

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON ARMED SERVICES

SUBCOMMITTEE ON READINESS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: FISCAL YEAR 2013 FORCE STRUCTURE CHANGES

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STRATEGIC PLANS AND PROGRAMS

UNITED STATES AIR FORCE

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Introduction

Air Force leadership is responsible for building an Air Force that advantages America and ensures success in meeting any challenge we are asked to overcome. Sustaining the right mix of air, space and cyber capabilities required a number of difficult choices to be made in our most recent budget submission, such as the proposals to retire, divest, or transfer aircraft along with the accompanying personnel changes. We fully respect and value the stewardship that the Congress exercises in these matters and thank you for your strong, continuing support to the men and women of our Air Force. We are committed to faithfully executing the law and welcome this opportunity to provide members of Congress our perspective with regard to the Fiscal Year 2013 force structure proposals.

The US Air Force's Fiscal Year 2013 President's Budget (FY13 PB) submission reflects a very carefully-considered prioritization of resources. If enacted, this budget will yield an Air Force with the smallest Total Force personnel end strength and total aircraft inventory in our history as a Service. It was developed, debated and validated not only within Air Force but also across the entire Department of Defense (DoD), including involvement by the Joint Staff, the service chiefs, combatant commanders, and the Office of the Secretary of Defense's Cost Assessment and Program Evaluation, Policy, and other senior leadership. This effort produced the most effective Total Force solution we could devise to support the Secretary of Defense's January 2012 Strategic Guidance and meet the requirements of the Budget Control Act. Our guiding principle was balance, with regard to both required capability and capacity of the nation's Air Force. To retain critical core Air Force capabilities and the ability to effectively respond to mission demands, the Air Force balanced risk across all mission areas. We also

balanced the demands on today's Air Force and Airmen with the compelling need to sustain the strength of our future Total Force.

With regard to proposed reductions, two important principles drove our decision-making:

First, we chose quality over quantity. As we shape the force to match the demands of the new strategy, retaining larger numbers of under-resourced USAF aircraft, without the full human and financial resources needed to operate and maintain those airframes, would significantly increase the risk of a hollow force that would inevitably become inadequate to provide the global vigilance, reach and power the American taxpayer expects. Two decades of continuous combat operations have accelerated the aging of our aircraft and detracted from the nation's ability to recapitalize them. Additionally, we have experienced a gradual erosion of our ability to train for the most demanding wartime missions, due to the constant pace of ongoing deployed operations. Intense efforts to find efficiencies over several years have been fruitful as well, but all of these factors have combined to leave the Air Force with limited ability to shift resources and personnel within or between air, space and cyber mission areas to sustain excess aviation force structure without either hollowing today's force or mortgaging tomorrow's.

Second, we are a Total Force that is deeply, irrevocably and successfully integrated. We provide air, space and cyber capabilities that fundamentally depend on the effective employment of appropriately organized, equipped and trained Active, Guard and Reserve Airmen. Sustaining all aspects of that force, meeting the demands currently and potentially placed on it, while respecting the inherent character of each part of the Total Force, was a key determinant of our FY13 force structure proposal and the active/reserve component mix reflected in it.

Aligning to Strategic Guidance

In 2011, the end of combat operations in Iraq and impending changes in Afghanistan along with changing fiscal circumstances made it prudent for the administration to reassess the U.S. defense strategy. That assessment produced a new strategy that transitions the defense enterprise from a predominant emphasis on the last decade's conflicts, to one that rebalances the force for a broader spectrum of potential conflicts while advancing the important national security imperative of deficit reduction by significantly reducing defense spending.

The focus of the Air Force's Fiscal Year 2013 President's Budget submission was squarely on those Air Force capabilities and forces which support realignment to the new US Defense Strategy. Our decisions were shaped by a decrease in planned resources, relative to FY2012, of approximately \$54 billion dollars over the planning period. This was DoD's allocation to the USAF of the demanding fiscal requirements of the Budget Control Act of 2011.

Within this context, our FY13 goal was to ensure we sustain the enduring and unique Air Force contributions the Air Force brings as a key part of the Joint team: domain control of air and space; global intelligence, surveillance, and reconnaissance; rapid global mobility; and global strike, all underpinned by command and control—ensuring our efforts are focused properly on contributing to the attainment of the defense strategy's top priorities. These four core contributions represent the Air Force's highest-priority mission areas, whose required capabilities we must protect even in an environment of fiscal constraint.

