

DEPARTMENT OF THE AIR FORCE

FY 2008 Budget Request Amendment

FOR

OPERATION IRAQI FREEDOM (OIF) AND

OPERATION ENDURING FREEDOM (OEF)



AIR FORCE MILITARY PERSONNEL

October 2007

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MILITARY PERSONNEL OVERVIEW

The FY 2008 Supplemental requests funds so that the United States may continue its security stabilization efforts in Iraq and Afghanistan and the global fight against terrorism. These deployments are in addition to the daily military operations around the globe. Without additional funds in FY 2008, the Air Force would have to use funds from their readiness and investment accounts to finance the continuing costs of military operations. In FY 2007, *Air Force* military personnel costs are averaging about \$72.6 million per month for Operation Iraqi Freedom (OIF) and \$45.4 million per month for Operation Enduring Freedom (OEF). Absorbing costs of this magnitude would seriously degrade combat operations and would weaken the nation's ability to react to future threats.

This request includes ***\$1,418.890 million for Air Force military personnel costs*** as shown in the following tables:

	(\$ in Thousands)		
	FY 2008 Total Estimate	FY 2008 Revised Estimate	FY 2008 Delta
Summary of Appropriation			
Military Personnel, Air Force	1,411,890	1,415,890	4,000
Reserve Personnel, Air Force	3,000	3,000	-
National Guard Personnel, Air Force	-	-	-
	1,414,890	1,418,890	4,000
Basic Allowance for Housing			
Memo Entry - Cost included above			
Military Personnel, Air Force	220,652	222,487	1,835
Reserve Personnel, Air Force	-	-	-
National Guard Personnel, Air Force	-	-	-
	220,652	222,487	1,835

(\$ in Thousands)

FY 2008 Total Estimate

Request by Category	Active Air Force	Air Force Reserve	Total
Reserve & Guard Mobilization/Deployment Costs	1,210,128	-	1,210,128
Subsistence-In-Kind (SIK)	68,793	-	68,793
Permanent Change of Station	5,621	-	5,621
Casualty and Disability	127,348	-	127,348
Reserve Component Special Pays		3,000	3,000
Total Military Personnel	1,411,890	3,000	1,414,890

FY 2008 Revised Estimate

Request by Category	Active Air Force	Air Force Reserve	Total
Reserve & Guard Mobilization/Deployment Costs	1,220,384	-	1,220,384
Subsistence-In-Kind (SIK)	68,793	-	68,793
Permanent Change of Station	5,621	-	5,621
Casualty and Disability	121,092	-	121,092
Reserve Component Special Pays		3,000	3,000
Total Military Personnel	1,415,890	3,000	1,418,890

FY 2008 Delta

Request by Category	Active Air Force	Air Force Reserve	Total
Reserve & Guard Mobilization/Deployment Costs	10,256	-	10,256
Subsistence-In-Kind (SIK)	-	-	-
Permanent Change of Station	-	-	-
Casualty and Disability	(6,256)	-	(6,256)
Reserve Component Special Pays	-	-	-
Total Military Personnel	4,000	-	4,000

The following table reflects mobilization and deployment assumptions. Mobilization numbers include personnel deployed to theater as well as personnel remaining in CONUS supporting OEF and OIF.

	Average Strength		
	FY 2008 Total Estimate	FY 2008 Revised Estimate	FY 2008 Delta
Active Air Force Deployment	20,118	20,294	176
Air Force Reserve Mobilization and Mandays	7,013	7,148	135
Air National Guard Mobilization and Mandays	5,993	5,996	3

In response to the terrorist attacks on the United States on September 11, 2001, the President invoked his authority (10 U.S.C 12302) to order to active duty Ready Reserve members and delegated his authority to the Secretary of Defense in Proclamation 7463 of September 14, 2001. This declaration of national emergency has been extended, thereby continuing the authority to order to active duty Ready Reserve members. In order to sustain current military operations, funding is requested to finance the incremental costs (i.e., pay, allowances, subsistence, and other personnel costs) for personnel mobilized for duty in support of OIF and OEF.

The Air Force’s military personnel requirement of **\$1,418.9** million is comprised of the following major costs:

Reserve & Guard Mobilization/Deployment Costs (\$1,220.4 million)

- Basic military pay and entitlements (e.g., Basic Allowance for Housing (BAH), retired pay accrual and social security contributions, incentive pays, etc.) for Reserve and National Guard members on active duty to provide essential military operation support or backfill for those active personnel deployed overseas in support of OIF and OEF.
- Special Pays for Mobilized Reserve and National Guard Personnel:
 - Imminent Danger Pay (IDP) (\$225 per month)
 - Family Separation Allowance (FSA) (\$250 per month)
 - Hardship Duty location Pay (\$100 per month if deployed for less than 12 months and \$300 per month if deployed for more than 12 months)
- Subsistence for all Active and Reserve Component members in support of OIF and OEF.
- Additional Mobilization/Deployment Benefits for unemployment benefits to ex-service members who are discharged or released under honorable conditions.

