

United States Air Force

FY 2009 Performance Based Budget Overview

space

air

cyberspace



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Foreword

This FY2009 Performance Based Budget Overview Book portrays how Air Force resources are applied and how those resources are contributing to Air Force performance goals but most importantly, how they contribute to our mission. The mission of the U.S. Air Force is to deliver sovereign options for the defense of the United States of America and its global interests—to fly and fight in Air, Space, and Cyberspace. The Air Force will accomplish this mission in a very challenging and dynamic environment. We have tied our Air Force FY2009 Performance Based Budget Overview to the Department of Defense's four Decision Lanes: Employ the Force, Manage the Force, Develop the Force, and Corporate Support. By balancing our budget requirements across these management areas, we ensure that today's operational priorities, including supporting the Global War on Terror, are balanced with the needs of our Airmen and support infrastructure, while also ensuring our ability to support Combatant Commanders and Joint warfighting operations in the future.

This Overview Book also includes our progress toward providing greater correlation between the dollars we spend and the performance we achieve. As good stewards of the finances we are entrusted with, we want to ensure we continue to provide an accurate assessment of the Air Force's valuable resources.



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Table of Contents

Introduction	1
Win Today's Fight.....	2
Take Care of Our People.....	3
Prepare for Tomorrow's Challenges	3
Performance Based Budgeting	4
FY2009 Outlook.....	7
Section 1 – Employ the Force	9
Overview.....	9
Implementing Capabilities-Based Planning	11
The Air Force Operational Portfolios	12
Global Vigilance.....	15
Global Reach.....	17
Global Power	19
Summary	21
Section 2 – Manage the Force	23
Overview.....	23
Shaping the Total Force	24
Recruiting and Retaining the Highest Quality Airmen.....	24
Balancing and Optimizing the Force.....	28
Achieving Total Force Integration	29
Contributing to Force Interdependence	31
Ensuring Sustainable Military Tempo	32
Developing Our Airmen	33
Maintaining Force Wellness.....	34
Safety	35
Caring for Airmen and Their Families	37
Summary	39
Section 3 – Develop the Force	41
Overview.....	41
Recapitalization and Modernization Strategy	42
Acquisition Priorities	44
Global Vigilance.....	44
Space Based Space Surveillance (SBSS) Systems.....	44
Space Based Infrared System (SBIRS) and Third Generation Infrared Surveillance (3GIRS).....	44
Transformational Satellite (TSAT) Communications.....	44
Wideband Global SATCOM (WGS) System.....	45
Advanced Extremely High Frequency (AEHF) SATCOM System	45

Unmanned Aerial Vehicles (UAVs).....	45
Cyberspace Capabilities Development.....	45
Global Reach.....	46
Tanker.....	46
Combat Search and Rescue (CSAR) Helicopter.....	47
C-27J Spartan Joint Cargo Aircraft.....	47
Global Power.....	48
F-35A Lighting II.....	48
New Bomber.....	49
F-22A Raptor.....	49
MQ-9 Reaper.....	50
Operationally Responsive Space.....	50
Global Positioning System.....	50
Science and Technology.....	51
Summary.....	51
Section 4 – Corporate Support.....	53
Overview.....	53
Strategic Direction and Performance Assessment.....	54
Infrastructure.....	54
Facilities.....	54
Improving Facilities Operations.....	56
Military Construction (MILCON).....	56
Environmental Transformation and Sustainable Energy.....	56
Mission Support Transformation.....	57
AFSO21.....	57
Financial Management Transformation.....	58
Technology and Transformation Enablement.....	59
Acquisition Process Improvement.....	60
Summary.....	61
Section 5 – Performance Based Budget Summation.....	63
Acronyms.....	65
Appendix A: Air Force Budget Rollout.....	A-1
Appendix B: Working Capital Funds.....	B-1
Appendix C: Performance Targets and Results Matrix.....	C-1

Table of Figures

Figure 1. The Air Force Portfolio	2
Figure 2. Internal and External Influences for Performance Based Budgeting.....	5
Figure 3. Strategic Direction Across Air Force Decision Lanes.....	6
Figure 4. Air Force TOA in Decision Lanes.....	7
Figure 5. Employ the Force by Appropriation.....	10
Figure 6. The Capabilities Planning Construct.....	11
Figure 7. Air Force Vision/Operational Portfolios	12
Figure 8. Total Active Inventory by Portfolio (FY2007 Actuals).....	13
Figure 9. Aggregate Mission Capable Rate (Total Force).....	13
Figure 10. Historical Flying Hour and Inventory Profile (Total Force).....	14
Figure 11. Deployed Force Snapshot	14
Figure 12. Global Space and C4ISR Funding by Weapon System.....	16
Figure 13. Global Reach Operations Funding by Aircraft.....	19
Figure 14. Global Power Operations Funding by Weapon System.....	19
Figure 15. Force Management TOA by Appropriation	24
Figure 16. Historical Active Enlisted Retention	25
Figure 17. Historical Air National Guard Retention	26
Figure 18. Historical Air Force Reserve Retention	26
Figure 19. Enlisted Retention and Uses of Legislative Authorities.....	27
Figure 20. Active Personnel Endstrengths.....	28
Figure 21. Competitive Sourcing Program	29
Figure 22. Air Force Reserve and Air National Guard Military Strength.....	30
Figure 23. Individual Medical Readiness (Active Duty).....	35
Figure 24. Aviation Fatality Rate	36
Figure 25. Off-Duty Ground Fatality Rate	36
Figure 26. On-Duty Ground Fatality Rate	37
Figure 27. Develop the Force TOA by Appropriation	42
Figure 28. Average Age of Air Force Aircraft Compared to Aircraft Availability	42
Figure 29. Aircraft Recapitalization Rate.....	43
Figure 30. Developing Global Vigilance Funding by Weapon System	46
Figure 31. Developing Global Reach Funding by Weapon System	47
Figure 32. F-35A Effectiveness Compared to Legacy Fighter Aircraft	48
Figure 33. Developing Global Power Funding by Weapon System	51
Figure 34. Corporate Support TOA by Appropriations	53
Figure 35. Facilities Recapitalization Rate (Total Force).....	55
Figure 36. Facilities Sustainment Rate (Total Force).....	56
Figure 37. Planned vs Actual Legacy Systems Shutdown (Dec 2004-2006)	59
Figure 38. Planned Legacy Systems Shutdown Through FY2012.....	60
Figure 39. Decision Lanes and Air Force Budget Quadrants.....	A-2

Figure 40. FY2008–2009 Air Force TOA Comparison	A-3
Figure 41. Air Force WCF Process Flow.....	B-1
Figure 42. AFWCF Price Changes from FY2008 to FY2009	B-5

Table of Tables

Table 1. Air Force TOA (Blue and Non-Blue) by Appropriation (\$ in Millions).....	8
Table 2. Air Force Strategic Plan Objectives Supporting Employ the Force	9
Table 3. Air Force Strategic Plan Objectives Supporting Manage the Force	23
Table 4. Air Force Recruiting	25
Table 5. Career Field Stress Summary	32
Table 6. Enlisted – Career Field Stress	32
Table 7. Officer – Career Field Stress.....	33
Table 8. Air Force Strategic Plan Objectives Supporting Develop the Force	41
Table 9. Summary of Programmed Key Systems Procurement Quantities.....	43
Table 10. Required Air Superiority Platform Capabilities	49
Table 11. Advanced GPS Characteristics	50
Table 12. Air Force Strategic Plan Objectives Supporting Corporate Support.....	53
Table 13. Air Force Financial Management Lanes of Transformation	58
Table 14. Air Force (Blue and Non-Blue) TOA by Decision Lane and Budget Quadrant (\$ in Millions)	A-6
Table 15. Mission Area Performance Targets/Results.....	C-1
Table 16. Air Force Managed PART Scores for FY2007 and FY2008/2009 Plans	C-3
Table 17. Air Force PART Scores Not Managed by the Air Force	C-7

Introduction

In 2007 the United States Air Force (USAF) celebrated its 60th anniversary and 17 years of continuous combat that began with Desert Storm in 1990 and intensified after the September 2001 terrorist attacks. The continuous combat has battered the Air Force's oldest-ever inventory testing its ability to fulfill its mission: to deliver sovereign options for the defense of the United States of America and its global interests to fly and fight in Air, Space, and Cyberspace. The Chief of Staff of the Air Force recently stated,



“Since the Air, Space, and Cyberspace domains are increasingly interdependent, loss of dominance in any one could lead to loss of control in all. Thus, superiority and freedom of action cannot be taken for granted.” To prepare for tomorrow's fight, we must recognize the increasingly complex, dynamic, lethal, and uncertain environment we face today, such as:

- Violent extremism and ethnic strife—a global, generational, ideological struggle
- Proliferation of weapons of mass destruction and empowering technologies
- Rising peer competitors with voracious appetites for resources and influence
- Predatory and predictable regional actors
- Increasing lethality and risk of intrusion by terrorist and criminal organizations
- Systemic instability in key regions (political, economic, social, ideological)
- Unprecedented velocity of technological change and military adaptation
- Availability of advanced weapons in a burgeoning global marketplace
- Exponential growth in volume, exchange, and access to information
- Surging globalization, interconnectivity, and competition for scarce resources
- Dislocating climate, environmental, and demographic trends

Air Force capabilities—Global Vigilance, Global Reach, and Global Power—are delivered across Air, Space, and Cyberspace to address the uncertain environment. These capabilities are foundational elements of the \$143.9B FY2009 Air Force budget, which applies resources across the three Air Force leadership priorities, as described in the Air Force Strategic Plan: Win Today's Fight, Take Care of Our People, and Prepare for Tomorrow's Challenges. Figure 1 illustrates the components of the Air Force portfolio—Air Force priorities, domains, and capabilities discussed throughout this Overview Book—and how we have analyzed these layers using the Office of the Secretary of Defense (OSD) Decision Lane construct.

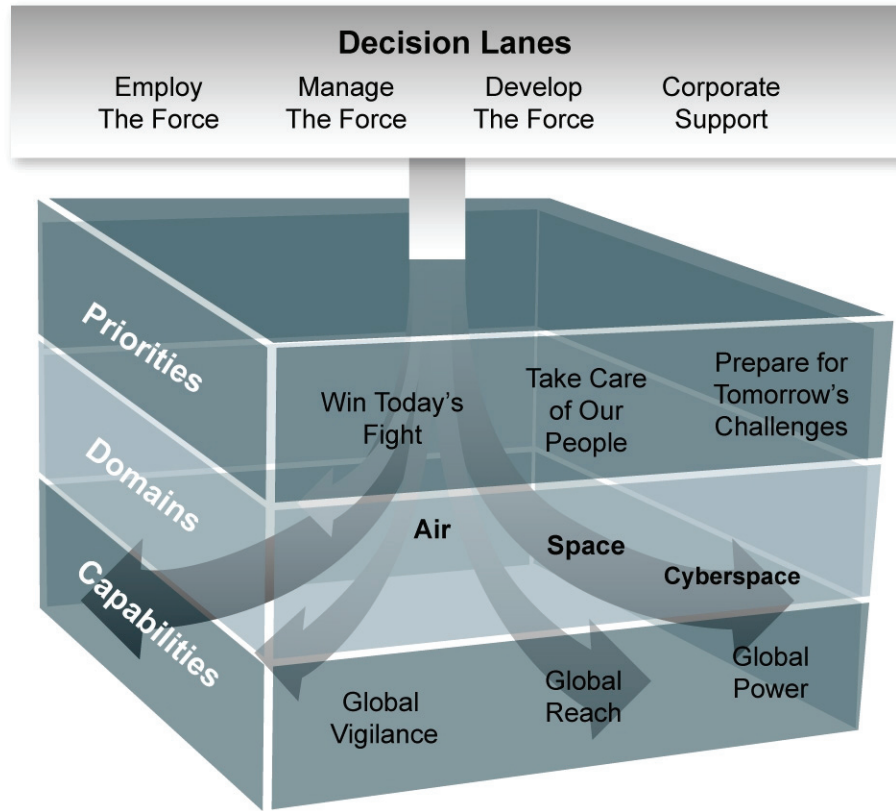


Figure 1. The Air Force Portfolio

Win Today's Fight

The Air Force has a presence and is engaged in operations globally giving our Nation unparalleled Global Vigilance, Global Reach, and Global Power. We fly 250 daily operational sorties in Iraq and Afghanistan directly supporting and enhancing ground operations. Since 11 September 2001, we have flown more than 570,000 sorties. Air Force aircraft are operating out of ten major bases within the U.S. Central Command (CENTCOM) area of responsibility (AOR) and Airmen are fighting the Global War on Terror (GWOT) from a total of 58 locations across this AOR. Airmen are also fully engaged in the war from their home stations—controlling satellites, standing on alert with intercontinental ballistic missiles, providing intelligence assessments, operating unmanned aerial vehicles (UAVs), and launching airlift, tanker, and other aircraft missions essential to Joint operations. Since September 11th, the Air Force has flown more than 50,000 sorties in U.S. skies to protect our homeland. Below are some examples of how the three critical Air Force capabilities are being applied today.

Global Vigilance: Over 140 satellites provide 24/7 persistent global communications; position, navigation, and timing; space situational awareness; and early warning vital to Joint success. Eighteen Predator combat air patrols support daily Joint operations in Iraq and Afghanistan.

Global Reach: Worldwide, on average, a mobility aircraft takes off every 90 seconds all day, every day of the year. Daily airlift sorties total 200, moving 1,000 tons of cargo and 2,500 troops in support of the GWOT. In 2007 tankers flew 14,000 AOR sorties and fueled Coalition aircraft with 973 million pounds of fuel. Over 46,000 troops have been aeromedically evacuated since October 2001. The focus of these missions is to provide the capability to deploy the Nation's armed forces anywhere in the world and help sustain them in a



conflict. Increasingly, U.S. allies rely on our Nation's airlift capabilities worldwide. In 2007 Air Force members supported the Rwandan military by moving United Nations armored personnel carriers, Rwandan soldiers, food, medicine, and equipment in and out of the Darfur region. The Air Force also provides vital lift assets to secure the homeland and respond to crises at home. Recently Air Force Reserve C-130s supported civil and military forces engaged in battling wildfires in southern California. Additionally, our air refueling capability provides the lifeline of Global Reach, increasing range, payloads, and flexibility.

Global Power: In 2007, 33,000 Close Air Support sorties were flown in Iraq and Afghanistan. Air-to-ground weapons employment in 2007 totaled 3,700. Strike sorties were increased from 2006 to 2007—up 80 percent in Iraq and 42 percent in Afghanistan. During a major strike against Al-Qaida in January 2008, the Air Force unleashed 40,000 pounds of bombs. The MQ-9 Reaper was deployed to Afghanistan as a hunter-killer and the first precision-guided bomb drop took place on 7 November 2007.

Take Care of Our People

Over 33,000 Airmen are deployed with 26,000 supporting the GWOT in the CENTCOM AOR. Of these Airmen, 6,600 are performing non-traditional taskings (e.g., convoys, improvised explosive device (IED) duty, and perimeter security). Despite the economic realities that the Department of Defense (DoD) faces, taking care of people is still a priority for the Air Force. In FY2007 the Air Force met most of its recruiting goals but fell short in some specialties such as physicians, dentists, and nurses. We expect to reach our FY2008 goal of 43,000 across these specialties. The FY2009 budget keeps pace with rising personnel costs and offers targeted recruiting/retention bonuses. The Air Force will continue to fund pay increases, cost of living allowances, basic allowance for housing increases, basic allowance for subsistence, retirement pay accruals, and taxes.

The FY2009 budget will fund a 3.4 percent pay raise for military personnel (\$576M) and a 2.9 percent pay raise for civilians (\$282M). Additionally, we will fund a 4.9 percent increase in the basic allowance for housing. Pay raises and basic allowance for housing increases are required to maintain the force at the standard of living that Airmen deserve. Additionally, the Air Force will continue to fund retention initiatives to keep quality Airmen on active duty—key warfighting/critical skills will be a focus area. For example, major programs include initial enlistment/selective reenlistment bonuses; aviator continuation pay; professional special pays; foreign language proficiency pay; medical special pay (for physicians, dentists, and nurses); bonuses for critical skills such as Crypto and explosive ordnance disposal (EOD); and programs to increase regional affairs and political-military affairs strategists. The Air Force continues to reshape the force for the 21st century. Military-to-civilian and contractor-to-civilian conversions will continue and accelerate.

Prepare for Tomorrow's Challenges

As the Secretary of the Air Force stated in October 2007, "A few years ago we set out to recapitalize our aging fleet while maintaining the quality of life for our people and their families, winning the war on terror, and continuing to be the Nation's strategic shield and sword. This continues to be a daunting task.... We are not shirking from our goals. It is the duty of every Airman to ensure, to the maximum extent possible, that future Airmen are equipped and confident so they can deter, dissuade, and when called upon, defeat enemies of our great Nation. We recognize that achieving our goal must be reflected in the National will to have a well equipped Air Force; we must be allowed to acquire and retire our equipment whether in air, space, missiles, or cyberspace." The most immediate pressures on modernization are twofold: emergent threats and aging aircraft.

Other nations are producing advanced aircraft and systems rapidly. The advanced medium-range air-to-air missile (AMRAAM) once held the advantage in the active radar missile arena; however, new active radar missiles are threatening that lead. U.S. legacy fighters had the first shot capability, but new electronic attack negates that capability. U.S. legacy fighters are now at risk because longer range surface-to-air

missile (SAM) technology is being exported worldwide. Lastly, China successfully tested an anti-satellite weapon in January 2007, and this weapon could put operations that are dependent on space assets at risk.

The average age of the F-15 fleet is 25 years. Recent incidents grounded 441 F-15s after an aircraft came apart in flight. About 60 percent have been released to fly after inspection, which underscores the need to recapitalize our aging weapon systems. Modernization includes aggressive divestment of legacy platforms and significant investments in new platforms with increased capabilities and reliability. While this effort is progressing, the average age of the entire aircraft fleet continues to increase and is now at 24 years. Additionally, the aircraft recapitalization rate is approaching 50 years.

Infrastructure continues to support the Air Force's top three leadership priorities. While this area supports all facets of mission accomplishment, the Air Force is accepting risk in the infrastructure program to free up funds for transformation and weapons modernization, both of which must be balanced against rising business operations costs (e.g., rising utility and manpower costs). This does not mean that this area is being neglected. The FY2009 budget sustains an infrastructure plant worth more than \$243B. FY2009 military family housing focus is on revitalizing overseas housing and completing the initiative to revitalize housing here at home. Finally, the FY2009 program continues construction activities in support of the 2005 Base Realignment and Closure (BRAC) Commission recommendations and the Air Force commitment to meet BRAC closure deadlines of September 2011. The military construction (MILCON) focus is the same as the leadership priorities.



Providing a robust missile warning capability to the Nation through enhanced space-based intelligence, surveillance, and reconnaissance (ISR) systems remains a priority in the FY2009 budget. Development of the Space Based Infrared System (SBIRS) continues with hardware and software integration leading to a planned launch of the SBIRS Geosynchronous Earth Orbit (GEO)-1 satellite in late 2009. Once fielded, SBIRS will provide a transformational leap in

capability over the aging Defense Support Program system. Additionally, the Air Force continues to pursue next-generation satellite communications (SATCOM) technology with the Transformational Satellite (TSAT), the Worldwide Global SATCOM (WGS), and the Advanced Extremely High Frequency (AEHF) system. The TSAT program will employ Internet Protocol networks, onboard routing, and high bandwidth laser communication relays in space, dramatically increasing warfighter communications connectivity. TSAT capabilities will enable the realization and success of all DoD and Joint visions of future network-centric operations of the Air Force, Army, and Navy. The WGS system provides unprotected wideband communication for deployed forces and warfighter communications using existing terminals. AEHF provides secure, survivable, anti-jam, and anti-scintillation communications for strategic and tactical users with interoperability across services and agencies.

Shaping a budget today requires understanding the impact financial decisions have on the Air Force's ability to respond to multiple threats in many geographies with a wide range of capabilities. The current Air Force Strategic Plan states that "persistent, lethal, overwhelming Air, Space, and Cyberspace power massed and brought to bear anywhere, anytime" is the common foundation for the Air Force today and in the future. To ensure this foundation is sustained, the Air Force must be able to better quantify the impact of its budgetary decisions.

Performance Based Budgeting

Supporting Air Force operations today, and shaping the future while ensuring stewardship of resources, requires a structured process to measure performance/results against plans/budgets. Both internal and external influences drive the need for demonstrating return on investment or outcomes as a result of investments. Those influences are displayed in Figure 2.

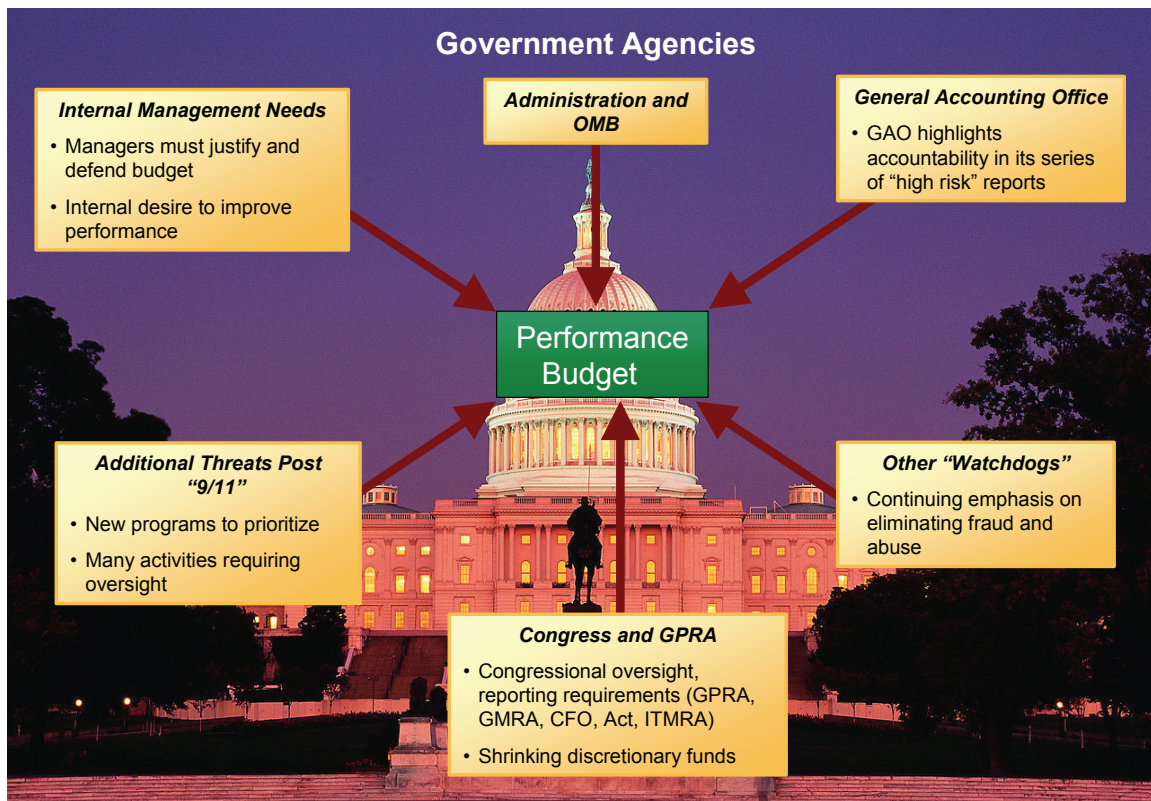


Figure 2. Internal and External Influences for Performance Based Budgeting

The Government Performance and Results Act of 1993 (GPRA) is an influential external factor to tracking results achieved from investments. GPRA envisioned complete integration of the Annual Performance Plan with the Budget—what is known as “Performance Based Budgeting” or simply “Performance Budgeting.” Performance budgeting is based on the assumption that presenting performance information alongside budget amounts will improve budget decision making by focusing funding choices on program results. GPRA makes this a requirement by mandating that performance plans display, generally by program activity, the funding level being applied to achieve performance goals. Performance budgeting shifts the focus from detailed items of expense—such as salaries and travel—to the allocation of resources based on program goals and measured results.

Previous financial management program initiatives surfaced in an environment of increasing discretionary spending, while GPRA emerged during a time of declining budgets. GPRA provided new incentives for using performance information for budgetary decision making. To executive officials, performance information is deemed essential to justify current program performance. To legislative staff, performance information can be a valuable government tool to improve efficiency. Congress has shown a clear interest and awareness of GPRA implementation efforts because it requires information in both the appropriations and oversight processes. When scarce resources are being allocated across competing needs and priorities, performance measurement remains one factor among many in budgetary decisions. It will not necessarily be the ultimate force in a resource allocation decision, but it can definitely add a dimension to the debate.

The DoD Decision Lane construct is used by the Department to evaluate portfolios of programs using performance measures across the Decision Lane categories—Employ the Force, Manage the Force, Develop the Force, and Corporate Support. The long-term success of DoD is a function of the extent to which the needs and requirements of all can be integrated and balanced, without permanently or completely sacrificing any one to the other. The Air Force chose to use the DoD Decision Lanes as the construct for the FY2009 Performance Based Budget, and we discuss how the Air Force leadership

priorities and objectives fit into each Lane. Figure 3 describes the framework used in this Overview Book to measure success against the Air Force strategic direction.

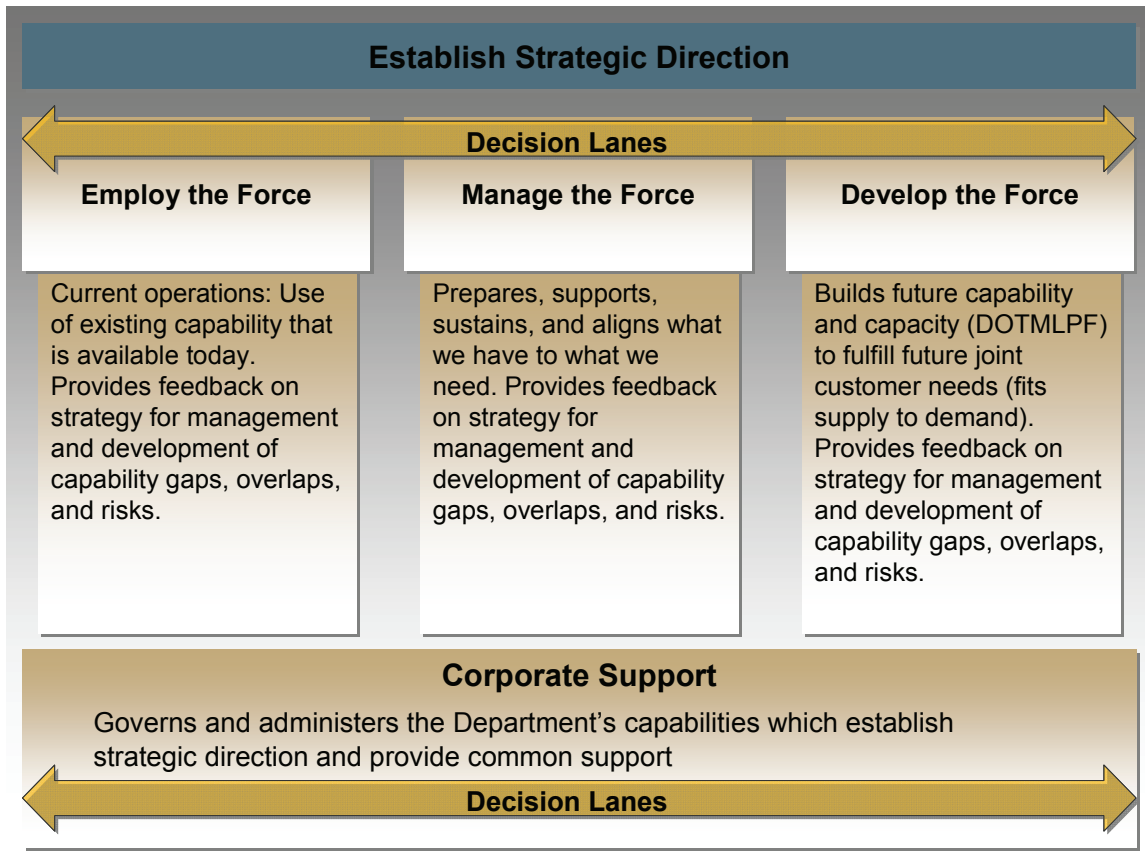


Figure 3. Strategic Direction Across Air Force Decision Lanes

Embedded within each Decision Lane are performance measures that describe (measurable) characteristics of products, services, processes, and operations the Air Force uses to track and improve performance. These measures are focused on outcomes. It is recognized that measurable outcomes may not always be possible and that causal links between efforts and desired outcomes may never be established. We have chosen critical measures throughout this Overview Book that are deemed to best represent the factors that lead to improved performance. The measures applied across the Decision Lanes were provided by functional experts across Headquarters Air Force.

The Air Force will continue to refine methodologies for understanding how performance impacts priorities. The Air Force Strategic Plan addresses new responsibilities for aligning performance measures with Air Force priorities, goals, and objectives. “Priority Champions” and “Objective Champions” have been identified and are aligned to each priority, goal, and objective. Among other responsibilities, Priority Champions are responsible for aligning performance measures to goals and objectives across the Air Force and garnering Air Force corporate process approval for those measures. This process for looking at performance measures will demand additional accountability for meeting strategic goals at the Secretary of the Air Force and Chief of Staff of the Air Force level and in an “enterprise-wide” manner. Continuing to refine measures/metrics will be a major effort toward ensuring strategic priorities are achieved.

Measures/metrics are applied across the Decision Lane construct, and Air Force Total Obligation Authority (TOA) has been allocated across the “Lanes” in Figure 4. The amount and types of funding applied to each area are continually being refined by DoD and the Air Force to ensure that we have balanced risks across the four Decision Lanes.

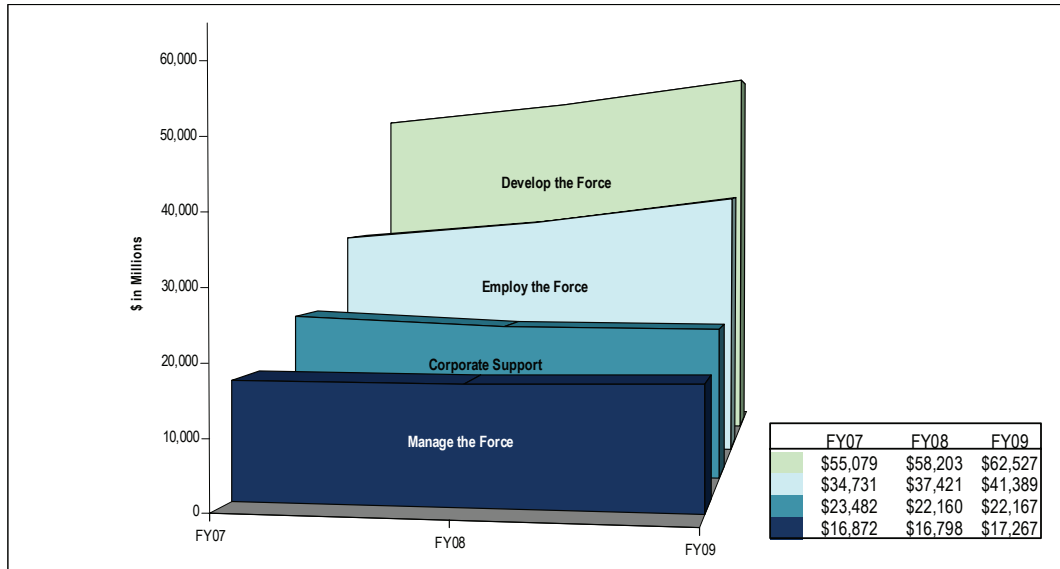


Figure 4. Air Force TOA in Decision Lanes

FY2009 Outlook

Recognizing that no modern war has been won without air superiority and that no future war will be won without Air, Space, and Cyberspace superiority, the FY2009 President’s Budget reaffirms the Air Force’s commitment to provide the following capabilities:

- **Global Vigilance:** Persistent, worldwide capability to keep an unblinking eye on any entity—to provide warning on capabilities and intentions, as well as identify needs and opportunities
- **Global Reach:** Ability to move, supply, or position assets—anywhere on the planet
- **Global Power:** Ability to hold at risk or strike any target, anywhere in the world, and project decisive, precise effects.

Concurrently, the Air Force is committed to providing the highest quality stewardship of resources to protect our future against enemies who challenge the freedoms we enjoy in the U.S. in concert with the Air Force leadership priorities: Win Today’s Fight, Take Care of Our People, and Prepare for Tomorrow’s Challenges. This stewardship role is complex given the economic realities facing the Air Force and DoD in FY2009—the rising costs of personnel, commodities, and the recapitalization challenges.

