

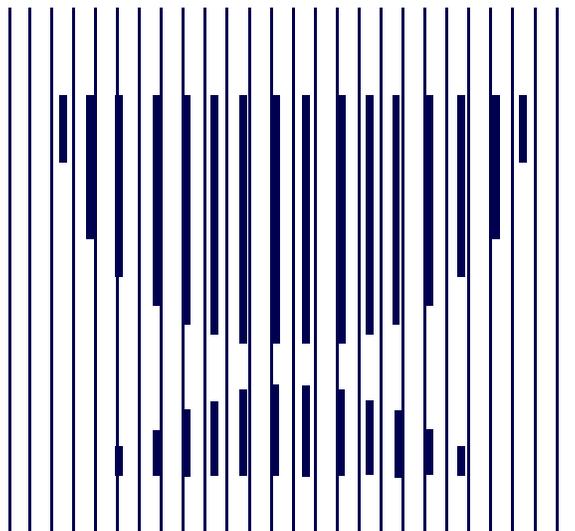


# CBO MEMORANDUM

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**THE COST OF THE  
ADMINISTRATION'S PLAN  
FOR THE AIR FORCE  
THROUGH THE YEAR 2010**

**November 1994**



**CONGRESSIONAL BUDGET OFFICE**





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SECOND AND D STREETS, S.W.  
WASHINGTON, D.C. 20515**



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## NOTES

Unless otherwise indicated, all years referred to in this memorandum are fiscal years.

Rounded numbers in the text and tables may produce sums that do not correspond to the totals shown.

Unless otherwise indicated, all costs are expressed in billions of fiscal year 1995 dollars of budget authority.

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**This memorandum was prepared by the Congressional Budget Office (CBO) in response to a request from the Chairman of the House Committee on Armed Services. It is one of a series of memorandums requested by the Chairman that analyze future costs of the Administration's plans for defense forces. In keeping with CBO's mandate to provide objective and nonpartisan analyses, the memorandum makes no recommendations.**

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## **SUMMARY AND INTRODUCTION**

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The Reagan Administration planned to have more than 40 Air Force tactical fighter wings to fight the former Soviet Union, although the service never managed to field more than 37. The Bush Administration's base force would have contained 26 wings to fight the smaller and more diffuse threats of the post-Cold War world. The Clinton Administration's Bottom-Up Review--a statement of the Administration's defense policy, released in 1993--asserts that 20 wings, about half the Reagan goal, should provide enough combat punch to fight two regional wars.

Goals for fielding strategic bombers have also undergone downsizing, reflecting the deemphasis of the strategic mission, though the cuts are smaller than the reductions in fighter fleets. Fleets of strategic bombers, pegged at about 300 planes in Cold War plans, would have shrunk to 210 under President Bush. The Clinton Administration expects to reduce the number of bombers set under the Bush plan by about 10 percent. Inventories of intercontinental ballistic missiles have suffered similar fates.

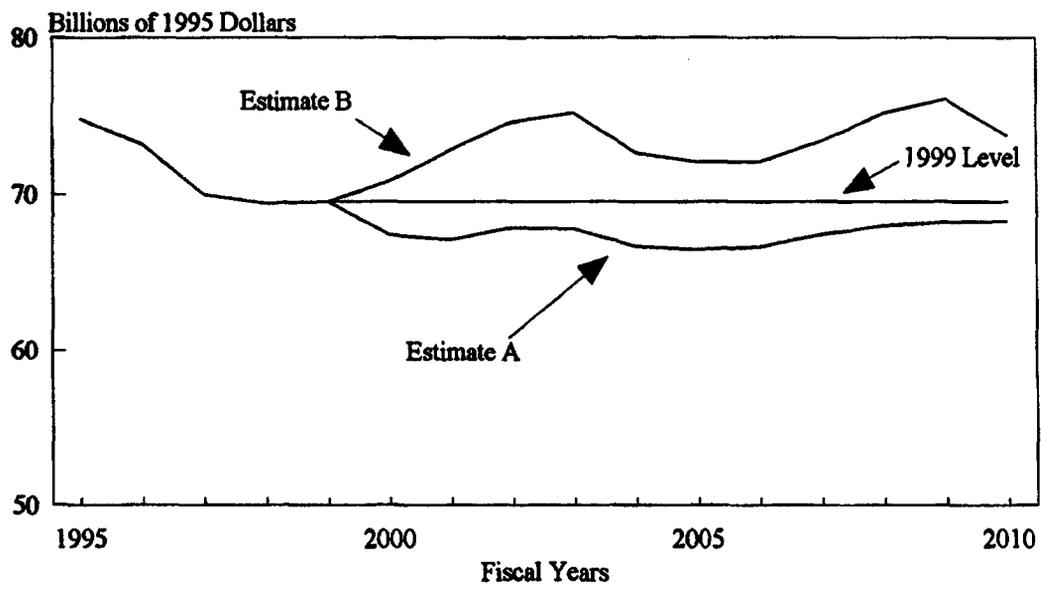
One major element of the Air Force, however, is not declining. The Air Force expects to preserve the capabilities of its airlift fleets at current levels, since the capacity to move troops and equipment early in a conflict may be particularly important in a world where conflict could take place in unexpected locations.