IMPACT IF NOT FUNDED: If supplemental funding is not received the Air Force will not be able to absorb the cost of compensating deploying personnel to prosecute the global war on terror and will be unable to meet statutory obligations to provide pay and allowances to mobilized reserve component personnel. This funding is crucial to execute the ongoing air bridge; theater airlift and refueling capability; ground transportation, security, and tactical air control parties used for close air support missions for the Army, Marines and Air Force. Without additional funds in FY 2008, the Air Force would have to use funds from readiness and investment accounts to finance the continuing costs of military operations.

Subsistence-in-Kind Costs (\$68.8 million)

- Subsistence-in-Kind for all Active and Reserve Component members in support of OIF and OEF.

IMPACT IF NOT FUNDED: If supplemental funding is not received the Air Force will not be able to absorb the cost of war-related entitlements to our war fighters, causing profoundly negative morale. The Air Force will be unable to adequately feed Airmen and other military service members deployed in support of both OEF and OIF. Without additional funds in FY 2008, the Air Force would have to use funds from readiness and investment accounts to finance the continuing costs of military operations.

Permanent Change of Station (\$5.6 million)

- The Permanent Change of Station (PCS) program pays for travel, transportation, storage, and dislocation allowances for reassignment of military members and their families traveling individually or as part of an organized unit in support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). Costs are for the dislocation allowance, shipment of household goods, temporary and non-temporary storage of household goods and family member mileage and per diem.

IMPACT IF NOT FUNDED: This travel has an immediate and direct impact on the Air Force's readiness to fight the Global War on Terror. If supplemental funding is not received the Air Force will not be able to absorb the cost of compensating deploying personnel to prosecute the global war on terror. These operational moves are paramount to ensure the Air Force meets end strength requirements and distributes the correct grade and skill mix for units deploying in support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). This funding is crucial to execute the ongoing air bridge; theater airlift and refueling capability; ground transportation, security, and tactical air control parties used for close air support missions for the Air Force. Without additional funds in FY 2008, the Air Force would have to use funds from readiness and investment accounts to finance the continuing costs of military operations.

Casualty and Disability Benefits (\$121.1 million)

- Casualty Benefits pays for the following benefits associated with the death or traumatic injury of Service members:
 - Reimbursement to the Department of Veterans Affairs for Service members' Group Life Insurance (SGLI) claims in excess of the projected level which is largely based on prior year execution. (**\$102.0 million**)
 - Reimbursement to the Department of Veterans Affairs for Traumatic Injury Protection claims under the Service members' Group Life Insurance (T-SGLI) (**\$8.4 million**)
 - Funding is for SGLI/T-SGLI insurance premiums that the Department of Defense pays on behalf of service members (**\$8.6 million**)
 - Death Gratuity payments to survivors of members dying on active duty (**\$2.2 million**)

IMPACT IF NOT FUNDED: If supplemental funding is not received the Air Force will not be able to absorb the cost of compensating the wounded heroes and the families left behind after they so honorably prosecuted the global war on terror. The Air Force has a statutory obligation to provide this compensation to Airmen and their families and survivors. Without additional funds in FY 2008, the Air Force would have to use funds from readiness and investment accounts to finance the continuing costs of military operations.

Reserve Component Special Pay (\$3.0 million)

- Foreign Language Proficiency Pay (FLPP): Authorized in 37 U.S.C. 316 to all officers who are proficient in a second language and for whom DoD has a critical need for that language. The FY 2005 NDAA included a provision increasing the maximum Foreign Language Proficiency Pay to \$1,000.

IMPACT IF NOT FUNDED: If supplemental funding is not received the Air Force will not be able to absorb the cost of compensating deploying personnel to prosecute the global war on terror. Furthermore, the Air Force will be unable to meet statutory obligations to provide special pay to Airmen proficient in critically needed languages. Without additional funds in FY 2008, the Air Force would have to use funds from readiness and investment accounts to finance the continuing costs of military operations.

The following table reflects the amounts requested for military personnel by appropriation and by M-1 line item broken between BAH and non-BAH.

