

Fact sheet



THE ARMY BUDGET FOR FISCAL YEARS 1992 and 1993

AN ANALYSIS



Association of The United States Army

2425 WILSON BOULEVARD • ARLINGTON, VIRGINIA 22201-3385

COMPILED UNDER THE AUSPICES OF
AUSA'S INSTITUTE OF LAND WARFARE

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FOR FISCAL YEARS 1992 and 1993

AN ANALYSIS

COMPILED BY THE STAFF OF THE
AUSA INSTITUTE OF LAND WARFARE

May 1991

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THE ARMY BUDGET FOR FISCAL YEARS 1992 AND 1993

INTRODUCTION

One-fifth of the president's \$1.45 trillion FY 1992 budget is allocated to national defense. That is significantly less than the 50 to 55 percent defense allocation of the mid-1950s.

This new budget was shaped by many recent dynamic world events. Starting in late 1989, the Berlin Wall toppled. Then came the breaking away from the Soviet Union of the Eastern Bloc nations and the demise of the Warsaw Pact military alliance. More recently, the Persian Gulf crisis has greatly altered federal planning.

We are now in the process of deciding the role of the United States in guaranteeing world stability and the kind of defense we need and want. As the only remaining world superpower, America must accept its mantle realistically. The goal of future world stability is not only in our best interests but in the interests of the rest of the world as well, and our actions and stated intentions will make a tremendous difference.

The current defense budget before Congress is different from its predecessors. Budget caps for both FY 1992 and FY 1993 were prescribed in the October 1990 budget summit agreement. The Department of Defense budget, as submitted, fits within these parameters. Since the agreement precludes moving funds out of defense to apply to any other programs, the total size of the defense budget itself is probably not at issue.

It is particularly significant that this two-year budget represents a major step in the five-year transition to a smaller military force. This transition plan was presented to Congress concurrently with the budget. It lends credibility to the numbers and shows program consistency over time.

Most unusual, though, is the fact that this budget excludes any funding pertaining to the major military event of 1990-91, the Persian Gulf War. By the language of the 1990 Budget Reconciliation Act, Persian Gulf costs are to be handled by separate budget actions, meaning emergency supplementals and authorized withdrawals from the Cooperation Account—those funds contributed by other countries. It is a fact, however, that the national security environment has changed since last year as the result of the Persian Gulf War and that the lessons of Operation Desert Storm will materially influence the congressional budget hearings.

The primary challenge for defense planners today is one of managing major changes. As the world's only superpower, the United States must maintain a strong defense posture to insure world stability and to secure its own vital national interests. This demands a force which is credible, versatile and flexible, and able to meet these changing demands.



Jack N. Merritt
General, USA Ret.
President, AUSA

May 1991

PART I

THE DEPARTMENT OF DEFENSE BUDGET

The FY 1992-1993 Department of Defense (DOD) Budget was the product of two distinct processes:

- One was the deficit-driven summit agreement worked out by the administration and Congress in conjunction with the final approval of the FY 1991 budget. While Congress recognized a changing strategic environment which gave impetus to a planned build-down of U.S. forces, the driving motivation for the summit was federal deficit reduction which resulted in specific defense expenditure caps for both FY 1992 and FY 1993.
- The other process was the formulation by DOD of the FY 1992-1997 Future Years Defense Program (FYDP). This supported the force structure concept proposed by OSD — which visualized a 24 percent force reduction over five years — and forced defense program estimates to conform with total spending projections in the Omnibus Budget Reconciliation Act of 1990.

There are some inherent contradictions in all this. The basic strategic outlook for the defense program preceded the Persian Gulf crisis and the program was developed almost as though Desert Shield/Desert Storm had not occurred. The Reconciliation Act accommodated Desert Shield by glossing over its resource implications with the statement that the budget agreement excluded Desert Shield. This meant accommodation by supplemental bills or congressional authorizations to draw from the Cooperation Account (monies contributed by other countries to finance the Gulf operation).

Neither the FY 1991 budget as appropriated, nor the FY 1992-1993 budget as submitted, addressed Persian Gulf funding requirements. That it has a bearing, however, becomes self-evident when we consider how the Gulf crisis delayed the pace of restructuring which would otherwise have been in process, particularly the drawdown of manpower. Also, the as yet undigested lessons from Desert Shield/Desert Storm are bound to have an impact on weapons requirements and modernization priorities for the future.

BUDGET NUMBERS AND TRENDS

The budget summit agreement of October 1990 not only fixed the FY 1991 level for defense but also set specific limits for FY 1992 and FY 1993.

The two-year budget now before Congress conforms with this agreement, so the total figures were no surprise. In addition to the budget for FY 1992 and 1993, DOD also projected the stream of dollars through FY 1996 resulting from the FY 92-97 Future Years Defense Program (FYDP) review. This was the first time a five-year projection had been officially provided to Congress with the budget.

The program identified as National Defense (Account Number 050) includes not only the Department of Defense, which is about 96 percent of the total, but also military-related activities of the Department of Energy and some other federal agencies. The Department of Defense budget (identified as Account Number 051) includes everything that falls under the responsibility of the Secretary of Defense; that is the budget discussed in this paper. It is the National Defense (050) category, however, which is used within the administration and Congress for outlay controls and the reconciliation of outlays.

The stream of big numbers from FY 1991 through FY 1993 relating to the defense budget is shown in the following table. They are expressed in terms of both Budget Authority (appropriated by Congress) and Outlays projected for each year:

NATIONAL DEFENSE (Current \$ in Billions)*			
	FY 91	FY 92	FY 93
Budget Authority	285.6	290.8	290.9
Outlays	298.9	295.2	292.0
DEPARTMENT OF DEFENSE (DoD) (Current \$ in Billions)*			
	FY 91	FY 92	FY 93
Budget Authority	273.0	278.3	277.9
Outlays	287.5	283.0	279.1
<p>* Budget figures may be stated in various ways. The language of the budget appropriated by Congress is budget authority or BA, which represents funding for new obligations. Some of these will not spend out until later years. Outlays, on the other hand, are the actual expenditures or payments made during the year, even though some relate to prior year authority as obligations. Also, when funding is stated in current dollars, or "then year" dollars, it reflects the actual dollar amounts stated in the program without adjustments for inflation. When listed in constant dollars, however, it means that adjustments have been made to account for inflation and accounts are expressed in terms of comparative value related to a designated base year. (Expanded definitions are included in Appendix I.)</p>			

From here on, the DOD numbers will be used exclusively.

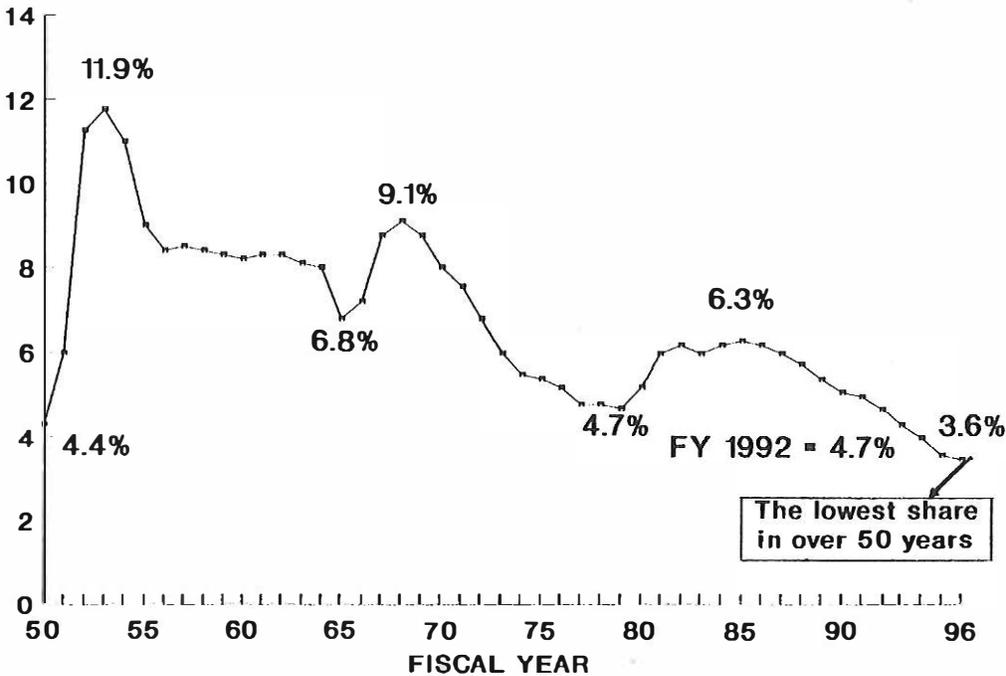
It is important to understand that any additional funding requirements relating to the Persian Gulf crisis are to be handled independently from the FY 1991 and following year budgets through the use of emergency or special requests. At the same time, it is recognized that some later adjustments may have to be made to accommodate conditions caused by Desert Storm.

While not readily apparent from the figures shown above since they were not adjusted for inflation, the defense budget is in steady decline in real terms throughout the period ending in FY 1996. FY 1991 reflected a 12 percent cut from FY 1990 followed by a one percent dip for FY 1992 and almost four percent in FY 1993. After FY 1993, the decline will average about three percent a year. By FY 1996, the overall decline in real terms from the defense peak of FY 1985 will approach 34 percent.

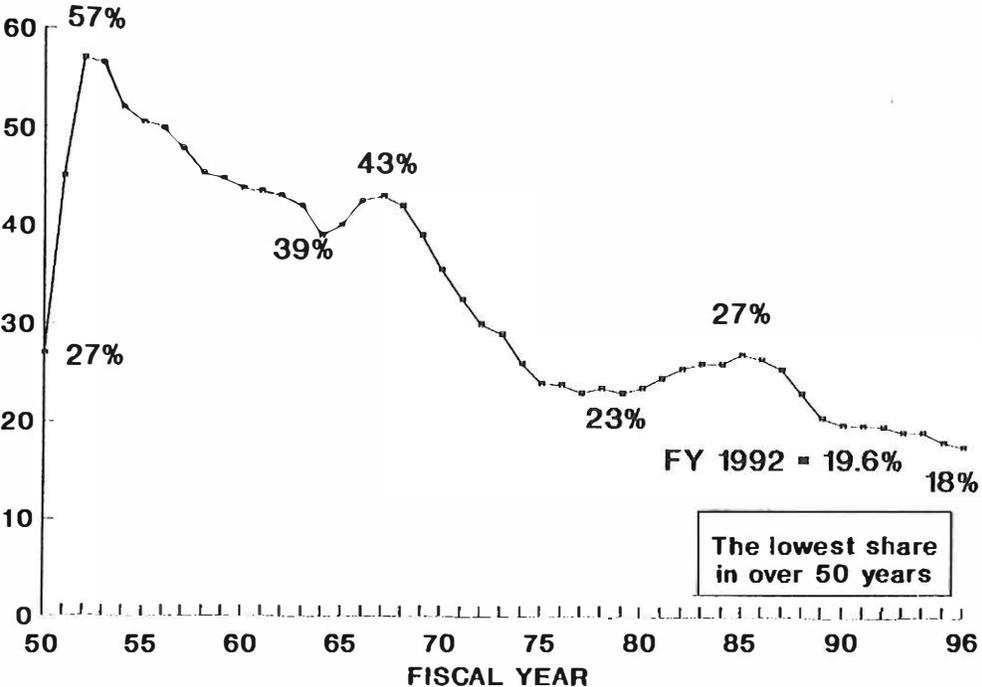
Overall reductions will be achieved primarily through major force structure and personnel strength cuts along with weapon systems terminations, and by reducing the production level of weapon systems.

The following two charts show trend lines over time, projected to FY 1996 for (1) defense outlays as a share of the gross national product (GNP) and (2) defense as a share of federal outlays. If these projections hold, by the end of FY 1996 defense will be down to 3.6 percent of the GNP (4.7 percent for FY 1992) and 18 percent of federal outlays (19.6 percent for FY 1992). Both of these ratios are the lowest in more than 50 years.

Defense Outlays as a Share of GNP



Defense as a Share of Federal Outlays



HOW THE DOD BUDGET IS ALLOCATED

This is portrayed below in two ways: (1) by budget title and (2) by service component.

FY 1992/FY 1993 DoD Budget				
BUDGET AUTHORITY BY TITLE				
(Current \$ Billions)				
	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Military Personnel	78.9	79.0	78.0	77.5
O & M	88.3	86.0	86.5	84.7
Procurement	81.4	64.1	63.4	66.7
RDT & E	36.5	34.6	39.9	41.0
Military Construction	5.1	5.0	4.5	3.7
Family Housing	3.1	3.3	3.6	3.6
Other	-0.3	1.0	2.3	0.7
DoD TOTAL	293.0	273.0	278.3	277.9
Numbers may not add due to rounding				

FY 1992/FY 1993 DoD BUDGET				
BUDGET AUTHORITY BY COMPONENT				
(Current \$ Billions)				
	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Army	78.5	72.4	71.1	67.7
Navy	100.0	92.2	91.6	92.5
Air Force	92.9	82.7	86.5	91.4
Defense Agencies/ Defense Wide	21.7	25.7	29.1	26.3
DoD TOTAL	293.0	273.0	278.3	277.9
Numbers may not add due to rounding				

ACTIONS AFFECTING THE DOD BUDGET

What Happened to Gramm-Rudman-Hollings?

The Budget Enforcement Provisions of the 1990 Budget Reconciliation Act changed materially the way the Gramm-Rudman-Hollings (G-R-H) deficit reduction process works.

Individual spending caps were set for three categories of discretionary spending for FY 1991-1993. These were defense, international and domestic spending. If discretionary spending (in outlays) is exceeded in any of these categories, across-the-board cuts are to be made in that category only. The three categories are lumped together, again with an overall discretionary spending target, for FY 1994 and 1995.

Entitlement programs (or mandatory outlays) are on a pay-as-you-go basis. Under this guideline, bills with spending increases in these categories must be offset either by other cuts or by revenue increases. Likewise, any tax cuts must be compensated for, with other tax increases or entitlement cuts.

Social Security was removed from the budget, so Social Security transactions are no longer included in budget deficit calculations.

New deficit targets were defined. Future sequestration is technically possible but unlikely, since the caps can be adjusted annually to account for technical or economic changes. The law does, however, provide for an enforcement mechanism through FY 1995. The new deficit targets (excluding Social Security) are (in billions of dollars):

FY 91	FY 92	FY 93	FY 94	FY 95
327	317	236	102	83

As long as defense spending conforms with the budget summit agreement of last October, the provisions for the Budget Enforcement portion of the 1990 Budget Reconciliation Act will have no bearing on the next DOD budget.

Base Closures

In 1990, Secretary of Defense Cheney wanted to close or realign 64 military bases. His list was submitted to Congress concurrently with the FY 1991 budget but did not go anywhere because of adverse political reaction. Most in Congress were reluctant to give up military installations which provided economic sustenance in their districts.

Instead, a new procedure for base closures was established in the FY 1991 National Defense Authorization Act. The new process requires that OSD proposals be reviewed independently by an appointed bipartisan commission. The commission may make changes, but its final recommendations, after approval by the president, would then be voted up or down by Congress without further modifications.

This process is now underway. On April 12, 1991, the Secretary of Defense announced the recommended closing of 31 major U.S. defense facilities, the closing of 12 minor facilities, and reduction or realignment of forces at 28 others. These are domestic U.S. facilities. Overseas bases can be closed or realigned without commission action. Since the force is being reduced and the buying power of the defense budget is going down, DOD cannot afford to maintain an infrastructure that is beyond its needs and is unaffordable in the long run.

The commission will review the recommendations and report to the president by July 1. He may turn the report back for further review or disapprove it outright; if he accepts the report, it then goes to Congress for approval or disapproval.

Cost savings are estimates at best. For the new list, net savings of \$850 million in operating costs are estimated for FY 1992-1997. For the early years, closing costs will exceed savings.

In the meantime, the initial 1988 base closure list, approved by Congress, is in various stages of execution and has direct cost implications in current budgets. Up-front investment costs associated with base closures and realignments included in the budget show: \$998 million in FY 1991; \$734 million in FY 1992; and \$541 million in FY 1993. Ultimately, net savings will occur, but these will not be realized until after FY 1994.

Desert Shield/Desert Storm and How It is Being Funded

Theoretically, Desert Shield and Desert Storm were not relevant events as far as approval of the FY 1991 budget and formulation of the FY 1992-1993 two-year budget were concerned. Practically, however, the Persian Gulf crisis will have a profound impact on how the Pentagon and Congress assess future defense needs, including the substance of the budget now before Congress. All incremental costs charged to Desert Shield and Desert Storm must be funded by separate legislative action with specific congressional approval.

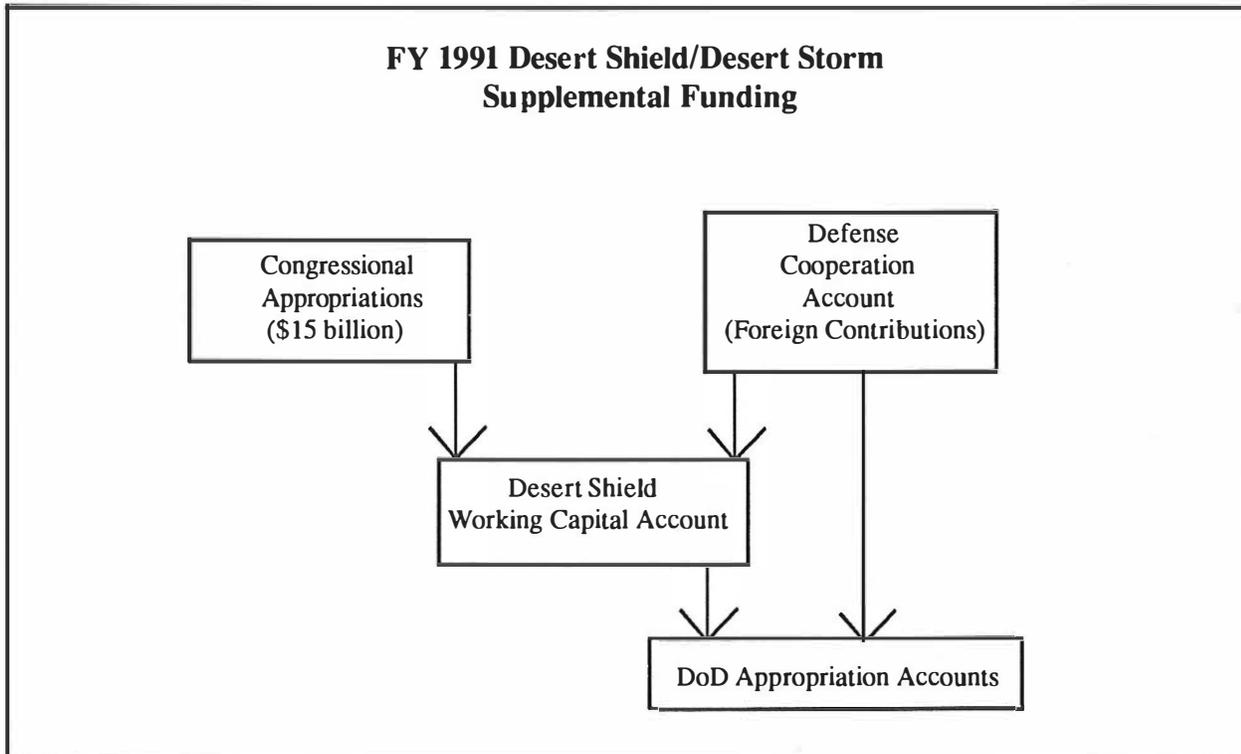
Persian Gulf costs began to accrue in early August 1990. Desert Shield incremental costs for FY 1990 (August through September) were covered by internal reprogramming of \$800 million of DOD funds and by a \$2.1 billion emergency supplemental appropriation from Congress.

FY 1991 is a different story. The October 1990 budget agreement specified that costs directly related to the Persian Gulf crisis for FY 1991 would be treated separately as emergency requirements. Since then, a separate set of books has been maintained for FY 1991 and actions described below have been taken to cover this funding gap. The FY 1992-1993 defense budget was assembled and submitted without recognition of potential Desert Storm impact, including the likely slippage in personnel reduction targets or carryover costs relating to withdrawal or extended theater requirements.

Presently, FY 1991 costs are being covered from two sources: (1) a supplemental request passed by Congress for \$15 billion, and (2) authority to draw from funds pledged by allies in support of the Persian Gulf operation. Monies received have been deposited in a Defense Cooperation Account. In March, when Congress appropriated \$15 billion (as requested), it also authorized the transfer of funds from the Defense Cooperation Account. The amount to finance incremental costs of Desert Shield/Desert Storm was limited to \$42.6 billion, unless additional congressional authority is obtained.

At the latest reading, about \$53 billion had been pledged by other countries. Total U.S. costs are not firm, but some estimates run as high as \$70 billion.

While the two sets of books and a separate funding control mechanism are complicated, it appears that Desert Shield/Desert Storm costs through FY 1991 will be covered. The impact of the Persian Gulf crisis on future budgets is far less clear. Once "lessons learned" are developed and digested, changes and new initiatives are inevitable.



Defense Management Review

Defense Management Review (DMR) is the overarching term for a number of streamlining management actions within DOD. It first appeared in the FY 1991 budget as a source of savings. Since then, DMR initiatives have been expanded. The current goal is to save 30,000 civilian and 40,000 military positions by the end of FY 1997, and about \$70 billion. These savings have been included in program projections. If not actually realized, therefore, they must be absorbed elsewhere in the program.

Some of the DMR programs in process or already in place (with others to follow) are:

- The Corporate Information Management (CIM) initiative which centralizes policy and activities in computing, telecommunications and information services throughout DOD. The overall responsibility for CIM, along with a broad charter for policy and oversight, has been assigned to the

Assistant Secretary of Defense for Command, Control, Communications and Intelligence. To give this real clout, CIM funds are controlled at OSD level and allocated to the services for service-directed projects.

- Creation of a Defense Finance and Accounting Service (DFAS). This has merged the finance and accounting centers of all the military departments.

- Consolidation of the management of all supply operations under the Defense Logistics Agency.

- Consolidation of defense supply depots.

- Consolidation of maintenance depot services.

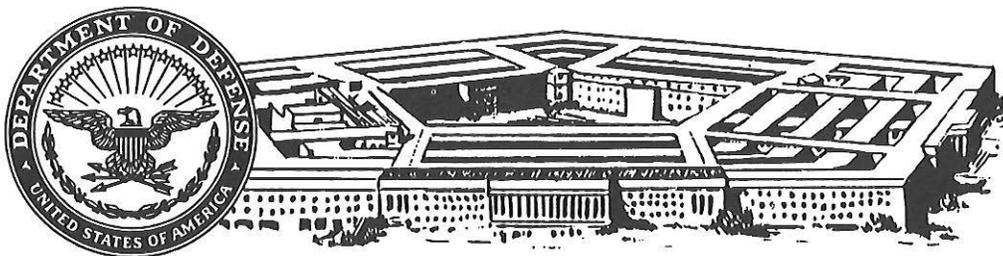
- Centralization of contract policy management and the establishment of a Defense Contract Management Agency.

- Consolidation of all defense commissary operations under the management of a newly formed Defense Commissary Agency.

- A series of actions to improve research and development to include consolidations and elimination of overlaps and redundancies. All the services have submitted plans. Some consolidations are reflected in base closure and realignment proposals. Final decisions are dependent on a special study directed by the National Defense Authorization Act for Fiscal Year 1991.

The guiding concept of these changes has been to centralize policies, procedures, standards and systems; to cut layers and eliminate unessential redundancies; and to achieve significant personnel and dollar savings.

