

# UNITED STATES AIR FORCE

## FISCAL YEAR 2017 BUDGET OVERVIEW



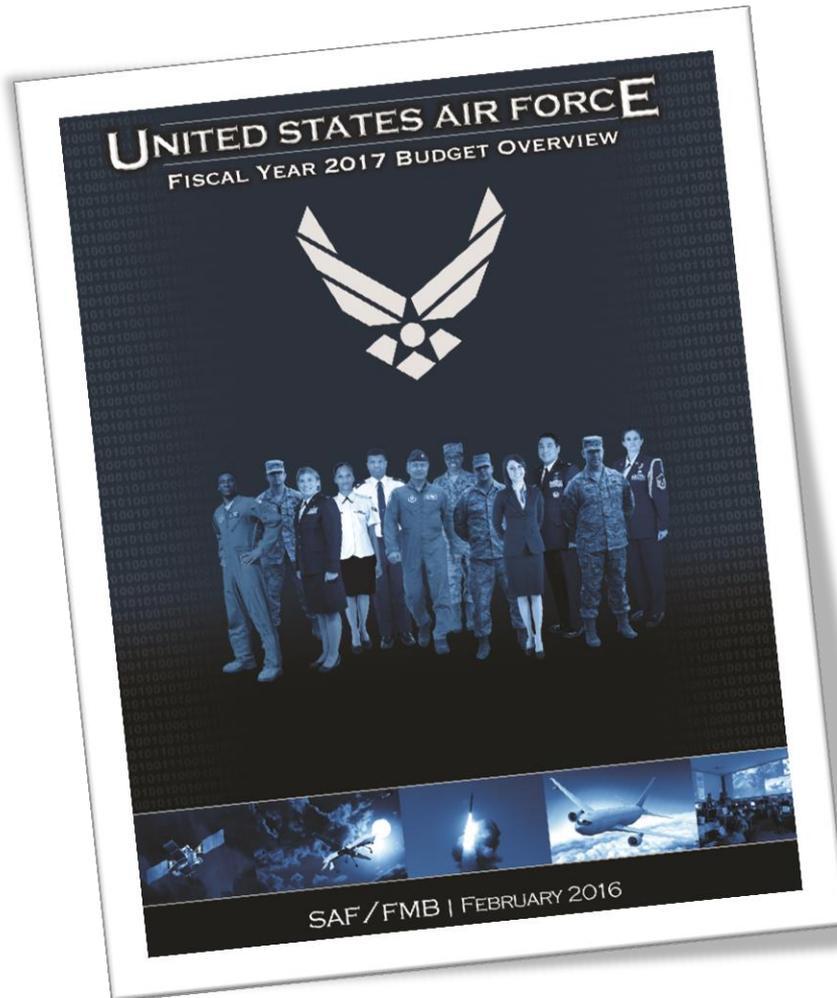
MAJ GEN JIM MARTIN | SAF/FMB | FEBRUARY 2016



