



OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

JAN 09 2019

COMPTROLLER
(Program/Budget)

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
CHIEF MANAGEMENT OFFICER
CHIEF, NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF COST ASSESSMENT AND PROGRAM
EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF OPERATIONAL TEST AND EVALUATION
CHIEF INFORMATION OFFICER OF THE DEPARTMENT OF
DEFENSE
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR, NET ASSESSMENT
DIRECTOR, STRATEGIC CAPABILITIES OFFICE
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Inflation Guidance – Fiscal Year 2020 President’s Budget (REVISED)

The attached document provides inflation and outlay rates that supersede those published in the Under Secretary of Defense (Comptroller) memorandum, dated January 4, 2019: “Inflation Guidance – Fiscal Year 2020 President’s Budget.” The fuel rates for fiscal years 2019 and 2020 have been revised.


Anne J. McAndrew
Deputy Comptroller

Attachment:
As stated

Inflation Guidance – FY 2020 President's Budget **(REVISED)**

PRICE ESCALATION INDICES

(Annual Rates in Percentages)

<u>Fiscal Year</u>	<u>Proc</u>	<u>RDT&E</u>	<u>Milcon¹ Fam Hsg</u>	<u>O&M</u>	<u>Fuel</u>	<u>Mil Pers² Non-Pay (Excl Med Accrual)</u>	<u>CPI-U Medical</u>
<u>OUTLAYS</u>							
2018	2.2	2.2	2.2	2.2	9.96	2.2	1.9
2019	2.0	2.0	2.0	2.0	21.4	2.0	2.9
2020	2.0	2.0	2.0	2.0	-0.7	2.0	3.9
2021	2.0	2.0	2.0	2.0	-2.7	2.0	3.9
2022	2.0	2.0	2.0	2.0	-1.0	2.0	3.9
2023	2.0	2.0	2.0	2.0	3.2	2.0	3.9
2024	2.0	2.0	2.0	2.0	1.7	2.0	3.9
<u>BUDGET AUTHORITY³</u>							
2018	2.0	2.1	2.0	2.1	9.96	2.2	2.5
2019	2.0	2.0	2.0	2.0	21.4	2.0	3.3
2020	2.0	2.0	2.0	2.0	-0.7	2.0	3.9
2021	2.0	2.0	2.0	2.0	-2.7	2.0	3.9
2022	2.0	2.0	2.0	2.0	-1.0	2.0	3.9
2023	2.0	2.0	2.0	2.0	3.2	2.0	3.9
2024	2.0	2.0	2.0	2.0	1.7	2.0	3.9
<u>PAY RAISE ASSUMPTIONS⁴</u>							
		<u>ECI⁵</u>		<u>Military</u>		<u>Civilian</u>	
2018		2.4		2.4		1.9	
2019		2.6		2.6		0.0	
2020		3.1		3.1		0.0	
2021		-		2.6		2.1	
2022		-		2.6		2.1	
2023		-		2.6		2.1	
2024 and beyond		-		2.6		2.1	

1. Use for Chemical Demilitarization Construction, Defense-Wide.
2. Not to be used to inflate accounts fixed by statute.
3. These are composite rates at the P.L. title level. Inflation rates for specific accounts are a function of their spendout profiles and will vary within each title. DWCF activities use these rates for non-pay inflation.
4. Pay raises are effective January 1 of each year.
5. Employment Cost Index; for use in setting the by-law (37 U.S.C. 1009) military pay raise.

Outlay Rates to be Used for Incremental Changes in Budget Authority (BA) Purchases

(As Percent of BA Purchases; Excludes Pay and Fuel Dollars)

