FY08 President’s Budget
“We Are America’s Airmen”

Maj Gen Frank Faykes
Director, Air Force Budget
5 Feb 07
FY08 President’s Budget

- Your Air Force Today
- Fiscal Challenges
- FY08 President’s Budget
  - Baseline Budget
  - Global War on Terror Request

The United States Air Force in the 21st Century:
Ensuring Global Air, Space and Cyberspace Dominance
AF Leadership Priorities

- Fighting and Winning the Global War on Terror
- Developing and Caring for Airmen and Their Families
- Recapitalizing and Modernizing Aging Aircraft and Spacecraft
Global Engagement for Combatant Commanders

53% of Active Duty and 40% of Total Force “on line” for COCOM Operations
213K Airmen Engaged Every Day

Global Support
130,000
Strategic Mobility Forces
Space and Missile Forces
Homeland Defense
Persistent C4ISR

Steady State
Rotational Support
22,000
NORTHCOM, SOUTHCOM, EUCOM, PACOM, CENTCOM
(Operating at 16 Bases and Flying Aircraft at 10)

Forward Based
61,000
Pacific Air Forces
US Air Forces Europe

25K Airmen Deployed in CENTCOM Today—Exceeding Steady State
Fighting the War on Terror
AF Activities Since 9/11

430,000 sorties flown in Afghanistan and Iraq in support of GWOT
- AF flies 82% of all OIF sorties and 78% of all OEF sorties
- 86,000 Close Air Support sorties
- 800 Strike sorties in the past 6 months
- 200 total sorties per day

250+ aircraft provide:
- Inter/Intra-Theater Airlift
- Refueling and C4ISR
- 18,000 Aeromedical Evacuation missions

38,000 guided and non-guided munitions expended to date
- Fired ~650,000 rounds

7,700 Airmen committed to non-traditional taskings
- Detainee Operations, Interpreters, Convoy Operations, Explosive Ordnance Disposal and Police Training

AEF Over-Commitment is Stressing Readiness
Your Air Force
Other Operations at Home and Abroad

HOMELAND DEFENSE
100% of Operation NOBLE EAGLE sorties—fighter, refueling and early warning

NORTHWEST U.S.
ARC C-130s make fire retardant air drops over Northwest

HOMELAND RESPONSE
Disaster warning—flying 100% of all DoD Hurricane Hunting (AFR)

LEBANON
American Citizens board MH-53 in Beirut evacuation ops

PHILIPPINES
C-130s and C-17s transported equipment and supplies to mudslide victims

ECUADOR
AWACS and KC-135 refuel in support of counter-narco terrorism

ALASKA
Northern Edge 2006 joint training
Total Force exercise
First ever deployment of F-22A

The AF is Engaged 24/7/365 in National & Worldwide Responses
## Aircraft Losses

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Contingency Losses</th>
<th>Non-Contingency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fighters</td>
<td>4</td>
<td>44</td>
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<tr>
<td>Bombers</td>
<td>1</td>
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<tr>
<td>Helicopters</td>
<td>2</td>
<td>3</td>
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<tr>
<td>Transport/Mobility</td>
<td>10</td>
<td>6</td>
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<tr>
<td>Unmanned ISR</td>
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<td>6</td>
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<tr>
<td>Manned ISR</td>
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<td>1</td>
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<tr>
<td>Trainers</td>
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<td>19</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>48</strong></td>
<td><strong>79</strong></td>
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</table>

*Since 9/11 AF Has Lost 127 Aircraft in the Global War on Terror*
Leading the Fight Today
Challenges to Air and Space Dominance

- While globally engaged, we must simultaneously prepare for the future
- We’re meeting commitments today; we are concerned about emerging threats:
  - Proliferation of integrated air defense systems
  - Growth of 4th generation combat aircraft world-wide
  - Proliferation of low observable land cruise missiles
  - Threats to our ability to leverage space and cyberspace
- Recapitalization is an urgent national security need

Our Nation Must Invest Today to Ensure Tomorrow’s Air, Space and Cyberspace Dominance
FY08 President’s Budget

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Our Success Depends on the Strength of our Pillars. However...
Fiscal and Operational Pressures are Stressing the Foundation
Constraints in Today’s Environment

