



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
FINANCIAL MANAGEMENT AND COMPTROLLER
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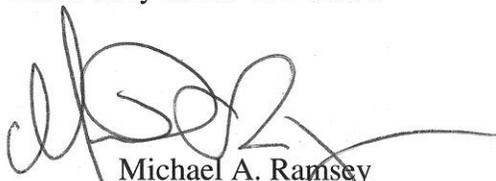
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SAFM-CE

MEMORANDUM FOR THE DEPARTMENT OF THE ARMY

SUBJECT: 2016 Army Inflation Indices

1. The 2016 Army Inflation Indices were developed in accordance with the OSD Inflation Guidance – FY2017 President’s Budget, published on 12 February 2016 for all appropriations. These indices are contained in the Excel file titled FY16 Joint Inflation Calculator and can be found at: <http://asafm.army.mil/offices/CE/Rates.aspx?OfficeCode=1400>
2. Beginning with the 2010 indices publication, there was a change to the terminology used within the inflation indices. Consistent with all other services, the Army now uses the terms “raw” and “weighted” instead of “compound” and “composite”; this change in terminology did not affect how the indices were developed or how they are to be used.
3. Of note, to accommodate the volatile environment for fuel, the 2.5% rate for FY22 fuel rates and beyond are included in the SAR guidance and was agreed to by CAPE and Service representatives.
4. My point of contact is Mr. James Judy at 703-697-1612.



Michael A. Ramsey
Acting Deputy Assistant Secretary of the Army
(Cost and Economics)

Enclosure: Joint Inflation Calculator Overview

Enclosure

Joint Inflation Calculator Overview

The purpose of the Joint Inflation Calculator (JIC) is to provide both Army and Navy indices in a single document, as well as to provide additional features and functionality previously unavailable in the prior, Army, publication format, including:

- a. Expansion of the number of base years, from four to the entire time period, 1989 – 2060.
- b. Budget year index column; allowing the user to translate directly from one TY\$ to another TY\$ instead of deflating and re-inflating.
- c. Quick Look calculator - provides BY/TY conversions.
- d. SAR calculator - converts the budget from TY\$ to BY\$.
- e. Glossary of inflation related terms.
- f. Joint Service calculator user instructions.
- g. Worksheets that display every appropriations' indices for a given base year.

All major commands' cost organizations were given the chance to comment, and provide feedback, on a draft version of this calculator. Many of the recommendations have been incorporated, leading to a tool that has been vetted within the Army cost community, garnering a high level of acceptance. As of the 2012 annual update cycle, the inflation indices have been published solely within the JIC format, however, it is a product that continues to evolve. We welcome any feedback that you can provide.