



UNITED STATES AIR FORCE

FISCAL YEAR 2018 BUDGET OVERVIEW



America's Air Force Always There...

FY18 President's Budget Request

Bottom Line Upfront

- **For 70 years, American Airmen have provided unmatched Global Vigilance, Global Reach, and Global Power...always in demand**
- **26 years of continuous combat ops and budget uncertainty have taken their toll on our Airmen, readiness, and equipment**
- **World has changed since 2014...continues to be very unstable**
- **Today, insatiable demand for AF capabilities from our Joint partners and allies exceeds supply...will only increase to meet future threats**
- **Drives a mismatch between strategy and resources**
- **The FY18 PB puts us on a path to improve readiness, fill critical shortfalls and increase lethality...but still tough choices required**
- **FY18 PB is a good start but a long term effort is needed...**
- **Predictable, sufficient, and flexible budgets required to balance capability, capacity, and readiness**

***In Every Mission, in Every Domain, and in Every Location...
Your Airmen are Essential to our Nation's Success...We are Always There!***



Strategic Framework

Strengthening the Air Force

Secretary of Defense Budget Directives:

Improve Warfighting Readiness

Achieve Program Balance, Address Shortfalls

Build Capacity and a More Lethal Joint Force

Air Force Budget Focus/Priorities:

Airmen...increase Total Force...fill capability gaps...ensure sustained growth

Improve Readiness...flying hours, maintenance, RPA get-well, training

Combat Air Forces...advance combat capabilities...outpace our adversaries

Nuclear Deterrence...strengthen/modernize delivery of strategic capabilities

Space...ensure operations in highly congested/contested environment

Cyber...shift to a 21st century data-centric infrastructure

Infrastructure...enhance airpower from a network of globally positioned bases



American Airmen...

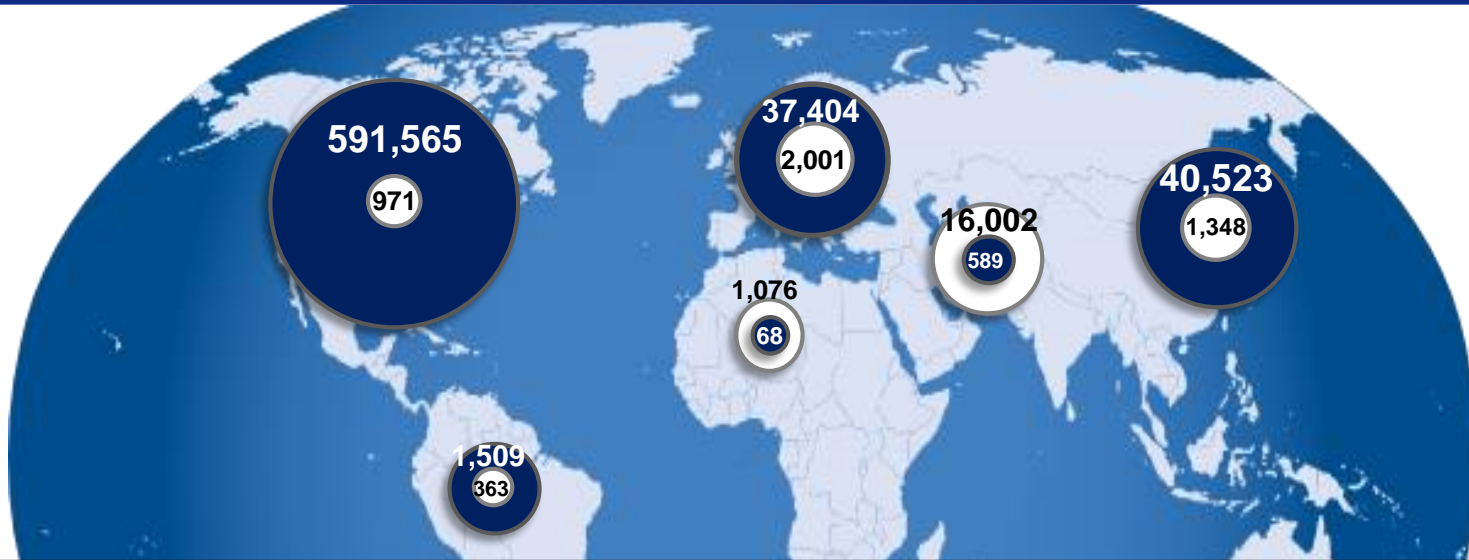
Delivering Global Vigilance, Global Reach, Global Power



AF Unique Capabilities Critical to the Joint Fight...Readiness Requires a Significant Investment



