



U.S. AIR FORCE



AFLCMC... Providing the Warfighter's Edge



FY14 Budget & FY15 Outlook

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Integrity ★ Service ★ Excellence



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Overview



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- **FY13 Sequestration**
- **FY14 Budget - Enacted**
- **The AFMC 5 Center Experience**
- **Concluding Thoughts**



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Today's Environment



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- **AF is globally engaged**
- **Fiscal environment**
 - National deficit & debt problem are risks to national security
 - Entitlement Programs continue to grow
 - DoD mandated to do its part in debt reduction



FY13 Sequestration Legacy



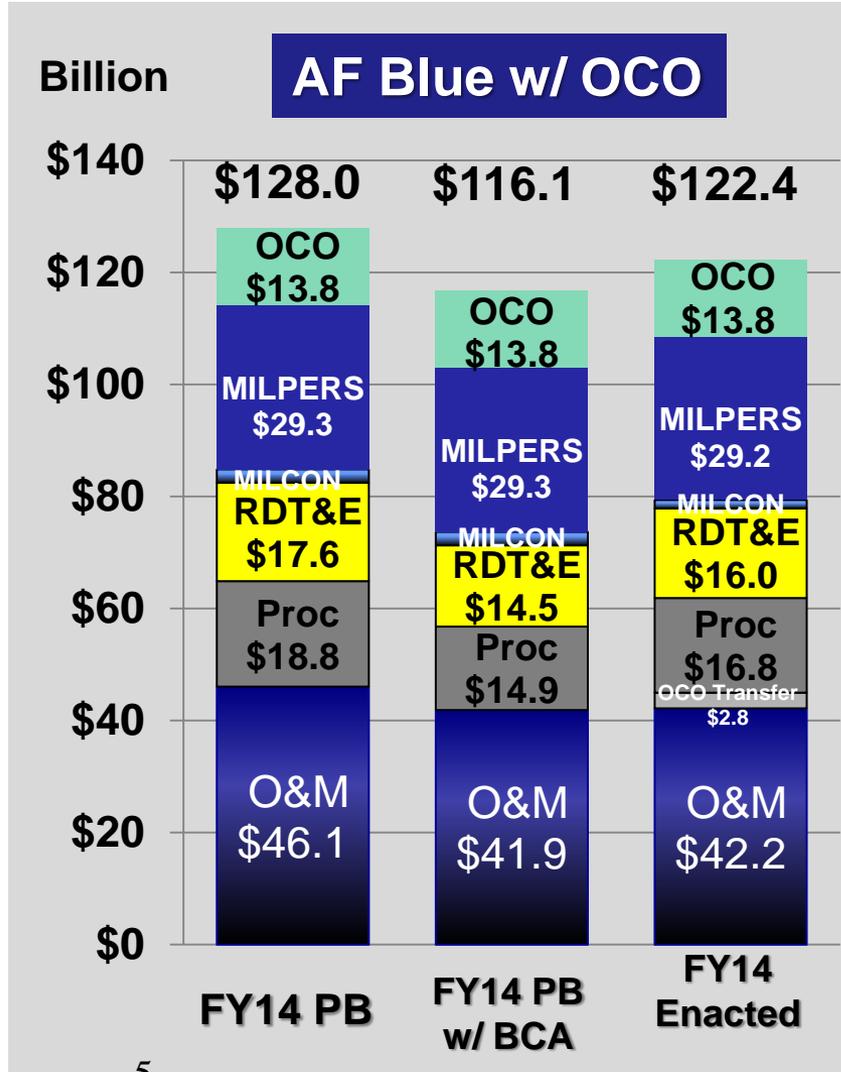
- **Operations & Maintenance**
 - Flying Hours curtailed
 - Facility conditions continue to decline
 - Restrictions on contracted services
 - Some funds returned at FY end
- **Investment**
 - Some program content reduced or delayed
 - RDT&E – ‘right sized’ execution, in many cases
 - Procurement – excess funds/ECO eliminated
- **People**
 - Furlough, Shutdown = huge loss of productivity



FY14 Air Force Budget



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- BBA provides gradual path to readiness recovery
- Returned Flying Hours to PB (100%) & WSS to near PB (96%)
- Provides \$424M to support force management actions
- Preserves top 3 recapitalization programs (F-35, KC-46 & LRS-B)
- Sustains multi-year contracts (C130J, CV-22) to avoid increased costs
- Supports key modification/munition programs
- Stabilizes civilian pay and provides bridge to FY15

Funding protects top investments and sets us on the path to readiness recovery



Buy-Back Strategy

Air Force O&M (\$K)

