

Experts debate how to cut personnel costs

By Rick Maze - Staff writer

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Cutting personnel and retiree health care costs is politically possible only if service members get something in return, such as a less frantic deployment tempo, better treatment for war injuries, and a promise that war-related pays and benefits will be shielded from any cuts, a chief advocate of big defense cuts told a House panel on Tuesday.

Carl Conetta of the Project on Defense Alternatives — who helped write a June report that recommended \$1.1 trillion in cuts in the defense budget over the next decade, including \$628.5 billion in personnel costs — supports reduced pay raises for current service members and higher health care fees for working-age retirees as ways of trimming personnel-related costs that have more than doubled over the past decade.

Testifying before the House Oversight and Government Reform Committee's national security panel, Conetta said such options "can only go forward as part of a broader program of change," and talked about making a new "compact" with the military to relieve "undue burdens" while ensuring essential benefits remain. Conetta was testifying as part of a panel of people with varying views about defense spending and whether it should be reduced as part of a larger debt reduction initiative. But every panelist — liberals, moderates and conservatives — mentioned cutting defense personnel costs as an essential aspect of controlling the federal budget.

Rep. John Tierney, D-Mass., the panel chairman, is among those expecting cuts. "Bigger is not always better, especially in matters of national defense," Tierney said. "Waste is waste, regardless of the context, and inefficiencies only hurt our ability to respond effectively to crises and promote our national security interests."

Cuts in defense spending no longer are just speculation. Last week, the Senate Appropriations Committee voted to slice \$8 billion off the Obama administration's 2011 defense budget request as part of \$14 billion in reductions. It is not yet clear how the 2011 defense plan will accommodate those cuts. Reducing personnel costs is "inevitably controversial," said Benjamin Friedman of the Cato Institute, who also worked on the report of the Sustainable Defense Task Force that recommended the big defense cuts.

"It is important to note we are not advocating reductions in pay but slowing pay increases," Friedman said.

The report does not recommend cutting health care benefits for retirees but rather "raising co-pays and premiums to control Tricare's cost." Even Gary Schmitt of the American Enterprise Institute, who disagrees with cutting defense spending, singled out

personnel and health care as places where costs “have obviously skyrocketed and need addressing.”

Just how deeply to cut personnel expenses is not clear.

Todd Harrison of the Center for Strategic and Budgetary Assessments suggested radical reforms, including consolidating, closing or contracting out on-base commissaries and exchanges and giving responsibility for running stateside dependents schools to local governments or the Education Department.

“Why should DoD be operating a chain of stores at all?” Harrison said, suggesting savings can be achieved by “reducing, eliminating or transferring programs and activities that are not part of the core business of defense.”