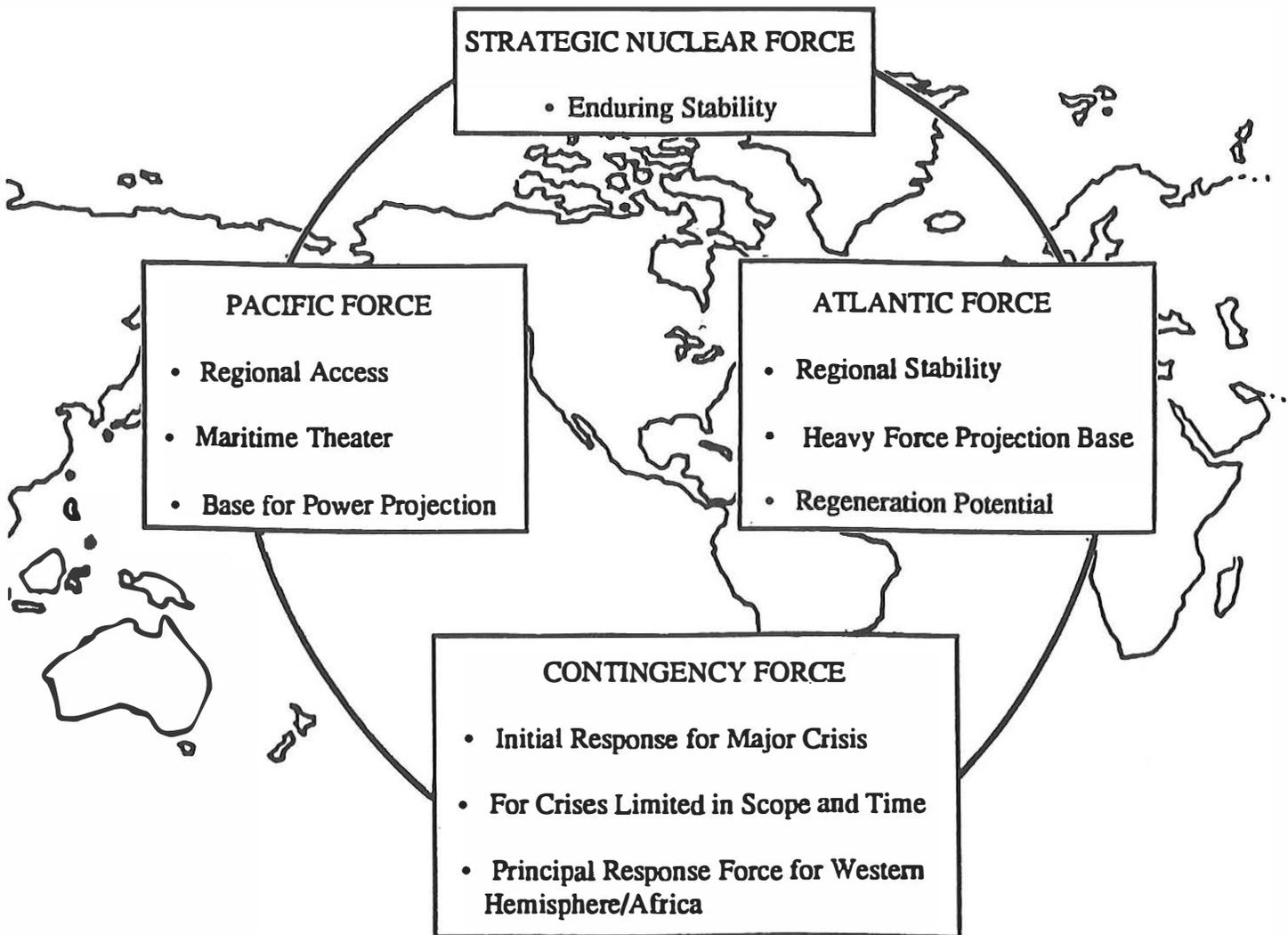
While the intent of DMR is sound, there are both challenges and concerns. Centralization is not always sound unless other advantages accrue. Also, there is no certainty that the assumed savings can be achieved even though the funding has been withdrawn. These initiatives will generate some congressional objections because they deal with the reduction and realignment of people and installations, and they interlock with some of the base closure and realignment proposals.



FUTURE FORCE STRUCTURE CONCEPT

The general force structure concept proposed by Secretary of Defense Cheney, as shown in the following chart, is oriented on four basic groupings: a Strategic Nuclear Force, an Atlantic Force, a Pacific Force and a Contingency Force. At the same time, he committed to a 24 percent cut in defense forces, unless unexpected changes in world conditions require reassessment.

FORCE STRUCTURE CONCEPT



To achieve these cuts by the end of FY 1995, the program approved by the Secretary of Defense projects the following:

FORCE STRUCTURE					
	FY 1990		FY 1995		
Army Divisions	28	(18 Active)	20	(12 Active)	(2 Cadre)
USMC Divisions	4	(3 Active)	4	(3 Active)	
Aircraft Carriers	13		12		
Carrier Air Wings	15	(13 Active)	13	(11 Active)	
Battle Force Ships	545		451		
Tactical Fighter Wings	36	(24 Active)	26	(15 Active)	
Strategic Bombers	268		181		

DoD MANPOWER (End Strength in Thousands)						
	<u>FY 87</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 87-95</u> <u>Change</u>
Active Military						
Army	781	660	618	577	536	-245
Navy	587	551	536	516	510	-77
Marine Corps	199	188	182	176	171	-28
Air Force	607	487	458	445	437	-170
Total Active	2,174	1,886	1,795	1,714	1,653	-521
Selected Reserves	1,151	1,068	989	924	906	-245
Civilians	1,133	1,003	976	958	940	-193
Numbers may not add due to rounding						

FY 1992 and 1993 represent budget segments of these planned reductions. However, Operation Desert Storm and its aftermath will preclude the services from reducing to the military end strengths shown in the FY 1991 budget, so there may have to be some adjustments.

Admiral David E. Jeremiah, Vice Chairman of the Joint Chiefs of Staff, in his statement to the Senate Armed Services Committee on March 12, 1991, explained the concept of the strategic packages and the allocation of forces in the FY 1995 time frame. This allocation is notional and could change. A summarized version follows:

• Strategic Forces. These forces will retain the triad of submarines, ground-based ballistic missiles and manned bombers. The plan anticipates progressive arms control, but continues R&D and pursues the development of strategic defense, i.e., Strategic Defense Initiative (SDI).

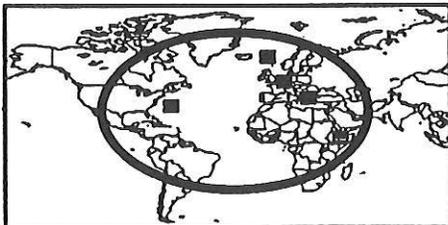
STRATEGIC FORCES

- | | |
|--|--|
| <ul style="list-style-type: none"> • RETAIN TRIAD • REMAIN CONSISTENT WITH ARMS CONTROL OBJECTIVES • ELIMINATE DESTABILIZING SYSTEMS • CONTINUE TO PURSUE DEFENSES | <p><u>STRUCTURE</u></p> <ul style="list-style-type: none"> • SSBN: 18 Trident II • ICBMs: 550 MISSILES • BOMBERS: B-52H + B-1 + 75 B-2s • DEFENSE: SDI R&D FUNDING |
|--|--|

• Atlantic Forces. These forces are the backbone of conventional deterrence from the eastern United States through the Persian Gulf. They maintain U.S. peacetime engagement in Europe, the Middle East, the Mediterranean and Southwest Asia. Also, they are the foundation for reconstitution in the event of a future Soviet-U.S. confrontation in Europe. The bulk of the reserve components of the services are allocated to the Atlantic force.

ATLANTIC FORCES

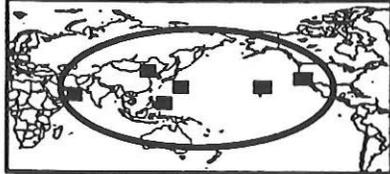
	<u>Army</u>	<u>Air Force</u>	<u>Navy</u>	<u>USMC</u>
Europe:	2 DIVs	3 FIGHTER WINGS	1 CVBG	MARG in MED MPS
CONUS:	4 ACTIVE 6 RESERVE DIVs (+2 Cadre)	2 ACTIVE 11 RESERVE FIGHTER WINGS	5 CVBGs+ SUPPORT SHIPS	2 MEBs (PLUS 1RC)



CVBG: Carrier Battle Group
MARG: Marine Amphibious Readiness Group
MPS: Maritime Positioning Ship

• Pacific Forces. The area extends from the western shores of the U.S. and includes the Pacific area itself and the Pacific Rim. The Pacific forces will continue to deter would-be aggressors in the region and to demonstrate U.S. commitment to our allies. U.S. presence will significantly contribute to a stable security environment.

PACIFIC FORCES				
	<u>Army</u>	<u>Air Force</u>	<u>Navy</u>	<u>USMC</u>
KOREA:	1 DIV	1-2 FIGHTER WINGS		
JAPAN:		1-2 FIGHTER WINGS	1 CVBG	1 MAGTF (TBD)
HAWAII/ ALASKA:	1 DIV (LIGHT)	1 FIGHTER WING	1 MEB	
CONUS:			5 CVBGs+ SUPPORT SHIPS	1 MEB



CVBG: Carrier Battle Group
MAGTF: Marine Air-Ground Task Force
MEB: Marine Expeditionary Brigade Force

• Contingency Forces. These forces are designed to provide a global crisis and contingency response. Emphasis is focused on rapid response time and versatility. The special operations forces of all services are major ingredients of the contingency forces.

CONTINGENCY FORCES			
<u>Army</u>	<u>Air Force</u>	<u>Navy</u>	<u>USMC</u>
4 DIVs	7 FIGHTER WINGS	Forces from Atlantic & Pacific	
	INTERTHEATER AIRLIFT	8 SL-7s + REMAINDER OF RRF	
PLUS: CURRENT SPECIAL OPS FORCES OF ALL SERVICES			

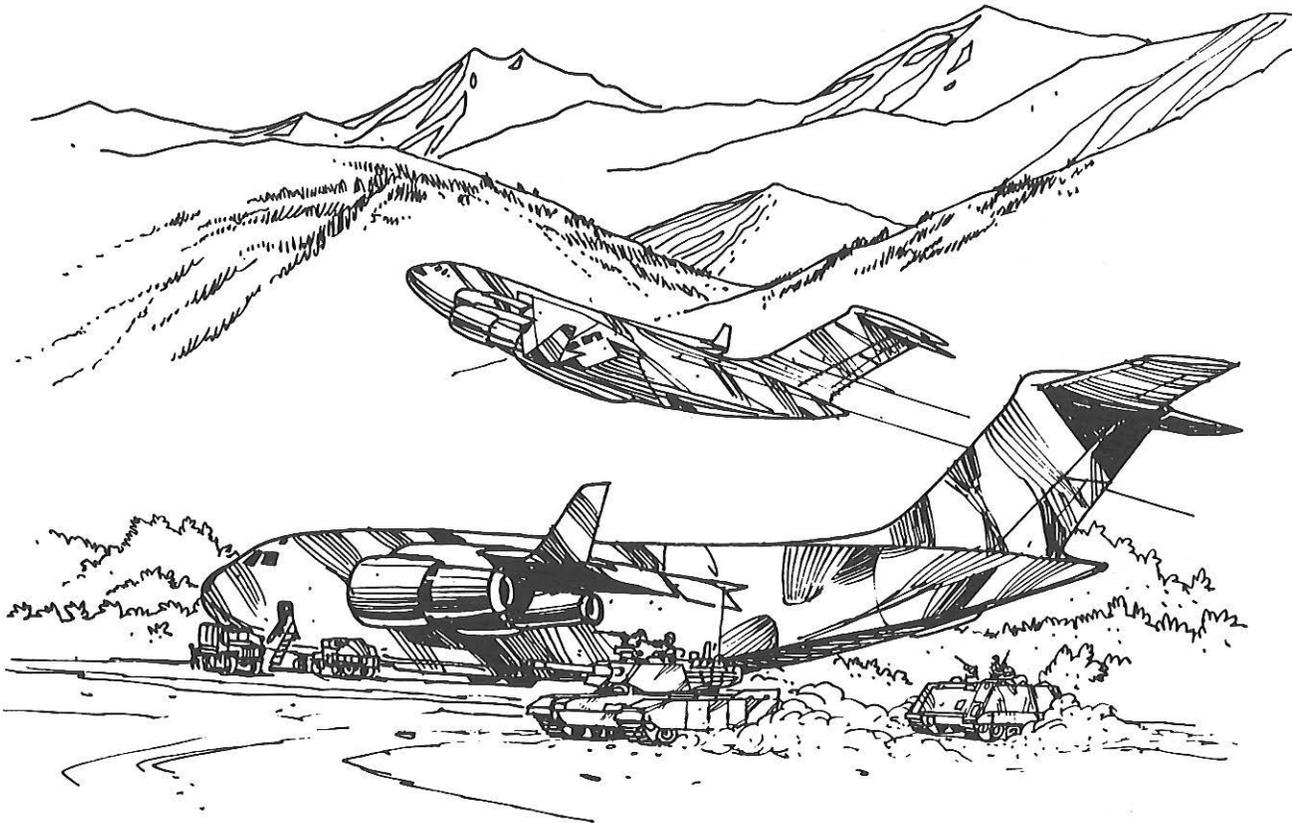
SL-7: Fast Sealift Ship
RRF: Ready Reserve Fleet

In addition, military support capabilities will be important. Two which merit special mention are:

(1) Transportation: Transportation capability is vital to the success of every contingency for delivering combat power and sustaining that power. This capability depends on a combination of airlift, sealift and prepositioned resources. For airlift, it means the continuation of the C-17 program; for sealift, it means more fast sealift and an expansion of the Ready Reserve Fleet, particularly more rollon/rolloff capability for deploying heavy forces.

(2) Space: Space technology will be critical. In the future, space could impact more than any other area on military mission accomplishment. Space systems will provide command and control, communications, intelligence and navigation capabilities. Several satellite systems, including the Global Positioning System, will complete deployment during this period.

So far this is conceptual. Proposed changes in the Unified Command Plan have not been spelled out, nor has the concept been accepted by Congress, whose blessing is essential. Senator Nunn, chairman of the Senate Armed Services Committee, has given a “go-slow” signal, particularly as the concept relates to the present roles and functions of the CINCs and the lines of command and control. Nevertheless, this provides a valuable guide for future thinking.



DOD BUDGET HIGHLIGHTS

Within the framework previously discussed, selected highlights of the FY 1992-1993 budget are as follows:

Manpower and Personnel Issues

The decision to reduce U.S. military forces by 24 percent between FY 1990 and FY 1995 is a major factor in the programmed budget cuts. Strength profiles through FY 1992-1993 are shown in the following table:

(End Strengths in Thousands)					
<u>Active Component Military Strength</u>					
<u>Component</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>Change (90-93)</u>
Army Active	732.4	702.2	660.2	618.2	-114.2
Navy Active	579.4	569.7	551.4	536.0	-43.4
Marine Corps	196.7	193.7	188.0	182.2	-14.5
Air Force Active	535.2	508.6	486.8	458.1	-77.1
Total Active	2043.7	1974.2	1886.4	1794.5	-249.2
<u>Selected Reserve Military Strength</u>					
<u>Component</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>Change (90-93)</u>
Army National Gd	444.3	457.3	410.9	366.3	-78.0
Army Reserve	310.0	318.7	282.7	254.5	-55.5
Naval Reserve	152.8	153.4	134.6	127.1	-25.7
Marine Reserve	44.5	43.9	40.9	38.9	-5.6
Air National Gd	117.8	117.0	118.1	119.4	+1.6
Air Force Reserve	83.8	85.6	81.2	82.4	-1.4
Total	1153.2	1175.9	1068.4	988.6	-164.6
<u>Civilian Manpower</u>					
<u>Component</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>Change (90-93)</u>
Army	380.4	363.1	329.3	314.7	-65.7
Navy	320.5	309.7	292.4	285.3	-35.2
Marine Corps	20.5	20.2	18.9	18.5	-2.0
Air Force	248.9	239.0	222.9	220.6	-28.3
Defense Agencies	102.5	119.7	139.4	136.5	+34.0
Total	1072.8	1051.7	1002.9	975.7	-97.1
Numbers may not add due to rounding					

These personnel cuts relate to two major actions: (1) the overall reduction of forces previously discussed, and (2) the estimated economies resulting from the series of Defense Management Reviews with organizational streamlining and consolidations.

In reviewing these statistics, it is clear that the Army will absorb the brunt of the reductions. For example, for the period FY 1990-1993, Army will take almost half of the active force cuts, about four-fifths of the reserve strength reductions, and two-thirds of the civilian manpower cuts.

With "stop-loss" provisions exercised for Desert Shield and Desert Storm, as well as the activation of reserve components (RC) personnel in response to the Persian Gulf crisis, none of the services, particularly the Army, will meet the active force end strength figures specified in the FY 1991 budget. While it is expected that waivers of FY 1991 budgeted end strengths will be granted, the problem of meeting FY 1992 budgeted numbers becomes doubly difficult. And, while Congress encourages the use of management procedures short of reductions-in-force, reality indicates this will not be entirely possible.

The reduction of RC personnel and civilians will cause similar management problems.

The budget requests military pay raises of 4.2 percent in FY 1992 and 4.7 percent in FY 1993. The Seventh Quadrennial Review of Military Compensation (QRMC) is now underway and, among other things, will specifically study an appropriate indexing for military pay. Similar pay increases are programmed for civilian employees.

Training Readiness

Budget levels are aimed at maintaining ready forces capable of short notice response. This includes resources for training and maintenance. Active forces will be funded for about the same training tempo as in FY 1991: (1) Army active forces will continue on the basis of 800 miles per year for ground combat vehicles and 14.5 flying hours per month for tactical air crews; (2) Navy maintains 50.5 steaming days per quarter for deployed and 29 steaming days per quarter for non-deployed fleets; and (3) flying hours for active Air Force tactical air crews remain at 19 hours per month.

Weapon Systems

Defense procurement funding for FY 1992 is budgeted at \$63.4 billion. In real terms (i.e., adjusted for inflation), this is more than 45 percent below the peak years of the mid-1980s and about 17 percent below the FY 1988-1989 levels. RDT&E, on the other hand, is holding steady with a budget request of \$39.9 billion in FY 1992 and \$41 billion in FY 1993. There are several R&D-intensive programs underway over the next several years which support this. Included are the Advanced Tactical Fighter (for the Air Force), Strategic Defense Initiative (SDIO), Light Helicopter (Army), final development of the B-2 Stealth Bomber (Air Force) and the C-17 Transport Aircraft (Air Force).

Terminations

Major program terminations were an essential part of the overall budget-fitting process — some because of changed needs and reductions in force structure, some by different approaches to solving requirements, and others because of technical or cost problems.

A number of terminations were announced last year. Some are still congressional issues, to include the remanufacture of the F-14D and especially the V-22 tilt-rotor aircraft. Congress appropriated both RDT&E and procurement funding for the V-22 in FY 1991, despite the Defense Secretary's stated intent to terminate the program based on overall affordability. None of the items terminated last year are funded in FY 1992.

Altogether the budget calls for the termination of 81 programs with total estimated cost avoidance of about \$100 billion from FY 1992 through FY 1997. Major program terminations identified in the FY 1992-1993 budget submission are listed in the next chart.

	Savings in Billions	
	FY 92	FY 93-97
• Bradley Fighting Vehicle	0.7	1.7
• TRIDENT Submarine	1.4	2.8
• LHD Amphibious Ship	-	2.1
• P-7A Anti-Submarine Warfare Aircraft	0.6	5.4
• F-14D Remanufacture	1.4	13.4
• Naval Advanced Tactical Fighter	0.1	2.0
• A-12 Aircraft	2.7	19.5
• Air Force Advanced Tactical Aircraft	-	0.8
• F-16 Aircraft (End of FY 93)	1.6	13.8
• PEACEKEEPER Missiles	0.7	2.2
• MARK XV Combat Identification System	0.1	0.2
• BSTS Warning System	0.4	5.5
• TACIT RAINBOW Program	0.2	2.3

Strategic Forces

Strategic forces remain a top defense priority, although some scaling back is programmed in anticipation of successful arms reduction agreements. Retirement of the Minuteman II force will begin in FY 1992. During the 1990s the current mix of Poseidon and Trident submarines will be reduced to a force of 18 Trident submarines carrying only the Trident I (C-4) and Trident II (D-5) missiles. The 18th Trident-missile-launching submarine included in the FY 1991 budget will be the last in its class. The budget, however, includes the procurement of 28 Trident II missiles in FY 1992 and 31 in FY 1993.

Strategic bombers will decrease from 268 in FY 1990 to 171 in FY 1993 as B-52s are retired and FB-111s are transferred to tactical use.

Funding for the rail-garrisoned Peacekeeper ICBM has been cut back with the intent not to deploy it as a rail-mobile system. The budget, however, requests funding in FY 1992 and 1993 to continue development through the first launch from a railcar. Development of the small single-warhead ICBM (Midgetman), to be carried by a mobile launcher, continues. This still keeps both systems alive.

The budget accelerates the production of bomber-launched advanced cruise missiles — 120 in FY 1992 and 102 in FY 1993. Also, it supports continued procurement of the B-2A bomber with a request for four in FY 1992 and seven in FY 1993. Secretary of Defense Cheney has stated that he is pushing for total procurement of 75 aircraft, although the FY 1991 Authorization Act limited the program to 15.

Strategic defense continues to be strongly supported by the defense budget with a request for \$4.6 billion in FY 1992 and \$4.9 billion in FY 1993. SDI is being reoriented to provide global protection against limited ballistic missile attacks. This concept, known as Global Protection Against Limited Strikes (GPALS), also includes theater missile defense. Funding for the Tactical Missile Defense Initiative includes \$603 million for FY 1992 and \$725 million for FY 1993.

FY 1992/FY 1993 STRATEGIC FORCES				
(Dollars in Millions)				
<u>System</u>	FY 1992		FY 1993	
	<u>Quantity</u>	<u>Dollars</u>	<u>Quantity</u>	<u>Dollars</u>
B-2A Bomber	4	4,822	7	4,639
Strategic Defense Initiative	-	4,581	-	4,933
TRIDENT II Missile	28	1,271	31	1,380
PEACEKEEPER/Rail Garrison	-	458	-	106
Small ICBM	-	549	-	715
Advanced Cruise Missile	120	626	102	552

Land Forces

Land force systems have been phased back materially, primarily because of pending force reductions. Such major weapons as the M1 Abrams tank, Bradley Fighting Vehicle, AH-64 Apache attack helicopter, and OH-58 Kiowa scout helicopter will no longer be funded for new procurement in budgets for FY 1992 and beyond; there is only limited funding for the Patriot Air Defense Missile System, which is nearing the buy-out point.

The budget provides for additional UH-60 Black Hawk helicopters to equip the National Guard with a procurement of 60 in both FY 1992 and FY 1993. The CH-47 Chinook medium cargo helicopter modification will be completed in FY 1992.

The Single Channel Ground Airborne Radio System (SINCGARS), which provides the combat radio net for the Army, will continue in procurement.

Although approaching the buy-out quantity, Multiple Launch Rocket System (MLRS) launchers are included in the budget for both FY 1992 and 1993 as is funding for the 100-mile-range Army Tactical Missile System (ATACMS), which is fired from the MLRS launcher.

More significant are the items in research and development (R&D). Here we find the new Light Helicopter program with a development contract recently awarded to the team of Sikorsky and Boeing. The budget also includes funding for the Armor Systems Modernization program designed to produce a family of armored vehicles, including a new tank, by the late 1990s. Also in the budget is the Longbow mast-mounted fire control radar for both the AH-64 Apache attack helicopter and the Comanche light helicopter.

A more detailed discussion of Army weapon systems will be presented in Part II.

FY 1992/FY 1993 LAND FORCES (Dollars in Millions)				
<u>System</u>	<u>FY 1992</u>		<u>FY 1993</u>	
	<u>Quantity</u>	<u>Dollars</u>	<u>Quantity</u>	<u>Dollars</u>
UH-60 Helicopter	60	508	60	428
SINCGARS	-	288	-	292
Light Helicopter	-	550	-	617
Apache Longbow	-	233	-	264
Medium Tactical Vehicles	1,815	170	3,288	293

Naval Forces

Navy shipbuilding is down with only 10 starts in FY 1992 and nine in FY 1993. Lead items for the next aircraft carrier, a CVM-76 Nimitz-class, are included in the FY 1993 column. The carrier itself is to be included in the FY 1995 budget.