Under the Administration's current plan, Air Force budgets will also decrease between 1990 and 1999, but by lower percentages than decreases in combat forces. The Air Force budget in 1995--about \$75 billion--will be approximately 30 percent lower than the service's 1990 funding. The budget would decline further to about \$70 billion in 1997 and remain at roughly that level through 1999 (see Figure 1).

The Administration has not published its plans for the years after 1999. Based on the Administration's statements and goals, however, the Congressional Budget Office (CBO) estimates that the Air Force would only need about \$67 billion in the year 2000 under Estimate A, an assessment that assumes only limited growth in the future cost of weapons. Beyond the year 2000, CBO projects that Air Force budgets could remain at approximately that level, averaging \$68 billion in the first decade of the new century, if weapons costs do not grow. The reason: the costs of new weapon systems--including the F-22 tactical fighter and whatever aircraft emerges from the Joint Advanced Strike Technology (JAST) program to replace the F-16--would be offset by completing acquisition of the C-17 airlifter. But a somewhat more pessimistic outlook suggests tighter Air Force budgets. CBO made a second



**FIGURE 1. AIR FORCE BUDGET ESTIMATES A AND B**



SOURCE: Congressional Budget Office.



assessment, Estimate B, that projects Air Force budgets averaging about \$74 billion during the 2000-2010 period, or about \$4 billion more than the Air Force's 1999 funding level.

CBO's analysis assumes enactment and execution of the plans set forth in the Administration's Future Years Defense Program (FYDP) for fiscal years 1995 through 1999. If that program changes, perhaps because projected savings are not realized, costs prove higher than anticipated, forces are cut further, or planned procurement programs are canceled, this analysis of the period after the FYDP would also change.

The range of costs in CBO's long-run estimates reflects differing assumptions about the cost of new weapons. The \$68 billion estimate assumes that prices of weapons bought in the future would not grow above current estimates. It also assumes that spending in funding categories for which detailed plans are not available, such as research and development and nonmajor procurement--procurement of a variety of items, including spare parts, tactical missiles, and satellites, for which the Administration's replacement goals are less clear--would remain at previous levels, adjusted for changes in forces. The higher cost estimates, which are more consistent with past experience, assume that there would be growth in the unit costs of major weapons that program planners do not anticipate. They also assume that spending for activities such as research and nonmajor procurement would grow along with increases in other types of funding. Because so few major weapons would be bought, these differences in assumptions produce a fairly narrow range in the estimates.

The Administration plans an increase in Air Force procurement funding over the next five years. CBO estimates that under the assumptions of Estimate A funding would remain near the planned 1999 level for most of the 2000-2010 period. Thus, if the Air Force can hold down costs in ways assumed under Estimate A, the service could afford to buy relatively small numbers of new weapons, including the F-22 aircraft and the F-16 replacement, without real increases in its budget.

If experience is a guide, however, and the higher cost estimates prove more realistic, the Air Force budget would have to increase in the next decade to finance this new family of weapons. Average annual funding during the 2000-2010 period would need to be about 6 percent higher than the planned 1999 level.

Although such increases are modest, they will probably be difficult to achieve. Air Force programs will face considerable competition from Army, Navy, and new theater missile defense programs. Under the Administration's



plan, all these programs, particularly those in the Navy, will probably demand substantial increases in funding during the next decade, which could reduce the Air Force's share of the total defense budget. Furthermore, in the face of conflicting domestic demands, the total defense budget may fall below the Administration's planned level. For example, the budget resolution for fiscal year 1995 allocated less to defense than the Administration had requested. Additional cuts in defense funding could prevent the Air Force from carrying out the Administration's plan even if its share of total funding is not reduced.