	<u>FIRST</u> <u>YEAR</u>	<u>SECOND</u> <u>YEAR</u>	<u>THIRD</u> <u>YEAR</u>	<u>FOURTH</u> <u>YEAR</u>	<u>FIFTH</u> <u>YEAR</u>	<u>SIXTH</u> <u>YEAR</u>	<u>SEVENTH</u> <u>YEAR</u>	<u>EIGHTH</u> <u>YEAR</u>	<u>NINTH</u> <u>YEAR</u>	<u>TENTH</u> <u>YEAR</u>
<u>Military Personnel</u>										
Military Personnel, Army	69.94	24.38	5.68							
Military Personnel, Navy	85.56	12.13	2.31							
Military Personnel, MC	80.20	16.92	2.88							
Military Personnel, AF	82.66	17.34								
Reserve Personnel, Army	55.57	30.72	13.71							
Reserve Personnel, Navy	79.26	20.74								
Reserve Personnel, MC	79.24	20.76								
Reserve Personnel, AF	76.65	20.43	2.92							
National Guard Personnel, A	66.73	33.27								
National Guard Personnel, AF	85.96	14.04								
<u>Operation and Maintenance</u>										
O&M, Army	39.56	41.21	15.66	1.51	2.06					
O&M, Navy	54.97	32.68	8.26	1.80	2.29					
O&M, Marine Corps	44.88	42.72	9.65	1.38	1.37					
O&M, Air Force	46.15	35.48	12.15	4.83	1.39					
O&M, Defense-wide	51.22	32.09	13.48	1.93	1.28					
Inspector General	30.98	62.11	3.45	3.46						
O&M, Army Reserve	42.72	43.55	9.31	2.87	1.55					
O&M, Navy Reserve	63.25	31.86	2.21	1.84	0.84					
O&M, Marine Corps Reserve	47.90	38.80	8.87	3.33	1.10					
O&M, Air Force Reserve	55.94	36.72	4.59	1.10	1.65					
O&M, Army National Guard	45.94	39.03	11.26	1.65	2.12					
O&M, Air National Guard	58.79	33.58	3.05	1.98	1.07	1.53				
Overseas Contingency Ops	40.00	25.00	20.00	10.00	3.50	1.50				
Court of Appeals, Armed Forces	52.35	23.82	11.91	7.15	4.77					
Drug Interdiction	38.77	36.74	14.70	7.35	2.44					
Defense Health Program	61.24	23.74	11.02	2.42	1.58					
Environmental Restoration	50.00	25.00	25.00							
Overseas Humanitarian	8.26	26.90	32.00	22.00	7.00	2.50	1.34			
Cooperative Threat Reduction	11.00	42.00	22.00	13.50	9.00	2.50				
<u>Procurement: Army</u>										
Aircraft Procurement, Army	8.00	39.15	27.97	14.90	7.00	1.10	1.10	0.78		
Missile Procurement, Army	9.00	34.00	30.60	18.00	5.60	1.70	0.50	0.60		
Procurement of W&TCV	7.00	31.90	30.70	21.10	5.80	2.30	0.50	0.70		
Procurement of Ammo, Army	8.00	34.70	32.60	13.20	6.10	2.50	1.80	1.10		
Other Procurement, Army	14.00	41.10	28.90	7.00	4.00	3.00	1.00	1.00		
Chemical Agents and Mun	37.00	31.90	15.90	8.50	4.20	2.50				
<u>Procurement: Navy</u>										
Aircraft Procurement, Navy	14.00	31.00	32.00	12.00	4.00	3.00	2.00	2.00		
Weapons Procurement, Navy	17.00	30.20	26.50	12.80	7.50	3.50	1.50	1.00		
Procurement of Ammo, N&MC	8.30	27.40	29.30	21.00	7.00	4.00	2.00	1.00		
Shipbuilding and Conversion	5.40	24.40	20.50	17.70	13.00	9.00	6.00	2.00	1.00	1.00
National Sea-Based Deterrence	5.40	24.40	20.50	17.70	13.00	9.00	6.00	2.00	1.00	1.00
Other Procurement, Navy	21.00	42.00	21.00	7.00	4.50	2.00	1.50	1.00		
Procurement, Marine Corps	13.00	42.00	27.20	10.90	3.50	1.40	1.00	1.00		