One submarine-hunting SSN-21 Seawolf submarine is included for each fiscal year. Also, the program to replace the older 1960s-vintage escort ships with new DDG-51 Arleigh Burke destroyers is intact with five programmed for FY 1992 and four for FY 1993. Two minesweepers are included in the budget for both FY 1992 and 1993; a high-speed replenishment ship for mid-ocean stockage of food, fuel and ammunition is in the FY 1992 budget.

One ship, designated an LSD, to carry tanks and heavy combat equipment for the Marines, along with landing barges to haul them ashore, is shown for each fiscal year. After that, production would be curtailed. Also, one TAGOS surveillance ship is included in FY 1993.

FY 1992/FY 1993 NAVAL FORCES (Dollars in Millions)				
<u>System</u>	FY 1992		FY 1993	
	<u>Quantity</u>	<u>Dollars</u>	<u>Quantity</u>	<u>Dollars</u>
Aircraft Carrier Replacement	-	-	-	852
SSN-21 Submarine	1	2,382	1	2,464
DDG-51 Destroyer	5	4,335	4	3,480
LSD (CV)	1	245	1	251
MHC Coastal Minehunter	2	231	2	222
TAGOS Surtass Surveillance Ship	-	-	1	150
AOE Replenishment Ship	1	540	-	-

Tactical Air

Both Air Force and Navy have a major stake in this category.

In lieu of the A-12 attack plane, cancelled in January 1991, the budget includes a version of the F/A-18 with more range and a night attack capability, (36 in FY 1992 and 20 each year from FY 1993 to 1995). Also, the Navy is programming to remanufacture the EA-6B (Electronic Warfare), which is the "jammer" for the fleet. The budget drops any further plans to upgrade F-14 Navy fighters to the F-14D model.

FY 1991 was the last year of funding for the Air Force F-15E. Additional F-16Ds are included in both the FY 1992 and 1993 Air Force budgets, but the aircraft is programmed for an early buy-out.

Funding for the C-17 Airlifter includes both RDT&E and procurement, with six aircraft programmed for procurement in FY 1992 and 12 in FY 1993. The C-17 is needed to replace other lift aircraft. The requirement for adequate airlift was again emphasized by the Persian Gulf crisis.

The big program for the future is the scheduled full-scale development, starting in FY 1992, of the Advanced Tactical Fighter for the Air Force. The winning contract team of Lockheed, General Dynamics and Boeing was recently announced. The total program is estimated to cost as much as \$90 billion.

Other significant items include: The Advanced Medium-Range Air-to-Air Missile (AMRAAM), funded for full production in FY 1992 and FY 1993, and restructuring of the Military Strategic and Tactical Relay (MILSTAR) program, which is vitally important for enhanced communications capability.

FY 1992/FY 1993 TACTICAL AIR FORCES				
(Dollars in Millions)				
<u>System</u>	FY 1992		FY 1993	
	<u>Quantity</u>	<u>Dollars</u>	<u>Quantity</u>	<u>Dollars</u>
F/A-18	36	2,423	20	2,534
Advanced Tactical Fighter	-	1,637	-	2,325
F-16 D	48	1,419	24	923
C-17	6	2,831	12	4,212
EA-6B Remanufacture	-	110	3	556
AMRAAM	1,191	1,031	1,469	1,049
MILSTAR (Restructured)	-	1,404	-	1,536

Military Construction (MILCON)

Military construction, which represents an important but relatively small portion of the DOD budget (about two percent of the total budget through the 1980s) is significantly depressed for the FY 1992-1993 period.

Military construction is essentially on a "controlled hold." There are two reasons for this. An OSD moratorium on construction was in effect from January 1990 to mid-April 1991. FY 1993 was declared a "MILCON pause" to help balance the FY 1993 budget and take stock of future requirements and priorities. Note that only about \$1 billion is included for new construction projects in FY 1993, far less than in previous years. Note also that \$1.8 billion for major repair and minor construction was shifted from the Operations and Maintenance account to the Military Construction account in FY 1993. This is an account transfer which makes MILCON look bigger but does not add programs.

An April 10, 1991 memorandum signed by the Deputy Secretary of Defense further restricts construction contracts from April through September of this year. Approval by the Deputy Secretary of Defense will be required for construction contracts at any military installation in Europe, Japan

or Korea and at installations included in base closure or realignment proposals. All other military construction contracts must have the approval of the service secretary (component head for defense agencies) or his designated representative. All approved construction must be consistent with force structure plans.

MILITARY CONSTRUCTION
(Millions of Current Year Dollars)

	FY 89 <u>Appn</u>	FY 90 <u>Appn</u>	FY 91 <u>Appn</u>	FY 92 <u>Request</u>	FY 93 <u>Request</u>
Construction Projects	5,405	4,445	4,129	3,554	1,046
Planning and Design	442	394	402	369	297
NATO Infrastructure	492	425	193	359	266
Base Closures/Realignments	0	500	998	734	541
Major Repair & Minor Const*	0	0	0	0	1,830*

* The President's Budget proposes moving minor construction and repair investments to Military Construction Accounts beginning in FY 1993.

These restrictions are clearly frustrating to members of Congress who have a direct interest in and are supporting various construction projects. These issues will surface during the congressional budget review.

ISSUES IN CONGRESS

This is the first year in some time that the size of the defense budget itself has not been a major issue. This is due primarily to the budget summit agreement, which established funding levels for FY 1992 and FY 1993, and to the Budget Enforcement Act, which precludes moving funds from defense to any other discretionary category.

Congress, of course, could make cuts to the defense budget, but there is little incentive to do so under the present rules. The issues, therefore, will be essentially internal to defense itself: defense-policy increasing or decreasing line items, trade-offs, and support for constituent interests. A summary of some anticipated issues are:

- Structure and Size of Forces. There is no general disagreement with the end-state force, except for the size of the reserve components, because it is close to the structure laid out in the 1991 National Defense Authorization Act. In the aftermath of Desert Storm, some believe that the military

cutback is too much and too fast. Desert Storm will be the subject of hearings and debate. There will be a willingness to moderate the rate of the military cut and to waive the strength for FY 1991. Beyond that, there is the problem of how to fund a strength waiver.

- The Total Force and the Reserve Components (RC). Desert Shield/Desert Storm brought the Total Force concept into focus. Approximately 227,000 reservists were called to active duty as a result of the Persian Gulf crisis, about 140,000 by the Army. The fact that they performed important missions is uncontested, but there are some residual questions on the readiness of Army combat elements to join rapidly deploying contingency forces without extended train-up time. This will be discussed at length during the budget hearings and will be an important consideration in determining the active/reserve component mix for the future force.

Congress supports increased reliance on the reserve components and, in fact, increased the authorized strength in FY 1991 above that in FY 1990. The defense plan, however, reduces the strength of the reserves in about the same proportion as for the active forces. This is certain to be a major issue on Capitol Hill.

- Overseas Stationing of Forces. Congress will be looking for more troop strength cuts in Europe, as well as in Korea and Japan. Expect a new upper limit for Europe. There will be continued haggling over sharing support costs.

- Base Closures. This is unpopular with those directly affected. Although there will be efforts to convince the commission to modify or recommend against some of the proposals on a case-by-case basis, the process will probably run its course with few changes.

- Defense Management Review-Driven Consolidations. The Defense Management Review is touted to do a number of good things: increase efficiency, eliminate layering, streamline procedures and, not least of all, to cut personnel and permit big dollar savings in the future. Many in Congress are suspicious, however, because these decisions affect people and facilities, which means constituent concerns. The DMR initiatives are interwoven with base closure and realignment proposals. Of special concern is the impact on maintenance and supply depots and future laboratory mergers.

- Strategic Defense Initiative (SDI). This has been a “whipping boy” for Congress in the past, but there is new recognition of the need for some kind of missile defense and SDI is undoubtedly a safe program. Some aspects remain controversial, particularly that portion identified as “Brilliant Pebbles,” and its funding is likely to be cut back to little more than the 1991 level. As an incentive to cut SDI, funds shaved from this program could go to other favored defense projects. Congress will, however, support funding for the Tactical Missile Defense Initiative based on the lessons of Desert Storm.

- B-2 Bomber. Highly controversial last year, the B-2 is now probably a safe program because of the proven value of stealth technology during Desert Storm. The scope of the program, however, will be challenged. The Secretary of Defense has announced an acquisition goal of 75 aircraft, while Congress last year limited the authorization to 15.

- Strategic Lift. Increased support for strategic lift (airlift and sealift) was generated by Desert Shield/Desert Storm. While the C-17 has been under attack in the past, Congress will probably support it as the only replacement in sight for other lift aircraft, although its cost will continue to be an issue. Congress will press for more sealift and is probably willing to add funds for this purpose.

- Carryover of Last Year's Terminations. Secretary of Defense Cheney has announced the termination of the V-22 tilt-rotor aircraft on the basis of cost. Congress disagrees and has kept funding in the budget, including \$165 million in procurement and \$438 million in RDT&E. Cheney affirmed his position by including no funds in the FY 1992-1993 budget request and, furthermore, included \$200 million of V-22 funds as a rescission candidate for the FY 1991 supplemental request. Congress will probably deny any rescission request and may add funding in the FY 1992 budget. The struggle is far from over.

Another FY 1991 termination which continues to reassert itself is extended procurement funding for the Navy F-14D (Tomcat) remanufacture program. No procurement funds are provided in the FY 1992-1993 budget, but there are elements in Congress who will strongly sponsor the program to avoid closing the line.

Also at issue is the M1A1 tank. Many in Congress do not want to see the tank production lines close. Despite the fact that Congress added \$64 million in FY 1991 for an upgrade program (M1 to M1A1), the FY 1992-1993 budget includes only the procurement of the 225 new tanks authorized in the FY 1991 budget, and then a layaway of the assembly lines. There will be a continued effort on the part of Congress to keep these lines going.

- Military Construction. There is unhappiness about the extended moratorium and the FY 1993 "MILCON pause." Congress will oppose most overseas construction but will try to break loose military construction within the U.S.

OBSERVATIONS ON THE DOD BUDGET

The budget for FY 1992-1993 is based on several fundamental guidelines: The revised strategic situation and consequent force structure, the end-state force projected for FY 1995, and the rigid cap placed on the defense budget by the summit agreement last October. While the end-state vision provides a positive road map, the parameters are not fully compatible. The result is a forced fit with compromises. In the end, it is a dollar-driven budget.

The strategic outlook was that of a post-Cold War regional orientation, but one defined largely before Desert Shield/Desert Storm. The lessons of the Persian Gulf, once reviewed and analyzed, are bound to call for some changes. We must be open-minded and take advantage of this. One thing we did learn was the importance of the projection of forces and the need to move forces rapidly anywhere in the world. This focused attention on strategic lift and particularly the need for more and better sealift capability.

In the future, investment accounts, particularly procurement, seem to be headed for funding problems. Even with a healthy R&D effort, continued procurement, and therefore modernization, is of real concern as is the shrinkage of the industrial mobilization base. A basic question is: Will we be able to fund the next generation of weapons?

NOTES

PART II THE ARMY BUDGET

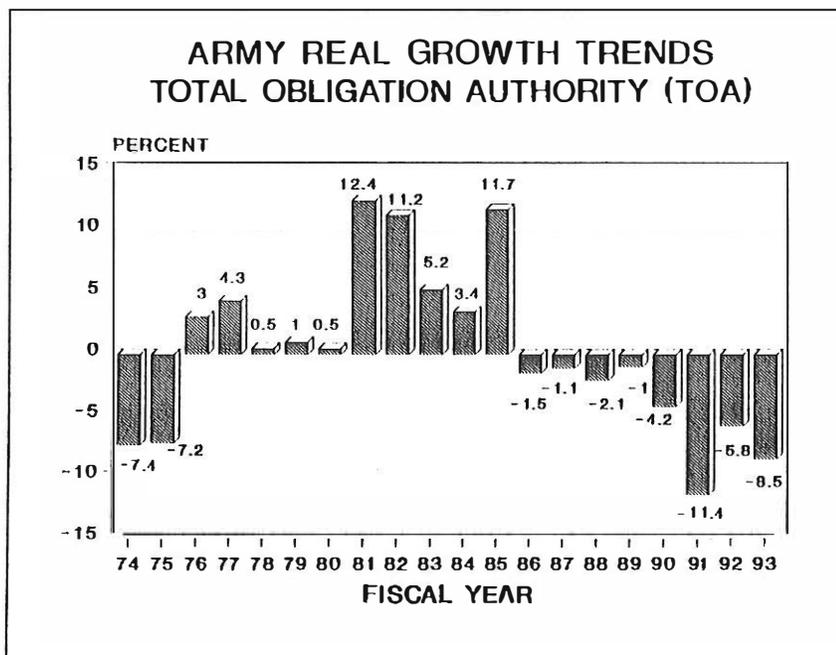
The Army portion of the DOD budget request for FY 1992-1993 is summarized in the following chart, which shows the budget in both current and constant dollars:

ARMY BUDGET SUMMARY			
(\$ IN BILLIONS)			
<u>CURRENT DOLLARS</u>	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
Total Obligational Authority (TOA)	73.0	71.3	67.9
Budget Authority (BA)	72.4	71.1	67.7
Outlays	77.6	74.3	70.0
<u>CONSTANT FY 92 DOLLARS</u>			
Total Obligational Authority (TOA)	75.7	71.3	65.2
Budget Authority (BA)	75.1	71.1	65.0
Outlays	80.6	74.3	67.2

While the budget itself is stated in current dollar terms, the constant dollar table (adjusted for inflation) shows more graphically the downward direction in Army buying power for the three years from FY 1991 to FY 1993. For purposes of discussion, total obligational authority (TOA) will be used in presenting the Army budget and, unless otherwise stated, all funding figures will be in current dollars. For a further explanation of unique budget terms, see Appendix I.

Statistically, the Army budget request represents 25.6 percent of the DOD budget in FY 1992 and 24.4 percent in FY 1993, down from 26.6 percent in FY 1991.

Fluctuations in real growth of the Army budget over time are reflected in the following chart. Fiscal years 1992 and 1993 will be the seventh and eighth straight years of real decline, with more expected to come.



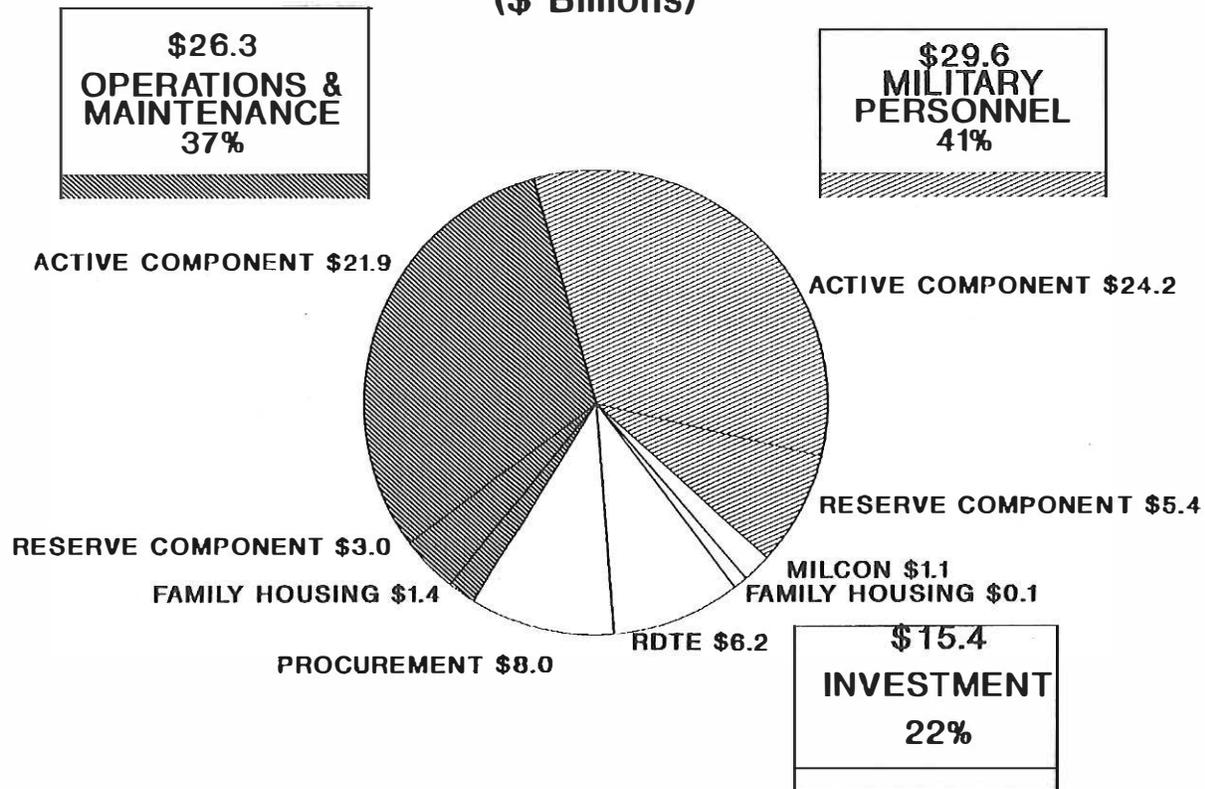
Budget Breakout and Inflation Factors

The following three charts represent the aggregate numbers in the Army budget and the key inflation factors used in projecting current dollar values. They show in sequence: (1) the breakout of the budget by appropriation category, which is the language of the budget, reflected for three years -- FY 1991 (actual) and FY 1992 and FY 1993 (as requested) ; (2) pay and inflation rate factors; and (3) the Funding Profile -- Military Personnel, Operations and Maintenance, and Investment -- for FY 1992 only.

ARMY BUDGET SUMMARY BY TITLE			
(Current Dollars in Billions)			
Appropriation Categories	FY91	FY92	FY93
Military Personnel	30.1	29.6	28.9
Operations and Maintenance	25.3	24.9	23.0
Procurement	9.0	8.0	7.6
Research, Development, Test and Evaluation (RDT&E)	5.4	6.2	5.9
Military Construction	1.2	1.0	1.0
Family Housing	1.5	1.5	1.5
Stock Fund/Industrial Fund	0.5	0.0	0.0
TOTAL	73.0	71.3	67.9

THE ARMY BUDGET			
PAY AND INFLATION RATES			
<u>CATEGORY</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
PAY			
Military	4.1%	4.2%	4.7%
Civilian	4.1%	4.2%	4.7%
PRICE ESCALATION INDICES (Outlays)			
Other Purchases Excluding Fuel	4.4%	4.1%	3.7%

FUNDING PROFILE OF THE ARMY FY 1992 (\$ Billions)



MAJOR FACTORS BEARING ON THE ARMY PROGRAM AND BUDGET

DMR and Related Army Studies

Along with a smaller Army goes the need to reduce the Army's support structure. This is being driven, among other things, by a decreasing funding cap.

A number of initiatives to help reduce support costs come under the umbrella of the Defense Management Review (DMR). The Secretary of Defense has projected a \$70 billion saving through FY 1997 as a result of the DMR initiatives and this amount has already been withdrawn from the defense program through FY 1997.

As the result of DMR and the recognized need for even more savings in its support structure, the Army has conducted a number of additional studies. Several important ones include: (1) Vanguard, an in-depth look at the Army's headquarters and base support structure; (2) Army Materiel Command Vision 2000, a comprehensive look at the future organization of AMC; and (3) LAB 21 which dealt with changes in the Army's laboratory structure. The latter two studies are closely related to DMR issues. All aim to cut personnel and dollars over the long run and to streamline management procedures.

Vanguard addressed the whole Army headquarters and base structure and made sweeping recommendations. The study was completed in December 1990 and reviewed by Department of the Army. Unfortunately, the Army had already changed from the base on which Vanguard was initiated; thus, some of the projected savings were already overtaken by events or credited to other initiatives. The Army leadership accepted some of the recommendations as presented, which were then forwarded to the office of the Secretary of Defense and incorporated into the budget and program. Some proposals were negated by other directives, and the rest were held for additional study and possible future implementation. Some of the Vanguard issues deal with basic Army organization for base operations, the Continental U.S. Armies, the merger of personnel management functions, reducing the number and size of field operating agencies, the basic Army logistics organization, and some reshaping of the Army staff. We will see more of these recommendations in the future.

Vision 2000 was the AMC master plan for the future. It incorporated a number of issues which were also addressed in the DMR initiatives.

One problem of Vision 2000 proposals was that of initial affordability. Some of the recommendations for long-term organizational changes required significant up-front investment, which was simply not available within budget ceilings. Those things which were both affordable and in line with other OSD guidelines were forwarded for inclusion in the base realignment proposals. These primarily concerned the consolidation and realignment of Army depots and laboratories. The remainder of Vision 2000 was returned to Army Materiel Command for further assessment. Follow-up recommendations should be forthcoming.

LAB 21 was a special study which addressed the realignment of Army research laboratories. The approved recommendations were included in the base realignment proposals. These involve the creation of the Combat Materiel Research Laboratory (CMRL) as the Army's flagship laboratory for in-house and applied research located at Adelphi, MD. A number of R&D elements will also be moved to Adelphi. A secondary CMRL site will be located at Aberdeen Proving Ground, MD. Other small consolidations and realignments of R&D functions are included in the plan.

These efforts are not static. As the Army becomes smaller, the pressure will continue to cut headquarters and the support slice of the force. Actions that will be taken as a result of these initiatives will have direct impact on future budgets.

Army Base Closures

The Army's 1991 base closure and realignment proposals were included in the defense package forwarded to the Base Closure Commission and Congress on April 15, 1991.

Essentially, the proposals were the result of several major Army studies and reviews over the past two years, driven by the requirement to reshape and reduce the active force by FY 1995. A smaller budget requires the Army to seek reductions in support areas and to decrease the overall inventory of facilities.

The Army list, as approved by the Secretary of Defense, includes closing one minor and seven major facilities and realigning 10 others.

Major proposed Army base closures are Fort Benjamin Harrison, IN; Fort Chaffee, AR; Fort Devens, MA; Fort Dix, NJ; Fort McClellan, AL; Fort Ord, CA; and Sacramento Army Depot, CA. Areas for reserve component use would be maintained at all but Fort Benjamin Harrison. The DOD Finance and Accounting Service Center, however, would remain at Indianapolis at Fort Benjamin Harrison. The Army Recruiting Command, formerly scheduled to displace from Fort Sheridan, IL, to Fort Benjamin Harrison, would now go to Fort Knox, KY. Also, the 10th Special Forces Group, currently stationed at Fort Devens, would relocate to Fort Carson, CO.

In addition, proposed relocations would significantly affect Rock Island Arsenal, IL (loses the Armament Munitions and Chemical Command to Redstone Arsenal); Redstone Arsenal, AL (gains 1,844 civilians); Fort Carson, CO (gains 1,026 military and 56 civilians); Fort Leonard Wood, MO (gains 5,238 military and 764 civilians); Fort Jackson, SC (gains 2,993 military and 589 civilians); Fort Hood, TX (gains 12,672 military and 868 civilians); and Fort Lewis, WA (gains 12,177 military and 885 civilians).

Approval of the base closure recommendations directly affects the budget. First, large initial investments are needed to make the proposed changes and realignments — the big costs being up-front construction and environmental clean-up. The Army is still paying for the 1988 base closure program. The savings will come later. Future budget projections and assumed savings are based on the premise that closures and realignments will be executed on schedule. If not, the failure to achieve the savings will force cuts elsewhere in the program.

Force Model for the Future Army

The Army plan is to draw down to a four-corps, 20-division force by the mid-1990s. The future Army will be based largely in the continental U.S. (CONUS) with a forward presence in Europe and the Pacific. Army strength is projected to drop to 535,000 for the active component and 550,000 for the reserve components by FY 1995.

The Army's 12 active divisions would consist of eight heavy, one airborne, one air assault and two light divisions. Proposed for the Army National Guard would be six fully structured divisions and two cadre divisions. In addition, there would be separate combat brigades, special operations forces and the essential combat support and combat service support elements.

ARMY FUTURE FY 1995

Active Duty Strength	535,000
Reserve Component Strength	550,000
Corps	4
Active Divisions	12
Reserve Component Divisions	6 Structured 2 Cadre

As currently visualized, the force in Europe would consist of one corps and two heavy divisions. Other forward deployed forces would include a division in Korea and a light division in Hawaii.