Building the FY13 Proposal

The Air Force Program is formulated each year using a collaborative, bottom-up process, structured around the Air Force's core functions and with participation at multiple levels by air

staff leadership and Air Force major commands, including the Air National Guard (ANG) and Air Force Reserve. Following completion of Service deliberations, the Office of the Secretary of Defense program and budget review process validates and shapes the overall DoD program, including its Air Force aspects. FY13 decision-making was inclusive and collaborative, involving all Air Force major commands including the Air National Guard and Air Force Reserve. Due to the significant impact of Budget Control Act fiscal constraints, additional effort was focused on discussion between the senior leaders of the Air National Guard Bureau (ANGB), Air Force Reserve Command (AFRC), National Guard Bureau (NGB) and United States Air Force (USAF) to address the most difficult force structure issues.

This process focused on a number of important factors: combatant commander requirements for surge and post-surge (rotational) forces, weapons systems inventory, manpower, force policy such as deploy-to-dwell rates, and cost. It was based on detailed analysis involving multiple, approved DoD force sizing scenarios and conditions required to align our forces with the new strategy. This analysis assessed the force structure capacity required to meet the demands of both foundational activities, such as Forward Presence and Security Force Assistance, and Combatant Commander requirements outlined in the US Defense Strategy, including Defense Support of Civil Authorities.

We assessed requirements by weapons systems types and their interdependencies to ensure they met capability, force sustainment, readiness, and overseas presence requirements. Additionally, required response times, a sustainable stateside to overseas personnel flow arrangement, the effects of varied crew ratios, and training assumptions were also examined for relevancy and sufficiency. These factors play a major role in the Air Force's ability to meet combatant commander requirements and inform the active and reserve component mix decisions

Deliberations encompassed a variety of manpower factors, including Total Force training, absorption (training and development of experience) into weapons systems, sustainment, readiness, and development, to ensure the long term health of the personnel enterprise. A careful balance of these factors is needed to preserve the all-volunteer force construct and the character of each of its components. We are keenly aware that there is a delicate balance of the active and reserve components' interdependent "continuum of service" that underpins their symbiotic relationship. As the active component has decreased in size, and the reserve component has remained more constant over the last several decades, our ability to strike a workable balance can no longer be taken for granted and is the subject of ongoing work to quantify and better understand the key management aspects of this "symbiotic relationship."

We strenuously considered and debated, with Guard and Reserve leadership participation, the application of Department of Defense policy on deployment-to-dwell ratios and mobilization guidance designed to support the long term health of the US armed forces. Air Force analysis considered the entire range of the deployment-to-dwell policy as expressed in the "force management risk and stress" metric from the Chairman of the Joint Chiefs' integrated risk matrix. There was significant discussion of the degree and means by which volunteerism can be counted upon to meet continuous rotational deployment requirements.

Finally, we deliberated FY13 force structure proposals, considering both deployed and home station costs for each Air Force component, mindful we must meet all these requirements while remaining within the constraints of available funding and limitations imposed on the Department by the Budget Control Act of 2011.

Active / Reserve Component Force Balance

The Air Force made no starting assumptions about the desired mix of active and reserve component forces. The above-described analysis of DoD-approved force sizing scenarios consistent with the strategic guidance yielded DoD-validated aggregate requirements for surge and post-surge capability in specific weapon systems. Given these requirements, applying DoD personnel-management policy on desired rotation rates, and accepting increased but manageable risk, the Air Force decided to divest 102 A-10s, 21 F-16s, 65 C-130s, 38 C-27Js, 27 C-5As and 20 KC-135s from across the Total Force. These force structure and related personnel reductions account for \$8.7 billion of the total \$54B Air Force reductions. Of note, fully restoring Air National Guard force structure would require a total of \$4.4 billion in Air National Guard and Active Duty appropriations across the Future Years Defense Program (FYDP) to restore and sustain all of the Air National Guard force structure reduced in the FY13 President's Budget.

Specifically, the Air Force proposal would retire 82 fighters, 57 mobility aircraft, and 12 tankers at 15 ANG locations. At 12 of these locations, the Air Force proposed backfilling ANG units with new and/or enduring missions, such as Remotely Piloted Aircraft, MC-12s, or C-130s. The Air National Guard participated in Air Force decision making regarding these force structure changes and recommended the locations where these changes would occur and those locations recommended for backfills and re-missioning.

