



USAF 2012 Budget-Personnel



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USAF Leadership Priorities



- Continue to Strengthen the Nuclear Enterprise
- Partner with the Joint and Coalition Team to Win Today's Fight
- **Develop and Care for Airmen and Their Families**
- Modernize Air and Space Inventories, Organizations and Training
- Recapture the Acquisition Excellence

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End Strength

- **Active Duty**—332,200, down from 334,196
 - There will be 1500 too many members at the end of FY11
 - There will be involuntary separation/retirement initiatives to reduce the number of officers over the next 2 years
- **Air National Guard**—remains same at 106,700
- **Air Force Reserve**—increase from 71,200 to 71,400



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Pay and Benefits

- **1.6% pay raise**
 - matches private sector levels as measured by the employment cost index (ECI), the index established in law for calculating military pay raises
 - FY11 raise matched ECI rate at 1.4% ending a decade-long effort to close the pay gap between military and civilian pay by providing raises above the ECI rate

- **4.2% increase in housing allowance**
- **3.4% increase in subsistence allowance**



Military Healthcare

- **\$52.5 Billion** to fully fund the military health system
- **9.6 million** eligible beneficiaries
 - Active duty service members and their families
 - Military retirees and their families
 - Dependent survivors
 - Certain eligible reserve component members and their families
- **TRICARE Fee Increases**—working age retirees
 - From \$230/year to \$260 for a single person and from \$460/year to \$520 for a family.
 - Indexed to increase with Medicare cost increases

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Family Support Programs

- **\$8.3 Billion**—increase of .2 billion over FY11
 - Child care and youth services
 - Morale, welfare and recreation programs
 - Family support counselors
 - Commissary and exchange benefits
 - Spouse employment and education assistance
 - School liaison offers to help navigate local schools
 - **Interstate Compact on Educational Opportunity for Military Children**—at least 35 states have signed on

- *In past years additional funding for family support programs was included in the OCO...how will they be funded in the drawdown and beyond?*

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Family Support

- President Obama's "*Strengthening our Military Families*" initiative requires DoD and agencies to meet commitments
- Unclear to what level FY12 budget includes funding
- **USAF Working Goals**
 - Eliminate the child care deficit by 2012 and continue expanded child care through different programs
 - Single POC for families with special needs children
 - Support for respite child care for families with special needs



USAF Investment Highlights



- New long-range, nuclear-capable penetrating bomber.
 - Option of piloted remotely, classified technology and part of a broader family-of-systems portfolio
- Evolved Expendable Launch Vehicle—access to space for military and government agencies while sustaining industrial base
- Modernize F-15 radars
- More simulators for Joint Strike Fighter (JSF) training
- Maximize procurement of Reaper unmanned aerial vehicles

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USAF Efficiencies

- USAF to save \$33.3 Billion over 5 years
 - Consolidate 2 air operations centers and 3 numbered Air Force staffs
 - Improve depot and supply chain business processes to sustain weapons systems
 - Reduce fuel and energy consumption in Air Mobility Command
 - Reducing facilities sustainment
 - Reducing the cost of communications infrastructure by 25%



Cost Drivers

- **Pay, Retirement, Healthcare**
- Since 2001 personnel costs have gone from \$19 Billion to \$52 Billion
- ***"Health-care costs are eating the Defense Department alive,"*** U.S. Defense Secretary Robert Gates , May 8, 2010
- ***"The military compensation system has had the same basic structure since the end of World War II. ... It is unlikely that DoD's current approach to compensation is reasonable, appropriate, affordable, and sustainable over the long-term,"*** GAO, April 2010