The Army in CONUS would be comprised of a contingency force of one corps and five divisions (two heavy, one light, one air assault and one airborne). *

Early reinforcement forces would consist of three active divisions, each rounded out by a reserve component brigade. Other follow-on forces requiring longer preparation times (60 days) would incorporate the six fully structured Army National Guard divisions. Two corps would be available for the command and control headquarters for early reinforcing or follow-on reinforcing units.

Additional long-term requirements would lead to filling and training the two cadre divisions. Manning and equipping levels for these two are still being developed. In case of total mobilization, additional new divisions would be formed and trained. Implicit in all of this are the necessary additional general support forces.

Framework for Assessment

A major challenge in dealing with the Army's program is to visualize in a logical fashion three separate objectives which must be dealt with in a coherent fashion. All demand a successful outcome, but by their nature are not all mutually compatible.

These are referred to by Army Chief of Staff Vuono as his three vectors. First, the one which has commanded our full attention and enjoyed top priority for the past six months, was the execution of Operations Desert Shield and Desert Storm. Second is the maintenance of a ready, well-trained, quality Army during the transition. This dominates Army planning concerning the kind of force needed now and for the future. If we have learned only one lesson, it is no more hollow forces. Third is the awesome task of reshaping the Army to a smaller, highly effective force without losing its readiness edge — a process which will cut Army strength by over 25 percent during the next five years.

The budget, as presented to Congress, does not include Desert Shield or Desert Storm costs, but they will be a part of the congressional debate.

All budget requests must be within the agreed funding caps for FY 1992 and 1993 with the budget top line as the overriding consideration. The same principle extends to future projections through FY 1997. It all must fit. Having to handle something on the order of the Persian Gulf War off-budget stretches the imagination. The mechanism for funding these costs for FY 1991 was described in Part I. Army spill-over into FY 1992 — and there will be some — will have to be accommodated by separate actions not currently provided for in the budget.

* (Note: There is an apparent inconsistency between the Army Force Model and the JCS planned allocation to the Force Structure Concept covered in Part I. The Army shows five divisions in the contingency force, while the JCS shows four Army divisions. In the JCS model, the fifth division is counted under Atlantic Forces. Since the target date is FY 1995 and all plans are tentative, we are confident this will be reconciled in due course.)

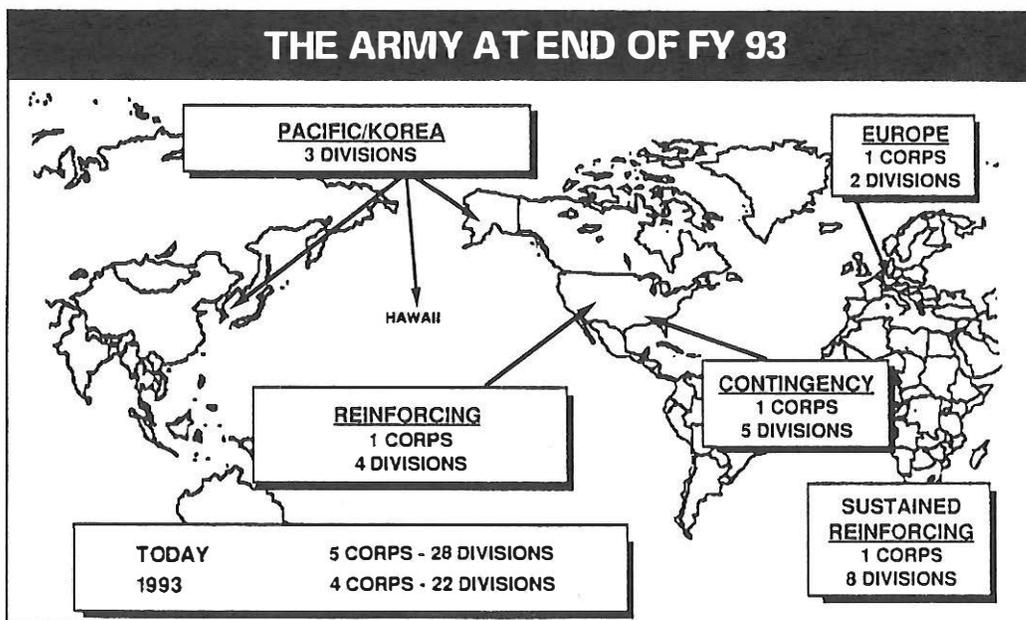
ARMY BUDGET HIGHLIGHTS

Structure

The Army's structure consists of combat forces (heavy, light and special operations), their supporting elements and base activities. The Total Army Force includes the active component, the reserve components and civilian employees.

Current plans call for the Army to draw down to a four-corps and 22-division force by FY 1993 on its way to the future 20-division force described in the previous section.

A visualization of major Army forces and projected dispositions by FY 1993 are shown on the following chart. It includes both active and National Guard divisions.



In the process of realignment, some shifting and repositioning of units, including planned deactivations, will take place. This will include the withdrawal of some forces from Europe and further repositioning and deactivation of some units in CONUS.

Desert Storm has significantly complicated force planning, and some delays are inevitable. The designation of additional units to be deactivated has not yet been announced nor has the full schedule of deactivations been made public. Also, some future stationing plans are hung up pending action by the Base Closure Commission and subsequent approval by Congress and the president.

What we do know is that between now and FY 1993, the Army will be working toward a force that is more CONUS-oriented with emphasis on its projection capability. The Army strength by the end of FY 1993 is programmed to be 618,000 active, 366,000 National Guard and 255,000 Reserve. Unless Congress modifies some of the reductions, this will require major cuts from present Army strength. Two more active divisions (not yet designated) will be inactivated, in addition to 2d Armored Division and the 9th Motorized Division, which are now phasing out.

An interesting note on Army structure relates to the Special Operations Forces (SOF), the only element with some expansion in process. The SOF consists of special forces, ranger units, special operations aviation, and psychological operations and civil affairs units. Army SOF, both active and reserve, constitutes 70 percent of total defense SOF personnel.

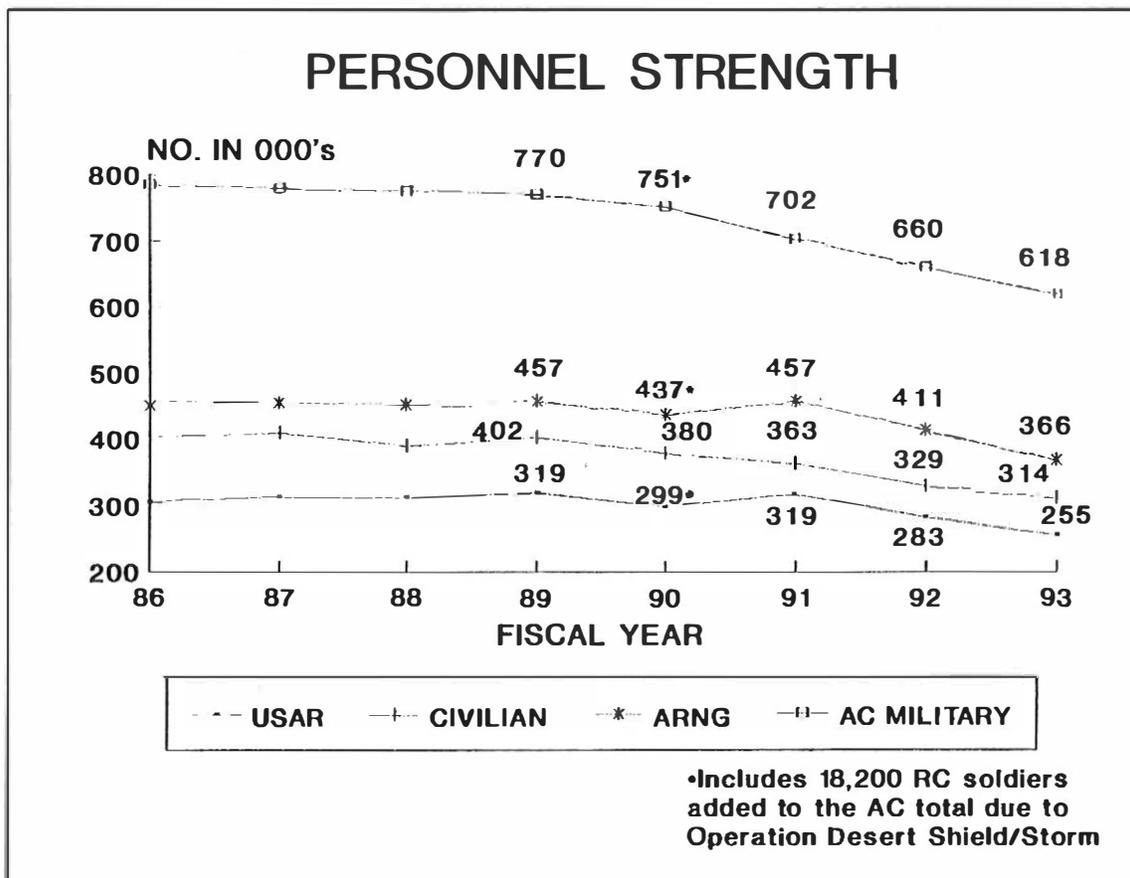
The Army recently activated the U.S. Army Special Operations Command to serve as the Army component headquarters of the U.S. Special Operations Command (a joint command).

The Army also activated another Special Forces group headquarters with all battalions to be activated by FY 1993. This will make a total of nine Army Special Forces Groups (five active, two National Guard, and two Reserve).

The single greatest concern in making these changes is the rate of reduction required. Desert Storm put a temporary hold on restructuring which now creates heavy pressures to catch up. We learned hard lessons in the aftermath of both the Korean War and Vietnam — that personnel reductions cannot get ahead of force restructuring without creating a chaotic situation. Unfortunately, the dollars in the budget are tied to personnel strength levels.

Personnel

The following chart on Army personnel strength speaks volumes on what is occurring and what is projected through the budget years FY 1992 and 1993.



Strength in all categories is headed down. Desert Storm has interfered with an orderly transition plan which was expected to get well underway during FY 1991. Instead, at one time early this year, with stop-loss in effect and a number of reservists on active duty, the total Army active force approached 900,000. While the strength level is rapidly falling, the Secretary of the Army has stated that the Army will not be down to the 702,000 active military target strength by the end of FY 1991 and will require a waiver. This is expected to be on the order of an additional 8,000 personnel. The cost of this overstrength will presumably be charged against Desert Storm, but there are no funds in the budget to slip beyond FY 1992.

It should be noted that last year Congress restored strength to the Army National Guard and the Army Reserve in FY 1991 to the same levels as FY 1989, and provided language in the FY 1991 Appropriations Conference Report (referring to the reserve components) which directed "the Department not to propose any force structure reductions in FY 1992 solely for budgetary reasons." Both future strength levels and force structure for the reserve components are controversial and will be congressional issues. Restoration above FY 1992 and FY 1993 projected levels, however, will create an unfunded demand.

Army civilian strength also shows a downward projection of about 22 percent from FY 1989 to FY 1993. Funding for these employees is included in a number of accounts, primarily Operations and Maintenance; the impact of these cuts is felt most heavily on the Army Materiel Command.

The surge effort required for support of Desert Shield/Desert Storm necessitated managing around these work force reductions. General Tuttle, commanding general of the Army Materiel Command, referred to "a patriotic work force who responded to the Operation Desert Shield emergency, working seven days a week with pink slips in their pockets." The demands of Desert Shield/Desert Storm are not over, pending return of vast quantities of equipment and supplies, all requiring classification, storage, maintenance or reissue to CONUS units.

The most troubling problem facing the Army in the near term is the management of the active force drawdown. As already noted, the Army will not be able to reach end strength figures for FY 1991. This seriously compounds the problem for FY 1992 when the cut, now estimated to be 50,000, is compared with the 35,000-per-year reduction the Army had determined to be reasonably manageable. Logic would dictate that the end strength target for FY 1992 should also be slipped, but this may not be acceptable to either the Secretary of Defense or Congress, since there are no reprogrammable funds to cover the costs.

Recognizing the problems imposed on a large number of military personnel (all volunteers and many with families) who will be forced to leave the service in the next few years, Congress included a benefits package in the FY 1991 defense budget. Major provisions were:

- Severance pay for enlisted personnel with six years' service.
- Medical care for separatees and families based on length of service.

- Separation counseling expanded in scope and including spouses.
- Job placement through job fairs and referral services.
- Relocation assistance including moving expenses and leave for house and job-hunting trips.
- Education benefits to include allowing all separatees to be enrolled in the Montgomery GI Bill.
- Authority for separatees to remain in government housing for up to 180 days.
- Commissary and exchange privileges for up to two years.

There is some concern over recruiting problems in the post-Desert Storm environment for both the active and reserve components, but so far there are no serious trends to raise a red flag. The requirements for new accessions will go down; to date (FY 1991), quality volunteers are being enlisted to fill existing needs. Incentives, however, in the form of educational benefits and bonuses must continue. The vast majority of new soldiers participate in the Montgomery GI Bill.

On a positive note, the budget requests pay raises of 4.2 percent in FY 1992 and 4.7 percent in FY 1993 for both military and civilian personnel.

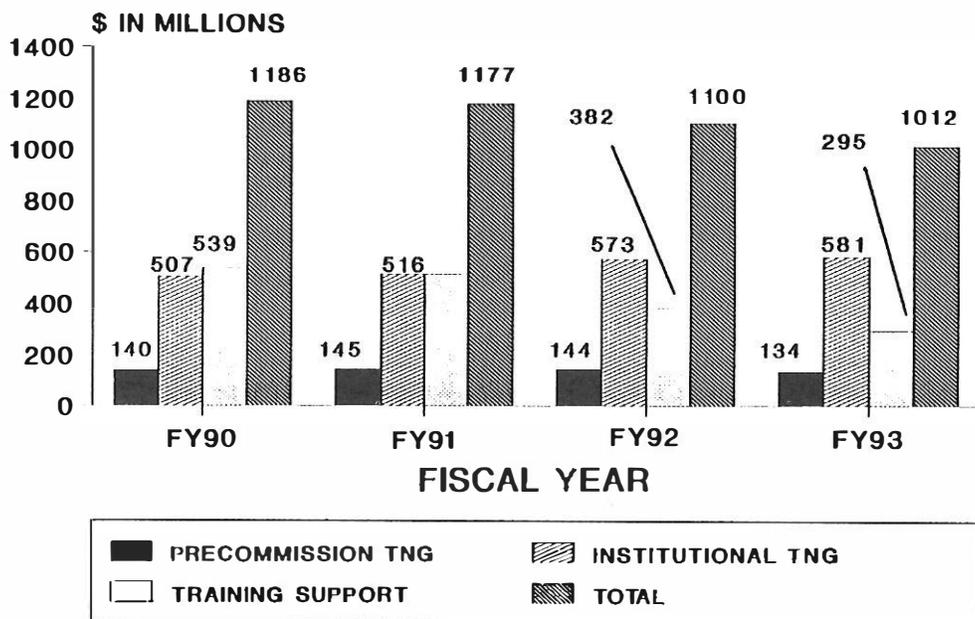
Training

The Army looks at its training requirements as individual training, unit training and leadership development. For budget purposes, leadership development is subsumed under either individual or unit training.

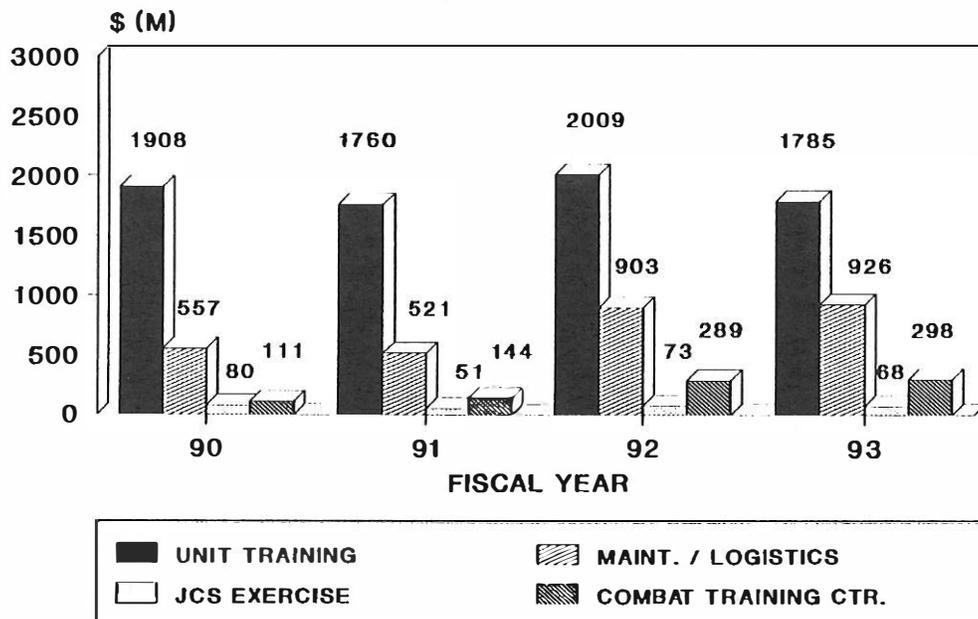
Individual training ranges from basic training for new enlistees to the very highest levels of senior service schools and everything in between. Unit training conducted in the field develops and hones warfighting and leadership skills in a unit environment. It encompasses all aspects of field training to include joint exercises.

Training readiness is at the top of the Army priority list. In Operation Desert Storm the quality of training and the readiness of the deployable forces paid huge dividends and the Army expects to continue with the same tough regimen of individual, unit and leader development programs in the future. Funding for Army training in the budget is found largely in Program 8T (Individual Training) of the Operations and Maintenance, Army appropriation and in Program 2 (General Purpose Forces) for unit or force training. Dollar totals in these categories for fiscal years 1990 through 1993 are shown in the following charts:

TRAINING INDIVIDUAL TRAINING (P8T MSN)



OPERATIONS / TRAINING PROGRAM 2 (MISSION)



While it may appear that the dollar stream is going down somewhat, this is explained by the impact of base closures and by the decreasing size of the total force with fewer new accessions requiring initial entry training. Training criteria and training standards will not be eroded. For example: OPTEMPO remains the same as FY 1991 for vehicles (800 miles per year), and flying hours (14.5 hours per crew per month). RC operating tempos are funded proportionally to the pace of their operations.

The budget continues to fully support the Combat Training Centers:

- The National Training Center (NTC) at Fort Irwin, CA, will incorporate light divisions into the training and will handle 33 to 35 battalions on an annual basis. The NTC provides an excellent environment to test and validate lessons from Operation Desert Storm.

- The Joint Readiness Training Center (JRTC) at Fort Chaffee, AR, will train 12 light battalions in FY 1992 and 16 light battalions in FY 1993. Note that under current base realignment proposals the JRTC would move from Fort Chaffee to Fort Polk, LA, sometime in the future.

- The Combat Maneuver Training Center (CMTC), located in Hohenfels, Germany, will support 16 battalion rotations. The reduction in rotations, down from 43 in FY 1990, results from the reduced force structure in Europe.

- The Battle Command Training Program (BCTP), which is a computer driven exercise for division and corps staffs, would support 13 exercises each in FY 1992 and 1993.

JCS exercises are an important part of the training program to improve joint warfighting capabilities. The Army budget requests \$68.2 million in FY 1993 for Army participation in JCS exercises. Ninety percent are conducted overseas. The key ones include:

- Reforger. A CONUS-based deployment exercise to demonstrate rapid reinforcement of NATO and to test NATO interoperability and general defense plans. Reforger exercises are being scaled down in the future with more use of computer simulation.

- Team Spirit. An annual field training exercise in Korea involving forces from both the U.S. and the Republic of Korea. Principal U.S. participation includes I Corps from Fort Lewis, the 25th Infantry Division from Hawaii and a large number of reserve component support units.

- Bright Star. An overseas deployment exercise conducted every other year in Egypt and several Middle Eastern countries. Over 6,000 U.S. soldiers participated in Bright Star 90. Lessons learned during Bright Star were of great value for Desert Storm.

- Fuertes Caminos and Ahaus Tara. Exercises which involve deployment of CONUS-based forces to Central and South America. The primary focus is nation assistance. The participants are largely from the reserve components.

Initiatives to improve training at less cost through the use of innovations such as distributed training, training devices and simulators, and computer war games are also funded in the budget request.

TRADOC schools are exploring strategies for using distributed training with the objective of saving resources and reducing the size of resident training by delivering training to students when and where needed. The intent is to expand instruction over time using a variety of print, video type, magnetic, optical, on-line communications, and video instructional systems.

Other efforts include the Army Family of Simulations (FAMSM) program, which uses computer war games to support company through corps staff and leadership training. In addition, the Army is progressively incorporating simulators and devices into field training to enhance realism and reduce costs.

Research, Development and Acquisition (RDA)

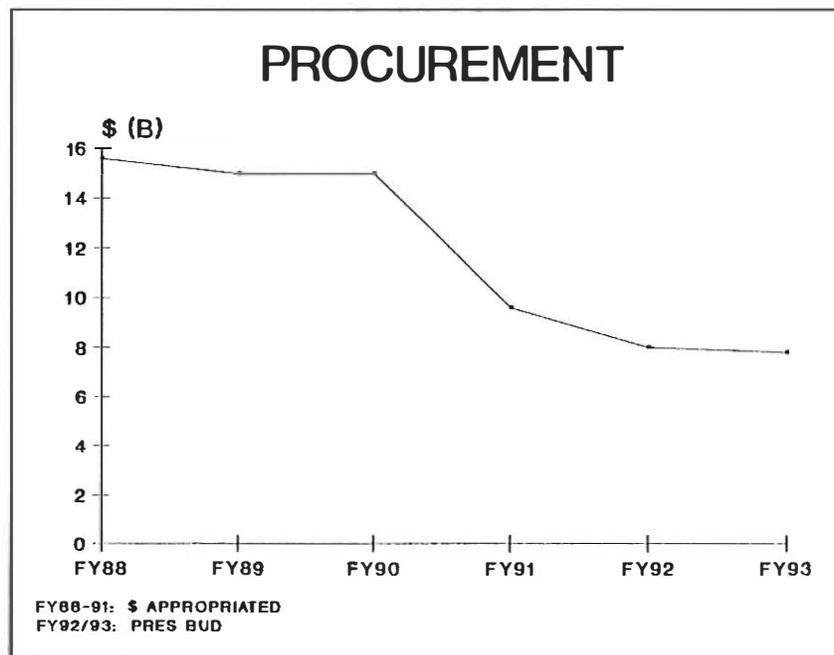
The RDA budget incorporates the resources both for Army procurement appropriations and for all RDT&E devoted to the development and acquisition of weapons and equipment.

Equipment modernization is a continuous process extending from the definition of needs, through development and acquisition to fielding. The objective is to equip soldiers with technologically superior weapons that will overmatch capabilities of any potential enemies.

The discussion of RDA is divided into procurement and research and development.

Procurement

Procurement funding is identified by five separate appropriations: Aircraft, Missiles, Weapons and Tracked Combat Vehicles, Ammunition and Other Procurement. The total Army procurement funding profile is shown on the following chart.



The chart graphically portrays what is happening to Army acquisition funding—almost a 50 percent drop from FY 1988 to FY 1993 in current dollars. This is indicative of the many system terminations and buy-outs with few new starts. The Army’s procurement request amounts to only 12.6 percent of the DOD procurement budget in FY 1992 and 11.4 percent in FY 1993.

The breakout of budgeted funding by separate appropriations shows:

PROCUREMENT			
(\$ in Millions)			
<u>APPROPRIATION</u>	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
Aircraft	\$1,048.1	\$1,667.7	\$1,247.4
Missiles	2,216.3	1,106.7	1,341.9
Weapons & Tracked Combat Vehicles	1,929.2	839.1	574.3
Ammunition	1,338.5	1,249.8	1,195.4
Other Procurement	<u>2,491.9</u>	<u>3,163.8</u>	<u>3,254.4</u>
TOTAL	\$9,024.0	\$8,027.1	\$7,613.4

During the 1980s the Army was acquiring the “big-five” weapon systems: Abrams Tank, Bradley Fighting Vehicle, Apache Attack Helicopter, Black Hawk Medium Lift Helicopter, and Patriot Missile System. With projected force cuts, these systems are closing on the final quantities needed to equip the future force. The only major additional procurement of “big-five” hardware is for the Black Hawk, and this is to upgrade reserve component units.