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FY14 Active O&M Profile	
FY14 PB	37,270,842
Marks	(4,153,200)
Total After Marks	33,117,642
OCO Transfer add Back	2,782,200
Execution Total	35,899,842
Distribution	
Execution Plan Bogey	25,576,366
Central Managed Programs	7,541,276
Central Program Disconnects	727,200
FHP Buy-Back (100% of PB)	530,000
WSS Buy-Back (96% of PB)	500,000
FSRM Buy-Back (71% of PB)	446,000
Central R&M	121,000
MAJCOM Sustainment	325,000
Civ Pay Buy-Back (93% of PB)	250,000
COCOM Buy-Back (97% of PB)	71,769
Readiness enablers	257,231
Total Distribution	35,899,842

- **Pros – Begins Readiness Recovery**
 - Funds FHP to PB level
 - Stabilize Civ Pay
 - Restores most critical WSS and FSRM
 - Funds \$257M projected readiness enablers
 - Funds COCOMs 97% (non-pay)
- **Cons - ~\$2B PB disconnect remains**
 - WSS not funded at PB level
 - FSRM funded at 71% of PB
 - MAJCOM readiness enablers not fully funded
 - Doesn't buy-back all Civ Pay vacancies



Buy-Back Strategy AFMC O&M (\$K)

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FY14 AFMC O&M Profile	
FY14 PB	2,943,693
Reductions	(483,098)
Total	2,460,595
Add Back	116,391
Execution Total	2,576,986
Distribution	
Execution Plan Bogey	2,460,595
Civ Pay Buy-Back	51,102
FSRM Buy-Back	50,377
Readiness enablers	14,912
Total Distribution	2,576,986

- **Pros – Begins Readiness Recovery**
 - Stabilize Civ Pay (\$51M)
 - Funds AF and AFMC to FY13 EOY position
 - Restores most critical FSRM (\$50M)
 - Improves from 49% to 71% funded across AF
 - Will be applied to Centers
 - Funds projected readiness enablers (\$15M)
 - Can use for MAJCOM highest priorities
 - Aggressively trying to increase AFMC share



- **Readiness Enablers = The highest MAJCOM unfunded requirements or must pay that directly support its mission, improve its SORTS/DRRS/ART ratings, or the incremental cost directly related to bringing flying units to mission readiness**
- **AFMC Contenders = Nuclear requirements (SSCA), Logistics Support (DISA, Log/IT Sys)**
- **Postured to capture AFMC requirements through mid-year review process**



Buy-Back Strategy



AFMC O&M Recommendations (\$K)

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- **Recommendations**
 - Send out 100% of approved Execution Plan Bogey
 - Centers will manage to civilian pay budget/workyears
 - Allocate \$20M of FSRM buy-back funding immediately to cover day to day facility sustainment; utilize mid-year process to distribute remaining balance
 - Allocate \$5M toward new AFNWC HQ and new F-22 Program Office for MILCON O&M tail requirement
 - Hold readiness enabler funding in Management Reserve until mid-year review process

Allocate \$25M now to help Centers/Bases



O&M Fiscal Direction

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FY14 ExPlan

- **Protect “Core of Core”**
- **Utilities funded at 90% of 3-yr adjusted avg**
 - Risk with Centers/bases
- **Funded to FY13 levels**
 - Fire/SF/EOD/Readiness
 - Facilities Sustainment
 - Refuse collection
 - Base Comm
 - RPME
 - Custodial
- **Program Offices funded to at least 90% average of FY13 ExPlan**

FY14 ID

- **Protect “Core of Core”**
- **Utilities fenced; resourced to cover winter anomalies**
 - Risk at MAJCOM
- ***Targeted adds to FY13 levels**
 - Fire/SF/EOD/Readiness
 - Facilities Sustainment (+\$20M)
 - Refuse collection
 - Base Comm
 - RPME
 - Custodial
- ***Program Offices initially funded to at least 90% average of FY13 ExPlan; address adjustments at mid-yr review**