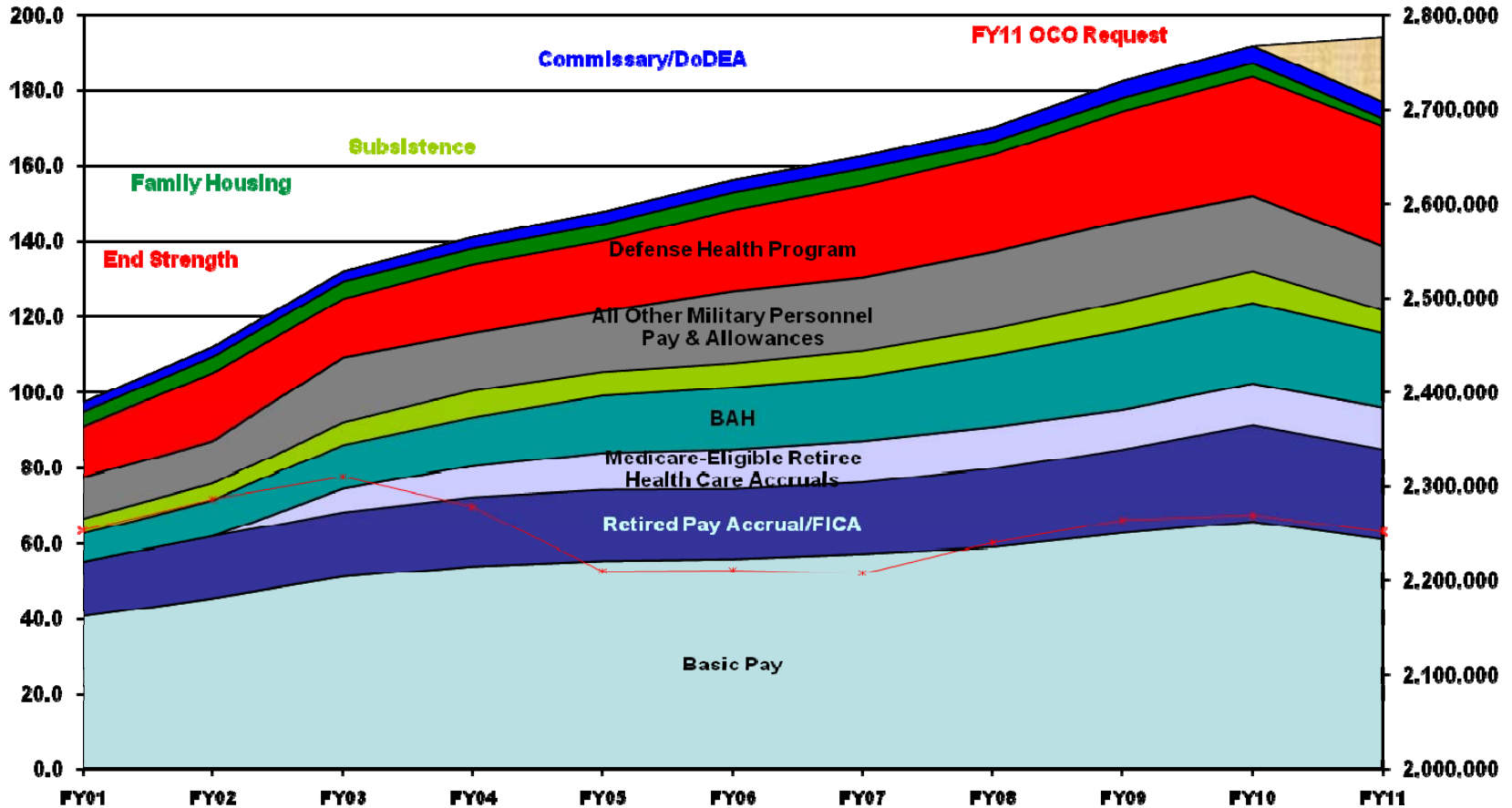


DoD Military Pay and Benefits



\$Billions *then year dollars*

End Strength



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Efficiencies in Personnel?

- There is a growing list of study groups and individuals who have voiced concern about the sustainability of military compensation and benefit programs within the defense budget.
- Some funding reductions might be taken in the following programs:
 - *Basic pay raises*
 - *Retention bonuses and promotions*
 - *Grades assigned to positions*
 - *Morale, Welfare, and Recreation*
 - *Tuition assistance*
 - *Permanent changes of station*
 - *Unemployment compensation*