- Rising Personnel Costs
- Rising Costs of Fleet Operation
- Modernization Costs
- Aging Aircraft Inventory
- Readiness
- GDP Spending on Defense

Pay and Benefits Compared to Endstrength

Personnel Costs Continue to Rise; Up 57% Over Last Ten Years While Personnel Endstrength Decreased 8%
Constraints in Today’s Environment

Rising Personnel Costs
Rising Costs of Fleet Operation
Modernization Costs
Aging Aircraft Inventory
Readiness
GDP Spending on Defense

Operating Costs up 179% Over Last Ten Years and Continue to Stress our Ability to Recapitalize

Includes GWOT Funding
Constraints in Today’s Environment

Modernization as % of TOA

Investment Funding Has Declined 19% Over the Past 22 Years as a % of AF TOA
Constraints in Today’s Environment

Average Aircraft Age Over Time

- Avg Age in 1973: 9 Years (During Vietnam)
- Avg Age in 2006: 24 Years (During Global War on Terror)

Rising Personnel Costs
Rising Costs of Fleet Operation
Modernization Costs
Aging Aircraft Inventory
Readiness
GDP Spending on Defense

14% of the Fleet is Grounded or Has Mission-Limiting Restrictions

<table>
<thead>
<tr>
<th>Aircraft Retirements</th>
<th>Avg Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>KC-135E Stratotanker</td>
<td>48</td>
</tr>
<tr>
<td>B-52H Stratofortress</td>
<td>45</td>
</tr>
<tr>
<td>C-130E Hercules</td>
<td>42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aircraft Retirements</th>
<th>Avg Age</th>
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</thead>
<tbody>
<tr>
<td>U-2 Dragon Lady</td>
<td>24</td>
</tr>
<tr>
<td>F-117A Night Hawk</td>
<td>21</td>
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</tbody>
</table>
Constraints in Today’s Environment

Average Aircraft Age Over Time

Capt Moseley’s A/C 76-120: 1977
7 FS
49 TFW
Gen Moseley’s A/C 76-120: 2006
199 FS
HI ANG
A/C 76-120 Retired 19 Dec 06
~30 Service yrs

Rising Personnel Costs
Rising Costs of Fleet Operation
Modernization Costs
Aging Aircraft Inventory
Readiness
GDP Spending on Defense

Aircraft Retirements | Avg Age | Aircraft Retirements | Avg Age
--- | --- | --- | ---
KC-135E Stratotanker | 48 | U-2 Dragon Lady | 24
B-52H Stratofortress | 45 | F-117A Night Hawk | 21
C-130E Hercules | 42 |

14% of the Fleet Is Grounded or Has Mission-Limiting Restrictions
Constraints in Today’s Environment

Impact of GWOT on AF Readiness

- Rising Personnel Costs
- Rising Costs of Fleet Operation
- Modernization Costs
- Aging Aircraft Inventory
- Readiness
- GDP Spending on Defense

OPTEMPO and Operating a Smaller, Older Fleet the Underlying Cause

Readiness Has Declined 17% Since 2001
Constraints in Today’s Environment

DoD and AF TOA as a % of GDP

Lowest Level of Defense Spending as a Percent of GDP...

AF Balancing Investments Across Limited Resources...
FY08 President’s Budget

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The Air Force Budget

- FY06 Appropriated: $127.0B
- FY07 Appropriated: $128.8B
- FY08 President’s Budget: $136.6B

Baseline vs. GWOT Supplemental/Request
The Air Force Budget

FY06 Appropriated
$137.9B
FY07 Appropriated
$146.0B
FY08 President’s Budget
$153.9B

“Blue” Baseline
$10.9B
$25.1B
$101.9B

“Non-Blue” Baseline
$24.3B
$104.5B
$110.7B

GWOT Supplemental/Request
$25.1B
$24.3B
$25.9B
The Air Force Budget

FY07

- People: $34.7B (33%)
- Readiness: $27.4B (26%)
- Modernization & Recapitalization: $36.6B (35%)
- Infrastructure: $5.8B (6%)

FY08

- People: $36.0B (33%)
- Readiness: $30.6B (27%)
- Modernization & Recapitalization: $38.9B (35%)
- Infrastructure: $5.2B (5%)

Changes:

- Officer/Enlisted Pay: +$0.4B
- Housing Allowances: +$0.6B
- Civilian Pay: +$0.3B
- Total Change: +$1.3B

- Price Growth: +$1.6B
- Mission & Base Ops: +$1.1B
- Flying Operations: +$0.5B
- Total Change: +$3.2B

- Facility Maint (FSRM): +$0.3B
- BRAC: +$0.3B
- Family Housing: -$0.9B
- MILCON: -$0.3B
- Total Change: -$0.6B

- Procurement: +$1.8B
- RDT&E: +$0.5B
- Total Change: +$2.3B
“Today’s Expeditionary Culture and Battle Readiness Posture Demand a Focus on the Lives of our Airmen”  Secretary Wynne 25 Sep 06

People

<table>
<thead>
<tr>
<th>Highlights</th>
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</thead>
<tbody>
<tr>
<td>Maintains our commitment to take care of our people</td>
</tr>
<tr>
<td>3% pay raise for Military and Civilian personnel</td>
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<tr>
<td>Military Pay +$344M, Civilian Pay +$210M</td>
</tr>
<tr>
<td>BAH – average rate increased 4%; privatizing +26K units by EOY FY08</td>
</tr>
<tr>
<td>Total Force Endstrength: 671,694 (-11,639 from FY07)</td>
</tr>
<tr>
<td>Recruiting/retention bonuses focused on critical skill sets ($649M)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>($B)</th>
<th>FY07</th>
<th>FY08</th>
<th>Delta</th>
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</thead>
<tbody>
<tr>
<td>Officer/Enlisted Pay</td>
<td>$22.5</td>
<td>$22.9</td>
<td>$0.4</td>
</tr>
<tr>
<td>Housing Allowance (BAH)</td>
<td>$3.0</td>
<td>$3.6</td>
<td>$0.6</td>
</tr>
<tr>
<td>Civilian Personnel Pay</td>
<td>$9.2</td>
<td>$9.5</td>
<td>$0.3</td>
</tr>
<tr>
<td>Total</td>
<td>$34.7</td>
<td>$36.0</td>
<td>$1.3</td>
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</table>
FY08 Total Force: 671,694
- Military: 502,800 (-13,300)
  - Active: 328,600 (-5,600)
  - Guard: 106,700 (-300)
  - Reserve: 67,500 (-7,400)
- Civilian: 168,894 (+1,661)

AF reducing 65K personnel from FY04 through FY09

Air Force Smart Operations for the 21st Century – AFSO21:
- Centralization of Service Delivery – Personnel Services, Financial Operations, Legal Claims
- Logistics consolidation – Global Logistics Support Center, Repair Enterprise 21

Military-to-Civilian conversions continue
Strong recruiting results
- Meeting FY07 goals of 43K; expect to recruit 43K in FY08

Stronger force retention results
- Meeting FY07 overall goals – key warfighting skills stressed
- FY08: will continue to focus on retention of critical skills

FY08 budget includes nearly $649M in recruiting, retention bonuses to train and retain Critical Skills

Major programs include:
- Initial Enlistment / Selective Reenlistment Bonuses
- Aviator Continuation Pay
- Professional Special Pays
- Foreign Language Proficiency Pay
- Increasing Regional Affairs & POL-MIL Affairs Strategists
Readiness

<table>
<thead>
<tr>
<th>($B)</th>
<th>FY07 Appn</th>
<th>FY08 PB</th>
<th>Delta</th>
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</thead>
<tbody>
<tr>
<td>Flying Operations</td>
<td>$13.8</td>
<td>$14.9</td>
<td>$1.1</td>
</tr>
<tr>
<td>Mission &amp; Base Operations</td>
<td>$11.3</td>
<td>$13.0</td>
<td>$1.7</td>
</tr>
<tr>
<td>Space Operations</td>
<td>$1.3</td>
<td>$1.4</td>
<td>$0.1</td>
</tr>
<tr>
<td>Communications</td>
<td>$1.0</td>
<td>$1.3</td>
<td>$0.3</td>
</tr>
<tr>
<td>Total</td>
<td>$27.4</td>
<td>$30.6</td>
<td>$3.2</td>
</tr>
</tbody>
</table>