AF Airmen Globally Engaged: Always There... Total Force Effort



○ Deployed
vs.
● Assigned

In last 12 months of January
2017

- Total Force Airmen...175 global locations...27,000 fighting from home...100,000 standing watch around the globe
- Airmen remain engaged 24/7...aircraft takeoff every 2.8 minutes somewhere around the globe
- Provide an asymmetric advantage in level of air and space superiority as well as two-thirds of nation's nuclear triad
- ISR capabilities...in highest demand by Combatant Commanders...in 2016 MQ-1 and MQ-9 aircrew flew 351,000+ hours
- Provide 6,000+ intelligence products/day...used by warfighters to eliminate enemy targets...trigger 70% of SOF assaults
- In 2016, delivered 695 million pounds of cargo to troops and partner nations...equivalent to 100 Egyptian pyramids
- Air Force GPS technology...used in close to two-thirds of all weapon systems in fight against ISIS
- Leading the joint fight against VEO's...70% of 26,000+ coalition airstrikes in Iraq/Syria...more than 32,000 enemy targets
- Air Force aircraft average 26 strike sorties per day...expended 56,000 munitions against ISIS since 2014
- Evacuated 4,300+ patients with 98% survival rate...can be returned to CONUS within 3 days

*Your Airmen...Supporting and Leading Joint and Coalition Forces...
Beginning, Middle and End of Every Operation*



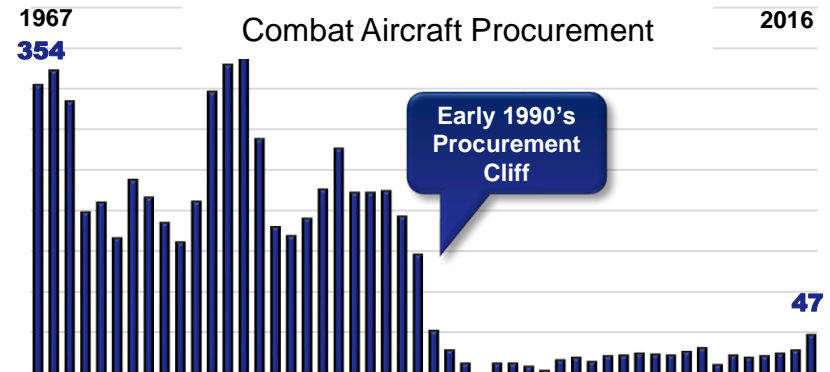
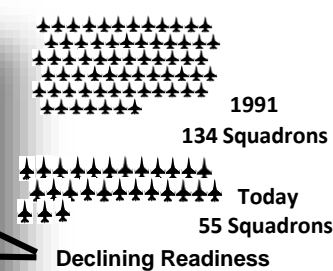
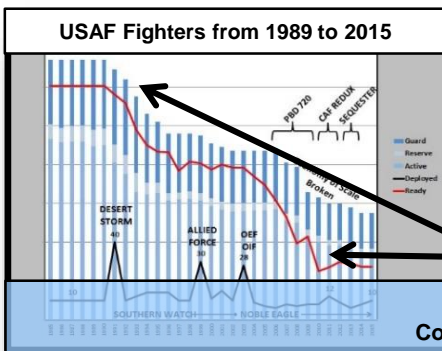
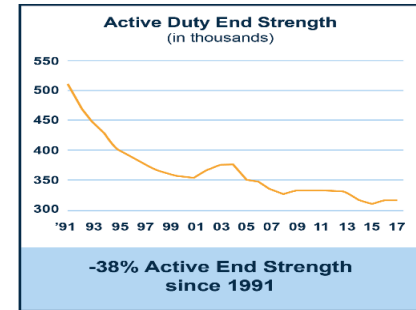
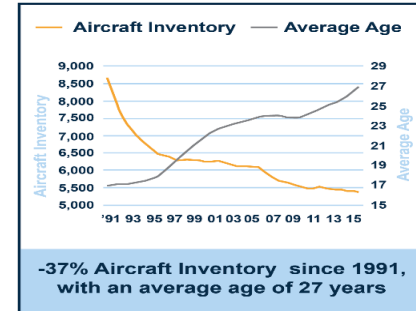
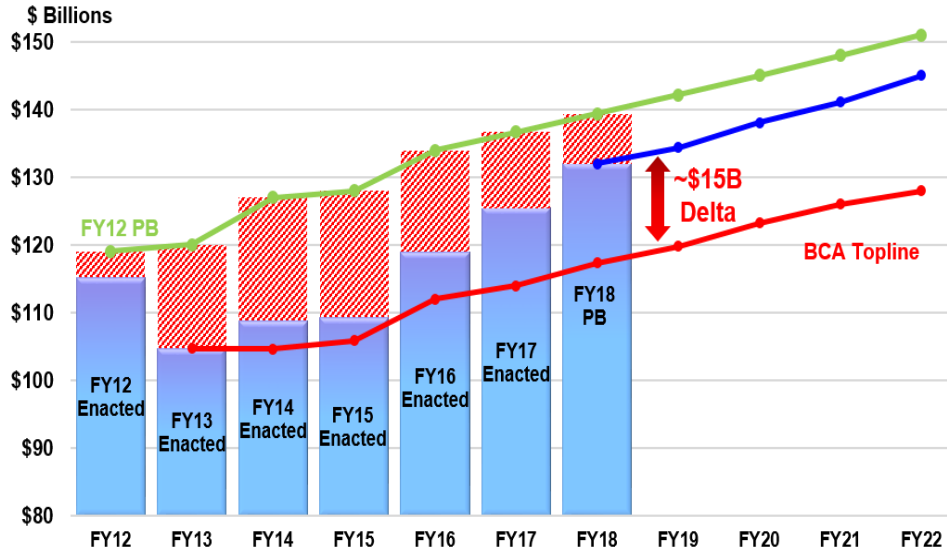
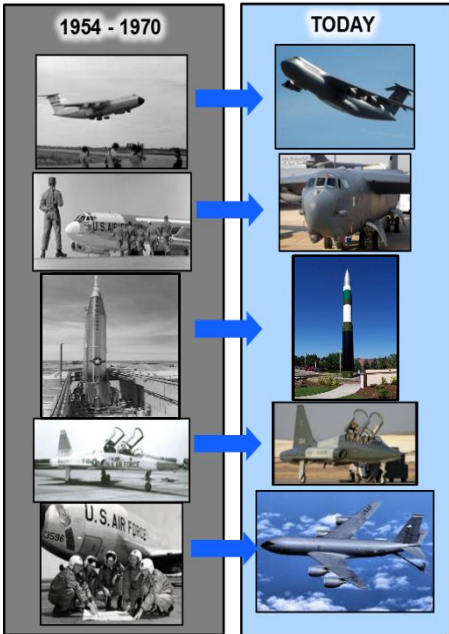
Where We Are Today...