It would have been ill-advised and short-sighted to make proportional "salami-slice" cuts to the components or to try to establish an arbitrary mix. The Secretary of Defense's deploy-to-dwell goal is to ensure active duty forces deploy at a rate of no more than 1:2 (for example, 6 months deployed followed by 12 months at home base) and the reserve components (ANG and the Air Force Reserve) no more than 1:5. An active-reserve balance that requires either routine active duty deployment above the policy guideline, or involuntary mobilization of the reserve

forces to avoid over-use of active forces, would add further stress on the total force and indicate that the Air Force does not have the proper balance.

The valuable role of the citizen soldier is enduring-- and consequently decisions since 1982 have resulted in the overall percentage of the total Air Force strength composed by the ANG and the Air Force Reserve increasing from 22% to 35%. Had the ANG been proportionally reduced along with the active component over this same 30 year period, it would be just above one-half the end strength it is today – 57,700 rather than 106,700. Instead, the Air Force has consistently chosen to make forward-looking, analytically-informed decisions on the AC/RC mix to ensure it will sustain the health of all parts of its Total Force and meet the current and anticipated requirements of the combatant commanders.

The Air Force is seeking to manage both active duty and reserve components at a sustainable level capable of meeting Department of Defense best possible projections of routine requirements for overseas rotational forces, surge forces for crises, and sustained expeditionary operations. The FY13 adjustments made to the AC/RC mix contribute to the Air Force's ability to meet current and foreseeable demand within these deploy-to-dwell goals; DoD concurred in multiple analytical reviews during the deliberations that resulted in the FY13 PB.

Council of Governors

At a February 27, 2012 meeting between senior Department of Defense officials and the Council of Governors (CoG), co-chairs Governors Christine Gregoire and Terry Branstad expressed concern regarding the impact of the President's FY13 budget proposals on the Air National Guard. In response to these concerns, the Secretary of Defense offered the CoG an opportunity to suggest an alternative approach, which was received by DoD on March 2. The

Secretary of the Air Force, Michael Donley, and Chief of Staff of the Air Force, Gen. Norton Schwartz, personally met with CoG-designated representatives on four occasions to discuss the CoG proposal and alternative excursions.

Council of Governors' Proposal

The CoG proposed to "buy back" 18 F-16s and transfer 72 aircraft from the active AF to the ANG, including 54x F-16s, 10x KC-135s, and 8x C-130s. Air Staff analysts including members of the Air National Guard examined the Council of Governors' proposal in detail. Based on criteria the Secretary of the Air Force approved and conveyed to the CoG representatives, the proposal was evaluated for impact in categories of demand, weapons systems, manpower, cost and policy. The proposal did not meet any of the five criteria. Specifically, the CoG proposal retained combat aircraft unnecessary to meet the defense strategic guidance, decreased overall Air Force ability to train pilots, produced unacceptable impacts to specific combatant commanders, reduced Total Force capacity to meet worldwide rotational demands, had adverse impacts on the sustainability of the force, and imposed additional cost.

The CoG proposal presented a sourcing option that suggested fighter fleet leveling and overseas F-16 and C-130 transfers to the ANG. The Air Force and ANG teams considered that sourcing option, as well as a second Air Force sourcing option not involving overseas F-16s or other 'first to fight' F-16 specialized units. While the Air Force determined that this proposal could still meet surge requirements, and had the benefit of covering ANG locations uncovered in the FY13 PB, either sourcing option had important drawbacks:

- Due to the limited number of active duty F-16 locations, transfer of F-16s to the ANG would cause a reduction in overseas presence that would need backfill by rotational forces at significant cost.
- Shifting active duty fighters to the ANG would raise the total reserve component percentage of the combat air forces from 38 to 43 percent, increasing the likelihood that the current operational tempo will become unsustainable for both active and reserve forces.
- Reducing the size of active duty F-16 units from 24 to 18 aircraft in order to source the added F-16 ANG squadrons would lead to an inefficiently sized and less ready force, since smaller units are more costly per training hour and less flexible and capable for deployment purposes.
- The two remaining CONUS combat-coded active duty F-16 locations would have their missions negatively impacted by these transfers.

Concerning the C-130 force, the CoG proposal sought to retain the C-130 unit at Carswell and implied sourcing it by reducing the active duty C-130 squadron in Europe from 14 to 8 aircraft. As the only active duty C-130 squadron in Europe, this unit is heavily tasked for EUCOM and AFRICOM missions and would require rotational augmentation from CONUS to meet its mission requirements. Fully 58 percent of the tactical airlift fleet is already in the reserve components; further transfer would increase strain on the force.

