

Secretary of the Air Force Deborah Lee James
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AFA Air Warfare Symposium

Good morning, everyone. Thank you so much, Mr. Chairman, It is certainly a great treat for me to be here with so many of you, all of our senior leaders, our international partners I see in the audience.

Ladies and gentlemen, I think this has been a terrific, terrific AFA, and on behalf of the hundreds of thousands of Airmen who are protecting our freedom right now all across the globe and certainly across America, I know General Welsh, Chief Cody and others will join me in thanking you, Chairman Van Cleave, and the entire AFA team for putting on what I think has just been a bang-up fantastic event.

Speaking for myself, I have, of course, been to the exhibit floor on multiple occasions, I think the exhibits have been terrific. The presentations have been outstanding, the panel discussions very, very lively and certainly all of you at AFA have supported all of us and advocated for all of us in the Air Force for many, many years.

So once again, we're just extremely grateful for all that you have done for us and all of your dedicated support, so thank you. Also want to take a moment to thank everybody in this room, and this is very personal to me now so thank you to everyone in this room as well as, once again, to our Airmen around the country and around the world for such a warm welcome that you have given to my husband Frank and to me during this first year of my tenure as Secretary of the Air Force, the 23rd Secretary of the Air Force. It is certainly the honor and the privilege of my professional life, and you have guaranteed that year one has truly been an amazing, amazing experience for me.

Now, at times, looking back, it's been a tough year, it's been a year in which I have certainly learned a great deal, and never a dull moment as they say, but I have been a hundred percent of the time inspired by the Air Force spirit, I will call it, and the core values as exemplified by the many, many people that I have met throughout this year and those core values, of course, are integrity, service before self, and excellence in all that we do.

Also thank you to what is just an absolutely superb team, I mean, who could hope for better than General and Mrs. Welsh, for Chief Cody and Athena, for the great civilian leaders, with we have, assistant secretaries like Bill La Plante who just spoke to you, the general officers, our major commanders, and other general officers and our senior NCOs as well.

There is just absolutely no question in my mind that we are the best Air Force on the planet, precisely because of who we are, and what we believe, and what we do. And boy, oh boy, are we doing it. Are we doing it.

Today our Air Force is fully engaged in joint operations around the world. So whether we're talking about this fight against ISIL in the Middle East, or contributing to a strong NATO, always the necessity of a strong NATO alliance, or deterring possible conflict in the Asia-Pacific region, or it might be humanitarian disasters anywhere around the world, or the very important mission of protecting Americans right here at home, the demand for what we do in the Air Force, the demand for our capabilities across all three of the war fighting domain, which remember, air space and cyberspace, that demand is going up, up, up, it is big-time increasing. So in short, the way I put it is, everybody wants more Air Force.

With that said, you heard General Welsh very eloquently yesterday talk about how all of this is happening at precisely the time when we have reduced in strength to the point of actually making us the smallest Air Force that we've ever been since our birth in 1947.

As someone who a year and a half ago was still on the outside and preparing to come into government, I had been in government before, I considered myself quite knowledgeable but I had no idea that the ranks had been reduced to quite this level. You also heard General Welsh talk about our aging aircraft. The average age is about 27 years, and that's the oldest that they have ever been in our history.

Our readiness is not sufficient high, it's not where we want it to be, especially not for what we call the high end fight that we might one day have to fight, and of course everybody knows, we're in an austere budget environment so it truly is a storm coming together at this time.

These are serious facts, there is no ignoring these facts, we are the best on the planet but we are also an Air Force under strain and something's gotta give. Something's gotta give.

So what I'd like to do with my time this morning is I'd like to talk to you about what we are doing about all of this, and where we need to go in the future. So topic number one I want to cover is the budget. And this, of course, reflects where we wish to put our valuable Air Force dollar resources over the next several years.

The second topic I want to cover and very much in the spirit of this conference is I want to focus on the importance of innovation for our future and then the third topic, which is really underpinning every topic, I want to conclude with a few additional words about our most important asset, and that, of course, is our Airmen.

So beginning with topic number one, the budget, the first thing that we're doing about all of these factors that are coming together in a perfect storm environment is that we are trying to take the strongest stand yet, the strongest stand that we have taken to date on sequestration.

