

033018 Air Force Association Mitchell Institute for Aerospace Studies Forum with Air Force Secretary Heather Wilson on “Air Force Budget and Acquisition”

MR. LARRY SPENCER: Good morning, everyone. Good morning. Could I have your attention, please? Good morning, everyone. Jack, could you get your table settled down a bit?

Good morning to everyone, and we're really delighted to have you here at our breakfast series at the Capitol Hill Club. It's really a great event, and as you can see with our distinguished speaker we have today, there isn't an empty seat in the house. Thank you all for being here. We really appreciate it.

I'm Larry Spencer, I'm the President of the Air Force Association. And again, we just want to welcome you here this morning on a really great day. This has turned out to be a really great forum for us where senior Air Force members we can bring together directly with industry, our industry partners, our allied partners, our think tanks, Congressional staff and members, and the media with the really crucial role that the Air Force has right now in air, space and cyberspace for our nation.

I happened to be in a roundtable the secretary participated in yesterday over at the Pentagon, which was really great. But as I listened to briefings from the A3 and briefings from the A1, although I spent 40 years in the Air Force it just brought back for me how incredible the Air Force is and what a mission that they and we have, and how superbly they perform that mission day-in and day-out without complaint and without grumbling. They just go about their day.

One of the discussions we had yesterday is unfortunately that's a two-edged sword because the Air Force is so good and they do things so well that it can be taken for granted. So air superiority just happens. GPS and early warning just happens. All the things we do, whether it's through AWACS or Joint Stars or the nuclear folks we have out there as we stand here today, on our nuclear front maintaining our deterrent, to our airlift, to our ISR, to our command and control, you can go across the board -- the airmen out there right now protecting our nation -- unfortunately, they do such a good job sometimes people just don't realize it.

So we are really happy to have our Secretary of the Air Force here with us today. Secretary Wilson, as you know, has more than 35 years of experience in a variety of senior roles, including the U.S. House of Representatives, and as president of the South Dakota School of Mines and Technology,. I'm sure most of you also know she is an Academy grad, a Rhodes scholar, and she served as an officer in our Air Force from 1982 to 1989.

There are a myriad of things on her plate, as you can imagine. She's really, really busy, and in fact I know she's got to take off as soon as she gets done, so we really appreciate her being here and taking the time off to be here with us and with you. So

without further delay, ladies and gentlemen, please welcome the secretary of the Air Force, Secretary Heather Wilson.

(Applause).

SEC. HEATHER WILSON: Thank you very much. I looked around the room and thought gosh, there are a lot of people who should have gone on a four day break over Easter who didn't. So I'm not sure what that says about your judgment, but thank you for spending a little time here this morning.

I know there are some Congressional staffers here, although most of them probably are back in districts or taking a well-deserved break. But I wanted to publicly thank the Congress for the FY '18 budget that has just been passed. Now, of course, everyone and particularly people in this room would probably prefer that it had been passed earlier, because we are pretty far into this fiscal year, but let me tell you just a few things that it does for the United States Air Force.

It increases our end-strength to 325,000, and that's about 9,000 more than we had last year. We are going to use those positions to try to restore the strength of our squadrons, particularly those we're preparing for the high-end fight. It will increase our preferred munitions purchases to the maximum industry capacity so that we restore our stocks of precision weapons.

For the F-35A it adds 10 to what we requested, so we'll buy a total of 56 F-35As this year. For the KC-46 it adds three for a total of 18 this year. I already talked to Boeing this morning to see if we can get them.

The Evolved Expendable Launch Vehicle, it actually increased research, development and test and evaluation by \$100 million. You'll notice in there, for those of you who study these things, it reduced procurement. That's really just a timeline thing, so it's pretty much on track. And there are other things in there, increases in C-130s, they added the re-winging of the A-10 and the standup of that line so that we can continue to have A-10s out until 2030 and possibly beyond.

So it is a very good start. In FY '17 we kind of stopped the slide. In FY '18 we're turning the corner. The budget we presented for fiscal year '19 continues to focus on restoring the readiness of the force and modernizing the force cost effectively in line with the national defense strategy.

