

Senate Appropriations Subcommittee on Defense
2017 Budget Request for the U.S. Air Force
Feb. 10, 2016
Secretary James Oral Statement

Thank you very much Mr. Chairman and Senator Leahy and to the other members of this committee. General Welsh and I are very proud to come before you today to talk about our budget but even more importantly, to talk about the 660,000 active duty, national guard, reserve, and civilian airmen as well as their families. They truly are our priority number one. When I testified before this committee last year, I outlined three priorities. And those three priorities are, taking care of people number one, number two is balancing properly readiness and modernization in our budget choices and number three is making every dollar count. And I'm here today to tell you all that these priorities have not changed.

But what has changed substantially over the past year are the threats and the challenges faced by our nation. As we sit here today, your Air Force is working very very hard to degrade and ultimately destroy ISIL in the Middle East as part of the whole government approach and an allied approach. In the past year alone, coalition forces up the ante against ISIL, flying more than 55,000 Sorties in support of Operation Inherent Resolve. And this represents a threefold increase over the missions of 2014, and take my word for it, our airmen have shouldered the lion's share of this work.

A resurgent Russia now supports Assad in the skies over Syria, continues to foment problems in Ukraine and indeed has announced his intention to modernize Russian nuclear forces. In addition, very recently, we observed North Korea conduct an illegal nuclear test and a rocket launch just last Sunday. And if that's not enough, there are worrisome Chinese military activity in the South China Sea, and of course, we have growing threats in space and cyberspace.

The bottom line here is that our Air Force has a key role to play in each of these areas and we are fully engaged in every region of the world and every mission area across the full spectrum of military operations. Put simply, we have never been busier on such a sustained and such a global basis.

Now, to continue confronting these challenges and in order to maintain an effective fighting force, our budget submission balances capacity, capability and readiness. It also invests very importantly for future modernization, though this is where we had to make some tough choices given that the budget agreement for F.Y. '17 did not provide the full amount that we needed for the Air Force. And as a result, we could not afford the robust investment portfolio that we would have preferred.

Now, I'll detail our budget choices as -- as I discuss our top three priorities, and let me begin with taking care of people. Airmen and their families are without question our most important resource and our budget reflects this truth. With that said, you're well aware that we have been downsizing in our Air Force for years and this simply must stop.

We must now upsize in our total force way to address a number of key areas, including critical career fields like intelligence, ISR, cyber, maintenance across the board and battlefield airmen, and we want to thank this committee for supporting our active duty plus-up, which is going to go roughly from 311,000 to 317,000 airmen by the end of this fiscal year.

But given our current operations tempo, we certainly can't sink below this number, and I believe that the demands will indicate that we will need even more growth in F.Y. '17. In order to meet these demands, I plan to take a judicious approach to incrementally increasing our total force beyond the current levels, provided, of course, that we can attract the right talent. And we would be grateful, therefore, for this committee's assistance should a reprogramming action be required down the -- down the line.

Now, speaking of total force, we're continuing to maximize the use of our Guard and Reserve by shifting additional missions and workload when it makes sense to do so. Examples that I can give you include the fields of cyber, ISR, command and control, mobility and space. We're also continuing to push the envelope on integration from the staff level right on down to the wing level.

Later this year, we will be testing a new total force organizational construct called the Integrated Wing, or the I wing. The I Wing, which in this case will be a refueling wing, is designed to leverage the strengths of each component, reduce organizational redundancy and meet mission demands more efficiently, and if this organizational construct proves to be effective, we'll look to apply it more broadly in the future.

Moving to other personnel concerns, we would ask for your support to provide requested funding for a 1.6 percent pay raise for both our military and our civilian employees, as well as targeted pay and retention bonuses for a variety of career fields, including our very important remotely piloted aircraft force. RPA and manned pilot incentives, by the way, are finally equalized, and this is tremendous news.

But we can't stop there. Specifically, we are submitting a legislative proposal this year which is intended to go even farther so that we can retain our aviators -- all of our aviators against an improving economy and an increasing demand for commercial pilots.

Finally, this year's budget expands the sexual assault prevention and response program. It fully funds our childcare operations, booth (ph) educational benefits and funds the most important infrastructure projects to benefit our airmen.

My second priority is getting the balance right between readiness and modernization, and as we have explained in the past, less than half -- less than half of our combat air forces are 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 us quickly, so we simply must modernize. In terms of readiness, we'll fund flying hours to their maximum executable level, we'll invest in weapon system sustainment and ensure combat exercises, like red flag and green flag, remain strong.

