



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON DC 20310-0109

SAFM-CE

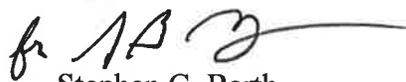
FEB 06 2020

MEMORANDUM FOR THE DEPARTMENT OF THE ARMY

SUBJECT: 2020 Army Inflation Indices

1. The 2020 Army Inflation Indices were developed in accordance with the OSD Inflation Guidance – FY2021 President’s Budget, published on 19 December 2019 for all forwarded appropriations. These indices are contained in the Excel file titled FY20 Joint Inflation Calculator and can be found at: <https://www.asafm.army.mil/Cost-Materials/Cost-Tools/>
2. Beginning with the 2020 indices publication, there was a change to the methodology used to compute the pay-based inflation indices. The “Pay” portion of the Army’s CivPay, MPA, MPAR, and MPANG rates now utilize a weighted average based on when pay raises become effective in a fiscal year. This change in methodology does not affect how calculations are performed when using the indices.
3. To accommodate the volatile environment for fuel, the 2.5% rate for FY25 fuel rates and beyond are included in the SAR guidance and was agreed to by CAPE and Service representatives.
4. My point of contact for this memorandum and the attached Joint Inflation Calculator Overview is Mr. Nicholas Cesare at 703-697-1565.

Encl


Stephen G. Barth
Deputy Assistant Secretary of the Army
(Cost and Economics)

Enclosure

Joint Inflation Calculator Overview

1. The purpose of the Joint Inflation Calculator (JIC) is to provide both Army and Navy indices in a single document. The JIC provides additional features and functionality previously unavailable in the prior, Army, publication format, including:

- a. Expansion of the number of base years, from four to the entire time period, 1989 – 2060.
- b. Budget year index column; allowing the user to translate directly from one TY\$ to another TY\$ instead of deflating and re-inflating.
- c. Quick Look calculator - provides BY/TY conversions.
- d. SAR calculator - converts the budget from TY\$ to BY\$.
- e. Glossary of inflation related terms.
- f. Joint Service calculator user instructions.
- g. Worksheets that display every appropriations' indices for a given base year.

2. Many of the recommendations have been incorporated, leading to a tool that has been vetted within the Army cost community, garnering a high level of acceptance. As of the 2012 annual update cycle, the inflation indices have been published solely within the JIC format, however, it is a product that continues to evolve. We welcome any feedback that you can provide.