are integral to readiness and sustainability of our air, space and cyberspace assets and our ability to deploy forces around the globe to any theater in support of Joint Force requirements.

Conclusion

The Air Force FY 2010 Budget Request meets Joint Force Commander requirements to provide proven capabilities now and into the future while taking care of our Airmen. It supports the process improvement initiatives the Air Force has already undertaken in the Nuclear Enterprise and assists with restoring acquisition excellence. Our OCO Request supports our needs to continue the support Airmen are providing all over the globe; this includes our WCF business activities to meet customers' logistics demands for successful mission accomplishment on a daily basis.

Figure 34 shows Air Force Blue TOA and highlights how the majority of funding supports day-to-day operations to meet the needs of the warfighter. The experiences we gain from these daily operations are providing us lessons learned for future actions. We constantly analyze this data to develop better ways of improving our performance and measuring progress against established goals.

By balancing our budget requirements to meet departmental goal areas, we will continue to be good stewards of taxpayer dollars while providing precise and reliable *Global Vigilance, Reach and Power* for the Nation.

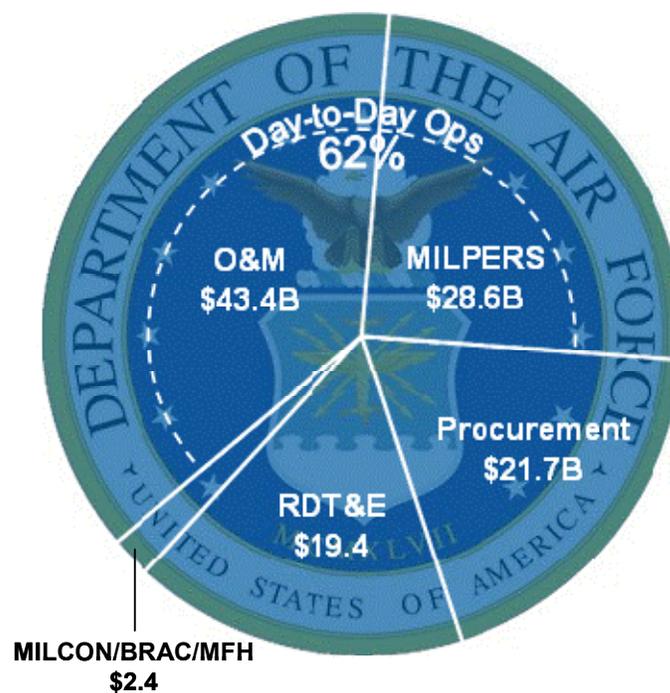
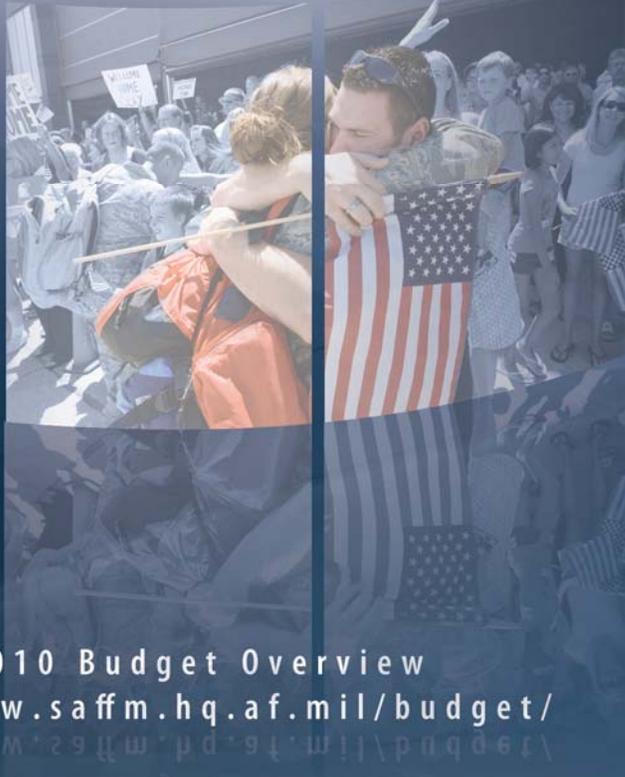


Figure 34. FY 2010 Air Force Blue TOA Appropriation

Acronyms

AEHF	Advanced Extremely High Frequency
AF	Air Force
AF/A10	Assistant Chief of Staff of the Air Force, Strategic Deterrence and Nuclear Integration
AFCYBER (P)	Air Force Cyberspace Command (Provisional)
AFGLSC	Air Force Global Logistics Support Center
AFMC	Air Force Materiel Command
AFMS	Air Force Medical Service
AFR	Air Force Reserve
AFRC	Air Force Reserve Command
AFROCC	Air Force Requirements for Operational Capabilities Council
AFSC	Air Force Specialty Code
AFSPC	Air Force Space Command
AIP	Acquisition Improvement Plan
AMRAAM	Advanced Medium-Range Air-to-Air Missiles
ANG	Air National Guard
AOR	Area of Responsibility or Accumulated Operating Result
APB	Acquisition Program Baseline
APPN	Appropriation
ARRA	American Recovery and Reinvestment Act
B	Billion
BOP	Beginning of Period
BP	Building Partnerships
BRAC	Base Realignment and Closure
C2	Command and Control
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
CAP	Combat Air Patrol
CONOPS	Concept of Operations
CSAG	Consolidated Sustainment Activity Group
DMAG	Depot Maintenance Activity Group
DoD	Department of Defense
DPO	Distribution Process Owner
EELV	Evolved Expendable Launch Vehicle
eLog21	Expeditionary Logistics for the 21st Century
EOP	End of Period
FHMP	Family Housing Master Plan
FY	Fiscal Year
GPS	Global Positioning System
IOC	Initial Operational Capability
ISR	Intelligence, Surveillance and Reconnaissance

JDAM	Joint Direct Attack Munitions
JET	Joint Expeditionary Tasking
KPP	Key Performance Parameters
LAIRCM	Large Aircraft Infrared Countermeasures
M	Million
MDAP	Major Defense Acquisition Program
MFH	Military Family Housing
MILCON	Military Construction
MILPERS	Military Personnel
MILSTAR	Military Strategic, Tactical and Relay
MSD	Material Support Division
NCO	Non-Commissioned Officer
NDAA	National Defense Authorization Act
NSN	National Stock Number
O&M	Operations and Maintenance
OCO	Overseas Contingency Operations
ORS	Operationally Responsive Space
OSD	Office of the Secretary of Defense
PEO	Program Executive Officers
PME	Professional Military Education
RDT&E	Research, Development, Test and Evaluation
RFP	Request for Proposal
RNI	Repair Network Integration
SAE	Service Acquisition Executive
SAF/AQ	Assistant Secretary of the Air Force for Acquisition
SATCOM	Satellite Communications
SBIRS	Space Based Infrared System
SDDC	Surface Deployment and Distribution Command
SMAG-R	Supply Management Activity Group-Retail
SPRDE	Systems Planning, Research, Development and Engineering
TFI	Total Force Integration
TOA	Total Obligation Authority
TWCF	Transportation Working Capital Fund
U.S.	United States
UAS	Unmanned Aircraft System
USAF	United States Air Force
USAFA	United States Air Force Academy
USCENTCOM	United States Central Command
USSOCOM	United States Special Operations Command
USTRANSCOM	United States Transportation Command
WCF	Working Capital Fund
WRM	War Reserve Materiel



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