Assistant Secretary of Defense Stephen Conner, in a statement before the House Armed Services Committee on March 21, 1991, illustrated the dilemma in discussing RDA: “In 1985 ... the smallest annual procurement then for any of the top 10 systems was about \$450 million. Consider the top 10 today. Above the level of \$450 million, which was the lowest funded program on the 1985 list, we have two programs. The top one, Light Helicopter, is still an R&D program, and number two is the Black Hawk.”

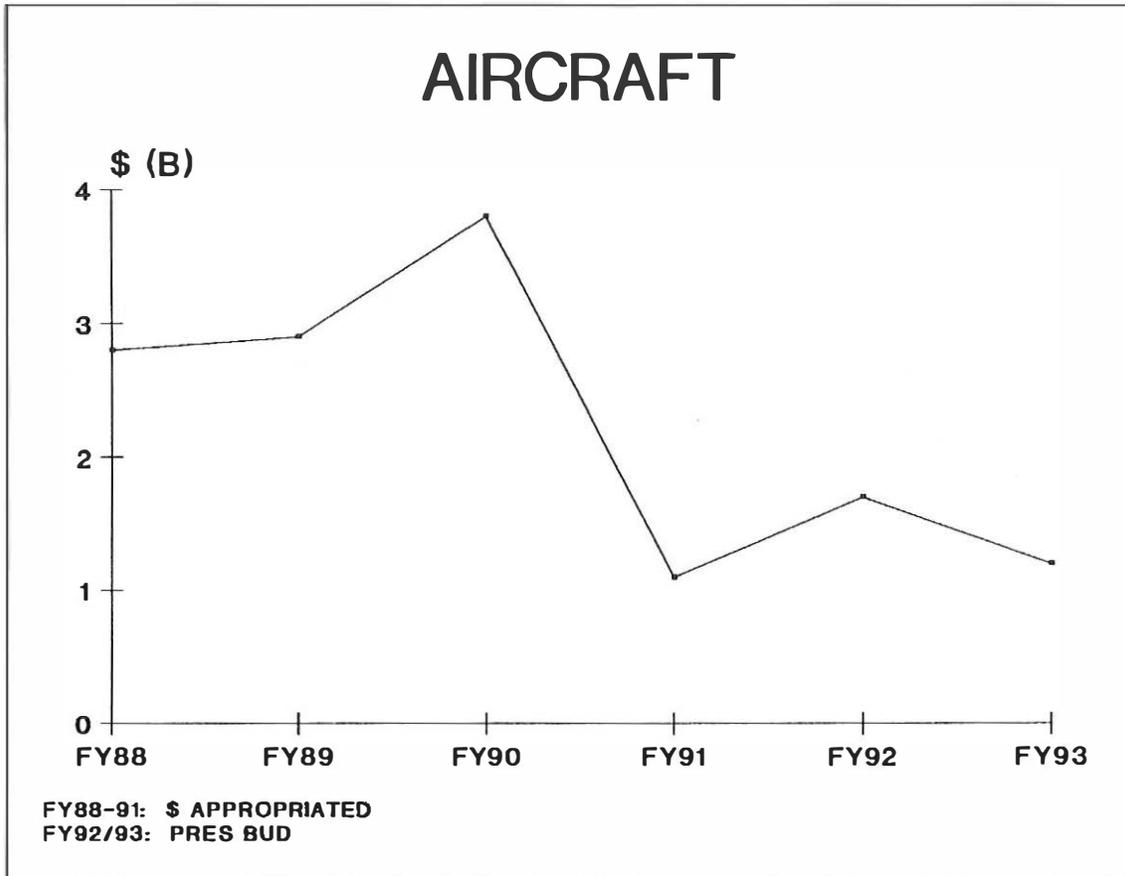
It should be noted that the Army has no item in the top 10 procurement items requested by DOD in FY 1992 and only one, the UH-60 Black Hawk helicopter, makes the top 20. In the past five years there has been a deep decline in the Army’s procurement budget and since FY 1985 Army procurement has declined 65 percent in real terms.

Each of the five procurement appropriations in the budget is summarized below (showing the projected funding curve for each and listing selected line items, defined as those which have a requested funding level of at least \$100 million for one of the two new budget years).

A more detailed listing of procurement line items is found at Appendix II.

AIRCRAFT

The Aircraft appropriation includes the acquisition of aircraft, aircraft modifications, spares, repair parts, support equipment and facilities. The Army request is for \$1.67 billion in FY 1992 and \$1.25 billion in FY 1993 (of which \$479 million in FY 1992 and \$412 million in FY 1993 are for the reserve components). Included is new acquisition funding for three aircraft: Guardrail Common Sensor, AH-64 Apache Attack Helicopter and UH-60 Black Hawk Helicopter. Modification funding is requested for Guardrail, AH-64 Apache Attack Helicopter, CH-47 Chinook Cargo Helicopter, OH-58 Kiowa Scout Helicopter and UH-60 Black Hawk Helicopter.



Selected Items, Aircraft (\$ millions):

Item	FY 1991	FY 1992	FY 1993
	Qty/\$	Qty/\$	Qty/\$
• Guardrail Common Sensor	3/ 87.4	6/189.5	5/109.2

Guardrail provides communications intercept and direction finding. The item in the budget has an improved follow-on capability to replace older Guardrail systems. With the code name GR/CS, it is carried on the RC-12D fixed-wing aircraft. It provides division and corps commanders with information to target and destroy enemy command, control and communications nodes and radar.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• AH-64 Attack Helicopter (Apache)	—/ 91.1	—/142.1	—/142.1

The Apache is the Army's primary airborne antitank weapon system. It can employ a mix of up to 16 Hellfire AT missiles, 76 2.75-inch rockets and 1,200 rounds of 30mm cannon ammunition. It is designed to fight day and night and in adverse weather conditions using its advanced target acquisition designation sight (TADS) and pilot night vision sensor (PNVS). The system performed exceptionally well during Desert Storm. New acquisition for the AH-64 was halted with total procurement of 807 aircraft. The FY 1992-1993 budget includes annual costs to support the follow-on production delivery schedule.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• UH-60 Black Hawk Helicopter	48/104.5	60/507.5	60/419.0

The Black Hawk is the Army's primary tactical lift helicopter with the mission of air assault, resupply of troops in combat, command and control and medical evacuation. The latest model is the UH-60L with a more powerful engine giving it an added external lift of 1,000 pounds (now over 9,000 pounds). Procurement requested in the FY 1992-1993 budget is for the Army National Guard.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• CH-47 Chinook Cargo Helicopter (Mods)	*/290.9	*/256.9	*/ 18.9

*Modification — quantities not indicated.

Modernization of the CH-47 fleet to the "D" model configuration will be completed with FY 1992 production. The program is a major rebuild effort involving new transmissions, rotor blades, hydraulics, electrical system, auxiliary power units, flight control systems and two additional cargo hooks. This will extend the life of the fleet beyond the year 2000.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Armed OH-58D Scout Helicopter	*/ 13.2	*/183.2	*/ 93.5

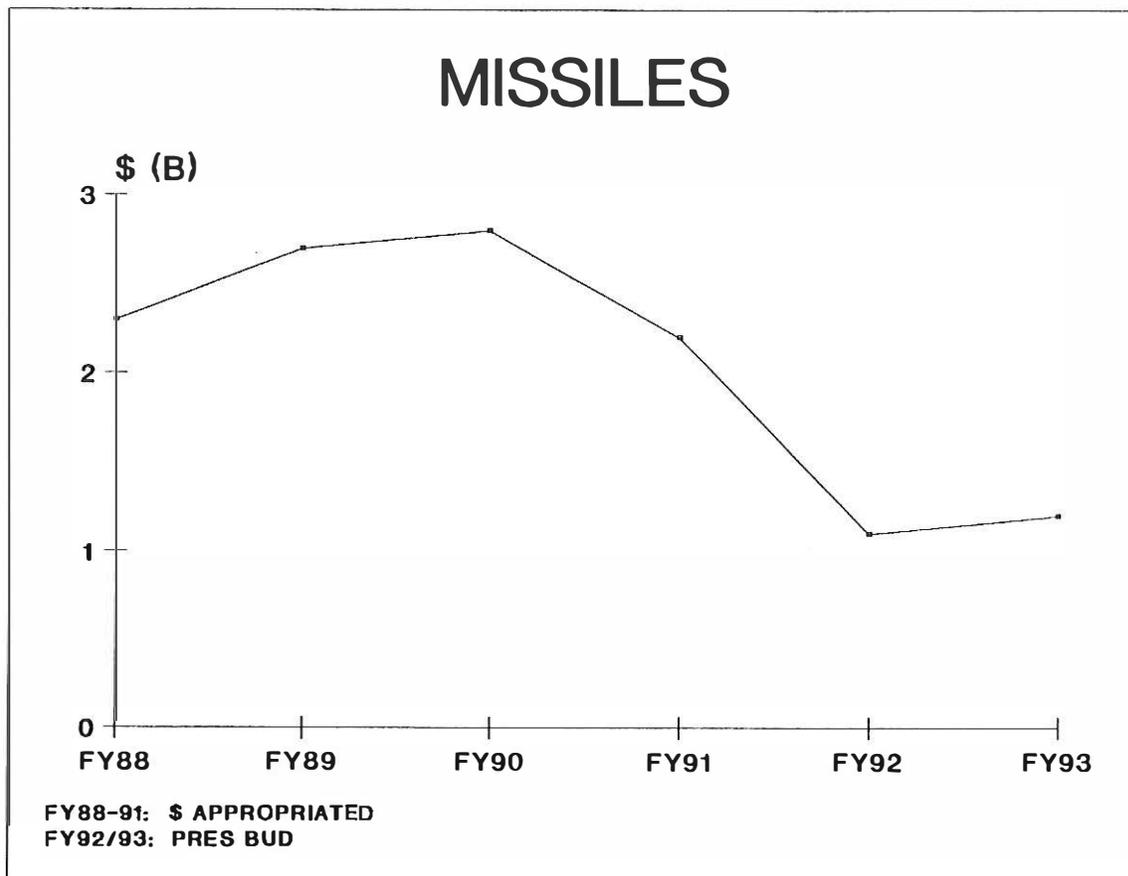
*Modification — quantities not indicated.

The OH-58D Kiowa Warrior is the Army's current scout helicopter. It performs the missions of armed reconnaissance, surveillance, intelligence gathering, target acquisition and designation, and target hand-off to field artillery units, attack helicopters or close air support aircraft. Its mast-mounted sight provides superior target detection and acquisition through its thermal imaging system, low level television and laser range finder/designator. Funding requested for the FY 1992-1993 budget is to retrofit the Kiowa Warrior with a number of upgrades, to include adding air-to-air Stinger missiles and air-to-ground weapons. The Stinger will provide a capability against airborne threats. This aircraft performed extremely well in Desert Storm.

MISSILES

The missile appropriation includes acquisition of missiles, missile modifications, spares, repair parts, support equipment and facilities. The appropriation request is for \$1.11 billion in FY 1992 and \$1.34 billion in FY 1993. The request includes nine missile systems spanning three mission areas. In Air Defense, the systems are Patriot, Avenger, Stinger and Chaparral. The Deep Fire Systems include the Multiple Launch Rocket System (MLRS) and the Army Tactical Missile System (ATACMS). The Close Combat Missile Systems are TOW 2B, Hellfire and Advanced Antitank Weapon System-Medium (AAWS-M).

Modification requests include Patriot product improvements, an optical improvement to TOW, and improvements to the MLRS launcher to adapt it for ATACMS and the planned MLRS family of smart munitions.



Selected Items, Missiles (\$ millions):

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Line-of-Sight-Forward Heavy (LOS-F-H) System	—	—	115/208.8

The LOS-F-H system, also identified as the Air Defense Anti-tank System (ADATS), is a weapon designed to maneuver with the combined arms team and to protect tanks and infantry fighting vehicles from enemy helicopter and fixed wing aircraft attack. It was approved for low rate initial production in FY 1989. Technical and operational testing proved that ADATS met or exceeded all performance requirements, except reliability; the program was extended two years to fix the reliability problem. The FY 1993 budget request initiates production.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Patriot Missile System	817/735.7	—/107.1	—/ 19.2

Patriot is the Army's advanced high-to-medium altitude air defense system to counter the theater fixed-wing and tactical ballistic missile threat. Patriot's fast reaction time and multiple engagement capability in a severe electronic countermeasure (ECM) environment denies saturation attack options. Patriot antimissile capability (with the new PAC-2 missile), used extensively in Operation Desert Storm, proved the Patriot can operate effectively in the face of tactical ballistic missile threats. FY 1991 procurement completed the Army's buy of Patriot PAC-2 missiles. The FY 1992 budget request provides for Patriot improvements and procurement of ground support equipment.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Avenger Missile System	88/117.6	144/180.1	144/150.5

Also called the Line-of-Sight Rear (LOS-R) system, the Avenger counters the predominantly fixed-wing air threat to brigade and division rear areas. Avenger integrates a combat-proven Stinger missile onto a HMMWV to provide a day or night, shoot-on-the-move system operated by a two-man crew. Full scale production began in FY 1990. The FY 1992 budget requests are the second and third year of a five-year multiyear procurement.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Laser Hellfire System	3,002/106.0	112/ 19.7	2,543/120.2

Hellfire is an air-to-ground, antiarmor missile system designed to defeat individual hardpoint targets. Hellfire homes on a laser spot that can be projected from ground observers, other aircraft or the launching aircraft itself. New procurement will be with an improved warhead. The new version is identified as Hellfire Optimized Missile System (HOMS). The HOMS version is currently under full-scale development. Quantity procurement is programmed for FY 1993.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Advanced Anti-tank Weapon System-Medium (AAWS-M)	—/ 15.6	—/ 70.9	1,213/176.3

AAWS-M, also named the Javelin, will replace the existing Dragon as the infantry antitank weapon designed to defeat the projected armor threat. It will be a one-man portable weapon which will provide a fire-and-forget capability and operate in an environment of obscurants and electro-optical countermeasures. The program was stretched from a 36 to a 48-month full-scale development program to permit the restructuring needed to achieve acceptable technical risk and to control costs. On this basis, FY 1992 funding is expected to be reprogrammed to RDT&E, with advanced procurement only for FY 1993 and low rate production in FY 1994.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• TOW 2 Missile System	10,284/175.3	10,000/200.6	9,440/187.1

The Tube-Launched, Optically Tracked, Wire Command-Link Guided (TOW) Missile is the Army's heavy antiarmor/assault weapon system. The TOW is capable of operation from the ground and from vehicles and helicopters, and is effective against tanks, armored vehicles, fortifications and other targets. It is mounted on the Improved TOW Vehicle, the Bradley Fighting Vehicle, the HMMWV and the Cobra Helicopter.

Since its introduction, the TOW has had several product improvements. The latest, the TOW 2B missile, with greatly improved system lethality, completed development in the first quarter of FY 1991. The budget request is for 10,000 missiles in FY 1992 and 9,440 in FY 1993. TOW was employed in Desert Storm with highly positive results.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• MLRS Rockets Launchers	36,000/329.2 66/133.3	43/181.2	34/169.6

The Multiple Launch Rocket System (MLRS) is an artillery rocket system whose primary missions are counterfire and suppression of enemy air defenses. Each MLRS launcher carries and can fire 12 rockets. It is the planned carrier for a family of munitions to include the Sense and Destroy Armor (SADARM) warhead. Modifications are being made to launch deep attack munitions, such as the Army Tactical Missile System (ATACMS), as well as other members of the MLRS family of munitions. MLRS proved itself in Desert Storm by providing division and corps commanders an all-weather indirect fire system for delivery of devastating firepower. The FY 1992 Army budget requests funding for 43 launchers, but no additional rockets, because of funding limitations. FY 1993 requests an additional 34 launchers. Funds are also included under another line item to modify the current MLRS. This effort continues the M270 Self-Propelled Loader Launcher improvements and, when applied, will permit launching of deep attack munitions such as ATACMS.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Army Tactical Missile System (ATACMS)	318/186.9	300/174.9	351/192.4

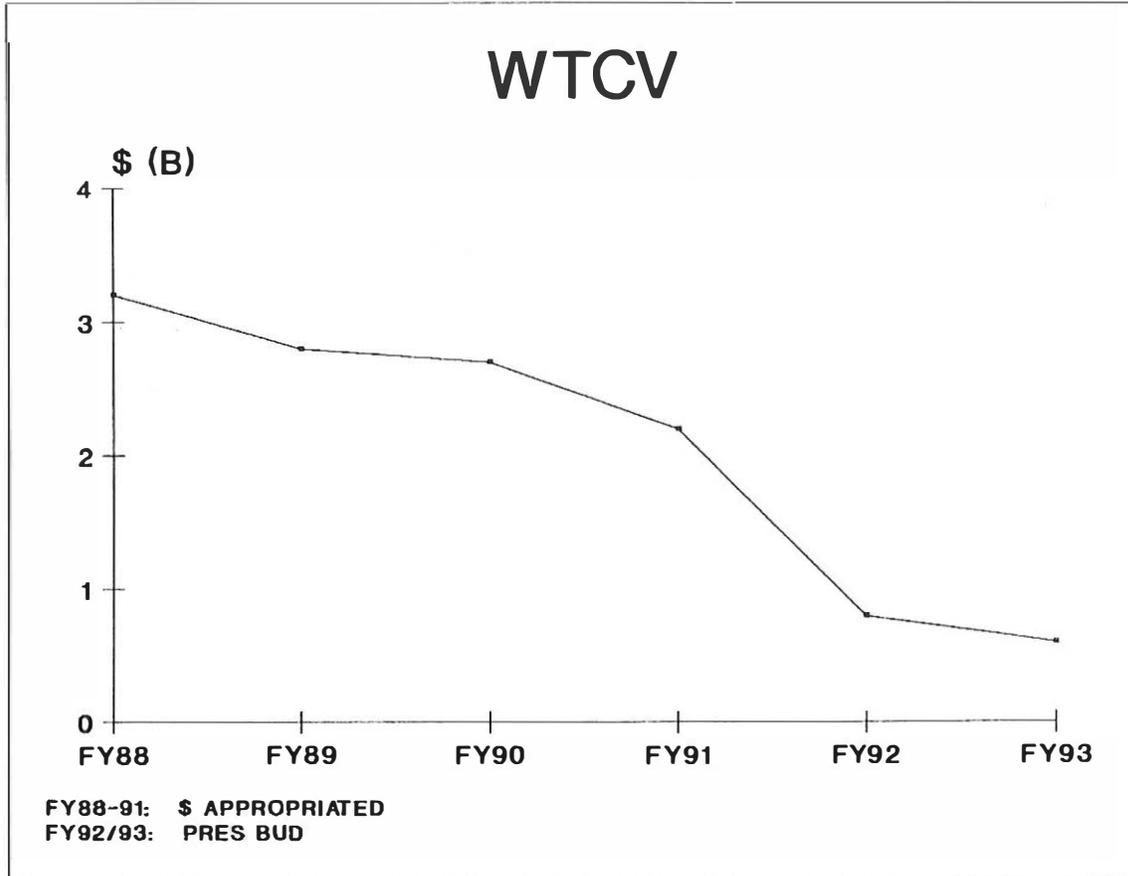
ATACMS is a conventional semi-ballistic missile designed to attack enemy second echelon forces. It is fired from a modified version of the M270 (MLRS) Self-Propelled Loader Launcher. Initial deployment of the deep attack launchers went to the units participating in Operation Desert Storm. ATACMS provides a significant additional capability to MLRS units without requiring additional force structure. All U.S. MLRS launchers will eventually be converted to the deep attack version and will be capable of firing ATACMS. It will have growth potential to accommodate future warheads with smart submunitions to attack second echelon targets.

ATACMS use during Operation Desert Storm was highly successful. Targets included surface-to-air missile sites, logistics and POL sites, rocket launcher units and artillery batteries. The battle damage assessments confirm that the majority of targets were damaged or destroyed.

The Army budget requests funding for 300 ATACMS in FY 1992 and 351 in FY 1993.

WEAPONS AND TRACKED COMBAT VEHICLES (WTCV)

The WTCV appropriation has two components: (1) Tracked Combat Vehicles and (2) Weapons and Other Combat Vehicles. The appropriation request is for \$839 million in FY 1992 and \$574 million in FY 1993, of which \$14.9 million in FY 1992 and \$47.5 million in FY 1993 are for the reserve components. This request continues procurement funding for the Abrams Tank, the Bradley Fighting Vehicle System, and the 155mm Howitzer Improvement Program (HIP). The request also provides funding for the 105mm Light Howitzer (M119), the 120mm Mortar, the Squad Automatic Weapon and the M16A2 Rifle. In addition, funds are requested for modifications to other current systems.



Selected Items, WTCV (\$ millions):

Item	FY 1991	FY 1992	FY 1993
	Qty/\$	Qty/\$	Qty/\$
• Bradley Fighting Vehicle (BFV) System	600/657.4	—/109.1	—/107.6

The BFV provides the mechanized infantry with a light fighting vehicle (M2), and the scout and armored cavalry units with a vehicle for screening, reconnaissance and security missions (M3). The survivability-enhanced versions, identified as M2A2 and M3A2, contain improved armor, spall liners and some restowage of fuel and ammunition. Future deliveries (beyond FY 1991) result from the final contract for the Bradley signed in FY 1991. No additional contracting for new production is anticipated at this time. The amounts budgeted for FY 1992 and FY 1993 reflect annual costs to support the production delivery schedule. The Bradley received high performance reports in Desert Storm.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Bradley Fighting Vehicle System (Mod)	*/ 94.7	*/185.5	*/ 35.7

*Modification — quantities not indicated.

The requested funding for the Bradley Modification program provides continued improvements to convert the vehicles to the M2A2 and M3A2 versions. These improvements include: replacement of the 500-horsepower engine and transmission with the 600-horsepower powertrain, addition of the high survivability package (including the 30mm protection level armor applique) and incorporation of laser eye-protection filters. The modification funds also support armor tile procurement.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• M109A6 155mm Paladin Howitzer Improvement Program (HIP) (Mod)	*/180.9	*/161.6	*/133.2

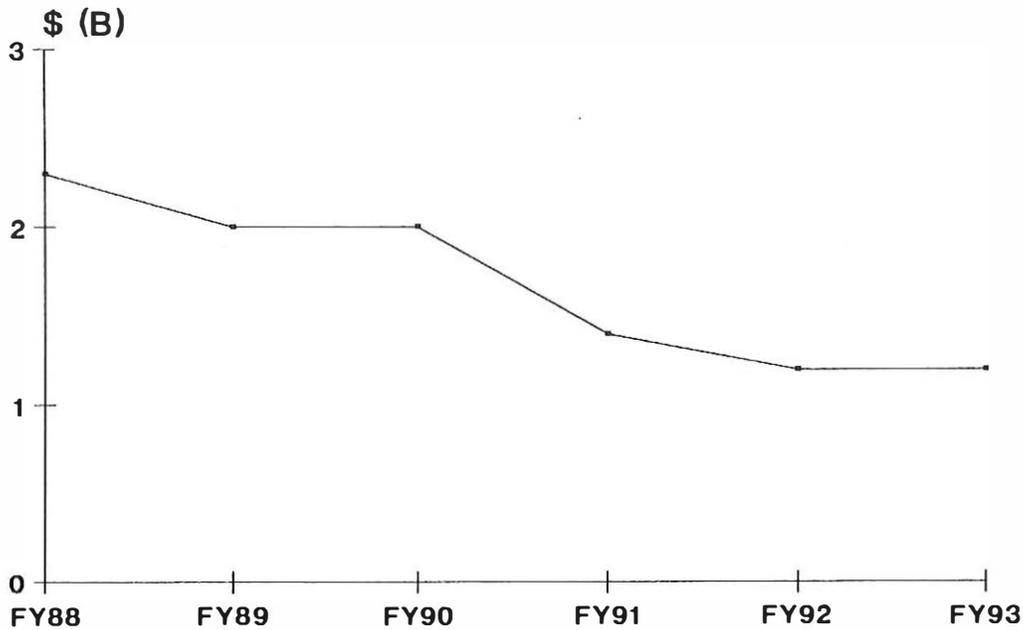
*Modification — quantities not indicated.