	FY 2008 Total Estimate	FY 2008 Revised Estimate	FY 2008 Delta
<u>MILITARY PERSONNEL, AIR FORCE</u>			
BUDGET ACTIVITY 1: PAY AND ALLOWANCES OF OFFICERS			
BASIC PAY	187,246	187,704	458
RETIRED PAY ACCRUAL	35,764	35,851	87
BASIC ALLOWANCE FOR HOUSING	56,423	56,600	177
BASIC ALLOWANCE FOR SUBSISTENCE	6,345	6,416	71
SPECIAL PAYS	24,160	24,294	134
SOCIAL SECURITY TAX	14,324	14,359	35
<i>TOTAL BUDGET ACTIVITY 1</i>	<i>324,262</i>	<i>325,224</i>	<i>962</i>
BUDGET ACTIVITY 2: PAY AND ALLOWANCES OF ENLISTED			
BASIC PAY	463,140	468,692	5,552
RETIRED PAY ACCRUAL	88,460	89,520	1,060
BASIC ALLOWANCE FOR HOUSING	164,229	165,887	1,658
SPECIAL PAYS	83,022	83,257	235
SOCIAL SECURITY TAX	35,430	35,855	425
<i>TOTAL BUDGET ACTIVITY 2</i>	<i>834,281</i>	<i>843,211</i>	<i>8,930</i>
BUDGET ACTIVITY 4: SUBSISTENCE OF ENLISTED PERSONNEL			
BASIC ALLOWANCE FOR SUBSISTENCE	35,385	35,749	364
SUBSISTENCE-IN-KIND	68,793	68,793	-
<i>TOTAL BUDGET ACTIVITY 4</i>	<i>104,178</i>	<i>104,542</i>	<i>364</i>
BUDGET ACTIVITY 5: PERMANENT CHANGE OF STATION TRAVEL			
OPERATIONAL TRAVEL	5,621	5,621	-
<i>TOTAL BUDGET ACTIVITY 5</i>	<i>5,621</i>	<i>5,621</i>	<i>-</i>

	FY 2008 Total Estimate	FY 2008 Revised Estimate	FY 2008 Delta
BUDGET ACTIVITY 6: OTHER MILITARY PERSONNEL COSTS			
INTEREST ON SOLDIERS DEPOSITS	-		
RESERVE INCOME REPLACEMENT PROGRAM	-		
UNEMPLOYMENT COMPENSATION	16,200	16,200	-
DEATH GRATUITIES	1,000	2,200	1,200
SGLI/TSGLI INSURANCE PREMIUM	8,548	8,548	-
SGLI EXTRA HAZARD PAYMENTS	112,800	101,992	(10,808)
TRAUMATIC INJURY PROTECTION COVERAGE (T-SGLI)	5,000	8,352	3,352
TOTAL BUDGET ACTIVITY 6	143,548	137,292	(6,256)
TOTAL MILITARY PERSONNEL, AIR FORCE	1,411,890	1,415,890	4,000
RESERVE PERSONNEL, AIR FORCE			
BUDGET ACTIVITY 1: RESERVE COMPONENT TRAINING AND SUPPORT			
SPECIAL TRAINING (PRE/POST MOB TRAINING)	3,000	3,000	-
TOTAL RESERVE PERSONNEL, AIR FORCE	3,000	3,000	-
GRAND TOTAL AIR FORCE MILITARY PERSONNEL	1,414,890	1,418,890	4,000

**RESERVE & GUARD MOBILIZATION, MANDAYS
&
ACTIVE DEPLOYMENT**

Appropriation: Military Personnel, Air Force
Budget Activity 1: Pay and Allowances of Officers
Budget Line Item: Basic Pay

Revised FY 2008
(\$ in Thousands)
\$187,704

Part I - Purpose and Scope

The funds requested will provide for the incremental basic compensation for mobilized Air National Guard (ANG) and Air Force Reserve (AFR) officers.

Part II - Justification of Funds Required

The request provides the basic compensation for mobilized Reserve and Guard officer personnel. The FY 2008 military pay raise reflects a 3.0 percent across-the-board pay raise effective January 1, 2008.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
<u>Total</u>									
Basic Pay (Reserve/Guard Mobilization)	<u>2,687</u>	<u>69,686</u>	<u>187,246</u>	<u>2,717</u>	<u>69,085</u>	<u>187,704</u>	<u>30</u>	<u>(601)</u>	<u>458</u>
Total	2,687	69,686	187,246	2,717	69,085	187,704	30	(601)	458

Appropriation: Military Personnel, Air Force
Budget Activity 1: Pay and Allowances of Officers
Budget Line Item: Retired Pay Accrual

Revised FY 2008
(\$ in Thousands)
\$35,851

Part I - Purpose and Scope

The funds requested provide for the Department of Defense's contribution to its Military Retirement Fund, in accordance with 10 U.S.C 1466.

Part II - Justification of Funds Requested

The budget estimates are derived as a product of: (a) The DoD Actuary approved part-time and full-time Normal Cost Percentages (NCP) are 19.1 percent and 29.0 percent of basic pay, respectively, for FY 2008. (b) The total amount of the basic pay expected to be paid during the fiscal year.

