

Headquarters U.S. Air Force

Integrity - Service - Excellence

ASMC Regional PDI

15 Nov 17



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Overview

- **Budget Update**
- **Weapons System Acquisition**



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



5 Core Missions

Air and Space Superiority

Intelligence, Surveillance and Reconnaissance

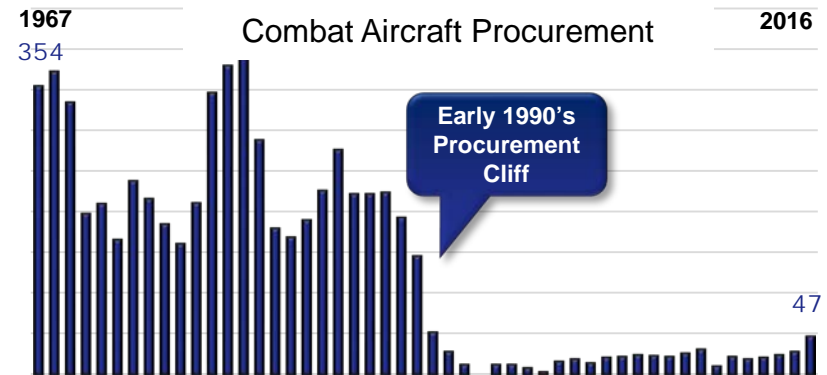
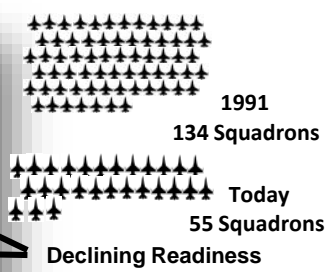
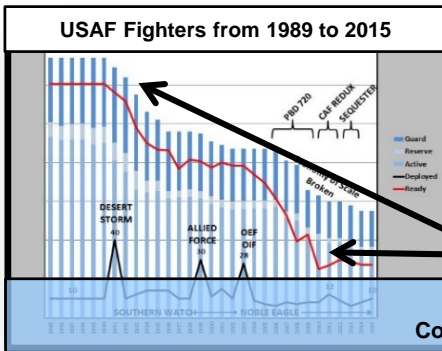
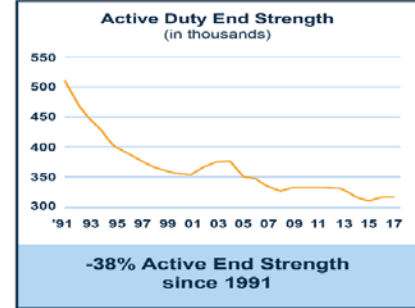
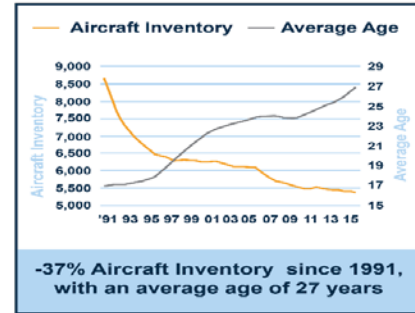
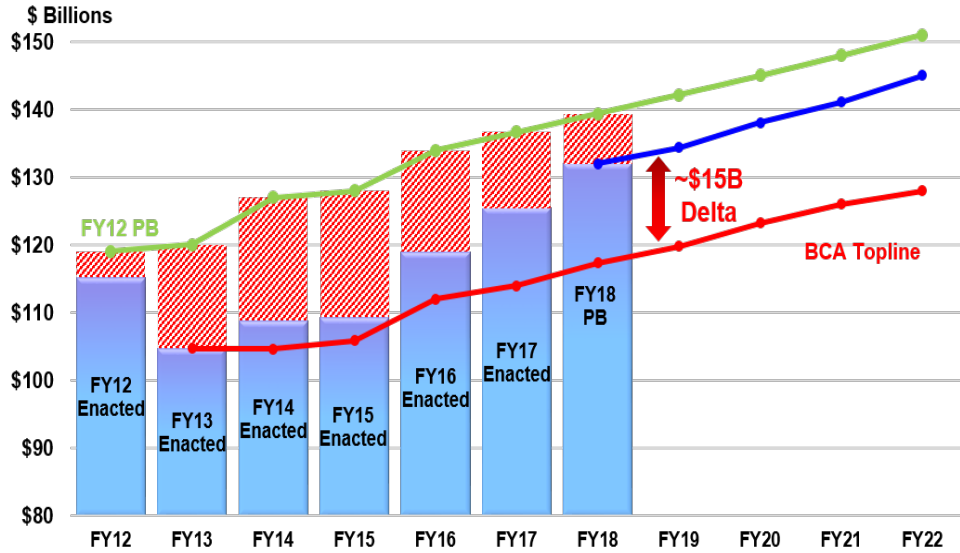
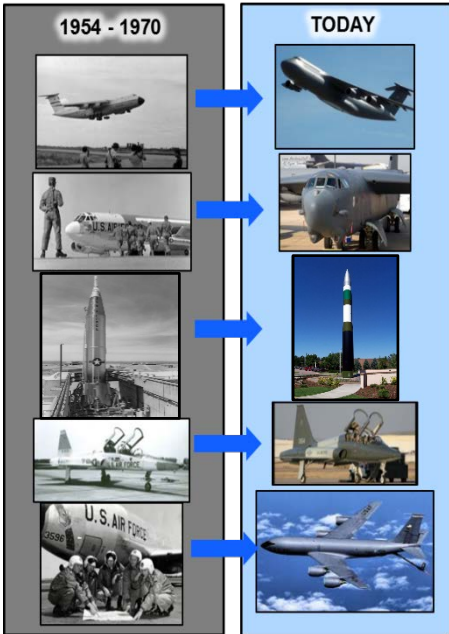
Rapid Global Mobility