■ **However....**



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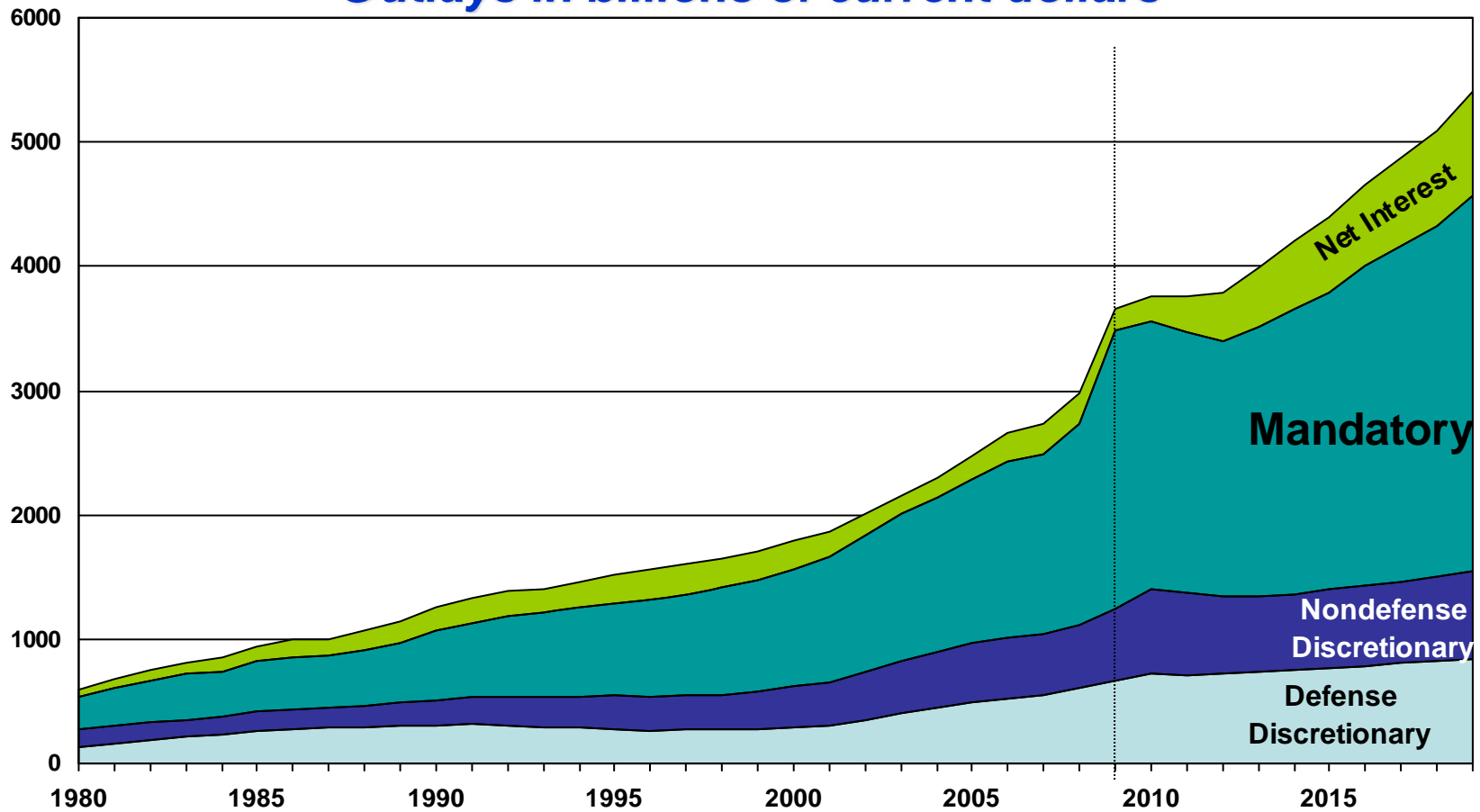


Trends in Federal Spending

FY1980 – 2019



Outlays in billions of current dollars



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Sustainable Compensation?



- Assuming fiscal realities will force change within the next decade, military personnel costs will continue to rise and may crowd out other defense investments
- **Any change to compensation must maintain the imperative—fair treatment for service members now and in the future**
- The Challenge--Can service member satisfaction be maintained or increased while decreasing cost?

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Tough Times Ahead

“DoD knows firsthand the importance of sacrifice for the greater good. This tireless commitment to U.S. national security helps explain why the Pentagon exerts such great influence over the defense policy preferences of Congress, the White House and the American public. If DoD leads by generating additional efficiencies savings and proposing modest reductions in its base budget, political leaders are more likely to follow.”

Travis Sharp, Research Associate at CNAS.

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USAF Budget in Billions

Title	FY11 Request	FY12 Request	\$ Change (FY11-12)	% Change (FY11-12)
Personnel	29.3	30.2	0.9	3.0%
Operation & Maintenance	45.8	45.8	-0.5	-1.1%
Procurement	24.2	22.5	-1.7	-7.1%
RDT&E	18.2	19.0	0.8	4.3%
Military Construction	2.2	2.0	-0.2	-9.1%
Family Housing	0.6	0.5	-0.1	-17.0%
TOTAL	119.7	119.0	0.7	0.06%

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OCO Budget in Billions

Title	FY11 Request	FY12 Request	\$ Change (FY11-12)	% Change (FY11-12)
Personnel	1.5	1.5	0.0	0%
Operation and Maintenance	13.9	10.9	-3.9	-21.6%
Procurement & RDTE	2.0	0.9	-1.1	-55%
Military Construction	0.3	0.0	-0.3	-100%
TOTAL	17.7	13.3	-4.4	-25%

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