



ASMC PDI Session #135

National Defense Strategy

31 May 2019

1415-1530



SEHLKE
consulting

Ed Fienga, Partner/Director

Edward.Fienga@sehlkeconsulting.com

(703) 774-4358

Agenda: Session #135

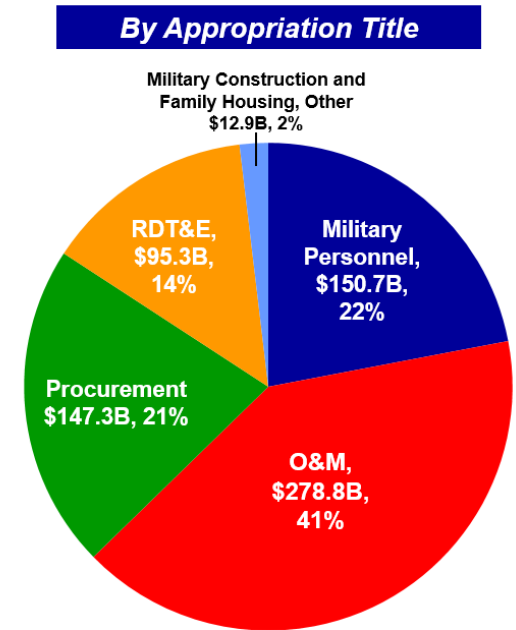
Topic	Speaker	Timing
Welcome & Introductions	Ms. Monica Rigaud, SOCOM/SOFM	1415 – 1420
The 2018 National Defense Strategy	Mr. Ed Fienga, Sehlke Consulting	1420 – 1440
Air Force Budget Formulation	Major General John Pletcher, USAF	1440 – 1450
Air Force Audit Update	Dr. Omalola Fawole, USAF	1450 – 1500
Questions for the Panel Members	Moderated by Mr. Ed Fienga	1500 -- 1510
Questions from the Audience	Audience Members	1510 – 1525
Closing Comments	Major General Pletcher / Dr. Fawole	1525 – 1530

Learning Objectives

- Better understand the 2018 National Defense Strategy (NDS) ... and how you contribute to it
- Gain insights as to how the USAF used the NDS as a resource allocation roadmap ... and how you might use it as one as well
- Understand how Audit processes support the NDS ... and how your audit efforts support NDS Objectives

2020 Budget Request

Department of Defense Budget				
\$ in billions	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2020 Request
Base	523.5	599.6	616.1	544.5
OCO	82.5	65.2	68.8	66.7
OCO for Base	--	--	--	97.9
Emergency	--	5.8	--	9.2
Total	606.0	670.6	685.0	718.3



William Jennings Bryan: "Our government, conceived in freedom and purchased with blood, can be preserved only by constant vigilance."

The National Defense Strategy provides the Department of Defense the strategic roadmap for effecting that vigilance, and preserving freedom.

Global Security Environment

- Re-emergence of long-term, strategic competition by “Revisionist Powers” that want to shape a world consistent with their authoritarian model—gaining veto authority over other nations’ economic, diplomatic and security decisions
 - China
 - Russia
- Resilient, but weakening, post-WWII international order—rogue regimes are destabilizing regions, creating an arc of influence / coercion and instability
 - North Korea
 - Iran
- Challenges to the US military advantage—today, every domain is contested
- Rapid technological advancements and the changing character of war
 - Lower barriers to entry
 - Faster / accelerating entry and advancement
 - Pursuit / possession of WMD
- Non-state actors threatening the security environment with sophisticated capabilities
 - Terrorists
 - Trans-nationalist criminal organizations
 - Cyber hackers

The homeland is no longer a sanctuary (but it’s better than the alternatives...)

