

"State of the Force"

**Honorable Michael B. Donley
Secretary of the Air Force**

14 September 2009

Secretary Donley: Good afternoon, and thank you, Joe, for that introduction, and thanks to the Air Force Association, as always, for hosting such a great conference.

I have to confess that after so many years of going up to the Wardman Park, this morning when we got in the car it just wanted to pull up Rock Creek Parkway. But this is indeed a great venue, and congratulations on your move over here to the Gaylord. It's going to be a great run for the AFA, I know.

We do appreciate so much your partnership in expressing the importance of air and space power to America's national security, and you also give voice to the concerns of Airmen - active, Guard, Reserve, and retired - on a wide range of issues from pay and benefits to health care to ensuring our Airmen operate the world's most capable equipment. Year after year you always manage to outdo yourselves at this convention and bring together an amazing set of speakers and experts to address the critical challenges facing our Air Force. For all these things, we give you our thanks.

It's been quite a first year, I must say. Last year at this venue, at this time, I wasn't sure how long I would be at the helm of our Air Force, and as you know, it was sometime before I knew whether to empty out my desk or to hang the pictures. [Laughter]. But I promised you that regardless of the length of my tenure, I would work every day to make the Air Force even stronger and better for the next generation, and I am grateful to Secretary Gates and the President for having the opportunity to continue to serve our Air Force, and this year I reaffirm that pledge to continue spending every day making the Air Force even stronger and even better.

I'd also like to recognize and thank my wingman in this effort, General Nordy Schwartz. Nordy is an incredible leader and he is making a positive impact on our Air Force every day, in the joint community, in our Air Force itself of course, with our international partners. I cannot think of a finer or better prepared officer to lead our Air Force. Nordy, thank you.

[Applause].

We have achieved a great deal in the last year and I am pleased with our progress as we head into year two.

I just returned from a late August visit to Iraq and Afghanistan where I saw the dedication, the talent and patriotism of our Airmen firsthand. Seeing how well our Airmen are performing in combat reminds me just how blessed we are with the caliber of young men and women who put on the Air Force uniform every day in defense of our nation. And because of their tireless and dedicated work we've achieved some significant milestones last year while making vital contributions toward the defense of our nation and winning today's fights.

We surged new capabilities into the fights in Iraq and Afghanistan, including increasing MQ1 Predator and MQ9 Reaper production to achieve 36 Combat Air Patrols 18 months ahead of schedule.

We deployed six new MC12 ISR platforms to Iraq through an acquisition program that hardly existed one year ago.

We surged rotary wing CSAR assets to support joint medical evacuation and casualty evacuation in the theater.

We activated 24th Air Force as the Air Force component to U.S. Cyber Command.

We stood up the Air Force Global Strike Command to centralize command and control of all Air Force nuclear operations and to provide clear lines of authority.

We stabilized our active duty strength at about 332,000 to relieve chronically stressed career fields and source emerging missions including ISR, nuclear operations, aircraft maintenance, cyber, SOF and acquisition.

And we began implementing a comprehensive acquisition improvement plan that focuses on revitalizing the size, experience and skills of our acquisition workforce, taking a more disciplined approach to requirements definition and executing stable, lower risk budgeting to yield more reliable acquisitions.

Nordy and I have devoted many hours to addressing these issues and we're now transitioning beyond the immediate challenges of last year to the larger and longer term challenges facing our Air Force.

The bottom line is that our Air Force is at yet another inflection point in its history where changes in the strategic environment, new technologies and changes in resources together combine to reshape our capabilities and to set us in new directions.

As I reflect on my more than 20 years of association with the Air Force and AFA, I'm struck by how unpredictable and in many ways unforeseeable the future can be.

If you recall back in 2000 then Secretary Whit Peters and General Mike Ryan issued a document they called Air Force Vision 2020 that set the course for what they believed to be the optimum force structure 20 years into the future. Of course one year before 9/11 turned out not to be a great time for forecasting future needs. Examining their vision at the halfway point it's clear that we are not building the Air Force we thought we would build back in 2000. Consider the following.

In 2000 we predicted that by 2020 we would have fielded over 1600 fifth generation fighters and retired nearly all our fourth generation aircraft. But due to program delays we've had to extend our fourth generation aircraft fleet. We now expect that by 2020 we'll have over 1,000, maybe even 1,200 fourth generation fighters and just over 40 percent of our projected fifth generation fleet.

We foresaw over 80 space platforms in our 2020 inventory. Today we expect we'll have just over half that number, but we're using more commercial space assets than we ever have before.

That vision greatly underestimated the growth in several communities. Today our SOF personnel recovery and manned C2ISR inventory have each grown 33 percent larger than planned.

In 2000 we projected a fairly small unmanned aerial system fleet, a UAS fleet in 2020 of less than 80 aircraft. Of course today's glide path takes us to over 380 with the strategic and cultural implications vastly greater than those numbers alone would indicate.