**U.S. AIR FORCE**

# Overview

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



*Integrity - Service - Excellence*



**U.S. AIR FORCE**

# Strategic Framework



**National Strategy:**  
Frames AF budget to support  
Combatant Commanders' needs

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

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

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



**U.S. AIR FORCE**

# ***FY17 Guiding Principles to Support Core Missions***

## ***Air & Space Superiority***



## ***Global Strike***



### **Guiding Principles for FY17**

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

## ***Rapid Global Mobility***



## ***Command and Control***



## ***ISR***



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

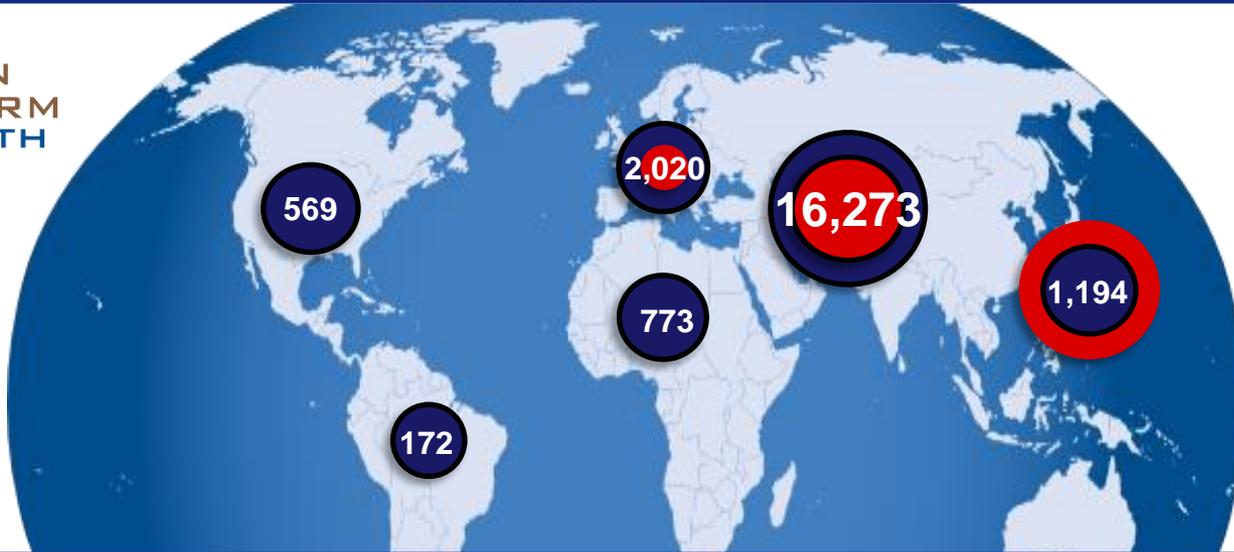


U.S. AIR FORCE

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



OPERATION  
DESERT STORM  
**25<sup>TH</sup>**  
ANNIVERSARY  
#DESERTSTORM



 Where we are  
 vs.  
 What we thought  
 in 2012

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

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



U.S. AIR FORCE

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



1991: 946K  
2017: 664K



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



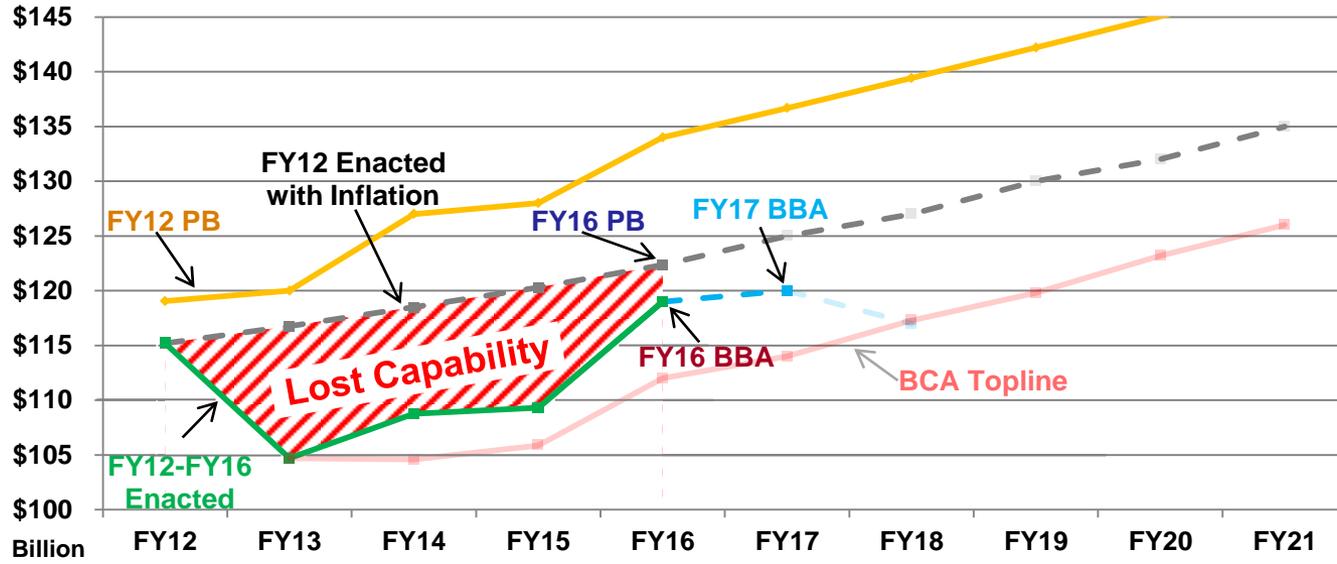
- Since Desert Storm...25 yrs of combat ops...tremendous toll on Airmen, their readiness & equipment
  - 59% fewer combat coded fighter squadrons...134 in 1991, 55 today...33 used in DESERT STORM
  - 30% fewer people...down from 946K to 664K military and civilian airmen
  - 37% fewer aircraft...from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