National Defense Strategy – Background

- **Foundational Premise:** The U.S. was militarily uncontested in every way for a long time, but **nothing is uncontested anymore**. Long-term, strategic Cold War-style competition has re-emerged, and **we're being challenged in all domains**: in the air, on the sea and land, in space and in cyberspace.
- **The National Defense Strategy — the first new strategy in a decade — was released in 2018. It has two main goals:**
 - To restore America's competitive edge by blocking global rivals Russia and China from challenging the U.S. and our allies.
 - To keep those rivals from throwing the current international order out of balance.
- **So, how do we prepare for and prevent war?**
 - By modernizing the force, thinking ahead, being more flexible with our capabilities, and by having the best and brightest personnel on our side.
 - **Making sure every tax dollar is spent wisely and in keeping with the National Defense Strategy's three priorities:**
 - Build a more lethal force
 - Strengthen alliances and find new partners
 - Reform business practices

**NDS
Lines of
Effort**

Financial Manager's Challenge: balancing the urgency of the NDS priorities with the necessary discipline of resource decision-making processes.

National Defense Strategy



NATIONAL DEFENSE STRATEGY LINES OF EFFORT

LETHALITY

Build a More Lethal Force

- Modernized and maintained a secure, effective and resilient nuclear deterrent
- Better integrated the joint forces globally
- Elevated U.S. Cyber Command to full combatant command status



PARTNERSHIPS

Strengthen Alliances and Attract New Partners

- Increased burden sharing amongst NATO allies for common defense
- Addressed terrorist threats alongside Indo-Pacific partners in places like the Philippines
- Diminished ISIS Held Territory by 98%

REFORM

Change The Way We Do Business

- Consolidated four healthcare enterprises into one, saving more than \$2.5 billion annually by FY23
- Achieved \$767 million in real benefits by taking a more rigorous approach to goods and services contracts
- Saved \$253 million through commercial IT solutions, DOD-wide network management, and optimized data centers



National Defense Strategy – Objectives

- Defense objectives include:
 - **Defending the homeland from attack;**
 - Sustaining Joint Force military advantages, both globally and in key regions;
 - Deterring adversaries from aggression against **our vital interests**;
 - Enabling U.S. **interagency** counterparts to **advance U.S. influence** and interests;
 - Maintaining **favorable regional balances of power** in the Indo-Pacific, Europe, the Middle East, and the Western Hemisphere;
 - Defending allies from military aggression and bolstering partners against coercion, and fairly sharing responsibilities for common defense;
 - Dissuading, preventing, or deterring state adversaries and non-state actors from acquiring, proliferating, or using weapons of mass destruction;
 - Preventing terrorists from directing or supporting external operations against the United States homeland and our citizens, allies, and partners overseas;
 - **Ensuring common domains remain open and free;**
 - Continuously delivering performance with affordability and speed as we change Departmental mindset, culture, and management systems; and
 - Establishing an unmatched twenty-first century **National Security Innovation Base** that effectively supports Department operations and **sustains security and solvency**.

The way war is waged has drastically changed over the decades. Technological breakthroughs are coming faster than ever, and our great-power competitors – namely Russia and China – are all over them.

National Defense Strategy – Conclusions

- Pursuit of urgent change at significant scale
- Use of creative approaches, sustained investment and disciplined execution
 - Deliver performance at the **speed of relevance**
 - Organize for **innovation**
 - A diverse and skilled **workforce** keeps the military engine moving
 - **Drive budget discipline and affordability to achieve solvency**
 - Streamline rapid, iterative approaches from development to fielding
 - Harness and protect the National Security Innovation Base
 - Strategically predictable, operationally unpredictable – that's the art of Deterrence



To be efficient on the battlefield, we have to be efficient with our money

Finally...

Defense Spending as a % of Gross Domestic Product (GDP)



Source: National Defense Budget Estimates for FY 2019 (Table 6-13); historical and projected GDP from both the FY 2019 and FY 2020 Budget of the U.S. Government.

DoD funding is near a record low as a percent of our economy

Financial Manager's Mandate: Increasingly more critical to make disciplined resource allocation decisions as the security environment becomes increasingly more complex in any budget environment.