The budget numbers discussed in this Overview Book are TOA, which includes “Blue Air Force TOA” and “Non-Blue Air Force TOA.” Blue Air Force TOA is the TOA for which the Air Force has the most discretion; conversely, “Non-Blue TOA” is considered non-discretionary. Funding for the GWOT is not included in the FY2009 Budget request; however, as we discuss each Decision Lane throughout this Overview Book, we address the challenges created by today’s environment and describe the impact of funding on results—both quantitatively and qualitatively. Table 1 is an Air Force TOA break out by appropriation.

Table 1. Air Force TOA (Blue and Non-Blue) by Appropriation (\$ in Millions)

Type of Appropriation	Appropriation	FY2007	FY2008	FY2009
Base Realignment and Closure (BRAC)	BRAC Round IV (FY1996)	131	143	139
	BRAC Round V (FY2005)	907	1,184	1,073
BRAC Total		1,038	1,327	1,212
Military Family Housing Operations	Military Family Housing O&M – Air Force (AF)	776	688	599
Military Family Housing Operations Total		776	688	599
Military Construction (MILCON)	MILCON – Air Force Reserve (AFR)	45	28	19
	MILCON – Air National Guard (ANG)	126	288	34
	MILCON – AF	1,112	1,160	935
	Military Family Housing Construction – AF	1,222	256	396
	MILCON – AF (2 YEAR)	0	0	0
	Military Construction Total		2,505	1,732
Military Personnel (MILPERS)	MILPERS – AF	24,195	24,195	25,271
	MILPERS – AFR	1,325	1,364	1,437
Military Personnel Total		25,520	25,559	26,708
Operation and Maintenance (O&M)	O&M – AF	31,163	32,301	35,902
	O&M – AFR	2,651	2,801	3,143
	O&M – ANG	5,242	5,442	5,880
O&M Total		39,056	40,544	44,925
Procurement	Aircraft Procurement – AF	11,419	11,940	12,676
	Missile Procurement – AF	3,987	4,945	5,538
	Other Procurement – AF	15,493	15,335	16,128
	Procurement of Ammunition	1,038	749	894
Procurement Total		31,937	32,969	35,236
Research Development Test and Evaluation (RDT&E)	RDT&E – AF	24,049	25,866	28,067
RDT&E Total		24,049	25,866	28,067
Military Personnel	Medicare Contribution – Active AF	2,082	1,959	1,778
	Medicare Contribution – AFR	268	252	224
	Medicare Contribution – ANG	410	402	376
	MILPERS – ANG	2,478	2,617	2,792
MILPERS Total		5,238	5,230	5,170
Other	Defense Business Operations	44	210	61
	Environmental Restoration – AF	0	456	496
Other Total		44	666	558
Grand Total		130,163	134,581	143,859

Section 1 – Employ the Force

Overview

This Decision Lane is supported by objectives from both priority one and three of the Air Force leadership priorities: *Win Today's Fight* and *Prepare for Tomorrow's Challenges*. The specific objectives falling into this area are listed in Table 2.

Table 2. Air Force Strategic Plan Objectives Supporting Employ the Force

Air Force Priority	Objective
1. Win Today's Fight—Winning the War on Terror while preparing for the next war	1.3 Develop and implement a plan for developing cyberspace as an Air Force core capability 1.4 Develop doctrine and tactics, techniques and procedures (TTPs) for current and emerging information operations/cyberspace missions 1.6 Play a lead role in the development, execution, and management of the Joint roadmap for C4ISR and knowledge-enabled warfighting capabilities 1.7 Equip Airmen with the operational assets to produce, fuse, and leverage knowledge-based, time-critical, decision quality information 1.9 Increase participation of Joint, Interagency, and Coalition partners in Air Force planning, capability development, and training in core and emerging missions
3. Prepare for Tomorrow's Challenges—Recapitalizing and modernizing our aging aircraft, satellites, and equipment to optimize the military utility of our systems and to better meet 21st century Challenges	3.8: Streamline infrastructure and other operational assets while optimizing operational capability

The Air Force's role in Air and Space dominance over the last sixty years has provided the U.S. military a distinct strategic advantage over our adversaries. Freedom from enemy air attack is a reality enjoyed by every American Soldier, Sailor, Airman, and Marine in harms way as a result of this dominance. The U.S.'s competitors increasingly strive to find new and creative means to challenge U.S. primacy in the Air, Space, and Cyberspace domains. The 21st century demands continued dominance in these domains which can only be accomplished through recapitalization and modernization of our systems to strengthen these advantages the Air Force offers. This Decision Lane, focusing on operations, makes up \$41.4B or about 29 percent of the Air Force FY2009 Budget. It also describes how Air Force operations contribute to the Joint warfight, the defense of the U.S., and to furthering our Nation's global interests. The Air Force will accomplish this mission in a very challenging and dynamic environment. It is imperative that the Air Force deliver unparalleled combat power across the spectrum of operations.



Our Airmen are battle-tested and have proven their capabilities relevant and adaptable across the entire spectrum of conflict. Today's GWOT missions are only the latest in a string of over 17 years of persistent conflict in Southwest Asia, Somalia, Bosnia, Serbia, Kosovo, and Haiti; through ongoing operations in Iraq, Afghanistan, and the Horn of Africa today. This statement shows that Airmen are deployed 24/7 across the globe providing Global Vigilance, Global Reach, and Global Power, which underwrites our Nation's security and sovereignty and sets the conditions for Joint and Coalition victory.

Everyday the Air Force performs a myriad of missions supporting our National defense—from the F-15E crew on a close air support mission, to the satellite operator flying a spacecraft hundreds of miles above the earth; and the Minuteman III combat crew on alert in North Dakota, to the security forces professional

securing the perimeter of an expeditionary air base in a combat theater. Providing this type of capability requires commitment and Figure 5 depicts Employ the Force funding FY2007–FY2009 by appropriation which allows these activities to take place. An increase in \$3.9B from FY2008 to FY2009 is due to, among other things, cost growth in fuel, spare parts, utilities contract costs, flying hours costs, and training improvements. Additionally, because this section discusses current operations, the chart also reflects that \$24.1B, or approximately 58 percent of the total funding in this area, is Operation and Maintenance (O&M) funding which is used to operate and sustain our weapon systems. The military personnel appropriation, the other major portion funding in this area, makes up about 39 percent of the total.

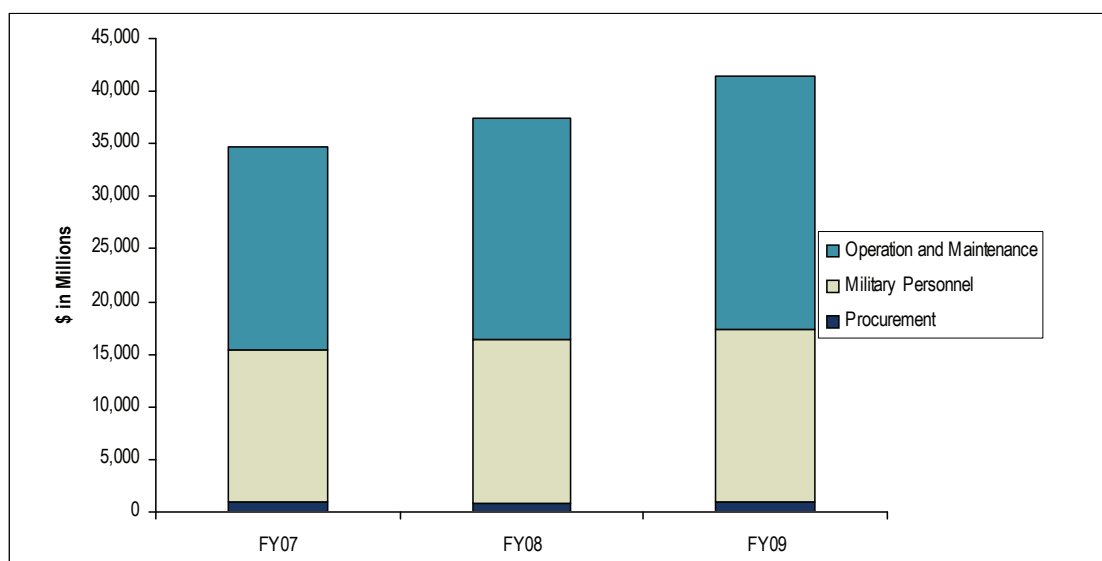
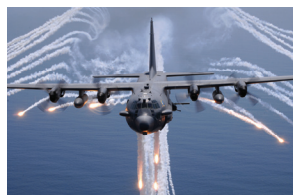


Figure 5. Employ the Force by Appropriation

Our Air Force is committed to developing adaptive capabilities that will secure our Nation’s future from enemies that are increasingly uncertain, growing, and constantly changing. Airmen possess the capabilities to dissuade or deter potential adversaries and rapidly overcome our enemies by exploiting Air, Space, and Cyberspace. Through innovation and modification of tactics, techniques, and procedures, the Air Force can respond to both conventional and unconventional threats with a common platform.



Additionally, the strength and diversity of capabilities that today’s Air Force can bring to bear in combat have made it a workhorse in many operations that don’t involve hostilities. Building on experience gained from natural disasters across the globe, Air Force airlift and humanitarian relief operations have been a vital part of operations and show the flexibility and adaptability that today’s Airmen bring to the fight.

Unfortunately, maintaining our edge in an ever-changing world is not easy. We face new threats and new enemies each day. As a result, while continuing to maintain our operational capability and prosecute missions, we must also acquire and modernize systems that will secure our Nation’s freedom to maneuver and operate expeditionary Joint Forces in the face of emerging, highly sophisticated threats. Our efforts to aggressively recapitalize and modernize our inventories of aircraft, satellites, and equipment, as well as our operational infrastructure, will be covered in more detail in the Develop the Force section of this Overview Book.

The following paragraphs review how the Air Force prepares for the spectrum of operations, highlights the implementation of capabilities-based concept of operations (CONOPS), and looks at major initiatives under the three Air Force capabilities: Global Vigilance, Global Reach, and Global Power.

Implementing Capabilities-Based Planning

The nature of conflict has changed and makes for a very challenging and highly unpredictable warfighting environment. This change has prompted DoD to implement a strategy based on essential capabilities military forces need to meet the challenges of the whole spectrum of opponents, anywhere in the world. The Air Force continues to use seven CONOPS designed to achieve effects through the application of desired capabilities required by Joint Operating, Functional, and Integrating concepts (Figure 6), as employed by the Combatant Commanders.

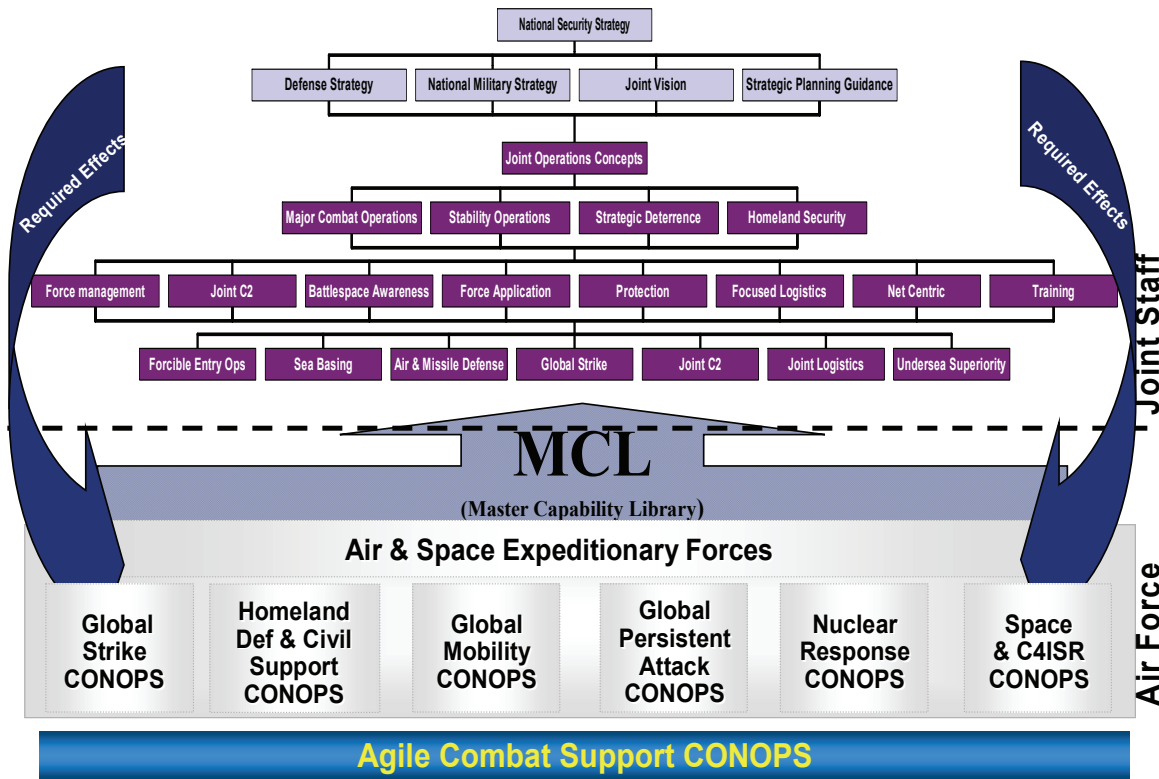


Figure 6. The Capabilities Planning Construct



A focus on capabilities allows the Air Force to shape future force structures and helps create a more lethal, agile, and streamlined force. Air Force capabilities-based planning begins with strategic direction from the Strategic Planning Guidance, Joint Planning Guidance, Defense Planning Scenarios, Joint Vision, Joint Operations Concepts, Air Force Mission, Air Force Vision, Air Force Strategic Plan, and Air Force Strategic Planning Guidance. Based on this direction, the Air Force conducts the Capabilities Review and Risk Assessment (CRRRA) process.

In this process, effects and desired capabilities are prioritized and linked in the Air Force CONOPS. The Air Force CONOPS are then analyzed along with Operations Plans, Integrated Priority Lists, studies, and lessons learned. Capability gaps or shortfalls are identified, reviewed, and prioritized. By working through this planning process, the Air Force can set the foundation for decisions that improve the delivery of Air Force capabilities through systems that produce the effects required by Combatant Commanders and function in the Joint warfighting environment.

The Air Force Operational Portfolios

Air Force operational plans closely align with our three capabilities: Global Vigilance, Global Reach, and Global Power. Figure 7 depicts how the Air Force CONOPS, put into action by Air and Space Expeditionary Forces, support these capabilities. The Air Force is making prudent investments in all three areas, guided by direction outlined in the Quadrennial Defense Review (QDR) for 2006. Declaring the need to operationalize the National Defense Strategy, QDR identified four priority focus areas: defeating terrorist networks, defending the homeland in depth, shaping the choice of countries at strategic crossroads, and preventing hostile states and non-state actors from acquiring or using weapons of mass destruction.¹



Figure 7. Air Force Vision/Operational Portfolios

As a function of total forces dedicated to these capabilities, Figure 8 shows the relative changes in inventory over time. There is slight growth in the total active inventory of the Global Vigilance portfolio driven by growth in the ISR category of systems. This ISR growth, almost exclusively due to increases in the Unmanned Aircraft System (UAS) inventory, reflects the significant focus in persistent surveillance to all the QDR focus areas and it will continue to grow with the acquisition of new space systems. The Global Reach inventory, represented by “Mobility”, reflects a net drop as gains in strategic lift capability are offset by reductions in aging tactical lift and tanker systems. The Global Power portfolio, shown as “Strike”, shows a slight reduction which is due to changes in some legacy systems (e.g., deactivation of one squadron of Minuteman III Intercontinental Ballistic Missile (ICBMs), retirement of 31 F-15s, and retirement of 50 F-16s) as directed by Congress, the QDR, and/or Air Force corporate decisions.

¹ Quadrennial Defense Review Report; 6 February 2006

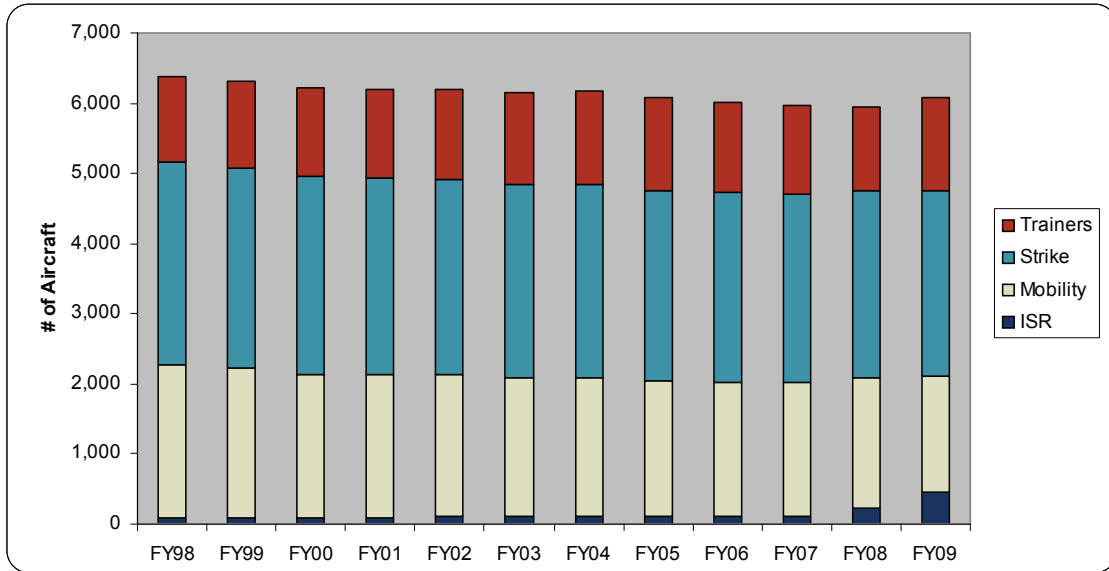


Figure 8. Total Active Inventory by Portfolio (FY2007 Actuals)

One of the most important factors in maintaining successful operations is the availability of aircraft to fly missions and to sustain/maintain operational systems. A critical measure for tracking this performance is Aircraft Mission Capable (MC) Rate, or the fractional measure of time that possessed aircraft are fully and partially mission capable. These statistics are collected monthly on major weapon systems and are monitored at appropriate levels. Figure 9 shows the aggregate MC rate for a two-plus year period. This period indicates that the MC rates show a slight decrease over the last quarter of FY2007, but despite increased tempo, the Air Force is meeting the demands of the GWOT, homeland defense, and support of humanitarian relief operations.

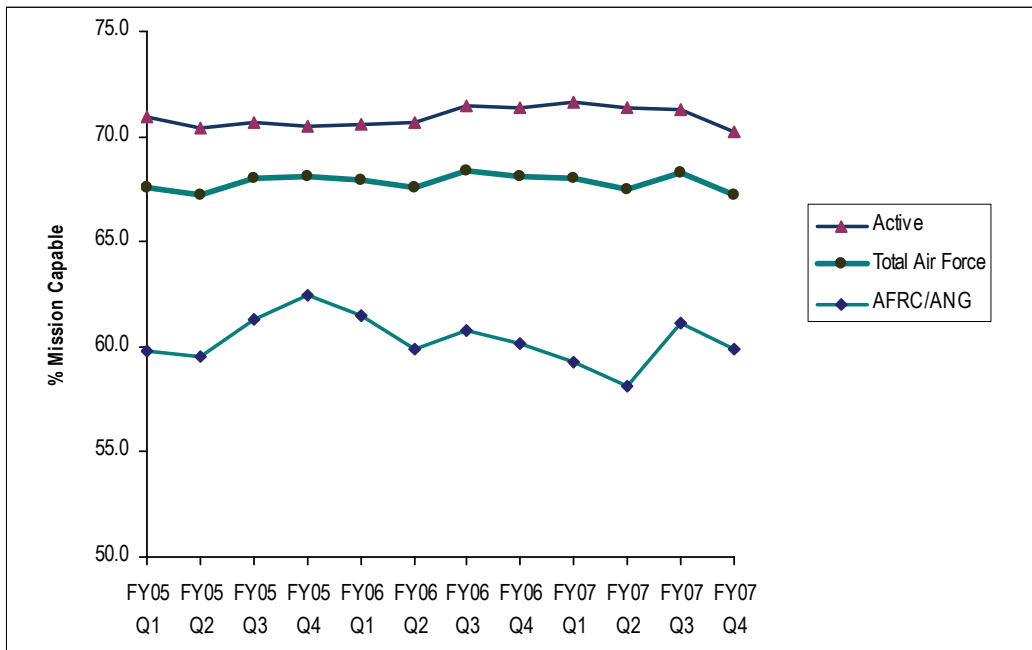


Figure 9. Aggregate Mission Capable Rate (Total Force)

Another important indicator of overall performance and tempo is total hours flown. Figure 10 shows total hours flown (including GWOT) across the Air Force and depicts how we are operating at the same operations tempo (OPSTEMPO), with fewer aircraft than 14 years ago, while still providing support around the world. At the same time, the average age of our aircraft has increased to 24 years, which makes the need for modernization of the fleet more critical than ever.

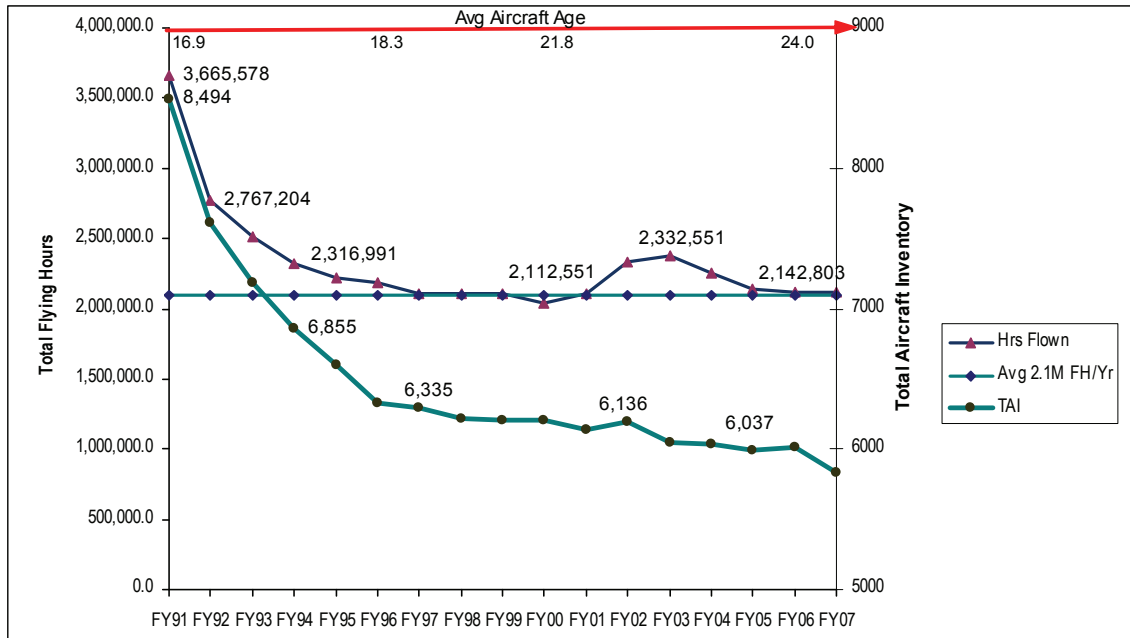


Figure 10. Historical Flying Hour and Inventory Profile (Total Force)

Air Force CONOPS development and implementation is being executed everyday and across the spectrum of conflict. Airmen stationed at home, deployed around the globe, as well as those permanently stationed in forward theaters carry out these missions 24/7. Figure 11 shows the number of deployed personnel in support of the GWOT.

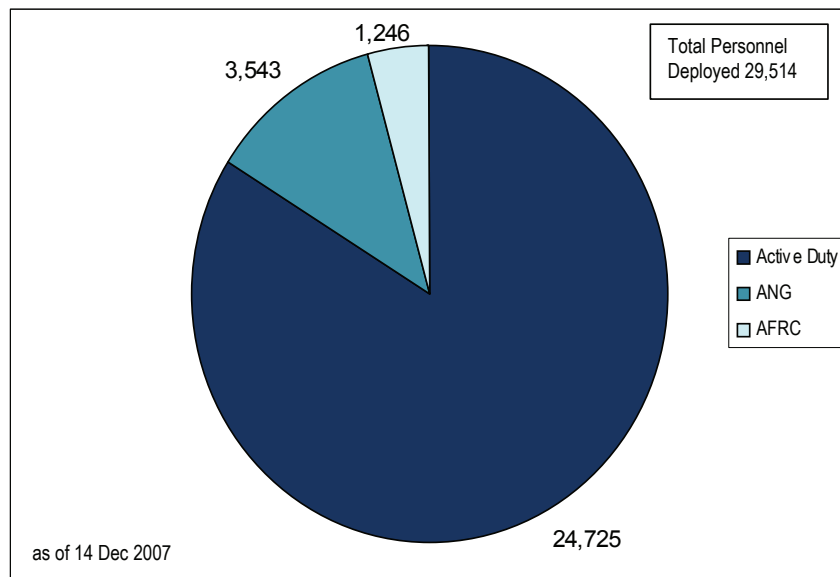


Figure 11. Deployed Force Snapshot

Additionally, Airmen increasingly engage in non-traditional roles. Missions and taskings range from typical ones such as close air support and armed reconnaissance to non-traditional taskings like “outside the wire” convoy escort presence, infrastructure protection, and host nation election support. Airmen now augment other Services’ missions with “in lieu of” (ILO) taskings by gap-filling open warfighter requirements in some of their most stressed skill areas. They fulfill taskings such as detainee operations, interpreters, explosive ordnance disposal, police training teams, military transition teams, security, communications, medical, intelligence, and base operating support. The Air and Space Expeditionary Forces (AEF) remains the bedrock deployment concept to support these diverse missions. Currently, over 290,000 active duty, 87,000 Air National Guard (ANG), and 51,000 Air Force Reserve (AFR) members are postured for AEF deployment.

Finally, a significant amount of Airmen are “deployed” in place, performing missions such as nuclear deterrence and GWOT support while stationed at continental United States (CONUS) locations. While these Airmen are not engaged overseas, the missions they perform are a vital part of the Air Force’s fulfillment of National Security Strategy, QDR, and Air Force warfighting missions. The work these Airmen do will refine Air Force CONOPS and directly contribute to enhanced Joint warfighting effectiveness.

Global Vigilance

The global nature of operations, combined with technological improvements in enemy capabilities, makes battlespace awareness critical to successful military operations. The QDR states, “The ability of the future force to establish an ‘unblinking eye’ over the battlespace through persistent surveillance will be key to conducting effective Joint operations.”² Each of the four priority focus areas in the QDR Report for operationalizing National Defense Strategy calls out persistent surveillance or domain awareness as needed capabilities. Consequently, the Air Force will focus on this capability with activities such as accelerating the acquisition of Global Hawk and Predator systems. UAS acquisition will nearly double current Space and Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) coverage.

The Global Hawk system is a high altitude, long endurance UAS that provides the Joint warfighter with persistent observation of targets in day, night, and adverse weather. It provides an effective, persistent imagery capability using basic synthetic aperture radar (SAR) and electro-optical/infrared (EO/IR) sensors. Global Hawk has demonstrated its combat value in the GWOT and the Air Force will continue to mature and enhance its capabilities in the coming years. The FY2009 request for the Global Hawk in this Decision Lane is \$163M, up from \$128M in FY2008.



The MQ-1 Predator is a medium-altitude, long-endurance, remotely piloted aircraft. The FY2009 request in this Lane is \$408M which is an increase of approximately \$114M from FY2008. This increase supports the operations of 38 additional aircraft to ensure these assets in the fight. The MQ-1’s primary mission is interdiction and conducting armed reconnaissance against critical, perishable targets. When the MQ-1 is not actively pursuing its primary mission, it acts as the Joint Forces Air Component Commander-owned theater asset for reconnaissance, surveillance, and target acquisition in support of the Joint Forces commander. The MQ-1 Predator is a system, not just an aircraft. A fully operational system consists of four aircraft (with sensors), a ground control station, a Predator Primary Satellite Link, and approximately 55 personnel for deployed 24-hour operations. The basic crew for the Predator is one pilot and two sensor operators. They fly the aircraft from inside the ground control station via a line-of-sight data link or a satellite data link for beyond line-of-sight flight. The aircraft is equipped with a color nose camera

(generally used by the pilot for flight control), a day variable-aperture TV camera, a variable-aperture infrared camera (for low light/night), and a synthetic aperture radar for looking through smoke, clouds or haze. The cameras produce full motion video while the SAR produces still frame radar images. The MQ-1 Predator carries the Multi-spectral Targeting System with inherent AGM-114 Hellfire missile targeting capability and integrates electro-optical, infrared, laser designator, and laser illuminator into a single sensor package. Figure 12 depicts operation of Global Space and C4ISR assets at current tempo and shows current investment in UAS and Space systems for Space and C4ISR.

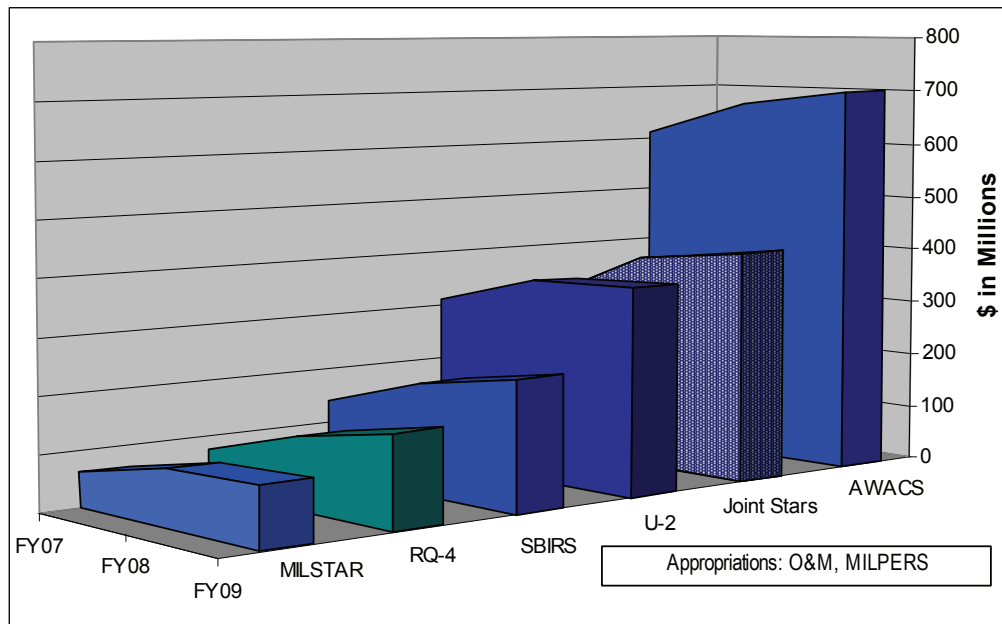


Figure 12. Global Space and C4ISR Funding by Weapon System

Operations across the globe and at home continue to highlight the importance of space C4ISR capabilities to U.S. and Coalition forces. These capabilities have become integral to effective warfighting operations.



Military Strategic, Tactical, and Relay (Milstar) is a Joint Service SATCOM system that provides secure, jam resistant, worldwide communications to meet essential wartime requirements for high priority military users. The multi-satellite constellation links command authorities with a wide variety of resources including ships, submarines, aircraft, and ground stations and continues to be the backbone of the communications network for the DoD. In CY2007, the Air Force began to implement the modernization of its SATCOM architecture with the launch of the first WGS satellite. Each WGS satellite has more wideband

communications capacity than the entire Defense Satellite Communications System it replaces, enabling direct broadcast of digital multimedia high-bandwidth imagery and digital video information directly from global and theater injection sites to deployed warfighters.

Robust missile warning capability is provided through enhanced space-based ISR. The Defense Support Program continues 37 years of providing this vital capability to the Nation. Software integration from SBIRS continues and once fielded, the SBIRS family of satellites will provide a transformational leap in capability and will ensure that U.S. forces, allies, and friends will have timely and accurate warning anywhere in the world.

Finally, the Global Positioning System (GPS) is a constellation of orbiting satellites that provides position, navigation, and timing data to military and civilian users all over the world. The system is

operated and controlled by the 50th Space Wing, located at Schriever Air Force Base (AFB), CO. GPS satellites orbit the earth every 12 hours, emitting continuous navigation signals. With the proper equipment, users can receive these signals to calculate time, location, and velocity. The signals are so accurate that time can be figured to within a millionth of a second, velocity within a fraction of a mile per hour and location to within 100 feet. Receivers have been developed for use in aircraft, ships, and on land (hand-held and installed). GPS provides 24-hour services including:

- Extremely accurate, three-dimensional location information (latitude, longitude, and altitude), velocity (speed and direction), and precise time
- A worldwide common grid that is easily converted to any local grid
- Passive all-weather operations
- Continuous real-time information
- Support to an unlimited number of users and areas
- Support to civilian users at a slightly less accurate level

The GPS constellation is designed and operated as a 24-satellite system, consisting of six orbital planes, with a minimum of four satellites per plane.

