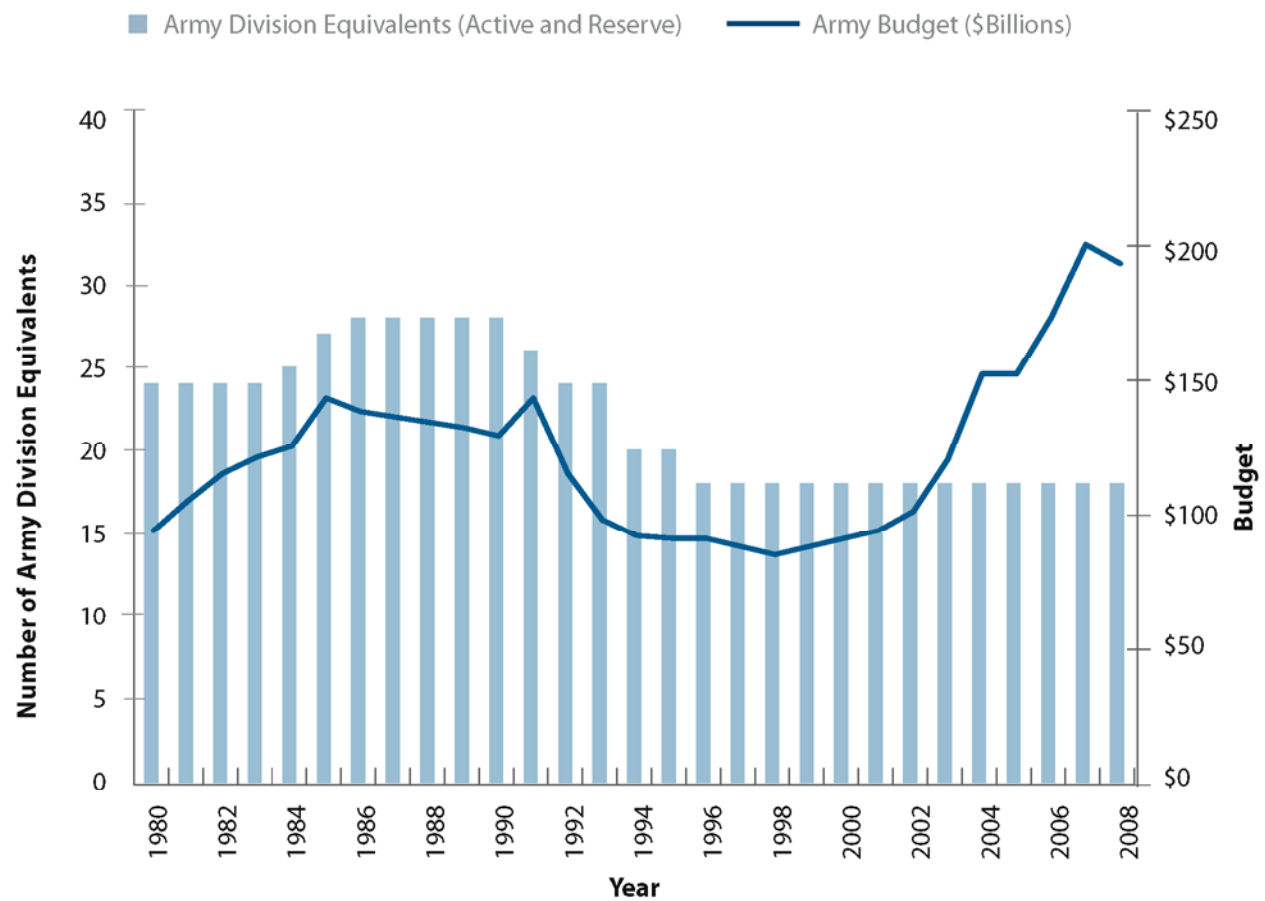


## U.S. Basic Force Structure Relative to Military Service Budget 1980-2008: Army Divisions (Constant 2008 Dollars)



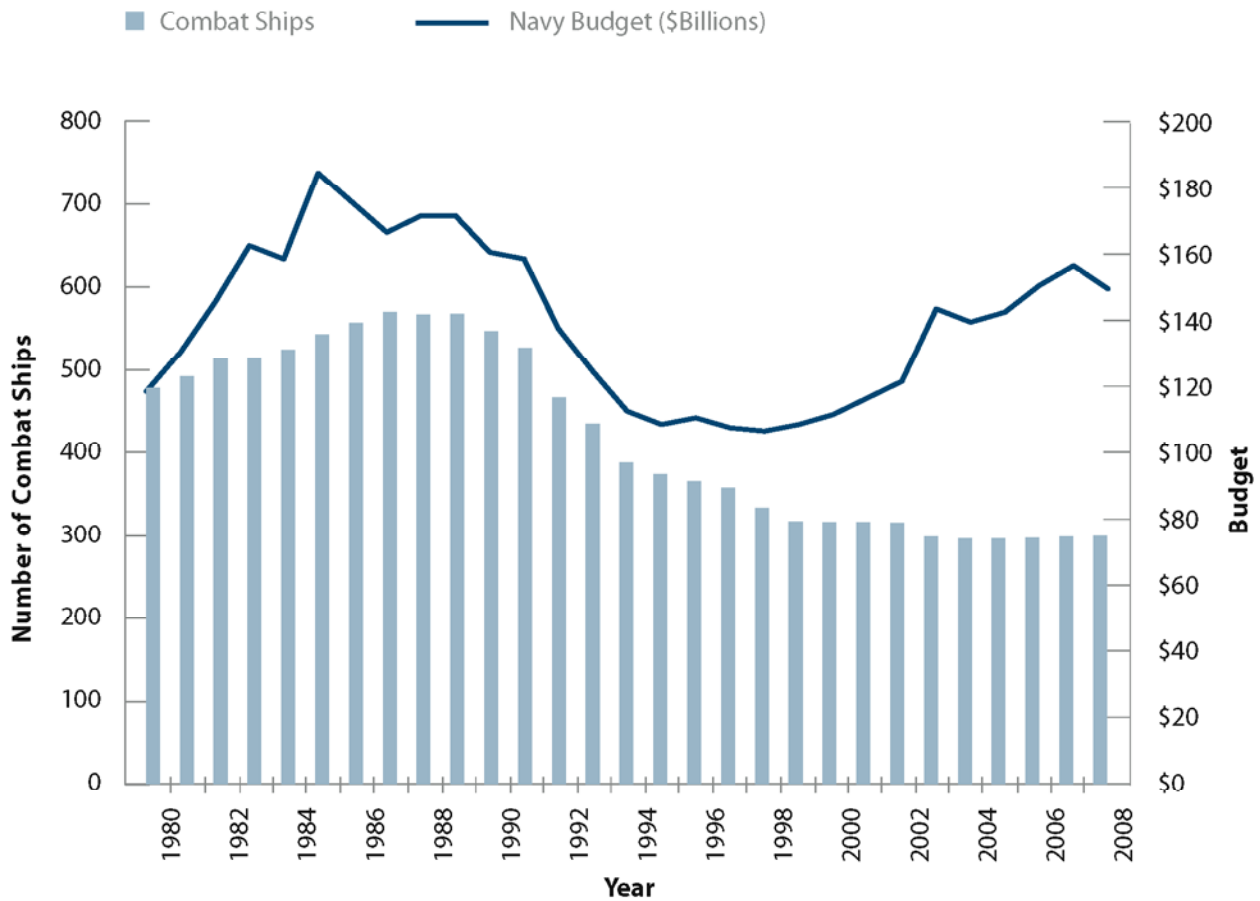
Total funding for the Army roughly tracked with the Army's basic force structure – as measured by divisions – over the 1980-2000 time period. The relationship between budget and force structure changed, however, starting in 2001-2002.

The cost of operations in Iraq and Afghanistan and of "reset" (the repairing and replacing of worn out equipment and recruiting and retaining personnel) has forced the Army budget to soar while the force structure remains basically constant. The costs of the wars aside, the Bush administration is implementing the Army's plan to reorganize from a division based structure to one based on independent "brigade combat teams" (known as "modularization"), and the administration

has started to increase the size of the Army by 35,000 over 2007 levels. The resulting increases in combat assets will not appear for three to five years. The Congressional Budget Office estimates that this expansion will cost an additional \$32 billion in the Army's budget between 2007 and 2013. A 14,000 end-strength increase in the Army Reserve and National Guard is also planned, costing about \$7 billion in the same time frame.

Most analysts anticipate that the size of the augmented force will not, however, restore the previous relationship between force size and the budget. Added costs will increase at a rate far in excess of the growth of the force.