## THE ADMINISTRATION'S PLAN

In order to identify long-term cost trends, this memorandum seeks to estimate the Air Force budgets needed to accommodate forces at the currently planned levels through the year 2010. The sources of assumptions about the Administration's plan differ depending on the time period. Through 1999, the Administration has provided detailed plans for the Air Force in its Future Years Defense Program, submitted in February 1994. CBO assumes that these plans will be followed. Beyond 1999, detailed plans are not always publicly available. Air Force personnel and force levels in 1999 reflect the goals expressed in the Administration's Bottom-Up Review. CBO has assumed that forces will remain at their planned 1999 levels through the year 2010.

Moreover, the Air Force has often stated its general plans for modernization, either in documents provided to the Congress or in testimony. These statements provide the basis for assumptions about modernization, which primarily concern fighter procurement for most of the 2000-2010 period; airlift modernization should be nearly complete by then, and no plans to replace the strategic bomber fleet have been announced. The exception to this assumption is CBO's supposition about Air Force fighter procurement resulting from the Joint Advanced Strike Technology program. The Administration has no detailed procurement plans for the planes that may emerge from that development project. But the JAST proposal suggests that the Administration expects to field a plane around 2010. And CBO's forecasts of future fighter inventories suggest that the service will run short of fighters during this period.<sup>1</sup> So CBO assumes that JAST procurement will begin in 2007. For brevity, this memorandum refers to the JAST as if it were a plane, although it is more accurately described as a development program that may yield several aircraft designs.

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1. The Air Force uses the term fighter to refer to fleets of both fighters and short- and medium-range bombers. CBO has followed this convention.



The Air Force has three major types of forces: strategic, for nuclear attack and defense against nuclear attack; tactical fighter and attack, for conventional wars; and airlift and tanker, for flying Army and Air Force equipment and personnel to fight in distant theaters, as well as for aerial refueling.<sup>2</sup>

### Strategic Forces

The United States relies on a triad of nuclear forces to deter nuclear war: sea-based missiles launched from submarines, land-based missiles, and weapons on bombers. The Air Force is responsible for supporting two "legs" of this triad: land-based missiles and bomber weapons. Its budget includes all procurement and operating funding for intercontinental ballistic missiles (ICBMs) and for strategic bombers and the nuclear bombs and missiles delivered by those bombers.<sup>3</sup>

As a result of budgetary pressures and the two Strategic Arms Reduction Talks (START) treaties, strategic forces--including those of the two land-based triad legs that the Air Force operates--will shrink sharply over the next decade. Through 1999, the largest reduction will occur in the ICBM force, which currently numbers about 670 missiles. By the end of 1995, as the Air Force retires the last of its Minuteman II ICBMs, the force will consist of 550 missiles. Warheads on ICBMs will fall from 2,117 to 2,000. The Air Force will procure no new ICBMs during this period, nor does it plan to in the foreseeable future. It plans to spend some \$4 billion through 2002, however, to extend the service life of its 500 Minuteman III missiles.

The United States must reduce the number of warheads on each of its Minuteman III missiles from three to one by 2003 to comply with the START II treaty. By that time it must also have retired its 50 MX missiles. Because the Russian parliament has yet to ratify the treaty, CBO assumes that the Air Force will not reduce the number of warheads carried by each Minuteman missile nor retire MX ICBMs until after 1999.

The bomber force also faces turmoil during the next few years. At the end of 1994, the Air Force had a total inventory of 193 bombers: 95 B-1Bs, 94 B-52Hs, and 4 B-2s. Of those, only 152 were considered operational (84 B-1Bs, 64 B-52Hs, and 4 B-2s); the rest were in maintenance or some other

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2. Among other categories are electronic warfare aircraft--planes that jam enemy transmissions, among other activities--trainers, and a variety of helicopters.

3. The Department of Energy buys nuclear warheads for bombs and missiles.



inactive status. But the Air Force plans to make changes for 1995. Although the service will have virtually the same total inventory of bombers (196), only 140 of them (60 B-1Bs, 74 B-52s, and 6 B-2s) will be operational--an 8 percent reduction from the previous year. Perhaps more important, the composition of the operational force will also change: the Air Force will have 24 fewer B-1Bs and 10 more B-52Hs. Through 1999, the operational inventory will increase slightly as the last of the B-2s enter the force.