- **America's Air Force...still great, but 26 years of sustained global ops have taken their toll**
 - 59% fewer fighter squadrons...134 in 1991, 55 today
 - 30% fewer total force Airmen since 1991
 - 37% fewer aircraft...inventory reduced from 8,637 to 5,517...average age is 27 years
 - 17% fewer aircraft per squadron – 24 to 20
- **Historic low readiness impacting most missions**
- **Insatiable demand for Airpower now and in the future**
 - Leading global response against VEOs...still heavily engaged in Afghanistan
 - Facing a resurgent Russia, a rising China... unpredictable North Korea, Iran, multiple hotspots
 - Capability gap closing...space & cyber more contested
- **State & non-state actors present transregional, multi-functional, multi-domain challenges**
 - Future will require us to operate in a denied, contested environment...competitors investing in new technology...fielding advanced air defenses and 5th generation aircraft

*Character of War over Last 26 years has Evolved...Capability Gap Closing
Nation Expects Air Force to be Fully Prepared to Win Today and Ready to Win Tomorrow*



Budgets Have Driven Strategy... Must Return to A Strategy-Driven Budget



Need Predictable and Stable Funding... Cannot Return to BCA



What We Can Do vs. Risks of Returning to BCA

What We Can Do with the FY18 PB

- Sustain capacity to meet CCDR's most urgent needs & readiness for today's fight
- Increase total force end-strength to 502K...our top readiness priority
- Fund readiness components, sustains recovery plan...FHs, WSS, combat exercises
- Address pilot & maintenance shortfalls...begin to revitalize our squadrons
- Maximize capacity of preferred munition procurement for current operations
- Modernize nuclear enterprise, protect our assets...LRSO, GBSD, UH-1N, NC3
- Advance space buys of SBIRS 5/6 missile defense system, three EELV launch services
- Improve cyber resiliency in weapon systems, invest in 39 offensive/defensive cyber teams
- Keep top recap programs on track (F-35A, KC-46, B-21), increase airlift capability & capacity
- Improve current infrastructure, bed-down new missions, increase training & readiness