FY14 O&M AFMC

FY14 Non-Pay Funding

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\$809M



FY14 PB

\$608M



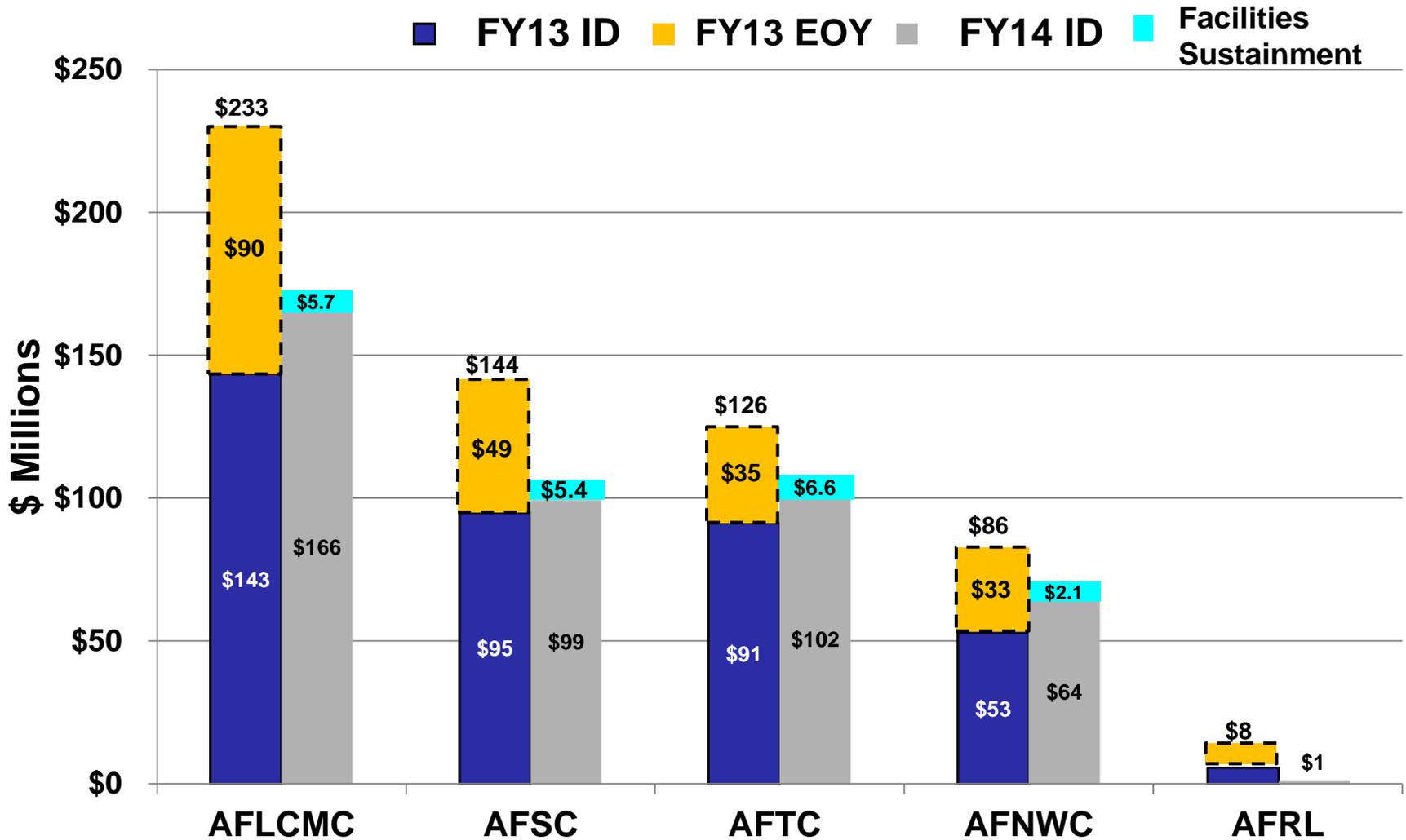
FY14 ID



FY14 O&M ExPlan Comparisons by Center



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Increase to Centers Good News Story!



OBRC Identified and Other Areas of Risk in AFMC



Program	Unfunded Amount (\$M)	\$ OPR
AFNWC/F-22 Buildings Milcon Tail	\$5.0	AFMC
Storm Damage	\$6.0	AF
KUMMSC	\$4.2	AF
Logistics Support	\$24.9	AF/AFMC
AFNWC SSCA	\$4.6	AF/AFMC
Remaining FSRM	\$50.6	AFMC
Installation Services	\$28.1	AFMC
Core Acquisition Support	\$20.6	AFMC
Utilities	\$10.0	AFMC
Core IT/Non-Core IT	\$5.0	AFMC
TOTAL	\$159.0	

-  AFMC Fund Now
-  AF Fund
-  AF/AFMC Shared
-  AFMC Fund Later



Management Reserve



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• FY14 Ex Plan Reserve established		\$ 30.0M
CC Go-Do's		<u>\$(15.0M)</u>
– Custodial	\$10.8M	
– CORONA, LCAP	\$ 1.3M	
– Program Office Support	\$ 2.9M	
• Avail. Reserve		\$ 15.0M
• MILCON tail AFNWC/AFLCMC		\$ (5.0M)
• Readiness Enablers increase		<u>\$ 15.0M</u>
• Subtotal Management Reserve		\$ 25.0M
• FSRM increase (inc. utilities)		<u>\$ 30.3M</u>
• Total Management Reserve		\$ 55.3M