After consulting with combatant commanders, General Welsh and I agreed that we needed to make some adjustments to some of the world changes I mentioned earlier. One adjustment is the re-phasing of the A-10 and the Compass Call retirements. The bottom line here is we are not proposing to retire any of these aircraft in F.Y. '17.

Although we currently believe that we will still need to divest these weapon systems in the future, this change will maintain a sufficient number of fighter and attack aircraft across the force in support of current operations and the re-phase will allow us to better align retirement for the older aircraft as we phase in the F-35. Furthermore, we're going to continue to look at this mix of aircraft each year and we'll be prepared to modify based on the global security situation.

Now, in conjunction with ensuring the right number and mix of the manned aircraft, we also need to get it right in terms of the number of remotely piloted aircraft, as well as munitions. And to that end, our budget adds 24 more MQ-9 Reapers to the inventory and increases our munition spies (ph) to meet operational demand, including quantity -- additional quantities of JDAMs and small diameter bombs.

Now, turning to modernization, we're of course holding firm on our investments to support our top priorities of nuclear deterrence, space and cyberspace. We'll continue to advance on the F-35, KC-46, the long-range bomber and the combat rescue helicopter programs, as well as we will begin the JSTARS recapitalization.

Unfortunately, as I mentioned earlier, modernization is where we did have to make some tough choices. For example, this budget will defer five F-35s in F.Y. '17 and we would expect to defer a total of 45 over the five-year defense plan. We'll also be deferring a total of eight C-130Js over three years, and that is three C-130Js less for F.Y. '17.

We'll also have to delay upgrades to improve some of our fourth generation systems, the F-16 missile warning and radio systems, for example. And finally, many needed infrastructure improvements that we would like to make will simply have to wait, and we would renew our request once again for the authority to conduct a base closure and realignment.

Now, just a few points, if I may, on space launch. Point number one I want you to know is that I want to affirm to all of you that we are moving as quickly as we can to eliminate the use of the RD-180 engine. Ultimately, we need to commercially viable domestic launch providers to give us assured access to space and the mission assurance we need when we're dealing with billion dollar satellites.

Point number two, we've obligated all the dollars authorized and appropriated in F.Y. '14 and \$142 million of the \$220 million provided in '15, with the balance of that money to be obligated over the next month or so, pending successful outcomes on final negotiations.

Point number three, our strategy on this hinges first on technology maturation and risk reduction efforts, which is a very prudent approach to begin something that has this degree of hard, difficult scientific problems to solve. And then the second element of the strategy is to invest in

public-private partnerships, first in rocket propulsion systems, and ultimately to give us the total launch capability.

I want to say that one more time. What's critical is the total launch capability. An engine is one component. It's an important component, but an engine alone won't get us to space. We have to have the total capability.

Point four is we believe deeply in competition. It's in the best interest of the taxpayer and it will contribute to a healthy industrial base, and everything I just told you is very much with an eye toward maintaining that competition.

And finally, point five. Given the importance of space and the many, many complexities involved here, our strong desire for competition being right at the head of the pack, we need reasonable flexibility to access RD-180s over the next few years as we transition to these two domestically available commercial providers. So just as we testified last year, we think having access to a total of about 18 RD-180s is reasonable and prudent to maintain competition over these next few years.

Third and final priority is make every dollar count and to get the taxpayer the best bang for the buck, and we've got a number of initiatives that we're working on here, including streamlined energy usage, cost-saving ideas that come from -- directly from our airman and continuing the march toward meeting the mandate to be audit ready by the end of F.Y. '17.

As I begin to wrap, Mr. Chairman, I want to thank you for your leadership and support of the Bipartisan Budget Act. Although the BBA does provide about \$3.4 billion less for defense for the Air Force in F.Y. '17 than we need, this legislation is extremely important and gives us some precious stability and predictability. And we're very, very appreciative of this, but we do continue to worry that we will return to sequestration in F.Y. '18 and beyond if it's not lifted.

As you know, in 2013, during that year's sequestration, we parked our jets, we delayed upgrades and we halted training, and this created a readiness chasm. For the last two years, we've been trying to rebuild that readiness, but of course, our airman have need to respond to these real world events across the globe.

If we return to sequestration in F.Y. '18, this will exacerbate the readiness problem and set us even farther back, and if this happened, our airman could be forced to enter a future conflict with insufficient preparation. And you know what history teaches us about insufficient preparation, it tends to prolong combat and it costs lives ultimately, and I just feel like we need to do better than that. So we renew our request to lift sequestration permanently and to eliminate it.

Thank you, Mr. Chairman, and I would now yield to General Welsh.