Global Reach

Whether providing global transport of equipment and personnel or intra-theater airlift of supplies and reinforcements, the Air Force has the Airmen and equipment to get the job done. The QDR envisions rapid global mobility as a key component for Joint warfighting. “The Joint Force will balance speed of deployment with desired warfighter effects to deliver the right capabilities at the right time and at the right place.”³ A common performance measure in use today for this area is the quantity of material moved within a given time, most often expressed in millions of ton-miles per day. The QDR states this measure will be supplemented by an even more telling one—the operational effects mobility forces help to achieve. As all U.S. forces move from a forward-garrisoned posture to one that requires rapid deployment to any place in the world, Global Reach capabilities become more critical. The flexibility of global mobility forces to function in non-combat related roles also provides vital capability both at home and overseas for such things as humanitarian relief operations. The appropriated funding that supports airlift operations is primarily for military personnel as most operational costs are funded through the Transportation Working Capital Fund (TWCF).

The C-17 continues to be the workhorse for airlift within the Global Reach capability. The fleet will include 190 aircraft and should have all programmed aircraft delivered by FY2011. The Air Force marked the 104th anniversary of powered flight 17 December 2007 by completing the first transcontinental flight of an aircraft using a blend of regular aviation and synthetic fuel. The flight follows successful tests of the fuel blend in C-17 engines in October, and is the next step in the Air Force’s effort to have its entire C-17 fleet certified to use the mixture. The FY2009 request for the C17 in this Lane is \$473M.



The C-5 Galaxy is the other key element in inter-theater lift. The FY2009 request for the C-5 is \$1.01B in this Lane. This aircraft can carry fully equipped combat-ready military units to any point in the world on short notice and then provide field support required to help sustain the fighting force. The C-5 is one of the largest aircraft in the world and the largest airlifter in the Air Force inventory. It has the ability to carry 36 standard pallets and up to 81 troops simultaneously. The Galaxy also carries all of the Army's air-transportable combat equipment, including such bulky items as its 74-ton mobile scissors bridge from the U.S. to any theater of combat on the globe. It can also carry outsize and oversize cargo across intercontinental ranges and can take off or land in relatively short distances. Ground crews are able to load and off-load the C-5 simultaneously at the front and rear cargo openings, reducing cargo transfer times.



The C-130 Hercules is another vital part of the Air Force Global Reach inventory. It primarily performs the tactical portion of the airlift mission. The C-130 operates across the U.S. Air Force, serving Air Mobility Command, Air Force Special Operations Command, Air Combat Command, U.S. Air Forces in Europe, Pacific Air Forces, Air National Guard, and the Air Force Reserve Command fulfilling a wide range of operational missions in both peace and war situations. Basic and specialized versions of the aircraft perform a diverse number of roles including airlift support, Antarctic ice re-supply, aeromedical missions, weather reconnaissance, aerial spray missions, firefighting duties for the U.S. Forest Service and natural disaster relief missions. Using its aft loading ramp and door, the C-130 can accommodate a wide variety of oversized cargo including everything from utility helicopters and six-wheeled armored vehicles to standard palletized cargo and military personnel. In an aerial delivery role, it can airdrop loads up to 42,000 pounds or use its high-flotation landing gear to land and deliver cargo on rough, dirt strips.



The C-130J is the latest addition to the C-130 fleet and will replace aging C-130Es. The C-130J incorporates state-of-the-art technology to reduce manpower requirements, lower operating and support costs, and provides life cycle cost savings over earlier C-130 models. Compared to older C-130s, the J model climbs faster and higher, flies farther at a higher cruise speed, and takes off and lands in a shorter distance. The C-130 program has \$1.9B in funding requested in this Decision Lane for FY2009.

Figure 13 illustrates funding for a portion of current Global Reach operations by aircraft. FY2007–FY2009 shows a clear funding focus on intra- and inter-theater airlift and air refueling. Note substantial portions of mobility operations are funded through the TWCF and are not part of the Air Force O&M budget.

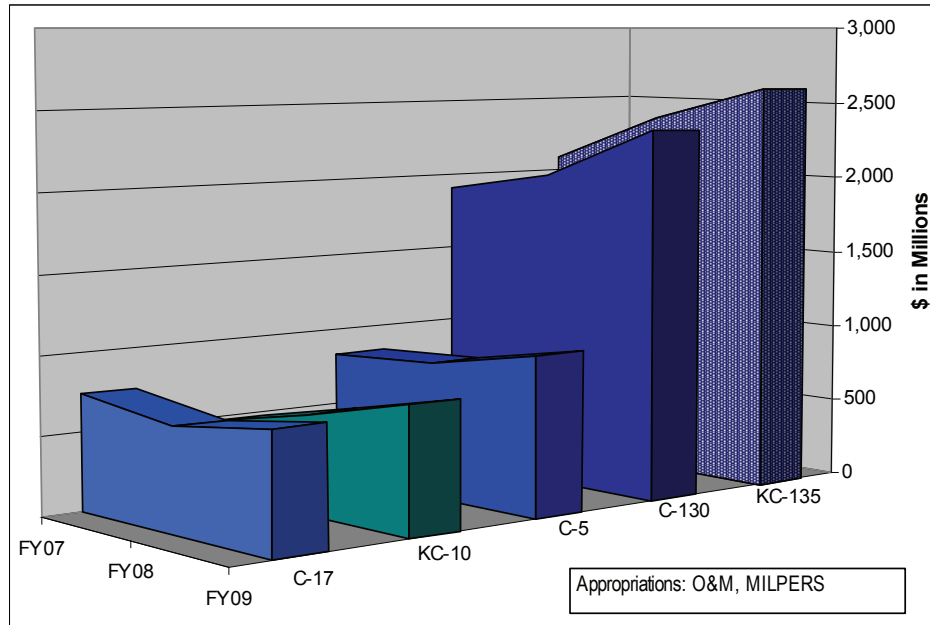


Figure 13. Global Reach Operations Funding by Aircraft

Global Power

The ability of the Air Force to neutralize or destroy high-value/high-payoff targets anywhere in the world, in and through any domain, at the time of our choosing to support Joint Force Commander objectives is what the Global Strike CONOPS provides. Prompt global strike is highlighted by the QDR as an essential capability needed for defeating terrorist networks, defending the homeland, and shaping choices of other nations. The QDR vision for Joint air capabilities includes systems with greater range and persistence; larger and more flexible payloads; the ability to penetrate and operate in denied areas; and the ability to destroy moving targets in all weather conditions. Figure 14 depicts how the Air Force applies funding to Global Power assets by weapon system. The F-15 and F-16 continue to be the backbone of our fighter force and represent the bulk of the aircraft and flying hours in this Decision Lane as shown below.

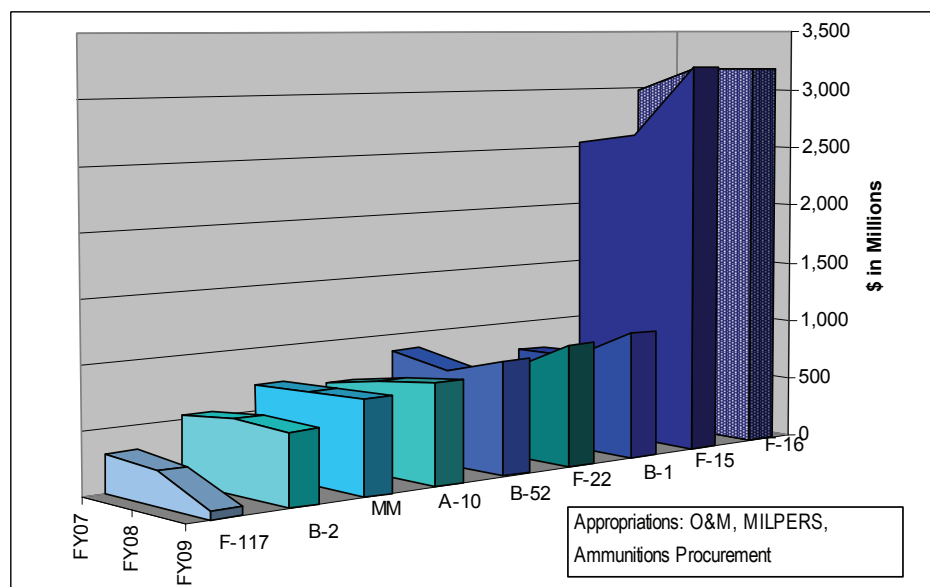


Figure 14. Global Power Operations Funding by Weapon System

The F-22 Raptor is the Air Force's newest fighter aircraft. Its combination of stealth, supercruise, maneuverability, and integrated avionics, coupled with improved supportability, represents an exponential leap in warfighting capabilities. The Raptor performs both air-to-air and air-to-ground missions allowing full realization of operational concepts vital to the 21st century Air Force. The F-22A, a critical component of the Global Strike Task Force, is designed to project air dominance rapidly over great distances and defeat threats attempting to deny access to our Nation's Air Force, Army, Navy, and Marine Corps. A combination of sensor capability, integrated avionics, situational awareness, and weapons provides first-kill opportunity against threats. The F-22A possesses a sophisticated sensor suite allowing the pilot to track, identify, shoot, and kill air-to-air threats before being detected. Significant advances in cockpit design and sensor fusion improve the pilot's situational awareness. In the air-to-air configuration the Raptor carries six AIM-120 AMRAAMs and two AIM-9 Sidewinders. The F-22A has a significant capability to attack surface targets. In the air-to-ground configuration the aircraft can carry two 1,000-pound GBU-32 Joint Direct Attack Munitions internally and will use on-board avionics for navigation and weapons delivery support. In the future, air-to-ground capability will be enhanced with the addition of an upgraded radar and up to eight small diameter bombs. The Raptor will also carry two AIM-120s and two AIM-9s in the air-to-ground configuration. In December 2007, with over 40 aircraft assigned to Langley AFB, Full Operational Capability (FOC) was declared for the F-22A. According to the Commander of Air Combat Command, the 1st Fighter Wing and the Air National Guard's 192nd Fighter Wing are now fully organized, trained, equipped, and ready for global engagement. The FY2009 request for the F-22 in this Decision Lane is \$989M.



The U.S. ICBM force remains the foundation of our Nation's nuclear deterrent capability. Four hundred fifty Minuteman III missiles are deployed at three U.S. bases: Minot AFB, ND; Malmstrom AFB, MT; and F. E. Warren AFB, WY. The missiles are dispersed in hardened silos to protect against attack and are connected to an underground launch control center through a system of hardened cables. Launch crews, consisting of two officers, perform around-the-clock alert in the launch control center. A variety of communication systems provide the National Command Authorities with highly reliable, virtually instantaneous direct contact with each launch crew. The Air Force continues efforts to support/sustain the system through 2030 and numerous modernization efforts are underway. These efforts are critical in sustaining the ICBM force and are, therefore, vital to maintaining our Nation's nuclear deterrent posture into the foreseeable future.



With demonstrated operational launch successes, the Evolved Expendable Launch Vehicle (EELV) program continues to provide assured access to space in support of operational requirements. Using the Delta and Atlas family of launch services, the EELV program provides an across the board capability of light, medium, and heavy vehicles. Each can be modified to address virtually any space launch requirement and can be can be launched from either coast of the continental U.S.—Florida and California. These systems provide the capability to place payloads into low-earth, polar, geosynchronous transfer orbits and geostationary orbits. The Delta II is an expendable launch, medium-lift vehicle used to launch GPS satellites into orbit, providing navigational data to military users. Additionally, the Delta II launches civil and commercial payloads into low-earth, polar, geosynchronous transfer and stationary orbits. Delta IV launch vehicles can accommodate single or multiple payloads on the same mission and are available in five versions: Medium, Medium+ (4,2), Medium+ (5,2), Medium+ (5,4), and Heavy, which are tailored to suit specific payload size and weight ranges. The Atlas V vehicle builds upon the improvements made for the Atlas III. In addition to the NPO Energomash RD-180 first stage engine, the Atlas V incorporates a reinforced

first stage structure as well as increased first stage propellant load. These modifications, combined with the stretched Atlas IIIB Centaur upper stage, allow the Atlas V to place more than 10,000 pounds into a geosynchronous transfer orbit. We will continue our DoD launch success in FY2009 through our efforts to upgrade the launch ranges at Cape Canaveral Air Force Station, FL and Vandenberg AFB, CA that will ensure launch safety and mission success.

Additionally, in 2007 the Air Force established a Cyberspace Task Force and stood up a provisional Air Force Cyberspace Command. Cyberspace dominance encompasses much more than just the technology to connect entities across the battlespace. Cyberspace operations will ensure cross-domain freedom of action for our friends and allies, and deny that same freedom to our adversaries. It requires superiority across the entire electromagnetic spectrum which includes radio waves, microwaves, infrared, x-rays, directed energy, and applications the Air Force has yet to discover and exploit. The primary mission of this new command is to integrate global kinetic and non-kinetic strike capability and to organize, train, and equip to ensure the full spectrum of integrated global effects. This new command stands alongside Air Force Space Command and Air Combat Command as the provider of forces for preserving the freedom of access and commerce in Air, Space, and Cyberspace. Full Operational Capability of this command is projected for October 2009.

Summary

Current operations are a priority for the FY2009 Air Force Budget for meeting demands of a dynamic, dangerous, and unpredictable world. Ensuring we are prepared for the Joint and Coalition warfighting environment necessitates investing in the key capabilities envisioned in Joint Concepts and Air Force CONOPS to assure U.S. dominance in the future. The Air Force will continue to meet any and all threats and will do so in a state of relatively high tempo. The Air Force leadership priorities and the QDR guide us to success in each of the three Air Force capabilities. Global Strike is maintaining and divesting—or modernizing where appropriate—legacy systems. In Global Reach, delivery of the final C-17 procurement and modernization of the C-5 will ensure the Air Force continues to satisfy strategic lift requirements. Manned reconnaissance systems, UASs and space systems are essential programs in the Global Vigilance capability, providing the persistent coverage that the commanders in the field increasingly demand.

Section 2 – Manage the Force

Overview

This Decision Lane is supported by objectives from priorities one and two of the Air Force leadership priorities: *Win Today’s Fight* and *Take Care of Our People*. The specific objectives aligned with this Decision Lane are listed in Table 3.

Table 3. Air Force Strategic Plan Objectives Supporting Manage the Force

Air Force Priority	Objective
1. Win Today’s Fight—Winning the War on Terror while preparing for the next war	1.8 Align Air Force organizations and training to integrate effectively and dynamically with Joint, Interagency, and Coalition partners.
2. Take Care of Our People—Developing and caring for Airmen and their families...to maintain our competitive advantage	2.1 Strengthen the bond between Air Force core values and the warrior ethos. 2.2 Build and retain a high quality force using force management policies to effectively meet the requirements of current, changing, and emerging Air, Space, and Cyberspace mission areas. 2.3 Increase opportunities to integrate Total Force personnel. 2.4 Synchronize force development to ensure all Airmen are capable of executing current and emerging Air, Space, and Cyberspace missions. 2.5 Advance proactive force health protection efforts to ensure Airmen are healthy, fit, and safe from accession through separation. 2.6 Transform capability to improve Airmen and family quality of life. 2.7 Refine concepts, strategies, force management policies, and practices to access ARC forces while minimizing reliance on involuntary activation.

By focusing on developing and caring for our Airmen, we ensure they have the skills needed to work alongside Joint partners and make the Air Force the instrument of National power it is today. Our Airmen are our most precious resource. They will defeat terrorist networks wherever we find them and conduct complex operations necessary to defend our homeland in depth. Because it is clear that, while we recruit the individual, we retain the family, our People priority also includes ensuring Air Force quality of life standards remain the highest of any Service.

The Manage the Force Decision Lane accounts for \$17.7B of the Air Force FY2009 budget, or about 12 percent of the total as reflected in Figure 15. Funding supports sustainment and expansion of critical programs like recruiting, Joint training exercises, balance of Guard and Reserve forces, and professional and personal development of our Airmen. The FY2009 program includes various bonus programs to ensure success in meeting Congressionally authorized endstrength levels, while continuing excellence in our highest priority mission areas. The Air Force’s FY2009 budget reflects the commitment to providing our entire team with world-class programs, facilities, and morale enhancing activities.

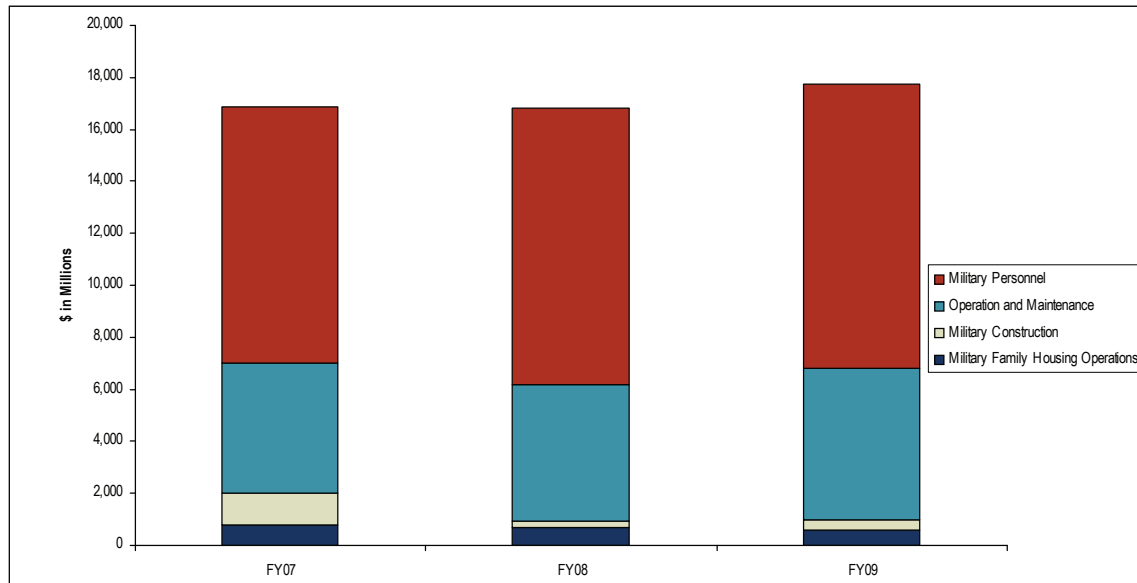


Figure 15. Force Management TOA by Appropriation

Shaping the Total Force

Shaping the Total Force relates to the Air Force leadership priority two, *Take Care of Our People*. This corresponds closely with the Air Force leadership priorities and demonstrates the Air Force commitment to sharpen our Nation’s edge and deliver excellence.

Recruiting and Retaining the Highest Quality Airmen

Recruiting and retaining the highest quality airmen directly supports the Air Force Strategic Plan Objective 2.2 “Build and retain a high quality force using force management policies to effectively meet the requirements of current, changing, and emerging Air, Space, and Cyberspace mission areas.”

To meet our strategic goals, the Air Force will develop accession, training, education and acquisition systems that train, organize, and equip Airmen for combat, to dominate Air, Space, and Cyberspace. We will recruit, train, and retain skilled, innovative people who can continually learn and adapt to emerging concepts and technologies.



The Air Force budget reflects our focus on recruiting the right people, retaining the right people and skill sets, and achieving targeted attrition to ensure the proper workforce to meet today’s missions while shaping for tomorrow’s required capabilities. Air Force recruiters ensure we attract the quality and quantity of young men and women needed to enlist in those available positions for which they qualify. Our recruiting and retention figures remain impressive. For FY2007, we accessed 100 percent of our active duty goal and accessed 93 percent and 104 percent of our Guard and Reserve goals, respectively, as shown in Table 4.

Table 4. Air Force Recruiting

Annual – End of FY2007	Accessions	Goal	Percent	FY2008 Goal
Air Force Active Duty	27,801	27,800	100	27,800
Air National Guard	9,975	10,690	93	8,548
Air Force Reserve	7,110	6,834	104	6,802

The Recruiting Service filled every requirement for our most critical active enlisted warfighter skills since 2001: Combat Controller (CCT); Pararescue (PJ); Tactical Air Control Party (TACP); Survival Evasion, Resistance, and Escape (SERE); and Linguist. These critical skills individuals were offered an Initial Enlistment Bonus (IEB) ranging from \$2,000 to \$12,000, depending on the job and length of enlistment. The FY2008 IEB program added five new skills eligible for bonuses: Fuels, Munitions, Armament Systems, Utilities, and Security Forces. It also increased the six-year enlistment bonuses for CCT, PJ, TACP, SERE, and EOD and decreased the four-year enlistment bonuses for the same skills.

Active duty Air Force and Guard met their overall officer and enlisted retention goals for FY2007. The Reserve met its officer retention goal but fell slightly short of its enlisted retention goal, attaining 85 percent against its goal of 88 percent. Active Guard and Reserve retention trends are shown in the following three figures. Active enlisted retention is trending downward causing some concern, especially in 6-14 years of service (Zones B and C) as shown below.

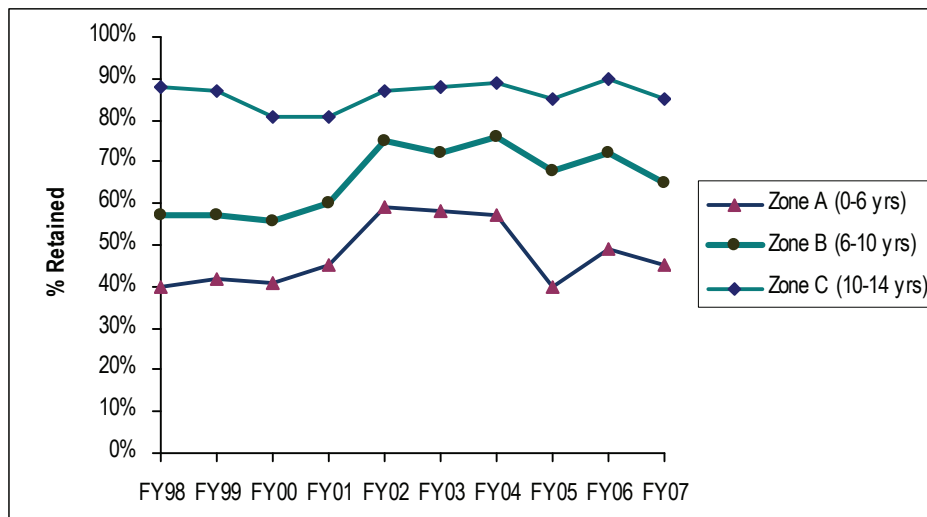


Figure 16. Historical Active Enlisted Retention

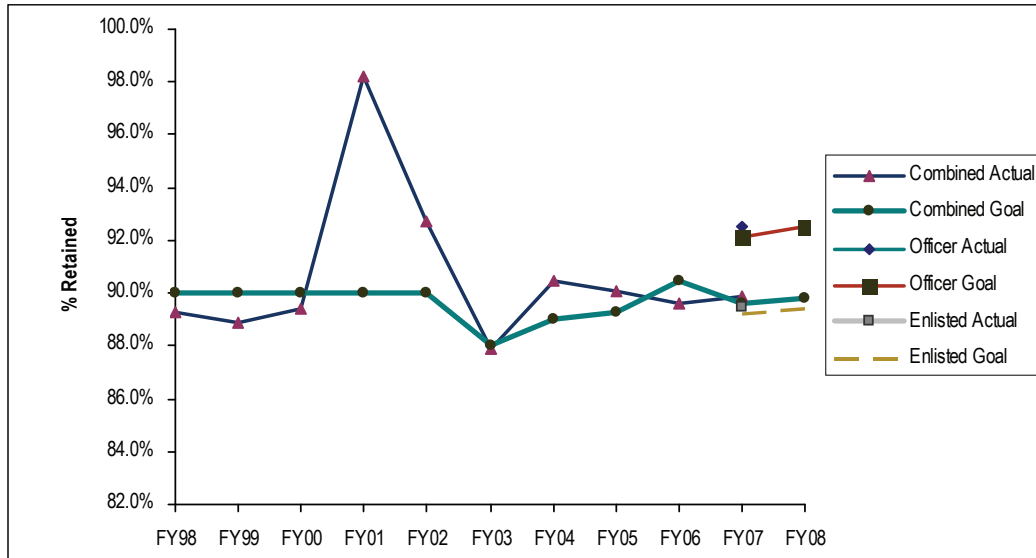


Figure 17. Historical Air National Guard Retention

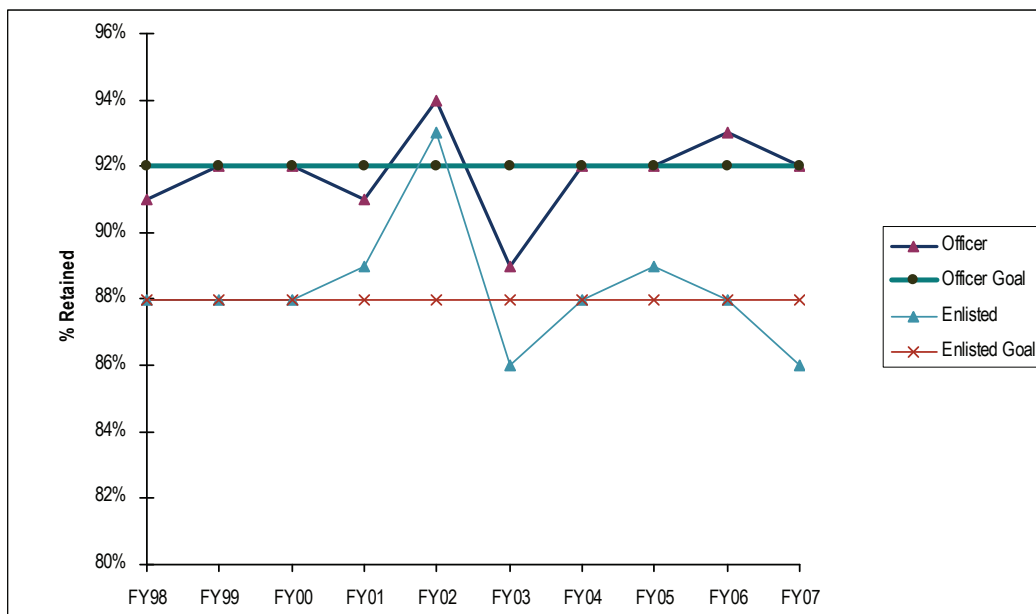
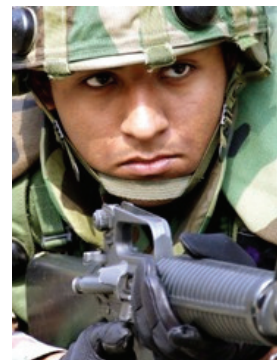


Figure 18. Historical Air Force Reserve Retention

Even with these successes, some enlisted specialties in the active Air Force, such as Air Traffic Control, Linguist, and SERE, did not achieve their overall retention goal. We will continue to offer these specialties various bonuses in addition to enhanced promotion opportunity. Our most critical warfighting skills require a special retention focus to maintain combat capability due to critical manning and increased OPSTEMPO demands placed on career fields including PJ, CCT, and EOD. Critical Skills Retention Bonus programs are judiciously and effectively targeted to provide the most return-on-investment in both dollars and capability. Our warfighting Airmen are committed to serving, including those experiencing high deployment rates. Combatant Commander requirements and the GWOT place high demands on pilots, intelligence, maintenance, civil engineers, and communication officers as well as enlisted Airmen in aerospace



maintenance, supply, transportation, munitions and weapons, fire protection, services, and security forces. Despite an increased OPSTEMPO and deployment rate, retention statistics for these career fields mirror the Air Force average. A key element for our overall success in retention is our ability to continue to offer bonuses and incentives where we have traditionally experienced shortfalls.

The FY2009 budget includes a \$61.4M increase in Selective Reenlistment Bonuses and a \$68.6M increase in Medical Special Pays. As mentioned earlier, career fields in key capability areas will be targeted for bonuses to correct under strength situations.

The positive impact of the legislative bonus programs, along with increases in pay, benefits, and quality of life initiatives, is evident by the improved retention within Air Force Specialty Codes (AFSCs) and decrease of shortfalls in retention shown in Figure 19.

AFSC	Title	Metrics as of End Sept 07			Legislative Authority Programs				
		Manning	Retention	Ops Dem*	SRB	IEB	SDAP	CSAIP	CSRB
1A7X1	AERIAL GUNNER	97%	115%	3	X				
1A8X1	AIRBORNE CRYPTO LINGUIST	68%	97%	2	X	X	X		
1C2X1	COMBAT CONTROL	76%	95%	1	X	X	X	X	X
1N0X1	OPERATIONS INTEL	88%	103%	3	X				
1N1X1	IMAGERY ANALYSIS	79%	93%	3	X				
1N3XX	CRYPTOLOGIC LINGUIST	106%	95%	1	X	X			
1N4X1	NETWORK INTEL ANALYSIS	98%	114%	3	X				
1N5X1	ELECT SIGNALS INTEL EXPLOIT	121%	112%	1	X				
1T0X1	SURV, EVAS, RES, ESCAPE	83%	117%	1	X	X	X		
1T2X1	PARARESCUE	70%	110%	2	X	X	X	X	X
3E8X1	EXPLOSIVE ORD DISPOSAL	85%	90%	3	X	X			

*Operational Demand: 0=Little, 1=Moderate, 2=High, 3=Very High; (Classified deployments not considered)

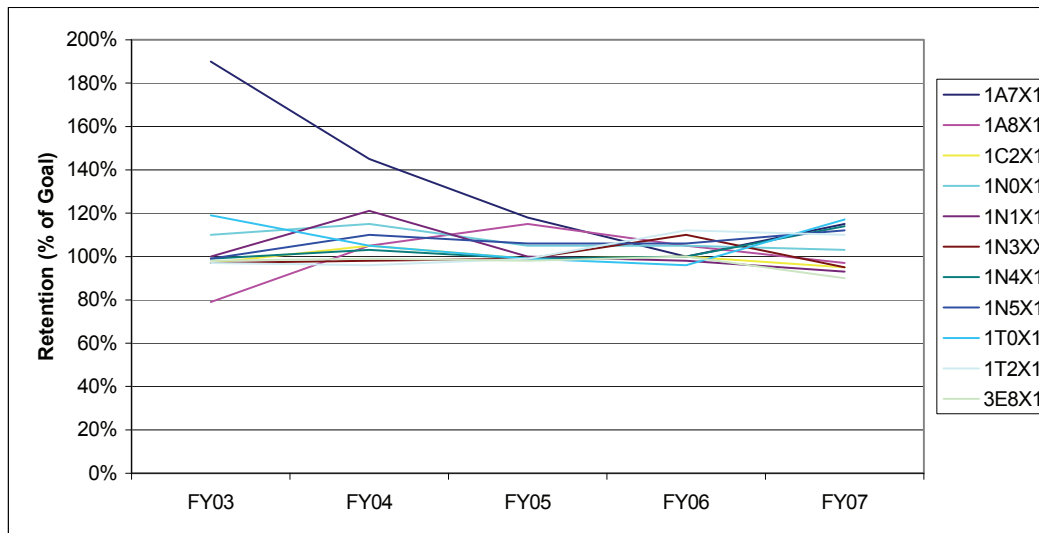


Figure 19. Enlisted Retention and Uses of Legislative Authorities

The majority of our officer accession programs met with mission success except for the medical area. Since 9/11, Air Force Recruiting Service and Air Force Medical Service (AFMS) have worked together to implement innovative ways to address our shortfalls in medical recruiting. By category, recruiting rates for physicians was 17.4 percent, 25.5 percent for dentists, 62.5 percent for nurses, 62.8 percent for biomedical sciences, and 94.3 percent for medical administrators. Low retention is a major contributor to shortages in healthcare specialties. Retention of health professionals after initial commitment is a difficult challenge because of opportunities outside the military. The retention at the 10-year

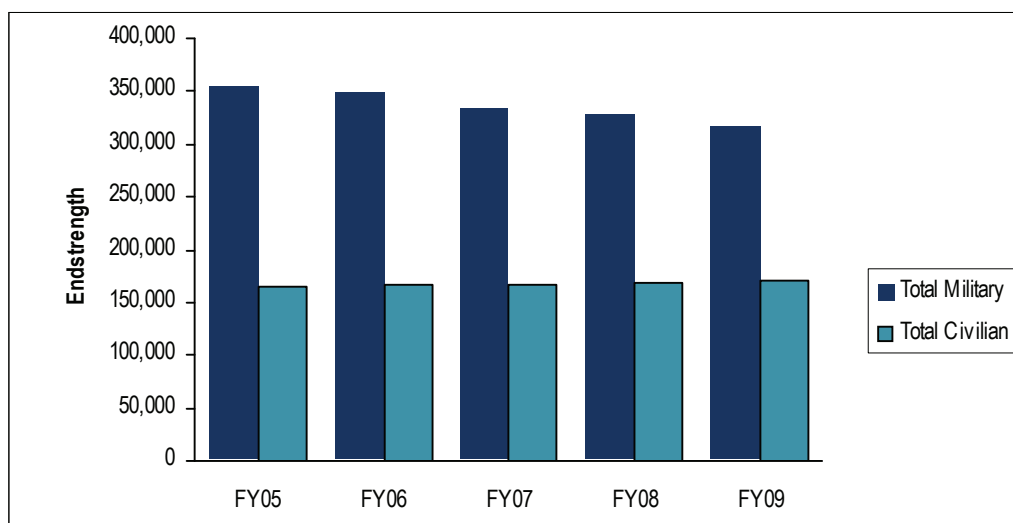


point is approximately 26 percent for physicians and dentists, approximately 35 percent for nurses, approximately 47 percent biomedical sciences officers, and approximately 60 percent for administrators. The AFMS continues to develop accession and retention incentives to ensure the right mix of health professionals exists for today and the future. Budgetary support for retention programs is critical to effectively manage the force and retain needed warfighting capability.