The funds provide the Retired Pay Accrual payments for mobilized Reserve and Guard officer personnel.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
<u>Total Incremental Costs</u>									
Retired Pay Accrual	2,687	13,310	35,764	2,717	13,195	35,851	30	(115)	87
Total	2,687	13,310	35,764	2,717	13,195	35,851	30	(115)	87

Appropriation: Military Personnel, Air Force

Revised FY 2008

Budget Activity 1: Pay and Allowances of Officers

(\$ in Thousands)

Budget Line Item: Basic Allowance for Housing (BAH)

\$56,600

Part I - Purpose and Scope

In the FY 1998 National Defense Authorization Act, Congress approved the payment of a Basic Allowance for Housing (BAH) to service members. The continental United States, Alaska, and Hawaii BAH is termed BAH Domestic. Payment to service members is authorized by 37 U.S.C. 403. The estimated BAH inflation rate for FY 2008 is 4.2%.

Part II - Justification of Funds Requested

This program provides a cash allowance to those military personnel not provided with government quarters adequate for themselves and their dependents. This allowance enables such personnel to obtain civilian housing as a substitute.

The funds provide the BAH allowance for mobilized Reserve and Guard officer personnel.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
<u>Total Incremental Costs</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>
Basic Allowance for Housing	<u>2,687</u>	<u>20,999</u>	<u>56,423</u>	<u>2,717</u>	<u>20,832</u>	<u>56,600</u>	<u>30</u>	<u>(167)</u>	<u>177</u>
Total	2,687	20,999	56,423	2,717	20,832	56,600	30	(167)	177

Appropriation: Military Personnel, Air Force
Budget Activity 1: Pay and Allowances of Officers
Budget Line Item: Basic Allowance for Subsistence (BAS)

Revised FY 2008
(\$ in Thousands)
\$6,416

Part I - Purpose and Scope

The funds requested will provide for subsistence allowance authorized by 37 U.S.C. 402 and P.L. 96-343.

Part II - Justification of Funds Requested

All officers, regardless of dependency status and pay grade, are paid a monthly Basic Allowance for Subsistence (BAS) at the same statutory rate. The BAS inflation rate for FY 2008 is 2.8 percent.

The funds provide the BAS allowance for mobilized Reserve and Guard officer personnel.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
Total Incremental Costs									
Basic Allowance for Subsistence	2,687	2,361	6,345	2,717	2,361	6,416	30	0	71
Total	2,687	2,361	6,345	2,717	2,361	6,416	30	0	71

Appropriation: Military Personnel, Air Force

Revised FY 2008

Budget Activity 1: Pay and Allowances of Officers

(\$ in Thousands)

Budget Line Item: Special and Incentive Pays and Allowances

\$24,294

Part I - Purpose and Scope

The funds requested provide for payments to officers for the following special pays.

Family Separation Allowance (FSA): Paid at the rate of \$250 per month to members with dependents who are on duty away from home for a period of more than 30 continuous days (37 U.S.C. 427).

Hostile Fire/Imminent Danger Pay (IDP): Paid at the rate of \$225 per month to personnel subject to hostile fire or in an area in which they are in imminent danger of being exposed to hostile fire (37 U.S.C. 310).

Hardship Duty Pay (HDP): The monthly rate may *not exceed* \$750 per month. The funds requested provide additional payment to personnel performing duty in a location that is designated by the Secretary of Defense as hardship duty (37 U.S.C. 305).

Part II - Justification of Funds Requested

The projected average number of personnel is based on the total spaces where each type of pay is authorized to meet force structure requirements. Funding requirements are based on the estimated number of officers eligible for each type of payment and rate of payment. Ultimately, this will better prepare U.S. forces for more operations and training missions in foreign countries and for working with international coalitions. If supplemental funding is not received the Air Force will not be able to absorb the cost of war-related entitlements to our war fighters, causing profoundly negative morale.

Detailed cost computations are provided in the following table:

Appropriation: Military Personnel, Air Force
Budget Activity 1: Pay and Allowances of Officers
Budget Line Item: Special and Incentive Pays and Allowances

Summary cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
<u>Special Pay for Mobilized Guard & Reserve</u>									
Family Separation Allowance	1,005	3,000	3,015	1,018	3,000	3,054	13	-	39
Hostile Fire/Imminent Danger Pay	1,830	2,700	4,941	1,839	2,700	4,966	9	-	25
Hardship Duty Pay	1,424	1,200	1,709	1,432	1,200	1,718	8	-	9
Subtotal Mobilization Incremental Cost	4,259	2,269	9,665	4,289	2,270	9,738	30	-	73
<u>Special Pay for Deployed Active Personnel</u>									
Family Separation Allowance	1,506	3,000	4,518	1,514	3,000	4,543	8	-	25
Hostile Fire/Imminent Danger Pay	2,746	2,700	7,414	2,756	2,700	7,440	10	-	26
Hardship Duty Pay	2,136	1,200	2,563	2,144	1,200	2,573	8	-	10
Subtotal Deployed Active Incremental Cost	6,388	2,269	14,495	6,414	2,269	14,556	26	-	61
<u>Grand Total Special/Incentive Pays</u>									
Family Separation Allowance	2,511	3,000	7,533	2,532	3,000	7,597	21	-	64
Hostile Fire/Imminent Danger Pay	4,576	2,700	12,355	4,595	2,700	12,406	19	-	51
Hardship Duty Pay	3,560	1,200	4,272	3,576	1,200	4,291	16	-	19
Grand Total Incremental Cost	10,647	2,269	24,160	10,703	2,270	24,294	56	-	134