The fact is that we face a more competitive world and a very dangerous international security environment, probably more dangerous than we have seen in decades. That means we are shifting our focus to the re-emergence of great power competition and multi-domain operations. For some national defense strategies, having watched this for probably as long as most of you in this room, there are some national defense strategies that are aspirational, that tell you all the things they are going to do, but don't tell you where to take risks and what not to do. Strategies like that are not very

useful because anything can be hung on a strategy like that. This strategy doesn't do that. This is a strategy that is kind of high protein and low carbs, and it will guide the work of the Defense Department over the coming decade.

It also explicitly acknowledges that Russia and China are developing capabilities to disable our satellites. I want to talk this morning because -- when I was here last time it was right after the budget was released and I wanted to preview the budget for all of you who happened to be here at that time. But I want to focus specifically on space this morning, if I could, and I know a number of you are focused on that area as well. So I think it's worth highlighting some of the things we're doing and where we're going on space.

The United States will defend our space assets as vital national interests. The budget we presented for FY '19 accelerates defensible space. We are responding across the board. We are going to deter, defend and prevail against any adversary who threatens us, including in space.

A couple of weeks ago I went down to Florida for a National Space Council meeting which the vice president chairs. We had the meeting, but we also got to do some field trips, which is always fun. I went over to Space-X.

The Space-X Dragon was there and after the vice president left I stayed behind, which is always the fun part. I was expecting there would be a case of beer over in the corner. There wasn't, but usually after the distinguished visitors leave everybody celebrates.

We were talking about their capabilities and their plans. They let me sign the Space-X Dragon. But I also spent some time when I was there away from the large group, over at the 45th Missile Wing.

The United States Air Force provides launch services for everybody in the country, and we run the range. But we also understand that we are increasing the pace of launches, and that means we need to change the way we do business and we need to work very closely with industry. They can learn from us, but we are also learning from them, as we drive to being able to do 48 launches a year out of the Cape.

If you think about that, that means that we are very quickly going to be doing a launch a week into space, and that changes the way in which we do business and the quickness and tightness of our turns to meet the demands for both commercial and national security space. The reality is that the United States Air Force is the best in the world in space. The Air Force has been innovating space capabilities since we were founded. We have 90 percent of the military space programs, and those space programs are deeply integrated with every service.

I actually cannot think of a military mission that does not in some way depend on space. Whether from planning to operations to recovery, space is involved in what we

do. In what way? Well, 24 hours a day at our new National Space Defense Center in Colorado, a handful of airmen are tracking every object in space above a fairly small size. We're tracking not just where they are to keep a catalog, but we're tracking what those things are doing and whether they might be threatening to us.

That is a new capability driven by the threats that we are seeing against our space systems. We also are training our space operators how to fight a war that extends into space. As General Hyten says, there's not war in space, there's just war, and we need to be prepared for it in all domains.

We send our operators to special schools. We let them experiment with tactics and send them to fight in war games and exercises with our sister services, our allies and our partners. We are increasing the depth and breadth of our international partnerships to benefit from each other's knowledge and to reduce the cost of being space-faring nations.

It is not just the military. Commercial industry is investing billions of dollars in space systems. There were 45 launches last year alone by the United States, and Air Force space operators handled them all.

In a few weeks the United States Air Force will launch a new set of experiments on a ring, a standard ride-sharing ring, if you will. It's kind of the Uber share model. It has standard connections so that six micro-satellites can go up on that ring.

This one will have four experiments with small-sats. But because the ring is standardized, you can plug and play. It becomes the ride share to space, over time, so that you can adjust schedules and put things on and off as experiments are accelerated or delayed over the schedule of the satellite program.

The world at-large is dependent on space. One of the most important elements in space that is provided by the United States Air Force enables everything from restaurant reviews to getting cash from your ATM to the timing signal for the New York Stock Exchange, and that is GPS. Of the 76 satellites that the Air Force operates, 30 of them are GPS. If at any one time while you were driving here you were insight of four of those satellites, which you probably were, you could tell which lane you were supposed to be in on I-395. That service is provided to you by 40 airmen in Colorado Springs, Colorado.

It's a pretty amazing capability and we all take it for granted. That blue dot on your phone is provided by airmen for the world, to about a billion people every day. It's a pretty high leverage service, if you think about it, all done courtesy of the United States Air Force.