Balancing and Optimizing the Force

While recruiting and retaining talent remain important components of shaping the force, meeting endstrength levels remains a challenge. To save the money necessary to recapitalize the fleet, the Air Force has conducted several money-saving initiatives, including reshaping the service to operate with fewer people. The Air Force plans to reduce 40,000 active duty, Guard, Reserve, and civilian full-time equivalents to self-finance the vital recapitalization and modernization of our aircraft, missile, and space inventories.

We are making every effort to use voluntary measures to shape the force with the right skills mix: increase manning in stressed career fields, leverage new technologies, and trim our internal processes to reduce workload and reduce or eliminate unnecessary work. While our force is getting smaller, our goal is to put smart business practices in place to maintain the right mix of forces to meet the global challenge of today and tomorrow.



Active	FY05	FY06	FY07	FY08	FY09
Officer	73,252	70,539	65,776	64,948	61,341
Enlisted	276,117	273,990	264,424	259,652	251,259
Cadets	4,327	4,424	4,000	4,000	4,000
Total Military	353,696	348,953	334,200	328,600	316,600
Total Civilian	164,033	166,538	167,233	168,894	171,306
Total Active	517,729	515,491	501,433	497,494	487,906

Figure 20. Active Personnel Endstrengths

The Air Force intends to reach an active duty endstrength of 328,600 by 30 September 2008, as shown in Figure 20 above. The FY2008 force shaping program will focus primarily on commissioned officers. For the enlisted force, we will be able to use the tools we have in place to adjust and keep the force balanced: Career Job Reservations, reduction in accessions, and the Non-Commissioned Officer Retraining Program. As we go through the year we will assess the progress, and if it doesn't look like the goal is going to materialize, we will look at waiving service commitments for enlisted.

We believe most of the officer reductions in force can be obtained through normal attrition; however, about 645 officers will be separated or retired through force shaping measures. This is significantly fewer than the FY2007 program. To achieve the required endstrength, we will offer limited programs for voluntary separations and retirements, as well as a force shaping board to achieve a limited number of involuntary separations. As with the 2007 program, the 2008 force shaping program will target officers by skill and year group.

Part of optimizing our force is managing progress toward the President’s Management Agenda (PMA) for Competitive Sourcing. The PMA focuses on achieving efficient and effective competition between public and private sources in the performance of commercial activities. Competition for these services will ensure they are provided to the public, either by government employees or the private sector, in the most cost-efficient and effective manner possible. The philosophy behind competitive sourcing is reducing cost and enhancing productivity through competition, thus freeing up resources to support higher priority programs.

The Air Force share of the Services’ PMA target is 51,501, as shown in Figure 21 below. As of 30 September 2007, the Air Force completed review of 40,694 positions toward the target through A-76 studies, military-to-civilian conversions, and other approved alternatives to A-76. The Air Force’s ability to meet the PMA target will potentially be limited by the FY2007 endstrength reductions. Further research on the full impact the reductions will have on the Competitive Sourcing program is in progress.

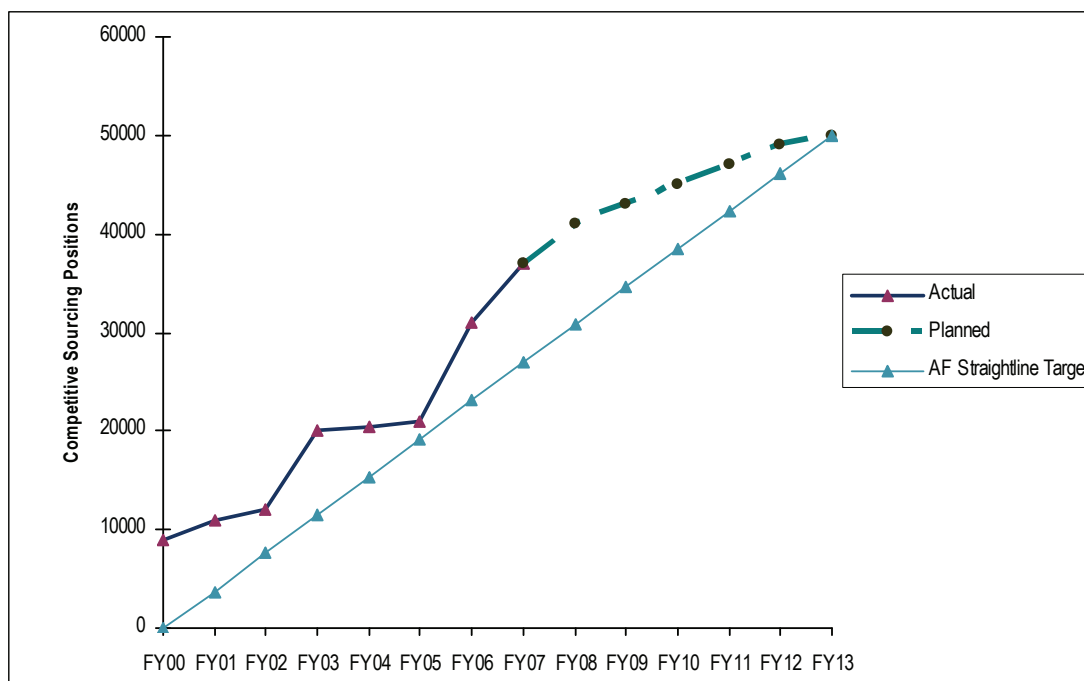


Figure 21. Competitive Sourcing Program

Achieving Total Force Integration

Total Force Integration (TFI) supports the Air Force Strategic Plan Objective 2.3 “Increase opportunities to integrate Total Force personnel” and directly corresponds to the Air Force leadership priorities. The overall TFI objective is to enhance warfighting capability in everything from peacetime steady-state operations to wartime surge operations. The effort is designed to cement more than 680,000 active duty, Guard, Reserve, and civilian employees into an even more capable and efficient Air Force. Guard and Reserve endstrengths are shown in Figure 22 below.

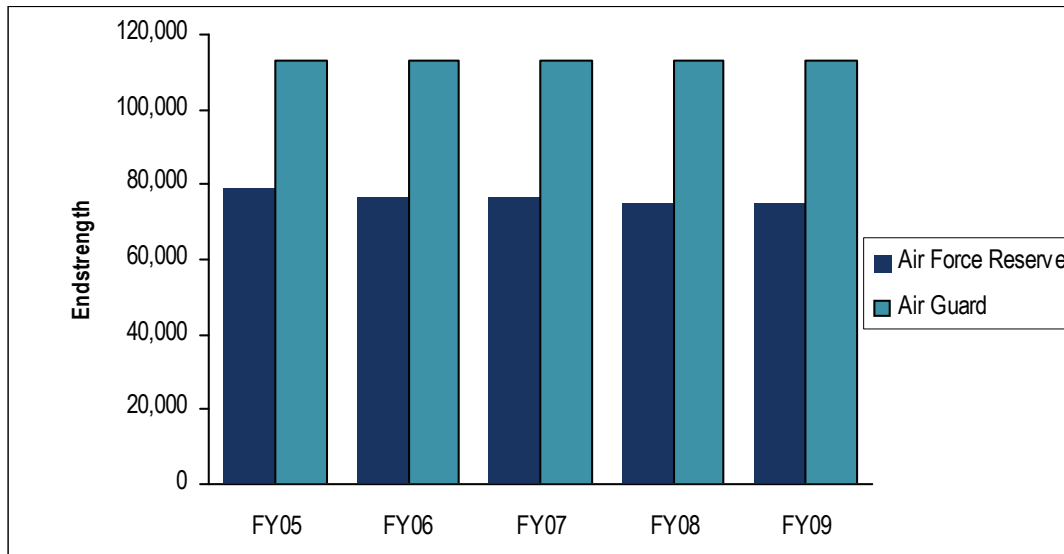


Figure 22. Air Force Reserve and Air National Guard Military Strength

A distinguishing hallmark of the Air Force is the ease with which Airmen from active duty, Guard, and Reserve work together at home and abroad. From the build up of the Guard after World War II, the first Reserve Associate unit in 1968, and the full integration of Guard and Reserve units into the AEF in the 1990s, the Air Force has a history of innovatively employing Airmen from all components.

TFI is one of the Air Force's significant commitments to long-term transformation and maximizes the Air Force's overall Joint combat capability with active duty, Guard, and Reserve Airmen working together cohesively. TFI is critical to meeting the challenges of competing resource demands, an aging aircraft inventory and emerging missions. Through the TFI process, the Total Force has identified, investigated, and selected new missions in emerging fields and new ways of organizing its forces to meet the Nation's military challenges, for example:

- Due to significant increases in Air Force mission requirements, the Guard continues to expand its intelligence collection and production capability. The Guard has also expanded its imagery intelligence capability through the use of Eagle Vision, which is a deployable commercial imagery downlink and exploitation system. This system provides valuable support to aircrew mission planning and targeting, as well as imagery support to natural disasters and terrorism. Other developing Air Force capabilities entrusted to the ANG include the F-16 Theater Airborne Reconnaissance System and the C-130 Scathe View tactical imagery collection system. These systems will provide near-real-time imaging capability to support warfighter "kill chain" operations in day-night, all weather conditions, humanitarian relief, and non-combatant evacuation operations.
- The Air Force Chief of Staff recently formally announced the strategy for Airmen in the New York ANG to partner with the AFR Command's 914th Airlift Wing (AW) at Niagara Falls Air Reserve Station, as directed by the 2005 BRAC. Based on four decades of experience associating Regular Air Force and Reserve airlift wings, this Reserve/Guard association will be only the second such associate model ever established and the first-ever in combat delivery.
- The 914th AW will continue to have primary responsibility for the unit's C-130H airlifters, but will partner with the 107th ANG Wing Airmen in employing these aircraft. Such associations generate efficiencies by sharing resources and reducing duplication of effort, providing contingency surge capability, preserving a corporate body of knowledge, and enhancing retention

and recruitment for the Total Force through personnel cross-flow. They also help maintain aircrew and maintenance expertise and experience levels, and reduce peacetime training hours, thus saving money.

We are leveraging capacities inherent within our Total Force to a greater extent than ever. The Air Force is dedicated to ensuring our States and the Nation get the most combat effective, most efficient force possible—to accomplish our mission more quickly and with greater capacity, around the world and here at home. We have collectively made a significant dent in the resourcing of these initiatives. We have already funded \$2.5 billion for 113 new integration initiatives in FY2008 and are working the FY2009 process to add additional resources. We fully anticipate continued efforts to fund more of the initiatives in FY2010. We will also need to continue our efforts to resolve the remaining legislative issues that allow us to take advantage of these new concepts.

Our civilian workforce is also undergoing a significant transformation with implementation of the National Security Personnel System (NSPS). NSPS is a simplified, more flexible civilian personnel management system that improves the way we hire, assign, compensate, and award our civilian personnel. This modern management system enhances the Air Force's responsiveness to the National Security environment, preserves employee protections and benefits, and maintains the core values of the civil service. When fully implemented, NSPS will cover more than 128,000 Air Force employees and affect civilian employees, civilian supervisors, and military members who supervise civilian employees.

NSPS design and development has been a broad-based participative process that included employees, supervisors and managers, unions, employee advocacy groups, and various public interest groups. The Air Force has implemented the human resource and performance management provisions for over 39,000 eligible non-bargaining employees. NSPS is the most comprehensive new federal personnel management system in more than 50 years, and it is a key component in the DoD's achievement of a performance based, results-oriented Total Force.

Contributing to Force Interdependence

Our efforts in this area directly support the Air Force Strategic Plan Objective 1.8 "Align Air Force organizations and training to integrate effectively and dynamically with Joint, Interagency, and Coalition partners." The sole focus of the Air Force is to carry out National defense policy from the Air, Space, and Cyberspace. Its personnel have always played a vital role in helping Joint commanders achieve objectives across the range of military operations. Forces operating in these mediums will continue to influence enemy activities in the air, in space, on land, and at sea. The Army, Marine Corps, and Navy all use air assets, but the Air Force has the most complete perspective and portfolio concerning the development and employment of air and space power. This perspective has allowed us to play a leading role in developing systems and procedures for planning, controlling, and executing air and space operations.

The Capstone Concept for Joint Operations lists three Joint actions that comprise a common basis for cooperative efforts with other agencies and partners: establish, expand, and secure reach; acquire, refine and share knowledge; and identify, create, and exploit efforts. Each matches up with three longstanding Air Force capabilities: Global Vigilance, Global Reach, and Global Power. The Air Force has led the way in supporting Joint Force awareness of the operational environment by deploying platforms and sensors that collectively enable U.S. and Allied Forces to observe large parts of the battlespace. Persistent C4ISR gives the Joint Force and National leadership improved knowledge and better opportunities to deter and engage the enemy. It also provides decision makers more situational awareness and hence greater confidence. In addition to increasing integration between the Air Force, the Joint Force, and within the interagency community, better communications enhance cooperation with Coalition partners. Sharing missile warning, navigation, targeting, and other data helps build the trust that fosters unity of effort.

Ensuring Sustainable Military Tempo

Since 2001, the active duty Air Force has reduced its endstrength by almost 6 percent, but our deployments have increased by at least 30 percent—primarily in support of the GWOT. In addition to the 26,000 Airmen deployed to CENTCOM’s AOR at any one time, approximately 213,000 Airmen—183,000 active duty plus an additional 30,000 Guard and Reserve—fulfill other daily Combatant Commander requirements and missions.



Some career fields, such as ground transportation, explosive ordnance disposal, and air traffic controllers have seen their workload increase due to continuing high demand. In these areas, we are starting to see challenges that must be addressed for enlisted personnel that are six to ten, and ten to fourteen years into their careers. As we posture for the future, we will be focusing on reenlistment bonuses in those areas. In our profession, the mission must come first, but in today’s high OPSTEMPO environment it is critical we take care of our Airmen and their families so they can better focus on the mission.

Table 5. Career Field Stress Summary

Officer	Enlisted	Total
AFSCs = 6	AFSCs = 11	AFSCs = 17
Personnel = 6,690/64,879 (10.3%)	Personnel = 43,992/261,794 (16.8%)	Personnel = 50,682/326,673 (15.5%)

Table 5 is a summary of Career Field Stress. Table 6 and Table 7 below provide additional detail on stressed AFSCs. An AFSC with two or more check marks is considered stressed. The criteria for a check mark is: a rating of 3 (very high) operational or “ops” demand, a stress factor equal to or greater than 1.20 from the required versus funded manpower metric, or meeting the unhealthy AFSC criteria based on personnel inventory and retention. The top five officer and top five enlisted stressed AFSCs are highlighted. There are numerous initiatives in place and planned to help alleviate career field stress. Enlisted initiatives include promotions, special reenlistment bonuses, reduced operational demands, Lean process improvements, and increased production capacity. Officer initiatives include bonuses, exemption from force shaping, longer active duty service commitments, higher accessions, reduced operational demands, Lean process improvements, and reducing non-Air Force demands.

Table 6. Enlisted – Career Field Stress

Air Force Specialty	Title	Operational Demand	Required vs. Funded Manpower	Personnel Inventory/Retention
ENLISTED AFSCs				
1C2	Combat Control	✓		✓
1C4	Tactical Air Command and Control	✓	✓	✓
1T2	Pararescue	*		✓
2T1	Vehicle Operations	✓	✓	
3C0	Communications-Computer Systems		✓	✓
3C2	Communications-Computer Systems Control		✓	✓
3E2	Pavement/Construction Equipment	✓	✓	✓
3E3	Structural		✓	✓
3E8	Explosive Ordnance Disposal	✓	✓	
3P0	Security Forces	✓	✓	✓
6C0	Contracting		✓	✓

Table 7. Officer – Career Field Stress

Air Force Specialty	Title	Operational Demand	Required vs. Funded Manpower	Personnel Inventory/Retention
OFFICER AFSCs				
11S	Special Ops Pilot	✓	✓	
12S	Special Ops Navigator	✓	✓	
13D	Control and Recovery	*		✓
14N	Intelligence	✓	✓	
31P	Security Forces	✓	✓	
32E	Civil Engineer	✓	✓	
* Classified deployments do not appear in database				
Top 5 Stressed AFSCs				
Stressed				

Developing Our Airmen

Developing our Airmen directly supports the Strategic Plan Objectives 2.1 “Strengthen the bond between Air Force core values and the warrior ethos” and 2.4 “Synchronize force development to ensure all Airmen are capable of executing current and emerging Air, Space, and Cyberspace missions.” Our Nation’s security is predicated on an enduring strategy of deterrence and dissuasion. The most fundamental risk to success is a failure of deterrence. Strategic risk can mount through the accumulation of shortfalls in our recapitalization and modernization plan, failure to implement new operational concepts, and failure to indoctrinate Airmen with a reinvigorated warrior ethos.

The success of the Air Force and the Joint Team depends on the ability of our people and organizations to adopt new Joint operational concepts, responsive to dynamic changes in the environment. It is our duty to ensure all Airmen grasp the concept of cross-domain dominance and develop the skills required to win the 21st century fight.



Our challenge is to reprioritize funded Air Force professional education opportunities to better reflect a balance between the fight today and the fight tomorrow. Air Force training initiatives continue to evolve, improving our ability to develop and retain the world’s best Air, Space, and Cyberspace warriors—expeditionary, knowledge-enabled, ethical, and prepared for the interdependent fight.

As part of our Air Force Transformation, we changed Air Force Basic Military Training (BMT) curriculum to stress an expeditionary mindset in all phases of training, providing Airmen with more expeditionary capability from day one. These changes are the most significant in BMT history. The Air Force basic training experience now mirrors the AEF cycle with predeployment, deployment and reconstitution phases. We emphasize basic war skills and practical application throughout BMT. We have added “Airman’s Time” mentoring sessions in which our veteran instructors share their real world experiences, relate daily training events to warrior and Airmanship qualities, and reinforce the Core Values expected of all Airmen.

Our educational programs provide increased opportunities for Airmen to receive focused cultural and language training, facilitating greater professional interaction, deeper understanding, and more effective operations. The expanded instruction includes cultural awareness, regional affairs, and foreign language proficiency. All Air Force Academy cadets and Reserve Officer Training Corps (ROTC) non-technical scholarship cadets will be required to take language courses.

Additionally, both Academy and ROTC cadets have increased opportunities for Foreign Language and Area Studies degrees and have expanded Cultural Immersion and Foreign Exchange Programs. Our enlisted basic military training will also provide instruction on cultural sensitivity. Once in the Air Force, each level of officer and enlisted professional military education (PME) provides additional cultural/regional instruction and some foreign language instruction, developing leaders who can articulate U.S. policy and operate effectively in foreign settings.

Furthermore, we will increase Developmental Educational opportunities for global skills, including overseas professional military education and the Olmstead Scholars Program. We will then vector these Airmen into Political-Military Affairs or Regional Affairs Strategist career tracks, maximizing our Nation's return-on-investment.

Of the approximately 26,000 Airmen deployed in the CENTCOM AOR, approximately 6,100 are performing ILO taskings—meaning we are filling other Services' billets in some of their stressed skill areas and taking on tasks outside Air Force core competencies. Since 2004 we have deployed approximately 24,000 Airmen in support of such ILO tasks, and we expect a steady increase in that total.



To accomplish our increasing ILO taskings, many of our Airmen require a great deal of additional training. This extra training means even more time away from units already stretched thin by the Air Force's high OPSTEMPO and force drawdown. Because ILO-tasks units and Airmen are no longer available for core Air Force or home station missions, and because our core missions must still be accomplished, the workload shifts to other Airmen at home and abroad. But the issue goes beyond strain on people. Airmen's skills in their core competencies are perishable, and we must give them time and training to hone those skills.

We believe voluntary education (tuition assistance) makes Airmen even smarter, better American citizens during their enlistment(s), and better combatants for the Nation. Tuition assistance also continues to be a strong incentive helping ensure we meet our recruiting and retention goals.

Maintaining Force Wellness

Maintaining force wellness directly supports Air Force Strategic Plan Objective 2.5 "Advance proactive force health protection efforts to ensure Airmen are healthy, fit, and safe—from accession through separation."



Our Fit to Fight program and food service operations are cornerstones of combat capability. Airmen who are well-fed and physically fit are healthier, think more clearly, handle more stress, and are better able to complete the mission despite reduced sleep and extended hours. This translates directly to increased combat capability. Our goal is for Airmen to make fitness and exercise a regular part of their lives and prepare them to meet the rigors of a deployed environment, not simply pass an annual fitness test. To that end, our goal is to replace at least one fitness center per year until we have the resources to do more.

Individual Medical Readiness (IMR) is the extent to which an individual service member is free from health-related conditions that could limit their ability to fully participate in military operations. The Air Force measures the ability in six areas established by DoD Instruction (DoDI) in January 2006. The six elements are periodic health assessment, deployment limiting conditions, dental readiness, immunization

status, readiness laboratory studies, and individual medical equipment. To be fully medically ready, an individual must meet all six of the criteria described in DoD’s guidance on medical readiness. The Air Force increased the IMR goal from 75 percent fully medically ready to 80 percent fully medically ready in October 2006. Active duty Air Force continues to exceed the 80 percent fully medically ready goal, as shown below. Guard and Reserve medical readiness statistics are unavailable at this time. There is no change expected in the IMR goal in the next fiscal year.

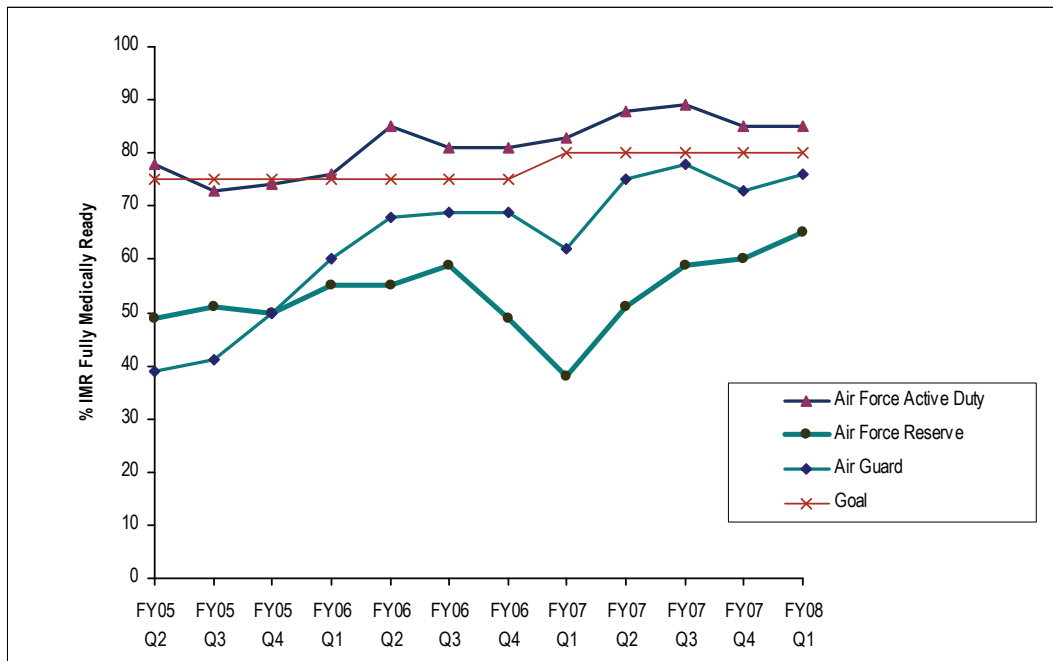


Figure 23. Individual Medical Readiness (Active Duty)

Safety

The safety of our Airmen is an essential element of maintaining force wellness. Work-related injuries cost the Air Force over \$130 million annually and have a significant impact on operational capability. Most importantly, workplace injuries negatively impact the quality of life for our Airmen and their families. One program being used to achieve a reduction in workplace injuries is the Occupational Safety and Health Administration’s (OSHA) Voluntary Protection Program (VPP). The Secretary of the Air Force and the Chief of Staff of the Air Force have directed launching the VPP throughout the Air Force. Through VPP, every Airman and his Wingman are empowered to actively identify and take action to eliminate safety and health hazards in the workplace. Our goal is to offer an accident-free work environment for each and every Airman.

To ensure Airmen remain safe, the Air Force Safety Center strives to prevent mishaps through hazard identification and risk mitigation recommendations. The two primary measurements used by the Air Force are number of fatalities and fatality rate. These fatality metrics are grouped into two primary categories: aviation and ground. The number of fatalities is the total number of deaths within a fiscal year, whereas the fatality rate is the number of deaths divided by 1,000 flight hours for aviation and 1,000 Airmen for ground.

While there is no acceptable number of fatalities except zero, beginning in 2002 the Secretary of Defense provided goals to each of the armed services (shown in a dashed



green line in Figure 24, Figure 25, and Figure 26). The Air Force, despite a heightened intensity in sorties since 11 September 2001 made great progress toward achieving the Secretary of Defense goals as shown in the graphs below.

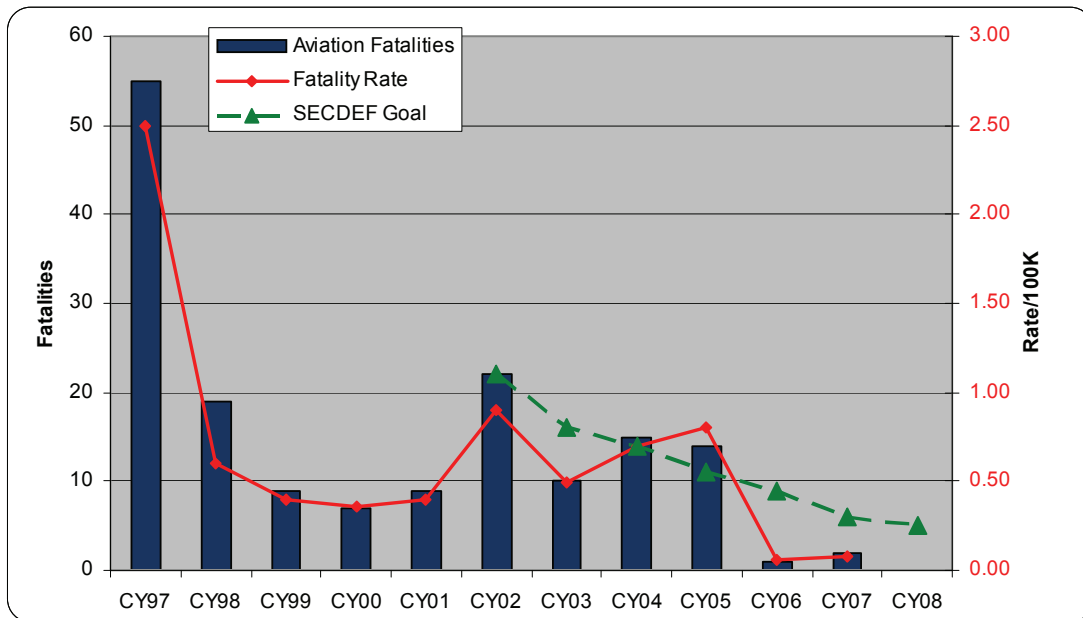


Figure 24. Aviation Fatality Rate

Aviation fatality rates have dropped significantly from 2005 to 2007. As shown below, off-duty fatality rates began a downward trend in 2004, but unfortunately experienced an increase in 2007. On-duty fatality rates began a downward trend in 2006.

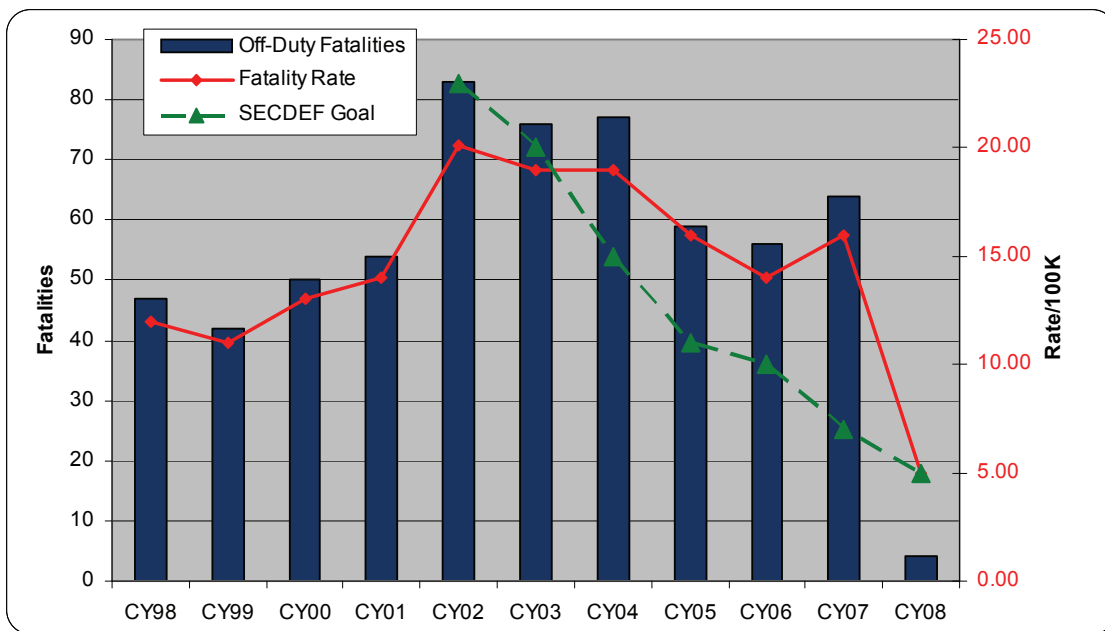


Figure 25. Off-Duty Ground Fatality Rate

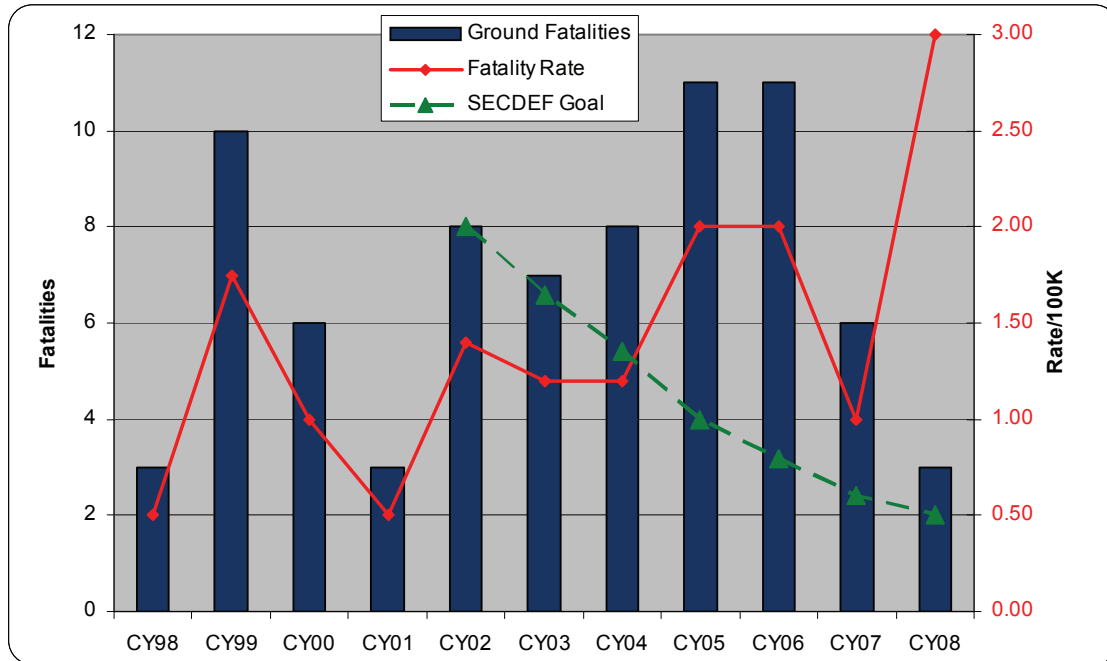


Figure 26. On-Duty Ground Fatality Rate

Caring for Airmen and Their Families

This section relates to the Air Force leadership priority two, *Take Care of Our People*, and Objective 2.6 “Transform capability to improve Airmen and family quality of life.”

