

# UNITED STATES AIR FORCE

## FISCAL YEAR 2014 BUDGET OVERVIEW



**SAF/FMB**  
April 2013



# Overview

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- Air Force Heritage
- FY13...What happened
- FY13 to FY14
- FY14 PB
- Summary





U.S. AIR FORCE

# The World's Greatest Air Force

## Powered by Airmen...Fueled by Innovation!

### Air Force Heritage

- National Security Act of 1947
- The unparalleled leader
  - Ability to rapidly respond to global mission demands
- AF mission: Fly, Fight, and Win in Air, Space, and Cyberspace
- Core Missions:
  - Air and space control
  - Intelligence, Surveillance, and Reconnaissance (ISR)
  - Rapid Global Mobility
  - Global Strike
  - Command and Control
- Smallest Air Force in history

### Our Heritage

Gen Hap Arnold  
Only five-star



1948-49 Berlin Airlift

Korean War  
1st Jet Combat



Gulf War  
Air Dominance



***Future depends on speed, agility, and flexibility—inherent Air Force characteristics***





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# Indispensable Joint Partner



- >35K Airmen deployed to contingencies around the globe
- ~57K Airmen stationed overseas
- >132K Airmen directly supporting Combatant Commander requirements from their home station daily

***Enhance relationships and interoperability with our sister services***



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# FY13 PB – Strategic & Fiscal Environment

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## Defense Strategy

- Focus on Asia-Pacific and Middle East regions
- Evolve strategic posture in Europe
- Size force for one large scale combined campaign, plus deter/deny capacity
- Seek innovative partnerships
- Protect new capabilities and key investments
- Smaller, modernized, agile, ready, reversible force



## Fiscal Reality

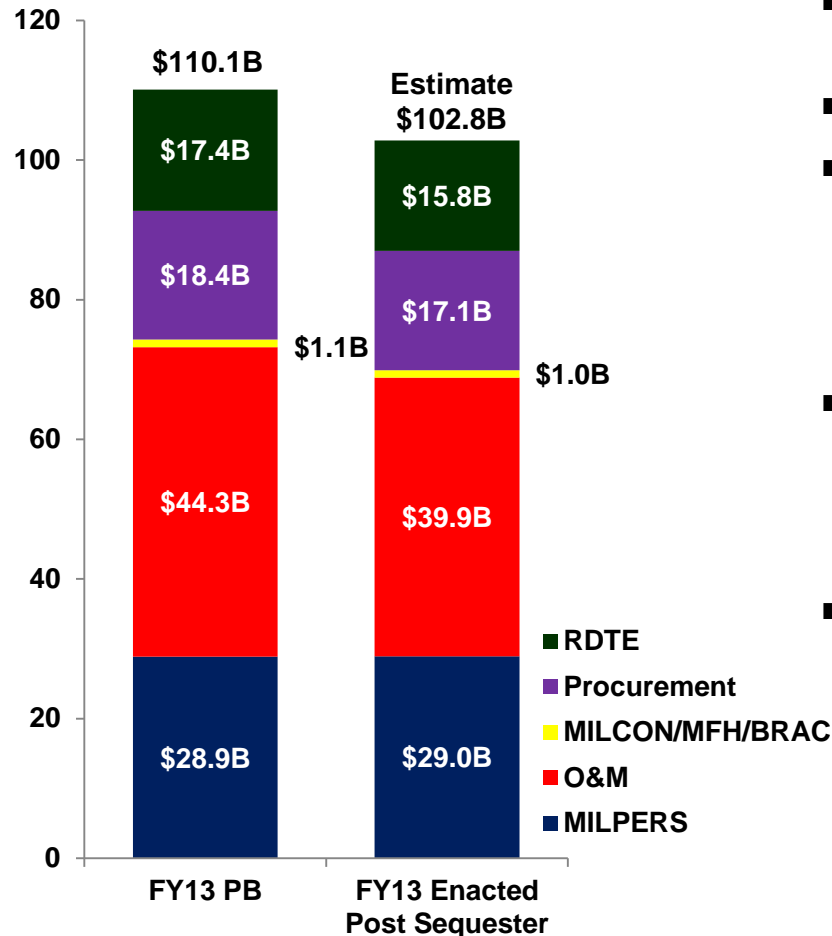
- Budget Control Act of 2011: DoD must trim \$487B over 10 years, \$259B over five years
- \$54B AF TOA in reductions across FYDP
  - AF TOA cut from FY12 enacted to FY13 PB
- Infrastructure – “over capacity”
- Avoid a hollow force
- Focus on key modernization programs