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<u>Procurement: Air Force</u>										
Aircraft Procurement, AF	6.30	24.20	30.10	23.10	8.00	5.80	1.50	1.00		
Missile Procurement, AF	15.00	33.00	20.00	15.80	7.50	5.00	2.00	1.70		
Space Procurement, AF	18.00	29.00	20.00	12.80	9.50	7.00	2.00	1.70		
Procurement of Ammo, AF	2.00	30.00	35.00	16.00	10.00	4.00	2.00	1.00		
Other Procurement, AF	62.00	26.00	5.00	3.00	2.00	1.00	1.00			
<u>Procurement: Defense-Wide</u>										
Joint Improvised-Threat Defeat	17.00	53.00	22.00	5.00	2.00	1.00				
Procurement, Defense-wide	20.00	35.00	23.00	12.60	6.00	2.40	1.00			
Nat'l Guard and Resv Equip	1.30	15.00	30.80	25.50	16.90	7.00	2.50	1.00		
Def Production Act Purchases	55.00	20.00	15.00	5.00	5.00					
<u>RDT&E</u>										
RDT&E, Army	35.27	38.96	15.39	4.64	3.30	1.22	1.22			
RDT&E, Navy	31.46	51.26	9.42	4.28	1.14	1.00	1.44			
RDT&E, Air Force	48.73	37.81	9.19	1.28	1.17	0.75	1.07			
RDT&E, Defense-Wide	46.75	40.96	8.01	1.53	1.13	0.72	0.90			
Operational Test and Eval	50.00	39.30	4.60	2.80	1.40	0.90	1.00			
<u>Military Construction</u>										
Military Construction, A	3.00	18.87	28.00	15.00	10.00	8.00	6.00	4.50	2.00	4.63
Military Construction, N&MC	2.00	15.00	27.00	23.00	12.00	10.00	6.00	3.00	1.00	1.00
Military Construction, AF	2.00	30.00	30.00	16.00	7.00	5.00	4.00	3.00	2.00	1.00
Military Construction, DW	2.50	15.00	23.00	18.00	15.00	11.00	8.50	4.00	2.00	1.00
NATO Security Investment	45.00	30.00	15.00	5.00	3.00	1.00	1.00			
Milcon, Army National Guard	2.00	27.00	36.00	10.50	8.30	6.80	4.00	3.40	1.00	1.00
Milcon, Air National Guard	2.00	41.00	33.00	10.00	7.00	3.00	1.50	1.00	0.50	1.00
Milcon, Army Reserve	3.00	29.00	29.00	17.00	9.00	6.00	2.50	2.00	1.00	1.50
Milcon, Navy Reserve	2.00	27.00	30.00	18.00	13.00	5.60	2.00	1.00	0.50	0.90
Milcon, Air Force Reserve	1.20	22.00	32.00	19.00	12.00	8.00	2.30	1.50	1.00	1.00
Chemical Demil Construction	5.00	40.00	23.00	16.00	7.00	4.00	3.00	1.10	0.30	0.60
Base Closure, Army	36.00	25.60	18.40	9.00	4.50	2.50	2.00	1.00	1.00	
Base Closure, Navy	29.00	46.50	12.00	4.00	3.00	2.00	1.50	1.00	1.00	
Base Closure, Air Force	45.00	23.00	15.00	9.00	3.00	2.00	1.50	1.50		
Base Closure, DW	22.00	36.10	26.10	8.30	4.00	2.00	1.50			
FY 2005 BRAC, Army	30.00	25.00	20.00	10.00	5.00	4.00	3.00	2.00	1.00	
FY 2005 BRAC, Navy	30.00	25.00	18.00	14.00	6.00	3.00	2.00	1.00	1.00	
FY 2005 BRAC, Air Force	30.00	25.00	18.00	14.00	6.00	3.00	2.00	1.00	1.00	
FY 2005 BRAC, DW	30.00	25.00	18.00	14.00	6.00	3.00	2.00	1.00	1.00	
<u>Family Housing</u>										
FH Construction, Army	2.00	5.00	35.00	28.00	18.00	6.00	3.00	2.00	1.00	
FH O&M, Army	50.91	24.00	14.18	8.73	1.42	0.76				
FH Construction, N&MC	6.00	15.00	34.00	16.00	12.50	7.00	4.00	3.00	1.50	1.00
FH O&M, N&MC	55.57	31.40	8.39	2.27	1.13	1.24				
FH Construction, Air Force	5.00	12.00	25.00	20.00	15.00	8.00	5.00	4.00	3.00	3.00
FH O&M, Air Force	31.28	32.64	19.47	9.16	4.58	2.87				
FH Construction, DW	10.00	40.00	20.00	14.00	5.00	4.00	3.00	2.00	1.00	1.00
FH O&M, DW	71.00	14.20	9.00	4.00	0.80	1.00				
<u>Nat'l Defense Sealift Fund</u>										
	30.00	25.00	20.00	12.00	6.00	4.00	2.00	1.00		