The sacrifices our Airmen, their spouses, and their children make throughout a typical career are enormous. As our OPSTEMPO increases and deployments lengthen, our Air Force families are presented with many unique challenges not experienced by their civilian counterparts. To meet their needs, our Air Force community support programs and services are there for both married and single Airmen, whether at home or deployed.

The Air Force is wisely shifting a portion of funding from manpower and base operating support to address our critical recapitalization requirements. However, we understand that to maintain combat capability we must continue to balance the modernization of our weapons systems with development of Airmen who are ready, willing, and able to employ them. We are finding innovative ways to transform our community support services and programs.

We are focused on providing quality, accessible, and affordable child and youth development programs to Airmen and their families through an extensive system of programs and services both on and off our installations. A recent national study highlighted the DoD child care program as leading the Nation in quality standards and effective oversight. We are proud of the Air Force’s contribution to this program and believe that our child care program is a critical factor in helping Airmen remain focused on the mission.

Our Air Force Home Community Care program reduces out-of-pocket expenses for Air Reserve Component members by providing free in-home quality child care during their scheduled drill weekends. Air Force active duty families are also eligible for the Military Child Care in Your Neighborhood program designed to meet the child care needs of Service members living in areas where on-base military child care is not available. This program supports military families with locating and paying the cost of high-quality child care outside military installations. It also provides eligible members with a subsidy for 60 days while a non-military spouse is looking for work. Similarly, the Air Force Expanded Child Care

programs provide 18,000 hours each month of child care during non-traditional work hours at no cost to the military member. In addition, the Returning Home Care program provides 16 hours of free child care per child to active duty, Guard, and Reserve members returning to their home stations after deployment in support of contingency operations.



Our Family Readiness professional staff are helping Airmen and their families adapt to the realities of life in an expeditionary Air Force. They do this through personal and family readiness counseling, personal financial management, Air Force Aid assistance, spouse career planning, and transition and relocation assistance. Experts in the Equal Opportunity and Sexual Assault Prevention and Response arenas help every Airman exercise positive and productive interpersonal relationships, in both professional and personal interactions. The Air Force is a family—our clubs and recreation programs foster and strengthen community bonds and promote high morale with an esprit de corps vital to all our endeavors.

We are equally committed to ensuring that all Airmen are well trained and provided with modern, safe, and efficient equipment and facilities to complete their mission. We provide life-sustaining support, such as food service and lodging, to our troops in the field and essential community programs to our Airmen and their families back home. Through innovative systems and programs and the hard work of our dedicated personnel we continue to provide critical mission capability for our commanders and vital support for our members and their families.

Faced with more austere budgets and a reduced inventory of support personnel, commanders are assessing how they can operate base support functions more efficiently given fewer resources. Inevitably, commanders may be required to consolidate capabilities on some bases to maintain services to our people. We must face these tough decisions today, so that tomorrow's Air Force will be better than today's.

Through MILCON and housing privatization, we are providing quality homes faster than ever before. Over the next two years, the Air Force will renovate or replace more than 4,200 homes through military construction. Consistent with the DoD Strategic Planning Guidance, we are on track to fund projects through 2009 which will eliminate inadequate overseas housing.

We have used the privatization authorities granted by Congress to accelerate our family housing improvement program. By FY2009, we will privatize over 41,500 housing units, or 70 percent of our U.S. housing inventory, far exceeding the OSD goal of 60 percent. The Air Force is strategically leveraging its housing privatization investment to bring in equivalent MILCON investment from the private sector, and is aggressively researching privatization at remaining U.S. MILCON installations where feasible. The FY2009 military family housing request reflects a \$396M investment program to eliminate inadequate overseas houses and support CONUS housing privatization. The \$535M military family housing O&M program operates and maintains 37,200 Air Force-owned houses, leases 4,800 units, and supports 41,500 privatized units. The decrease in both appropriations from FY2008 reflects completion of the initiative to revitalize CONUS housing.

We are equally committed to providing adequate housing and improving the quality of life for our unaccompanied junior enlisted personnel as we are to our families. We have made great progress using the three-phased investment strategy outlined in our Dormitory Master Plan. We completed Phase I (eliminated central latrine dormitories) and Phase II (eliminate dorm room deficit), and are replacing existing dormitories at the end of their useful life with a standard Air Force designed private room configuration under the "Dorms-4-Airmen" concept.

Summary

Today's Airmen are doing amazing things to execute the Air Force mission, meet Air Force commitments, and to keep the Air Force on a vector for success against potential future threats in an uncertain world. We are ready and engaged today, but we must continue to invest to ensure tomorrow's Air, Space, and Cyberspace dominance. Our aim is to improve capability, maintaining the greatest combat-ready force in the world. Our Nation can afford nothing less.

The FY2009 budget continues to focus on quality of life for our Airmen and their families. Rising personnel costs are a fiscal reality we must face. Manpower costs are up 65 percent over the past ten years, while endstrength is down seven percent. The FY2006–FY2013 manpower cost grows approximately ten percent while we reduce and additional ten percent. We balanced these rising personnel costs against such areas as recruiting, critical skills retention, total force integration, endstrength reductions and wellness; and we continued our investments in improving military family housing and morale enhancing facilities.



Section 3 – Develop the Force

Overview

This Decision Lane is supported by objectives from both priority one and three of the Air Force leadership priorities: *Win Today's Fight* and *Prepare for Tomorrow's Challenges*. The specific objectives falling into this area are listed in Table 8.

Table 8. Air Force Strategic Plan Objectives Supporting Develop the Force

Air Force Priority	Objective
1. Win Today's Fight—Winning the War on Terror while preparing for the next war	1.2 Develop and deploy next generation operational concepts that leverage legacy and emerging capabilities
3. Prepare for Tomorrow's Challenges—Recapitalizing and modernizing our aging aircraft, satellites, and equipment to optimize the military utility of our systems and to better meet 21st century Challenges	3.1 Develop and execute a fiscally constrained, integrated recapitalization and modernization strategy 3.2 Focus and protect Research and Development investments that advance the state of the art in fighting the GWOT; recapitalizing and modernizing our aging aircraft, satellites and equipment; and future challenges to continued dominance of Air, Space, and Cyberspace.

The U.S. military has enjoyed a strategic advantage over our adversaries through air and space dominance supported by the Air Force over the last 60 years. Freedom from enemy air attack is a birthright of every American Soldier, Sailor, Airman, and Marine as a result of this dominance. The U.S.'s competitors increasingly strive to find new and creative means to challenge U.S. primacy in the Air, Space, and Cyberspace domains. Other countries are rapidly producing advanced aircraft and systems that threaten our advantage in these domains. The technology-fueled environment of the 21st century demands continued dominance which can only be accomplished through recapitalization and modernization of our systems to strengthen the advantages the Air Force offers. This Decision Lane addresses resources allocated to building capability and capacity to fulfill future Joint customer needs through investments in designing, developing, testing, and fielding new capabilities. It makes up \$62.5B of the Air Force FY2009 budget or about 44 percent of the total as reflected in Figure 27. This Lane is also heavily dependent on several objectives that focus on the implementation of open and transparent business practices which enable the development and acquisition of new capabilities. These objectives and their supporting programs are discussed in Section 4 – Corporate Support.



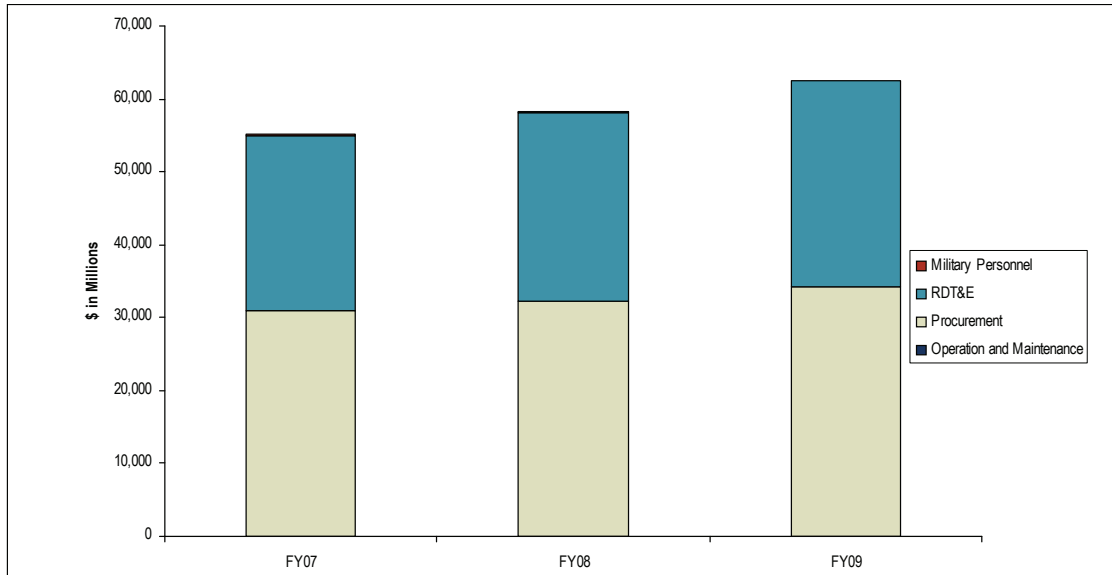


Figure 27. Develop the Force TOA by Appropriation

Recapitalization and Modernization Strategy

Our most comprehensive plan to build a modern, 21st century Air Force has two critical, parallel efforts. The first is retirement of aging systems that are too costly to operate or are obsolete. Even though we have made some progress in this area, legislative restrictions on some aircraft retirements remain an obstacle to efficient divestiture of our oldest and least capable platforms. Specifically, there is Congressional language that prevents us from self-managing our inventories of C-5A, C-130E/H, KC-135E, U-2S, and B-52H, which will cost us approximately \$229 million in operational costs in FY2008. Figure 28 shows the growth in average age of our aircraft from 1991 to 2006 and shows how our aircraft availability rates have decreased during the same time period as aircraft age.

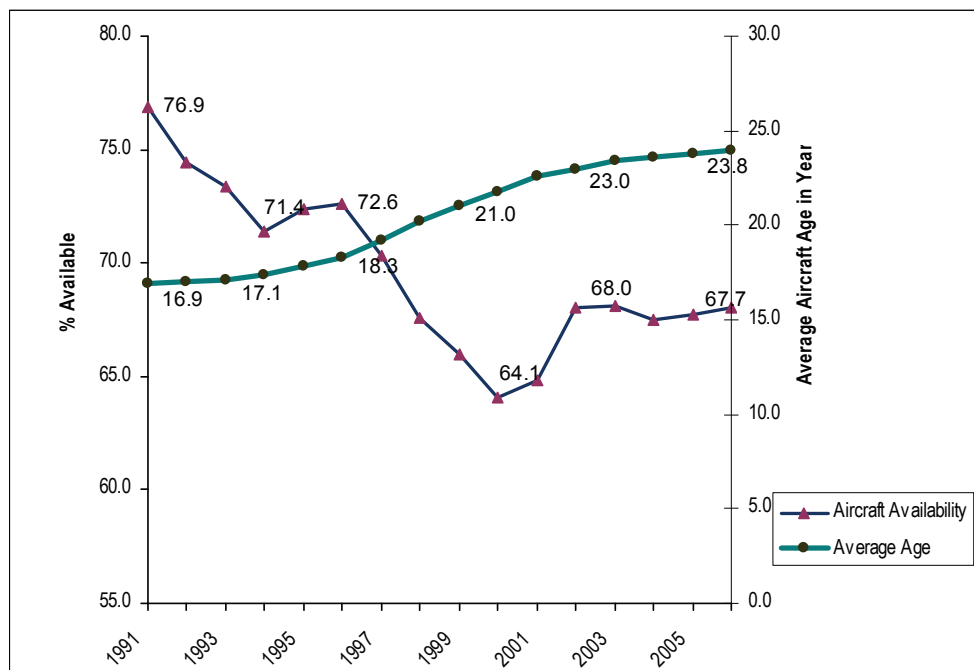


Figure 28. Average Age of Air Force Aircraft Compared to Aircraft Availability

The second part of our strategy is procurement of new, more capable systems. We are moving forward on the largest and most important recapitalization and modernization effort in Air Force history. This phase of our strategy will equip our Airmen with fewer numbers of systems while providing significant increases in capability to meet the needs of our warfighters to ensure our Total Force’s readiness for future conflict. Figure 29 shows our aircraft recapitalization rate over the Future Years Defense Plan (FYDP) compared to the FY1982–FY1986 average as a baseline.

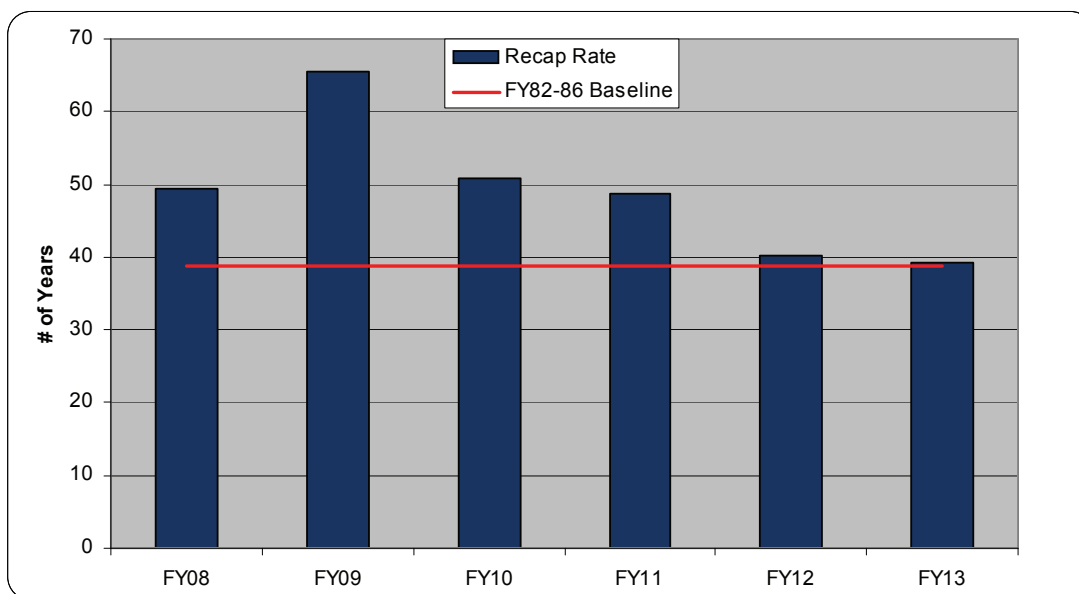


Figure 29. Aircraft Recapitalization Rate

As our modernization strategy progresses, we must also build a global Total Force roadmap for procurement, deployment, and beddown of new aircraft and equipment. Just as our AEF construct seamlessly integrates elements across the Total Force, so will the beddown of future Air Force systems by involving Active, Guard, and Reserve Airmen. Table 9 reflects the programmed aircraft procurement through FY2013 to summarize the aircraft systems we plan to purchase over the FYDP.

Table 9. Summary of Programmed Key Systems Procurement Quantities

Procurement	FY2009	FY2010	FY2011	FY2012	FY2013	FYDP
Tanker	0	5	12	13	14	44
C-130J Hercules	0	8	8	8	8	32
HC-130 Hercules	2	4	4	4	4	18
MC-130 Combat Talon	4	4	4	4	4	20
CSAR Helicopter	0	2	10	10	14	36
C-27J Joint Cargo Aircraft	0	3	5	8	8	24
CV-22A Osprey	6	5	5	5	5	26
F-35A Lightning II	8	12	24	42	48	134
F-22A Raptor	20	0	0	0	0	20
MQ-9A Reaper	9	11	11	8	8	47
RQ-4A Global Hawk	5	5	5	5	5	25
MQ-1B Predator	38	42	26	24	18	148
C-29A	1	0	0	0	0	1
Total	93	101	114	131	136	575

Acquisition Priorities

The Air Force's top five acquisition priorities are the Tanker replacement; the Combat Search and Rescue (CSAR) Helicopter; new space systems for early warning, targeting, communications, and navigation; the F-35A Joint Strike Fighter; and the New Bomber (to be fielded by 2018). The sections to follow will highlight some of the primary systems we are focused on developing and procuring over the next decade. We will discuss each of these by capability area: Global Vigilance, Global Reach, and Global Power.

Global Vigilance

The Air Force acts as the global eyes and ears of the Joint Team and our Nation through a vast array of terrestrial, airborne, and space-borne sensors. These systems support our C4ISR networks through information transfer across the Joint Team. Our modernization and recapitalization plan in this area aims to dramatically increase the quantity and quality of C4ISR products and services to the Joint Team and the Nation. This plan focuses on ensuring Air Force space communications, Space Situational Awareness (SSA) and early warning missions provide uninterrupted continuity of service for the U.S. and our allies.

Space Based Space Surveillance (SBSS) Systems

The Space Based Space Surveillance constellation will conduct timely detection and tracking of all space objects in orbit around the earth for use in support of military operations and in support of National Aeronautics and Space Administration (NASA) debris collision avoidance. The SBSS is a follow-on to a successful Advanced Concept Technology Demonstration (ACTD) of the Mid-Course Space Experiment/Space Based Visible sensor. The SBSS is a significant step toward the future of space superiority. It is estimated that the SBSS system's sensors will be twice as fast, significantly more sensitive and ten times more accurate than the capabilities currently on orbit.⁴

Space Based Infrared System (SBIRS) and Third Generation Infrared Surveillance (3GIRS)



SBIRS will help to protect the security of the U.S. by providing timely and accurate missile warning information. Its mission includes both global and theater requirements on missile warning and in missile defense. SBIRS will provide information to defensive systems that will enable active missile defense and attack operations against hostile forces. Its infrared sensors will provide accurate signature and threat performance data to aid in target classification and identification. This data can be used to monitor activities and provide information to policy makers on observed military tactics and activities such as technology

development and arms control compliance. The first satellite was launched in CY2007 and the entire system should reach FOC in 2013. The FY2009 budget request includes \$2.3B of procurement and Research Development Test and Evaluation (RDT&E) for SBIRS. The Air Force is already looking at the follow-on missile warning system—3GIRS. This system will employ new technologies in a low-risk development effort to create a next generation missile detection system.

Transformational Satellite (TSAT) Communications

The Air Force is pursuing next-generation SATCOM technology with the TSAT Communications System. TSAT will provide increased capacity to enable real-time and persistent worldwide connectivity to Air and Space ISR assets providing increased situational awareness and targeting information to the warfighter. TSAT will provide significant increases in data rates over all existing wideband and protected military satellite systems through its constellation of five satellites. These increased capabilities will allow deployed and mobile planners, commanders, and combatants to collaborate and exchange real-time

⁴ http://www.boeing.com/news/releases/2007/q4/071211c_nr.html

information to better enable network-centric warfare. The FY2009 budget request includes \$843M of procurement and RDT&E for TSAT.

Wideband Global SATCOM (WGS) System

The WGS system will provide deployed forces with unprecedented access to bandwidth-intensive applications such as video streaming, teleconferencing, real-time data transmission, and high-resolution imaging. The WGS system will provide a quantum leap in communications bandwidth and will be DoD's high capacity communications satellite in the X and Ka-band frequency range. The first WGS satellite is scheduled to achieve Initial Operational Capability (IOC) in early 2008, with FOC expected in 2013 following the launch of the sixth satellite. The sixth satellite is a U.S.-Australia partnership to gain additional capability for the U.S. while satisfying Australia's SATCOM requirements.

Advanced Extremely High Frequency (AEHF) SATCOM System

The Advanced Extremely High Frequency (AEHF) system is the follow-on to the Milstar system which will significantly improve on the capabilities of Milstar. The AEHF is a Joint Service SATCOM system that will provide global, secure, protected, and jam-resistant communications for high priority military ground, sea, and air assets. The system consists of three satellites in geosynchronous earth orbit that will provide ten times the capacity of the 1990s-era Milstar satellites. When augmented by the TSAT, the two systems will provide continuous 24-hour coverage between 65 degrees north and 65 degrees south latitude (or between Iceland and Antarctica as a frame of reference). AEHF will provide connectivity across all mission areas to include special operations, strategic nuclear operations, strategic defense, theater missile defense, and space operations and intelligence.

Unmanned Aerial Vehicles (UAVs)

The Air Force's inventory of UAVs focusing on Global Vigilance mission areas consists of RQ-4A Global Hawks, RQ-11 Raven small UAVs, and MQ-1 Predators. The RQ-4A is a high altitude, long endurance system that provides Joint warfighters with persistent observation of targets in day, night, and adverse weather conditions. Block 20 aircraft are in development testing now and will provide 50 percent more payload capacity and carry enhanced SAR and EO/IR sensors for clearer images at greater ranges. In 2012, Block 30 will field a multi-intelligence capability by integrating imagery sensors with a more robust signals intelligence suite. The fourth Global Hawk variant, Block 40, will carry a single payload of multi-platform radar technology to provide the warfighter with a highly advanced radar imagery and moving target indicator. The MQ-1 Predator is a medium altitude, long endurance aircraft providing operational-level ISR and strike support to theater commanders. MQ-1 Predators are already operational, but by 2010 we will expand their capacity from 10 to 21 total orbits to meet increased demand.



Cyberspace Capabilities Development

The future vision of all U.S. military Services is information driven. Success will depend on our ability to integrate Air, Space, and Cyberspace advantages. The Air Force Distributed Common Ground System (DCGS) is the Air Force's premier ISR tasking, processing, exploitation, and dissemination weapon system. The DCGS 10.2 upgrade will provide significant automation and data-sharing enhancements. Current ISR systems feed data into platform centric tasking, processing, exploitation, and dissemination systems operating independently of each other. The DCGS 10.2 upgrade integrates multiple intelligence systems into a single, worldwide network enterprise which enables improved collection and delivery of critical ISR data.

Figure 30 shows the funding by platform in our Global Vigilance systems from FY2007 through FY2009.

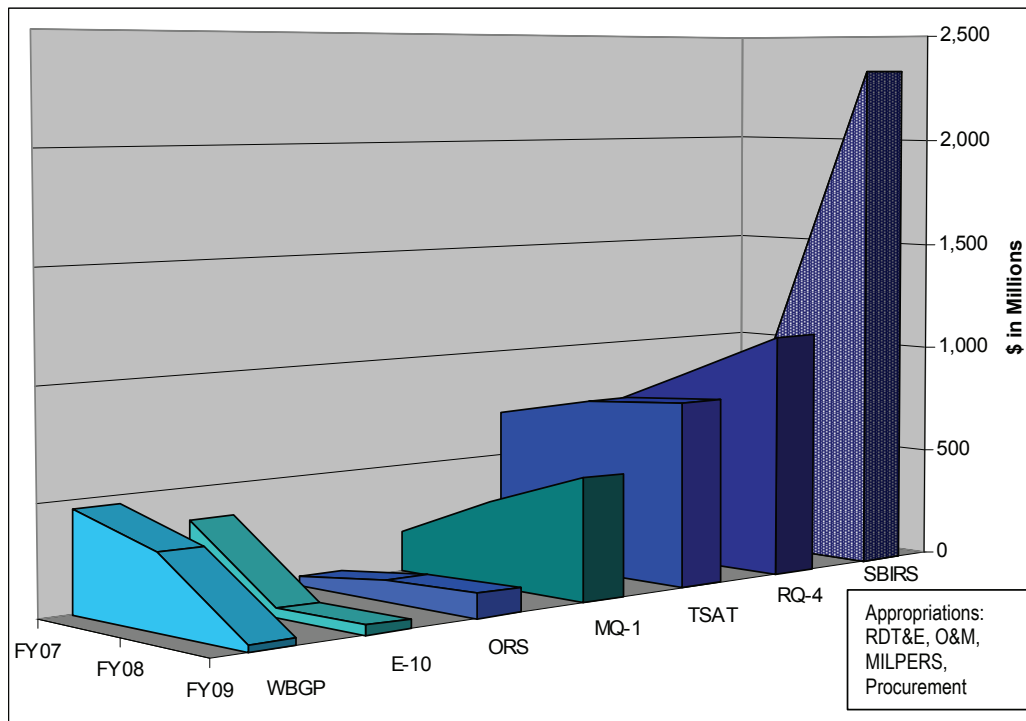


Figure 30. Developing Global Vigilance Funding by Weapon System

Global Reach

The U.S. Air Force provides inter-theater, intra-theater, and mobility forces daily in support of all DoD branches as well as other government agencies in support of operations all over the world. This is a mission area with increasing demand and decreasing availability which underscores the need to recapitalize and modernize our mobility forces to ensure long-term viability of this critical capability. This mission area not only provides the heavy lifting of time essential material but also enables our global strike capabilities and global persistence.

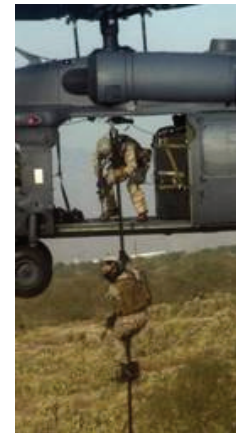
Tanker

The Air Force’s number one procurement priority is the Tanker. The single point of failure for an air bridge, for global ISR, and for global strike is air refueling since it is crucial in the deployment and employment of all Joint and Coalition air missions. The Tanker will replace the KC-135 inventory which has an average age of over 45 years and is beyond its operational life expectancy with major corrosion, structural fatigue, and fuel system component issues. The Tanker has become both an operational necessity and the most fiscally prudent option for our Nation’s refueling needs. The Tanker will provide increased aircraft availability, more adaptable technology, and greater overall capability than the current inventory of KC-135E and KC-135R tankers it will replace. They will also provide reliable, worldwide, adverse weather, boom and drogue aerial refueling (on the same sortie) to deliver fuel to all receptacle-equipped receivers. The Air Force’s current projected buy is 179 aircraft and the FY2009 budget request includes \$894M for RDT&E and procurement to support competitive acquisition of the system. Even with the funding currently planned for this weapon system, it will take over 30 years to replace the entire KC-135 inventory.



Combat Search and Rescue (CSAR) Helicopter

The Air Force has a unique mission to train and equip dedicated forces for CSAR. The Air Force must improve our CSAR capabilities to recover isolated Joint or Coalition personnel engaged across the spectrum of military operations, as well as support non-combatant evacuation and disaster relief operations. The CSAR Helicopter will relieve the high OPSTEMPO strain placed on the current “low-density/high-demand” inventory of HH-60G Pave Hawk helicopters. The CSAR Helicopter will dramatically improve mission reaction time, range, cabin space, survivability, battlespace awareness, adverse weather operations, and high-altitude hover operations. It will operate day or night, during adverse weather conditions, and in all environments including Nuclear, Biological, and Chemical conditions. On-board defensive capabilities will permit operations in increased threat environments, and in-flight refueling will provide an airborne alert capability and extend combat mission range. The FY2009 budget request includes \$320M of RDT&E and procurement to support acquisition of this system.



C-27J Spartan Joint Cargo Aircraft

The Joint Cargo Aircraft program is a Joint Service program designed to fill a critical gap existing in today’s intra-theater airlift support for U.S. ground troops. The C-27J was selected to fill this gap as a mid-range, multifunctional, interoperable aircraft designed to perform logistical re-supply, medical evacuation, troop movement, airdrop operations, humanitarian assistance and homeland security missions for the Army and the Air Force. The aircraft can deploy over long distances, land in austere locations, operate autonomously, and provide routine and combat aerial sustainment to the Joint Force. The C-27 Spartan will replace the U.S. Army’s C-23 Sherpas, C-26 and various C-12 aircraft, and will augment the Air Force’s existing fleet of intra-theater airlift aircraft. The FY2009 budget request includes \$32M in RDT&E and procurement funds for this aircraft. Figure 31 shows the funding by platform in our primary Global Reach weapon system platforms from FY2007 through FY2009.

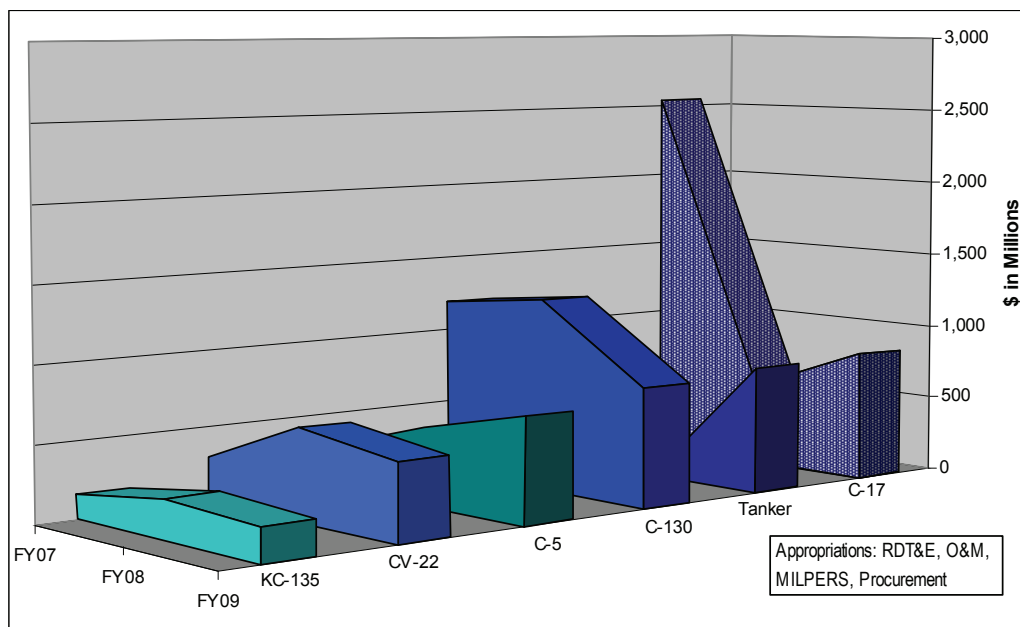


Figure 31. Developing Global Reach Funding by Weapon System

Global Power

The U.S. Air Force provides the ability to deliver precise, tailored effects whenever and wherever needed, both kinetic and non kinetic; lethal and non-lethal; at the speed of sound and at the speed of light. It is an integrated cross-dimensional capability that rests on our ability to control Air, Space, and Cyberspace. As a vital element of U.S. national power, we continue to transform this capability and focus on expanding our effectiveness to achieve cross-domain dominance.

F-35A Lighting II

The F-35A is one of the Air Force’s top five modernization efforts. This is a 5th generation multi-role strike fighter aircraft optimized for air-to-ground attack. The F-35A Conventional Take-off and Landing variant will recapitalize combat capabilities currently provided by the F-117, F-16, and A-10 and will complement the capabilities of the F-22A. The F-35A will specifically provide affordable precision engagement and global attack capabilities for the Air Force, Navy, Marines, and our international partners. As shown in Figure 32, the F-35A will be four times more effective than legacy fighters in air-to-air engagements, eight times more effective in prosecuting missions against fixed and mobile targets, and three times more effective in non-traditional ISR and Suppression of Enemy Air Defenses and Destruction of Enemy Air Defense (SEAD/DEAD) missions.



It will support all of these capabilities at about the same procurement cost as legacy fighters but requiring significantly less infrastructure combined with a smaller basing footprint. In addition to fielding advanced capabilities, this program will also provide significant opportunities for strengthening our integration of the Total Force and interoperability with global partners. The total Air Force projected buy is for 1,763 aircraft with an IOC in FY2013. The FY2009 budget request includes approximately \$3.4B for the F-35A.