Now we have said many, many times that sequestration, if it is implemented in FY16, will damage our national security. So decision point number one, rather than submitting an FY16 budget that simply lives with those sequestration funding level figures, instead, we have submitted a budget which is substantially higher than that, and which comes much closer to the type of budget that we actually need. So in other words, to put it another way, our budget proposal actually buffed the sequestration cap.

Now for the Air Force, let me bring this on home and what it means. It means an estimated \$10 billion more this year than sequestration level funding would give us. \$10 billion more represents the difference between an Air Force that our Air Force combat and Commanders require and our nation expects, as compared to an Air Force that with \$10 billion less will had not be able to meet the defense strategy, period. We cannot do it with \$10 billion less, as currently written. \$10 billion more, if we get it, recognizes just how important the Air Force is in every joint operation around the world, as well as how important the Air Force is in protecting the homeland.

Now this increase will allow us to better support our top priorities, which let's just review what those are. Number one, taking care of people. Number two, striking the right balance between the readiness of today and readiness of tomorrow, which of course is modernization. We need to become a more modern Air

Force. And all the while keeping in mind number three, with which is make every dollar count. Because you see, ladies and gentlemen, the taxpayer's dollar is precious, it is precious, and we can't afford to waste a single dollar of it.

You heard Bill La Plante talk about acquisition priorities, the way we're trying to do things differently in the acquisition world, that's part of making every dollar count. And I want to thank all of the Airmen, some of whom may be present, who have submitted ideas to the Airmen power by innovation website, because you see we all have a part to play in making every dollar count, freeing up precious resources and freeing up some of our precious time. Taking care of people, as I said, is my number one priority, and in my first year as Secretary, I've tried to balance my time between work in the Pentagon, spending a good deal of time on Capitol Hill, and then traveling to our bases across the globe. And believe me, I have spent a lot of time working on people issues.

At every occasion, at every stop when I have traveled, I have tried really hard to listen hard to what our Airmen had to say, and I have met -- let me digress for just a moment -- so many outstanding, outstanding and passionate and dedicated Airmen along the way, you met some terrific ones yesterday between General Welsh's presentation and Chief Cody's presentation, I had met ones with equally compelling stories as you met yesterday, and I can tell you the number one concern on the minds of most of the of the Airmen as I've traveled around the Air Force over the past year has been the downsizing, has been the involuntary separations in particular, that we went through. The uncertainty of it all, General Welsh called it the distractions of it all, it has just been very serious within our Air Force. So my message number one on this point, as far as the downsizing goes, enough is enough. No more. We need to stop this.

In fact, my gut tells me, we may have already gone a bit too far which is precisely why we are not going to do involuntary boards in 2015, and why General Welsh and I have called for actually a modest upward adjustment in our active duty national guard and reserve end strength, our total force end strength. We want to get that combined number up to about 492,000 from those three components, which would be about a 6,600 end strength increase.

Now, I recently read a headline that said words to the effect of: sequestration could drive the total force end strength down another 10,000 Airmen. I recently read that headline, perhaps some of you did as well. Well, let me say that a cut like that, if you put it in NASCAR terms, would be like taking a finely tuned NASCAR team and cutting one element of that team, namely, the pit crew, down to a single person. A single person. And having a single person as part of that finely tuned NASCAR team would basically mean that that car wouldn't be able to be in the race. Or if it was, it would be late and maybe it would crash. Maybe wouldn't be safe at all. it would also mean that that single person would have to shoulder an extraordinary burden, which in turn would, of course, cost great stress and strain and maybe mission failure for that person.

The same analogy, I think, holds true for our Air Force and our Airmen and they deserve better than that, so please all of you know General Welsh consider this fundamental personnel issue about our size to be a red line. We want no more downsizing. 492,000 should give us the breathing room to alleviate some operational strain, to bolster our nuclear enterprise, to increase the number of cyber teams, and plug some holes that we all have seen over the course -- I have seen over the course of the last year in a variety of units, maintenance for example, comes to mind. So we need to plug some holes and do away with some of the undermanning that we have.