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# FY13...What happened

## AF BLUE



## FY13 Actions

- Implemented ~\$40B in efficiencies for FY12 & FY13 across FYDP
- Smaller, but capable Air Force
- Force Structure Changes
  - Reduce 119 A/C (terminates C-27J) & 4.9K slots
  - F-35A reduced by 5 in FY13; 98 across FYDP

## FY13 Sequestration Impacts/Actions

- Limited available funds w/ 6 months left of fiscal year
  - MILPERS exempt
  - Upfront costs & must pay bills – civ payroll, utilities, & awarded contracts
- Flying Hours, weapon system sustainment (WSS), and civilian pay represents over 60% of the budget
  - Hours & sustainment are scalable programs
  - Furlough option
  - Will cause catastrophic impact to readiness w/ bow-wave of mission requirements into FY14

**Sequestration creates significant FY13 bow-wave into FY14**



# FY13 to FY14

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### FY13 Sequestration Actions

- ~203K flying hours reduction
- Cut WSS by ~18% of budget
- Reduced MAJCOM/COCOM O&M spending targets by over 10%
- Implemented civilian hiring restrictions - hiring freeze, & released temporary employees; planning for furloughs
- Deferred all non-emergency Facility Sustainment, Restoration and Modernization (FSRM)
- Sequestration cuts drive significant impacts to investments

### Bow-Wave Impacts to FY14

- .....> ■ 6 months to restore pilot proficiency – will create a potential bath tub effect
- .....> ■ ~70 deferred depot inductions - multiple years to recover
- .....> ■ Military education/training cycle backlog may affect promotions; increased risk on real-time communications for warfighter
- .....> ■ Impairs civilian retention & recruiting; creates bottleneck for hiring; increase workload for existing force
- .....> ■ Exacerbates facilities maintenance & restoration backlog – magnifies risk
- .....> ■ Investment reduction drives increased acquisition costs/delay critical capabilities
  - F-35A quantity reduction

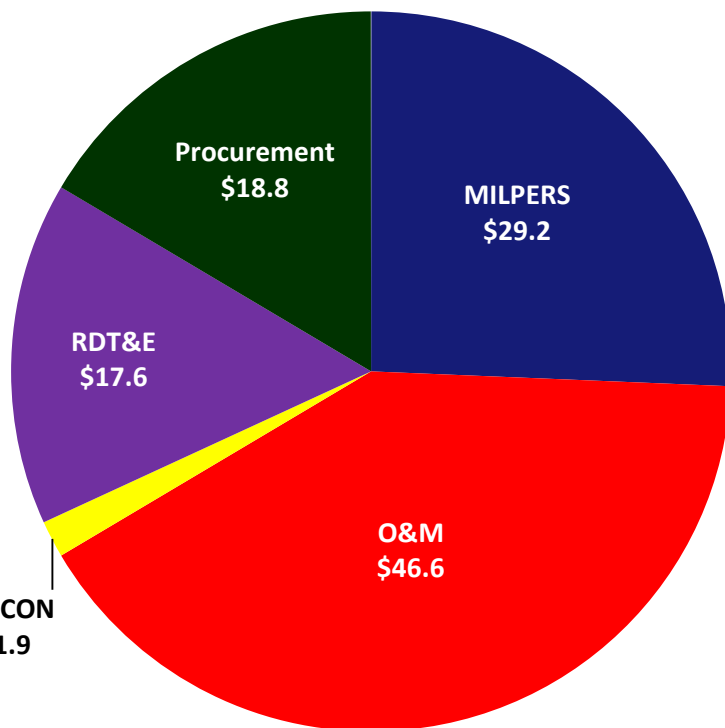
***FY13 sequestration jeopardizes FY14 Budget Request***



# FY14 PB BLUF

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**\*\$114.1B Blue Baseline**



■ MILPERS ■ O&M ■ MILCON ■ RDT&E ■ Procurement

Numbers may not add due to rounding

**\*FY14 OCO will be submitted separately**

## ■ MILPERS

- Funds Housing/Subsistence allowances & pay raise

## ■ O&M

- Supports 1.2M flying hours, \$7.8B
- Resources WSS at 69%, \$10.5B, for 5.2K aircraft
- Funds FSRM at 80%, \$2.4B

## ■ MILCON

- Funds KC-46A & F-35A bed-downs, 10 projects/\$0.3B

## ■ RDT&E

- Continues KC-46A tanker development, \$1.6B
- Develops logistics, interoperability, & commonality systems for the F-35A, \$0.8B
- Designs and develops the Long Range Strike Bomber, \$0.4B