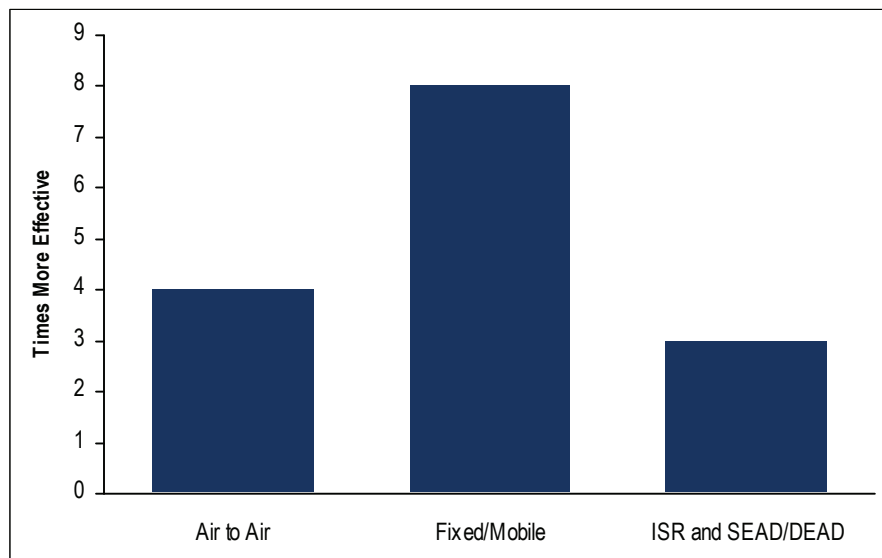


Figure 32. F-35A Effectiveness Compared to Legacy Fighter Aircraft ⁵

⁵ <http://www.globalsecurity.org/military/systems/aircraft/F-35A.htm>

New Bomber

Long Range Strike was a compelling reason for creation of the Air Force in 1947, and that mission continues as a vital and unique Air Force contribution to National Defense. Range and payload along with precision, lethality, survivability, and responsiveness are fundamental to strategic military deterrence. The Air Force has a three-phased strategy to help ensure the U.S. meets its enduring long range strike capability requirements. Phase One includes near-term maintenance and modernization of current bombers and air-to-surface weapons. Phase Two will deliver, by 2018, a New Bomber incorporating highly advanced technologies. This New Bomber will combine speed, stealth, payload, and improved avionics/sensors suites to be effective across the full range of military operations in meeting Combatant Commanders’ global needs and QDR goals. In Phase Three, the Air Force plans to field a revolutionary strike capability in the 2035 time frame using an advanced system-of-systems approach. We expect technology maturation to yield advancements in several areas, including hypersonic propulsion, advanced materials, directed energy, and non-kinetic weapons. The FY2009 budget request includes \$1.0B for Phase 1.

F-22A Raptor

The F-22A Raptor is the Air Force’s primary air superiority fighter and key enabler, providing operational access, homeland defense, cruise missile defense, and force protection for Joint Forces. The F-22A’s combination of speed, stealth, maneuverability, and integrated avionics gives this remarkable aircraft the ability to penetrate denied, anti-access environments. The F-22A’s unparalleled ability to find, fix, track, and target enemy air- and ground-based threats ensures air dominance and freedom of maneuver for all Joint Forces. In addition, the F-22A is the only weapon system in the U.S. military that can conduct network-centric warfare and provide ISR capability from inside adversary battlespace in the opening moments of any contingency. Combat capable Raptors are in full rate production on the world’s only fifth generation production line. Although the F-22A reached FOC in 2007, we continue to address it in this section as an integral part of our overall modernization strategy. The FY2009 budget request includes \$4.2B in procurement and RDT&E. Table 10 shows some of the increased performance characteristics provided by the F-22A.



Table 10. Required Air Superiority Platform Capabilities

Performance Goal	Objective Met
Low observable (stealth)	Yes
Supersonic cruise without afterburner (greater range)	Yes
Reduced support requirements and maintenance costs (smaller maintenance footprint, higher reliability and sortie generation rates)	Yes
Superior maneuverability over all current and projected threat aircraft at medium and high altitudes	Yes
Integrated avionics , more advanced sensors and increased situational awareness (provides first kill opportunities against threats before being detected)	Yes

MQ-9 Reaper

The MQ-9 Reaper is the Air Force’s first hunter-killer UAV. It is larger and more powerful than the MZ-1 Predator delivering significantly greater capabilities, including twice the speed, twice the altitude, and four times the payload capability⁶. The primary mission of the Reaper is to provide persistent targeting and engagement of emerging targets in support of Joint Force commander objectives. The MQ-9 Reaper also supports ISR missions through its sensors that provide real-time information to commanders and intelligence analysts. The system is designed to be modular so mission-specific kits can be configured on the aircraft quickly to support configurations tailored to fit specific mission needs. The primary advantage provided by the Reaper is the persistence these aircraft can provide over manned aircraft. The Reaper can stay airborne for up to 14 hours fully loaded. Each MQ-9 Reaper can be disassembled and loaded into a container for air deployment worldwide. The FY2009 budget request includes \$230M in RDT&E and procurement.



Operationally Responsive Space

The goal of Operationally Responsive Space (ORS) is to provide enhanced space capabilities to help the warfighter. It requires current technologies to be quickly developed and executed from conception to operation to fulfill Joint warfighter needs. A key aspect of making this program successful is to have a significant amount of common infrastructure across the space community since commonality will reduce both time and costs to launch required capabilities. Congress mandated ORS with the passage of the Warner Act of 2007 for a more effective way of delivering operational effectiveness. The FY2009 budget request includes \$110M in RDT&E for focusing on commonalities, smaller boosters, and smaller satellites.

Global Positioning System



While GPS is not a strike weapon system in and of itself, it is included in the Global Power section because of its inherent capability to enable strike activities through precision targeting. GPS modernization continues with additional launches of GPS IIR-M satellites, which provide a new military signal more resistant to jamming and a new civil signal for improved position accuracy. The follow-on system, GPS IIF, will provide IIR-M capabilities plus an additional civil signal for aviation safety-of-flight services. Additionally, the development of the next-generation GPS-III will further enhance navigation capabilities and improve resistance to jamming, as well as add a

third civil signal compatible with the European Galileo System. Table 11 shows some of the increased capabilities to be provided by GPS III.

Table 11. Advanced GPS Characteristics

Advanced Global Positioning System Performance Goal	GPS III Planned Performance
Greater signal power and anti-jamming	Yes
Superior precision to support aviation level integrity	Yes
Cross links for increased command and control	Yes
New civil signal / common with European Galileo system	Yes
Flexibility for future technology upgrades	Yes

⁶ <http://www.globalsecurity.org/military/systems/aircraft/mq-9.htm>

Figure 33 shows the Global Power funding by platform from FY2007 through FY2009.

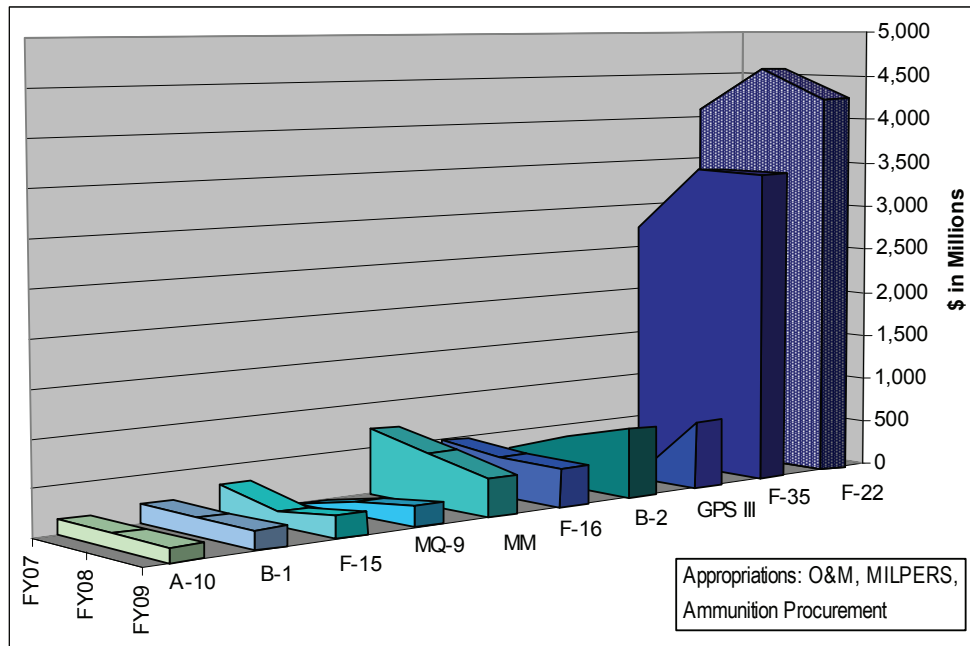


Figure 33. Developing Global Power Funding by Weapon System

Science and Technology

The Air Force continues to maintain the most complex, diverse, and ambitious Science and Technology (S&T) portfolio of all the Services. History clearly demonstrates the broad benefits of our S&T efforts in terms of military power, industrial capability, economic growth, educational richness, cultural wealth, and national prestige. The Air Force S&T program develops, demonstrates and tests technologies and advanced warfighting capabilities against a multitude of 21st century threats. As we continue to adapt to an uncertain world, the focused investments in our S&T program will strive to produce the future warfighting capabilities needed to ensure our Nation’s continued technological dominance. Major Air Force S&T efforts include hypersonics, composites, propulsion, nanotechnology, small satellite technology, directed energy, and cyberspace technology.

Summary

To provide Global Vigilance, Global Reach, and Global Power in the 21st century, the U.S. Air Force is posturing to deliver decisive effects in, through, and from the domains of Air, Space, and Cyberspace. We can no longer take risks in our modernization and recapitalization programs as we have in the recent past. Our Nation depends on the Air Force to provide a dominant and decisive edge for Joint and Coalition military operations and this FY2009 Budget Submission provides the investments in areas to help us along this path. We will continue to develop and field capabilities for the Nation and the Joint Team to gain and maintain freedom of action, deliver synergistic effects across the spectrum of Joint operations, and safeguard Joint freedom of action and maneuver in all warfighting domains—Air, Space, Cyberspace, Land, and Sea.

Section 4 – Corporate Support

Overview

This Decision Lane is supported by objectives from both priority one and three of the Air Force leadership priorities: *Win Today's Fight* and *Prepare for Tomorrow's Challenges*. The specific objectives falling into this area are listed in Table 12, but this area primarily supports the business management of the Air Force that enables the other three Decision Lanes to operate.

Table 12. Air Force Strategic Plan Objectives Supporting Corporate Support

Air Force Priority	Objective
1. Win Today's Fight—Winning the War on Terror while preparing for the next war	1.1 Develop and implement an effective communications program to clearly explain the Air Force's contributions to U.S. and global security 1.5 Strengthen our ability to share information within the Air Force and between the Air Force and our external partners
3. Prepare for Tomorrow's Challenges—Recapitalizing and modernizing our aging aircraft, satellites, and equipment to optimize the military utility of our systems and to better meet 21st century Challenges	3.3 Establish and enforce standards for transparency in acquisition and supporting business processes that are commensurate with "best-in-class" public and private sector organizations 3.4 Produce accurate, reliable, timely, life cycle financial data throughout the PPBE process 3.5 Improve ability to conduct Service-wide cost management 3.6 Develop and institutionalize a comprehensive, Service-wide, strategic-level continuous process improvement approach 3.9 Review and revitalize acquisition, and related processes to improve cost and schedule control, and performance assurance 3.10 Achieve interoperability through flexible risk management approaches to technology transfer and information sharing

Specifically, the Corporate Support area enables those activities that allow the Air Force to control resources efficiently and promote effective operation for mission accomplishment. It also includes maintenance of infrastructure and MILCON that are not directly tied to military family housing since that program is included under Section 2 – Manage the Force. This Decision Lane makes up \$22.2B or 15 percent of the FY2009 Air Force Budget. Figure 34 shows the TOA broken out by appropriation.

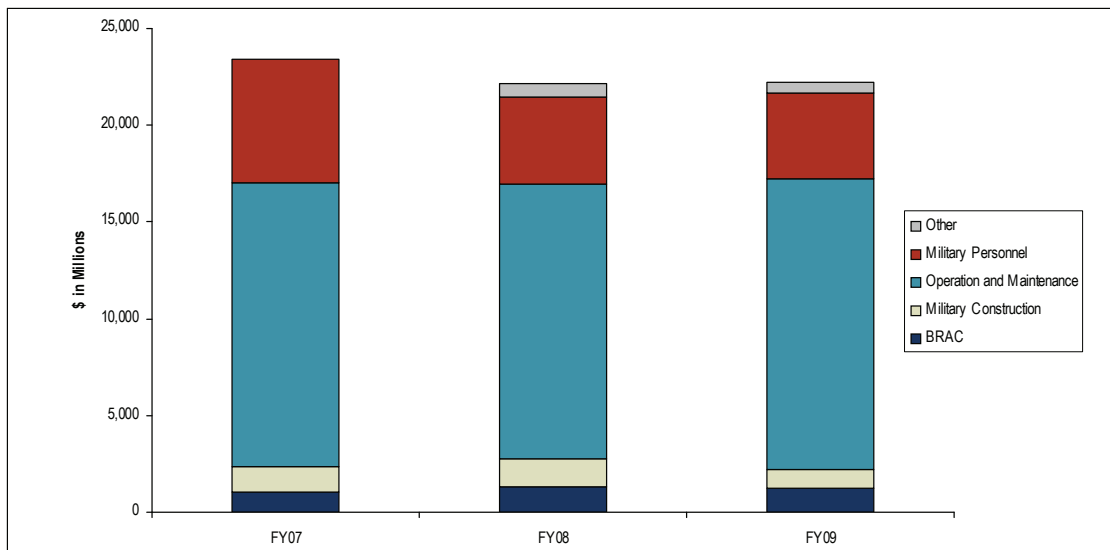


Figure 34. Corporate Support TOA by Appropriations

Strategic Direction and Performance Assessment

The Air Force Strategic Plan embodies how we will defend the Nation against current and emerging threats with the 2006 QDR providing strategic context and overarching guidance that direct our planning efforts. As discussed throughout this Overview Book, the Air Force has distilled our strategy into three specific priorities as the criteria for judging every choice we make:

- Winning the war on terror while preparing for the next war
- Developing and caring for Airmen and their families to maintain our competitive advantage
- Recapitalizing and modernizing our aircraft, satellites, and equipment to optimize the military utility of our systems and to better meet 21st century challenges.

Each of these Air Force priorities flows from the National Strategy and directly supports the priorities our DoD senior leaders have defined for DoD. Each priority is supported by several objectives and each objective is supported by performance measures. These performance measures are under review and are being refined at this time to aid senior leadership in their understanding of how we are doing and what corrective actions can be taken to improve our performance.

Infrastructure

Facilities

Facilities and infrastructure are key enablers of the Air Force mission. Mission capability at every Air Force installation is directly underpinned by facilities and infrastructure systems. Air Force facilities, housing and BRAC programs are key components of our support infrastructure. At home, our installations provide stable training environments as we equip and reconstitute our force. Both our stateside and overseas bases provide force projection platforms to support Combatant Commanders. Our bases *are* weapons systems and in order to support our base-centric CONOPS, the Air Force has developed an infrastructure investment strategy that focuses on enabling Combatant Commanders to fight and win the war on terror, providing quality of life facilities, implementing BRAC, sustaining our infrastructure and striving to recapitalize our aging infrastructure, while proactively supporting the operational environment.

The facilities sustainment, restoration, and modernization programs are key budget programs that support the Air Force mission by maintaining the physical plant. Sustainment is the bedrock program, funding both in-house and contract maintenance, to include repairs on facilities and infrastructure systems. Sustainment preserves our existing investment by maximizing the service life of the physical plant. Restoration and modernization is also a critical program which funds contract repairs of facilities and infrastructure. This program is essential to restoration following storms and other disasters, as well as facility modernization to meet new mission requirements and current standards. Restoration and modernization is required to support transformation and future total force initiatives, which will seek new efficiencies through consolidation and streamlining. Most transformational initiatives cannot be realized without an investment in the enabling facilities and infrastructure.



The Air Force continues to refine comprehensive asset management strategies for facilities, utilities, and other infrastructure. Through the development of comprehensive models, based on industry standards, the Air Force projects funding requirements for support of the physical plant. The Facilities Sustainment Model (FSM) and the Facilities Recapitalization Metric (FRM) are used to project sustainment, restoration, and modernization requirements, respectively. Additionally, the Department has fielded the

Facilities Operation Model, a new model that projects facilities and infrastructure requirements based on operational needs. Together, this trio of models provides a solid foundation for both projecting requirements and assessing our budget performance against an objective goal. However, we are taking risk in our facilities maintenance and recapitalization to free up resources to modernize and recapitalize our aging weapon systems. Despite this risk, we are committed to ensuring Airmen in every mission area are supported by safe and efficient facilities and infrastructure. The FY2009 budget request includes over \$2.1B in Facilities Sustainment and Restoration Modernization O&M.

A key measure of how we are achieving the Department’s vision is the rate of recapitalizing at our installations. The FRM is the number of years required to regenerate a physical plant either through replacement or major renovation at a specified investment level. Another key measure is the percent funding for FSM generated sustainment requirements, which is a measure of how well the facilities are being sustained. The Department’s goal for recapitalization is 67 years and the sustainment goal is 90 percent of the requirement generated by the FSM. Figure 35 and Figure 36 show the Air Force’s current status to meet facilities recapitalization and sustainment goals.

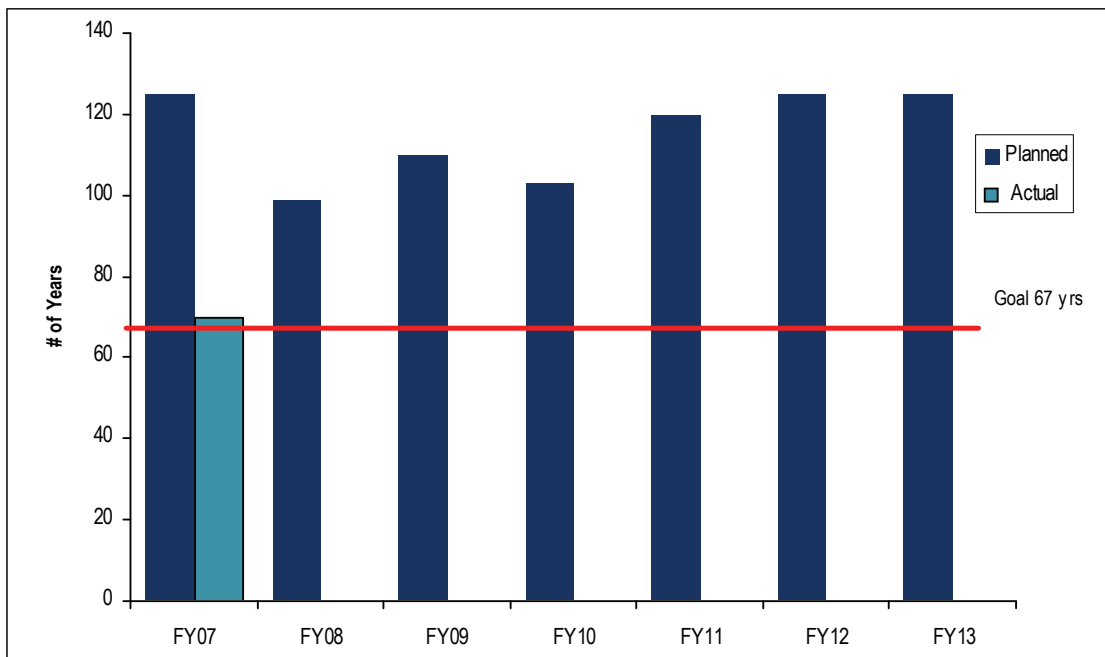


Figure 35. Facilities Recapitalization Rate (Total Force)

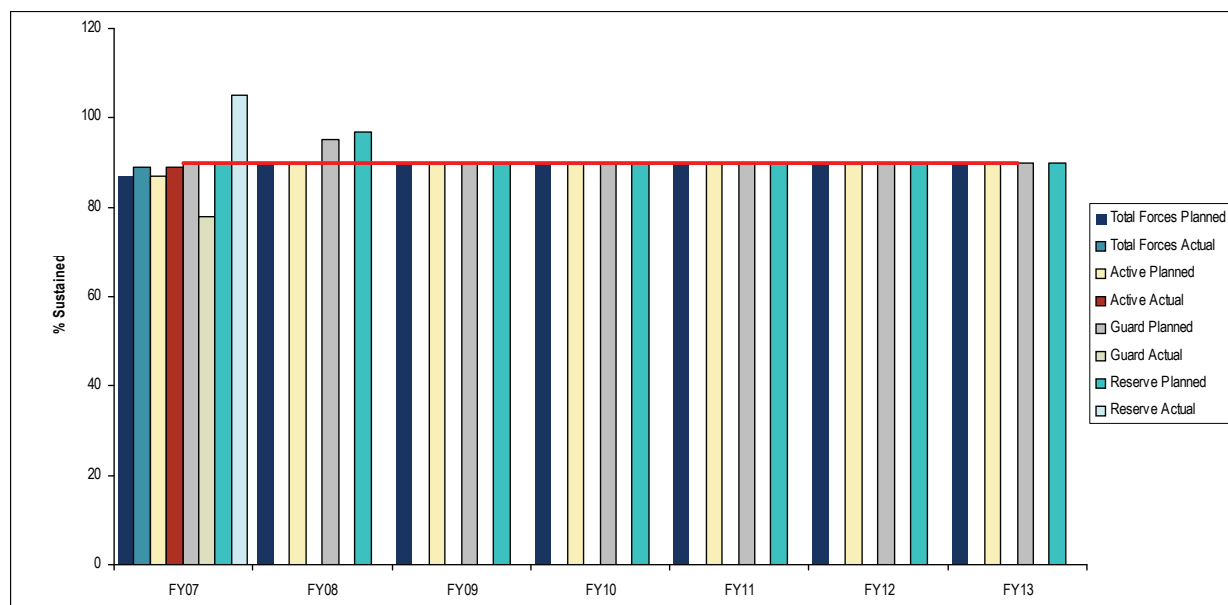


Figure 36. Facilities Sustainment Rate (Total Force)

Improving Facilities Operations

Another important measure highlighting how well we are achieving our vision is our ability to meet essential Facilities Operation (FO) requirements. FO provides fundamental municipal-type activities such as utility plant operations, purchased utilities, annual services contracts, and emergency services (fire protection/crash rescue, explosive ordnance disposal, and disaster services). The FO Model is an OSD-sponsored initiative to underpin this important account with a credible, industry-based model. Our goal is to succeed in meeting the DoD “Vision” which is to ensure that installation assets and services are available when and where needed, with the Joint capabilities and capacities necessary to effectively and efficiently support DoD missions.

Military Construction (MILCON)

We are taking risk in our MILCON program in order to realign those resources to support our modernization and recapitalization to include increasing our facility sustainment funding. This additional funding in sustainment helps to preserve our investment in existing facilities and infrastructure. However, we are funding our most critical projects to include new mission beddowns, people programs, and projects that will support GWOT requirements. The FY2009 program request funds 54 projects in total: 15 for current missions, 34 for new missions, and 5 for the CENTCOM AOR. The FY2009 budget request includes \$989M for MILCON.

Environmental Transformation and Sustainable Energy

The Air Force has long been a champion of environmental responsibility and is pursuing an aggressive energy strategy. We are committed to meeting and surpassing the energy goals mandated by the Energy Policy Act of 2005 and other national policies. We continue to pursue a variety of programs aimed at reducing our use of fossil fuels and controlling cost growth. Our vision emphasizes a culture in which all Airmen make energy considerations in all their actions. We are planning to implement our vision with solutions that include alternate sources of domestic energy as well as an aggressive drive for greater efficiency in our vehicles and facilities.

The Air Force is taking the lead in reducing the DoD's dependence on foreign oil. As the DoD's leading consumer of jet fuel, we are currently engaged in evaluating alternative fuels and engine technologies leading to greater fuel efficiency. We recently tested and successfully flight certified a synthetic fuel blend for use in the B-52 and will continue to test the fuel in other aircraft to include the C-17 and the B-1.



The Air Force is also the largest renewable energy purchaser in the U.S. Currently 37 bases meet some portion of their base-wide electrical requirements from commercial sources of wind, solar, geothermal or biomass. The Air Force was named the winner of several 2006 DoD-level environmental awards: Arnold AFB, TN won the large installation Natural Resources Conservation Award; Tinker AFB, OK won the industrial installation Environmental Quality Award; and Dover AFB, DE won the installation Environmental Restoration Award. In addition to these awards, two bases, Dyess AFB, TX and Fairchild AFB, WA receive 100 percent of their energy from

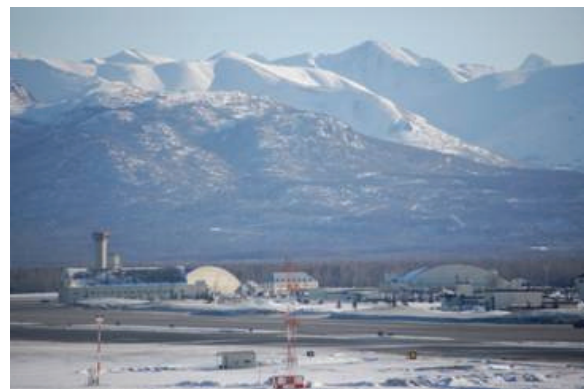
wind or other renewable energy power sources. With our combined purchase and production strategy, the Air Force is poised to surpass the renewable goals set by the Energy Policy Act. The 452nd Civil Engineer Squadron, March Air Reserve Base, recently completed a photovoltaic array project (pictured above) that broke ground almost one year ago. It has a capacity of 413.38 kilowatt-hours, sits atop two carports on the base, and has a price tag of \$4.5 million, which should be recovered in ten years. In FY2008 the Air Force will operate the largest solar farm in the world at Nellis AFB, NV.

Mission Support Transformation

Transformation across the Air Force is a process by which the military achieves and maintains an advantage through changes in operational concepts, organization, and/or technologies that significantly improve its warfighting capabilities or ability to meet the demands of a changing security environment. The Air Force has made progress in a number of areas that combine technology enablement, information transparency, and process improvement that are captured in the Corporate Support Decision Lane. These transformational initiatives are discussed below.

AFSO21

The Air Force continues to implement the Air Force Smart Operations for the 21st Century (AFSO21) initiative. This Secretary of the Air Force-led initiative focuses on a relentless pursuit of process excellence to produce new ways of doing business focused on meeting warfighter requirements. AFSO21 initiatives are designed to generate efficiencies and improve combat capabilities across the Air Force. The initiative is governed by tried and true efficiency processes like Lean and Six Sigma, theory of constraints, and business process reengineering principles. The ultimate goal is to establish an environment where various tools and techniques are employed to successfully change the Air Force's day-to-day operating culture and fully integrate continuous improvement into the full spectrum of Air Force operations. The Air Force is currently evaluating specific performance measures to assess progress and impacts of initiatives falling under the AFSO21 initiative.



Financial Management Transformation

The Air Force Financial Management community is setting the pace for Transformation across the Air Force. The Assistant Secretary for Financial Management and Comptroller’s (SAF/FM) strategic vision for Air Force Financial Management includes moving away from transaction processing toward greater decision support and enhanced strategic advice to commanders—Financial Management Transformation. The transformation focus is on revolutionizing core financial functions; changing the behavior and capabilities of personnel performing those functions; establishing On-Demand Support Services; realigning and integrating the Air Force Accounting and Budgeting departments; modifying design support systems and programs; creating training materials and programs (including web-based training tools); and establishing a continuous cultural improvement program to achieve the transformation to a world-class operation. As shown in Table 13, six “Lanes of Transformation” have been established as a guide through the transformation journey.

Table 13. Air Force Financial Management Lanes of Transformation

SAF/FM Focus	Objective
1. Financial Services Delivery Model	This Lane is responsible for consolidating and transforming the Financial Management Career field by standing up the Air Force Financial Services Center at Ellsworth AFB, SD. This two phased service delivery model is currently consolidating the back-office military and travel pay processing for 93 Active and Reserve bases into one location called the Central Processing Center. The second phase consists of a 24/7 Contact Center that opens its doors in October 2008.
2. Decision Support	This Lane is shifting the focus of Financial Managers from transactional work to Decision Support by providing the Financial Management community with enhanced financial training, improved processes, and a refocused organizational structure at the base level.
3. Strategic Communications	This Lane is responsible for marketing and communicating Financial Management Transformation to the rest of the Air Force, both internal and external audiences, through a myriad of dynamic and informative mediums.
4. Air Force Smart Operations for the 21st Century (AFSO21)	This Lane is responsible for identifying opportunities and leading efforts to improve processes through Lean practices to eliminate waste and increase operational support to manage financial resources for the Air Force.
5. Education and Training	This Lane provides the training strategies and materials needed to implement the other lanes of transformation. Developing web-based training tools, updated procedures manuals, and classroom curriculum are just a few of the actions undertaken to ensure Financial Management staff have the necessary skills to perform their duties in the transformed environment.
6. Budget Transformation Operation	This Lane is creating a world-class operation in the Headquarters Air Force Budget Operations office by strategically allocating resources, re-engineering processes, and building continuous cultural improvements.

During the transformation journey, the "Lanes" have served well to provide focus of effort. In its current state, however, one key transformational activity in 2007 was the creation of the Air Force Financial Services Center (AFFSC) at Ellsworth AFB, SD (pictured below). AFFSC centralizes and transforms the majority of pay services, with goals of improving efficiency and effectiveness in service delivery while reducing the need for time-consuming, face-to-face interactions. These changes have been modeled on best practices found in the private sector and have been identified as a model in military financial management customer service. The vision and subsequent journey to this "Finance" service delivery method was born in early 2000 as a way to both harness the virtual technology age and to provide better service to our warfighters. The concept



dovetailed nicely into the Air Force’s later effort to recapitalize the force and Financial Management was able to return nearly 600 positions back "to the fight" and generate a savings of \$210M. Financial processes impacting pay and travel are currently migrating from bases (Active and Reserve) now and the contact center portion of this vision has an October 2008 IOC. This will make the Military and Travel Pay service a model of efficiency so warfighters can focus on their job, knowing they can access pay needs 24/7 via multiple avenues. In addition, these changes correspond to the Secretary of the Air Force’s AFSO21 initiative which focuses on increasing value to the customer, eliminating waste, saving money and time, and improving quality.

Technology and Transformation Enablement

The Air Force has leveraged DoD enterprise transition planning and mandated certification reviews by ensuring all business systems development supports Agile Combat Support (ACS) CONOPS. The CONOPS effects and capabilities will be integrated into the Air Force architecture, resulting in the planned shutdown of more than 250 legacy systems and returning those resources to warfighting. The Governance and Strategic Planning Processes of the Assistant Secretary of the Air Force for Warfighting Integration and Chief Information Officer (SAF/XC) envision an integrated enterprise that transforms present day systems into future services sharing trusted, authoritative data across the enterprise. Reaching beyond mandated reviews, the Governance Process actively manages costs in its cross-functional portfolio for investment into the Global Combat Support System-Air Force (GCSS-AF) to enable the future vision. (Note: The systems eliminated baseline is updated every six months, coinciding with the release of reports to Congress, as required by FY2005 National Defense Authorization Act, Public Law 108-375, SEC. 332). Due to changes in many of the Component Target systems from continued blueprinting, such as Expeditionary Combat Support System (ECSS) and Defense Enterprise Accounting Management System-Air Force (DEAMS-AF), the number of systems eliminated currently being tracked has been reduced from 486 to 250. Other slippages were discovered due to erroneous entries in past baselines where missed milestones had already occurred but not corrected. Figure 37 shows our planned versus actual legacy system shutdowns by number of systems from December 2004 to December 2006. Figure 38 shows the planned legacy system shutdown through FY2012.