Potential Impacts of Sequestration

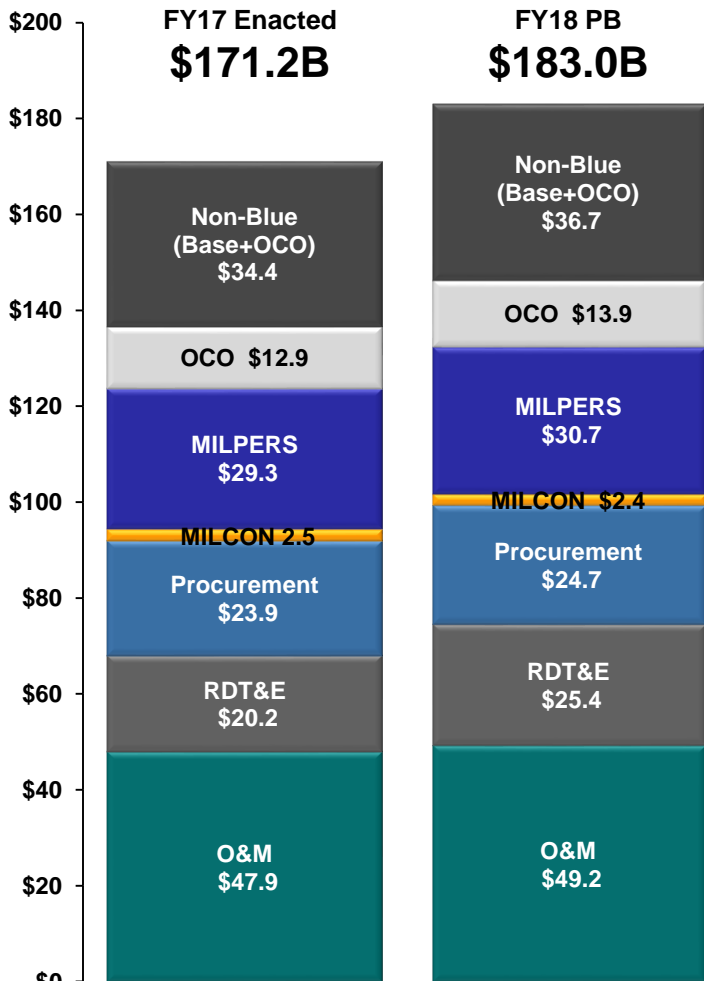
- ▪ Potential reduction to already deficient force structure and limited capacity
- ▪ Caps end-strength and drives gaps in critical skills...pilots, maintenance, nuclear, cyber, RPA
- ▪ Weapon System Sustainment compromised, flying hours reduced, depot maintenance deferred
- ▪ CAF training exercises minimized...fewer pilots ready for full spectrum fight
- ▪ Operations outpace munition production...risks to JDAMS, SDBs, Hellfires
- ▪ Threatens 21st century nuclear deterrence... severe sustainment and reliability challenges
- ▪ Denies competitive launch environment, services to gain critical access to space
- ▪ Delays essential cyber data-centric infrastructure, GPS, ops in contested environment
- ▪ Modernization deferrals of technology-to-warfighter...4th & 5th Gen Mods, F-35 buy
- ▪ Risks to infrastructure...mission bed-downs, impacts mission generation at home & abroad

***Our Budget Request is Strategy Driven to Safeguard our Nation's Defense...
Without BCA Relief...Drastic Impacts to Readiness, Modernization, Infrastructure & People***



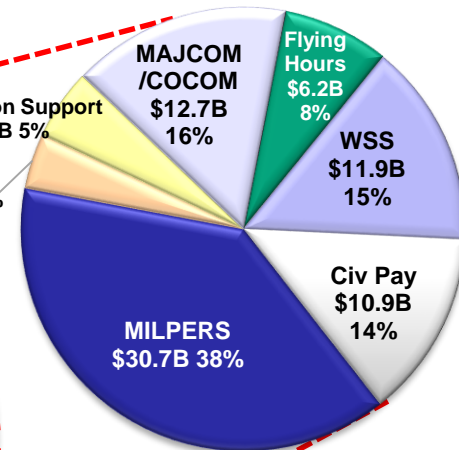
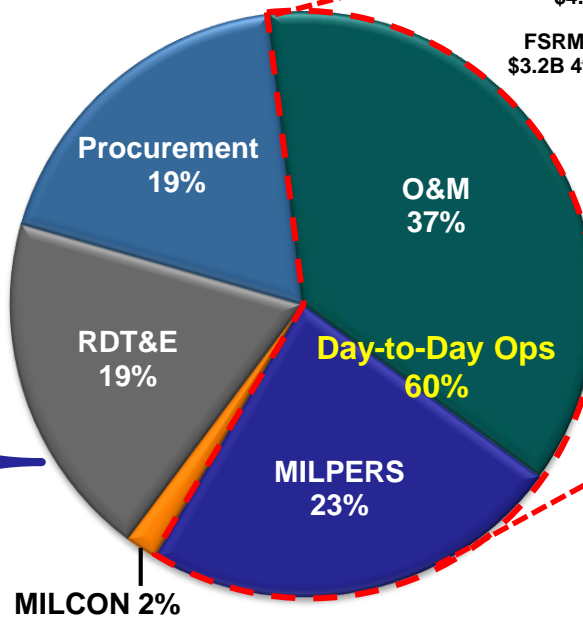
FY18 Budget Request