The CoG also proposed restoring 10 KC-135's reduced from the ANG units at Rickenbacker (+6) and Pittsburgh (+4). The most feasible source was McConnell AFB, KS, but reductions there would further unbalance the mix for heavily-tasked KC-135s and adversely impact the efficiency of McConnell units.

Overall, DoD estimated the cost of the original CoG proposal at \$50-60 million in FY13 and \$500-800 million across the FYDP, which did not meet either the CoG assertion or SecAF criterion for a cost-neutral solution.

Further Dialog

The staffs developed and analyzed five additional options. All of these options attempted to provide the ANG with combat and/or enabler missions sourced from various locations, to include reallocation of assets within the ANG. Based on consistent concerns expressed by individual Governors over time, and the Air Force's desire to provide force structure with utility to meet State missions, the last option presented to the Council of Governors' representatives was designed to restore 24 C-130 aircraft and various Agile Combat Support manpower positions to the Guard. The Agile Combat Support manpower positions were in areas such as firefighting, explosive ordnance disposal and command and control.

The Air Force responded with this proposal, despite knowing it did not meet the criteria discussed above, in an effort to address the Council of Governors' concerns. These aircraft would have been excess to Air Force requirements for tactical airlift and would have resulted in an additional cost of \$400 million across the FYDP to the Air Force plus a \$173 million cost to the Air National Guard to restore additional Agile Combat Support positions. The proposed distribution for these aircraft would have provided for continuing ANG missions at locations most impacted in the proposed FY13 President's Budget.

The 24 C-130 restoral, as proposed, would also have included funding for 1,179 manpower positions to the Air National Guard. The accompanying Agile Combat Support manpower action would have restored 1,004 positions to a number of locations and functions

across the Air National Guard; this action would have been sourced by reducing ANG full-time technician end strength by 2%, for a total plus-up of 2,183, yielding an Air National Guard end strength of 103,383.

The Council of Governors' representatives did not accept this option. In a 19 March letter to the Secretary of the Air Force, the CoG Co-Chairs reiterated their original approach and solicited an additional offer.

In light of DoD's understanding that a key issue with the Air Force's FY13 PB reductions was the reduction of airlift aircraft needed for emergency response, the Secretary of Defense recommended to the appropriate committees of the Congress that they consider a proposal which would maintain an additional 24 C-130 aircraft. The Secretary proposed this option as a reasonable compromise that addresses the states' expressed concerns about airlift while not undoing DoD's ability to meet its operational and fiscal commitments.

Future Discussions with the Council of Governors

The capabilities and characteristics of the Active and Guard Components of the Air Force were exhaustively examined during the formulation of the FY13 President's Budget, and as open and inclusive within DoD as those processes were, the environment in which we operate is becoming more challenging. Accordingly, the Secretary of Defense and the Air Force believe that opportunities exist to strengthen the processes by which Governors and the Department of Defense exchange views on National Guard budget and force structure issues. One means to this end is ongoing work to adopt a Statement of Principles intended to guide the establishment of a sustained process with the Council of Governors to exchange views, information and advice on

state civil support requirements. Such principles must be consistent with and fully supportive of the authorities and responsibilities of all parties involved.

FY13 Way Ahead

In response to Congressional concerns, both the Secretary of the Air Force and the Secretary of Defense have agreed to suspend all force structure changes—even those approved as part of previous legislation--pending Congressional action on the FY13 President's Budget. Secretary Donley has committed in testimony that he would not take actions presuming favorable outcome of the FY13 proposals. In addition, the Secretary of Defense has directed the Air Force to suspend aircraft transfers and retirements programmed in previous years' budgets and previously scheduled for implementation in FY12, with the expectation that Congress completes action on the FY13 defense authorization and appropriations bills prior to the end of the fiscal year. This suspension is meant to minimize disruption while the Congress considers our FY13 force structure reduction proposals.

As directed by the Secretary of Defense, we will also continue work begun with Congressional staff to provide cost estimates for the force structure and aircraft whose transfer or retirement are being delayed; and to identify those transfers and retirements where Congress and the Air Force, including the Air National Guard and Air Force Reserve, agree that previously addressed force structure changes should move forward.