Now for the National Guard and Reserve, our overall plan among other things would buy back some F-15Es for Air National Guard units and we would also seek to actively associate them. We would re-establish a classic association with the RQ-4, and we would, of course, grow our Reserve cyber mission area as well. We'll soon be briefing the Congress on our progress on implementing many of the recommendations that came out of the national commission on the structure of the Air Force, and we will also transmit some legislative proposals as well, because, of course, we have within our own authority to make certain changes, but we'll need Congress' help to make others. And of course the goal to these legislative proposals would be to allow us even better integration among the components and also to improve what we call the continuum of service, the easier flow between active guard, Reserve and back again. So one such request that we'll be sending to the congress would, if it is agreed to, permit reserve component pilots to train active duty -- the Active duty component, so in effect, to allow reserve component pilots to be instructor pilots for all.

Our budget would also expand services and the people realm in such important ways as sexual assault prevention and response teams and the overall program. We've also got solid funding to support child care facilities, fitness centers, you heard Chief Cody talk yesterday, infrastructure projects that are going to benefit Airmen along with a 1.3% pay raise for both military and civilian personnel.

Of course we also have our specialty pay program, that's actually going to be going up in terms of the dollars, covering a number of areas you've heard us talk recently about the importance of the remotely piloted aircraft area and, of course, the new clear, certain of the nuclear specialties as well. When we take care of Airmen and their families, resiliency for all, that means Airmen can focus on getting ready the many, many missions that we must undertake in our Air Force, and I want to echo what General Welsh said yesterday, we need everyone to be very, very focused on that mission.

Now in terms of readiness, we are going to fund flying hours to the maximum execution level. We're going to invest in weapons system sustainment and ensure that our combat exercises like the Red Flag and the Green Flag, that those remain strong. Moreover, in view of the additional dollars we have received, remember \$10 billion is the amount here, in view of the additional dollars as well as changed world circumstances, like the fight against ISIL, like the new concerns concerning Russia, our budget will also ramp up support to meet our combatant commanders' most urgent needs, what they tell us they need most, which includes support for 60 steady state ISR patrols as well as extend the life of the U-2 and the AWACS programs. So ISR, ISR, ISR this is what our combatant commanders tell us is their most urgent Air Force need.

We'll also support vital space programs and strengthen the nuclear enterprise by adding funding for ICBM readiness, we'll restore funding to the management system direct attack capability, and funding for B-52 sustainment and modernization programs.

All in all, this budget will allow us, if we get it, to rebuild readiness over time. Which is very, very important but as you've heard us repeatedly say, it's not enough. We also have to prepare for tomorrow, and that's, of course, where modernization comes in. So when it comes to modernization, there's a variety of important parts to this budget.

Strengthening the nuclear enterprise, which you've heard me say repeatedly, nuclear enterprise is number one for us in the Air Force, so the budget supports this priority by, among other things, developing Minuteman fleet ICBM follow-on program and accelerating the long-range standoff weapon by two years.

We'll also invest in cyber for the future, ISR for the future, for munitions, and space, including investments for situational awareness and GPS, anti-jamming capability. Now, speaking of space, I want you to know we in the Air Force are committed to ending our reliance on the Russian RD-180 engine for space launch, and our budget supports this with \$293 million between fiscal '16 and '20 to be a down payment on this transition effort to help get us off of the RD-180. So we're working to complete ongoing technical maturation and risk reduction activities, we're doing this in cooperation with NASA, the national labs, universities, and industry, and we are finalizing our supporting acquisition strategies and plans. Our goal here is to ensure commercially viable domestic launch service providers that will give us assured access to space for our national security space mission.

You've heard a great deal about our top three priority programs in modernization, that's the Joint Strike Fighter, the KC-46 and Long Range Strike Bomber. They're going to be providing eventually the kind of capabilities that we need to take us into that high threat, high end threat environment, and it's just critically important that we keep these programs on track, and we will certainly be working hard with all of you in industry to make sure that these programs do, in fact, now remain on track.