The Administration may make further changes to the bomber force in 1995 and beyond as a result of its recently completed review of nuclear forces--known as the Nuclear Posture Review--which recommended that the B-52 force be trimmed to 66 planes. Because the Congress has expressed reservations about reducing the size of the bomber force, however, CBO assumes that the B-52 force will remain at 94 aircraft.

The Air Force plans to reduce the number of operational bombers largely for budgetary reasons, although the decision also reflects post-Cold War changes in threats. From a budgetary standpoint, it is cheaper to keep bombers on inactive status than to fly them. The Air Force will rotate a portion of its force--27 B-1Bs and 12 B-52Hs--through a status called attrition reserve. Bombers temporarily assigned to this category will be kept at their bases but not flown. The strategy is like that of a two-car family that decides for economic reasons to drive only one of its cars at a time. They save money on gas and maintenance and can use both cars simultaneously again when they have more money to spend. This alternative is attractive to the Air Force because it can save most of the money required to fly and crew a bomber. It also has the advantage of keeping additional aircraft as a hedge against an unexpected threat.

The disadvantage of this policy, of course, is that the Air Force will have fewer bombers available in the short run. And some critics are concerned that Air Force personnel may cannibalize the aircraft that are in attrition reserve for spare parts. The service denies that this will happen because it intends to support all of the operational bombers. As an additional cost-saving measure for 1995, the Air Force is transferring some of its operational bombers (10 B-1Bs and 8 B-52Hs) to the Air National Guard and the Air Force Reserve, respectively. Over the next few years, eight additional B-1s will be moved to the Guard.

From the perspective of a threat to the country, the United States may require fewer bombers in future than it has in the past. First, the requirement for a large force of nuclear-armed bombers has virtually disappeared. Without NATO and the Warsaw Pact standing toe to toe across the German border, the potential for a crisis between the United States and Russia has



diminished significantly. As a result, both superpowers have reduced the size of the forces that they keep on alert. The United States now relies on the Air Force's ICBMs and the ballistic missiles carried by the Navy's Trident submarines to provide its alert nuclear deterrent. The bomber force has been taken off alert and is training for the conventional regional conflicts that appear to be the more likely threats in this new era. The START II treaty reflects this changed environment; it allows up to 100 bombers that are capable of carrying nuclear weapons to be converted to nonnuclear roles. According to the Nuclear Posture Review, the Air Force will comply with the treaty (if it is ratified) by designating its B-1 aircraft as conventional-only bombers. The B-52 and B-2 forces will have dual roles; they will be able to conduct both nuclear and conventional missions.

Second, the need for conventional bombers may also be limited. Administration officials point to their Bottom-Up Review, which directs that U.S. forces be sized to tackle two major regional contingencies (conflicts roughly the size of the Persian Gulf War) that occur at almost the same time.

Critics of the Administration's plans to reduce the size of the active bomber force to between 100 and 120 aircraft contend, however, that the Bottom-Up Review scenarios call for approximately 200 bombers (100 for each of the two possible major regional conflicts). Administration officials counter that the review assumed that many of the 100 bombers involved in the first conflict could shift to the second, suggesting that their plan to reduce the active force was consistent with the Bottom-Up Review. In addition, the United States could take bombers out of the attrition reserve if, as often happens, heightened tensions precede the actual outbreak of hostilities. Some critics have suggested giving up the attrition reserve and keeping those bombers on active status instead. Others have advocated purchasing more B-2 bombers (see the procurement section on page 21).

### Tactical Fighter Forces

The Bottom-Up Review also stipulates a decline in the number of Air Force tactical fighter forces. Air Force tactical forces reached a peak of 37 wing equivalents (each with 72 combat aircraft) in 1987, although they never met the Reagan Administration's Cold War goal of more than 40 wings. General Colin Powell, former Chairman of the Joint Chiefs of Staff, argued that at least 26 wings would be needed to protect U.S. interests in the post-Cold War world.<sup>4</sup> The Clinton Administration, however, plans to carve a total of six

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4. Statement of General Colin Powell before the Subcommittee on Defense, House Committee on Appropriations, September 25, 1991.



more wings out of the force structure.<sup>5</sup> Tactical forces will decline to 20 wings by 1997. CBO assumes that they will remain at that level through 2010, which seems consistent with the goals expressed in the Bottom-Up Review.

