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OFFICE OF THE SECRETARY

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Authority: EO 13526
Chief, Records & Declass Div, WWS
Date: OCT 06 2015

Office of the Secretary of Defense 505-C-8552
Chief, RDD, ESD, WHS
Date: ~~06 OCT 2015~~ Authority: EO 13526
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Reason: _____
MDR: 15 -M- 1585

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Program Decision Memorandum (PDM) for Department of the Air Force (U) - ACTION MEMORANDUM

We welcome your invitation to present Air Force comments on your Tentative Program Decision Memorandum of August 16, 1977. There are a number of policy issues which are critical to the Air Force but which do not have a FY 1979 funding impact; i.e., B-52G penetrability, future mission of B-52D force, funding floors, etc. We will address these in the FY 1980-84 POM cycle.

STRATEGIC OFFENSE

- Although not addressed in your TPDM, we are examining bomber modernization options and intend to submit a paper to you on that subject separately.
- A planned reduction in the KC-135 force in FY 82 is premature. Aerial fueling requirements for forces engaged in a NATO war are growing. We need to study these requirements in detail before making reductions. *I'm not convinced*
- The KC-135 re-engining prototype program should continue so that we can make well reasoned future decisions regarding modernization. *perhaps keep studying*
- We are concerned about the slow pace of ICBM modernization and, although not an immediate issue, believe we should look at this intensively. We hope to explore this subject with your staff in depth.

STRATEGIC DEFENSE

- We have very serious concern with the implications of the actions on our air defense interceptor forces. The PDM would eliminate all active duty fighters from full dedication to this role, cancel the FOI, reduce one wing of tactical fighters planned for Europe, and cause concern in the Air National Guard. Experience has shown that our Reserve Components are more effective when they have a mission and aircraft which are shared with the Active Force. Furthermore, such a major realignment of Air Defense forces could cause problems with our Canadian partners.

320-80-0001, box 12, 10054 (1-23 Aug) 1977

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- We believe there is an alternative which provides almost comparable savings and solves the above problems: Retain F-106s in the Active Force (due to the high readiness requirements for the F-106, the cost to maintain these aircraft active versus reserve is not great), and rather than have a dedicated wing, plan for some TAC F-15s from various wings to be on Air Defense alert, as we do today with F-4s. We would accept not buying an FOI, at least for now. The PDM savings are \$27M in FY 79 and \$2867M over the FYDP. Our proposal also would save \$27M in FY 79 but decrease five year savings to \$2686M. In the meantime, we would study the beddown of the active F-106s as well as Air Reserve Force fighter units to achieve even further savings.

They may be right

TACTICAL

- We are concerned with the basing and MBFR implications of stationing two A-10 wings in Germany. An alternative is to increase initially to 90 the number of aircraft assigned to the wing we intend to deploy to the UK. We would enhance sortie capability and reduce vulnerability by basing aircraft at forward operating locations in Germany. We will obviate the need for attempting to obtain military construction funds in an amount of approximately \$76 million to build a new base in Germany and avoid a concurrent base closure action in the U.S. We recommend that our POM program, which replaces F-4s with F-16s, and avoids MBFR constraints on nuclear carriers, be reconfirmed.

I tend to view this as a better alternative

- Inactivation of two RF-4C squadrons and a drawdown of the active force to six squadrons, in addition to the transfer of one squadron to the ANG, specified in our POM, will require a decrease in our DPQ commitment. Six squadrons (three in Europe, three dual based in CONUS) are now DPQ committed, another is in the Pacific primarily committed to Korea and the eighth constitutes the remaining unit available for worldwide tasking. We request you reconsider this near-term (FY 79) decision.

- We agree that there is a need to reevaluate our tactical reconnaissance capability. We do not agree, however, that we should convert the F-111D, an all-weather tactical fighter, to an RF-111 at a cost of over one billion dollars. We will send you the results of our on-going analysis within the next several weeks or prior to final formulation of the FY 79 authorization/appropriation request.