Billions



Numbers may not add due to rounding

\$132.4B AF Blue Baseline



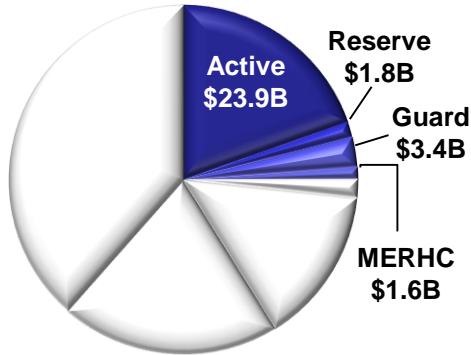
Procurement	
Top Aircraft:	\$10.2B
Top Space:	\$2.7B
Top Munitions:	\$1.4B
Sub-Total:	\$14.3B
% of Total:	58%

RDT&E	
Top T&E/S&T:	\$3.6B
Top Aircraft:	\$6.3B
Top Space:	\$4.4B
Sub-Total:	\$14.3B
% of Total:	56%

Budget Request Invests in Airmen, Readiness, Nuclear Deterrence Ops, Space & Cyber Capabilities, Combat Air Forces & Infrastructure



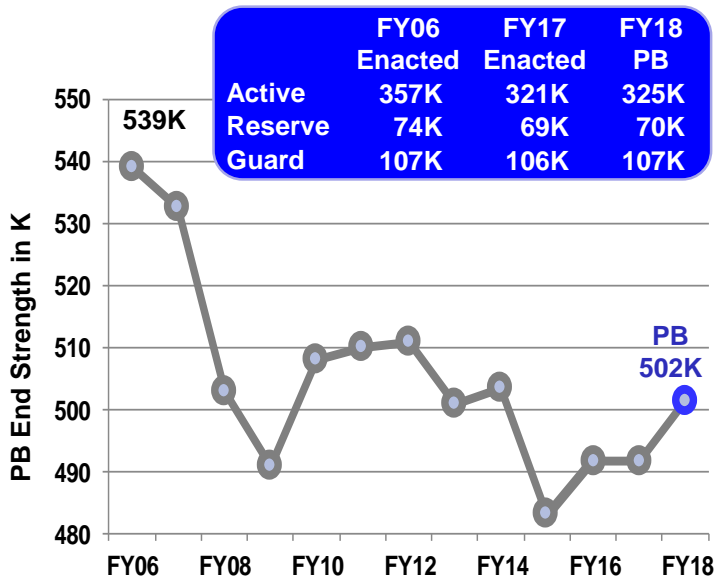
Military Personnel



Category (\$B)	FY17 Enacted	FY18 PB
Pay & Allowances	26.6	27.7
Medicare-Eligible Retiree Health Care	1.4	1.6
Permanent Change of Station	1.2	1.3
Other Military Pay	0.1	0.1
Total	29.3	30.7



Numbers may not add due to rounding



Grows military end strength to 502K to meet global demands for air power

- Increases active force by 4.1K, with 1.7K growth in Guard & Reserve
- Leverages Total Force personnel/skill sets to boost mission readiness

Strategy-driven budget helps tackle top readiness priority – people

- Addresses pilot shortage--adds training capacity, adjusts incentives
- Continues progress in increasing maintenance manpower & experience
- Reduces gaps in critical skills--nuclear, cyber, intelligence, RPA

Lays groundwork for future growth to match manning against missions

- Invests in student training pipeline--over 200 new recruiters in FY18
- Revitalizes squadrons to add support staff, return focus to mission

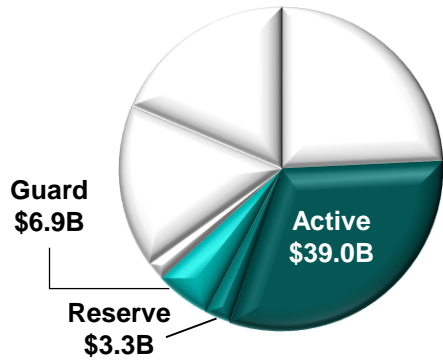
Makes further quality of life & service investments in all-volunteer force

- Supports 2.1% pay raise to maintain competitive compensation profile
- Implements new Blended Retirement System (beginning 1 Jan 18)

Air Force's #1 Priority is People...Growth Crucial for Readiness Recovery



Operation & Maintenance



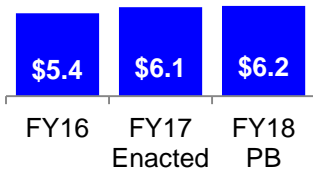
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Category (\$B)	FY17* Enacted	FY18 PB
Flying Operations	18.3	18.2
Civilian Pay	11.5	10.9
Space/Other Combat Forces	6.7	7.2
Installation Support and FSRM	7.2	7.3
Logistics Ops and Air Force Wide Support	2.2	2.7
Training & Recruiting	1.1	1.4
Mobility Forces	0.9	1.5
Total	47.9	49.2

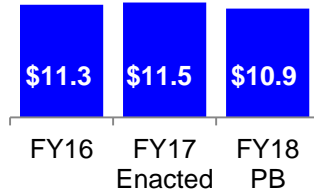


* FY17 position includes \$1.2B Base to OCO transfer and Title X funding (RAA)
O&M table includes WCF & Environmental

