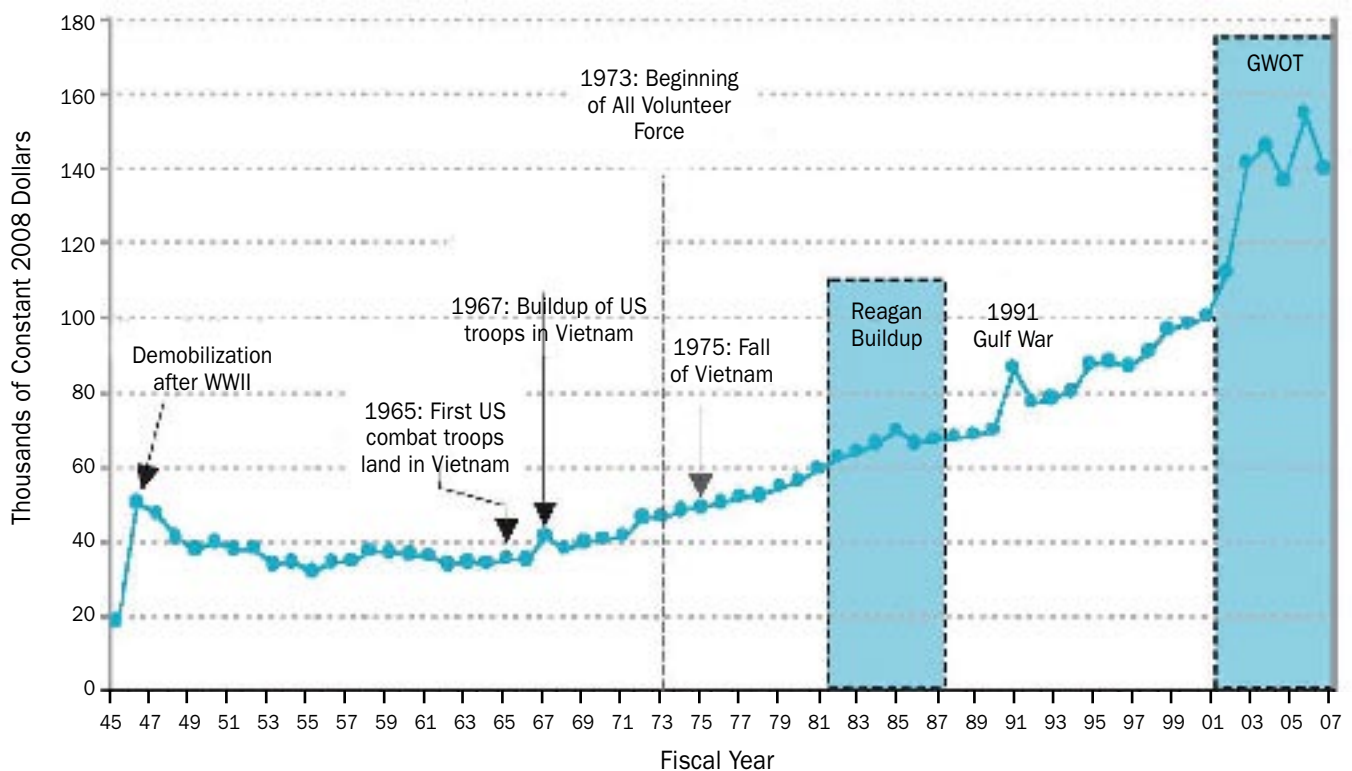


How O&M Ate the Defense Budget

Readiness requires well-funded operation and maintenance accounts—depot work, training, fuel, logistics, health care, and so forth. O&M has seen steady growth for four decades. In terms of cost per service member, it has soared from some \$50,000 in the 1970s to \$150,000 today, reflecting

richer health care benefits, high fuel bills, and better pay for DOD civilians. O&M cost has put pressure on other parts of the budget and, if not reined in, could thwart modernization for years to come.

Operation & Maintenance Costs Per Service Member



Source: "US Defense Modernization: Readiness Now and for the Future," Aerospace Industries Association, April 2008. Data are from DOD's "National Defense Budget Estimates for FY 2008."