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



# FY13 – FY16 Recap

U.S. AIR FORCE



## FY13 Sequester

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

## FY14 / 15 Bipartisan Budget Act

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

## FY16 After Bipartisan Budget Act

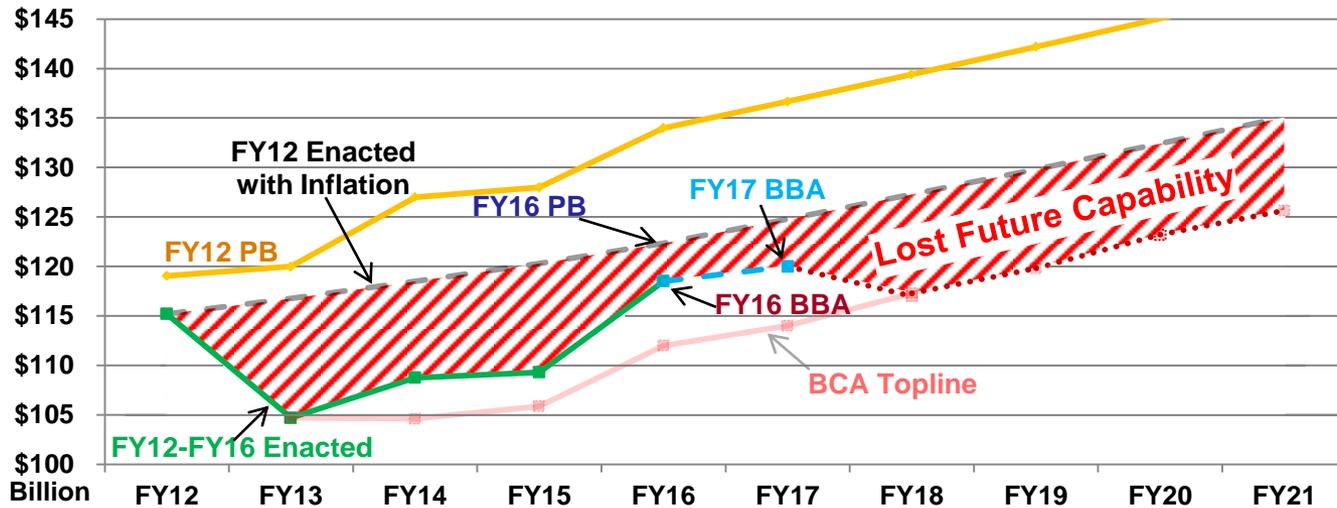
- Temporary relief w/ FY18 uncertainty
- Fund executable readiness components; other readiness impacts
- Restore force structure (A-10 / EC-130)
- Preserve F-35A, KC-46, & LRS-B
- Over 3X increase in munitions buys
- Right-size force to fill cyber, nuclear, RPA & maintenance manning shortages
- Preserve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