Appropriation: Military Personnel, Air Force
Budget Activity 1: Pay and Allowances of Officers
Budget Line Item: Social Security Tax

Revised FY 2008
(\$ in Thousands)
\$14,359

Part I - Purpose and Scope

The funds requested provide for employer's tax to the Social Security Administration as required by the Federal Insurance Contribution Act (FICA).

Part II - Justification of Funds Requested

The FICA tax is developed by multiplying the total earnings for FICA tax purposes by the applicable percent. The Old Age, Survivor, and Disability Insurance (OASDI) rate is 6.2 percent and the Hospital Insurance (HI) rate is 1.45 percent. The maximum amounts of earnings per individual on which tax is payable are:

<u>Calendar year</u>	<u>OASDI Base</u>	<u>Medicare Base</u>
2008	\$102,300	No upper limit

The funds provide the employer's Social Security Tax payment for mobilized Reserve and Guard officers. The FY 2008 basic pay amount includes a 3.0% pay raise.

Detailed cost computations are provided in the following table:

<u>Total Incremental Costs</u>	FY 2008			Revised FY2008			Delta		
	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>
Social Security Tax	<u>2,687</u>	<u>5,331</u>	<u>14,324</u>	<u>2,717</u>	<u>5,285</u>	<u>14,359</u>	<u>30</u>	<u>(46)</u>	<u>35</u>
Total	2,687	5,331	14,324	2,717	5,285	14,359	30	(46)	35

Appropriation: Military Personnel, Air Force
Budget Activity 2: Pay and Allowances of Enlisted
Budget Line Item: Basic Pay

Revised FY 2008
(\$ in Thousands)
\$468,692

Part I - Purpose and Scope

The funds requested will provide for the incremental basic compensation for mobilized Air National Guard (ANG) and Air Force Reserve (AFR) officers.

Part II - Justification of Funds Requested

The funds provide the basic compensation for mobilized Reserve and Guard. The FY 2008 military pay raise reflects a 3.0 percent across-the-board pay raise effective January 1, 2008.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
Total Incremental Costs									
Basic Pay (Reserve/Guard Mobilization)	10,320	44,878	463,140	10,425	44,878	468,692	105	0	5,552
Total	10,320	44,878	463,140	10,425	44,878	468,692	105	0	5,552

Appropriation: Military Personnel, Air Force
Budget Activity 2: Pay and Allowances of Enlisted
Budget Line Item: Retired Pay Accrual

Revised FY 2008
(\$ in Thousands)
\$89,520

Part I - Purpose and Scope

The funds requested provide for the Department of Defense's contribution to its Military Retirement Fund, in accordance with 10 U.S.C 1466.

Part II - Justification of Funds Requested

The budget estimates are derived as a product of: (a) The DoD Actuary approved part-time and full-time Normal Cost Percentages (NCP) are 19.1 percent and 29.0 percent of basic pay, respectively, for FY 2008. (b) The total amount of the basic pay expected to be paid during the fiscal year.

The funds provide the Retired Pay Accrual payments for mobilized Reserve and Guard enlisted personnel.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
Total Incremental Costs									
Retired Pay Accrual	10,320	8,573	88,460	10,425	8,573	89,520	105	-	1,060
Total	10,320	8,573	88,460	10,425	8,573	89,520	105	-	1,060

Appropriation: Military Personnel, Air Force
Budget Activity 2: Pay and Allowances of Enlisted
Budget Line Item: Basic Allowance for Housing (BAH)

Revised FY 2008
(\$ in Thousands)
\$165,887

Part I - Purpose and Scope

In the FY 1998 National Defense Authorization Act, Congress approved the payment of a Basic Allowance for Housing (BAH) to Service members. The Overseas Housing Allowance (OHA) payment, formerly located in overseas station allowances, moved into this section due to a change in Section 603 of P.L. 105-85, the National Defense Authorization Act for FY 1998. The continental United States, Alaska, and Hawaii BAH is termed BAH Domestic, while the overseas housing allowance is called BAH Overseas. Payment to Service members is authorized by 37 U.S.C. 403. The estimated BAH inflation rate for FY 2008 is 4.2 percent.

Part II - Justification of Funds Requested

This program provides a cash allowance to those military personnel not provided with government quarters adequate for themselves and their dependents. This allowance enables such personnel to obtain civilian housing as a substitute.

