Budget Uncertainty Forces Military Reductions

Feb 25, 2014

The Veterans of Foreign Wars of the U.S. met with Defense Secretary Chuck Hagel yesterday morning to learn firsthand the impact of his department's fiscal year 2015 budget request on future readiness and modernization programs, and on those who serve in uniform and their families.

The VFW and other veteran and military service organization representatives in attendance also learned of the continued implications of congressional budget decisions that could reduce defense spending by almost $1 trillion over the next decade.

“There are consequences to forcing the Department of Defense to first reduce its budget by $487 billion over 10 years, then to double that amount due to sequestration,” said VFW National Commander William A. Thien, a Vietnam veteran from Georgetown, Ind. “And no matter how some might perceive these lower troop numbers, weapons systems retirements and benefits reductions, the truth is these cuts will continue to grow deeper the longer Congress is unable to end the sequester.”

Joined by his top leadership, to include Joint Chiefs Chairman Gen. Martin Dempsey, the defense secretary brought some of those consequences to light when he unveiled major provisions of his department’s budget request.

Previously announced reductions to the size of the active Army were increased, as were reductions to the Army National Guard and Reserve, all of which could worsen with a continued sequester.

The budget plan had no new troop reductions for the other services, but the proposed loss of some major weapons systems could further lower Air Force and Navy personnel requirements.

The VFW national commander is especially worried about the proposed reductions to pay and benefits, because "in an all-volunteer force, the troops get a vote," he said, "and a resurging economy will impact individual decisions to join and reenlist."

On the table for FY 2015 is a 1 percent pay raise for everyone below the pay grade of O-7;

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admirals and general officers would have their pay frozen for one year. Housing allowances would be gradually reduced from 100 percent of costs to 95 percent; payments would be grandfathered for troops in their current assignments. DOD is again recommending a TRICARE for Life enrollment fee, but this time it would be equal to 1 percent of retiree pay — not to exceed $300 per person — plus additional increases to pharmaceutical copayments, which would impact military dependents as well as retirees. DOD also wants to merge the three TRICARE Prime, Standard and Extra programs into one, and reduce the current $1.4 billion appropriated support of commissaries to $400 million, which would force the Defense Commissary Agency to offset the difference either by raising prices, increasing the 5 percent surcharge, or both. DOD estimates that such decisions would lower overall commissary savings from 30 percent to 10 percent, which could close some smaller stores.

“Despite all the challenges of fighting a two-front war over the past 13 years, we know America will continue to field the world’s most professional and lethal military,” said Thien. “That’s why the VFW will redouble our efforts to work with Congress and the administration to preserve the all-volunteer force, end the sequester, and help bring some financial stability to a military that will continue to operate in a very dangerous and unpredictable world.

“We are, of course, very concerned for our men and women in uniform, and for their families who serve and sacrifice, too, and that is why we are asking the Pentagon to provide more details on their people program changes,” he said. “The VFW understands fiscal realities, but we also understand that it first takes people to make our military the world’s best.”