The Air Force's tactical fighter forces consist of six types of aircraft. The Air Force plans to buy two new types of planes to replace many of those types of aircraft in the 1995-2010 period. The F-22, formerly called the Advanced Tactical Fighter, will eventually replace today's F-15 aircraft as the Air Force's premier fighter. Designed to achieve air superiority, the F-22 is expected to have stealth capability and the ability to cruise supersonically (supercruise) without resorting to the use of afterburners. Procurement of the F-22, scheduled to begin with four planes in 1998, would increase to about 48 planes a year and continue at that level through 2009, according to current plans.<sup>6</sup> F-22 procurement will be completed in 2010 when the Air Force will have bought 442 planes.

The Air Force halted procurement of the F-16 aircraft, which is less expensive and less capable than the F-15 aircraft, in 1994. The Department of Defense plans to replace the F-16 with one of the planes that emerges from the Joint Advanced Strike Technology program. JAST is an attempt by the Administration to increase the commonality between new aircraft in the services. Planes developed under JAST will also replace aircraft in the Navy and Marine Corps, according to Administration goals for the development program. The Administration recently released a request for industry proposals to develop the JAST concept, which says that the Administration wishes to field these aircraft by 2010. There is about a two-year lag between the time that the services buy aircraft and the time they receive the planes. The services will need to buy planes for several years to accumulate enough to outfit a squadron. CBO assumes that the Air Force will begin buying JAST planes in 2007 at a rate of 12 and will increase annual procurement rates to 48 by 2010.

The modest procurement of tactical fighters (averaging 49 a year during the 2000-2010 period) will be roughly sufficient to support all of the Administration's planned tactical forces through most of the first decade of the next century, but only if the Air Force retains planes to meet overall requirements (see Figure 2). It will not, however, prevent the fleet from aging. Between 2000 and 2010, the average age of tactical fighters--also

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5. Department of Defense, "Report on the Bottom-Up Review" (October 1993), p. 30.

6. According to press reports, the Administration may defer procuring the fighter for four years. See John Mintz, "Pentagon Weighs Delaying Lockheed's F-22 Program," *Washington Post*, August 23, 1994, p. D1. CBO assumes that the F-22 program will experience a one-year slip based on projections that the plane will be fielded a year later.



shown in Figure 2--will increase from about 15 years to about 18 years. This is considerably older than the average age of today's fleet--about 11 years. The Air Force will have to retain planes longer than it has in the past to meet these requirements, and it would need to retain some F-111s rather than retiring them all as currently planned. For example, if the Air Force were to maintain the same goals for certain missions, some F-111 aircraft would be more than 40 years old before being retired. Furthermore, more than 200 planes--approximately 10 percent of the inventory--would exceed currently scheduled retirement ages in the year 2010.