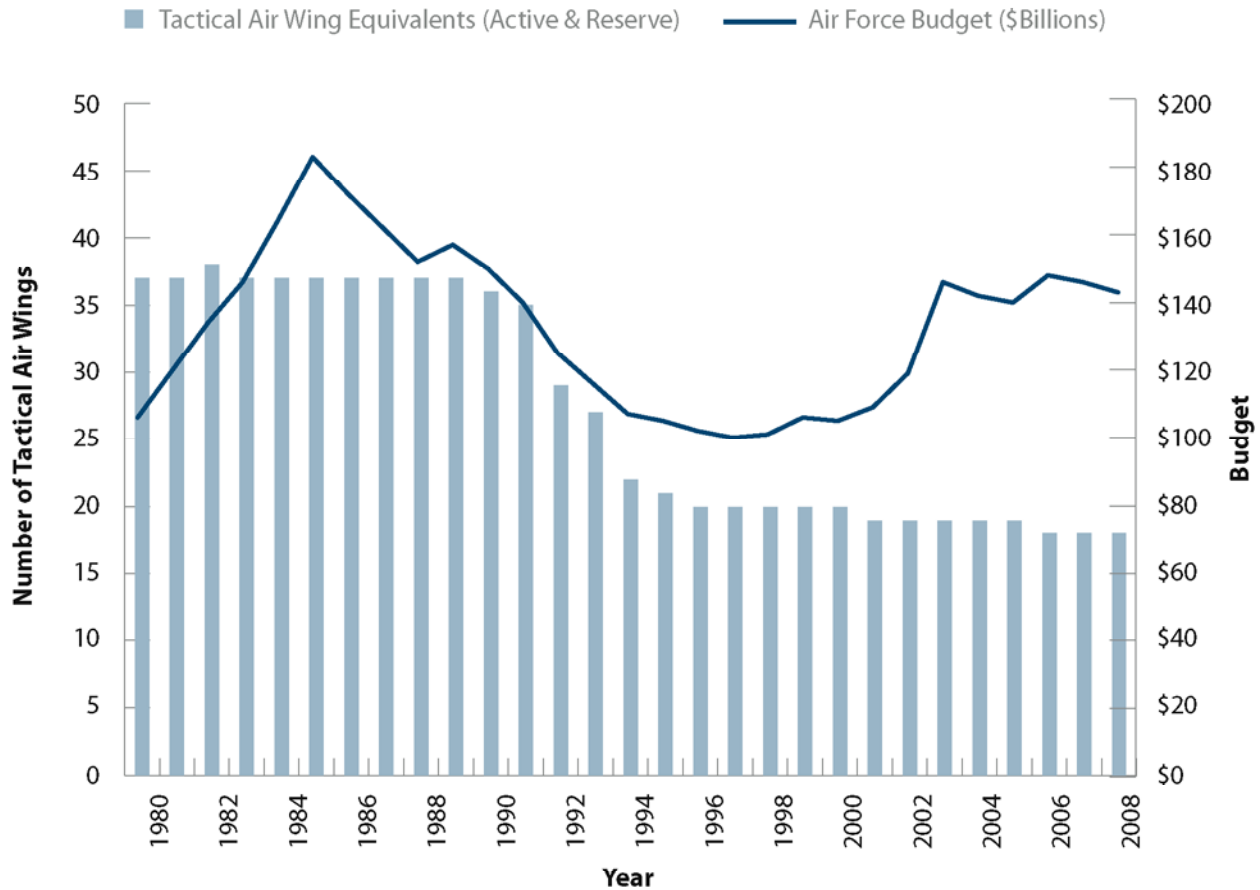
### U.S. Basic Force Structure Relative to Military Service Budget 1980-2008: Naval Combat Ships (Constant 2008 Dollars)



In sharp contrast to the budget force structure pattern shown for the Army, starting in 1996 – before the beginning of the wars in Iraq and Afghanistan – increases in the Navy’s budget coincided with decreases in a basic measure of the Navy’s force structure: ship and submarine combatants. Increased costs for the wars in Iraq and Afghanistan have occurred in the Navy’s budget since 2001, but mostly for the Marine

Corps. The rest of the Navy has been, relatively speaking, a lesser player in the wars. Nonetheless, increases in the overall budget have been accompanied by further declines in the Navy’s force structure. In addition to the costs for the Marines for operations in Iraq and Afghanistan, increased unit costs for ships, submarines and aircraft have helped to drive the increase in the Navy’s total budget.

## U.S. Basic Force Structure Relative to Military Service Budget 1980-2008: Air Force Tactical Air Wings (Constant 2008 Dollars)



Significant increases in the Air Force’s budget in the early 1980s did not result in increases in the force structure. New increases in the Air Force’s budget starting in 2001 resulted in fewer tactical air wings and fighter and attack aircraft. Given the Air Force’s relatively lesser role in the fighting in Iraq and Afghanistan (compared especially to the Army), the dramatic increase in the Air Force’s budget since 2001 cannot be attributed just to the wars in Iraq and Afghanistan. Instead, the declining force structure in the face of increasing budgets can be attributed to the Air Force’s selection of historically un-

precedented increases in the unit cost of aircraft (such as for the F-22 fighter and the C-130J transport) and to the increased cost per operating hour for increasingly complex aircraft. Because the existing inventory of aircraft is aging faster than the new aircraft, that replace them, the total inventory is also – on average – older. Further, combat pilots today receive fewer hours per month for air combat training than historically received. Thus, it can be argued that the Air Force is shrinking, aging, and becoming less combat ready at an increased cost.

**Source:** For budget data: National Defense Budget Estimates for 2008, Office of Under Secretary of Defense (Comptroller), March 2007.