SEC. 505. TEMPORARY INCREASE IN THE TIME-IN-GRADE RETIREMENT WAIVER LIMITATION FOR LIEUTENANT COLONELS AND COLONELS IN THE ARMY, AIR FORCE, AND MARINE CORPS AND COMMANDERS AND CAPTAINS IN THE NAVY.

Section 1370(a)(2)(F) of title 10, United States Code, is amended—

(1) by striking "December 31, 2007" and inserting "September 30, 2018"; and

(2) by striking "Air Force" and inserting "Army, Air Force, and Marine Corps".

Section-by-Section Analysis

This proposal would temporarily reinstate a discretionary authority in section 1370(a)(2) of title 10, United States Code, to allow the Secretary of Defense to authorize the Secretaries of the military departments to approve up to four percent of the Army, Air Force, and Marine Corps lieutenant colonels and colonels, and Navy commanders and captains population to retire in-grade with only two years service-in-grade vice three years. The limit under the current law is two percent.

Preparing for a military personnel drawdown, the services are seeking additional, discretionary tools to assist with force shaping. In order to "keep faith" with our service members, voluntary authorities are preferred. Current law requires lieutenant colonels and colonels in the Army, Air Force, and Marine Corps, and commanders and captains in the Navy to have three years service-in-grade to retire in-grade which can be waived to two years service-in-grade; however, this waiver can only be applied to two percent of the officers in that grade. Increasing the aperture to four percent will increase the allowable limit of voluntary officer retirement waivers with no cost to the services while "keeping faith" with our senior officers.

While the services have taken actions to manage officer end strength numbers, increasing the allowable limit of service-in-grade retirement waivers for the grades of lieutenant colonel and colonel in the Army, Air Force, and Marine Corps, and commander and captain in the Navy would permit more voluntary retirements.

This authority is necessary to implement in Fiscal Year (FY) 2013 in order to help the services manage their officer end strengths. It will double the number of potential voluntary retirements, save both military personnel account funds, and reduce the retirement annuity of the officers who avail themselves of this authority. Additionally, it will potentially reduce the number of officers who may have to be involuntary separated to meet end strength requirements. Finally, it will also allow those officers who have been selected but not promoted to be promoted within Defense promotion flowpoint guidelines.

Budgetary Implications: Discretionary savings resulting from end strength reductions are already included in the FY 2013 Budget. However, the mandatory costs shown below that result from proposing this provision are not.

Based on promotion opportunity and statutory retirement laws, the Department of Defense (DoD) estimates the following costs:

5-year cost (FY 2013-FY 2018) of $199.2 million
10-year cost (FY 2013-FY 2022) of $152.4 million

FISCAL YEARS ($MILLIONS)										
(Mandatory)	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
0-5	14.7	29.2	27.9	26.4	24.9	7.7	-9.4	-9.7	-10.0	-10.3
0-6	9.0	17.9	17.2	16.4	15.6	5.3	-4.9	-5.1	-5.2	-5.4
Total	**23.7**	**47.1**	**45.0**	**42.8**	**40.5**	**13.0**	**-14.3**	**-14.7**	**-15.2**	**-15.6**

*The DoD actuaries qualify these estimates by stating that it is "unknown how much Services would make use of this authority." DoD has not identified offsets.

Changes to Existing Law: This proposal would make the following changes to section 1370(a)(2) of title 10, United States Code:

§ 1370. Commissioned officers: general rule; exceptions

(a) RULE FOR RETIREMENT IN HIGHEST GRADE HELD SATISFACTORILY.—(1) ***
(2)(A) ***

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(E) In the case of a grade below the grade of lieutenant general or vice admiral, the number of members of one of the armed forces in that grade for whom a reduction is made during any fiscal year in the period of service-in-grade otherwise required under this paragraph may not exceed the number equal to two percent of the authorized active-duty strength for that fiscal year for officers of that armed force in that grade.

(F) Notwithstanding subparagraph (E), during the period ending on ~~December 31, 2007~~ September 30, 2018, the number of lieutenant colonels and colonels of the ~~Air Force~~ Army, Air Force, and Marine Corps, and the number of commanders and captains of the Navy, for whom a reduction is made under this section during any fiscal year in the period of service-in-grade otherwise required under this paragraph may not exceed four percent of the authorized active-duty strength for that fiscal year for officers of that armed force in that grade.

(3)* * * * * * *