Highlights

- Trains aircrews with 1.8M flying hours, maintains fleet of over 5,700 aircraft
- Funds 84 major installations, 81 combat wings, and production of 1,100 pilots
- Develops Airmen for expeditionary environment
- Conducts space control and satellite operations of over 140 DoD and National Satellites and operates 2 space lift ranges
- Provides global, seamless command and control; interoperable communications
- Readiness eroded by $1.6B in price increases
- 2+ AEF commitment since 9/11; unit operational readiness down 17%

Since DESERT STORM We’ve Been Flying an Average of 2.3M FH/Yr . . . But with 2,500 Fewer Aircraft & Higher OPTEMPO
Integrity - Service - Excellence

Readiness
FY07 - FY08 Price Growth Challenges

- Spare Parts +6%
- Utilities +16%
- Fuel +9%
- Contracts +3-5%

Average Cost Per Flying Hour +10%
Budgeted Cost of Inflation +2.4%

Increasing Costs of Operations Erode Readiness
Background
- Provides aircrew combat training, maintenance and repair, parts, and aviation fuel to support joint warfighter and humanitarian operations

FY08 Funding
- Supports 1.5M Flying Hours ($7.4B)
  - 10% reduction from FY07
  - Increased use of Simulators
- Depot Purchased Equipment Maintenance (DPEM) ($3.7B)
  - Funds 74% of requirement
  - Defers 50 airframes and 91 engines
- Contract Logistics Support (CLS) ($3.8B)
  - Funded at 75% (increases to F-22A, C-130J, KC-10, U-2 and training aircraft)
  - Accepts reductions in spare parts and engine repairs

Funding Profile
- Rising Costs Forcing Risk into Key Readiness Areas
- FY07: 14.2* ($B)
  - 3.6 Flying Hrs
  - 3.3 DPEM
  - 7.3 CLS
- FY08: 14.9 ($B)
  - 3.8 Flying Hrs
  - 3.7 DPEM
  - 7.4 CLS

*Includes $400M from FY07 “Bridge” Supplemental
Readiness
Mission & Base Operations

Background
- Provides capabilities to organize, train and equip our Airmen with wartime capabilities for Combatant Commanders

FY08 Funding
- FY07—accepted risk and negative real growth to accelerate recapitalization
- FY08—restores baseline to minimum-required levels (+$791M)
- Price growth increases (+$901M)
- Base Support for 81 Wings / 84 Major Installations ($10.4B)
- Military Training/Combat Ranges ($1.7B)
  - Expanded BMT, language skills and exercises
- Executive Agent for 5 Combatant Commands ($590M)
- Environmental Compliance / Remediation ($235M)
- Operating 144 Child Development Centers and 1,246 Dormitories ($75M)

Provides the Foundation for Expeditionary Combat Capability
**Readiness**

**Space Operations**

**Background**

- Provides for a constellation of systems that supports communication, navigation, intelligence, missile detection and situational awareness for joint decision makers at all levels.

**FY08 Funding**

- Operates over 140 DoD and National Satellites ($498M)
- Funds 450 Minuteman III Missiles and BMEWS Early Warning System ($520M)
- Funds two space lift ranges in California and Florida (34 launches) ($338M)
  - Includes civil, commercial and DoD launches
- Supports the Space Innovation & Development Center ($27M)

**Funding Profile**

![Bar Graph]

- FY07: $1.3B
- FY08: $1.4B

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*Providing Unmatched Space Capabilities to Meet National, COCOM and Joint Force Objectives*
**Background**
- **Key enabler in shortening the “kill chain”;** compresses time needed to find, fix, track, target, engage and assess targets
- **Cyberspace is a domain where our forces have peer competitors**

**FY08 Funding**
- Global Distributed Command & Control – right information to the right people at the right time
- Increased battle space awareness – real time information directly to the battlefield
- Cyberspace capability key to winning war on terror
- Reliable, responsive and robust infrastructure and battlespace connectivity in air and space ($868M)
- On-Demand Global Connectivity ($320M)
- Reliable / Secure Assured Communications ($69M)
- High-priority nets for strategic missions ($61M)

**Funding Profile**

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readiness</td>
<td>1.0</td>
<td>1.3</td>
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<tr>
<td>Communications</td>
<td>1.0</td>
<td>1.3</td>
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</tbody>
</table>
Infrastructure