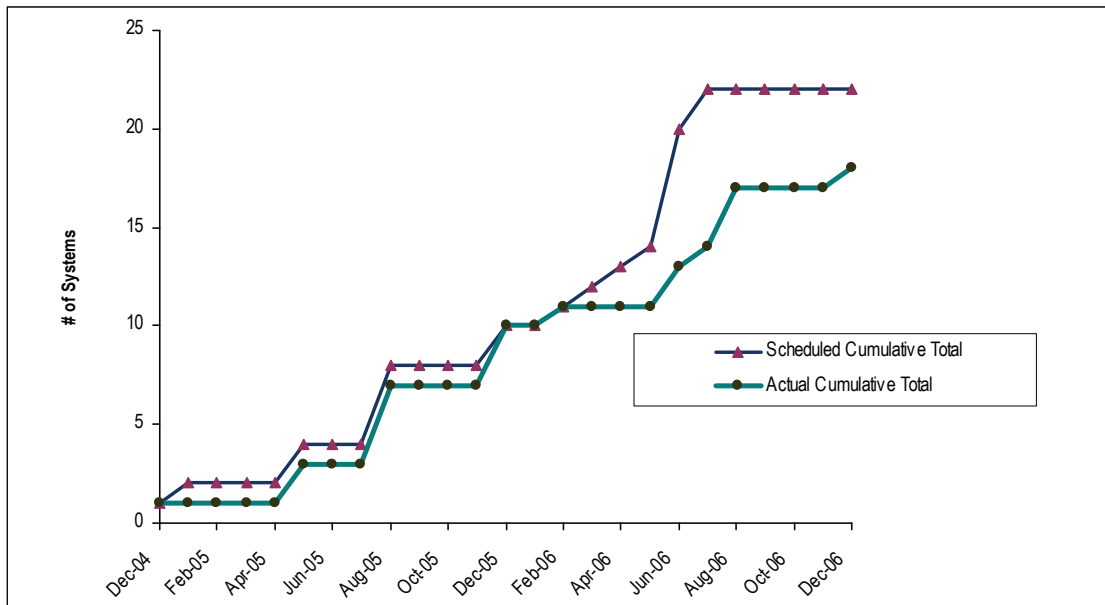


Figure 37. Planned vs Actual Legacy Systems Shutdown (Dec 2004-2006)

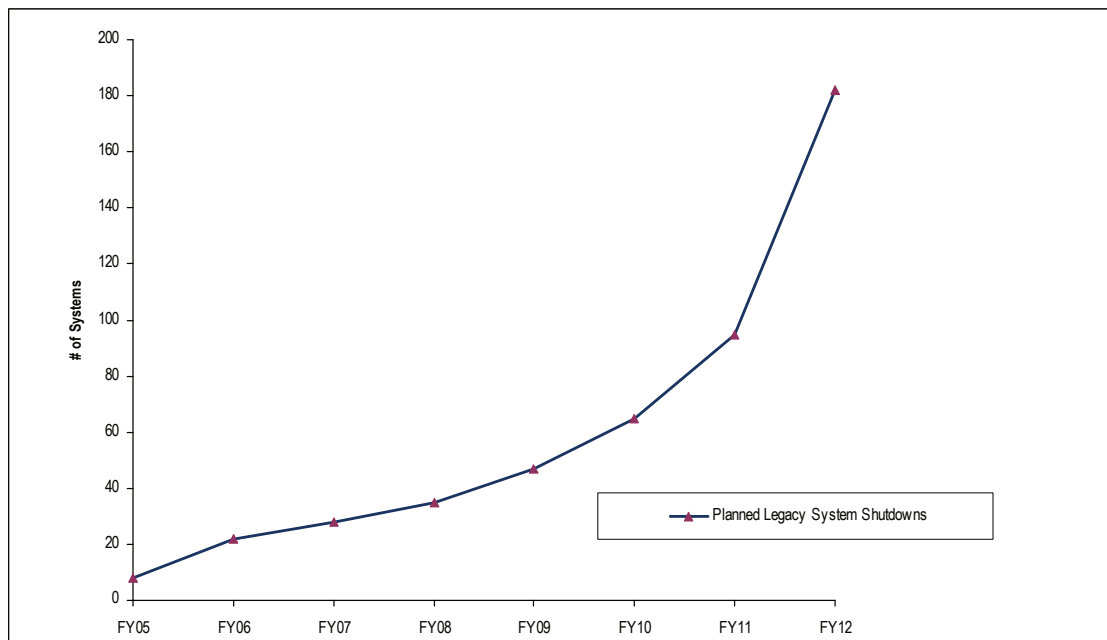


Figure 38. Planned Legacy Systems Shutdown Through FY2012

Acquisition Process Improvement

The Air Force continues its goal of streamlining the acquisition process to provide more efficient and responsive services to the warfighter. A number of completed and ongoing projects have contributed to the improvement of acquisition and FY2009 promises more progress. For example, the Air Force is working to establish and enforce standards for transparency in acquisition and other business processes that are commensurate with “best-in-class” public and private sector organizations. Financial transparency is essential to good governance, and good governance is vital to ensuring our Air Force can produce and field the systems with which we will fly and fight. We will continue to perfect the processes that promote good governance through transparency. We are working on performance measures to help us track progress in this area.

We are also working to produce accurate, reliable, and timely life cycle financial data throughout the Planning, Programming, Budgeting, and Execution (PPBE) process. We will be better stewards of the resources entrusted to us by committing our workforce and other resources to producing sound data for use in our acquisition system. We will ensure the validity of this data at every stage of the acquisition decision making life cycle. Assessments of potential solutions should involve the acquisition community’s judgment of technological feasibility, cost-per-increment of capability improvement, and the assessment of affordability. These inputs will be provided early in the decision making process, before significant resources are committed. Once an investment decision has been approved, changes will require collaboration among all three communities at the appropriate decision level to ensure strategy-driven, affordable, and achievable outcomes. Specific performance measures are under evaluation currently to help us track progress in this area as well.

We have revitalized the Acquisition Strategy Panel, providing a systematic and disciplined approach to develop an effective acquisition program roadmap. The newly developed Air Force Review Board process provides a structured and repeatable system that aids decision making on critical aspects of selected acquisition programs. We have also streamlined periodic review processes by combining several independent reviews into a single event, saving preparation and travel time.

In 2006 the Defense Acquisition Performance Assessment (DAPA) made a number of recommendations for improving the acquisition system. The Air Force is in the process of evaluating and implementing

some of the key recommendations of the DAPA report. For example, the Air Force is exploring the concept of Time Certain Development (TCD) as the next step in evolutionary acquisition. TCD involves structuring a program to deliver its initial capability to the warfighter at an explicitly specified (and much shorter) interval. Such a policy helps improve the responsiveness of the acquisition system and keeps our warfighting capabilities aligned to current threat conditions.

Summary

Air Force business processes continue to improve and we are seeing the benefits of this in many areas. The implementation of a strategy with quarterly updates on how we are doing against our plans is being institutionalized across the Air Staff. We are making great progress in retiring outdated legacy information systems and are becoming more net-centric in our information sharing. Although we are taking some risks in MILCON, we are finding ways to meet the mission while respecting our environment and implementing alternative energy production capabilities. The Air Force is constantly analyzing our processes and instituting better ways of doing business. These business process improvements from the Corporate Support area have a ripple effect across all of our mission areas. Our culture of constant improvement will continue to have positive impacts on our ability to employ the force, manage the force, and develop the force.

Section 5 – Performance Based Budget Summation

The FY2009 Air Force budget continues efforts to Win Today’s Fight, Care for Our People, and Prepare for Tomorrow’s Challenges. The Budget reflects tough, thoughtful decisions to best carry out our entrusted responsibilities within the resources provided while focusing on recapitalization and modernization. It starts us on a path to achieve the procurement priorities that will put the best technology in the hands of our Airmen. We acknowledge the fiscal reality that costs of people, contracts, spare parts and fuel have increased, and that fiscal constraints challenge our ability to ensure dominant Air, Space, and Cyberspace power for the 21st century. In light of these realities, we balanced risk across all four Decision Lanes: Employ the Force, Manage the Force, Develop the Force, and Corporate Support.

This Performance Based Budget Overview reflects our continued progress toward providing greater correlation between our budget expenditures and measurable results. The Air Force Strategic Plan sets the course for aligning performance measures to Air Force priorities, goals, and objectives. We institutionalized a strategy across the Air Staff to conduct quarterly reviews of our progress toward meeting performance measure goals.

The FY2009 budget emphasizes current operations as a priority meeting the requirements to dominate in a dynamic, dangerous, and unpredictable world. We have balanced maintenance, divestiture, and modernization in key capabilities to provide Global Vigilance, Global Reach, and Global Power. Our Airmen are not only a precious resource but our primary weapon system in keeping us on a path for success. We are committed to providing them with world-class programs, facilities, training, and morale enhancing activities. The Air Force business process improvement initiatives underpin our culture of constant improvement, and will continue to have positive impacts on our ability to meet mission requirements by employing the force, managing the force, and developing the force.

We must position the Air Force to secure our Nation’s superiority in all domains and maintain a credible deterrent that convinces potential adversaries of our unwavering commitment to defend our Nation, its allies, and friends. The character, tempo, and speed of modern warfare already tests our ability to adapt. The Air Force has been in continuous combat since 1990, taking a toll on our people and aging equipment. We recognize the urgency of investing in the future through recapitalization and modernization. If we are to defend the U.S. and promote its interests, the Air Force must continue to provide the Joint Team with prompt, persistent, and decisive Air, Space, and Cyberspace effects.

Acronyms

3GIRS	Third Generation Infrared Surveillance
ACS	Agile Combat Support
ACTD	Advanced Concept Technology Demonstration
AEF	Air and Space Expeditionary Force
AEHF	Advanced Extremely High Frequency
AF	Air Force
AFB	Air Force Base
AFFSC	Air Force Financial Services Center
AFMS	Air Force Medical Service
AFR	Air Force Reserve
AFRC	Air Force Reserve Command
AFSC	Air Force Specialty Code
AFSO21	Air Force Smart Operations for the 21st century
AFWCF	Air Force Working Capital Funds
AMRAAM	Advanced Medium-Range Air-to-Air Missile
ANG	Air National Guard
AOR	Area of Responsibility
AW	Airlift Wing
AWACS	Airborne Warning and Control System
B	Billion
BMT	Basic Military Training
BRAC	Base Realignment and Closure
C4	Command, Control, Communications, and Computer
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance
CCT	Combat Controller
CENTCOM	U.S. Central Command
CONOPS	Concept of Operations
CONUS	Continental United States
CPP	Capital Purchase Program
CRRA	Capabilities Review and Risk Assessment
CSAR	Combat Search and Rescue
CWT	Customer Wait Time
CY	Calendar Year
DAPA	Defense Acquisition Performance Assessment
DCGS	Distributed Common Ground System
DEAMS-AF	Defense Enterprise Accounting Management System-Air Force
DLA	Defense Logistics Agency
DMAG	Depot Maintenance Activity Group
DoD	Department of Defense
DoDI	DoD Instruction
ECSS	Expeditionary Combat Support System
EELV	Evolved Expendable Launch Vehicle

eLog21	Expeditionary Logistics for the 21st century
EO/IR	Electro-Optical/Infrared
EOD	Explosive Ordnance Disposal
FM	Financial Management
FO	Facilities Operation
FOC	Full Operational Capability
FRM	Facilities Recapitalization Metric
FSM	Facilities Sustainment Model
FY	Fiscal Year
FYDP	Future Years Defense Plan
GCSS-AF	Global Combat Support System-Air Force
GEO	Geosynchronous Earth Orbit
GLSC	Global Logistics Support Center
GPRA	Government Performance and Results Act
GPS	Global Positioning System
GSD	General Support Division
GWOT	Global War on Terror
ICBM	Intercontinental Ballistic Missile
IEB	Initial Enlistment Bonus
IED	Improvised Explosive Device
ILO	In Lieu Of
IMR	Individual Medical Readiness
IOC	Initial Operational Capability
ISR	Intelligence, Surveillance, and Reconnaissance
JSTARS	Joint Surveillance Target Attack Radar System
M	Million
MAJCOM	Major Command
MC	Mission Capable
MFH	Military Family Housing
MICAP	Mission Incapable
MILCON	Military Construction
MILPERS	Military Personnel
MILSTAR	Military Strategic, Tactical and Relay
MSD	Material Support Division
NASA	National Aeronautics and Space Administration
NSPS	National Security Personnel System
O&M	Operation and Maintenance
OPSTEMPO	Operations Tempo
ORS	Operationally Responsive Space
OSD	Office of the Secretary of Defense
OSHA	Occupational Safety and Health Administration
PART	Program Assessment Rating Tool
PBD	Program Budget Decision
PJ	Pararescue

PMA	President's Management Agenda
PME	Professional Military Education
PPBE	Planning, Programming, Budgeting, and Execution
QDR	Quadrennial Defense Review
RDT&E	Research Development Test and Evaluation
RE21	Repair Enterprise 21
ROTC	Reserve Officer Training Corps
S&T	Science and Technology
SAF/FM	Assistant Secretary of the Air Force for Financial Management and Comptroller
SAF/XC	Assistant Secretary of the Air Force for Warfighting Integration and Chief Information Officer
SAM	Surface-to-Air Missile
SAR	Synthetic Aperture Radar
SATCOM	Satellite Communications
SBIRS	Space Based Infrared System
SBSS	Space Based Space Surveillance
SEAD/DEAD	Suppression of Enemy Air Defenses and Destruction of Enemy Air Defense
SERE	Survival Evasion, Resistance, and Escape
SMAG	Supply Management Activity Group
SSA	Space Situational Awareness
TACP	Tactical Air Control Party
TCD	Time Certain Development
TFI	Total Force Integration
TOA	Total Obligation Authority
TSAT	Transformational Satellite
TTP	Tactics, Techniques, and Procedures
TWCF	Transportation Working Capital Fund
U.S.	United States
UAS	Unmanned Aircraft System
UAV	Unmanned Aerial Vehicle
USAF	United States Air Force
VPP	Voluntary Protection Program
WCF	Working Capital Funds
WGS	Wideband Global SATCOM
WRM	War Reserve Materiel

Appendix A: Air Force Budget Rollout

The purpose of this section is to outline the Air Force's budget story as it is briefed to Congress upon presentation of the President's Budget. This section illustrates how the Air Force uses four budget quadrants: People, Readiness, Infrastructure, and Modernization to define budgeted dollars.

The mission of the Air Force is to deliver sovereign options for the defense of the United States of America and its global interests—to fly and fight in Air, Space, and Cyberspace. The Air Force accomplishes this mission in a very challenging and dynamic environment with the past year marking another year of fighting a war and supporting humanitarian needs at home and abroad.



In order to fulfill its mission requirements, the Air Force organizes its funding objectives in conjunction with the Air Force leadership priorities: Win Today's Fight, Take Care of Our People, and Prepare for Tomorrow's Challenges. By accomplishing these priorities, the Air Force can then provide vital, overarching capabilities to the Joint warfight—Global Vigilance, Global Reach, and Global Power.

Global Vigilance is persistent, worldwide capability to keep an unblinking eye on any entity and to provide warning on capabilities and intentions, as well as identify needs and opportunities. Today, the Air Force has 18 Predator unmanned aerial systems providing around-the-clock surveillance; over 140 satellites providing 24/7 pinpoint navigation, warning, and vital communications; and U-2s, Global Hawk and Joint Surveillance Target Attack Radar System (JSTARS) keeping commanders at all levels engaged in the fight.

Global Reach is the ability to move, supply, or position assets, with unrivaled velocity, anywhere on the planet. Over 200 airlift sorties, 1,000 tons of cargo, and 2,500 passengers are flown around the globe each day. 14,300 CENTCOM tanker sorties supplied 973 million pounds of fuel to 82,188 Coalition combat aircraft. More than 46,000 Soldiers, Sailors, Marines, and Airmen have been medically evacuated from theater since October 2001, most in under 72 hours.



Global Power is the ability to hold at risk or strike any target, anywhere in the world, and project decisive, precise effects. Currently over 26,000 Airmen are engaged in the fight in CENTCOM. In 2007 the Air Force provided 33,500 close air support sorties in Iraq and Afghanistan and strike sorties are up 80 percent in Iraq and 42 percent in Afghanistan since 2006.

In order to do all this and provide the world's best Air, Space, and Cyberspace force, the Air Force uses a systematic approach to prepare a balanced budget submission. The foundation of the Air Force's budget approach is four budget quadrants: People, Readiness, Infrastructure, and Modernization. The budgetary approach to supporting Airmen (**People**) recognizes that keeping pace with rising personnel costs and maintaining targeted recruiting/retention bonuses are high priority. Supporting today's fight (**Readiness**) demands that the budget fund our current global commitments and recognize that increasing costs of operations are eroding buying power. The budget accepts risk in **Infrastructure** by restricting MILCON focus to new mission beddown while maintaining existing facilities. **Modernizing** will prepare us for tomorrow's fight and the top five acquisition priorities are critical to counter the threats and aging fleet which require recapitalization. These quadrants provide the funding to meet global requirements and relate to the Decision Lanes used in this Overview Book, but are not a one-for-one match as depicted in Figure 39.

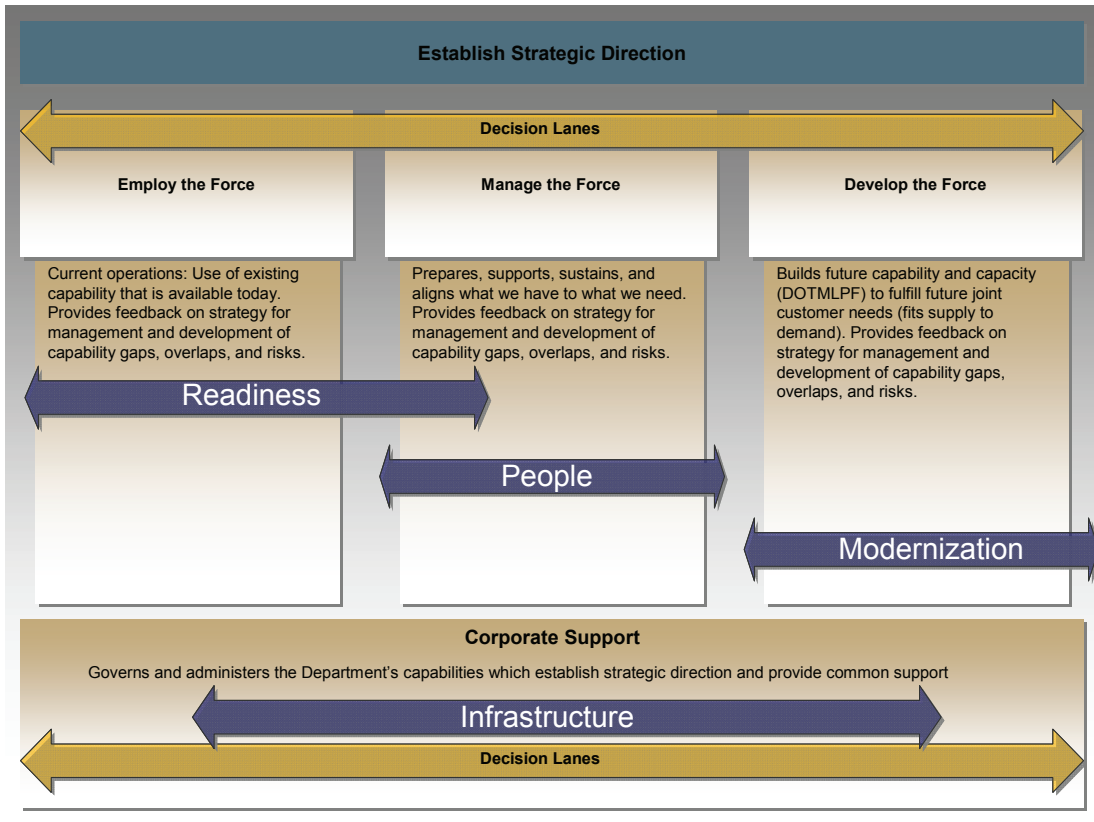


Figure 39. Decision Lanes and Air Force Budget Quadrants

People: Despite the issues faced by a dynamic and challenging economy, taking care of people is still a priority for the Air Force. However, maintaining this priority comes with a price. The Air Force will continue to fund pay increases, cost of living allowances, basic allowance for housing increases, basic allowances for subsistence, retirement pay accruals, and taxes. These items are required to maintain the force at the standard of living that Airmen deserve. Additionally, the Air Force will continue to fund recruiting and retention initiatives to attract and keep quality Airmen on active duty. For example, major programs include initial enlistment/selective reenlistment bonuses, aviator continuation pay, professional special pays, foreign language proficiency pay, and programs to increase regional and Political-Military Affairs expertise.



Readiness: Even though increasing fuel and aging aircraft costs continue to erode buying power, the Air Force continues to sustain readiness to support global commitments. Readiness efforts include ensuring adequate flying hours for training aircrews, maintaining a fleet of approximately 5,600 aircraft, and funding 84 major installations. It also includes support and training programs to develop Airmen for the expeditionary environment and keep them prepared to deploy when and where they are needed. The Air Force must also conduct space control and satellite operations for over 140 DoD and National satellites and operate two space lift ranges, while providing global, seamless command and control and interoperable communications.

Infrastructure: Infrastructure continues to support the Air Force's top three priorities. While this area is a foundation for all facets of mission accomplishment, the Air Force is accepting risk in the infrastructure program to free up funds for transformation and weapons modernization, both of which must be balanced

against rising business operations costs (e.g., rising utility and manpower costs). This does not mean that this area is being neglected. The FY2009 budget sustains an infrastructure plant worth more than \$243B. Military family housing is focused on revitalizing overseas housing and completing the initiative to revitalize housing here at home. Finally, the FY2009 program continues construction activities in support of the 2005 BRAC Commission recommendations and the Air Force commitment to meet BRAC closure deadlines of September 2011.



Modernization: The final key to success is the Air Force’s modernization effort. The Air Force continues to become more capable, more efficient, and more lethal. This includes the urgent need to modernize our aging aircraft fleet whose average age is now at 24 years and has a recapitalization rate approaching 50 years. The key to providing transformational warfighting capability is the development of superior programs. The Air Force’s top five priorities are the Tanker program, CSAR Helicopter program, space programs, the F-35A Fighter, and the New Bomber. These programs are discussed in detail in the Develop the Force sections of this Overview Book.

The dynamic nature of the world’s geopolitical climate and the increasing pressures of an extended warfighting posture require continual analysis and budget adjustments to ensure future success. The FY2009 President’s Budget submission requests \$143.9B.

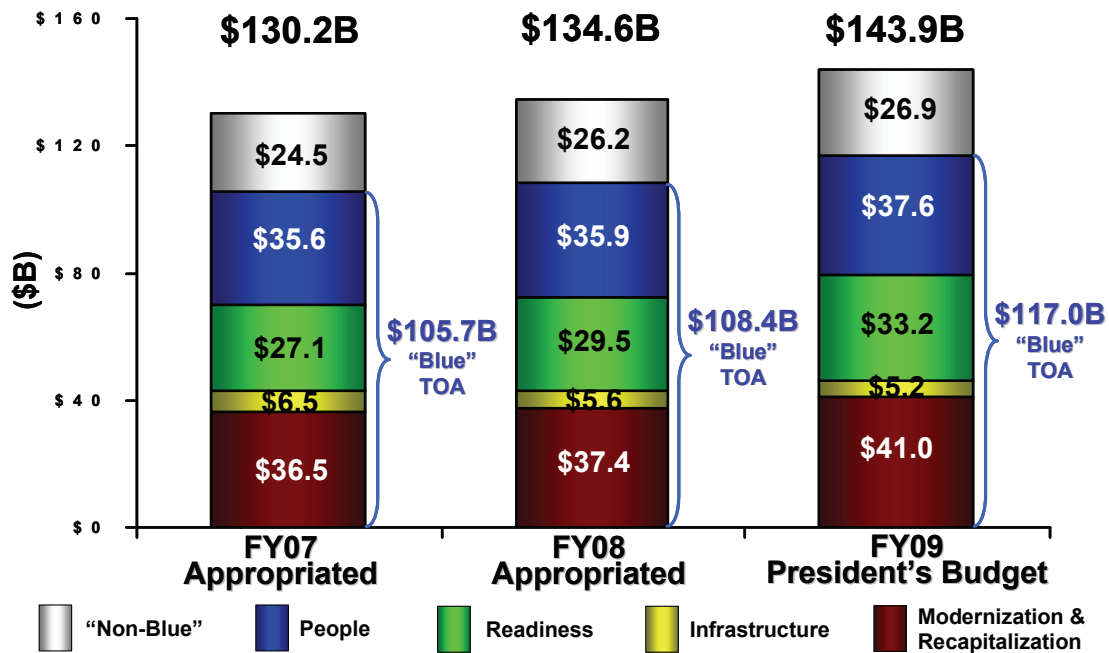


Figure 40. FY2008–2009 Air Force TOA Comparison

Highlights of changes from the FY2008 Blue TOA Appropriation to the FY2009 Blue TOA budget request are summarized below by the four budget quadrants.

People

(\$B)	FY2008 Appn	FY2009 PB	Delta
Officer/Enlisted Pay & Entitlements	26.5	27.5	1.0
Civilian Personnel Pay	9.4	10.1	0.7
Total	35.9	37.6	1.7

The request includes a 3.4 percent across-the-board pay raise for officer and enlisted personnel, a 2.9 percent civilian pay raise, a 4.9 percent average increase for Basic Allowance for Housing, an increase to the Permanent Change of Station program and a slight increase in Selective Reenlistment Bonuses and Medical Special Pays.

Readiness

(\$B)	FY2008 Appn	FY2009 PB	Delta
Flying Operations	14.3	16.3	2.0
Space Operations	1.4	1.5	0.1
Communications	1.9	2.1	0.2
Mission & Base Operations	11.9	13.3	1.4
Total	29.5	33.2	3.7

Rising commodity prices and increasing cost to sustain our aging fleet drives a \$3.7B increase in this area from FY2008. Cost of fuel, spare parts, utilities costs, and aircraft depot maintenance and contract logistics support increase by \$2.1B alone. The budget request funds production of 1,200 pilots, fully funds 1.4M flying hours, and sustains the fleet of approximately 5,600 aircraft. It also improves training in numerous areas such as live fire combat training and combat search and rescue and provides funding to operate the Nation's two space lift ranges and over 140 space control and satellite operations.

Infrastructure

(\$B)	FY2008 Appn	FY2009 PB	Delta
MILCON	1.4	1.0	-0.4
Facility Maintenance	1.9	2.1	0.2
Family Housing	1.0	0.9	-0.1
BRAC	1.3	1.2	-0.1
Total	5.6	5.2	-0.4

The FY2009 budget reflects the Air Force's intent to take risk in military construction projects in order to better allocate resources to such areas as transformation and weapons modernization. It does include a small increase in Facility Sustainment and Restoration/Modernization which sustains an infrastructure plant worth more than \$243B. In the Family Housing area, it meets the goal to eliminate inadequate

overseas houses and supports CONUS housing privatization initiatives. Finally, it keeps the Air Force on track to implement BRAC 2005 recommendations by September 2011.

Modernization

(\$B)	FY2008 Appn	FY2009 PB	Delta
RDT&E	17.8	19.6	1.8
Procurement:			
Aircraft	11.9	12.7	0.8
Missiles	3.9	4.7	0.8
Other	3.1	3.1	0.0
Ammunition	0.7	0.9	0.2
Total	37.4	41.0	3.6

In addition to funding the top five acquisition priorities—the Tanker which will replace the old KC-135 tanker; the CSAR Helicopter which replaces aging HH-60 helicopters; Space Systems—critical capabilities to warn, target, communicate, and navigate; the F-35A that continues fifth generation fighter development; and the New Bomber project to be fielded by 2018—the FY2009 budget includes increases for procurement of five additional MQ-9 UAVs, recapitalization of the MC-130 aircraft, additional funding for C-17 procurement, increases for the Space Based Infrared Radar System, and increases in RDT&E for the TSAT communications program. The budget also includes decreases in C-130J procurement (last aircraft procured in FY2008), the T-6 Texan program (last aircraft procured in FY2008), and a reduction in RDT&E for the AEHF program.



Shaping a budget today requires understanding the impact financial decisions have on the Air Force’s ability to respond to multiple threats across multiple geographies with a wide range of capabilities. The current Air Force Strategic Plan states that “persistent, lethal, overwhelming Air, Space, and Cyberspace power massed and brought to bear anywhere, anytime” is the common foundation for the Air Force today and in the future.

Finally, Table 14 below is the mapping of the Air Force TOA (appropriated amounts for FYs 2007 and 2008 and the FY2009 Budget Request) to Decision Lanes across the four budget quadrants: People, Readiness, Modernization, and Infrastructure—budget focus areas necessary to meet leadership priorities utilizing Air Force capabilities. Modernization (Develop the Force) funding levels confirm the need and commitment to recapitalize for tomorrow’s fight.

Table 14. Air Force (Blue and Non-Blue) TOA by Decision Lane and Budget Quadrant (\$ in Millions)

Decision Lanes	Quadrants	Appropriations	FY2007	FY2008	FY2009
Employ the Force	People	MILPERS – AF	12,088	13,082	13,710
		MILPERS – AFR	721	703	744
		MILPERS – ANG	1,620	1,785	1,935
		O&M – AF	805	908	979
		O&M – AFR	711	784	814
		O&M – ANG	1,464	1,517	1,577
	People Total		17,409	18,779	19,759
	Readiness	O&M – AF	12,840	13,969	16,271
		O&M – AFR	1,168	1,388	1,664
		O&M – ANG	2,276	2,537	2,802
	Readiness Total		16,284	17,894	20,737
	Modernization	Procurement of Ammunition	1,038	749	894
	Modernization Total		1,038	749	894
Employ the Force Total		34,731	37,421	41,389	
Manage the Force	People	Medicare Contribution – Active AF	2,082	1,959	1,778
		Medicare Contribution – AFR	268	252	224
		Medicare Contribution – ANG	410	402	376
		Military Family Housing O&M – AF	79	75	60
		MILPERS – AF	6,400	7,248	7,752
		MILPERS – AFR	306	385	419
		MILPERS – ANG	409	359	380
		O&M – AF	864	853	1,032
		O&M – AFR	37	37	43
		O&M – ANG	75	49	58
	People Total		10,930	11,619	12,122
	Readiness	O&M – AF	3,785	4,025	4,339
		O&M – AFR	69	56	72
		O&M – ANG	169	228	259
	Readiness Total		4,023	4,309	4,670
	Infrastructure	Military Family Housing Construction – AF	1,223	256	396
		Military Family Housing O&M – AF	696	613	540
Infrastructure Total		1,919	869	936	
Manage the Force Total		16,872	16,798	17,727	
Develop the Force	People	MILPERS – AF	109	116	118
		O&M – AF	0	0	0
		RDT&E – AF	352	372	647
	People Total		461	488	765
	Readiness	O&M – AF	21	1	1
	Readiness Total		21	1	1
Modernization	Aircraft Procurement – AF	11,419	11,940	12,676	
	Missile Procurement – AF	3,988	4,945	5,538	
	Other Procurement – AF	15,493	15,335	16,128	
	RDT&E – AF	23,697	25,494	27,419	
Modernization Total		54,597	57,714	61,761	
Develop the Force Total		55,079	58,203	62,527	

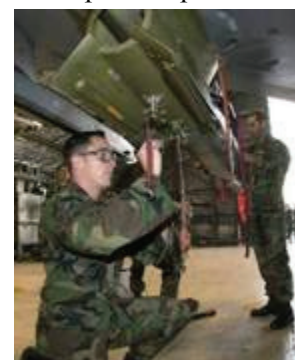
Decision Lanes	Quadrants	Appropriations	FY2007	FY2008	FY2009
Corporate Support	People	MILPERS – AF	5,598	3,748	3,692
		MILPERS – AFR	298	276	274
		MILPERS – ANG	449	473	477
		O&M – AF	4,112	4,415	4,690
		O&M – AFR	277	263	255
		O&M – ANG	251	256	263
		People Total		10,985	9,431
Readiness		Defense Business Operations	44	60	61
		O&M – AF	6,540	6,398	6,831
		O&M – AFR	270	202	214
		O&M – ANG	802	571	621
		Environmental Restoration – AF	0	456	496
Readiness Total		7,656	7,687	8,223	
Modernization		Defense Business Operations	0	150	0
		Modernization Total	0	150	0
Infrastructure		BRAC Round IV (FY1996)	130	143	139
		BRAC Round V (FY2005)	906	1,184	1,073
		MILCON – AFR	45	28	19
		MILCON – ANG	126	288	34
		MILCON – AF	1,112	1,160	935
		O&M – AF	2,197	1,731	1,759
		O&M – AFR	119	72	81
		O&M – ANG	205	285	300
		MILCON – AF (2 YEAR)	0	0	0
Infrastructure Total		4,840	4,891	4,340	
Corporate Support Total		23,482	22,160	22,217	
Grand Total		130,163	134,581	143,859	



Procuring new aircraft and space systems on schedule and at reduced costs for warfighters requires transformation of the Air Force’s acquisition processes. To accomplish this, a number of projects (some completed and some ongoing) have contributed to the improvement of acquisition, and FY2009 promises more progress. For example, the Air Force is working to establish and enforce standards for transparency in acquisition and other business processes that are commensurate with “best-in-class” public and private sector organizations. The

Air Force has revitalized the Acquisition Strategy Panel, providing a systematic and disciplined approach to developing an effective acquisition program road map. The Air Force Review Board process provides a structured, repeatable system that aids decision making on critical aspects of selected acquisition programs. The periodic review processes have been streamlined by combining several independent reviews into a single event, saving both preparation and travel time.

The Air Force is meeting commitments today, but along with the stresses of protracted war, countering emerging threats remain a concern. The challenges to Air and Space dominance include proliferation of integrated air defenses, growth of fourth generation combat aircraft worldwide, proliferation of low observable and cruise missiles, and threats to our current ability to leverage Space and Cyberspace. Recapitalization is an urgent National Security need.