The funds provide the BAH allowance for mobilized Reserve and Guard enlisted personnel.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
<u>Total Incremental Costs</u>									
Basic Allowance for Housing	10,320	15,914	164,229	10,425	15,914	165,887	105	0	1,658
Total	10,320	15,914	164,229	10,425	15,912	165,887	105	0	1,658

Appropriation: Military Personnel, Air Force
Budget Activity 2: Pay and Allowances of Enlisted
Budget Line Item: Special and Incentive Pays and Allowances

Revised FY 2008
(\$ in Thousands)
\$83,257

Part I - Purpose and Scope

The funds requested provide for payments to enlisted personnel for the following special pays:

Family Separation Allowance: Paid at the rate of \$250 per month to members with dependents who are on duty away from home for a period of more than 30 continuous days (37 U.S.C. 427).

Hostile Fire/Imminent Danger Pay: Paid at the rate of \$225 per month to personnel subject to hostile fire or in an area in which they are in imminent danger of being exposed to hostile fire (37 U.S.C. 310).

Hardship Duty Pay: The monthly rate may *not exceed* \$750 per month. The funds requested provide additional payment to enlisted personnel performing duty in a location that is designated by The Secretary of Defense as hardship duty (37 U.S.C. 305).

Part II - Justification of Funds Requested

The projected average number of personnel is based on the total spaces where each type of pay is authorized to meet force structure requirements. Funding requirements are based on the estimated number of officers eligible for each type of payment and rate of payment. Ultimately, this will better prepare U.S. forces for more operations and training missions in foreign countries and for working with international coalitions. If supplemental funding is not received the Air Force will not be able to absorb the cost of war-related entitlements to our war fighters, causing profoundly negative morale.

Detailed cost computations are provided in the following table:

Appropriation: Military Personnel, Air Force
Budget Activity 2: Pay and Allowances of Enlisted
Budget Line Item: Special and Incentive Pays and Allowances

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
<u>Special Pay for Mobilized Guard & Reserve</u>									
Family Separation Allowance	3,265	3,000	9,795	3,308	3,000	9,923	43	-	128
Hostile Fire/Imminent Danger Pay	4,728	2,700	12,766	4,733	2,700	12,779	5	-	13
Hardship Duty Pay	8,512	1,200	10,214	8,519	1,200	10,223	7	-	9
Subtotal Mobilization Incremental Cost	16,505	1,986	32,775	16,560	1,988	32,925	55	2	150
<u>Special Pay for Deployed Active Personnel</u>									
Family Separation Allowance	4,999	3,000	14,997	5,017	3,000	15,052	18	-	55
Hostile Fire/Imminent Danger Pay	7,253	2,700	19,584	7,263	2,700	19,609	10	-	25
Hardship Duty Pay	13,055	1,200	15,666	13,059	1,200	15,671	4	-	5
Subtotal Deployed Active Incremental Cost	25,307	1,985	50,247	25,339	1,986	50,332	32	1	85
<u>Grand Total Special/Incentive Pays</u>									
Family Separation Allowance	8,264	3,000	24,792	8,325	3,000	24,975	61	-	183
Hostile Fire/Imminent Danger Pay	11,981	2,700	32,350	11,996	2,700	32,388	15	-	38
Hardship Duty Pay	21,567	1,200	25,880	21,578	1,200	25,894	11	-	14
Grand Total Incremental Cost	41,812	1,986	83,022	41,899	1,987	83,257	87	1	235

Appropriation: Military Personnel, Air Force
Budget Activity 2: Pay and Allowances of Enlisted
Budget Line Item: Social Security Tax

Revised FY 2008
(\$ in Thousands)
\$35,855

Part I - Purpose and Scope

The funds requested provide for employer's tax to the Social Security Administration as required by the Federal Insurance Contribution Act (FICA).

Part II - Justification of Funds Requested

The FICA tax is developed by multiplying the total earnings for FICA tax purposes by the applicable percent. The Old Age, Survivor, and Disability Insurance (OASDI) rate is 6.2 percent and the Hospital Insurance (HI) rate is 1.45 percent. The maximum amounts of earnings per individual on which tax is payable are:

<u>Calendar year</u>	<u>OASDI Base</u>	<u>Medicare Base</u>
2008	\$102,300	No upper limit

The funds provide the employer's Social Security Tax payment for mobilized Reserve and Guard enlisted personnel. The FY 2008 basic pay amount includes a 3.0% pay raise.