Flying Hours



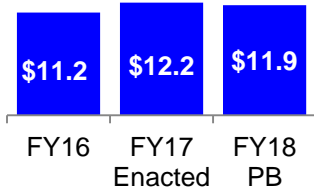
Civilian Pay



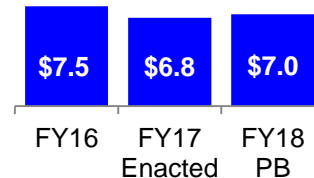
Readiness:

- Prioritizes additional training for end strength growth to 502K (pilot, mx, Cyber, RPA); funds 2 additional F-16 training squadrons
- Flying Hours (FH) to executable level (1.2M hours/\$6.2B)
- WSS funded to near max executable levels – sustains readiness recovery plan
- Sustains 60 RPA Combat Lines and continues RPA get-well plan
- Committed to Nuclear Deterrence: sustains ICBMs & funds key upgrades in NC3
- Supports Joint Force for space superiority – aligns budget to Space Warfighting construct and funds National Space Defense Center
- Funds Cyber Mission Forces – 39 offensive and defensive Cyber teams
- Funds facility sustainment at 80%; M&R at 1.9% plant replacement value

WSS



Base Support



People / Base Operations:

- Transfers 10K Acquisition personnel from O&M to RDT&E (-\$1.1B)
- 1.9% civ pay raise; +1K Cmdr Supt Staff / Family medical; taking care of people
- Increase to Family Support Prgms; Child Care, Youth Prgm, MWR, Family Svcs
- Funds 449 dedicated Sexual Assault Prevention and Response personnel

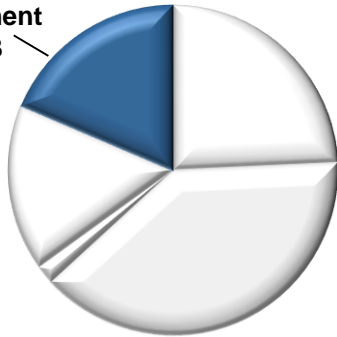
* FY16 & FY17 include Base to OCO transfer

Prioritizes Readiness Recovery



Procurement

Procurement
\$24.7B



Procurement TOA (\$B)	FY17* Enacted	FY18 PB
Aircraft Procurement	15.1	15.4
Missile Procurement	1.4	1.6
Space Procurement	2.8	3.4
Ammunition Procurement	1.7	1.4
Other Procurement	3.0	3.0
Total	23.9	24.7



* FY17 position includes \$1.7B Title X funding (RAA)

Focuses on top modernization efforts in FY18:

- Sustains F-35A production with 46 aircraft in FY18
- Continues our tanker fleet recapitalization with the procurement of 15 KC-46 Tankers
- Invests in 4th Generation assets to retain affordable capacity while modernizing the fighter fleet

Maximizes munition production capacity to sustain global precision attack capabilities:

- Invests in 10,330 Joint Direct Attack Munition (JDAMs) (base budget)
- Procures 4,579 Small Diameter Bomb (SDB) I & 460 SDB II weapons (base budget)
- Procures 399 Hellfire missiles (base budget)

Achieves global power and space superiority:

- Upgrades and expands combat training range capabilities
- Funds Battlefield Airman to optimize communication nodes between operational air/ground assets
- Block buys of SBIRS Geosynchronous Earth Orbit 5 & 6; long lead procurement for SBIRS 7 & 8
- Funds three Delta IV Heavy launch services to ensure critical access to space

Procurement

Program Highlights

\$ Millions

FY17 FY18

Aircraft	FY17	FY18
F-35A inc. spares & mods	5,293	5,714
KC-46	2,890	2,965
C/HC/MC-130J	1,266	834
Munitions		
JDAM	291	320
SDB I/II	92	266
JASSM-ER	432	442
Space		
SBIRS	358	1,113
EELC	717	957
EELV	537	606