Lastly, the Air Force has finalized the requirement for the T-X, which, of course is focused on undergraduate pilot and introduction to fighter fundamental training and the T-X will one day replace the T-38. Our goal is to share these requirements with industry by the end of the month, at which point we intend the requirements to be final. We will then continue the dialogue with industry, which we've been having an ongoing dialogue but we want to keep that going, right up to the RFP release, which we project will be in late FY16, and we will, as you heard Bill La Plante say, use the cost capability analysis approach. Because you see in this way, we intend to make well informed judgment about whether or not various incremental changes in capability or increases in capability, I should say, are worth it, from the cost perspective and the capability perspective. And industry will know when the time comes how much we value these different capabilities. Please stay tuned, we really are using the T-X as a test case, you might say, in the cost capability analysis approach.

So all in all, I think there's a lot of good in this budget, but it's not perfect. Truth in advertising. It's not perfect. We still had to make some tough choices because even \$10 billion more isn't the same as getting us back to the \$20 billion more that we used to have a few short years ago.

So when it comes to the tough choices, for example, we are once again asking to phase out some of our older aircraft. We're asking to slow the growth in some of the compensation programs and we're calling for a round of base closures. None of these choices are popular, they are all controversial, but when you don't have enough to do it all, you have to make priorities. And if sequestration hits us in FY16, it will be even worse. There will be more tough choices to come, and indeed, as I said earlier, we will not be able to meet the operational requirements of the current defense strategy.

And many of the investments that I just talked about would very much be at risk. So the bottom line here is we must work together to ask congress to get rid of sequestration permanently. Just a few of the even tougher choices that we would be forced to make if sequestration is not lifted, we would have to divest

our KC-10 refueler fleet, we would probably cut total force flying hours, weapon system sustainment, simulators and high end training such as those important Red and Green Flag exercises.

A situation that we absolutely have to avoid in my opinion because almost half of our combat aircraft or combat air forces of today are not sufficiently ready for that high end fight. We would have to reduce F-35 procurement, we would have to cut the new adaptive engine technology program, which is holding great promise for fuel savings. Our program on ISR would also suffer at a time when the combatant commanders are telling us more, not less. Now, speaking of ISR, I now want to ask you to draw your attention to the screen, and with a little bit of help, I want to show you a little demonstration of what our ISR operators in Afghanistan and other locations around the world would likely see on any given day.

Now what you're seeing here, ladies and gentlemen, are multiple -- I'll call them possible bad actors. These are three individuals who are attempting to dig a hole. Now why are they digging a hole? Could it be to plant an improvised explosive device? Well, maybe. Maybe. But the job of ISR is to persistently watch, to persistently have the capability to report back, so that leadership can make informed decisions about what to do next. And whether it's the a small UAV or a medium altitude ISR platform or high flyers, like the Global Hawk. Our commanders very much count on these systems for situational awareness.

Now, the image that you see today is streamed by Master Sergeant Cory Hebb, who hails from Boonsboro, Maryland, one of our great Airmen. Can you wave at us? Thank you very much. There he is.

[applause]

This fine Airmen is a defender, and he is assigned to the 820th Defense Group, 820th Combat Squadron at Moody Air Force Base in Georgia, where he lives with his wife and his two beautiful sons. NCO in Charge of the Innovative Combat Equipment section, where he is charged with researching, acquiring and maintaining new technologies for the base defense group. The RQ-11B, or Raven B, which you can see on the tripod right over there, is just one example of the sort of ISR equipment our ground commanders and our sister services really rely on these days to make timely battlefield decisions.

Now, again, you saw on the screen the type of thing that our joint partners and our Air Force -- this is what it all about when we talk about infusing situational awareness into the battle space. Now, not only that, just a few more words about Sergeant Hebb. He is, as I said, a defender, a qualified Raven B operator and instructor, and he has deployed seven times in support of Operations Enduring Freedom and Iraqi Freedom. He has been in the Air Force 15 years with a total of 10 deployments.

So this is an extraordinary Airman, he's done extraordinary service, and I want you to remember the number of deployments I just said, that is an extraordinary sacrifice and an extraordinary time away from home, but again, thank you very, very much, Sergeant Hebb.