The M109A6 Paladin self-propelled howitzer is a substantially improved version of the current M109-series 155mm howitzer, first fielded in the early 1960s. Paladin will provide an increased range capability (24 kilometers unassisted and 30 kilometers rocket assisted), on-board automated ballistic computation, on-board land navigation system, built-in test equipment, survivability enhancements and crew microclimatic cooling. In FY 1990, the Army approved the Paladin for low rate production. Funding was provided for the modernization of 44 systems in the FY 1990 program and 60 in FY 1991. The budget request for FY 1992 supports an additional 60 systems.

AMMUNITION

This appropriation includes funding for ammunition end items and for production base support. The funding request is for \$1.25 billion in FY 1992 and \$1.20 billion in FY 1993, of which \$115.9 million in FY 1992 and \$46.4 million in FY 1993 are for reserve components. War reserve requirements account for approximately 60 percent of the requested funding for ammunition end items in FY 1992 and 52 percent in FY 1993. As the defense budget and thus ammunition appropriations decline, the ammunition industrial base will also continue to shrink. Fewer government-owned plants will remain active.

AMMUNITION



FY88-91: \$ APPROPRIATED
 FY92/93: PRES BUD

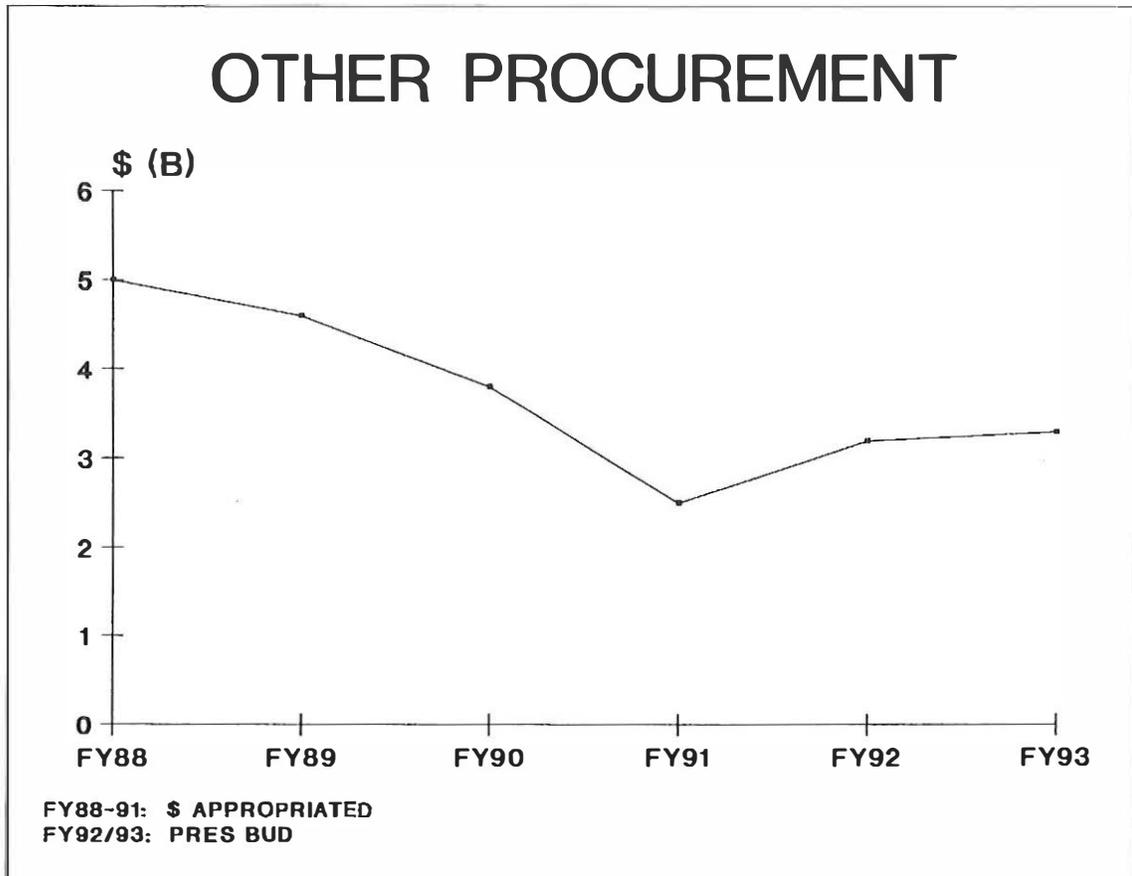
Selected Items, Ammunition (\$ millions):

Item	FY 1991	FY 1992	FY 1993
• Tank Ammunition	393.9	457.3	368.2
• Artillery Ammunition	192.9	298.7	320.2

OTHER PROCUREMENT ARMY (OPA)

This is the largest of the Army procurement appropriations and includes three major subsets: (1) Tactical and Support Vehicles, (2) Communications and Electronics Equipment and (3) Other Support Equipment. Total appropriation requests are \$3.16 billion in FY 1992 and \$3.25 billion in FY 1993, of which \$234 million in FY 1992 and \$286 million in FY 1993 are for reserve components.

Tactical and Support Vehicles contribute to unit mobility and combat effectiveness by providing the combat units with weapon carriers, command and control platforms, troop transport vehicles to evacuate injured personnel and means to transport ammunition and fuel. In addition, forward deployed units are supported and sustained by tactical vehicles transporting a multitude of items. Key items in the budget funded by this budget activity in FY 1992 and FY 1993 include the HMMWV, family of medium tactical vehicles, family of heavy tactical vehicles, and heavy equipment transporter systems.



The second budget activity, Communications and Electronics Equipment, covers a wide variety of items relating to communications, command and control, information security, intelligence and counterintelligence, night vision and Automated Data Processing (ADP).

The third budget activity, designated Other Support Equipment, provides for a variety of specialized equipment such as chemical defense equipment required for contamination avoidance, individual protection and decontamination; tactical water support equipment; petroleum support equipment for the movement, storage and distribution of fuel; and state-of-the-art medical equipment. Also included in this category are electric generators, engineer equipment, training devices and a variety of other support items.

Selected Items, Other Procurement (\$ millions):

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• High Mobility Multipurpose Wheeled Vehicle (HMMWV)	8,030/252.4	7,302/282.1	6,922/241.9

The FY 1992-1993 program continues the successful High Mobility Multipurpose Wheeled Vehicle (HMMWV) program, which is in the fourth and fifth years of a five-year multiyear contract. The HMMWV is a durable and versatile tactical vehicle that may be configured as a cargo carrier and shelter carrier. It also serves as a platform for the TOW antitank weapons system and Pedestal Mounted Stinger as well as a towing vehicle for the M-119 Howitzer.

It was one of the success stories for the U.S. forces deployed in Saudi Arabia and has been called the "Desert Storm Dune Buggy." It is the Army's basic light workhorse.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Family of Medium Tactical Vehicles (FMTV)	359/ 56.3	1,815/161.0	3,288/291.1

The medium tactical vehicle fleet of both 2-1/2-ton and 5-ton class trucks is characterized by overage and increasingly hard-to-maintain vehicles and is plagued by overall vehicle shortages, particularly in the 5-ton class. The procurement for the new, state-of-the-art Family of Medium Tactical Vehicles (FMTV), scheduled for contract award in FY 1991, will begin to correct current medium tactical fleet deficiencies. This program is to be continued in FY 1992 and FY 1993.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Family of Heavy Tactical Vehicles - Palletized Load System (PLS)	423/150.6	281/ 99.7	961/335.1

The Palletized Load System (PLS) consists of a 16.5-ton truck self load-unload capability and a 16.5-ton companion trailer. PLS will enter low rate initial production by the end of FY 1991 with fielding beginning in the fourth quarter of FY 1992.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• SINCGARS Radio	*/295.1	*/287.5	*/291.7

*Quantities not indicated.

The Single Channel Ground and Airborne Radio System (SINCGARS) is the Army's new combat net radio, providing voice and data communications for tactical command and control. SINCGARS encompasses a family of lightweight, secure VHF/FM radios with greatly improved reliability and capability compared to the old radios it replaces. Performance is greatly enhanced by frequency hopping to evade enemy jamming. Reports from Desert Storm indicate excellent performance with very high reliability on the order of approximately 7,000 hours meantime between failure (MBF). The Army plans to field a total of about 256,000 units.

Item	FY 1991 Qty/\$	FY 1992 Qty/\$	FY 1993 Qty/\$
• Reserve Component Automation System (RCAS)	—	153.7	156.0

RCAS is a new state-of-the-art automated information system to support the reserve components. The RCAS network is designed for management of day-to-day operations in all functional areas and to improve mobilization planning, as well as to provide the means for mobilizing rapidly and effectively.

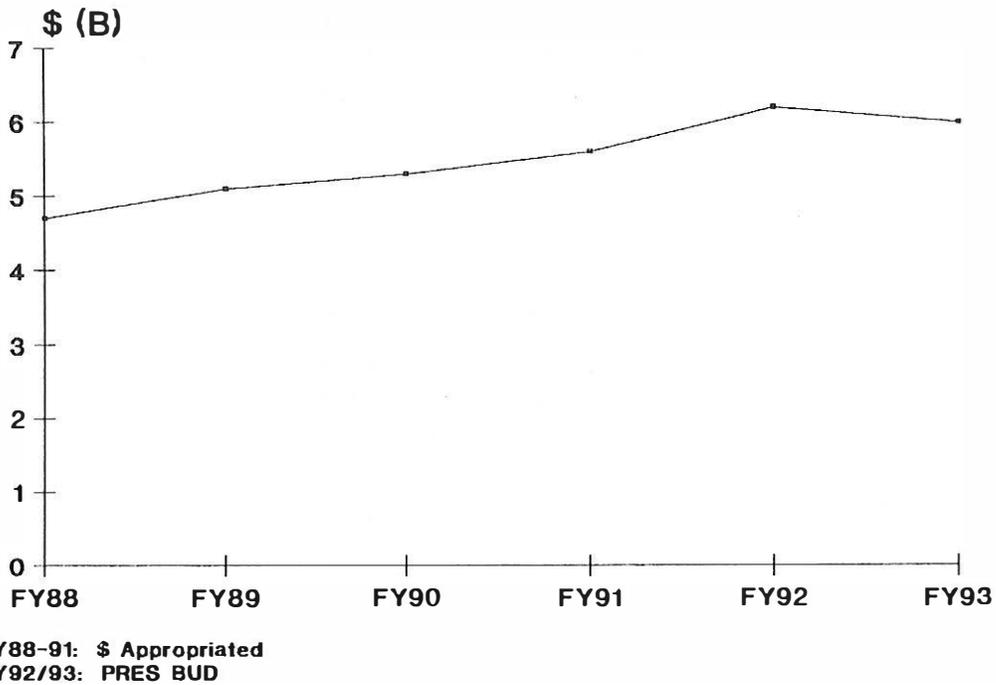
Research and Development

The Army Research, Development, Test and Evaluation (RDT&E) budget requests \$6.2 billion in FY 1992 and \$5.9 billion in FY 1993. It is holding a steady 8.7 percent of the Army budget for both years, which is slightly better than this account has fared in recent years. However, when compared with the rest of DOD, Army R&D is doing very poorly. In FY 1993, the Army is allocated somewhat less than 25 percent of the DOD budget, yet the Army share of the RDT&E program is only 14.4 percent.

The technology base (about 14 percent of the Army RDT&E budget) is an investment in the future. It is developed from a carefully prepared Army Technology Base Master Plan (ATBMP), the second edition of which was published in early 1991. The ATBMP provides strategic planning guidance to the Army's technology base organizations. It also sets the basis for the Army's Technology Base Investment Strategy linked to the Army Force Modernization Plan. The present policy is to maintain technology base funding at a constant level.

Technology base programs are intended to identify technological opportunities, evaluate feasibility, and demonstrate technical capabilities and potential. This leads to candidates for Advanced Technology Transition Demonstrations (ATTDs). For FY 1992, the Army has planned some 18 ATTDs involving such key programs as armor/antiarmor, countermine systems and techniques, armored systems, advanced sensor system technology, chemical and biological defense, and tactical missile defense.

RDTE



The last item on the RDT&E Budget Activity Chart is Defense Wide Mission Support, which will consume an estimated \$1.3 billion, or over 22 percent of the Army RDT&E budget for FY 1993. This covers a wide range of things such as base operations costs for RDT&E-funded facilities and installations, as well as defense wide activities for which the Army is the executive agent. It includes the operation of Kwajalein and White Sands Missile Ranges.

RESEARCH, DEVELOPMENT, TEST & EVALUATION, ARMY TOTALS BY BUDGET ACTIVITY (\$ in Millions)

	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
Technology Base	811.7	819.7	828.9
Advanced Technology Development	486.9	302.5	342.8
Strategic Programs	130.6	87.2	90.1
Tactical Programs	2,525.6	3,514.5	3,121.0
Intelligence & Communications	93.9	146.3	171.6
Defensewide Mission Support	<u>1,314.3</u>	<u>1,366.2</u>	<u>1,312.8</u>
TOTAL	5,362.9	6,236.4	5,867.3

NUMBERS MAY NOT ADD DUE TO ROUNDING

Army systems in the development process are found largely under the heading Tactical Programs, although one major Army project, Anti-Satellite Weapon, is included under Strategic Programs. Selected Army programs with their budgeted amounts are shown in the next chart. Two systems which were funded in the FY 1991 RDT&E budget but subsequently terminated are the Fiber Optic Guided Missile (FOG-M) and TACITRAINBOW (antiradar missile). Effort is now underway by the Army to reestablish a less sophisticated (and less costly) FOG-M project, but it is not reflected in this budget.

Selected RDT&E Items in the Army Budget Strategic and Tactical Systems (Dollars in Millions)			
<u>ITEM (From DoD R-1)</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Anti-Satellite Weapon (ASAT)	69.3	65.0	69.3
Armored Systems Modernization	30.6	400.8	352.5
Light Armored Scout Helicopter	287.4	507.8	571.5
Joint Tactical Fusion Program	63.8	130.8	76.6
Advanced Anti-Tank Weapon System	75.9	49.5	8.2
Air Defense Command, Control and Intelligence	56.0	32.0	42.3
Joint Surveillance Target Attack Radar System	35.2	48.7	35.4
Sense and Destroy Armament Missile	103.9	150.8	65.8
LONGBOW Fire Control Radar	193.0	233.2	264.0
Line-of-Sight Anti-Tank (LOSAT)	30.5	152.3	141.9
Advanced Field Artillery Tactical Data System	40.8	48.4	45.5
Missile/Air Defense Product Improvement Program	31.8	53.0	49.9
SATCOM Ground Environment	33.2	113.4	134.9

Highlights of selected RDT&E programs in the FY 1992-1993 Army Budget are summarized as follows:

- Anti-Satellite Weapon (ASAT). The objective of the ASAT program is to develop a weapon system for neutralizing military satellites in earth orbit. Under Army program management, it is focused on the development of land-based kinetic energy capabilities.

- Armored Systems Modernization (ASM). ASM is the concept for fielding the next generation of armored vehicles. The program continues with the development of both a common heavy chassis and a medium chassis. It will incorporate a family of vehicles, to include the Block III tank, Advanced Field Artillery System, Combat Mobility Vehicle, Future Infantry Fighting Vehicle, Future Armored Resupply Vehicle-Ammunition, and Line-of-Sight Anti-Tank Systems. Also added is the Armored Gun System, to be acquired as a nondevelopmental item.

- The Light Armed Scout Helicopter (LH). The Army's next generation of rotorcraft will replace the fleet of OH-58, OH-6 and AH-1 attack helicopters. It is the Army's highest priority R&D project with over \$1 billion requested for FY 1992 and 1993 combined. The two teams competing for the LH contract were McDonnell Douglas with Bell Helicopter Textron, and Sikorsky Aircraft with Boeing Helicopters. The newly announced winner was the Boeing-Sikorsky team. The total program is expected to cost over \$30 billion. Full-scale development is scheduled to begin in September 1994, with first production in early 1998.

- Air Defense Command and Control. This system will integrate ground and aerial sensors, identification devices and communication equipment. It will acquire, correlate and disseminate a composite air picture gathered from sensors and identification equipment with automatic data processing and distributing capabilities.

- Joint Surveillance Target Attack Radar System (JointSTARS). JointSTARS detects, locates, tracks, classifies and assists in attacking moving and stationary ground targets. The Air Force is responsible for the Prime Mission Equipment (platform, radar and data link) and the Army is responsible for Ground Station Modules. Information is transmitted through the All Source Analysis System and targeting information is transmitted through the TACFIRE/AFATDS system to their respective users. JointSTARS was exercised for the first time in war during Desert Storm with outstanding results.

- Sense and Destroy Armament Missile (SADARM). A sensing submunition designed to detect and destroy lightly armored vehicles, SADARM is the first of a new family of fire-and-forget smart munitions. It is launched from 155mm howitzers or the MLRS.

- Longbow Fire Control Radar. Designed to provide the AH-64 and the new Light Helicopter with a fire-and-forget Hellfire capability, Longbow consists of a mast-mounted fire control radar and a radio frequency autonomous seeker in the Hellfire missile.

- Line-of-Sight Anti-Tank (LOSAT). LOSAT consists of a Kinetic Energy Missile mounted on a modified Bradley Vehicle. It is being developed as a replacement for the Improved TOW Vehicle. It can defeat all foreseeable armored vehicles. Army will seek a decision to enter full-scale development in the fourth quarter of FY 1991. Initial fielding is scheduled for the fourth quarter of FY 1997.

- Advanced Field Artillery Tactical Data System (AFATDS). AFATDS is designed to improve automated fire support for combat operations. It will provide full automation of all fire support assets in close combat, counterfire and deep battle operations.

- SATCOM Ground Environment. This includes the development of satellite terminals, terminal equipment and satellite control equipment.

In addition to all of the above, the Army plays an active role in space defense through the U.S. Army Strategic Defense Command, which, in FY 1991, is the agent for contracting about 30 percent of the total SDI R&D budget. This ratio is expected to continue into FY 1992.

Ballistic missile ground defense has emerged as a high R&D priority in which the Army not only has a very strong user interest but will have a key developmental role. The defense program under the title of Tactical Missile Defense Initiative (TMDI) carries a funding line (in the SDIO budget) of \$603 million in FY 1992 and \$725 million in FY 1993. Items included in TMDI are the High Altitude Area Defense (THAD) and ERINT-1, both ground-based systems managed by U.S. Army Strategic Defense Command; the Arrow antimissile missile, being developed by Israel with substantial U.S. funding support; and an improved Patriot with greater lethality and range than those used in Desert Storm.

To illustrate the importance of R&D to the Army's modernization effort, two of the top three Army acquisition programs, the Light Helicopter and Armored Systems Modernization, are in the R&D phase.

Deployment, Sustainment and Support

Any number of topics could fall under this heading, but for purposes of this paper, comments will be limited to strategic mobility, equipment maintenance and facilities maintenance.

Strategic Mobility. Contingency forces must be able to get to the objective area in time with people and equipment, ready to fight, and then must be supported for the duration of the operation. This means adequate strategic mobility resources which include the combined capabilities of airlift, sealift and prepositioned materiel.

Desert Shield/Desert Storm placed a spotlight on U.S. strategic mobility requirements. While time was on our side in the Persian Gulf crisis, it was obvious that the ability to move forces rapidly to a contingency theater was perhaps our most pressing requirement.

While sealift and airlift are funded through other service budgets, the Army has the most at stake and the Army must take a leading role in pushing these programs.

Using the Persian Gulf as a model, certain basic requirements stand out. First, there must be sufficient airlift to carry the initial assault forces. Existing C-141 aircraft badly need replacement and the C-5 fleet is aging and will not be adequate by itself. The C-17 Airlifter is the only new aircraft in the system which can fill the need for outsize loads for both strategic and intratheater lift. The Air Force budget requests \$2.8 billion in FY 1992 and \$4.2 billion in FY 1994 for RDT&E, military construction and the procurement for 18 of these aircraft. The Army strongly supports the program as key to its contingency mission.

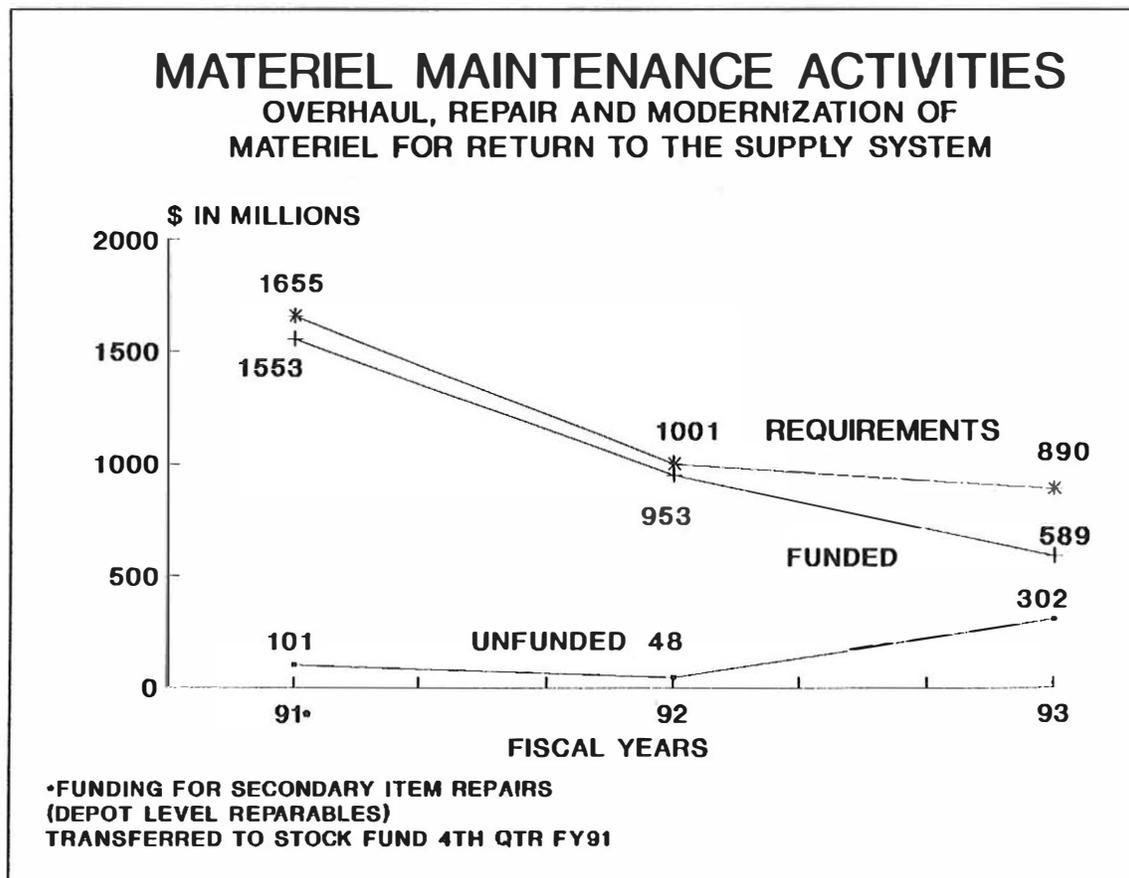
Even more urgent, however, is the requirement for sufficient strategic sealift to move two full armored divisions anywhere in the world within 30 days. This requires about twenty rollon/rolloff (RO/RO) ships. The eight fast sealift SL-7s currently available are slightly less than that needed to handle a single division. In addition, the Ready Reserve Fleet needs to be modernized and upgraded with more RO/RO vessels and an adequate number of breakbulk vessels. Congress has previously appropriated funding for sealift which has not yet been used, but nothing shows in the FY 1992 budget and \$201.4 million in the FY 1993 budget is identified for the Sealift program. DOD is conducting a Defense Mobility Study, due for completion sometime later in 1991, to define defense needs.

The third component of strategic mobility is prepositioning. The Army is examining its needs for the future. Decisions must be made on how many POMCUS sets to leave in Europe and what equipment from Desert Storm might be kept in the Gulf region.