Highlights

- 62 MILCON projects (8 GWOT, 43 Modernization, 9 Care of People and 2 for storm damage)
- Provides 88,000 housing units for AF personnel and their families, eliminating inadequate houses and exceeding privatization goals
- BRAC reshaping AF physical plant through 7 closures and 59 realignments
- Maintains infrastructure plant worth over $200B

<table>
<thead>
<tr>
<th></th>
<th>FY07 ($B)</th>
<th>FY08 ($B)</th>
<th>Delta ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MILCON</td>
<td>1.3</td>
<td>1.0</td>
<td>-0.3</td>
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<tr>
<td>Facility Mntn.</td>
<td>1.6</td>
<td>1.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Family Hsg.</td>
<td>1.9</td>
<td>1.0</td>
<td>-0.9</td>
</tr>
<tr>
<td>BRAC</td>
<td>1.0</td>
<td>1.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Total</td>
<td>5.8</td>
<td>5.2</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

We Fight From Our Bases . . . Infrastructure Critical to our Readiness
Infrastructure
Military Construction (MILCON)

Background
- Construction funds focus on leadership priorities and new weapon systems beddowns

FY08 Funding
- GWOT projects ($150M)
  - Basic Expeditionary Training, Al Udeid Hangar, Joint Intelligence Center, CENTCOM HQ
- Modernization projects ($534M)
  - Mission beddowns: F-35A, F-22A, C-17, DCGS, CSAR and EC-130
  - Joint Ops: TACPs at Fort Carson, Fort Riley, Fort Indiantown Gap, Camp Beauregard
  - Depot Modernization: Hill, Tinker, Robins AFBs
- Care of People ($115M)
  - 3 Dorms, Fitness Center, Child Development Center, AFA Facility, Security Forces and Fire Training Facilities
- Storm Damage: Eglin AFB Test Range ($84M)
- Planning and Design / Minor Construction ($87M)

Funding Profile

Funding the Most Critical Requirements to Support AF Priorities
**Background**

- **Funds Sustainment, Restoration and Modernization projects for real property, aircraft maintenance complexes, aircraft runways, roads and dormitories**
- **Sustains infrastructure plant worth more than $200B**

**FY08 Funding**

- Increased investment in sustainment offsets a reduced MILCON program
- Mitigates FY07 funding risk
- Sustainment funds preserve our existing investment in facilities and infrastructure
- Restoration and Modernization focused on mission infrastructure

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**Infrastructure Facility Maintenance**

**Air Force Infrastructure is a Power Projection Platform**
**Infrastructure**

**Military Family Housing (MFH)**

**Background**
- AF MFH supports 88,000 units – construction, replacement, improvement, privatization, operations, maintenance, utilities and leasing of family housing units
- AF privatizing 44,600 units – 72% of units in U.S. and U.S. territories
- Constructs / improves 2,100 units at 8 Overseas locations

**FY08 Funding**
- Housing construction costs decrease due to privatization, demolition and renovation of remaining inventory (-$900M)
- Remaining funds replace and improve overseas inadequate houses ($363M)
- Continues maintenance of 37,400 AF-owned houses ($688M)
- Leverages private investor funding for quality housing faster to our Airmen

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**Funding Profile**

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td></td>
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<tr>
<td>Military Family Housing (MFH) ($B)</td>
<td>1.9</td>
<td>1.0</td>
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</tbody>
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Eliminates Inadequate Housing . . .

*Improved Quality of Life for Our Airmen and Their Families*
**Infrastructure**

**Base Realignment and Closure (BRAC)**

**Background**
- **FY05 Base Realignment and Closure**
  - Approved Nov 05
  - Supports 7 closures, 59 realignments
  - Includes 51 major construction projects
  - BRAC approved 12 Joint Bases; 10 AF bases affected – AF leading 6 joint basing projects

**FY08 Funding**
- BRAC ’05
  - Planning & Design, MILCON $908M
  - O&M, Personnel, Environmental $274M
  - Funding from 4 prior BRAC rounds $143M

**Funding Profile**

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC ’05</td>
<td>0.9</td>
<td>1.2</td>
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<tr>
<td>Prior Rounds</td>
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<td>1.3</td>
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</table>

Supports 7 Closures, 59 Realignments and 51 Major MILCON Projects
Modernization and Recapitalization