Mid-year review right around the corner; due to Air Staff late-April



Spending Guidance



FY13

FY14

Community Outreach limited	➔	Still a priority; APF support limited
Contracts incrementally funded	➔	Restrictions lifted but limitation ceiling exists (FY13 obligations)
Indiscriminate cut to training	➔	Training supported where possible
Mission critical TDYs only	➔	CCs determine appropriate TDYs; limitation ceiling exists (FY13 obs)
Civilian awards limited to time off and capped	➔	Cash incentives now authorized (1% awards bogey)
Prudent use of overtime & premium pay	➔	No change



FY15 President's Budget



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- **Maintain full spectrum of military operations**
- **Provide Airmen right training & equipment**
- **If forced to cut capabilities, cut Overhead**
- **Maximize contribution of the Total Air Force**
- **Focus on unique capabilities the Air Force provides the joint force against a full-spectrum, high end threat**



Tough Choices – FY15



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- **Seek efficiencies and cut overhead**
 - Future Air Force Organization, 20% redux to HHQ
 - Support Military compensation recommendations
 - Take risk in MILCON, FSRM & Installation Support
 - Limit TDYs and contract services
- **Balance capability, capacity & readiness**
 - Divest fleets (A-10, U-2) to achieve max savings
 - Reduce some tactical fighters, command & control, electronic attack and intra-theater airlift
 - Favored funding new capabilities over upgrading legacy equipment



FY15 PB Key Programs



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- **KC-46, F-35, LRS-B** **\$2.3B**
- **Classified** **\$3.6B**
- **T&E/S&T** **\$3.0B**
- **Space** **\$0.9B**

- **Total AF RDT&E Budget** **\$16.0**
- **Makes up 63% of RDT&E Budget**
- **Same request as FY14**



FY15 PB Choices



- **MILPERS – 1% Basic Pay raise, limit BAH to 1.5% increase**
- **Reduce Military end strength commensurate with aircraft retirements, HQ's redux, post Afghanistan needs**
- **O&M – fund all flying hours, fund WSS at 80%, support ISR for today's fight, fully fund Nuclear Enterprise ops (ICBM, B-2, B-52)**
- **MILCON – 22% reduction from FY14 PB**
 - Supports new mission beddown – KC-46A, F-35A, F-22



FY15 PB Choices



- **RDT&E – Made affordability tradeoffs across the FYDP**
 - Delays B-2 DMS Mod, extends Space Base Space Surveillance follow on by 1 year
 - Preserves top 3 recapitalization programs
 - Invests in next gen technologies
- **Procurement – funds top programs, sustains space capabilities & munitions inventories**
 - 7 KC-46A Tankers, 26 F-35As, C-130J MYP (13 a/c)
 - Munitions – JASSM-ER, AMRAAM, Aim-9X



FY15 PB – Final Thoughts



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- **Balance capability, readiness & capacity to support the fight tonight and a high-end fight in 2023**
 - Reinvest in Airmen readiness – train, equip, core people programs
 - Begins road to recovering full-spectrum readiness
 - Shields highest priority capabilities
- **At Sequestration Levels**
 - Global Vigilance degraded – loss of ISR capacity
 - Global Reach reduced with loss of KC-10 fleet
 - Global Power diminished w/ loss of KC-35As & critical 4th Gen fighter modifications



What this means to AFLCMC



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- **Work efficiently, make best use of available resources & id excess early**
- **No Furlough in FY14**
- **Continued limits on contracted services**
- **Continued TDY restrictions continue but...**
 - **Back to Acquisition Battle Rhythm of SPR, Staffer Day Briefings**
 - **Flexibility to pursue Mission Critical travel**
- **O&M execution requires flexibility**
 - **Anticipate Fall-out funds - be ready to execute**
- **Change will continue – fleet retirements/redux**



Acquisition Imperatives



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- **Fully execute funds as programmed**
 - Work to meet OSD Obligation goals
 - FY13 Sequestration 'right sized' RDT&E, Procurement still lags across all FYs
- **Aggressively pursue efficiencies**
 - Better business deals, competition where possible, negotiations
- **Flexible contracting strategies**
 - Pre-priced options; pricing tables; quantity buys

Congress is Execution Focused – OSD Goals



Final Thoughts



- **Focused program reductions**
- **FY14 hiring to meet FY15 end strength**
 - **FMS Admin Surcharge**
 - **Direct Air Force**
- **AFLCMC processes standardization continues**
- **Future process changes coming in wake of Air Staff & AFMC staff reductions**



Questions??