[applause]

Ladies and gentlemen, if sequestration comes roaring back to us in FY16, I guarantee you, it will have a negative impact on Airmen. Airmen like Sergeant Hebb, and on technology, like the technology you see here today. Because you know, once you lose the orbit or the training for the Airmen, the screens, they just go dark. They just go dark and we go blind on the battlefield. And when we go blind, we miss things.

We miss things perhaps like buried bombs,, and buried bombs put American lives at risk. So our nation depends on people like Sergeant Hebb and all the other airmen that you met here at AFA.

That's why General Welsh and I have said enough is a enough when it comes to this down downsizing. We cannot go any lower. It's also why we're putting a premium on advancing new technologies and innovations to produce new effects for tomorrow.

Recently our Deputy Secretary of Defense Bob Work spoke at a conference and he articulated the need to maintain our strategic advantage against potential future adversaries, especially now, when we find ourselves in one of the most complex and volatile security environments that I can certainly ever remember. For decades, America has maintained what we call a strategic offset. Now our first offset started in the 1950s with President Eisenhower's New Look, and that's the one that gave America our decisive nuclear deterrent and sought to counter at the time the Soviet Union's numeric advantage in conventional forces. That was what was called the first offset.

The second offset was an unprecedented investment in technology and innovation. It began in the 1970s and it grew, and ultimately, it equipped America with tools like the GPS system it and precision munitions and stealth. When you put all this together, that second offset assured America's military advantage into the early part of the 21st century.

The question is, what will be our third offset? For you see, our potential adversaries around the world have been watching us closely over the 14 years past, and they have watched us perform magnificently, but they've been studying us carefully, and they understand we possess a technological advantage and they haven't been standing still. You see, they have been working to catch up, and so gradually, the gap between our capabilities and those of our nearest competitors is shrinking. Let me assure you, we're not standing still either, because we are looking actively for that third offset.

So our '16 budget does increase by 2 billion over FY15 levels, our support for research test and evaluation, because you see in these budgetary areas, this is where we foster and cultivate innovation, how we fund it, anyway. Sometimes routine work on a routine project could yield some extraordinary breakthrough that could lead to that next offset. Air Force ingenuity and creativity in concert, of course, with our industry partners can make the impossible possible.

Now, one such innovation is in the area of hypersonic, and I have just a small model that I've brought with me to illustrate what I'm talking about here, and Sergeant Hebb, it is small, so can you help me out here just another time and help me tell this story, if you wouldn't mind. So there on the screens and here beside me is the X-51 Wave Rider. It's a model. And the real McCoy, I will say, which again, this is a model this, is not the real McCoy, was developed by the Air Force Research Laboratory, DARPA and our industry partners. The X-51 is significant because it demonstrated the feasibility of high speed air breathing propulsion technologies for fast reaction standoff weapons. Now if you're like me and you want that in plain English, let me give that to you in plain English. This technology demonstrated that we can go real fast and shoot from a safe distance and strike targets before they can shoot back or move or even know that we're coming toward them.

Now when you think of something that can fly five times the speed of sound like this X-51, do you think of it as looking anything like this? Let's call this sort of a triangular form. Or do you think of it somewhat

more wing-like or bat-like? What do we think of it as? Well, really, no matter what we think of it as, we shouldn't be stuck in just one idea. That's the whole point of innovation. We need to think broadly, we need to innovate, we think differently. Because when you think differently, quite often, the picture changes. And I thank you, Sergeant Hebb, for that additional help.

Now, we're not stopping with hypersonics and the X-51, that's just one example of innovation. We're also looking at areas like adaptive manufacturing as a possible way to make logistics more efficient. And then there's human augmentation to cope with the flood of data from non-traditional sensing opportunities and -- as a way to build resilience and ensure mission success. In recognition of the importance of space for both military and civilian applications, let me just take a moment and say a little bit more about our launch enterprise.

I'm a big believer in competition, and the Air Force is absolutely committed to achieving it in the area of space launch soon. We projected two competitive launch opportunities in FY15 and an additional three in FY16, which is more than what we had previously anticipated and reported. Now in my experience, both in government and in industry, competition always drives down costs and improves innovation, and we want both. We want less cost and we want more innovation.