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



# Across the FYDP

U.S. AIR FORCE



## At FY17 BBA levels, we can:

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

*Continues recovery in readiness and capacity, with modernization challenges*

## FY17 Funding Gap:

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

## FY18 BCA Potential Impacts...all bad choices:

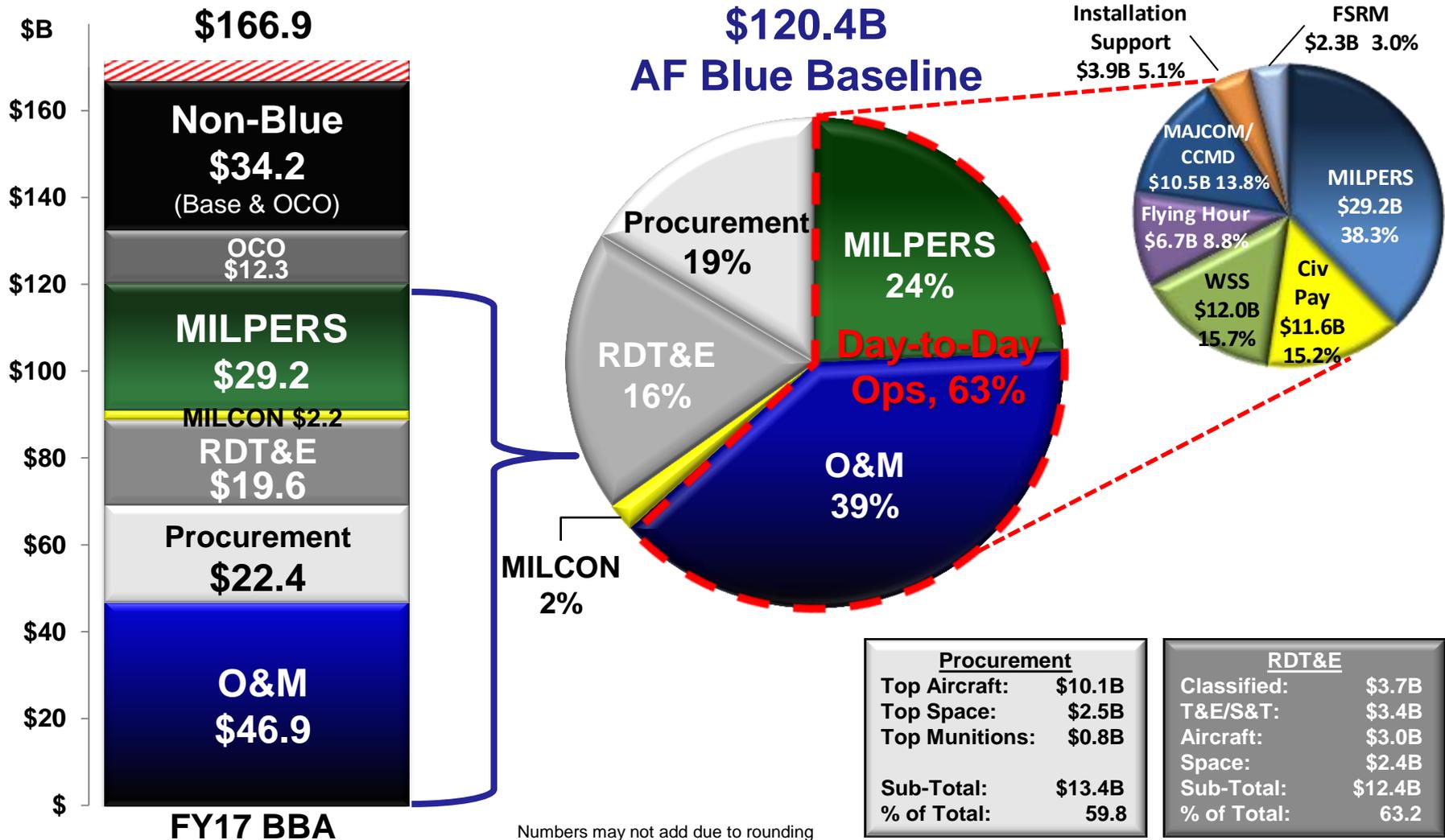
- Force structure cuts...already too small for current demand
- Delay modernization...capability advantage is already shrinking
- Halt readiness recovery...even less ready than we are today
- Defer advancements in space & cyber...already contested
- Infrastructure / base spt suffers...bow wave continues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

