

**Secretary Deborah Lee James
Remarks at the
AFA Airpower Breakfast
February 12, 2016**

SECRETARY JAMES: Thank you, Mark, and good morning, everybody. Thank you so much for turning out and spending the next hour or so with me and with the Air Force Association.

I'd like to begin this morning with a few words of honor, if I may, to honor a great Air Force hero who passed away recently. And I'm speaking now of retired Air Force General Duane Cassidy who was the first dual-hatted commander of both the U.S. Transportation Command and Military Airlift Command. General Cassidy truly shaped the future of what we now know of as the Air Mobility Command. And if you were to draw a line backward from our successes in Operation Desert Shield and Desert Storm, I guarantee you that line would surely lead directly back to him. He flew B-52s and C-121s in his early days and then went on to fly the B-47. He brought the C-17 on line, fought for the Civil Air Carries, what we now call CRAF, and devised training methods for increased proficiency in air refueling. And his list of accomplishments goes on and on. His contributions to the Air Force will long be remembered. And our prayers go out to his wife, Rosalie, his daughters, Diane and Susan, sons, Mike and Patrick, as well as their families, including eight grandchildren and one great granddaughter. Ladies and gentlemen, General Duane Cassidy, an Air Force icon.

I also want to remind everyone that this month is African American History Month. And while we try to honor the service and the sacrifice of all our Airmen all of the time, I think it's times like this that we really ought to celebrate some of our special

Airmen. And among those special Airmen are the Tuskegee Airman. This year marks the 75th anniversary of this legendary African American unit. The 332nd Fighter Group, also known as the Red Tails, fought with skill and bravery in the skies over Europe and leave a legacy that inspires us to this day. And their legacy is so important I plan to have lunch with three Tuskegee Airmen next week and I'm going to be picking their brains and learning more about their individual stories and their histories. So how cool is that for me? See, you get to be Secretary of the Air Force and meet the Tuskegee Airmen. It doesn't get any better than that.

This month we're also going to be honoring other prominent African American leaders, such as Brigadier General Benjamin Davis, the Commander of the Red Tails, and the first African American U.S. Air Force General Officer, General Dan "Chappie" James, who became the first African American Air Force Four Star General, Chief Master Sergeant Thomas Barnes, the first African American Chief Master Sergeant of the Air Force, and of course, last but never least, is my wingman, Larry Spencer, former Vice Chief of Staff and President of the Air Force Association. Larry was just our second African American Vice Chief ever. The first of course was Lester Lyles, who served as the Vice from 1999 to 2000.

So, if I planned this correct, I have a glass of juice and I'm going to ask all of you to raise your glasses with me to honor the rich heritage of our African American Airmen. Here, here. [Applause] Yes, let's give some applause. Good idea. Thank you.

All right, let's get down to some issues now. Two days ago General Welsh and I testified before the Senate Appropriations Committee, which of course was the

first of what will ultimately be four posture hearings, where we outlined our three top priorities, which are: taking care of people, striking the right balance between the readiness of today and our modernization for tomorrow, and making every dollar count. Now, these priorities are not new and they have not changed. We've been sticking with them from the beginning. But what has changed since last year are the threats and the challenges that we are facing as a nation. Now, as we enjoy today's breakfast and have some camaraderie together, your Air Force is working very hard to degrade and ultimately destroy Daesh in the Middle East as part of a whole of government approach and an allied approach.

I recently had the opportunity to travel to the Middle East and Africa and Europe, and I got to see our Airmen in person and get an update on the conduct of the air campaign. And I can assure you that we are making great progress, we are striking equipment, fuel trucks, sources of illicit revenue, we've taken out key leaders, we've taken out training sites, command and control sites. We've pushed Daesh back substantially. They occupy less territory than they did when we started this campaign. In the past year our coalition forces upped the ante even more against Daesh, flying more than 55,000 sorties in support of Operation Inherent Resolve. And that by the way represents a three-fold increase over the sorties of 2014.

Now, in order to win this fight we also need to keep a close watch over failed states and ungoverned territories. I'm talking about places like Libya, certain parts of the rest of Africa and South Asia, where we may be expected to do more. And I predict that this and other factors will be a bigger growth requirement for the Air Force in the future as we march toward the ultimate defeat of Daesh.