While Vision 2020 didn't quite materialize, there was really nothing inherently wrong in that document. We need vision documents along the way.

We could spend all morning talking about why we have not realized the force that we sought to build in the year 2000, but that discussion would begin and end with today's highest priority, bringing air, space and cyber capabilities to bear in concert with the joint and coalition team to win today's fights in Iraq and Afghanistan. 9/11 changed the international security environment and our response has in many ways brought new Air Force capabilities to the forefront.

Our commitment to supporting the joint fight is borne out by the numbers. Historically we've spent just over 30 percent of our budget on what might be called our foundational capabilities. Things like base operations, headquarters functions, test and training, the health program, maintenance. The remaining 70 percent can be grouped roughly into two categories - combat forces and joint enablers.

While this 70 percent has remained fairly constant, we've seen a consistent shift away from investment in just the combat forces and toward the joint force enablers.

Over the last ten years our spending on combat forces like ICBMs, bombers, fighters, munitions, has decreased from roughly 29 to 22 percent of our budget. And that seven percent has been absorbed into joint force enablers - airlift, air refueling, C2ISR, space and intelligence to name a few. Investment in these joint force enablers has been and continues to be justified by their immense contributions.

The forward presence of U.S. forces halfway around the world in these conflict zones, especially the remote regions of Afghanistan, would not be possible without air mobility. Since OIF and OEF started, we've moved almost 13 million passengers, almost 5 million tons of cargo, and offloaded over 1.6 billion gallons of fuel.

Overhead ISR has emerged as the lynch pin of today's fight. In the past 18 months we've increased our full motion video capacity by over 250 percent. Today and in the future, joint force commanders will expect to have persistent full motion video fully linked with other sensors over a wide area and also specific areas of the battlespace - a quantum leap in real time situation awareness provided by the United States Air Force.

Worldwide satellite communications and global GPS signals allow our ground forces to communicate, to move large amounts of data, and to navigate precisely every minute of every day.

Our distributed ground systems have become a global enterprise that provides rapid and seamless ISR analysis and distribution from airborne, space, and cyber based collection to combatant commanders around the world, shortening the kill chain and allowing higher fidelity decisionmaking.

Besides our joint enablers, these conflicts have also highlighted many Air Force capabilities. Career fields like security forces, civil engineering, EOD, aeromedical evacuation, among many others, and allowed these incredible

men and women to effectively step out of the shadows and into the spotlight, directly and prominently contributing in ways that we could not have envisioned even a decade ago.

While demand for some of these joint enablers and specialty career fields will vary in future conflict scenarios, the broader lesson is that this full range of capabilities is necessary for the effectiveness of our nation's joint expeditionary team.

While we're providing the joint force crucial enabling capabilities today, we must also continue driving more strategic balance into our force structure for the future. There's broad consensus that the security challenges we'll likely face in the coming decades should not be classified as regular or irregular, high end or low end. The most dangerous will have multiple components which will require new thinking about the composition of our force structure and the ways we'll employ it. In Secretary Gates' words, what is needed is a portfolio of military capabilities with maximum versatility across the widest possible spectrum of conflict.

Given these new realities it is critical to note that our efforts to balance the force have occurred in an increasingly resource constrained environment requiring very difficult and sometimes painful decisions.

Consider the following. Since 2000 our aircraft inventory has gotten 10 percent smaller, but our operating and maintenance costs have increased 19 percent. During that same period the number of Airmen decreased 7 percent, but our personnel costs rose 16 percent. These rising costs show no signs of abating, and other costs show dramatic increases to include projections of defense health costs potentially doubling in the next ten years if we don't do anything about it.

Because of these increasing internal burdens, we must continue to bring acquisition costs under control as well. While many Air Force programs execute successfully, we've had our share of the acquisition issues that face the entire department.

Our acquisition improvement plan takes a long term view and is intended to strengthen our workforce and give them better analytic tools and processes to make more informed choices and to improve program oversight. Looking ahead, it will be increasingly difficult to justify modifications to older aircraft that will not be part of our long term future capability, especially when those programs experience significant cost growth and constrain our ability to field the next generation of systems.

Likewise, we're looking for opportunities to find functions and activities where extended contractor support has yielded unsatisfactory cost growth, and we're bringing those functions and activities back under direct Air Force management under our in-sourcing program.

In fact we've already initiated in-sourcing actions that replaced outsourced contracts with 2,500 Air Force civilians, saving approximately \$970 million across the FYDP. Additionally, we'll in-source another 2400 full time positions in 2010 and have more planned in the future.

As Secretary Gates has wisely observed, we really can't expect to eliminate national security challenges through higher defense budgets to do everything, to buy everything. At the same time our costs are increasing, we are almost assured of little to no growth defense budgets in the coming years. We're not in a situation where we can adapt the changing requirements by adding people and money.

Instead we have to make trades, painful trades, within our existing functions and resources.