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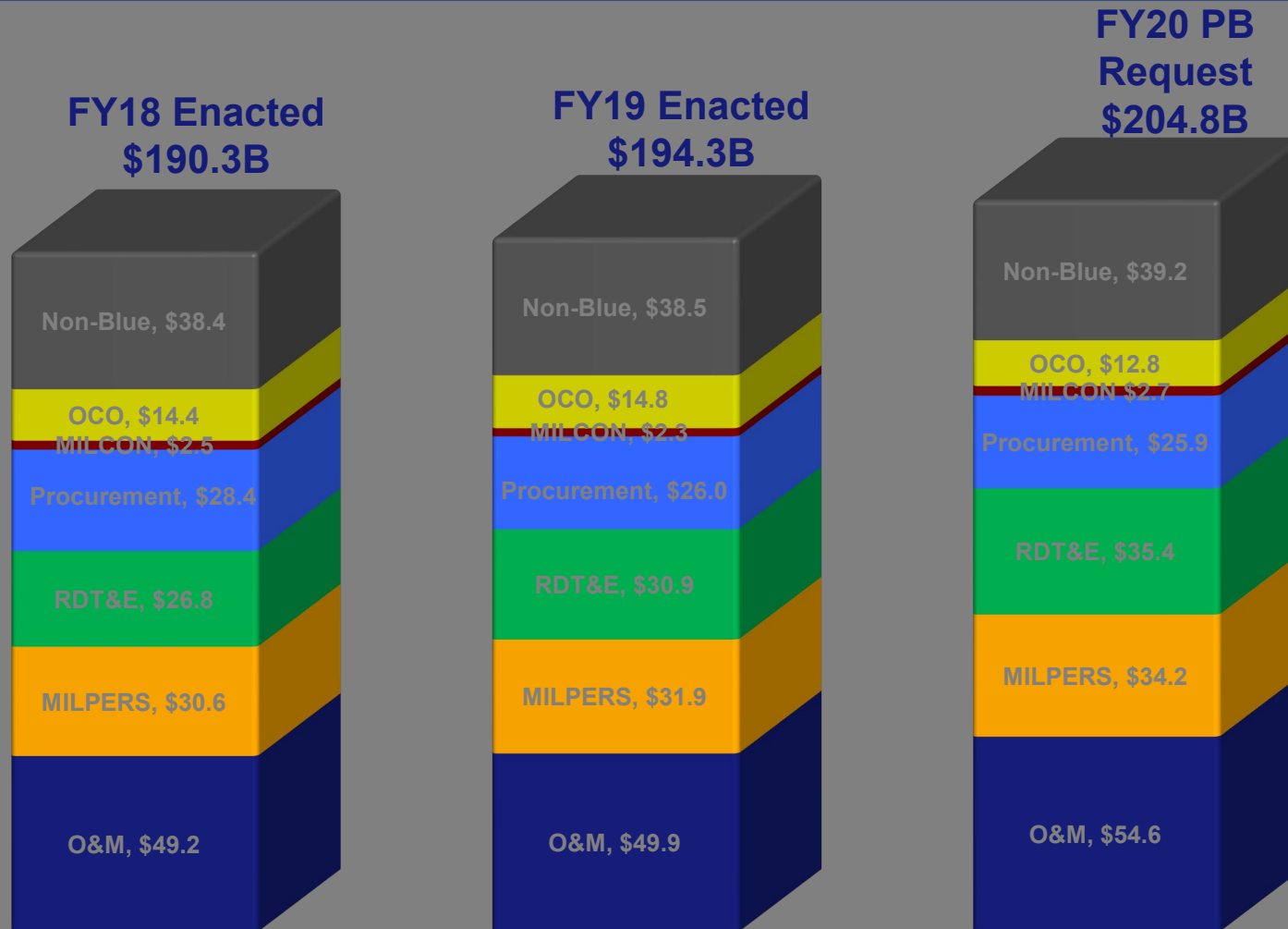
NDS and Budget Formulation