Global Strike

Command and Control



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

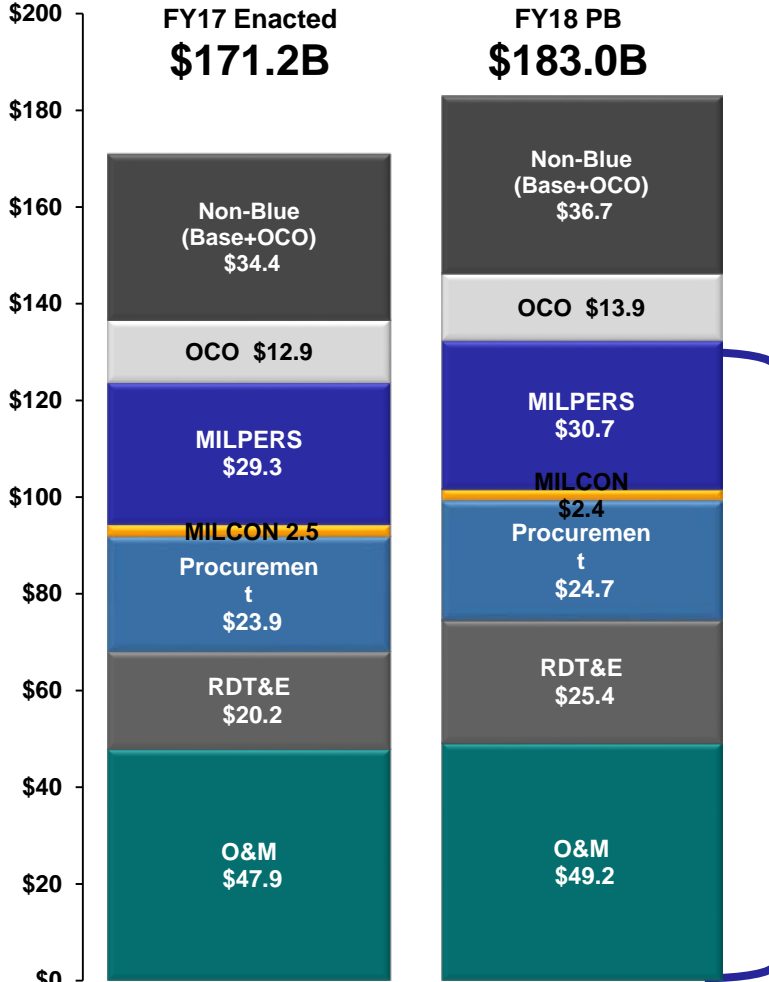


Need Predictable and Stable Funding... Cannot Return to BCA



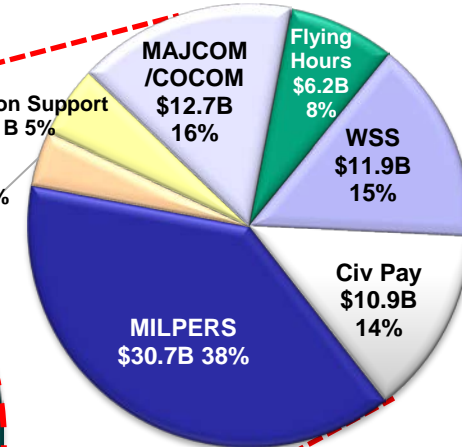
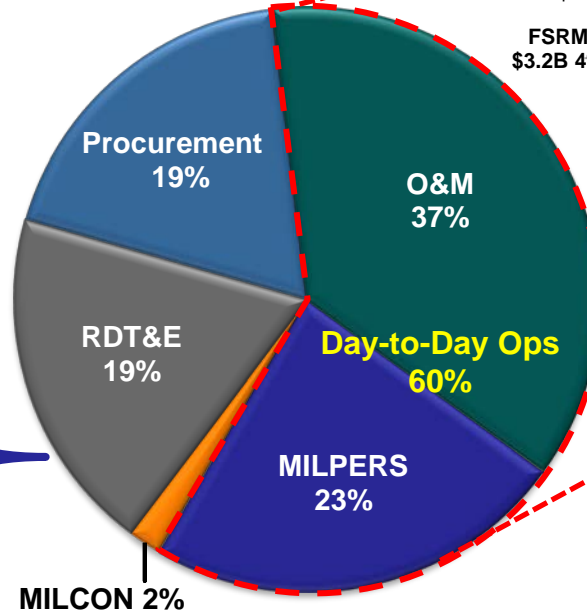
FY18 Budget Request

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



Overview

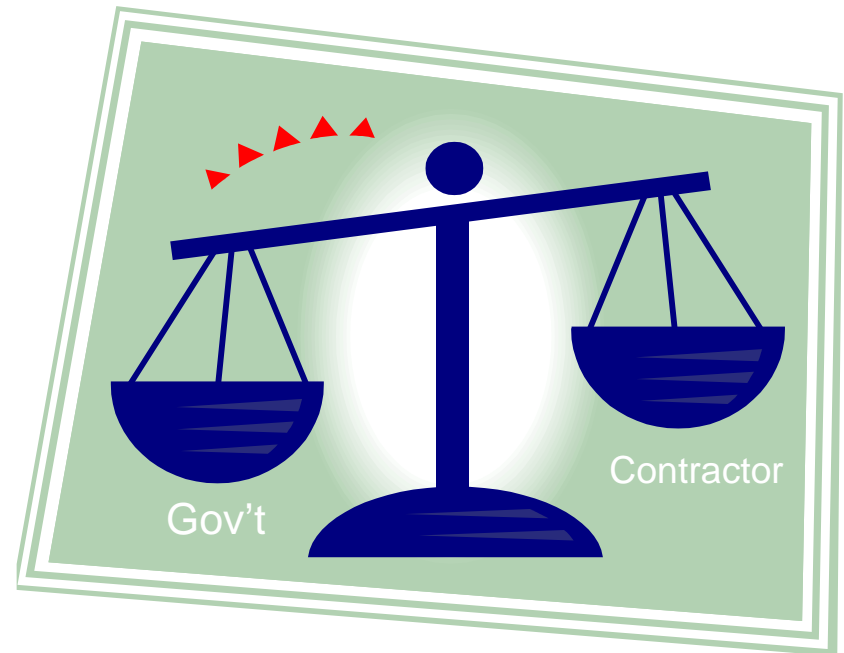
- Budget Update
- **Weapons System Acquisition**



Weapon Systems Acquisition

Elements of Successful Programs

- Realistic Costs
- Fully Funded Program
- Clearly Defined Requirements
- Mature Technologies
- Solid Designs
- Stable Manufacturing Processes
- Realistic Schedules
- Manageable Risks
- Experienced Gov't team
- Consistent Contractor Performance
- Stable Regulatory and Legal Environment



All these factors rarely come together in a program



My Top Ten Lessons Learned

(Not in Priority Order)

- **Be careful with focus on unit production price curves**
- **No substitute for adequate testing**
- **Need access and insight into contractor activities**
- **Need clear definitions for requirements**
- **Don't under estimate the value of benchmarking with other programs**



My Top Ten Lessons Learned (cont'd)

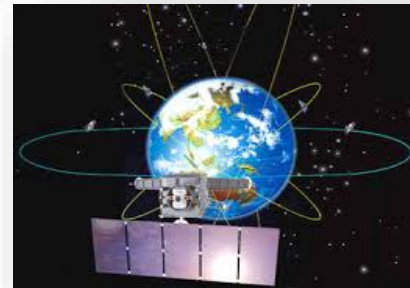
(Not in Priority Order)

- **Don't overlook Tech Readiness Levels and Manufacturing Maturity in cost estimates**
- **Quick action is needed when performance issues materialize**
- **Don't overlook the importance of setting a clear baseline (technical, cost, schedule)**
- **Get the stakeholders on board early and keep them**
- **Communicate! Communicate! Communicate!**



Acquisition - Some Thoughts

- Focus areas going forward.....
 - Smaller/shorter acquisition cycles
 - Strategies to enable rapid incorporation of new technology
 - Legislative proposals to change legal/policy environment





Questions?



Back up Charts



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*



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***