The fiscal challenges of aging aircraft, aging facilities, increased personnel costs, and the cost of operating at wartime levels for 17 years have affected decisions to continue to transform and modernize the force. This FY2009 budget submission balances the Air Force's modernization needs with operational and personnel program needs. The investments the Air Force is making in systems and technologies will help the U.S. maintain, and in many cases increase, the technological advantage it has over its enemies. These investments will bring more capability and flexibility to Combatant Commanders for decades to come.

Appendix B: Working Capital Funds

Eighteen years ago, a Defense Management Review Decision established the working capital fund (WCF) concept under the Defense Business Operating Fund to begin operating some missions of the DoD in a more business-like manner. Today, these mission areas operate in the form of WCFs in the Department. The Air Force WCF conducts business in two primary areas: the Supply Management Activity Group (SMAG) and the Depot Maintenance Activity Group (DMAG). The Transportation Working Capital Fund (TWCF), for which the Air Force assumed responsibility of cash oversight in FY1998, is part of this submission, although the Air Force does not have day-to-day management responsibility for TWCF operations. The FY2009 Air Force Working Capital Funds (AFWCF) Program and Budget Review reflects current execution plans and a number of Air Force initiatives to improve the efficiency and effectiveness of our activities while continuing to meet the needs of the warfighting forces. The AFWCF activities support all the Air Force core strategic capabilities: Global Vigilance, Global Reach, and Global Power. These core strategic capabilities are fundamental to the Air Force mission. In support of the core strategic capabilities, the WCFs provide maintenance, weapon system spare parts, base supplies, and transportation services. In order to continue as a world-class operation, logistics and business processes are continuously improved to ensure warfighters receive the right item, at the right place, right time, and lowest cost.

Figure 41 shows how customers place an order with a working capital fund provider and are later billed for the goods and services provided.

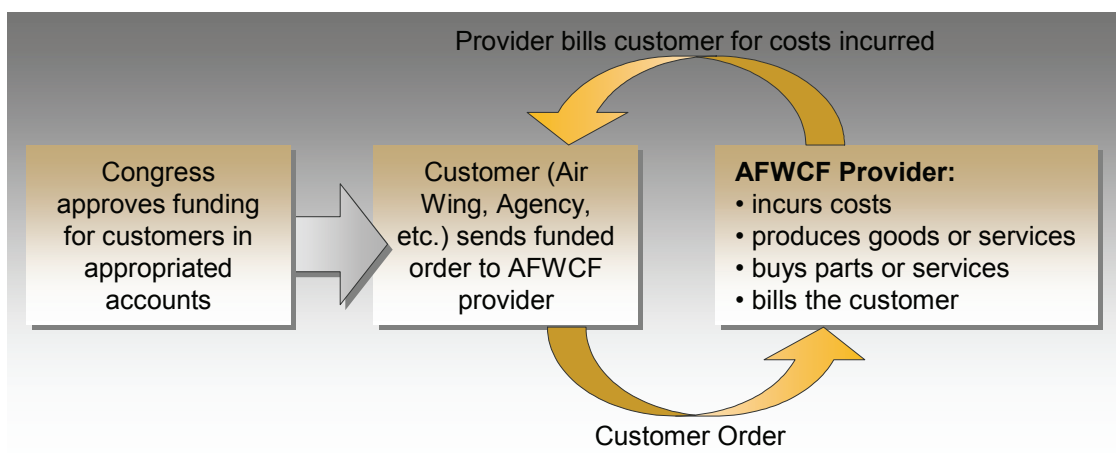


Figure 41. Air Force WCF Process Flow

Division Overviews

Supply Management Activity Group (SMAG) Overview

The SMAG manages over 1.6 million inventory items including weapon system spare parts, medical-dental supplies and equipment, and other supply items used in non-weapon system applications. The Air Force SMAG is a critical component in the support of combat readiness. It procures materiel and makes repaired spares available to authorized customers. Within SMAG, the Medical-Dental Division inventory includes a War Reserve Materiel (WRM) Stockpile. WRM provides initial warfighting capability until re-supply lines can sustain wartime demands for medical and dental supplies and equipment.

The Air Force SMAG generates revenue from sales of various supplies to a diverse customer base. Primary SMAG customers are Air Force Major Commands (MAJCOMs), Air Force Reserve, Air

National Guard, Foreign Military Sales, Army, Navy, and non-DoD activities, as well as other working capital activity groups, such as Air Force Depot Maintenance Activity Group and TWCF.

War Reserve Materiel (WRM)/ Direct Appropriation

The Medical-Dental Division's WRM provides supplies and equipment vital to support forces in combat for the first 60 days of a contingency operation, and provides basic force health protection to all deploying Air Force active, reserve, and guard personnel. Availability of this materiel ensures Air Force personnel can deploy as scheduled and that contingency operations can be conducted until re-supply lines are established and materiel is routinely received from CONUS. The appropriation funds the establishment and sustainment of 2,431 assemblages that are maintained in the Medical-Dental Division until required to provide direct support to the warfighters. Approximately one third of WRM pharmaceuticals must be replaced annually because of very short shelf life or emergence of newer, more effective treatments. Medical equipment requires constant upgrade to provide the maximum required capability possible, and new technology constantly allows for replacement of equipment with smaller, more proficient models which often drives a change in other supply requirements. In FY2007, WRM received \$43.9 million. In FY2008 and FY2009 funding requirements are forecasted to be \$60.2 million and \$61.5 million, respectively. In FY2008, 120 medical WRM items transferred from Air Force Other Procurement to the WRM Direct appropriation and will be managed within the AFWCF Medical-Dental Division. This action increases annual WRM programming by \$17.0 million on average.



Wholesale Activities

The Material Support Division (MSD) manages over 106,000 depot level reparable and consumable items for which the Air Force is the Inventory Control Point. Air Force Materiel Command procures the inventory items, which are generally weapon system related. The MSD provides cost visibility related to wholesale inventory control point operations (including cataloging and standardization). MSD also incurs the costs for all overhead activities including: civilian and military labor, travel, training, supplies, services provided by other Defense organizations, contractual services, and capital asset depreciation. The Defense organization services are provided by the Defense Logistics Agency (DLA), Defense Logistics Information Services, Defense Finance and Accounting Service, Defense Reutilization and Marketing Service, and Defense Information Systems Agency. MSD maintains inventories to support all operations (peacetime and contingency activities, such as Operation Iraqi Freedom). MSD also maintains deployable kits for initial use in contingency operations.

Retail Activities

The **General Support Division (GSD)** manages over 1.5 million different items, which are procured from the DLA and General Services Administration. GSD customers use the majority of these items to support field and depot maintenance of aircraft, ground and airborne communication, and electronic systems, as well as other sophisticated systems and equipment. The GSD also manages many items related to installation, maintenance, and administrative functions.

The **Medical-Dental Division** manages over 7,000 different items for 82 Medical Treatment Facilities worldwide, of which 65 are in the CONUS. All supply and equipment requirements generated by Air Force treatment facilities are procured through this division. The Medical-Dental Division also maintains the WRM requirement.

The **Air Force Academy Division** finances the purchase of uniforms and uniform accessories for sale to cadets in accordance with regulations of the Air Force Academy and related statutes. The customer base consists of approximately 4,150 cadets who receive distinctive uniforms procured from various manufacturing contractors.

Financial and Performance Summary

SMAG Net Operating Results and Accumulated Operating Results

The table below depicts financial performance for the total SMAG.

FY2009 PB Dollars in Millions	FY2007	FY2008	FY2009
Net Operating Results	252.8	22.0	(60.6)
Accumulated Operating Results	38.6	60.6	-

Customer Price Change (%)

Division	FY2007	FY2008	FY2009
Material Support	6.84%	5.63%	1.03%
General Support	-2.74%	6.39%	3.30%
Medical Dental	2.45%	4.87%	5.95%
Academy	16.20%	-7.97%	2.13%

Mission Incapable (MICAP) Hours

Mission Incapable (MICAP) Hours are the sum of hours a customer waits for a part that grounds an aircraft, piece of equipment, or vehicle. For every day during the month the requisition is unfilled, 24 hours are assigned to the requisition.

MSD MICAP Hours per Month	FY2005	FY2006	FY2007	FY2008	FY2009
EOY	1,456	1,276	968		
Objective	1,805	1,276	1,246	971	971

Customer Wait Time (CWT)

Customer Wait Time (CWT) is the average number of days accrued from the time a customer orders a spare part until the part is received.

MSD – Customer Wait Time in Days	FY2005	FY2006	FY2007	FY2008	FY2009
EOY CWT	5.5	5.8	4.8		
Objective	7.0	5.4	5.4	5.3	5.1

Stockage Effectiveness

Stockage Effectiveness measures how often the supply system has available for immediate sale those items required to be maintained at base and depot level supply locations.

Division	FY2006	FY2007	FY2008	FY2009
General Support	87%	87%	87%	87%
Medical Dental	96%	96%	97%	97%
Academy	95%	95%	95%	95%

Depot Maintenance Activity Group (DMAG) Overview

The DMAG provides support required by combat forces. Organic DMAG ensures support of mission essential workloads and support of workloads that commercial sources cannot or will not perform. Contract DMAG supports non-mission essential workloads and mission essential workloads where the risk of non-support is low. This can include military workloads that have commercial derivatives, where there are multiple contract sources to perform the work, and where these sources have experienced few production disruptions.



Organic DMAG services include repair, overhaul, and modification of aircraft, missiles, engines, engine modules, and associated component items; exchangeable spare parts; and other major end items. Other services include local manufacture, software maintenance, aircraft storage and reclamation, and support to base tenants. Organic DMAG sites include:

- Ogden Air Logistics Center (OO-ALC), Ogden, UT
- Oklahoma City Air Logistics Center (OC-ALC), Oklahoma City, OK
- Warner Robins Air Logistics Center (WR-ALC), Warner Robins, GA
- Aerospace Maintenance and Regeneration Group (AMARG), Tucson, AZ.

DMAG provides support to a variety of customers that includes the Air Force MAJCOMs (including ANG and AFR), SMAG, the Army, the Navy, other government agencies, and foreign countries.

DMAG Objectives

There are two primary objectives of the DMAG. The first objective is to provide depot repair capability for fielded and emerging weapon systems. The second objective is to ensure the ability to rapidly respond to user requirements driven by contingency operations. The development of short and long term strategies are essential elements to implementation of the DMAG strategy plan. Workload capacity and capability strategies for peacetime support, core requirements, and contingency operations are the essential elements of this plan.

Depot Investment

The Air Force remains committed to maintaining world-class depots. DMAG will invest in capital equipment, maintenance and repair, and transformational efforts that enable our depots to operate efficiently and maintain warfight support. DMAG continues to exceed the mandated six percent capital investment in our depots. In FY2007, this goal was exceeded by \$56M million and continues to be exceeded by \$31 million and \$59 million in FY2008 and FY2009 respectively.

Financial and Performance Summary

DMAG Net Operating Results and Accumulated Operating Results

FY2009 PB Dollars in Millions	FY2007	FY2008	FY2009
Net Operating Results	-197.6	53.0	7.7
Accumulated Operating Results	75.4	128.5	0.0

Customer Rate Change (%)

	FY2007	FY2008	FY2009
DMAG	-3.44%	1.67%	3.91%

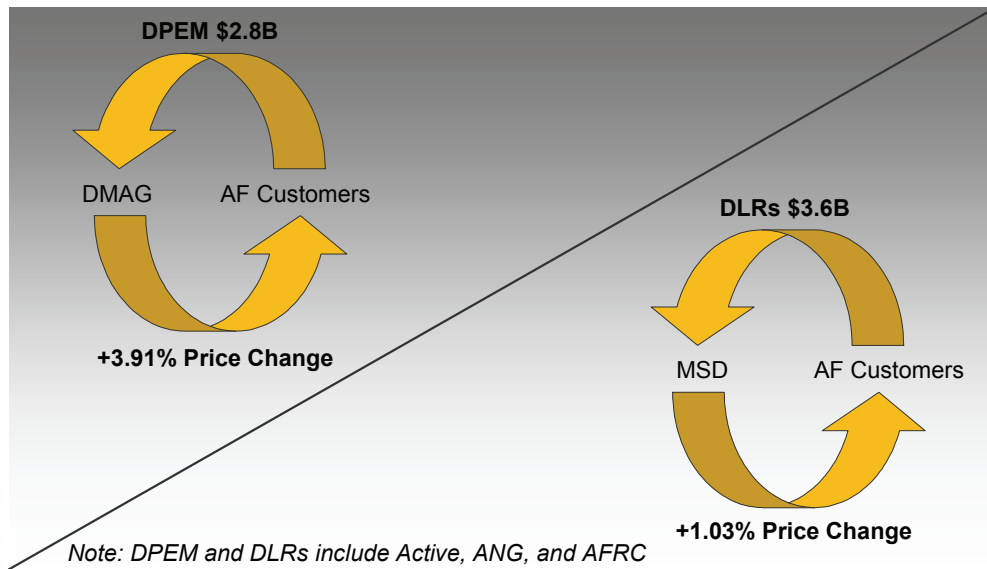


Figure 42. AFWCF Price Changes from FY2008 to FY2009

Operating Performance Metrics	Goal	FY2007	FY2008	FY2009
Due Date Performance	95%	95%	95%	95%
Quality Defect Rate	.22	.22	.22	.22

Due Date Performance

The number of aircraft produced early and on time divided by the total number of aircraft.

Quality Defect Rate

Total Critical and Major defects accepted for aircraft produced in the month divided by the total aircraft produced in that month.

Air Force Working Capital Fund Cash Summary

The chart below depicts the end-of-year actual and budgeted cash position for the entire Air Force WCF (SMAG, DMAG, and TWCF). Also included are the seven and ten day cash requirements. The AFWCF is required to maintain ten days of operational cash in addition to six months of Capital Purchase Program (CPP) outlays and TWCF contract liability.

AFWCF Cash (Including USTRANSCOM) Dollars in Millions	FY2007	FY2008	FY2009
EOP Cash Balance	1,705.5	1,415.2	1,174.9
7-Days Cash	1,096.6	1,105.4	1,093.8
10-Days Cash	1,395.4	1,417.8	1,401.6

AFWCF Transformation

The Air Force has launched a campaign called Expeditionary Logistics for the 21st Century, or “eLog21.” eLog21 is designed to bring logistics operations into the 21st century by modernizing processes and systems with new expeditionary, network-centric, enterprise wide processes, and systems. Two major initiatives included under the umbrella of eLog21 are the Repair Enterprise 21 (RE21) and Global Logistics Support Center (GLSC) initiatives. The vision of RE21 is to establish an enterprise-wide repair capability managed within a single supply chain that gains efficiencies in the supply chain management, utilizing existing depots, and establishing Centralized Repair Facilities. Additionally, the Air Force is migrating from two Logistics Support Centers to a single GLSC supply chain management process. In addition, the GLSC will centralize identified supply chain planning processes at each of the Air Logistics Centers to be managed from a single supply chain planning and execution wing. GLSC is designed to establish an Air Force supply chain management capability that provides enterprise planning, global command and control, and a single focal point in support of logistics requirements.

Appendix C: Performance Targets and Results Matrix

The Performance Based Budget Overview of Performance

The Air Force tracks hundreds of measures to evaluate planned versus actual performance. This Performance Based Budget discusses a portion of these at the summary level in key mission areas. Table 15 below aligns goal-oriented Performance Measures with Mission/Capability areas—showing actual results/targets for FY2007 and targets for FY2008/2009. The majority of performance measures influence two or more mission/capability areas thus demonstrating the interdependent nature of performance across the Air Force. Some measures did not have targets established/published at the time of this publication.

Table 15. Mission Area Performance Targets/Results

Mission/ Capability Areas	Performance Measurement	FY2007 Performance Target	FY2007 Performance Actual	FY2008 Performance Target	FY2009 Performance Target
Global Reach Global Power	Aggregate Mission Capable Rate	Not Published	67%	Not Published	Not Published
Global Reach Global Power	Total Hours Flown	Not Published	2,117,367	Not Published	Not Published
Global Reach Global Power	Average Flying Hours per Year	Not Published	2,100,000	Not Published	Not Published
Global Vigilance Global Reach Global Power	Air Force Recruiting - Active	27,800	27,801	27,800	Not Published
Global Vigilance Global Reach Global Power	Air Force Recruiting - NG	10,690	9,975	8,548	Not Published
Global Vigilance Global Reach Global Power	Air Force Recruiting - Reserve	6,834	7,110	6,802	Not Published
Global Vigilance Global Reach Global Power	Air Force Enlisted Retention – Active (Zone A)	44%	45%	58%	Not Published
Global Vigilance Global Reach Global Power	Air Force Enlisted Retention – Active (Zone B)	73%	65%	69%	Not Published
Global Vigilance Global Reach Global Power	Air Force Enlisted Retention – Active (Zone C)	92%	92%	86%	Not Published
Global Vigilance Global Reach Global Power	Air Force Retention –NG Officer and Enlisted	89.6%	89.9%	89.8%	Not Published
Global Vigilance Global Reach Global Power	Air Force Retention –NG Officer	92.1%	92.5%	92.5%	Not Published
Global Vigilance Global Reach Global Power	Air Force Retention –NG Enlisted	89.2%	89.5%	89.4%	Not Published
Global Vigilance Global Reach Global Power	Air Force Retention –Reserve Officer	92%	92%	92%	Not Published

Mission/ Capability Areas	Performance Measurement	FY2007 Performance Target	FY2007 Performance Actual	FY2008 Performance Target	FY2009 Performance Target
Global Vigilance Global Reach Global Power	Air Force Retention –Reserve Enlisted	88%	85%	88%	Not Published
Global Vigilance Global Reach Global Power	Competitive Sourcing Positions	25,000	40,694	30,000	35,000
Global Vigilance Global Reach Global Power	Individual Medical Readiness - Active	80%	83%	80%	80%
Global Vigilance Global Reach Global Power	Aviation Fatalities	7	2	6	5
Global Vigilance Global Reach Global Power	Off-Duty Ground Fatalities	28	64	21	16
Global Vigilance Global Reach Global Power	On-Duty Ground Fatalities	3	6	2	1
Global Vigilance Global Reach Global Power	Facilities Recapitalization Rate (years)	67	70	67	67
Global Vigilance Global Reach Global Power	Facilities Sustainment Rate	90%	90%	90%	90%

The Program Assessment Rating Tool (PART) Overview of Performance

Program assessments help program managers and other stakeholders understand what changes may need to be made to improve performance. Assessments also help highlight best practices that can be shared with similar programs.

Assessments of Federal programs are conducted using the Program Assessment Rating Tool (PART). A PART review helps identify a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. It looks at all factors that affect and reflect a program's performance including its purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results and accountability. Based on the evaluation, recommendations are made to improve program results.

PART is a questionnaire designed to help assess the management and performance of programs. It is used to evaluate a program's purpose, design, planning, management, results, and accountability to determine its overall effectiveness. To reflect that federal programs deliver goods and services using different mechanisms, the PART also has customized questions depending on the type of program. The seven PART categories are: Direct Federal; Competitive Grant; Block/Formula Grant; Regulatory; Capital Assets and Service Acquisition; Credit; and Research and Development.

Each PART questionnaire includes 25 questions that are divided up into four sections. The first section of questions asks whether a program's purpose is clear and whether it is well designed to achieve its objectives. The second section involves strategic planning, and weighs whether the agency establishes valid annual and long-term goals for its programs. The third section rates the management of an agency's program, including financial oversight and program improvement efforts. The fourth section of questions focuses on results that programs can report with accuracy and consistency.

The answers to questions in each of the four sections result in a numerical score for each section from 0 to 100 (100 being the best score). Because reporting a single weighted numerical rating could suggest false precision, or draw attention away from the very areas most in need of improvement, numerical scores are translated into qualitative ratings. The bands and associated ratings are as follows:

Rating Range

Effective	85-100
Moderately Effective	70-84
Adequate	50-69
Ineffective	0-49

Additionally, a rating of Results Not Demonstrated indicates that a program has not developed acceptable performance goals or collected data to determine whether it is performing. Table 16 lists Air Force managed PART programs and their FY2007 ratings and describes actions being taken to make incremental improvements to both performance and how we measure it. Table 17 lists Air Force programs not managed by the Air Force, but supported by other agencies. In this second table we break out the PART scores by both Mission/Capability area and DoD Decision Lane as a reference to the primary sections of this Overview Book. FY2008/2009 improvements in this second table are not managed by the Air Force; therefore, we cannot report them.

Table 16. Air Force Managed PART Scores for FY2007 and FY2008/2009 Plans

Mission / Capability Area	PART Program	Description	FY2007 Rating	FY2008/2009 Actions For Improvement
Global Vigilance Global Reach Global Power	Air Force Aircraft and Weapons Readiness	The program ensures that aircrews are trained and ready for immediate and effective employment across a range of offensive, equipped, maintained, and defensive air operations in support of National Security objectives. Dominant air power has proven essential to successful resolution of U.S. conflicts.	Effective	<p>More closely align funding decisions for the Air Force Flying Operations Training program to the performance metrics by using these metrics in the Air Force's annual Budget Justification materials for Congress.</p> <p>Work toward creating better linkages among funding decisions, Air Force flying operations training plans, and unit readiness.</p> <p>Evaluate base operations as an individual program in the future. It was included in this PART due to its role in enabling operations training.</p> <p>Create better efficiency measures to help develop better annual budgets for the flying hour training program.</p>

Mission / Capability Area	PART Program	Description	FY2007 Rating	FY2008/2009 Actions For Improvement
Global Vigilance Global Reach Global Power	Air Force Base Operations and Support	The Base Support program is a collection of well defined programs that support a wide variety of critical functions and capabilities to enhance operations and readiness at U.S. Air Force bases around the world.	Results Not Demonstrated	<p>Develop, along with the Office of the Secretary of Defense, common definitions for Base Support functions and activities.</p> <p>Restructure program elements to align with new Base Support function and activity definitions.</p> <p>Develop, along with the Office of the Secretary of Defense, a programmatic cost model for Base Support functions and activities.</p> <p>Develop, along with the Office of the Secretary of Defense, expected levels of performance for Base Support functions and activities.</p>
Global Vigilance Global Power	Air Force Combat-Related Readiness	The Air Force Combat-Related Readiness program provides critical real-time command, control, communication, and intelligence information, as well as navigation and weather information, directly to the U.S. Air Force warfighter, other U.S. federal agencies, and other users.	Effective	<p>Create better linkages among funding decisions and Air Force combat-related readiness.</p> <p>Create better efficiency measures that include resource expenditures to help develop better annual budgets for the combat-related readiness program.</p> <p>Provide improved performance measurements to Congress annually to help Congress make better funding decisions.</p>
Global Reach Global Power	Air Force Depot Maintenance	Air Force depot maintenance provides for the repair and overhaul of the Air Force's aircraft to "like-new" status. Depot maintenance of existing aircraft is critical to ensure that the Air Force has an adequate number of aircraft to protect National Security.	Effective	<p>Work to improve financial management of the depot maintenance program.</p> <p>Use the program metrics to more closely align funding decisions for Air Force depot maintenance to the program outcomes.</p> <p>Work with individual contractors to put in place Lean processes in order to meet the contract due date performance standard in FY2006</p> <p>Implement Lean and Six Sigma at all our organic depots to help meet the defect rate goal for 2005.</p>
Global Vigilance	National Security Space Weather Programs	The weather satellite programs reviewed include current operational systems and the next generation satellites under development. Weather satellites collect global high resolution visible and thermal cloud imager and other meteorological / oceanographic data supporting DoD forces and civil agencies	Adequate	<p>Working with Commerce to address programmatic problems and analyzing system and architectural replan options based on findings from various studies provided by the program office.</p>

Mission / Capability Area	PART Program	Description	FY2007 Rating	FY2008/2009 Actions For Improvement
Global Vigilance Global Power	Space Launch	This set of programs provides the U.S. with satellite launch capability. The systems includes the launch vehicles, ground infrastructure and launch range capability to support satellite launches and other National Security space operations.	Adequate	<p>Continue monitoring milestones for schedule compliance to ensure programmatic adjustments can be made in a timely and efficient manner without disrupting planned satellite launches.</p> <p>Ensure the satellite launch programs are flexible enough to respond to changing conditions, while maintaining the necessary capabilities described in National Space Transportation policy.</p> <p>Combine launch, production, and engineering teams of Boeing and Lockheed Martin, forming the United Launch Alliance (ULA) Joint Venture. The single ULA workforce will benefit from a launch tempo, defined as the number of booster cores built in the assembly line and launched per year, that would be greater than could be expected for either of two competing workforces. Fostering increased launch reliability notwithstanding the declining demand for medium and heavy lift launches.</p> <p>Evaluate common payload configuration (EELV Secondary Payload Adapter [ESPA]) for EELVs.</p> <p>Determine feasibility to deploy the EELV Secondary Payload Adapter (ESPA) on all EELV launch vehicles. The ESPA will facilitate greater opportunity to fly scientific payloads in support of National Security Space efforts.</p>

Mission / Capability Area	PART Program	Description	FY2007 Rating	FY2008/2009 Actions For Improvement
Global Vigilance	Space-Based Communications Programs	These programs provide global, space-based communications (SATCOM) capabilities supporting DoD and other government agency missions. SATCOM systems are used for establishing or augmenting terrestrial telecommunications, for beyond line-of-sight connectivity, and for communications-on-the-move.	Moderately Effective	<p>Continue monitoring milestones for schedule compliance to ensure programmatic adjustments can be made to address potential problems in a timely and efficient manner (e.g., missed milestones, operational availability gaps).</p> <p>Continue monitoring earned value management system data and program manager estimates as reported in selected acquisition reports to address cost or schedule issues in a timely and efficient manner (e.g., schedule delays, cost overruns).</p> <p>Evaluate and reallocate MILSATCOM portfolio resources to delivery the SATCOM capabilities necessary to satisfy validated warfighting requirements in response to the redirection received during development of the FY2009 President's Budget Request.</p> <p>Within the Wideband MILSATCOM Mission Area, complete WGS Block I replenishment of the currently operational DSCS constellation, providing enhanced capabilities to the warfighter.</p> <p>Within the Protected MILSATCOM Mission Area, update the operational availability gap analyses identifying probability and timing of potential future coverage gaps.</p> <p>Within the Narrowband MILSATCOM Mission Area, begin MUOS replenishment of the currently operational UFO constellation, sustaining global coverage and providing enhanced capabilities to the warfighter.</p>
Global Power	Strategic Offensive Capabilities	These Department of Defense programs maintain intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs), and long-range nuclear-armed bombers, together with new non-nuclear strategic capabilities that strengthen the credibility of our offensive deterrence.	Effective	<p>Correcting the identified weaknesses in the financial management system of the Department of Defense will lead to improvements in the financial management of these programs.</p> <p>Planned reductions in the size of the strategic nuclear forces will bring down the cost of these programs as fewer systems are ordered.</p>

Air Force programs and resources are also included in PART scores not managed by the Air Force but by other DoD organizations. Table 17 summarizes those programs managed by others where Air Force programs are included as a portion of a PART program. As stated earlier, since these PARTs are managed by others, FY2008/2009 enhancements are not addressed as part of this Air Force submission.

Table 17. Air Force PART Scores Not Managed by the Air Force

Mission / Capability Area	PART Program	Rating	Managing Organization
Global Power	Air Combat Program The purpose of this program is to enable DoD to successfully wage war in the air by developing and producing a variety of tactical fighter and strike aircraft.	Moderately Effective	DoD
Global Reach	Airlift Program The purpose of this program is to enable DoD to move large amounts of personnel and materiel to, and within, remote locations in short periods of time by developing and producing a variety of airlift aircraft.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Defense Advanced Technology Development Program This program develops technologies for components and prototypes of defense systems prior to full development of systems. The focus of these technology efforts is on ensuring that the warfighters of today and tomorrow have superior and affordable technology to defeat any adversary on any battlefield.	Results Not Demonstrated	DoD
Global Vigilance Global Reach Global Power	Defense Applied Research Program This program supports scientific study of physical, biomedical, behavioral or other phenomena to determine the means by which a particular military need may be met. This work is a little more advanced and applied than the basic research from which it may arise.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Defense Basic Research This program supports scientific study and experimentation to increase fundamental knowledge in the physical, engineering, environmental and life sciences of potential importance to the defense mission. The program is carried out primarily through grants to universities and non-profit organizations.	Effective	DoD
Global Vigilance Global Reach Global Power	Defense Civilian Education and Training This program aims to recruit, develop, and retain a more highly qualified, motivated, diverse and cost-effective Department of Defense civilian workforce. These objectives are accomplished through various internships, recruitment, and retention incentives and through manager and leader development opportunities.	Adequate	DoD
Global Vigilance Global Reach Global Power	Defense Communications Infrastructure The purpose of this program is to provide Information Technology networks and systems for the transmission of voice, data, and video information to locations around the world for the Department of Defense for both military and business functions.	Results Not Demonstrated	DoD
Global Vigilance Global Reach Global Power	Defense Housing DoD's housing program provides housing to military service members and their families. DoD does this in two ways -- by providing Basic Allowance for Housing (BAH) to service members (who find housing in the community or in privatized housing) or by providing members DoD-owned housing.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Defense Small Business Innovation Research/Technology Transfer This program uses funding set aside specifically for small businesses to investigate the potential for new technologies to help meet the Department's mission and funds the early stage of development of such technologies by small businesses.	Results Not Demonstrated	DoD
Global Vigilance Global Reach Global Power	Department of Defense Education Activity The Department of Defense Education Activity purpose is to provide a free public education to eligible dependents of DoD employees. It operates over 200 public schools in 15 districts located in 13 foreign countries, seven states, Guam, and Puerto Rico.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Department of Defense Facilities Sustainment, Restoration, Modernization, and Demolition The Department of Defense (DoD) Facilities Sustainment, Restoration, and Modernization Program keeps DoD's facilities in good working order. It also repairs aging or damaged facilities and alters existing facilities to meet new needs.	Adequate	DoD

Mission / Capability Area	PART Program	Rating	Managing Organization
Global Vigilance Global Reach Global Power	Department of Defense Recruiting The DoD recruiting program is designed to attract young people who might wish to serve in the armed forces. DoD brings in about 200,000 recruits each year through radio, TV, internet, and other advertising, along with on-the-street recruiters, using an attractive compensation package and an opportunity to serve our Nation.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Department of Defense Training and Education Programs - Accession Training The purpose of the program is to provide initial military training to all members of the military services. Activities include enlistee basic training, and training future officers at the military academies, officer candidate schools, and Reserve Officers Training Corps programs.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Department of Defense Training and Education Programs - Basic Skills and Advanced Training The purpose of the programs is to provide Service Members and military units with timely and effective training needed to perform their military missions. These programs provide the foundation for all subsequent training and are essential to building and maintaining a ready force.	Effective	DoD
Global Vigilance Global Reach Global Power	Department of Defense Training and Education Programs -- Voluntary Training The purpose of the program is to provide active duty service members with educational opportunities. This includes limited financial assistance to complete their high school education, earn an equivalency diploma, and enroll in vocational school or college courses.	Moderately Effective	DoD
Global Vigilance Global Power	DoD Unmanned Aircraft Systems (UAS) The purpose of this program is to develop and produce unmanned aircraft systems that can perform DoD-required missions for which manned aircraft are not as well suited.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Junior Reserve Officer Training Corps The program's purpose is to serve as a comprehensive academic and citizenship program for students in U.S. secondary educational institutions. It instills the value of citizenship, service to the U.S., personal responsibility, and a sense of accomplishment.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Military Construction Programs The Department of Defense (DoD) Military Construction program provides capital assets necessary to support our military forces. The program is able to respond to emerging operational, weapon system, and other special program needs by acquiring real property for military installations.	Moderately Effective	DoD – Military Construction
Global Vigilance Global Reach Global Power	Military Force Management The Department of Defense (DoD) employs nearly 1.4 million active duty and 900,000 reserve and Guard service members. Ensuring DoD has the personnel it needs in the right place at the right time requires managing a combination of compensation and other tools to assure recruiting and retention success.	Effective	DoD
Global Power	Precision Weapons Programs The Department of Defense's Air-to-Ground Precision Weapons program develops and procures precision munitions to meet Combatant Commanders' mission needs for destroying enemy ground targets at a "standoff" distance -- from beyond the range of air defenses -- during a military operation.	Moderately Effective	DoD
Global Vigilance Global Reach Global Power	Test & Evaluation Programs The purpose of this Department of Defense program is to exercise, test, and evaluate the performance of weapons and supporting systems during system development and prior to purchase and fielding. Tests are run to ensure that fielded systems operate effectively in their expected threat environment.	Results Not Demonstrated	DoD – Research, Development, Test, and Evaluation

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