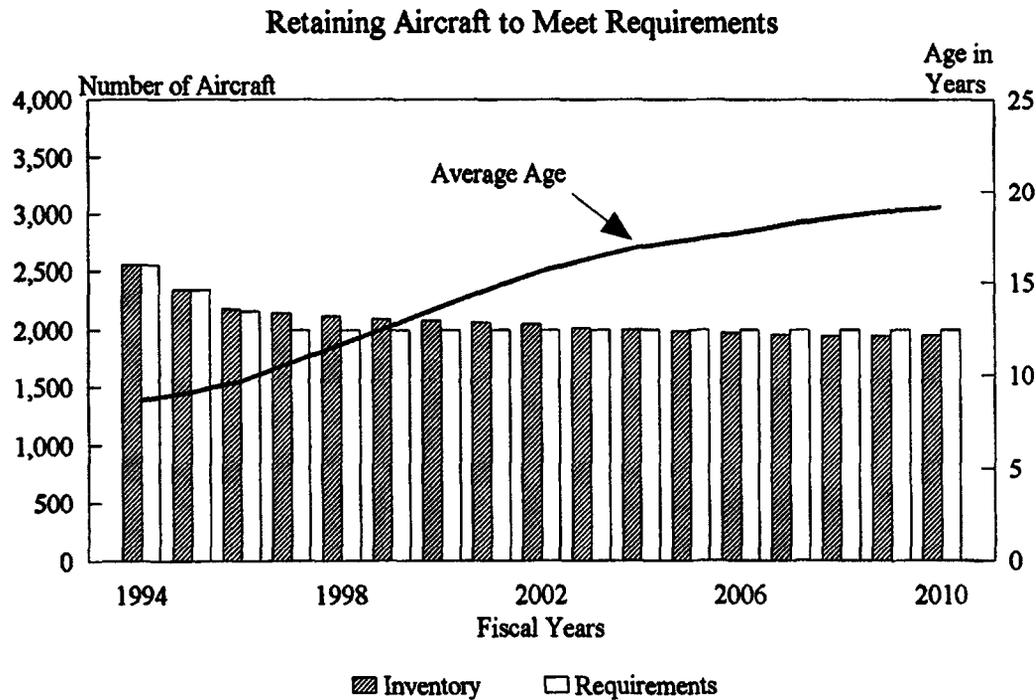
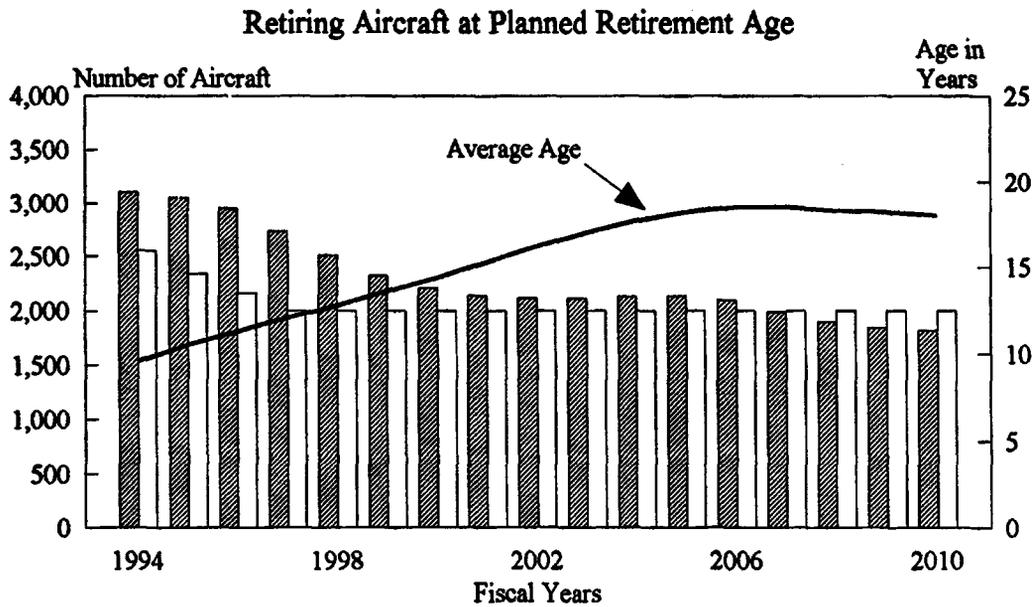
There is also a significant discrepancy between the types of planes the Air Force has in inventory and the service's estimates of how many planes it needs for each mission. The Air Force estimates that up to 20 percent of its tactical wings should be fighters such as the F-15A to D models, and at least 15 percent medium-range bombers like the F-111 and the F-15E. Multi-purpose planes, such as the F-16, which attacks other aircraft and flies short-range bombing missions, and the A-10, which performs the close air support mission of attacking enemy ground forces that are engaged in combat with friendly forces, make up the rest of the fleet. The only plane bought in quantity during the 2000-2010 period is the F-22, a fighter. The Air Force will have enough F-15s through much of this period to make up four wings, or 20 percent of the force. CBO assumes that several hundred fighters will be retired before their service lives are over, since the Air Force would otherwise have more fighters than it needs.

Some Air Force mission categories will be short of planes, however, although these shortages would be brought about in part by current retirement strategies. Early models of the F-16--the A/B models--will retire after 4,000 flight hours instead of the 8,000-hour service life planned earlier. Because of these changes in plans, the Air Force will run short of multipurpose aircraft around the turn of the century, well before the JAST program might be expected to produce tangible results. Shortages in the multirole mission will increase to more than 200 planes--or more than 15 percent of requirements--toward the end of the first decade of the 21st century, if service lives are not extended.