Detailed cost computations are provided in the following table:

<u>Total Incremental Costs</u>	FY 2008			Revised FY2008			Delta		
	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>
Social Security Tax	<u>10,320</u>	<u>3,433</u>	<u>35,430</u>	<u>10,425</u>	<u>3,439</u>	<u>35,855</u>	<u>105</u>	<u>6</u>	<u>425</u>
Total	10,320	3,433	35,430	10,425	3,439	35,855	105	6	425

**SUBSISTENCE FOR ENLISTED
AND
SUBSISTENCE-IN-KIND**

Appropriation: Military Personnel, Air Force

Revised FY 2008

Budget Activity 4: Subsistence of Enlisted Personnel

(\$ in Thousands)

Budget Line Item: Basic Allowance for Subsistence/Subsistence-in-Kind

\$104,542

Part I - Purpose and Scope

The funds requested for this budget activity are for the payment of authorized Basic Allowances for Subsistence (BAS) and Subsistence-in-Kind (SIK). Subsistence-in-Kind includes the cost of procuring subsistence for garrison dining facilities (Subsistence in Messes), operational rations, and augmentation rations. The Air Force provides subsistence in mess facilities and operational rations for members of all military services participating in Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF).

Basic Allowance for Subsistence is linked to the Department of Agriculture (DoA) food plan indices. All enlisted members (except recruits and holdees) are entitled to BAS. Members continue to receive BAS while deployed.

Subsistence-in-Messes is the cost of bulk subsistence for dining facilities operated in support of OIF and OEF. This requirement is dependent on the number of personnel using the dining facilities and the cost of food. This is an additional cost above the BAS since members are authorized to continue receiving their BAS even though food is provided in theater.

Operational Rations are rations used for field subsistence. Operational rations include the Meal-Ready-to Eat (MRE), Unitized Group Rations (UGR) that include “heat and serve” and A-ration varieties, and other operational rations, such as Cold Weather Rations. The SIK funds the cost of operational rations for both officers and enlisted airmen. The number of active duty personnel and the type of operational rations served determine costs for operational rations.

Part II - Justification of Funds Requested

This budget activity includes the Basic Allowance for Subsistence (BAS) paid to the mobilized enlisted airmen. The BAS is paid under the following conditions: (1) when authorized to mess separately, (2) while on authorized leave, and (3) when subsistence-in-kind is not available. All mobilized airmen are paid their full BAS entitlement.

Detailed cost computations are provided in the following table:

Appropriation: Military Personnel, Air Force

Budget Activity 4: Subsistence of Enlisted Personnel

Budget Line Item: Basic Allowance for Subsistence/Subsistence-in-Kind

	FY 2008			Revised FY2008			Delta		
	Avg Strength	Rate	Amount	Avg Strength	Rate	Amount	Strength	Rate	Amount
Total Incremental Costs									
Basic Allowance for Subsistence	10,320	3,429	35,385	10,425	3,429	35,749	105	-	364
Subsistence-in-Kind	26,253	2,620	68,793	26,253	2,620	68,793	-	-	-
Total			104,178			104,542	-		364

PERMANENT CHANGE OF STATION

Appropriation: Active Military Personnel

Revised FY 2008

Budget Activity 5: Permanent Change of Station (PCS)

(\$ in Thousands)

Budget Line Item: Permanent Change of Station

\$5,621

Part I – Purpose and Scope

The Permanent Change of Station (PCS) program pays for travel, transportation, storage, and dislocation allowances for reassignment of military members and their families traveling individually or as part of an organized unit in support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). Costs are for the dislocation allowance, shipment of household goods, temporary and non-temporary storage of household goods and member mileage and per diem.

Part II – Justification of Funds Requested

FY 2008 President’s Budget base budget does not include funding to ensure the Air Force meets its increase end strength requirements and distributes the correct grade and skill mix for units deploying in support of the Global War on Terrorism. Accession moves are necessary to ensure the Air Force meets increase in end strength requirements and distributes the correct grade and skill mix for units deploying in support of GWOT. There are also increased costs are for moves to support transition teams and deploying units to Iraq and Afghanistan. These moves fully man deploying units to authorized strength levels and provide military advisors to the Iraqi and Afghanistan governments. Additional moves are also required to reset the forces in support of deploying units for OIF and OEF.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Avg Strength	Rate	Amount	Avg Strength	Rate	Amount	Strength	Rate	Amount
<u>Total Incremental Costs</u>									
Operational Moves	1,072	5,243	5,621	1,072	5,243	5,621	-	-	-
Total	1,072	5,243	5,621	1,072	5,243	5,621	-	-	-

CASUALTY AND DISABILITY BENEFITS

Appropriation: Active Military Personnel

Revised FY 2008

Budget Activity 6: Other Military Personnel Costs

(\$ in Thousands)

Budget Line Item: Casualty and Disability Benefits

\$121,092

Part I – Purpose and Scope

The Servicemembers' Group Life Insurance (SGLI) program is a low cost group life insurance for Servicemembers on active duty. These payments are required, under section 1969(b) of title 38, United States Code, when actual mortality rates exceed peacetime mortality rates. The T-SGLI is a new program that provides automatic traumatic injury coverage to all Servicemembers covered under the Servicemembers' Group Life Insurance (SGLI) program. Every member who has SGLI also has T-SGLI, effective December 1, 2005. Funding for death gratuity payments is for payments to survivors of members dying on active duty. The amount payable was increased from \$12,000 to \$100,000 in Section 664 of the FY 2006 National Defense Authorization Act. These amounts also include funding is SGLI/T-SGI insurance premiums that the Department of Defense pays on behalf of Service members