## ■ Procurement

- Recapitalizes C-130 fleet, \$1.9B
- Procures 5 Evolved Expendable Launch Vehicles (EELV), \$1.9B
- Restores depleted Joint Direct Attack Munitions (JDAM) inventory, \$0.2B

***FY14 PB does not fix FY13 bow-wave nor assumes top-line cut***





# Military Personnel

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	FY14
(\$B)	PB
Air Force Active Duty	23.2
Air National Guard	3.2
Air Force Reserve	1.7
Medicare Eligible Retiree Health Care	1.1
Total	\$29.2

Numbers may not add due to rounding



- **Increases basic pay and allowances for Housing and Subsistence**
  - Housing Allowance – 4.2%
  - Subsistence Allowance – 3.4%
  - Basic Pay – 1.0%
- **Balanced Active – Reserve Component force structure mix aligns with current defense strategy**
  - Total Force End-Strength (E/S) – 503.4K
  - Active Duty E/S decreases by 1.9K to 327.6K
  - Air Force Reserve E/S decreases by 0.5K to 70.4K
  - Air National Guard E/S decreases by 0.3K to 105.4K
- **FY13 Sequestration Impact: MILPERS exempt**

**Maintain sufficient Total Force capacity to meet operational needs**



# Operation & Maintenance

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	FY14 PB
(\$B)	
Flying Operations	18.3
Civilian Pay	11.4
Installation Support & FSRM	6.4
Space/Other Combat Forces	6.1
Logistics Ops & AF Wide Support	2.3
Training & Recruiting	1.1
Mobility Forces	1.0
Total	\$46.6

Numbers may not add due to rounding



- Provides 1.2M flying hours for pilot proficiency, new pilot production; supplies trained crews to COCOMs
- Pay and benefits for 184K civilian personnel...includes 1% pay raise
- Adequately supports core services – child/youth programs, fitness centers, dining facilities
- Funds facilities sustainment at 80% and slows erosion of Air Force infrastructure
- Continues ISR capability for today's fight – on track to reach 65 CAPs in FY14
- Adds funding to restore under-resourced ranges; enhances full-spectrum training
- Supports current fleet of ~5.2K aircraft – funds WSS at 69%
- *FY13 Sequestration Impact: Potential ~\$4.4B FY13 O&M bow-wave*

**Other threats to readiness – operational costs rising faster than the budget**



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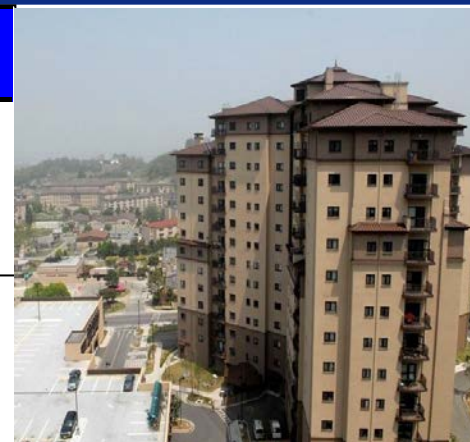
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# Military Construction, BRAC & Military Family Housing



(\$B)	FY14
	PB
Military Construction	1.3
Military Family Housing	0.5
BRAC	0.1
Total	\$1.9

Numbers may not add due to rounding



- **MILCON:** Supports the Air Force's Strategic priorities to remain ready, capable, and viable to execute the Defense Strategic Guidance
  - Restores program after deliberate pause
  - Supports COCOMs by funding Pacific Airpower Resiliency (\$192M), the 3rd increment (\$136M) of STRATCOM HQ project, and Cyber Command Joint Operations Center (\$85M)
  - Supports new mission bed-downs for KC-46A, F-35A, and F-22 (\$337M)
  - Strengthens nuclear enterprise (\$54M) (B-52; Nuclear Systems Wing & Sustainment Center)
  - Quality of Life – 2 new dorms (Nellis, Cannon) (\$57M) and a dining facility (\$7M) (Cannon)
- **MFH:** Improves MFH infrastructure and livability of 1,400 aging housing units in Japan
- **BRAC:** Enables property disposal actions driven by BRAC closures
- *FY13 Sequestration Impact: Potentially minimal ~\$0.1B FY13 MILCON/MFH bow-wave*

**Despite MILCON increase from FY13 PB, the AF remains challenged to maintain underutilized infrastructure**



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# Research, Development Test & Evaluation