So we have a new national defense strategy, 76 satellites, three of them GPS, 25 of them are communications, including command, control and communications for some of our most important missions. About 10 of them are weather and we're moving forward on additional weather satellites. About six are space situational awareness and four are missile warning. So when you see on your favorite television channel that the

North Koreans have launched or tested a missile, and you see that graphic that they put up of where that missile came from, the immediate warning of those missiles, which we all take for granted, comes from the United States Air Force and space.

But what else is different other than the mission itself and the advances in technology and the wonderful people in the Air Force that conduct these missions? What is different in this broader environment in which all of us in this room find ourselves? I think that one of the differences is that America's leadership is aligned, from the president of the United States across all branches of government in a bipartisan way in the Congress, in the intelligence community, in our Defense Department, and even in commercial industry, we all agree that space has become a war fighting domain.

The nation's leadership recognizes the long term strategic competition of a new era, and we now have the policy, the strategy and the resources to aggressively develop more robust and more resilient space systems so that in crisis or war we will be able to continue to provide the vital services that the United States Air Force provides from space. The fiscal year '19 budget that we presented builds on what we did in the FY '18 budget. The five year defense plan represents a 14 percent increase from what we proposed last year and accelerates defendable space. We will accelerate capabilities to continue to ensure space dominance.

What's included there? Well, jam resistant GPS to operate in contested environments. Improved missile warning. We are canceling SBIRS, Space-Based Infra-Red seven and eight, and substituting more survivable capabilities on orbit so that no one can interfere with our missile warning capability.

We're moving towards survivable communications systems that leverage the rapid advances being made in commercial industry with our partners. We're taking advantage of the authorities given to us by the Congress to develop, test and field capabilities faster. The Office of the Secretary of Defense, under acquisition reform, has pushed 14 of 19 space program out of the Office of the Undersecretary of Defense down to the Air Force.

I've pushed all of those programs lower in our own bureaucracy. I've retained no acquisition authority myself. Our Assistant Secretary for Acquisition, Will Roper, is moving out quickly. We need to empower our program managers so that they spend more time managing their programs, and less time managing the Pentagon, and we're determined to make sure that that reform sticks.

We're not going to stop there. Yesterday we had a meeting about the way in which we're managing programs at the Space and Missile Systems Center, which is where we do all of our space procurement. We're making changes within that organization to allow them to go fast. But we know, in the Pentagon, that it's not enough to just ask them to go fast, because part of the problem is us.

So we are systematically identifying and clearing obstacles within the

bureaucracy in order to make sure that speed becomes a requirement in itself, and that we pull bureaucracy out of the way, we pull process out of the way, and focus on capability and speed. We're going to continue to draw from the best research and development in the world. We will pursue it relentlessly and we will acquire it quickly.

The Space and Missile Systems Center recently awarded a \$100 million contract for a consortium of companies to rapidly innovate in space systems. I checked yesterday. The consortium was set up in January. We already have more than 100 companies participating in that consortium.

The kinds of companies that would not do business directly with the Air Force or the Defense Department, because honestly we're too hard to work with, but as part of a consortium that's using other transactional authorities, we can get access to their innovations and bring it into the national security world. It strips out the bureaucracy, simplifies contracts, and allows innovative companies to contribute to our national security needs.

The Air Force space assets helped to turn the tide against ISIS in Iraq and in Syria. Airmen have been there, with others, forecasting and tracking natural disasters for more than five decades, with new, more capable, more defensible satellites on the way. From the launch pad to your iPad, the United States Air Force is there. No other service in the world can do what we do, and we're only getting better, faster and more lethal.

Thank you all for being here this morning. I look forward to your questions.

(Applause).

MR. SPENCER: Thank you, madam secretary. For questions, if you'd please raise your hand, state your affiliation, and please only one question per person.

MR. KURT ACKMAR (ph): Good morning, madam, Kurt Ackmar. I know that you're accelerating the acquisition. My question is, what is the Air Force doing to accelerate the requirements process and communicating that to industry so we can be prepared to respond as rapidly as possible?