Previous Years' (FY10-12) Actions

Suspension of actions programmed based on FY 10-12 Budgets will affect 150 aircraft transfers and 98 aircraft retirements scheduled for implementation in FY12. Retaining the 98 aircraft scheduled for retirement will cost the Air Force an additional \$255 million in FY13 that

was not planned for. This cost figure would include the restoration of minimum flying hours to operate and maintain the 98 aircraft that had been programmed to retire, and would provide for aircraft maintenance, aviation fuel and the procurement of both depot level and consumable aircraft spare parts. If the aircraft were to be retained indefinitely, this cost would increase since major periodic (depot) maintenance and modernization funding, not accounted for in the one-year suspension, would then be required.

The inability to move aircraft as planned causes operational impacts, such as delaying conversions of AC and RC units to newer weapon systems, preventing the Air National Guard from recapitalizing its aging C-5A and C-130E aircraft, impairing F-22 training and improvements in F-16 pilot production, and driving the Air Force to maintain multiple weapon system configurations at a single location which delays the Air Force from capitalizing on maintenance efficiencies and reduced costs. These delays impact our military capability and readiness, while introducing uncertainty in future missions and training schedules for affected units and the associated Airmen and families. They will also delay the Air Force's ability to reach the level of budget reductions mandated in the 2011 Budget Control Act.

FY13 President's Budget Actions

The force structure actions in the FY13 President's Budget are intended to retire 286 Total Force aircraft across the FYDP, and account for \$8.7 billion dollars of the reductions programmed by the Air Force in this cycle. Suspension of the retirement and divestiture actions programmed in FY13 alone will incur an additional cost of \$1.4 billion and have even more far-reaching impacts on training, unit conversion and achievement of the savings targets mandated under the Budget Control Act.

If the Air Force is required to retain the force structure over the FYDP, the likely result is either cancellation of modernization programs, a renewed need to consider force structure reductions in subsequent years, or an unacceptable hollowing of the retained force as resources to support operations and maintenance fall short of true requirements.

Conclusion

In this difficult and still-evolving fiscal environment, the Air Force—including Air Force Reserve and Air National Guard leadership—worked hard to understand the demands on the force and resources available to meet them. We deliberated how best to fashion a ready and superb Total Force. Through careful, joint-sanctioned modeling, analysis indicated we could not sustain further active component cuts without jeopardizing the collective ability of the Total Force to support our Nation’s strategic interests. Given the way America’s Air Force has historically been employed, and is projected to be employed, failure to decelerate the pace of cuts to the active component would put at risk our collective ability to conduct future surges, to operate through the surge successfully, and then to fulfill post-surge, steady-state rotational requirements—all of which the Nation will continue to demand of its Air Force.

We believe we achieved the proper balance in our FY13 budget submission to mitigate this risk under the current US Defense Strategy. We are rebalancing the Total Force to sustain the unique roles the active component must continue to fulfill for the entire Total Force: the preponderance of recruiting, initial and advanced technical training, and virtually all Total Force research, development, test and evaluation, and procurement. Of equal importance, the Air Force invested significantly in rebalancing to support the unique and essential role the Air National Guard plays in domestic contingencies and in satisfying civil support requirements.

Leadership across the components did not always agree with complete unanimity—just as Major Commands within the Air Force, Combatant Commands and other agencies across the Department of Defense did not always agree with decisions that the Air Force took and which were sustained by the Secretary of Defense and the President. Respecting the roles of the Secretary of Defense, the Chief of the National Guard Bureau and responsibilities of all participants, development of a framework for ongoing dialog with Adjutants General and the Governors is a work in progress. There is potential benefit from a structured exchange of views that can supplement existing processes to better inform DoD understanding of States’ concerns, better inform Governors on DoD missions and resource considerations, and result in budget proposals to the Congress that encompass the results of such dialog.

Delaying FY 2013 force structure decisions and potentially revisiting decisions from earlier budget cycles will only make our FY 2014 deliberations even more complex and difficult. These delays impact our military capability and introduce uncertainty in future missions and training schedules for the effected units; and they will also delay the Department's ability to reach the level of budget reductions mandated in the 2011 Budget Control Act.

America’s Air Force succeeds best by leveraging the unique contributions made by Active, Guard and Reserve Airmen, in the right proportions to succeed at what the nation asks us to do. Not getting this balance right risks damaging the symbiotic relationship that underpins Total Force success—a condition that is not acceptable to anyone. The Air Force has been in sustained conflict operations for more than two decades, and we are likely in the future to be called upon to provide substantial forward presence and response capability in areas where ground conflict has ended or not yet begun. We have been, and must continue to be, diligent in structuring America’s Total Air Force to succeed over the long haul. With your support, we will

continue to effectively provide the global vigilance, reach and power the nation expects from its Air Force.