I don't think they have the right answer

- Diversion of an F-15 wing to CONUS Air Defense and an F-111D wing to reconnaissance in effect decreases the active tactical fighter force structure to 24 wings. The 26 active wing force is the minimum level needed to contain Warsaw Pact forces that are being improved quantitatively and qualitatively.

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- A reduction in FY 79 F-16 procurement from 145 to 135 could have serious international consequences. The unit cost of the U.S. and EPG F-16s will increase \$9,000 and \$15,000 respectively. We have evaluated the risks associated with the reduction and have recommended restoral of the 10 aircraft in our amended POM dated August 3, 1977. FY 78 testimony before Congress has recommended against changing the established F-16 program. In an August 15, 1977 report GAO strongly supports the F-16 multi-national program. Recommend the FY 79 F-16 procurement be raised from 135 to 145 aircraft. *Probably negot*

RDT&E

- Undistributed adjustments of \$445.4M represent a 9.7 percent reduction from the base POM level. This amount is excessive and includes rigidly constrained DDR&E-directed additions which distort a balanced RDT&E program. The Air Force needs maximum flexibility to accommodate the transition to accelerated cruise missile development, and to protect the remaining high priority RDT&E efforts funded in the POM. We believe a more realistic undistributed adjustment is \$165.2M. This can be achieved by restoring RDT&E to the May 9, 1977 POM levels and repricing lower priority work directed by DDR&E. The detailed Air Force recommended changes will be provided to the Director of Defense Research & Engineering. *AF to settle with Perry*

PERSONNEL

- Conversion from military to civilian positions is not a desirable alternative to performing military functions and would have an adverse impact on combat readiness and wartime capability. In addition, although the TPDM cites contracting as an acceptable alternative to civilianization, the Air Force believes it would be imprudent to program further inservice to contract conversions in the FY 79 President's Budget in the face of the severe contracting restrictions imposed by Congress for FY 77 and FY 78 and the Congressionally-directed OMB/OSD study on contracting. *We need to examine contracting*

- While we are not appealing the denial of our programmed increase in the Civil Engineering Force, we strongly object to assignment of critical wartime tasks to another service. Our field commanders must have the assurance that top priority tasks will be promptly executed without interference. We recommend you defer this decision pending the rewrite of DODD 1315.6. *out is con (period) not for added*

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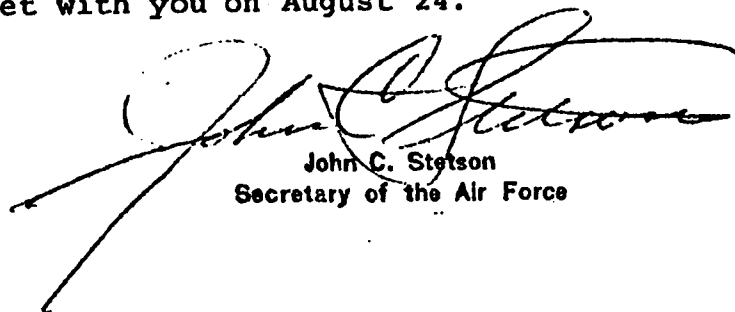
*AF to use European
civilian capability
if they're so unwilling
to use Army Engineers*

Additions to the TPDM for these items and others at the attachment are:

	(Millions of Dollars)				
	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Non RDT&E	+ 47.0	- 17.1	+249.9	+159.1	+129.9
RDT&E	+128.9	+ 86.9	+525.7	+327.3	+379.9
Total	+175.9	+ 69.8	+775.6	+486.4	+509.8

Due to time constraints, we have not been able to identify offsets for our reclama items but, except for those issues raised in the RDT&E paragraph above, will do so prior to our budget estimate submission.

The Chief of Staff and I will be pleased to discuss these and other issues when we meet with you on August 24.



John C. Stetson
Secretary of the Air Force

1 Attachment
Appeals (8)

cc: Deputy Secretary of Defense
Chairman, Joint Chiefs of Staff
Assistant Secretary of Defense
(Program, Analysis, & Evaluation)
Director of Defense Research &
Engineering

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