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



# FY17 Budget Request

U.S. AIR FORCE

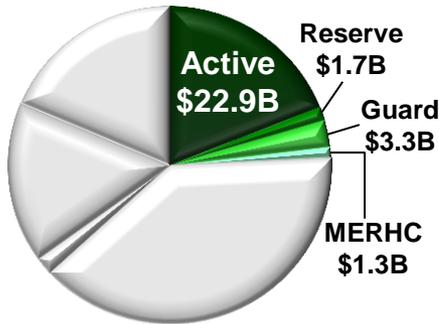


**Budget request starts to address capacity & readiness...  
but at expense of modernization**



# Military Personnel

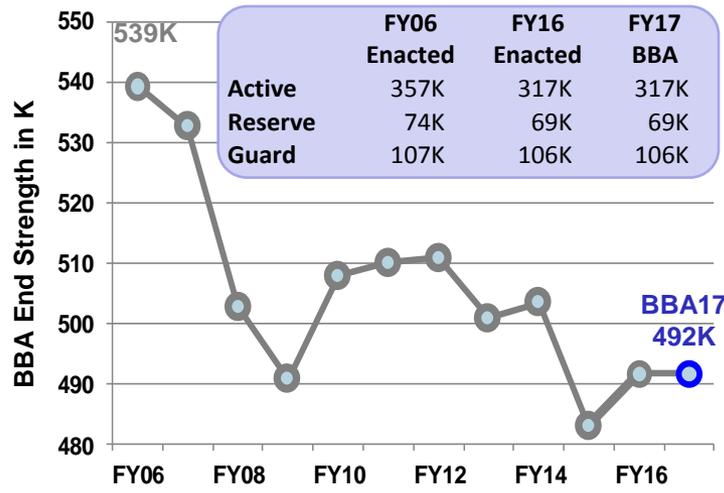
U.S. AIR FORCE



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



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



### Right-Size the Force:

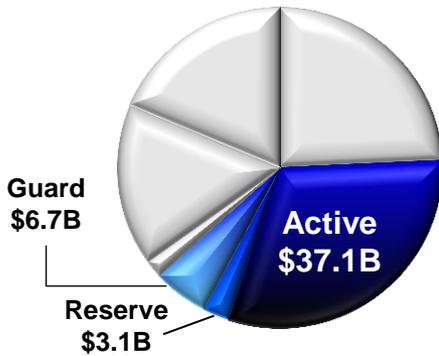
- Provides deliberate plan to address key capability gaps, shape workforce
  - Invests in student training pipeline: supports ~26K accessions and adds ~100 Basic / Tech Training instructors
  - Increases Officer Training School to max capacity of 1,118 trainees
  - Max retention bonuses to address skilled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

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



# Operation & Maintenance

U.S. AIR FORCE

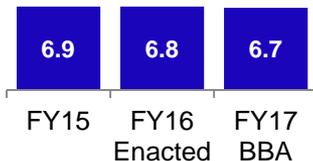


Category (\$B)	FY16	FY17
	Enacted	BBA
Flying Operations	18.2	18.7
Civilian Pay	11.2	11.6
Space / Combat Forces	6.0	6.4
Installation Support and FSRM	6.5	6.2
Logistics Ops & AF Wide Support	2.1	2.1
Training & Recruiting	1.0	1.1
Mobility Forces	1.0	0.9
<b>Total</b>	<b>46.0</b>	<b>46.9</b>

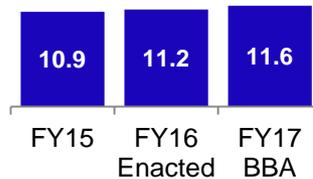


**BBA: Temporarily prevents readiness decline; however, challenges remain in readiness recovery & sustainment of critical infrastructure, today & in the future**

## Flying Hours



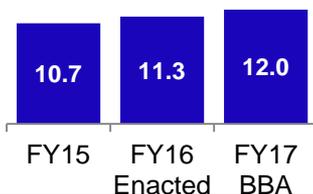
## Civilian Pay



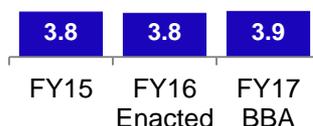
## Readiness:

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

## WSS



## Base Support



## People / Base Operations:

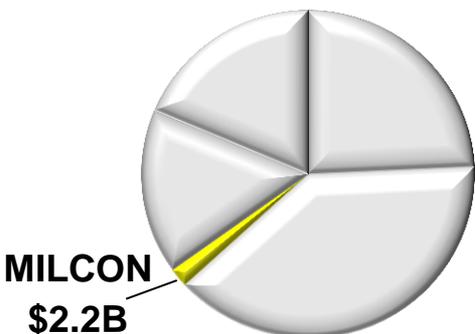
- Supports 1.6% civilian pay raise to maintain competitive compensation
- Funds MiITA (\$139M); +110 SAPR billets (\$5.1M)
- Provides child/youth care, Amn Family Readiness Centers (\$89M)
- Funds facility sustainment at (77%); M&R at (1.6% property real value)

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



U.S. AIR FORCE

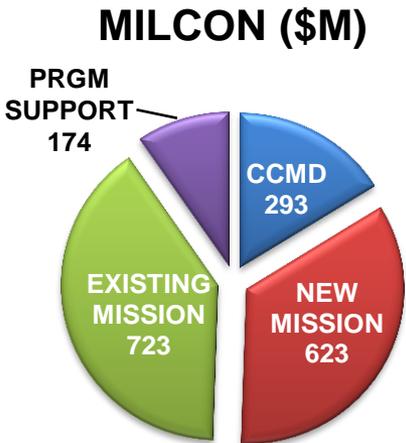
# Military Construction, BRAC & Military Family Housing



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



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



- MILCON:**
- Active Air Force:**
    - New mission bed-downs: F-35A (\$336M); KC-46 (\$37M); Combat Rescue Helicopter (\$7M)
    - Quality of Life (\$115M): 2 CONUS dorm projects (incl \$67M for BMT) and fitness center
    - Nuclear Enterprise (\$41M): Missile Maintenance and Transfer Facilities; Comm Facility
  - Air Force Reserve:** KC-46 Corrosion Control / Fuel Cell Hangar (\$90M) and Avionics Ground Equipment / Fuselage Training Facility (\$6M); C-17 bed-down projects (\$85M)
  - Air National Guard:** C-17 Corrosion Control / Fuel Cell Hangar (\$30M) & Hydrant Refueling System (\$21M); F-22 Composite Repair Facility (\$11M); Fire Crash / Rescue Station (\$9M)
  - Combatant Commands:** Joint Intelligence Analysis Complex (JIAC) (\$53M); European Infrastructure Consolidation Site Development and Infrastructure (\$43M); CENTCOM Large Aircraft Maintenance Hangar (\$35M); Asia-Pacific Munitions Storage Igloos (\$35M)

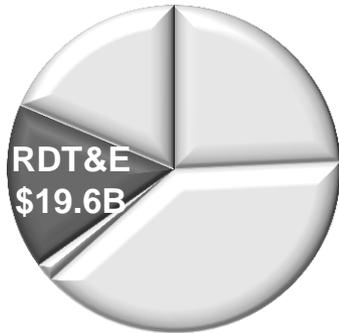
**BRAC: Continues environmental restoration at closed BRAC properties**

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



# Research, Development Test & Evaluation

U.S. AIR FORCE



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



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

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

**Investment in Nuclear and Space Enterprise:**

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

**Invests in future capabilities & technology:**

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

**Maintains commitment to recapitalize the Air Force:**

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

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

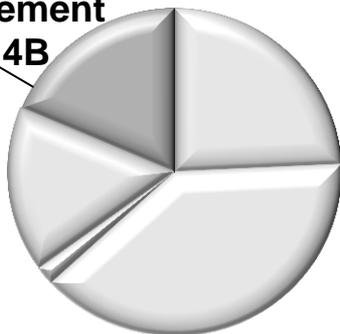


# Procurement

**U.S. AIR FORCE**

Procurement

\$22.4B



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



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

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

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

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

**Assures space access and dominance in contested environments:**

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

**Provides critical inventory levels for high ops tempo:**

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

**Invests in protected communications and C2:**

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

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



# Major Procurement Quantities

U.S. AIR FORCE



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

*Integrity - Service - Excellence*



U.S. AIR FORCE

# Overseas Contingency Operations (OCO)



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



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

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

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

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

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

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

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

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



**U.S. AIR FORCE**

# *Final Thoughts*

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



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

**General Welsh**





# *More Information*

**U.S. AIR FORCE**

---

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



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