	FY14 PB
(\$B)	
Operational System Dev	8.2
Engineering Manufacturing Dev	5.1
RDT&E Management Support	1.2
Applied Research	1.1
Demonstration/Validation	0.9
Adv Technology Dev	0.6
Basic Research	0.5
Total	\$17.6

Numbers may not add due to rounding



- Modernizes air fleets to meet current and future threats
  - Continues development of the KC-46A tanker aircraft (\$1.6B)
  - Develops, integrates and tests air systems - logistics, interoperability, and commonality efforts for the F-35A (\$0.8B)
  - Designs and develops the Long Range Strike Bomber; program on track (\$0.4B)
- Increases for Space Situation Awareness (\$133M) to include Space Fence to search, track and identify the expanding number of debris objects in orbit
- Maintains Science and Technology funding to remain on the cutting edge of technology
- ***FY13 Sequestration Impact: FY14 Budget Request does NOT provide margin to repay programs that will be sourced to pay for critical readiness in FY13***
  - ***Potential ~\$1.6B FY13 RDT&E bow-wave***

***Modernization cannot wait for the next big up-tick in defense spending***





# Procurement

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	FY14 PB
(\$B)	
Aircraft Procurement	11.4
Missile Procurement	4.5
Other Procurement	2.2
Ammunition Procurement	0.7
Total	<u>\$18.8</u>
Numbers may not add due to rounding	



- Maintains F-35A procurement and ramps production up to 60 per year within FYDP
- Continues CV-22 and implements Multi-Year Procurement Strategy for C-130 platforms
  - Procures 3 CV-22s, 6 C-130Js and recapitalizes MC-130 and AC-130
- Invests in depleted munitions inventories
- Committed to annual production rate of evolved expendable launch vehicle booster cores based on restructured acquisition strategy
- Sustains Efficient Space Procurement strategy for Advanced Extremely High Frequency and Space Based Infrared System (SBIRS)
- Low Rate Initial Production begins for Family of Advanced Beyond Line of Sight Terminals
- *FY13 Sequestration Impact: Potential ~\$1.3B FY13 Procurement bow-wave*

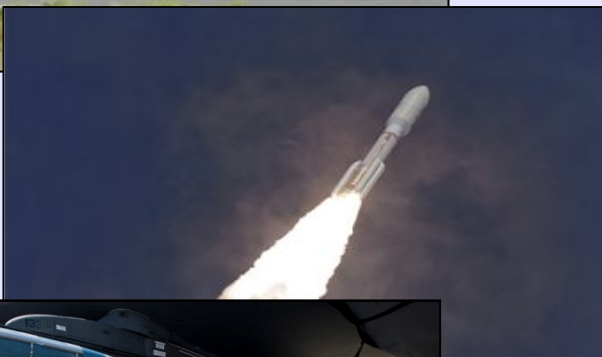
***Maintenance & sustainment costs are rising as budgets flatten, and new threats & technologies require investments***



# Major Procurement Quantities

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\*Subject to final sequestration inputs



AIRCRAFT	FY13*	FY13 OCO	FY14
MQ-9A Reaper	24	0	12
F-35A Lightning II	19	0	19
MC-130 Recapitalization	4	0	4
CV-22B Osprey	4	0	3
HC-130 Recapitalization	1	0	1
C-130J Super Hercules	0	0	6
AC-130 Recapitalization	2	0	5
Total	54	0	50
SPACE	FY13	FY14	
GPS III	2	2	
SBIRS GEO	2	0	
EELV	4	5	
Total	8	7	
WEAPONS	FY13*	FY13 OCO*	FY14
JDAM	3,259	1,419	6,965
AGM-114 Hellfire	413	304	413
AIM-9X Sidewinder	164	0	225
AIM-120D AMRAAM	113	0	199
AGM-158 JASSM	157	0	183
Small Diameter Bomb	144	0	144
Total	4,250	1,723	8,129

***Crafting the right mix of people & weapons to meet our national security obligations during this uncertain time is an incredible challenge***



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# PB Summary

- World's greatest Air Force...a legacy of Global Vigilance, Global Reach, and Global Power to defend our great nation
- FY13 challenges pose significant risk to readiness...slows delivery of capabilities, disrupts planning efforts, and raises anxiety / uncertainty
- FY14 PB slows readiness decline assuming pre-sequester conditions...does not undo sequestration or allow post-sequester full-spectrum readiness recovery
  - Impacts continue and worsen with additional reductions
- We will continue making tough trade-offs to preserve our core capabilities and deliver on our commitment to national defense

***Significant bow-wave impact...will take years to recover***



## FY 2014 Budget Overview

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