The mission mismatch for the medium-range bomber fleet--planes performing the interdiction mission--may eventually be even more striking, though the capabilities of former strategic bombers, now slated for tactical missions, may diminish the concern about shortages. The Air Force is retiring the venerable F-111 that made up about a third of 1994 interdiction forces. There will be no F-111s in the fleet by 1999. It is understandable that F-111s are being retired, considering their age (an average of about 22 years in 1994)



**FIGURE 2. INVENTORY, REQUIREMENTS, AND AVERAGE AGE OF TACTICAL FIGHTER FLEETS**



SOURCE: Congressional Budget Office from Air Force data.



and high operating costs (almost \$5 million per plane, or about twice the operating cost of an F-16). But the retirement means that the Air Force will have only two wings of interdiction aircraft, rather than the three wings implied by the goal of having 15 percent of the fleet able to perform the interdiction mission. Under the projection that attempts to meet Air Force requirements, CBO assumes that about 70 F-111s will be retained through 2010. Alternatively, some of this shortfall could be made up by the approximately 100 strategic bombers that the Air Force expects to assign to conventional missions. Although B-2s and B-52s have not typically been viewed as part of the interdiction fleet, if dedicated to tactical missions they will add considerably to the Air Force's ability to bomb targets beyond the range of the F-16. These bombers--part of the Air Force's former strategic Air Command--have been consolidated with tactical fighters from the old Tactical Air Command into the new Air Combat Command. The consolidation might facilitate their incorporation into the interdiction mission.

### Airlift and Tanker Forces

Aircraft designed to transport military units are another major category of Air Force planes. The Air Force maintains two types: intertheater airlifters (which can move material between continents) and intratheater airlifters (shorter-range aircraft designed for moving material within a military theater).

When fully mobilized, the Air Force can transport a total of 49.2 million ton-miles of cargo per day between theaters. The Air Force projects that its transport capacity will increase to about 52.4 million ton-miles per day by 2001. The military airlift fleet that supports this capability includes the large C-5 transport, the relatively smaller C-141, KC-10s that can be used as both tankers and cargo transports, and the new C-17. Many commercial cargo and passenger jets also provide a substantial part of the Air Force's total airlift capability under the Civil Reserve Air Fleet program.

The Air Force expects its newest cargo aircraft, the C-17, to replace the aging C-141 as its "core" airlifter--that is, one that meets all of the service's unique military requirements. The Air Force plans to retire the C-141 from active duty service by 2003 and from the reserves by 2006. Requirements call for the C-17 to carry loads of at least 110,000 pounds for a distance of 3,200 nautical miles without refueling. Like the C-5, its fuselage is large enough to carry such outsize cargo as Apache helicopters. Also, it was designed to land on short runways and maneuver easily on the ground.

The Congress has authorized the purchase of 32 C-17s through fiscal year 1995, and the Air Force would like to buy 88 more. But because the cost of



the C-17 program has grown significantly and the program has had difficulty reaching its technical performance goals, the Secretary of Defense, in December 1993, approved procurement of only 40 C-17 aircraft. The Department of Defense (DoD) may choose to purchase additional C-17s if the plane's producer, McDonnell Douglas Corporation, shows marked improvement in its management of the program. If it does not, DoD may buy commercial wide-body jets or a variant of the C-5 aircraft instead. What mix of cargo aircraft the Air Force will ultimately have within its fleet is not clear. But for the purposes of estimating long-term costs, CBO assumed that the Air Force will buy 88 C-17s in addition to those already authorized, at a maximum rate of 12 aircraft a year, or a mix of C-17s and one or more alternate planes with combined procurement costs comparable to those of 88 more C-17s.

The Air Force has a fleet of about 400 C-130 aircraft for shorter-range or intratheater transport.<sup>7</sup> The size of this fleet should remain steady through the end of this decade. CBO assumes that the Air Force will not procure more C-130 aircraft. The new C-17 aircraft should reduce the need for intratheater airlift because it is designed to take off and land on relatively short runways. If DoD and the Congress decide to purchase C-5s or commercial wide-body jets as an alternative to the C-17, the decision may affect whether the Air Force needs additional C-130 aircraft as well.

The Air Force's fleet of tanker aircraft consists of about 490 KC-135s and 54 of the larger KC-10s. The Air Force does not plan to change these fleet sizes significantly over the next decade. Historically, the tanker fleet's primary role has been one of supporting long-range strategic bombers for nuclear deterrence. With the demise of the Soviet Union, however, deployment of forces to meet regional threats generates most of today's requirements for aerial refueling; tankers are used to provide fuel for forces being deployed by air from the United States and for tactical air operations. Many Air Force tanker aircraft, particularly the KC-10s, are also used to transport cargo. Since current inventories are sufficient to handle these missions, CBO assumes that the Air Force will buy no tanker aircraft through 2010.