Today's Modernization is Tomorrow's Readiness



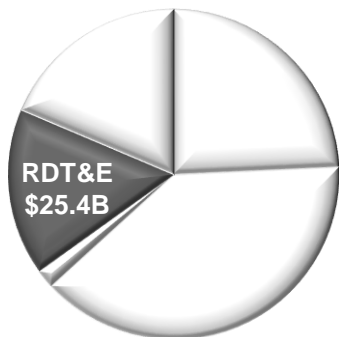
Major Procurement Quantities

AIRCRAFT	FY16 Actual	FY17 Enacted	FY18 PB
F-35A Lightning II	47	48	46
KC-46A Tanker	12	15	15
MC-130J Recapitalization	8	6	5
HC-130J Recapitalization	5	4	2
C-130J Super Hercules Base	14	4	0
<i>C-130J Super Hercules OCO</i>	<i>0</i>	<i>1</i>	<i>0</i>
MQ-9A Reaper Base	33	0	0
<i>MQ-9A Reaper OCO</i>	<i>0</i>	<i>24</i>	<i>16</i>
Total Base	119	77	68
<i>Total OCO</i>	<i>0</i>	<i>25</i>	<i>16</i>
SPACE	FY16 Actual	FY17 Enacted	FY18 PB
GPS III	1	0	0
EELV	3	3	3
Total	4	3	3
WEAPONS	FY16 Actual	FY17 Enacted	FY18 PB
AIM-9X Sidewinder	506	287	310
AIM-120D AMRAAM	281	256	205
AGM-158 JASSM-ER	240	360	360
JDAM Base	22,478	12,133	10,330
<i>JDAM OCO</i>	<i>8,821</i>	<i>18,531</i>	<i>16,990</i>
AGM-114 Hellfire Base	6,256	372	399
<i>AGM-114 Hellfire OCO</i>	<i>2,500</i>	<i>1,573</i>	<i>3,230</i>
Small Diameter Bomb - I/II Base	175	312	4,579/460
<i>Small Diameter Bomb - I/II OCO</i>	<i>158</i>	<i>4,195</i>	<i>2,273</i>
Total Base	29,936	13,720	16,643
<i>Total OCO</i>	<i>11,479</i>	<i>24,299</i>	<i>22,493</i>





Research, Development, Test & Evaluation



Category (\$B)	FY17* Enacted	FY18 PB
Operational Systems Development	9.4	11.1
Demonstration and Validation	2.9	4.6
Engineering & Manufacturing Development	4.0	4.5
Management Support	1.3	2.7
Applied Research	1.3	1.3
Advanced Technology Development	0.8	0.8
Basic Research	0.5	0.5
Total	20.2	25.4



Numbers may not add due to rounding

* FY17 position includes \$189M Title X funding (RAA)

RDT&E Program Highlights \$ Millions		
	FY17	FY18
S&T	2,678	2,583
Acquisition Civilian Pay	1,018	2,321
B-21 Raider	1,338	2,004
T&E	917	961
Tech Trans	349	841
F-22 Upgrades	376	611
LR Standoff Weapon	96	451
JSTARS Recap	128	417
CRH	273	354
Next Gen Air Dominance	21	295
Total	7,194	10,838

Numbers may not add due to rounding.

Positions the Air Force to defend against Nuclear and Cyber threats:

- Invests in foundational capabilities including the Long Range Standoff weapon
- Modernizes ICBMs with Ground-Based Strategic Deterrent (GBSD) program
- Recapitalizes UH-1N, which supports the protection of nuclear assets
- Invests in key offensive & defensive cyberspace activities/ops in contested environments

Develops the Air Force fleet of tomorrow:

- Ramps up RDT&E funding for the backbone of our future bomber force (B-21 Raider)
- Maintains commitment to develop next generation flight trainer (T-X) for future USAF pilots
- Continues development for Combat Rescue Helicopter

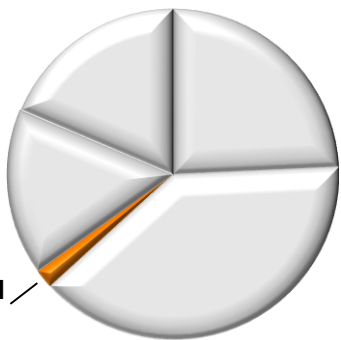
Sustains strong focus on future capabilities & technologies:

- Funds Tech Transition to mature adaptive engine technologies for next gen propulsion
- Balances modernization of current 4th/5th Gen fighters to maintain combat viability
- Realigns civilian acquisition workforce into RDT&E to improve transparency

Advancing Technologies to Defeat Tomorrow's Threat



Military Construction, BRAC & Military Family Housing



MILCON
\$2.4B

Numbers may not add due to rounding

Category (\$B)	FY17 Enacted	FY18 PB
Military Construction	2.1	2.0
Military Family Housing	0.3	0.4
BRAC	0.1	0.1
Total	2.5	2.4



MILCON:

Active Air Force:

- New mission beddowns: F-35 (\$254M); KC-46 (\$274M); Presidential Airlift Recap (\$272M)
- Quality of Life (\$173M): two dorms, dining facility & BMT classrooms/dining facility
- Nuclear Enterprise (\$38M): Long-Range Stand-Off Acquisition Facility

Air Force Reserve:

- New mission beddown: KC-46 ADAL Alt Mission Equipment Storage (\$6M)
- Existing mission includes Guardian Angel Facility (\$25M); Indoor Small Arms Range (\$10M); Consolidated Training Facility (\$6M) and Reserve Medical Training Facility (\$5M)

