



AUSA ISSUES

ASSOCIATION OF THE UNITED STATES ARMY
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LIMITING ACTIVE ARMY STRENGTH REDUCTIONS

The issue: How much and how fast can active Army strength can be reduced without compromising its ability to accomplish the mission?

Background: At the end of FY 1989, Army active duty strength stood at 770,000 soldiers. By FY 1995, it is projected to drop to 520,000, a reduction of more than 32 percent in the six-year period.

The rate of reduction is gauged to changes in the Army force structure and the need to keep the force trained and ready—to avoid the pitfalls of the “hollow army” of the past. Current plans are based on fielding a 12-combat-division active Army.

The drawdown has been carefully managed to insure fairness to Army people, and in that regard, Congress has been helpful in providing transition benefits and options to facilitate the process.

The pace of the drawdown: To protect the readiness of Army units, the reductions in Army strength have, with the exception of the Persian Gulf War period, followed a steady glide path. The Army estimates that the manageable rate of reduction to maintain readiness is no more than 45,000 per year. Unit effectiveness requires having enough trained people of the right grades and qualifications present for duty. This can be accomplished only through meticulous personnel management across the board.

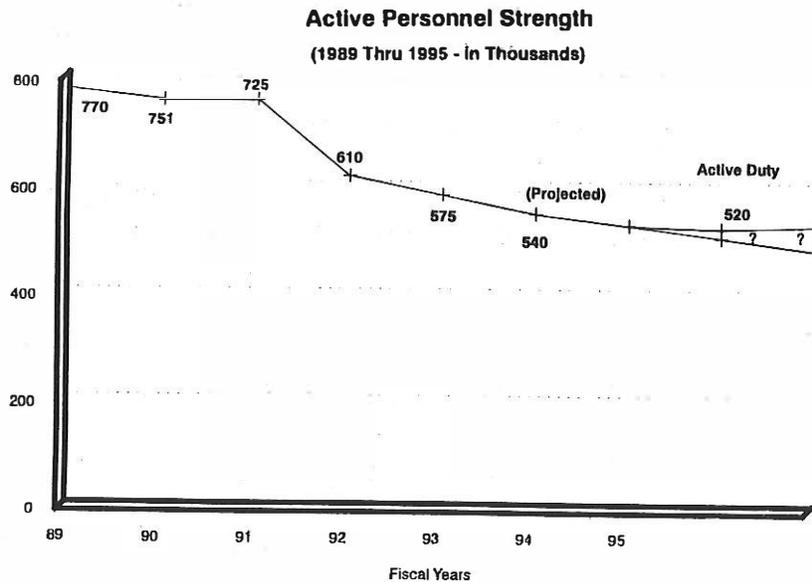
Understanding that the top priority must go to the preservation of a trained and ready force during the transition, the first consideration for reduction was to curtail accessions. Next was to compel retirement for many who were eligible. Retention and reenlistment criteria were tightened and eligible individuals were encouraged to take voluntary separation using one of the special incentive programs authorized by Congress. Involuntary reductions-in-force would be used only as a last resort.

Taking care of people: Unlike previous drawdowns, this time we are dealing with an all-volunteer force; everyone present chose to join the Army. Many fully intended a career; others rightly expected to have tenure at their choice. The rapid cutback has changed all this.

At the same time, the Army recognized the important need to deal fairly and humanely with the soldiers who are most affected by the drawdown. Two important incentives being used to encourage soldiers to separate voluntarily are the Special Separation Benefit (SSB) and the Voluntary Separation Incentive (VSI) programs. These are described in the attachment to this paper.

Separation incentives and other transition benefits cost up-front money. Except for curtailment of new accessions or increasing normal retirements, there are no budget savings in the execution year. In fact, increased reductions will require additional initial funding. Any savings will be realized in subsequent years.

LIMITS TO ARMY ACTIVE PERSONNEL STRENGTH REDUCTIONS



Separation Pay and Voluntary Incentives

Voluntary Separation Incentive (VSI)

Annual base pay x 2.5% x number of years of service, paid over twice the number of years served.

Special Separation Benefit (SSB)

Annual base pay x 15% x number of years of service. Paid in a lump sum.

Separation Pay (Involuntary basis — not qualified of VSI or SSB)

Annual base pay x 10% x number of years of service. Paid in a lump sum.

Temporary Early Retirement Authority (15-year retirement) details are pending.

General Guidelines

Maximum management capability:

45,000 reduction per annum

Annual new accessions:

70 - 80,000 enlisted (based on annual increment and end state force)

1,000 warrant officers

5,400 commissioned officers (including all medical personnel)

New budget cuts: The Clinton budget plan through FY 1997 was predicated on an active defense force of 1.4 million, some 200,000 less than the base force of 1.6 million on which the present plan is based.

Some proposed plans, not yet endorsed by the administration, have suggested an active military strength as low as 1.2 million, or a 400,000 cut from the base plan. These proposals are in two modes: (1) to continue the present reduction glide path through FY 1995 and make additional cuts through 1997 or even 1999; or (2) to take additional spaces as soon as possible to acquire up-front savings which can be diverted to other (nonmilitary) purposes. This accepts (or disregards) the risk of exceeding management capabilities and "crashing the force" from an effectiveness standpoint.

If the additional cuts were made on a proportional basis, a 200,000 overall cut would translate to an added Army reduction of 66,000 spaces; a 400,000 defense cut would require taking another 132,000 from the Army. This would not correlate with present Army missions or force structure. The larger cuts would essentially break the Army and would require major revision of its roles and missions to include the ability to support training of the reserve components.

Anything exceeding 45,000 per year would overstress the Army's management capability and would negate efforts to keep the whole process in balance. For these reasons, extension of any additional cuts beyond FY 1995 is important. Additional cuts will be much harder to make with fairness. The easy ones, involving voluntary separations with incentives and voluntary early retirements, will have been pretty well exploited. The rest will fall increasingly into the involuntary categories.

AUSA key points:

- A 520,000 Army end strength is fully justified on the basis of current missions and requirements. Budget-driven cuts in excess of this greatly increase the risks against mission accomplishment.
- Any additionally imposed cuts should be phased beyond 1995 and should not exceed 45,000 annually.
- Any additional cuts will require additional authorization and funding to extend the transition incentives and benefits beyond 1995.
- It is imperative to the long-term health of the Army to provide annual new accessions at a rate that will maintain the future force.
- It should be understood that little, if any, financial recoupment can be expected during the year of implementation because of the costs associated with transition.

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