## **PROJECTED OPERATING FUNDING**

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The Administration's plans would affect funds for operating the Air Force. These funds include appropriations to finance the pay and allowances of military personnel; operation and maintenance appropriations, which pay the daily operating costs of the Air Force other than those for military personnel;

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7. Fleet figures for C-130 aircraft and tankers reckon only primary authorized aircraft. The Air Force has larger total inventories.



and the family housing appropriation, which provides homes for military personnel on bases. In 1995, the money for these activities totaled about \$44 billion. Because reductions in operating funding have been smaller than those in investment accounts, the share of the budget allocated to operations has risen from the 1990 level of about 52 percent to about 58 percent today. The size of the forces influences funding in these accounts, at least in part, although the drop in funding for operations between 1990 and 1995--about 20 percent--is smaller than the declines in major forces. Perhaps other factors have blunted funding cuts.

One of those factors is aircraft inventories; they have not declined as rapidly as forces. Air Force aircraft inventories, which totaled about 7,600 planes in 1990, will drop to about 5,300 in 1995, a decline of about 30 percent. This drop is larger than the 20 percent cut in operating dollars during the same period. But it is smaller than percentage cuts in combat forces, such as the more than 40 percent reduction in fighter wing equivalents. Cuts in combat forces were partially offset by the relative constancy of force levels for tanker and aircraft fleets. But the Air Force may be maintaining more planes in inventory for a given force level, as it is doing with its strategic bomber fleets. Although the number of operating aircraft in the force structure should more directly determine operating costs, it is possible that larger aircraft inventories may result in higher costs as well.

The emphasis placed on maintaining peacetime readiness is another factor that influences funding. Readiness is a term used by the Department of Defense to describe whether forces are trained and equipped to respond rapidly to crises. Both the Clinton and Bush Administrations have argued that they place high priority on avoiding the erosion of readiness.

The size of DoD's infrastructure will affect funding as well. Funding for the maintenance of bases and depots may have proved more resistant to paring than funds for forces, given the political and institutional reluctance to close bases and facilities. The Clinton Administration has articulated a goal of focusing future cuts on infrastructure, arguing that keeping it at or near current levels will starve readiness and forces.

The fact that a large share of funding for intelligence agencies is found in the defense budget is a final factor that may have contributed to smaller cuts in operating funds. Although the Administration does not make public details about intelligence funding, press reports suggest that it has declined by smaller percentages than have DoD's major forces.<sup>8</sup> If some of this more

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8. See discussion of intelligence funding in Chapter 4 of Congressional Budget Office, "Easing the Burden: Restructuring and Consolidating Defense Support Activities," CBO Paper (July 1994), pp. 52-66.



constant funding is buried in Air Force operating accounts, it could mask downward trends in operating funds for the Air Force proper.

### Military Personnel Appropriations

The number of people that the Air Force employs and their rates of pay largely determine military personnel appropriations. The number of active military personnel in the Air Force declined in the 1990s, though--as with operating costs--it did not drop as sharply as the forces that military personnel operate. Active end strength dropped from about 535,000 in 1990 to about 400,000 in 1995, a 25 percent reduction. The Administration plans to cut the number of active Air Force service members only modestly beyond 1995. Thus, the number of Air Force active-duty personnel would total about 390,000 by 1999.

Cuts in personnel levels for the part-time reserves--including the Air Force Reserve and the Air National Guard--are even more restrained. Personnel in the Reserve and Guard are expected to decrease from the 1990 level of 84,000 and 118,000, respectively, to 79,000 and 116,000 by 1995. The Administration plans to cut total reserve end strength by only about 4,000 more positions during the 1995-1999 period. As a result of these trends, the reserve share of total Air Force personnel would rise from 27 percent in 1990 to about 33 percent in 1995, and remain at that share through the 1995-1999 period.

The net effect of these changes is a decrease in overall spending on personnel of about 23 percent between 1990 and 1995, or from about \$25 billion to \$19 billion. By 1999, personnel spending will decline by about \$3 billion more, a 13 percent reduction. Since the total number of Air Force military personnel will decline during this period by only about 2 percent, and active military personnel totals--which determine most of the military personnel funding--will decrease by only 3 percent, one must look to other factors to explain the drop in funding.

Another major factor is separation benefits paid by the Air Force to the 17,000 to 18,000 military personnel who are voluntarily leaving the service in 1995. In preparing forecasts for the fiscal year 1995 budget, the Air Force assumed that voluntary separations would be largely complete by 1999. Another factor that should decrease 1999 funding levels in relation to those of 1995 is that the large number of separations will result in a younger force. A younger force is, on average, lower ranking and receives lower compensation.