SEC. WILSON: It's a very good question. Next week we're having the CEOs from a number of companies in to brief them completely on the classified version of the National Defense Strategy, so that you'll understand where we're going and what the priorities are. In the Air Force, General Goldfein and I, the chief and I, have been looking at, how do we manage acquisition?

How do we not replicate the kind of bureaucratic process laden acquisition system that was broken up by the Congress and delegated to us? We don't want to just replicate that in the Air Force. We want to try to go faster, strip out process, but still have insight into what's going on in acquisition so we can fix things.

We're actually setting up what we hope will be a best in class model for overseeing acquisition in the Air Force. Part of it is linking requirements more tightly with acquisition so that there is a circle and feedback loop. We will have our first kind of acquisition oversight board meeting, if you will, in May. It's a daylong meeting that will look at our results, strategically from our acquisition programs, look at our strategic things that we're doing, everything from people development to organizational change, some of the things we're doing in space, a whole list of strategic things we're trying to manage. That will happen on one day. The previous half day is all about requirements, so linking requirements back to acquisition.

The other thing that we're looking at doing -- we do programs by categories, as all of you know. If you are a category three program you shouldn't have to go all the way up to get permission from God and everybody to get to the next stage of your program. We're looking at setting up ways at appropriate levels for very experienced PEOs to be kind of a -- almost built on what we do with the Rapid Capabilities Office, to be kind of the board, if you will, for chunks of programs. That board will also be looking at modification and adjustment of requirements based on what we're learning in prototypes and experiments in the project. So tighter loops, closer to the program managers and the operators themselves.

If we can get operations more closely tied with research, development and acquisition, we generally get better results. So the chief and I -- the assistant secretary for acquisition said something. I don't think he was sucking up. I think he was honest. This kind of an approach really can't be set up unless the chief and secretary are aligned and working really well together. But if we are, we can make this change. So we are setting some things up to give this a try and we hope that it will yield real results.

MR. : (Off mic) -- with Federal News Radio. One of the first things that you did when you became secretary was to look into the guidances that had been burdensome. Are there any changes that have happened so far and can you give us an update on that?

SEC. WILSON: Sure, there are over 1,400 Air Force instructions that are mandatory. We have a 24 month plan to review every single one and either rescind it or rewrite it and push authorities to lower levels. Of those 1,400 instructions, they level about 85,000 requirements on our wings. Of those 85,000, in order to waive one of those requirements, 30,000 will probably come all the way back up to headquarters to waive them.

We have a mandatory instruction on how to build an obstacle course. I was at Little Rock Air Force Base earlier this week, and my guess is if they need to build an obstacle course, I bet they can probably figure it out.

So of the 1,400 we have already rescinded 100. I plan to start with those that are out of date. I suggested we just rescind the ones that are out of date and see if anyone thought we needed them to bring them back. That got the lawyers concerned.

But we are prioritizing the ones that are outdated and systematically every month -- we actually track every month. I have a living PowerPoint slide in the window in my office of a pile of rescinded regulations that grows every month, and then the new ones that have been issued. The biggest challenge that we're facing is actually in personnel and operations. We need to get those right, get them understandable and consistent, and then get the approval authorities and the waiver authorities at the lowest appropriate level.

While for airmen this is just annoying to be told how to do everything, especially when the instructions are inconsistent and outdated, it's frustrating. But I think there's more to it than that. The real reason that we're doing this is that we don't expect in future conflict to be able to enjoy the exquisite command and control and communication we have over the last 27 years of combat.

We need airmen to take what they know and take mission orders and execute the mission using their best judgment in the circumstances at the time. If we expect them to operate that way in wartime, we have to treat them that way in peacetime. So we are doing this for the mission of the Air Force and the culture of the Air Force to get more towards centralized mission direction and de-centralized execution.

MS. : (Off mic).

SEC. WILSON: The question, as I understand it, was in the omnibus they asked us talk about the risk of accelerating programs and going to next generation programs. The answer is, we will explain it and be very direct about it. There is risk. It's actually harder to go fast, but it also requires more rigorous analysis and estimates of cost and other kinds of things.

But it's also tremendously empowering because we recognize that there are going to be some things that fail. And if they fail early and fast there will be off-ramps, and we have to operate that way. So we will explain to the Congress that they call experiments experiments for a reason. Some of them don't work, and you learn from them.