One disadvantage of ground-based equipment is the fixed geographical location. A more flexible capability is provided by the use of floating storage. Before Desert Shield, the Army had floating storage of supplies available aboard four vessels. This worked well, and the Army may seek to expand the floating storage concept. The drawback to this option is the continuous funding needed to lease the vessels and to maintain the equipment and supplies in ready condition.

Materiel Maintenance. Critical sustainment is adequate materiel maintenance which is linked directly to equipment readiness.

The picture for depot maintenance is reflected in the following chart.



While it would appear that requirements have decreased, this actually reflects an accounting change which transferred funding for secondary level item repairs (depot level repairables) to the stock fund in the fourth quarter of FY 1991. To gain true comparability, it is necessary to add \$788 million in requirements for FY 1992 and \$729 million for FY 1993 — quite a different picture. The important story, however, is the projected increase of unfunded materiel maintenance in FY 1993, which is clearly an adverse trend. Also, Desert Storm has generated additional depot level maintenance requirements which are not yet reflected in the budget.

Facilities Maintenance and Repair. An important indication of adequate support is the condition of the Army's facilities and especially the status of maintenance and repair.

The chart below shows all funds in the various Army appropriations which are used for facilities maintenance and repair, to include reserve component facilities and Army Family Housing. Note that a significant amount of funding is listed as military construction in FY 1993. This includes (for comparability) the funding for major repair and minor construction which was shifted to the military construction appropriation in the FY 1993 budget.

FACILITIES MAINTENANCE AND REPAIR			
(\$ in Millions)			
<u>APPROPRIATION</u>	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
Military Construction, Army	0	0	436
Operation and Maintenance, Army	1444	1471	745
Operation and Maintenance, Army Reserve	41	45	32
Operation and Maintenance Army NG	77	76	50
Research, Development, Test & Evaluation	62	72	63
Army Industrial Fund	<u>114</u>	<u>118</u>	<u>120</u>
TOTAL	1738	1782	1446
Backlog of Maintenance & Repair (BMAR)	(3756)	(5160)	(6327)
Army Family Housing (M&R)	514	467	448
Deferred Maintenance & Repair (DMAR)	(593)	(934)	(1167)

The chart tells the story. Increasing backlog is the problem. The total backlog, including Army facilities and family housing, grows from \$4.3 billion in FY 1991 to \$7.5 billion in FY 1993. The facilities backlog has grown dangerously high.

Military Construction and Family Housing

The Military Construction (Army) and Army Family Housing appropriations are discussed here. Construction figures for the Army National Guard and the Army Reserve are listed in the next section, titled Reserve Components Summary.

Military Construction, Army (MCA). This funding category has been in a depressed mode for the past two years. The Secretary of Defense imposed a moratorium on construction projects in January 1990, continuing to April 16, 1991. He then directed that until September 1991, future projects would require specific line item approval before signing the contract. All those approved must conform with current force plans. In addition, the Secretary of Defense directed a virtual construction pause for FY 1993 as one means of fitting the defense program into the agreed budget ceiling.

Budget numbers for Military Construction, Army FY 1991-1993 are summarized on this chart.

MILITARY CONSTRUCTION, ARMY			
(\$ Millions)			
<u>REGION/PROGRAM</u>	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
United States	685	630	220
(Chemical Demilitarization)	(76)	(132)	(186)
Europe	7	1	15
Korea/Japan	1	17	0
Kwajalein	0	77	46
Planning and Design	90	115	83
Minor Construction (\$200K-\$1M)	9	11	5
Minor Construction (<\$200K)	0	0	155*
Major Maintenance and Repair	0	0	436*
TOTAL	<u>792</u>	<u>851</u>	<u>960</u>

* Includes \$591M transferred from operating accounts and RDTE Minor Construction projects.

Overseas construction is almost nonexistent. Most projects that actually made the budget are based on construction requirements for new weapons or for selected high priority training facilities, or are part of the mandatory environmental or chemical demilitarization programs.

Note the amount in the preceding chart allocated to chemical demilitarization. This absorbs a considerable portion of new Army construction in the United States for FY 1993. While chemical demilitarization is mandatory, it provides nothing for the Army in the way of facility enhancement or reconstruction. The effect of the overall FY 1993 construction pause is readily apparent. Funding

comparability between FY 1993 and previous years is lost, however, because minor construction (under \$200,000 per project) and major repairs were shifted for accounting purposes from Operations and Maintenance to Military Construction starting that year. Without this, the FY 1993 apparent total would be some \$591 million less.

To provide additional perspective on how military construction is lagging, the MCA funded levels were on the order of \$1.5 billion per year in the late 1980s, and even this was well below a 50-year investment replacement rate. This adds emphasis to the need for eliminating any unnecessary or deteriorating facilities during the forthcoming drawdown period. The Army cannot afford to replace or maintain deteriorating facilities that are not needed.

Army Family Housing. This appropriation includes a small amount for construction and a much larger amount for operations and maintenance. The totals are \$1.53 billion in FY 1992 and \$1.48 billion in FY 1993.

ARMY FAMILY HOUSING			
(\$ in Millions/ # Units in Parenthesis)			
	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
New Construction	32	57	0
Number of Units	(388)	(470)	(0)
Improvement	40	75	58
Planning and Design	3	5	11
	<hr/>	<hr/>	<hr/>
Subtotal AFH Construction	75	137	69
Leasing	434	361	380
Domestic	63	64	70
Units Authorized: 1			
(Section 801)	(7,500)	(7,500)	(7,500)
(Section 802)	(1,800)	(1,800)	(1,800)
(Other)	(3,334)	(3,334)	(3,334)
Foreign	371	297	310
Units Authorized: 1			
(Europe)	(37,778)	(37,894)	(37,893)
(Other)	(2,078)	(1,962)	(1,963)
Operation and Maintenance	<u>1,030</u>	<u>1,036</u>	<u>1,028</u>
Subtotal AFH O&M	1,464	1,397	1,408
Total AFH	1,539	1,534	1,477
Year End Deferred M&R (DMAR)	593	934	1,167
1) Leasing Authorizations are shown cumulatively.			

Funding for Army family housing remains fairly level with no major reductions from previous years.

Proposed for new housing construction are: 470 units for FY 1992 and none for FY 1993. Expect little new construction in the future. The emphasis will be on the use of leasing to fill gaps, particularly in foreign areas. Leases can be cut back as the force declines and it becomes more concentrated in CONUS.

Operations and Maintenance funding is expected to remain at about the present level, but with a disturbing increase in the backlog of deferred maintenance—from about \$600 million in FY 1991 to an estimated \$1.26 billion in FY 1993.

RESERVE COMPONENTS SUMMARY

While the coverage of the Army budget in this paper includes the budgets of both the Army National Guard and the Army Reserve (referred to as the reserve components or RC), specific highlights may be difficult to identify. This section has been included to summarize and clarify both the Army National Guard and the U.S. Army Reserve budget programs, along with a discussion of related issues.

Army National Guard (ARNG)

The ARNG budget includes three separate appropriations: Personnel, Operations and Maintenance and Military Construction. The Army National Guard is also funded by the various states for state-unique functions. In addition, support is provided by the Army exclusive of the ARNG appropriations for such things as equipment procurement, depot maintenance, training support and the operation of certain training facilities.

The overall funding by ARNG appropriation requested for FY 1992 and 1993, along with force structure and manning projections, are shown on the next two charts.

ARMY NATIONAL GUARD (TOA \$ in Millions)			
<u>APPROPRIATIONS</u>	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
NATIONAL GUARD PERSONNEL	3,467	3,202	3,039
OPERATIONS AND MAINTENANCE	2,025	2,081	2,084
MILITARY CONSTRUCTION	313	50	54
TOTAL	5,805	5,333	5,177

The second chart reflects projected manning reductions through FY 1993. The DOD program would further reduce ARNG strength to 321,000 by FY 1995; however, this reduction is a controversial issue in Congress. The average full-time support (total of technicians and AGR) for Army National Guard units is projected to be about 12 percent in FY 1992 and 13 percent in FY 1993, somewhat short of the 14 percent goal.

ARMY NATIONAL GUARD			
	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
FORCE STRUCTURE:			
Divisions	10	*10	9
Separate Brigades	14	14	13
Maneuver Battalions	179	156	151
Roundout Units (BDEs)	6	6	6
MANNING:			
Military End Strength	457,300	410,900	366,300
Full Time Support			
Civ/Mil Techs	28,912	27,577	25,585
Army Guard/Reserve(AGR)	26,199	23,341	21,580
* 26,28,35 minus 1 BDE/ 50,42 minus 2 BDEs			

U.S. Army Reserve (USAR)

The Army Reserve has three separate appropriations, as shown. All USAR funding is derived totally from federal sources. As for the Army National Guard, certain support costs are provided in the Army budget under various appropriations.

Funding totals, along with projected structure and manning data, are shown on the following two charts.

The manning chart shows the USAR strength reduction ramp through FY 1993. It is projected to go down further to 229,000 by FY 1995. As with the ARNG, this is a major congressional issue. The average full-time support for USAR units (technicians plus AGR) is projected to be about 10 percent for both FY 1992 and FY 1993, significantly short of the 14 percent goal.

**ARMY RESERVE
(TOA \$ in Millions)**

<u>APPROPRIATIONS</u>	<u>FISCAL YEARS</u>		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
RESERVE PERSONNEL, ARMY	2,369	2,193	2,076
OPERATION AND MAINTENANCE	936	937	973
MILITARY CONSTRUCTION	77	58	28
TOTAL	<u>3,382</u>	<u>3,188</u>	<u>3,077</u>

ARMY RESERVE

FORCE STRUCTURE: % OF TOTAL FORCE

- Combat - 8%
- Combat Support - 30%
- Special Operations Forces - 44%
- Combat Service Support - 40%

MANNING (AUTHORIZATIONS):	<u>FISCAL YEARS</u>		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
Soldiers			
Paid Drill/Individual Trng	291,318	258,625	231,584
Active Guard/Reserve	13,344	12,683	12,003
Individual Ready Reserve	413,464	433,170	458,368
Civilian Technicians	8,529	7,082	6,161

One encouraging trend was the increase in the Individual Ready Reserve pool from 295,000 in FY 1989 to a projected 458,000 in FY 1993. This is due to the extension of the service obligation from six to eight years starting in FY 1991. This will continue an upward trend until the impact of reduced accessions takes hold; then it will go down again.

An item of special interest is establishment of the U.S. Army Reserve Command as a major subordinate command to U.S. Army Forces Command effective October 1991. The command will be fully operational by October 1992. The Chief of the Army Reserve at Department of the Army will also be the commanding general of the new Reserve Command. With this, the control of the USAR budget process will be transferred from FORSCOM to the Chief of Army Reserve.

RC Contributions to Desert Shield/Desert Storm

Altogether, some 1,041 units involving 140,000 soldiers were called to active duty. Of these, 76,000 deployed to the Persian Gulf (identified on the chart as SWA), 15,000 were used to backfill requirements in Germany and 49,000 served in the CONUS.

ARMY RESERVE COMPONENT PERSONNEL DESERT SHIELD/DESERT STORM (Summarized by category in thousands)				
	SWA	USAREUR	CONUS	TOTALS
ARNG	36	4	21	61
USAR	37	6	21	64
IRR/IMA	3	5	7	15
	<hr/>	<hr/>	<hr/>	<hr/>
Total	76	15	49	140

Army Selected Reservists were engaged in a variety of activities and missions. A tabulation by functional area is shown below. Note the heavy participation in specialities such as transportation, supply and service, maintenance and medical. The Army could not have provided adequate support for Desert Shield/Desert Storm without the Selected Reserves.

ARMY RESERVE COMPONENT FUNCTIONAL AREAS DESERT SHIELD/DESERT STORM	
Combat (Field Artillery)	979
Transportation	13,708
Military Police	8,242
Supply & Service	13,716
Maintenance	6,548
Command & Control	1,074
Engineer	2,554
Intelligence	420
Medical	18,036
CONUS (Augmentation)	25,138
CONUS (In Preparation/CS,CSS)	20,181
CONUS (In Preparation/Combat)	13,000

Reserve Component Budgets — Adequacy and Issues

Personnel funding for both the ARNG and USAR matches the strength assumptions. There is some disagreement in Congress on the RC reductions, at least to the degree proposed. Army restoration of strength cuts, however, will automatically require larger military personnel appropriations.

Full-time manning falls short of desired levels. The Army's current goal is 14 percent of strength, less than for most of the other services. Additional full-time personnel would indeed be a real boost, permitting more effective use of training time; but the penalty would be higher relative costs for the reserve forces, funds which are not currently in the budget.

Historically the reserve component have lacked equipment needed to carry out designated missions. This condition still exists, but to a lesser degree than in the past. Some special appropriations have been made by Congress in recent years for RC equipment. For combat, and to a lesser degree combat support units, the problem will tend to be self-correcting in the next few years through the process of allocation from active component units, as the total force is reduced.

Looking specifically at the Army's FY 1992 and 1993 budget submission, it should be noted that the largest single line item in the Army procurement request is for UH-60 Black Hawk helicopters, justified on the basis of National Guard needs. Also, the justification for the Army procurement appropriation for FY 1992 and 1993 includes language which specifies that \$844 million in FY 1992 and \$792 million in FY 1993 is for ARNG and USAR.

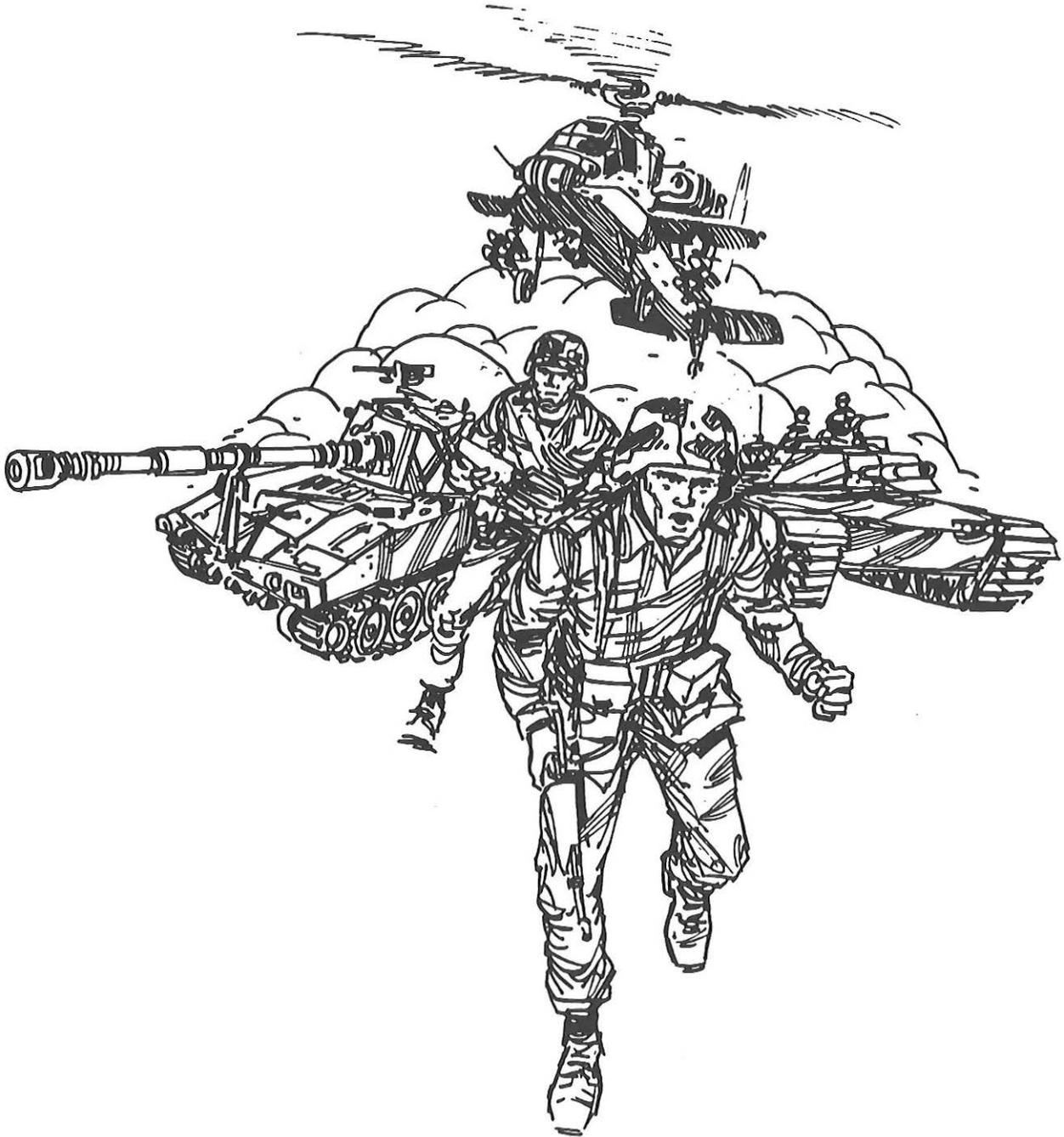
O&M funding is tight, but how tight depends on what must be accomplished. Specifically, if strength does not go down at the rate or to the level reflected in the budget — and there is a good chance that it may not — additional O&M funds will be required to support the force. The largest O&M demands are for training, logistical support and base operations.

Military Construction funding for both the ARNG and the USAR is very depressed for both FY 1992 and 1993, a victim of the same moratorium and rigid restrictions imposed by the Secretary of Defense for MCA. FY 1993 reflects the accounting shift of minor construction and major repair from O&M to Military Construction in FY 1993, making it look better than it actually is. There is a very large construction backlog piling up for both the ARNG and the USAR. The restructuring plan and the specific identification of units involved, however, needs to be clarified first.

Uncertainty is one of the biggest problems for the reserve components. If Congress fails to approve a large portion of the reductions proposed, there is a funding problem. From which pocket does it come since the defense budget is now a zero sum proposition? Only after the reductions are determined — and this will probably not be until the very end of the budget cycle — can meaningful decisions be made concerning units, locations and facilities. For the RC, this will be a frustrating two years.

On balance, mobilization for Desert Shield was a great success overall. It involved the call-up of about 140,000 personnel including 15,000 Individual Ready Reserve, and it was executed in a remarkably effective manner. It solidified the Total Force concept and proved that this tremendous asset was available and could be mobilized and used effectively. It is unfortunate that certain

questions pertaining to training time were hyped out of proportion while the total perspective of what really occurred was sometimes overlooked. It is instructive to note that, as of this writing, a large percentage of the military force in the 22d Theater Army Area Command performing retrograde tasks in Saudi Arabia are from the reserve components.



BUDGET ASSESSMENT

The FY 1992-1993 national defense budget stems from two highly significant decisions which will drive both structure and funding through the mid- 1990s. The first of these is the new framework for military strategy, announced by President Bush in August 1990, and the changes to the basic force structure which supports it. Secondly, there is the requirement to adhere to a rigid budget top line through FY 1995 as required by the budget summit agreement of last fall.

As a result, the Army's FY 1992 and FY 1993 budgets are far from generous. In fact, they are severely restricted, with virtually no flexibility and very little reprogramming potential.

This budget is not adequate to meet all the Army's legitimate current needs and future projections appear even dimmer. Nevertheless, this budget now before Congress is a credible document — no gold plating and, if approved, it will be what the Army executes.

Some adjustments may be prudent or necessary as the result of Operation Desert Storm. Of particular concern is the desert war's impact on the personnel reduction ramp. As of March 1991, the Army had about 840,000 people on duty, including reserve component personnel activated for the Desert Storm buildup. It must now strive to reach an active end strength of 660,000 in FY 1992. Additionally, the lessons of Desert Storm may dictate some adjustments in R&D and equipment acquisition.

The biggest single problem facing the Army right now is the management of the drawdown of personnel. The Army will miss meeting active force end strength projections for FY 1991 by about 8,000, which means a drop of 50,000 during FY 1992 to meet that year's target. This is simply too rapid a reduction and should undoubtedly be moderated. The reserve components face a similar problem with programmed reductions of 83,000 by the end of FY 1992. Not only will this be difficult to execute in an orderly manner, but congressional sentiment is against any major cuts in the reserve forces. Common sense tells us the reductions should be moderated, but the funds to keep people on the payroll longer are significant and there are no sources of reprogrammable funds to be found in the FY 1992 Army budget.

Operations and Maintenance funds are austere, but are matched to personnel force changes for both fiscal years 1992 and 1993. Funding is skimpy for depot maintenance and significantly deficient for facilities maintenance and repair. In the event that force structure changes are delayed or personnel drawdowns are postponed, an increased O&M requirement will be generated. In no way, however, should O&M resources be considered available as a trade-off for other things. Further erosion would hit directly at training readiness and equipment readiness.

The procurement budget is the lowest for the Army since FY 1976 when measured in constant dollars. While procurement levels can be partially explained by force structure decreases and the fact that the "big-five" series of weapons have been essentially bought-out in terms of meeting projected force needs, the future of procurement raises serious questions and concerns. How do we fund new weapons coming out of R&D? How are we going to acquire the next generation of systems? Funding projections through FY 1995 do not provide the answers. If the Army budget does not get some real growth after FY 1995, there is going to be a severe drought on the acquisition of new equipment and the Army will be left a generation behind by the end of the century.

RDT&E, on the other hand, looks fairly good. Not great, but at least it is holding its own. Included in R&D are the new Armed Scout Helicopter (the LH); the next generation of tracked combat vehicles, including a new Block III tank, and several antitank weapons which can defeat any projected armor threat. The basic question, however, is the ability to field these weapons when they are ready for production.

Construction is being funded at a very low level — well below the minimum goal of facility replacement on a 50-year basis. Some of this is driven by an extremely cautious approach until base closure recommendations have cleared the formal process and stationing plans are firm. Future budgets, however, must take up the slack with significantly increased investments if we are to get back to a sound investment cycle.

Although not in the Army's budget, there are two things of grave concern to the Army because they so directly affect its ability to carry out its primary missions in the future. These are:

- The industrial base which is so important to meeting surge requirements and for long-term sustainment. Budget cuts and decreases in procurement will cause businesses to leave the defense sector. This shrinking industrial base is a national security problem with no clear solutions at this time.

- An assured strategic projection capability which depends on worldwide deployability. This demands an optimum mix of airlift, sealift and prepositioned equipment and materiel. While airlift and sealift are not in the Army budget, the Army is a major user. Since the Army's primary mission in the future is dependent on being able to get there — combat ready and equipped to fight — it must be a strong advocate for strategic lift.

The top priority for the Army is to retain a ready and quality force, even during the period of dramatic transition. There will be other competing demands, but we must resist anything which compromises this principle. It is so easy to erode O&M — to live off the shelf and to reduce training, but the Army would soon be unable to execute its real missions effectively. If this happens it would recall shades of the post-Vietnam Army — a lesson we need not repeat. Fortunately, we are now operating from a quality base.

If asked the question, should the Army be larger than projected for FY 1995, AUSA would respond with a positive yes. This applies to both active and reserve components. Even with the proposed combat structure, an active strength of about 600,000 would provide better balance of combat, combat support and combat service support. About the same strength could be justified for the reserve components. Within present funding limits, however, there is no practical trade-off to permit this.

Next question, should the Army receive a larger fund allocation now and in the future? Again AUSA says yes, and one of the Army's primary needs is to be able to start buying the next generation of weapons when they are ready for procurement.

SUMMARY

The Army budget requests for FY 1992 and FY 1993 are modeled on a Defense Department directed strategic force concept and are constrained by a rigid declining budget slope.

The Army budget before Congress is a piece of this segment. Since defense dollar limits were established in advance by the October 1990 budget summit agreement, total defense funding will probably conform to these numbers. It means the Army budget, as submitted, is more predictable than in the past. There will be internal tinkering, but the basic program should survive without major changes.