I want to thank our coalition partners that are here today who are working side by side with us. And, of course, Secretary Carter, as you know, has been overseas consulting with various allied partners to see if we can get increased contributions in the future.

Now, besides Daesh, a resurgent Russia now supports Assad in the skies over Syria, continues to ferment problems in Ukraine, and has announced its intent to modernize nuclear forces. North Korea has conducted another illegal nuclear test and rocket launch just last Sunday. And if all that is not enough, we continue to see worrisome Chinese military activity in the South China Sea, and we have growing threats in both space and cyberspace.

So the bottom line to all of this is that the Air Force has a key role to play in each of these areas, and we are fully engaged in every region of the world, every mission area, and across the full spectrum of military operations. Put simply, we have never been busier on such a sustained and global basis. Now, our Airmen have shouldered the lion's share of this effort and I am very cognizant that it's having a toll upon them. We are asking them to do more and more. So for this reason we have got to preserve the force that we have today and I believe we need to grow it more for the future.

Now to continue confronting overall these challenges and in order to maintain an effective fighting force, our budget submission for FY '17 balances capacity, capability, and readiness. It also invests for future modernization. Though truth in advertising, this is where we had to make some tough choices given that the budget agreement for FY '17 did not provide the full amount that we need for defense. So let

me now detail a few of our budget choices as I go through our top three priorities, starting with taking care of people.

Airmen and their families are the Air Force's most important resource, and our budget submission reflects this truth. With that said, you all know we have been downsizing for years. And, as I said earlier, this downsizing has to stop. We must now upsize modestly in a total force way address a number of key areas, including critical career fields like intelligence and ISR, cyber, maintenance, and our battlefield Airmen. Our budget reflects what we're doing to take care of our Airmen. And make no mistake, we spend more money on our people than we do on our platforms. Congress has already given us the authority to plus up our active duty from roughly 311,000 to 317,000 Airmen by the end of this fiscal year. But, as I mentioned earlier, I believe that mission demands will indicate that we may need more growth in FY '17. And so in order to meet these mission demands I plan to take a judicious approach to incrementally increasing our total force beyond the current level, provided of course that we can attract the right talent.

Now, speaking of total force, we're continuing to maximize our use of the guard and reserve by shifting additional missions and workload when it makes sense to do so. Examples include the fields of cyber and ISR, command and control, mobility, and space. And we're also continuing to push the envelope on integration, all the way from the staff level to the wing level, including -- we just announced earlier this week a new integrated refueling wing. We call it the I-Wing, which will have a single chain of command, vice two chains of command. We're going to test that out, see how we do, and if it works out we may expand beyond this one I wing test case.

Moving to other personnel concerns we ask Congressional support to provide a requested funding for 1.6 percent pay raise for both our military and our civilian personnel, as well as targeted pay and retention bonuses for a variety of career fields, including our very important RPA force.

Finally, this year's budget expands the Sexual Assault Prevention and Response program, fully funds our childcare operations, boosts educational benefits for Airmen, and finds the most important infrastructure projects to benefit our Airmen.

So all of that is part and parcel of first priority, taking care of people.

The second priority is getting the balance right between readiness and modernization. And as General Welsh and I have explained in the past, less than half of our combat forces are sufficiently ready today for a high end fight. Our aircraft inventory is the oldest it's ever been and our adversaries are closing the technological gap on our rather rapidly. So we have to modernize.

In terms of readiness, we will fund flying hours in this budget to their maximum executable level. We're going to invest in weapons system sustainment and ensure combat exercises, like Red Flag and Green Flag, remain strong. Now, after consulting with our combatant commanders, General Welsh and I agreed that we did need to make some adjustments to address some of the real world changes that I outlined to you earlier on. One adjustment is the re-phasing of the A-10 and the EC-130, otherwise known as the Compass Call, retirements. And the bottom line here is we're not proposing to retire any of these aircraft in FY '17. Now, with that said, we still think that we will need to divest these weapons systems in the future, but this change for this year maintains a sufficient number of fighter and electronic attack aircraft across

the force in support of our current operations. And the re-phase that we're proposing will allow us to better align retirements of older aircraft as we phase in the F-35. Furthermore, we're going to continue to review our aircraft mix each year and will be prepared to modify based on real world conditions.