Part II – Justification of Funds Requested

Funds are required to make extra hazard payment to the Department of Veterans Affairs to finance the increased number of SGLI death claims for the remaining portion of policy year 2007, which is not on a fiscal year basis (policy year based on July 1 – June 30), and a portion of policy year 2008. The average claim in policy year 2006 was \$352,822 and the estimated average claim in policy years 2007 and 2008 is \$396,000. Funds are also required to make benefit payments to military personnel who incur a traumatic injury in support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). Section 606 of the FY 2008 National Defense Authorization Act directs the Department to pay the full premium for coverage under Servicemembers' Group Life Insurance program during service in Operation Iraqi Freedom (OIF) or Operation Enduring Freedom (OEF). The amount the Department pays is \$29.00 per month for each member.

Detailed cost computations are provided in the following table:

Appropriation: Active Military Personnel

Budget Activity 6: Other Military Personnel Costs

Budget Line Item: Casualty and Disability Benefits

	FY 2008			Revised FY2008			Delta		
	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>
<u>Total Incremental Costs</u>									
SGLI			112,800			101,992			(10,808)
T-SGLI			5,000			8,352			3,352
SGLI/T-SGLI Insurance Premium	24,563	348	8,548	24,563	348	8,548	-	-	-
Death Gratuity (Combat Deaths)	10	100,000	1,000	22	100,000	2,200	12	-	1,200
Total			127,348			121,092			(6,256)

ADDITIONAL MOBILIZATION/DEPLOYMENT COSTS

Appropriation: Active Military Personnel
Budget Activity 6: Other Military Personnel Costs
Budget Line Item: Unemployment Benefits

Revised FY 2008
(\$ in Thousands)
\$16,200

Part I – Purpose and Scope

Unemployment benefits are for payments to ex-Service members who are discharged or released under honorable conditions as prescribed in paragraph (1) of section 8521(a) of Title 5, United States Code as amended by Section 301, PL. 102-164.

Part II – Justification of Funds Requested

Eligibility for unemployment benefits is defined as active service in the armed forces where upon an individual was discharged under honorable conditions and had completed their first full term of active service; or was discharged before completing their first term under an early release program, because of hardship, for medical reasons, or for personality disorders, or ineptitude (but only if the service was continuous for 365 days or more). These increased costs are primarily the result of Reserve Component mobilization.

Detailed cost computations are provided in the following table:

	FY 2008			Revised FY2008			Delta		
	Strength	Rate	Amount	Strength	Rate	Amount	Strength	Rate	Amount
<u>Total Incremental Costs</u>									
Unemployment Compensation	13,006	1,246	16,200	13,006	1,246	16,200	-	-	-
Total	13,006	1,246	16,200	13,006	1,246	16,200	-	-	-

RESERVE COMPONENT SPECIAL INCENTIVE PAYS

Appropriation: Reserve Personnel, Air Force

Revised FY 2008

Budget Activity 1: Reserve Component Special Pays

(\$ in Thousands)

Budget Line Item: Foreign Language Proficiency Pay

\$3,000

Part I - Purpose and Scope

The funds requested provide for payments to officers for the following special pays.

Foreign Language Proficiency Pay (FLPP): Authorized in 37 U.S.C. 316 to all officers who are proficient in a second language and for whom DoD has a critical need for that language. The FY 2005 NDAA included a provision increasing the maximum Foreign Language Proficiency Pay to \$1,000.

Part II - Justification of Funds Requested

The projected average number of personnel is based on the total spaces where each type of pay is authorized to meet force structure requirements. Funding requirements are based on the estimated number of officers eligible for each type of payment and rate of payment. The increase in Foreign Language Proficiency Pay is to promote the advancement of crucial foreign language skills. Ultimately, this will better prepare U.S. forces for more operations and training missions in foreign countries and for working with international coalitions. Furthermore, the Air Force will be unable to meet statutory obligations to provide special incentive pay to Airmen proficient in critically needed languages. Without additional funds in FY 2008, the Air Force would have to use funds from readiness and investment accounts to finance the continuing costs of military operations.

Detailed cost computations are provided in the following table:

<u>Total Incremental Costs</u>	FY 2008			Revised FY2008			Delta		
	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>	<u>Strength</u>	<u>Rate</u>	<u>Amount</u>
FLPP	<u>4,710</u>	637	<u>3,000</u>	<u>4,710</u>	637	<u>3,000</u>	<u>-</u>	-	<u>-</u>
Total	4,710		3,000	4,710		3,000	-		-