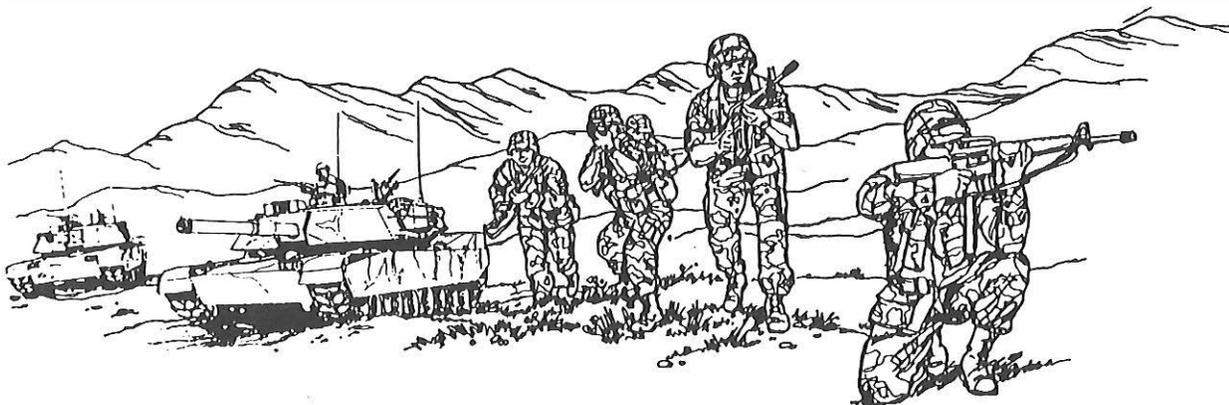
The major defense funding issues in Congress will undoubtedly focus on big money programs which have been challenged in the past — such as the B-2 bomber and SDI. These appear to be about the only possible funding sources for Congress to perode in order to make internal trade-offs. Even so, most defense programs are safe from being axed. The V-22 tilt-rotor aircraft will again be an issue. Congress wants the V-22 and Defense wants to eliminate the program. Congress would also like to have funding to permit remanufacture of some F-14D aircraft for the Navy and to keep the Army tank production lines open.

Army issues before Congress will focus on the strength drawdown and the active/reserve component mix — specifically, the size and structure of the RC. Other Army issues will include additional tank production, as mentioned above, and aviation modernization (LH vs future modernization of the AH-64 attack helicopter and the OH-58D scout helicopter).

With the possible exception of RC strength, there is little likelihood of major changes in the Army budget for FY 1992 as it progresses through the congressional committees.

The worry year will be FY 1994 when Defense is no longer protected by the prohibition of transferring funds for other purposes. In the meanwhile, the Army must build a convincing case for itself.

The Army must keep its eye on the future with its priority of maintaining a strong, ready force throughout the transition. Further, the Army cannot let itself become a victim of operations and maintenance starvation. At the same time, the Army must fight for a healthy modernization program. These things will not be possible without the full support of Congress and the American people. This trained and ready Army must be provided the support and resources to be prepared to face the challenges of the future.



APPENDIX I

BUDGET LANGUAGE

Federal Account Number 050, National Defense. In addition to Department of Defense (military), this account includes funds for atomic energy defense activities and other miscellaneous defense-related activities.

Federal Account Number 051. This includes all funding for Department of Defense (military). It identifies what is shown in the DoD budget. DoD accounts for 96 percent of the National Defense function for FY 1991.

Budget Authority (BA). BA is the authority to enter into obligations for payment of government funds. Budget authority is normally provided in the form of appropriations. The defense budget is expressed in terms of budget authority.

Total Obligational Authority (TOA). TOA is a DoD term which includes the total value of the direct program regardless of the method of financing. As a practical matter, TOA totals in the aggregate do not differ significantly from BA. TOA is used generally in managing the service budgets, as it is the most accurate reflection of program value. The differences are attributed principally to offsetting receipts, such as recoveries from foreign military sales, and financing adjustments. Recision and reappropriation of prior year appropriations and transfers to subsequent year programs are all examples of financing adjustments reflected in BA but not in TOA. Revolving fund transfers and foreign currency transfers are financing adjustments which appear in TOA but not in BA.

Outlays. Outlays are the measure of government spending. They represent expenditures and are the payments actually made for goods and services and interest payments during a particular year. These payments (outlays) lag obligations because of the sequential cycle of congressional appropriations, contracting, placing orders, receiving goods or services and (finally) making payments. Thus, in DoD for FY 1992, approximately 37 percent of the outlays pertain to prior year appropriations.

Receipts. Collections from taxes or other payments to the federal government.

Deficit. The amount by which outlays exceed receipts in any particular year. The reverse of this is called surplus.

Current or "Then Year" Dollars. These are the dollar figures in the budget (or in the accounting records) actually associated with the stated date (past, present or projected). Figures for prior years and the present year are those actually recorded (not adjusted for inflation), but figures projected for future years contain estimated inflationary increases expected to occur in the program.

Constant Dollars. These are dollars expressed in terms which have been adjusted for inflation relative to some reference or base year. Thus, all figures have the same relative value for making comparisons. This is sometimes referred to as real dollars or dollars in real terms. It must, however, always relate to a base year, such as FY 1990 dollars.

APPENDIX II

FY 1992/1993 Army Budget Summary (TOA - \$ in Millions)

<u>APPROPRIATION</u>	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
MILITARY PERSONNEL, ARMY	24,219	24,226	23,812
OPERATION & MAINTENANCE, ARMY*	22,333	21,887	19,937
PROCUREMENT	9,023	8,028	7,612
AIRCRAFT	(1,048)	(1,668)	(1,247)
MISSILES	(2,216)	(1,107)	(1,342)
WTCV	(1,929)	(839)	(574)
AMMO	(1,338)	(1,250)	(1,195)
OTHER	(2,492)	(3,164)	(3,254)
RESEARCH, DEVELOPMENT, TEST AND EVALUATION	5,363	6,236	5,867
MILITARY CONSTRUCTION, ARMY	792	851	960
ARMY FAMILY HOUSING	1,538	1,534	1,477
RESERVE COMPONENTS	9,187	8,519	8,254
NATL GUARD PERSONNEL, ARMY	(3,467)	(3,202)	(3,039)
OPERATION & MAINTENANCE, ARNG	(2,025)	(2,081)	(2,084)
MILITARY CONSTRUCTION, ARNG	(313)	(50)	(54)
RESERVE PERSONNEL, ARMY	(2,369)	(2,193)	(2,076)
OPERATION AND MAINTENANCE, ARMY RESERVE	(936)	(937)	(973)
MILITARY CONSTRUCTION, ARMY RESERVE	(77)	(56)	(28)
REVOLVING FUNDS	532	0	0
TOTAL	\$72,987	\$71,281	\$67,919

*INCLUDES NATIONAL BOARD FOR PROMOTION OF RIFLE PRACTICE

**OPERATION AND MAINTENANCE, ARMY
BUDGET SUMMARY DATA (\$ in thousands)**

<u>DU BUDGET ACTIVITY/PROGRAM</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
P2 - GENERAL PURPOSE FORCES				
003 Combat Developments Activities	316,657	267,373	275,888	239,895
Currency Fluctuation Account	397,839	0	0	0
JCS Exercises	80,340	50,660	72,602	68,210
Land Forces	4,415,561	3,566,004	4,253,733	4,051,854
Unified Commands	33,651	103,461	28,705	28,239
009 Defense Communications System Support	83,662	82,677	70,319	45,261
056 BASOPS(-): Land Forces	2,900,900	2,605,331	2,542,040	2,246,360
P2M Environmental	82,510	155,065	167,792	178,927
370/9 RPM: Land Forces	919,805	1,053,367	1,081,453	521,791
TOTAL GENERAL PURPOSE FORCES	9,230,925	7,883,938	8,492,532	7,380,537
P3 - COMMUNICATIONS, INTELLIGENCE AND OTHER ACTIVITIES				
Intelligence	338,363	366,695	423,022	447,376
009 Defense Communications Systems Support	198,355	229,721	213,415	199,325
Information Services	406,726	412,694	573,097	506,453
Non-Defense Communications Systems Support	341,210	382,654	363,060	344,093
Strategic Command and Control	55,563	57,465	68,500	68,373
056 BASOPS(-): Communications	69,997	53,114	54,226	53,027
P3C Environmental	3,333	6,776	3,701	4,310
350 Communications Security	21,903	18,752	19,470	20,267
370/9 RPM: Communications	19,340	11,418	10,359	5,589
TOTAL COMMUNICATIONS, INTELLIGENCE AND OTHER ACTIVITIES	1,454,790	1,539,289	1,728,850	1,648,813
P7 - CENTRAL SUPPLY AND MAINTENANCE				
009 Non-Defense Communications	48,808	42,532	40,388	32,700
017 Modernization Program	611,223	557,174	515,312	515,067
Other Depot Maintenance	1,836,587	1,553,328	952,590	588,862
021 Central Supply Activities	981,453	288,490	147,242	135,336
Environmental Restoration	255,268	387,463	0	0
Logistics Support Activities	730,406	808,838	625,521	524,070
Real Estate	0	0	112,134	95,410

<u>DU BUDGET ACTIVITY/PROGRAM</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Resale Commissaries	281,818	612,635	29,623	29,036
Single Manager Conventional Ammo (SMCA)	0	0	251,934	237,905
Transportation	842,943	666,507	779,704	751,266
056 BASOPS(-): Supply Activities	538,955	451,000	294,604	299,904
P7S Environmental	38,014	29,825	70,987	59,112
370/9 RPM: Supply Activities	73,467	51,591	46,012	23,025
408 Industrial Fund and Stock Fund Support	126,264	0	0	0
TOTAL CENTRAL SUPPLY AND MAINTENANCE	6,365,206	5,449,383	3,866,051	3,291,693

P8 - TRAINING, MEDICAL AND OTHER GENERAL PERSONNEL ACTIVITIES

009 Other Medical Activities	3,957	4,508	4,760	4,788
Recruiting and Examining	27,153	25,911	24,641	25,421
Training Support	29,770	26,035	31,462	29,838
029 Flight Training	164,413	165,039	197,178	224,771
Officer Acquisition	38,667	37,898	41,388	38,900
One Station Training	19,224	20,676	20,084	18,006
Professional Education	85,009	89,367	95,881	103,683
Recruit Training	8,541	8,141	6,925	4,789
Senior ROTC	101,497	107,617	101,138	95,812
Specialized Training	229,798	233,782	255,354	230,583
Training Support	509,686	489,428	351,331	266,095
033 Recruiting and Examining	240,532	216,731	236,678	245,098
037 Armed Forces Radio/ TV Service	16,124	16,391	17,322	15,802
Army Continuing Education System	105,565	95,121	97,830	90,091
Civilian Training, Education & Development	110,870	104,617	107,290	106,908
Family Support	0	0	155,453	143,004
Junior ROTC	29,828	30,291	31,261	32,476
Other Personnel Activities	86,499	101,708	213,086	200,088
Veterans Education Assistance Program	118,732	99,054	85,903	68,806
041 Audio-Visual Support	6,897	7,322	7,615	7,854
Care in Non-Defense Facilities	1,123,988	1,295,424	1,346,885	1,498,409
Care in Regional Defense Facilities	423,323	455,666	580,060	613,240
Command Health Care	12,038	10,925	11,074	11,444
Dental Care Activities	83,962	83,899	78,174	77,978
Education and Training	71,714	71,610	75,841	78,950
Examining Activities	26,270	29,492	27,683	27,217
Other Medical Activities	307,199	301,802	288,837	290,252
Station Hospitals and Clinics	662,571	722,526	783,187	746,758
056 BASOPS(-): Health Services Cmd	72,105	71,802	69,113	72,548
BASOPS(-): Recruiting/Examination	120,516	126,235	134,721	134,590
BASOPS(-): Training and Education	892,477	909,846	873,397	840,538

<u>DUBUDGET ACTIVITY/PROGRAM</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
P8M Environmental	3,592	3,056	1,589	1,439
P8T Environmental	40,101	36,163	35,803	36,571
370/9 RPM: Health Services Command	28,044	42,985	44,263	40,059
RPM: Training and Education	233,120	284,954	288,729	154,741
TOTAL TRAINING, MEDICAL AND OTHER GENERAL PERSONNEL ACTIVITIES	6,033,782	6,326,022	6,721,936	6,577,547
P9 - ADMINISTRATION AND ASSOCIATED ACTIVITIES				
009 Non-Defense Communications System Support	12,545	22,518	19,219	19,066
044 Criminal Investigation Activities	29,861	27,072	25,540	24,281
Headquarters Support	133,247	118,528	105,196	107,711
Public Affairs	9,872	31,292	11,411	11,877
Service-Wide Support	741,606	590,642	563,284	528,382
056 BASOPS(-): Leases	76,898	85,849	75,950	77,753
TOTAL ADMINISTRATION AND ASSOCIATED ACTIVITIES	1,004,029	875,901	800,600	769,070
P10 - SUPPORT TO OTHER NATIONS				
052 International Military HQs and Agencies	231,232	242,375	258,208	249,756
Misc Support to Other Nations	14,216	16,512	18,623	19,084
TOTAL SUPPORT TO OTHER NATIONS	245,448	258,887	276,831	268,840
TOTAL SPECIAL OPERATING FORCES	234,814			
TOTAL OPERATION AND MAINTANCE, ARMY	24,568,994	22,333,420	21,886,800	19,936,500

**PROCUREMENT BUDGET SUMMARY DATA
(\$ IN MILLIONS)**

FISCAL YEARS

	1991		1992		1993	
	QTY	AMT	QTY	AMT	QTY	AMT

AIRCRAFT PROCUREMENT, ARMY

AIRCRAFT

AH-64 Attack Helicopter (APACHE)	0	91.1	0	142.1	0	142.1
Guardrail Common Sensor	3	87.4	6	189.5	5	109.2
UH-60 Helicopter (Blackhawk) (MYP)	48	104.5	60	507.5	60	419.0

MODIFICATIONS

CH-47 Cargo Helicopter (MYP)	290.9		256.9		18.9
Armed OH-58D (Kiowa Warrior)	13.2		183.2		93.5
AH-64	47.4		82.8		54.0
UH-60	58.0		34.8		25.6
Guardrail	31.6		31.9		102.6
Aircraft Survivability Equipment	11.4		19.0		7.4

SPARE AND REPAIR PARTS

	0		0		44.7
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SUPPORT EQUIPMENT AND FACILITIES

Aircraft Survivability Equipment	100.9		48.0		71.6
Avionics Support Equipment	34.6		27.1		34.9
Common Ground Equipment	67.9		47.5		59.5
Industrial Facilities	27.8		27.7		15.5

OTHER

	81.4		69.7		48.9
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TOTAL

	1048.1		1667.7		1247.4
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MISSILE PROCUREMENT, ARMY

MISSILES

LOS-F-H					115	208.8
Patriot (MYP)	817	735.7		107.1		19.2
Stinger (MYP)	6922	252.2		37.5		6.8
Avenger	88	117.6	144	180.1	144	150.5
Hellfire	3002	106.0	112	19.7	2543	120.2
TOW 2	10284	175.3	10000	200.6	9440	187.1
MLRS (MYP) Rockets	36000	329.2		2.1		2.2
MLRS Launchers	66	133.3	43	181.2	34	169.6
ATACMS	318	186.9	300	174.9	351	192.4
AAWS-M		15.6		70.9	1213	176.3

MODIFICATIONS

Patriot		20.9		35.5		10.4
Hawk		43.6		10.0		
TOW		45.4		8.3		5.1
MLRS		17.5		36.9		12.5
Other MODS		8.0		19.0		3.7

PROCUREMENT Cont...

	FISCAL YEARS					
	1991		1992		1993	
	QTY	AMT	QTY	AMT	QTY	AMT
SPARES AND REPAIR PARTS						51.1
SUPPORT EQUIPMENT AND FACILITIES						
Air Defense Targets		12.5		12.2		13.6
Production Base Support		8.3		1.0		
OTHER		8.3		9.7		12.4
TOTAL		2216.3		1106.7		1341.9

WEAPONS AND TRACKED COMBAT VEHICLES PROCUREMENT, ARMY

TRACKED COMBAT VEHICLES

Bradley Fighting Vehicle (MYP)	600	657.4		109.1		107.6
M1 Abrams Tank Series (MYP)	225	719.3		43.7		27.9
M1 Abrams Training Devices		15.0		8.0		
Armored Gun System (AGS)						4.9

WEAPONS AND OTHER COMBAT VEHICLES

Howitzer, Lt Towed, 105mm, M119	42	26.2	86	36.4	87	36.0
Machine Gun, 5.56mm, (SAW)	5930	9.5	2316	5.8	4617	10.1
Grenade Launcher, Auto 40mm	820	12.3				
Launcher, Smoke Grenade	2763	1.7	1637	1.1		
Mortar, 120mm	196	12.3	433	27.2	242	16.7
M16 Rifle	33160	14.8	53575	24.1		
5.56 Carbine XM4			10000	5.0	19400	10.0
Personal Defense Weapon				.6		.8
PDW 9mm Sub Compact			4080	1.9		
VEH Rapid Fire WPN-BUSHMASTER	263	14.0				

MODIFICATIONS

Carrier, MOD				5.7		5.9
BFVS Series MOD		94.7		185.5		35.7
Howitzer, MED SP FT 155mm M109 MOD		180.9		161.6		133.2
Howitzer, MED SP FT 155mm M109A5				22.1		22.2
FAASV PIP to Fleet						26.8
M1 Abrams Tank MOD		79.7		79.7		26.1
MODS Less Than \$2.0M		1.6		1.6		3.0
SAW MODS				2.4		3.2
M16 MODS		5.6		4.6		9.6

SUPPORT EQUIPMENT AND FACILITIES

Spares and Support Equipment						8.8
Production Base Support		63.9		99.9		73.0
Industrial Preparedness		7.0		8.9		7.2

OTHER		13.3		4.2		5.6
TOTAL		1929.2		839.1		574.3

PROCUREMENT Cont...

FISCAL YEARS

	<u>1991</u>	<u>1992</u>	<u>1993</u>
AMMUNITION PROCUREMENT, ARMY			
Small/Medium Cal Ammunition	170.9	136.6	132.4
Mortar Ammunition	49.6	36.4	27.4
Tank Ammunition	393.9	457.3	368.2
Artillery Ammunition	192.9	298.7	320.2
Artillery Fuzes	61.4	0.0	0.0
Mines	95.8	8.2	3.0
Rockets	61.8	2.1	44.0
Other Ammo & Miscellaneous	89.5	109.2	104.0
Production Base Support	222.7	201.3	196.2
TOTAL	1338.5	1249.8	1195.4

	1991		1992		1993	
	QTY	AMT	QTY	AMT	QTY	AMT
OTHER PROCUREMENT, ARMY						
TACTICAL AND SUPPORT VEHICLES						
High Mobility Multi-purpose Wheeled Vehicle (HMMWV) (MYP)	8030	252.4	7302	282.1	6922	241.9
Family of Medium Tactical Vehicles	359	56.3	1815	161.0	3288	291.1
Family of Heavy Tactical Vehicles	423	150.6	281	99.7	961	335.1
Passenger Carrying Vehicles			453	7.2	38	2.2
General Purpose Vehicles				4.8		6.1
Special Purpose Vehicles		7.5		4.9		5.8
Other Tactical Vehicles		197.5		207.6		48.7
COMMUNICATIONS AND ELECTRONICS EQUIPMENT						
Satellite Communications		65.7		109.0		149.3
Combat Communications (SINCGARS)		394.9 (295.1)		431.5 (287.5)		423.4 (291.7)
Information Security		29.8		42.9		72.7
Sustaining Base Communications		65.4		89.9		89.4
Intelligence Programs		129.0		170.7		208.3
Electronic Warfare/Surveillance		95.6		182.7		160.3
Tactical Command & Elec Prog		72.1		140.8		114.0
ADPE (RCAS)		43.4		229.0 (153.7)		244.2 (156.0)
Other Communications & Elec Prog (TMDE)		213.5 (65.7)		200.9 (84.5)		236.8 (91.6)
(Special Programs)		(68.7)		(69.3)		(53.8)
OTHER SUPPORT EQUIPMENT						
Chemical Defensive Equipment (NBC Reconnaissance VEH)	(15)	102.9 (40.4)	(25)	151.4 (50.0)		100.1
Bridging Equipment		0.6				
Engineer Equip (Non-construction)		12.2		39.4		32.9
Combat Service Support Equipment		27.2		85.5		57.2

PROCUREMENT Cont...

	1991		1992		1993	
	QTY	AMT	QTY	AMT	QTY	AMT
Petroleum Equipment		48.5		28.3		16.5
Water Equipment		19.0		33.1		21.3
Medical Equipment		127.7		104.1		98.1
Maintenance Equipment		7.7		10.9		8.1
Construction Equipment		3.4		6.0		9.0
Rail Float Containerization Equipment		6.0		8.2		13.2
Generators		43.8		73.8		51.2
Materiel Handling Equipment		24.6		7.8		13.7
Non-system Training Devices		117.2		117.2		115.2
Area Oriented Depot Upgrade		30.5				
In/Depot Maintenance Equipment		37.5				
Other Support Equipment		108.2		133.4		88.6
TOTAL		2491.9		3163.8		3254.4
TOTAL PROCUREMENT ALL APPROPRIATIONS (\$ MILLIONS)		9024.0		8027.1		7613.4

**RESEARCH, DEVELOPMENT, TEST AND EVALUATION,
ARMY BUDGET SUMMARY DATA* (\$ IN MILLIONS)**

FISCAL YEARS

	<u>1991</u>	<u>1992</u>	<u>1993</u>
TECHNOLOGY BASE			
Basic Research	182.2	197.1	202.0
Exploratory Development	629.5	622.6	626.9
Subtotal	(811.7)	(819.7)	(828.9)
 ADVANCED TECHNOLOGY DEVELOPMENT			
Logistics ADV Technology	9.0	10.5	12.0
Medical ADV Technology	46.7	22.2	38.4
Aviation ADV Technology	37.7	33.3	39.2
Weapons & Munitions ADV Dev	50.8	40.9	51.6
CBT VEH & Auto ADV Technology	142.0	26.0	24.5
Human/Fact/PERS/TRNG ADV Tech	18.8	15.7	17.7
MSL/Rocket ADV Tech	8.7	19.5	22.0
C3 ADV Technology	9.2	12.7	13.2
Night Vision ADV Development	20.0	22.6	29.0
Other	144.0	99.1	95.2
Subtotal	(486.9)	(302.5)	(342.8)
 STRATEGIC PROGRAMS	 (130.6)	 (87.2)	 (90.1)
 TACTICAL PROGRAMS			
Aircraft Propulsion System	53.0	41.8	37.1
Light Armed Scout Helo	287.4	507.8	571.5
Air Defense C2I-Eng Dev	56.0	32.0	42.3
Chem Bio Def Equip-Eng Dev	56.6	48.6	51.6
SADARM - Engr Development	103.9	150.8	65.8
ADDS - Army Data Dis System	14.5	19.5	13.9
Armored Systems MOD - AD	30.6	400.8	352.5
ADV Field Art Tact Data System	40.8	48.4	45.5
CBT Veh Improvement Program	99.2	29.7	12.0
Smk & Equip Def System - AD	8.5	17.0	20.8
Missile/Air Defense PIP	31.8	53.0	49.9
Surf to Surf Msl Rkt System	24.6	46.8	0
Other Missile PIP	56.3	106.6	75.4
Other	1662.4	2011.7	1782.7
Subtotal	(2525.6)	(3514.5)	(3121.0)
 INTELLIGENCE AND COMMUNICATIONS			
Satcom Ground Environment	33.2	113.4	134.9
Other	60.7	32.9	36.7
Subtotal	(93.9)	(146.3)	(171.6)

RDT&E * Cont...

	FISCAL YEARS		
	<u>1991</u>	<u>1992</u>	<u>1993</u>
DEFENSE MISSION SUPPORT			
Army Kwajalein Atoll	177.8	181.5	196.0
Army Test Ranges & FAC	184.3	174.6	162.2
Army Tech Test Inst & Targets	74.1	103.7	90.1
Support of Oper Testing	62.6	66.6	56.5
Program-wide Activities	88.3	95.0	93.7
Real Prop Maint ACT-RDT&E	183.1	194.0	183.2
Base Operations-RDT&E	208.0	197.9	199.4
Industrial Preparedness	26.7	21.1	28.1
Other	309.3	331.8	303.6
Subtotal	(1314.3)	(1366.2)	(1312.8)
TOTAL	5362.9	6236.4	5867.3

*Selected Items By RDTE Budget Activity

Numbers may not add due to rounding