<table>
<thead>
<tr>
<th>($B)</th>
<th>FY07</th>
<th>FY08</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDT&amp;E</td>
<td>$17.9</td>
<td>$18.4</td>
<td>$0.5</td>
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<tr>
<td>Procurement:</td>
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<tr>
<td>Aircraft</td>
<td>$11.6</td>
<td>$12.4</td>
<td>$0.8</td>
</tr>
<tr>
<td>Missiles</td>
<td>$3.2</td>
<td>$4.0</td>
<td>$0.8</td>
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<tr>
<td>Equipment</td>
<td>$2.8</td>
<td>$3.2</td>
<td>$0.4</td>
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<tr>
<td>Ammunition</td>
<td>$1.1</td>
<td>$0.9</td>
<td>$-0.2</td>
</tr>
<tr>
<td>Total</td>
<td>$36.6</td>
<td>$38.9</td>
<td>$2.3</td>
</tr>
</tbody>
</table>

Highlights
- Top 5 Acquisition Priorities:
  - KC-X – development to replace aging legacy tanker fleet
  - Combat Search and Rescue – develops HH-47 as new CSAR helicopter
  - Space Early Warning and Comm Satellites – SBIRS advance procurement (GEO-3 and HEO-3&4) and integration/testing of GEO-1&2; TSAT risk reduction and tech development (first launch in FY16)
  - F-35A Lightning II – continues fifth generation fighter development
  - Next Generation Long Range Strike – 3-phase program to field a new bomber by 2018

Providing the Nation Global Vigilance, Global Reach & Global Power
**Background**

- AF’s #1 Acquisition Priority
- Begins recapitalization of KC-135 fleet
- Average age of KC-135E fleet is 48 years
- AF has a transparent and competitive tanker replacement program to replace approximately 1/3 of the current tanker fleet
- KC-X will be able to refuel Air Force, Navy and Allied aircraft on every mission using boom and hose/drogue refueling
- CNS/ATM capability will ensure worldwide flight ops at all times in all civil and military airspace
- Projected Buy = 179
- IOC FY13

**FY08 Funding**

- Supports competitive acquisition of commercial derivative tanker
  - Contract award before end of 2007

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**The Single Point of Failure of Joint Warfare is the Tanker**

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**KC-X Program**

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**Funding Profile**

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding ($M)</th>
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<tr>
<td>FY07</td>
<td>70</td>
</tr>
<tr>
<td>FY08</td>
<td>314</td>
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</tbody>
</table>

RDT&E
**HH-47 CSAR**

**Background**
- Next generation Combat Search and Rescue (CSAR) aircraft – replacement for HH-60 Pave Hawk
- CSAR Block 0—fields increased CSAR:
  - Capabilities in range, speed, payload, survivability, high altitude and hover operations
- Procurement buy – 141 helicopters
- Block 0 IOC FY12

**FY08 Funding**
- Develops non-recurring engineering, software, integration, testing and certification of the CSAR mission components
- Funds three Block 0 Test Vehicles items for near-term requirements

**Funding Profile**

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
</tr>
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<tbody>
<tr>
<td>Quantity</td>
<td>0</td>
<td>(3)</td>
</tr>
<tr>
<td>RDT&amp;E</td>
<td>200</td>
<td>280</td>
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</tbody>
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*Improved Combat Search and Rescue “That Others May Live”*
Space Based Infrared System (SBIRS)

Background
- Replaces Defense Support Program – provides robust early warning of ballistic missile attack on the U.S., deployed forces and allies
- Increases capability – supports missile defense, battlespace awareness and technical intelligence missions
- HEO-1 payload on-orbit and meeting/exceeding requirements
- Alternative Infrared Satellite System (AIRSS) initiated as an alternative to GEO-3

FY08 Funding
- Funds development, integration and test of GEO-1 & 2 satellites and supporting ground system
- Includes advance procurement for GEO-3 and HEO-3 & 4
- GEO-1 delivered FY08; FY09 launch

Funding Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Procurement</th>
<th>RDT&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>0.7 ($B)</td>
<td></td>
</tr>
<tr>
<td>FY08</td>
<td>0.6 ($B)</td>
<td>0.5 ($B)</td>
</tr>
</tbody>
</table>