In conjunction with ensuring the right number of manned aircraft, we also need the right number and type of remotely piloted aircraft and munitions. So our FY '17 budget adds 24 [MQ-9] Reapers to the inventory and we are going to be increasing our buy of munitions, including elevated quantities of the joint direct attack munitions and the small diameter bombs.

Turning to modernization, this year's budget includes ongoing investments in support of our top priorities of nuclear deterrents, space, and cyberspace. We'll continue to advance the F-35, the KC-46, the long-range strike bomber, combat rescue helicopter programs, and we will get going with the JSTARS recap as part of this budget.

And by the way, there's great news with the KC-46. Two days ago the KC-46A met another requirement for milestone C, another step of course toward fulfilling the contractual commitment. They successfully transferred fuel for the first time to an F-18 via the hose and drogue systems. And by the way, one quick aside on this, version one of my draft remarks had me saying, good news for the KC-46. Just two days ago they successfully passed gas [laughter] and I thought, that might too much information for AFA at this hour of the morning. I had to clean that one up.

Now, like I said earlier, modernization is also where we made some tough choices. For instance, we did have to defer five F-35s in FY '17, and we do expect to

defer a total of 45 over the 5 year defense program. We'll also have to defer some of our C-130J purchases, specifically three in '17, and it will be a total of eight over the next three years. We'll also have to delay some of the upgrades to our fourth generation systems. Like we'll have to delay improvements to the F-16 missile warning and radio systems, and many needed infrastructure improvements also will simply have to wait. And by the way, not having an authority for base closures and realignment is causing us to spread out in an even less efficient way our precious infrastructure money. And so we once again are renewing our call to Congress to give us a round of base closure and realignment.

Moving on to my third priority, which is our commitment to the taxpayers, to give them the best bang for their buck, that's why we call it, make every dollar count. And we're working a number of initiatives here, including streamlined energy usage, cost saving ideas that directly come from our Airmen and we're putting into practice. Of course we're also continuing the march toward meeting the mandate to be audit ready by the end of FY '17.

Now, as I get close to wrapping up here, it's important to note that the bipartisan budget act provides the Air Force \$3.4 billion less for defense in FY '17 than we need. However, with that said, this legislation is extremely important and it gives us much needed stability and predictability. So we're grateful for that, though it doesn't meet all of our needs. We do, however, continue to worry, and everybody who cares about defense ought to be worried, that sequestration will return to us in FY '18 and beyond if something doesn't give. In 2013, I will remind you, sequestration compelled us to park jets, delay upgrades, and halt training. And this creates a readiness chasm.

For the last two years instead of rebuilding that readiness for the future, our Air Force was extremely engaged in these conflicts that I've described, and our Airmen have responded as they needed to respond, instead of focusing on that training. Now, if we return to sequestration in FY '18 this will exacerbate the problem and set us back on our goal of returning to full spectrum readiness. And if this happens Airmen could enter future conflicts even less prepared. And anybody who is a student of history knows that the consequences of insufficient preparation in battle means usually prolonged conflict and increased loss of life. And I say to you this is simply not satisfactory. It is unacceptable. And so we are renewing our call, and if you agree with us, please continue to charge forward with your call, that we need to repeal the Budget Control Act and remove the threat of sequestration permanently.

Now, one final point before I conclude my remarks. As some of you may have seen, we issued a press release last night that Ms Darlene Costello, a Senior Acquisition Official in the Office of the Undersecretary of Defense for Acquisition Technology and Logistics, is assuming the duties of the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Logistics. Ms Costello is replacing Mr. Rich Lombardi who was reassigned to duties outside of the Air Force acquisition portfolio. This reassignment follows Mr. Lombardi's voluntary disclosure that he has not reported a Northrop Grumman retirement account held by his spouse in his Annual Public Financial Disclosure form. Now, this is a very important issue and I can assure you that the Air Force is committed to maintaining the highest level of public confidence in the integrity of our programs and operations. After I was informed of this matter I removed Mr. Lombardi's acquisition duties and referred the issue to the Department of

Defense Inspector General. In order to protect the integrity of that Inspector General review process, I regret that I can't share any additional information at this time.

However, we are fully committed to transparency. This is precisely why we made the announcement in first place and we will provide additional information when we can.

I want to thank you all again for turning out and spending this time with me. Thank you most of all for your support of our Air Force and our Airmen. They make it all happen for us.

Thank you. [Applause]

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