Our perception of risks will change. In some functional areas doing less may actually reflect a smaller requirement rather than increasing risk. In other areas we may accept short term risk for a longer term gain. And in others we are deliberately shifting resources to bring on new capabilities to reduce risk. These choices are at the crux of very difficult decisions we made regarding the F-22 and the restructuring of our fighter force.

As we've noted before, budget pressure intensifies competition between competing mission areas, and buying more F-22s meant doing a lot less of something else.

We weighed the F-22 decision heavily and executed some internal budget drills to find the \$13 billion required to fund 60 more aircraft, but in the end the Chief and I determined that the Air Force could provide more capability to the joint force by funding other priorities.

Similarly, as we transition to a fifth generation fighter force, we decided to accelerate the retirement of 250 of our oldest fighters to free up manpower and funding. We'll use the nearly 4,000 manpower positions to process, exploit and disseminate intelligence for the current war and to provide added manning for nuclear deterrence operations. We'll use the over \$3.5 billion saved to modernize Air Force fighters and bombers that will be with us for the long term, to procure munitions more in line with today's requirements, among a series of other important capabilities that this new age of warfare clearly requires.

Certainly there are risks in these decisions, but consider this as one example. While it has been over 55 years since the last American serviceman came under attack by enemy air-to-surface fires, and certainly we intend to keep it that way, the last time an American serviceman came under cyber attack was at the beginning of this sentence. The need for more ISR and other joint enablers is just as urgent and compelling. So we must continue to adjust priorities and balance Air Force capabilities.

Our first year started with difficult challenges pending, already awaiting us in nuclear, cyber, acquisition; quickly followed by the nation's economic crisis and significant reductions in resources available for DoD and for the Air Force causing us to terminate and reset several programs.

It is a tough year indeed when our legislative priorities include asking Congress to close production lines and retire airplanes.

With these decisions behind us, other hard choices will take their place, but we also expect to achieve greater clarity in our vision for the Air Force about what we're for and where our priorities lay.

We've started with the people who make our Air Force strong - a reliable and respected partner in the joint warfighting team.

The Air Force has long been recognized as "the" service for its exceptional commitment to families and this reputation is well deserved but it will only continue through the dedicated effort and focus of our senior leaders.

Accordingly, General Schwartz and I have designated July 2009 to July 2010 as The Year of the Air Force Family. Along with Chief Master Sergeant of the Air Force Jim Roy who's been an exceptional advocate for our enlisted force, we are all dedicated to the well being of our total force Airmen and civilians and our Air Force families, addressing their hardships and needs, what we might do to make Air Force life more compatible with family life, and how we can build a greater sense of community across our Air Force.

Air Force families and communities backstop, they underwrite, and they share the sacrifice in all our Airmen do. Supporting families is not only the right thing to do for our Airmen, it is the smart thing to do for our Air Force.

With a continuing focus on our Airmen and their families and our short term gains consolidated, we're now

beginning to develop our long term vision to make the Air Force even more capable. Necessary to implement this longer term vision is decision space. Time and money that we can only require by determining which of our missions and programs are congruent with the future security environment and which are excess drag that will slow us down. We'll gain this decision space by determining which programs maximize our capability for each of our core functions and continuing to make the hard decisions that will advance our Air Force in those directions.

Our plans are relatively clear in some areas. Complete F-22 production at the program of record, but continue with its planned upgrades. Focus on ramping up the F-35. Minimize fourth generation fighter investments to essential modifications only. Build more ISR platforms, MQ9s, RQ4s and similar capabilities. Press forward with our plans for C-5Ms, CV-22. In the satellite world, continue with AEHF, WGS, GPS-3. Further our plans in building partner capacity and IW capabilities. And among the most important, succeed in the coming KCX procurement.

Further change and growth seem likely in the space and cyber domains and certainly we have more work to do in the nuclear mission, in long range strike, and personnel recovery.

No, my friends, we are not building the Air Force we thought we would build ten years ago. The strategic environment, new technologies, and a full cycle of resource changes first up, then down, then flat, have brought us to a different place and they compel us in new directions.

Some of these directions are clear today, some remain to be written. Written by the Air Force leadership here today. General Schwartz, General Chandler, our MAJCOM commanders, our headquarters staffs, men and women at all levels by the total force team of active, Guard, Reserve, and Civilian Airmen. Shaping these new directions will not always be easy, but consistent with our heritage I can promise you that these new directions will always seek to move us forward.

As our Air Force is in transition we must be bold and embrace change. It is one of our great strengths. Our Air Force is born of innovation; our Airmen are innately adaptable. We have been challenged many times in our history, and this is yet another test, another opportunity that we will take on together because we stand on the shoulders of generations of smart, innovative and sometimes disruptive Airmen who have handed us a majestic legacy.

I'm proud to join with you as we propel ourselves into this uncertain but hopeful future, one that we are

determined to shape and build as the foundation for generations of Airmen to come. It remains a deep honor and privilege for me to serve with you in the world's finest Air Force.

Thank you.

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