In some ways, we are going back in time to our roots as a service. We're all bicycle mechanics. We are used to experimentation. But in the past couple of decades, with a focus on oversight and process orientation, we got away from those roots. We're going back to them in order to prevail in the 21st century.

I would also say that the threat is different. One of the things that the chief and I talk about a lot is the control of the rheostat of time and the rheostat of innovation. If you are the dominant power you control the rheostat of time. What do I mean by that?

Six months before we went into Mosul to clear ISIS out of Mosul, we announced that in October we were going to retake Mosul. We announced it six months in advance. We controlled the rheostat of time in combat.

In future wars we don't expect we will be able to do that. So if you don't control the rheostat of time, if you've got an adversary that is innovating rapidly, oversight and surety is less important, or equally as important, as speed. We need to be able to do both and we'll be accountable for the results.

MR. COLIN CLARKE: Colin Clarke with Breaking Defense. How are you actually going to change? (Off mic).

SEC. WILSON: Which commander told you that?

(Laughter).

General Thompson told you that?

MR. CLARKE: Yeah.

SEC. WILSON: Really?

MR. CLARKE: He didn't think reorganization per se was the real way --

SEC. WILSON: What he said was that's not enough, right?

MR. CLARKE: So how are you going to change?

SEC. WILSON: You can answer one of my questions.

(Laughter).

Did he just say that reorganization alone is not enough?

MR. CLARKE: Pretty much, yeah. But he wasn't really sort of, reorganization will make a big difference, either. So what will make a big difference to actual performance?

SEC. WILSON: First of all, this country is blessed to have General Thompson leading SMC and wearing the blue uniform. He is doing an absolutely fantastic job leading a team of high performers at SMC. We have been working since December in two and three week sprints identifying major challenges and how we're going to get after those challenges.

Over the next eight weeks you will see this role out not only in the organizational change but in the change in the way we're doing business, (cultural ?) change and what our priority go fast pace setter projects are. When we get to that point, Colin, I'll invite you in and we'll sit down with General Thompson or one of his folks if you can't get here from California, and be prepared to have your socks blown off.

MR. : (Off mic) -- This week we've seen the Air Force's highest priority aircraft programs (delays and deficiencies ?), the KC-46A and concerns about sustainment and the full cost of the F-35. What steps are being undertaken (on a joint level ?) to deal with these?

SEC. WILSON: The undersecretary of the Air Force was just out at Boeing. I know the Boeing folks are here today. We're having another meeting with Boeing next week to get an agreed upon schedule and to drive forward to get airplanes delivered.

I know that Boeing is committed to that. The Air Force needs that. We need to get these planes delivered that are safe and mission capable, and that's what we're driving to as a team.

With respect to the F-35, we need the F-35 sustainment costs to come down and we're actually working with the joint project office to do that. The goal is to reduce operations and sustainment costs by 38 percent, which is about \$3.8 billion a year over the next 10 years. We are systematically working through that with the Joint Project Office on how we're going to reduce the sustainment costs over the next 10 years.

It's true that if the costs don't come down then you have to make tough decisions, which is why we're driving the cost down. So we are committed to the program of record, which is 1,763 F-35 aircraft, and we are committed to driving down the cost of sustainment. A lot of cost in the Air Force is in sustainment. We need to get creative about that across the board, and that's what we're committed to doing.

MS. : (Off mic) -- great statement on space. Why do we still hear chatter about an independent space corps?

SEC. WILSON: Because people are committed to space. I actually like the fact that the president of the United States, the Congress and both parties, the Defense Department across the board, industry, recognize explicitly that space is a war fighting domain. The president re-established the Space Council, which is being chaired by the vice president of the United States. This is a big deal, and it's important for the country. We're determined to thrive in this environment and prevail, so I think it's an exciting time to be involved in matters related to space.

MR. : (Off mic) -- getting into war fighting, in a future worst-case scenario, space access denied or degraded in some sense, in a recent Red Flag without using GPS, as you look forward where access to space may be degraded in some way, what's the Air Force doing to be able to continue command and control and communicate and operate?