Maj Gen John Pletcher
SAF/FMB
31 May 19



FY18 - FY20 Budgets



Priorities

FY18 - FY20 Common Themes

- **Readiness Focus**
- **End-strength Growth**
 - Aircrew Shortage
- **Aircraft Modernization**
 - B-21
 - F-35
 - KC-46
- **Nuclear Modernization**

FY19 - FY20 NDS Refocus

- **Space Superiority**
- **Multi-Domain Command/Control**
- **Science and Technology**
- **TACAIR Mix – Light Attack**
- **Hypersonics**
- **Space Force**
- **Installation Investment Strategy**
- **Munitions Shift**
- **Reduce Counter-VEO**

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Air Force Financial Management: Objectives, Actions, and Roles to Support National Defense Strategy Objectives



**Dr. Lola Fawole, Director, Financial Improvement
and Audit Remediation (FIAR), SAF/FMFA**

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NDS Lines of Effort (LOE) Recap



1. Build a More Lethal Force



2. Strengthen Alliances and Attract New Partners



3. Reform the Department for Greater Performance and Affordability

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LOE Alignment to Air Force Business Operations Plan (BOP)

Air Force financial managers and budget officers support NDS objectives through effective resource management activities

NDS: DoD-Wide Transformation

Three LOEs



1. Build a More Lethal Force



2. Strengthen Alliances and Attract New Partners



3. Reform the Department for Greater Performance and Affordability

Nine Strategic Objectives

1
2
3
4
5
6
7
8
9

Air Force BOP: Adapt NDS to Impactful Activities

Twenty Air Force Objectives

1	11
2	12
3	13
4	14
5	15
6	16
7	17
8	18
9	19
10	20

Supporting Activities (Examples)

Fund flying hours accounts to maximum executable levels

Resolve intragovernmental eliminations that impact the presentation of the Air Force's financial statements

Improve Real Property accountability by establishing a reliable baseline

Rationalize the number of legacy IT systems and interfaces and identify and implement enterprise-wide solutions to support IT controls

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Financial Management Specific Activities

SAF/FMFA actions specifically align to NDS Objective 3.3.1:
Prioritize achieving financial improvement and audit remediation requirements.

NDS-Aligned Air Force FMFA Actions to Date

- **FY 2018:** The Air Force underwent its first full financial statement audit
- **Results:** The audit resulted in a “disclaimer of opinion” and the identification of 326 Notices of Findings and Recommendations (NFRs)
- **FY 2019:** The Air Force is currently completing corrective actions while simultaneously supporting the current year’s full financial statement audit.

Key Activities: FY 2019-2021

- Resolve NFRs and Corrective Action Plans (CAPs) for findings from audits in order to achieve and maintain unqualified audit opinions
- Improve transparency and simplify future audits by providing authoritative data on budget and finance to the Department of Defense for future audit simplification

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How can FM and non-FM roles support the NDS?

Which NDS BOP Objective aligns to this role?

1.5: Implement incentives to recruit and retain the best total force to bolster capabilities and readiness

1

1.3: Ensure the best intelligence, counterintelligence, and security support to DoD operations

2

1.2: Lay the foundation for future readiness through recapitalization, innovation, and modernization

3



F22 Cost Estimator

Job duties include:

- Coordinates cost-analysis programs and activities
- Designs and develops cost and economic analysis methods, processes and techniques
- Plan and conduct research projects to improve effectiveness

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How can FM and non-FM roles support the NDS?

Which NDS BOP Objective aligns to this role?

1.1: Restore military readiness to build a more lethal force

1

3.1: Improve and strengthen business operations through a move to DoD-enterprise or shared service; reduce administrative and regulator burden

2

3.2: Optimize organizational structures

3



Logistics Readiness Officer

Job duties include:

- Determines base readiness requirements
- Direct contingency, fuel management, aerial port and vehicle management operations
- Formulate logistics management and fiscal policy for weapons systems

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Questions for the Panel Members

Questions from the Audience

Closing Comments