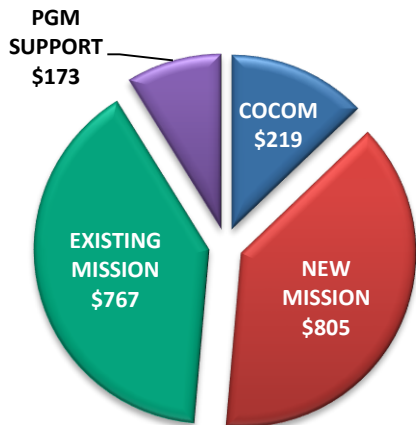
Air National Guard:

- Existing mission includes KC-135 Maintenance Hangar (\$25M); RPA FTU (\$15M); Aircraft Maintenance Shop (\$12M); Corrosion Control Hangar (\$11M) and Comm Facility (\$10M)

Combatant Commands:

- STRATCOM: Helo/Tactical Response/Alert Facility (\$62M) & SBIRS Ops Facility (\$38M)
- Asia-Pacific Resiliency projects (\$89M); NORTHCOM Alert Hangar (\$15M)
- CENTCOM Consolidated Squadron Ops Facility (\$15M)

MILCON (\$M)



We Continue to Take Risk in Current Mission Operations...We Could Execute an Additional \$473M Across 16 States if Additional Funds Become Available



Overseas Contingency Operations (OCO)

Category (\$B)	FY17 Enacted	FY18 PB
Military Personnel (MILPERS)	0.9	0.9
Operation and Maintenance (O&M)	9.8	10.3
Procurement	2.1	2.1
RDT&E	0.0	0.1
MILCON	0.1	0.5
Total	12.9	13.9



Numbers may not add due to rounding

Current Ops: Air Force is leading the fight against VEOs in Afghanistan, Iraq, Syria, and the Horn of Africa; and supporting the European Reassurance Initiative (ERI)

- Total of 56,000 munitions dropped in fight against ISIS
- MQ-1 and MQ-9 aircrew flew more than 351,000 hours
- More than 70 sorties per day
- Participates in 70% of the 26,000+ coalition airstrikes

Maintains current operations and invests in munitions, ISR capabilities

- Operating Support for deployed personnel & six enduring locations
- Flying hours and Weapon System Sustainment (WSS)
- Funds 10 RPA combat lines, \$1.3B for med/high altitude ISR
- Procures 16 MQ-9 aircraft in support of RPA combat lines
- Invests in critical preferred munitions in response to high ops tempo & declining inventories

Supports increased presence and infrastructure for ERI

- MILCON to improve European airfield infrastructure
- War reserve materials, airfields, aircraft storage & munitions storage facilities in Europe
- Combat and Mobility Air Forces, ISR support for exercises

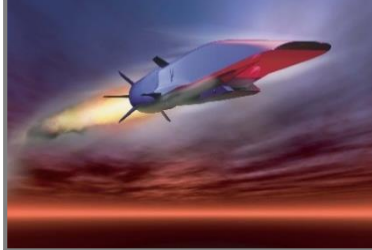
	FY18 (\$M)	Qty
Flying / Support Operations		
Flying Hours	2,059	270K
WSS	2,792	N/A
Ops Support	5,473	N/A
Procurement		
MQ-9 ¹	453	16
SDB I	91	2,273
Hellfire	294	3,230
JDAM	391	16,990

¹ Includes \$66M for Mission Ready Spares Packages

Combatant Commanders' Demand for Unique Air Force Capabilities Continues to Grow



Where We Still Need Help



Airmen:

- Invest in increased demands from CCDRs...setting the foundation for the readiness recovery
- Fund training/equipment to increase student output

Readiness/Modernization:

- Recapitalize aircraft...balancing today for tomorrow's fight
- Invest in game changing technologies...expanding our lethality

Nuclear:

- Continue to modernize nuclear enterprise... maintaining security for the U.S. and our allies

Space:

- Accelerate investments in space capabilities

Cyberspace:

- Provide additional enterprise-wide requirements... contributing to the joint force mission

Infrastructure:

- Restore aging infrastructure vital for our strategic posture and quality of life



The Current Budget Doesn't Meet Demands...Must Capitalize on Additional Resources



Final Thoughts

America's Air Force...Always There

Insatiable demand for Airpower will only increase

Best attempt to balance capability, capacity and readiness

Long term effort to build AF that is ready today & ready tomorrow

Requires BCA relief and predictable, sufficient, flexible budgets

"We'd better be prepared to dominate the skies above the surface of the earth, or be prepared to be buried beneath it"

- Gen Carl Spaatz

First Air Force Chief of Staff

"The demand for air and space superiority has never been higher; with it we win, without it, we lose"

- Gen David Goldfein

21st Air Force Chief of Staff





More Information

**For more information, please visit the website below for the
Department of the Air Force's budget overview**

<http://www.saffm.hq.af.mil/Budget/>