SEC. WILSON: There's a couple of things. Of course, we always practice doing things in denied environments, denied communications, denied GPS. We train across the board for whatever our adversaries may throw at us. But it's also our responsibility as the space operators to try to ensure that that's not the case, that we have GPS, that we

have command and control and communications, that we have missile warning. So this is why we're accelerating the shift to defensible space.

MR. : Madam secretary, thank you for being here. Would you mind expanding a little bit on ISR and where the future of the Air Force is in ISR, please?

SEC. WILSON: Interesting question. Intelligence, surveillance and reconnaissance has been the fastest growing element of the Air Force since sequester, and it's one of the things that has put a lot of pressure on the other parts of the Air Force. Let me break this into two parts. One is the technology, and we are continuing to both have military systems, but also keeping track of what's going on in the commercial world. I think that there are going to be tremendous advances in commercially available information from space, particularly.

The Air Force is responsible for the space element with our partners at the NRO, as well as the air-breathing element of ISR. So there's a number of things that we're doing to continue to advance sensors and platforms for intelligence, surveillance and reconnaissance. The other piece of that is the people part. That's where I think we can make some advances.

When the Air Force said we're all in, whatever you need, we took on a huge role on tasking, processing, exploitation and dissemination of intelligence off of slow motion video coming out of the Middle East, and a huge number of people. We put people to the problem. I think some of our other agencies in the federal government have been smarter about the use of technology to enable people to be more effective and productive. I think that's an area where artificial intelligence and machine learning can reduce the number of people and improve the quality of the products that we're producing off of our ISR platforms. Huge amounts of data. How can we turn that data into information, not just relying on what's on both sides of a human's nose?

MR. SPENCER: We have time for one more, the young lady in the back.

MS. GRACE HARRIS (ph): Good morning, Grace Harris with Inside the Air Force. Can you give us an update on (S&T strategy ?).

SEC. WILSON: Sure, the S&T strategy review that we started last fall will be completed this fall. We said, let's take 12 months, let's do a deep dive, let's get out and listen. I think one of the things that really suffered after sequester was the research and development portfolio of the Air Force. We also recognized that there's a lot more research and development being done outside of national security than inside of national security.

So how do we systematically look for research and development outside of the Air Force that needs to be spun onto the Air Force? There are two parts of it. One is to look at, what are the priorities for basic and applied research for the Air Force? Where are we going to focus our limited dollars?

The second is, how are we going to conduct our research? I think that one of the things that we lost post-sequester was our connections to the broader scientific and technical enterprise, particularly national labs, but even more importantly universities. At the basic level, most really path breaking research in the United States is done at universities. It has been since the end of World War II. So how do we re-establish that network of connections to universities?

We just had an interim review this week with the Air Force Research Lab, which is leading this effort. They're making progress. They've already held -- I think they're holding about 10 listening sessions with universities, but they're also bringing in panels of experts in particular areas to really think about materials science. Where do we have to focus? Propulsion, is this an area where we need to focus or do we rely more on commercial industry? And look at particular high priority areas so that we can evaluate and set priorities. So I expect it to be done this fall. It's a really important exercise for us. I'm pleased that they're really starting to get into the hard work. It's easy enough to go out and listen. Then you have to think and write and disagree, and that's now starting to get underway.

Thank you all very much.

(Applause).

MR. SPENCER: Thanks for being here and being so cooperative. We really want to thank you and please accept this gift on our behalf.

SEC. WILSON: Thank you.

MR. SPENCER: Thank you so much.

(Applause).

MR. SPENCER: Again, we want to thank the secretary. She's really, really busy, but the good news is we are, as an Air Force and as an audience here today and as a nation, we're really glad and happy and lucky, frankly, to have Secretary Wilson serving as our secretary. Thank you so much for what you're doing for the Air Force and for our nation.

Again, thank you all for being here. We really appreciate your support. I especially want to thank our sponsors who make this event possible.

Our next breakfast is a quick turn. It will be on the 11th of April. I do want to make sure you are aware that it won't be in this room, because the room wasn't available.

It will be General Robin Rand, the commander of Global Strike Command, and we will get the details out on that. It will be at the Sheraton in Pentagon City, so we

certainly hope to see you there. The hotel is right next to the Air Force Memorial.

Again, thank you so much for being here. Please drive safe and have a great Air Force day. Thank you.

(Applause).