We also want a third very important thing, and that is, we want in our space launch business mission assurance. And stated another way, what we don't want is we don't want a repeat of the spectacular space launch failures that occurred in the 1990s. When very expensive and militarily significant satellites were lost. And that is why we have what we call a certification process for new companies, new entrants to this field of launch. We've been operating under a certification process for about the last 18 months and we've learned certain lessons from that, and my question is, based on what we have learned, can we now streamline, can we improve the certification in some way? Can we speed up the process? I don't have the answers, but I have an idea of who might be able to give some independent advice here. I have asked former Chief of Staff of the Air Force, Larry Welch, to lead an independent review of the launch certification process, and he is now actively working on that review with the team that he has assembled, and there's really two parts to the review.

Part 1 is to concentrate on the remaining efforts to get SpaceX certified as soon as possible, and we hope to conclude this part of the of the Welch review by next month. Part 2 will be a wider review of the new entrant process, which will look to ensure the current process is as expedient and as efficient as they can be while also protecting our critical mission assurance requirements. And we're projecting that that review, that portion the of the review will be complete within about 90 days.

In year one, I visited nearly 60 bases in 28 states and territories, and I traveled to the Middle East, to Europe, to the Pacific, to the Arctic and to the Antarctic, and I'm a true believer from everything I've seen, just like I told you up front, that our Airmen, our Active Duty, our national guard, our reserves and our civilians are what are going to keep our Air Force the best on the planet. Again, I'm not alone in this belief, certainly General Welch, Chief Cody, all senior leaders here today were all in on this belief of our Airmen.

Secretary of Defense Chuck Hagel has been a great supporter and of course we are bidding him farewell this week, and I've known the incoming Secretary of Defense, Dr. Carter, who was just confirmed yesterday, for probably about 20 years now and he, too, is a big believer in the people, people of our Air

Force, people across our military, and I know he is going to be a great leader for all of us in this very important realm. So we will continue communicating our needs and our concerns to the Congress.

We're going to continue to push for the kind of budget that will keep us on a path of full spectrum readiness while also allowing us to invest in our future, and that future very much means also an investment in developing our Airmen. Really, really important, developing our Airmen. Really glad Chief Cody foot stomped that point yesterday. Because you see, just like all of you, the Airmen of today, we need the Airmen of tomorrow, we need our future Airmen to be smart, we need them to be critical thinkers, problem solvers, we need them to be diverse leaders, we need them very committed to integrity and service and excellence, and yes, we need them to be committed to dignity and respect for all. Strategic ability, which Bill La Plante just told you what that means in the acquisition context for our Air Force, well, I just told you a lot of what strategic agility means for our Airmen.

Two weeks ago, I had the pleasure of attending the 29th Annual Black Engineer of the Year award conference in Washington, and this conference brought together some of the most talented and innovative young Americans for mentorship sessions and an exchange of ideas with senior leaders from defense and industry, and then there was an award banquet and program in the evening, and I Couldn't help think to myself as I looked at these young faces who have several years yet ahead in school before they will graduate from college, what will the world look like when these young people come of age? And how will we attract and develop and retain in the future the very best and the brightest that America has to offer?

I don't have all the answers to those very important questions with but I do know that we're going to have to work it really, really hard, because the most vital part of our strategic advantage, the most vital part of whatever that third offset turns out to be, the most vital part that no adversary will ever be able to touch, and that is the pride and the dedication and the passion of our Airmen of today, and we've got to make sure that we strengthen that for tomorrow.

So Sergeant Hebb, I've got to call upon you one more time, man, if you will help me, please, and final word about tomorrow. You see, tomorrow is in our hands. It's in your hands and it's in my hands. Ultimately, tomorrow is on us. It's on us to innovate, it's on us to become strategically agile, it's on us to lead boldly, it's on us to become that America as an aerospace nation.

It's on us to plan today for the Airmen of tomorrow. And every single Airman, active duty, guard, reserve, civilian, junior, senior, everybody has a role to play. And together, I am certain that we will advance American air power for the next 30 years and beyond, we must and we will.

So I want to thank you for all that you do for our country, thank you for all that you do for each other, and remember, it's on all of us.

Thank you.

[applause]