Next Generation Early Warning System . . . Supports Missile Defense, Battle Space Characterization and Intelligence Systems
Transformational SATCOM (TSAT)

Background
- Five satellite constellation incorporating lasercom and internet protocol based networking
- Program utilizes a block (incremental) approach
- Reduces cost and schedule risk in developing leading edge technology
- Capabilities will meet Army and COCOM needs for Battle Comm-on-the-Move
- TSAT needed for many future ISR platforms
- First launch: 1st QTR FY16

FY08 Funding
- Continues engineering design activities and testing of technologies to reduce risk
- Continues technology maturation for multi-access lasercom & improved processor technology
- Completes system design review for 1st satellite
- Completes Space Segment Source Selection and award single development & production contract

Critical Enabler For 21st Century Net-Centric Warfare
**Background**

- Fifth generation stealthy, multi-role strike aircraft
- Variants include conventional, carrier and short take-off and vertical landing
- Joint AF, Navy, Marine Corps and International Program
  - 8 international partners and over $4.5B in support
- Replaces preponderance of our fighters
- Projected Air Force buy – 1,763 Aircraft
- IOC FY13

**FY08 Funding**

- Continues System Development & Demonstration (SDD) effort
- LRIP lot 2 funding for 6 CTOL aircraft
- LRIP lot 3 advance procurement for 8 CTOL aircraft (FY09)

**Funding Profile**

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity</th>
<th>Procurement</th>
<th>RDT&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
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<td>2.1</td>
<td>0.6</td>
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<tr>
<td>FY08</td>
<td>6</td>
<td>1.8</td>
<td>1.5</td>
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</table>

**The Global Persistent Attack Fighter for the 21st Century**
Next Generation Long Range Strike

Background:
- **Air Force 3-Phased Strategy**
  - **Phase I:** Continue to modernize legacy bombers to improve capability and reliability
  - **Phase II:** Develop/field next generation bomber by 2018 by leveraging all available technology development efforts
  - **Phase III:** Field transformational advanced technology capability in 2035 timeframe
- **The AoA will determine specifications for the next generation platform; such as whether it will be manned or land-based**

**FY08 Funding:**
- Continues investment in key modifications to improve existing bomber capability

**Funding Profile**

<table>
<thead>
<tr>
<th>Year</th>
<th>Procurement</th>
<th>RDT&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
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<td>387</td>
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<tr>
<td>FY08</td>
<td>449</td>
<td>415</td>
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**Range and Payload Are the Soul of an Air Force**
FY08 President’s Budget

- Your Air Force Today
- Fiscal Challenges
- FY08 President’s Budget
- Baseline Budget
- Global War on Terror Request
### The Air Force Budget

**GWOT Request**

**Critical to Winning the Long War on Terror**

<table>
<thead>
<tr>
<th>FY08</th>
<th>Total</th>
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<tbody>
<tr>
<td>Investment / RDT&amp;E</td>
<td>5.4</td>
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<tr>
<td>O&amp;M</td>
<td>10.4</td>
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<tr>
<td>MILPERS</td>
<td>1.5</td>
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<tr>
<td>MILCON</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total ($B)</strong></td>
<td><strong>17.3</strong></td>
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#### Highlights
- **Daily Operations** $11.9B
- **Aircraft Replacement**
  - 12 C-130J (Stressed) $934M
  - 5 CV-22 (Losses) $493M
  - 3 C-130J (Losses) $233M
  - 1 F-35A (Losses) $189M
  - 2 MC-130J (Recap) $188M
- **Bomber Mods** $271M
- **A-10 PUP** $230M
- **F-15 AESA** $134M
The AF Has Been Engaged in Continuous Combat Operations for Over 16 Years and Will Remain in SW Asia Long After Ground Forces Have Departed

The United States Depends on Air, Space & Cyberspace Power to an Extent Unprecedented in History

Fiscal Constraints Challenge Our Ability to Ensure Dominant Air and Space Power For the 21st Century Within Available Resources with Increasing Risk

We Are Ready and Engaged Today, But Our Nation Must Invest to Ensure Tomorrow’s Air, Space & Cyberspace Dominance
Heritage to Horizons: Commemorating 60 Years of Air & Space Power

October 2006 – November 2007

60th Anniversary USAF 1947 - 2007