



# WASHINGTON UPDATE



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**WE HAVE A BUDGET FOR FY92!** The Defense Authorization and Appropriations Bills have both passed and, even as this issue is in the mail, should be on their way to the president for signature. In general, Congress supported most of the Army programs that made it into the president's budget request. On the personnel side, the legislators accepted proposed cuts in active Army strength (see chart below) but balked at making comparable reductions in the reserve components. Thus, the Army will end FY92 with 29,100 more Guardsmen and 25,300 more Reservists than requested. Congress did provide authority to use the available tools to downsize the force; provided voluntary separation incentives to help preclude forcing soldiers out of service; approved a Desert Storm benefits package; and increased soldier pay by 4.2 percent effective 1 January 1992.

### ARMY FY92 END STRENGTH AUTHORIZATION (People/000s)

	Active Army	ARNG	USAR
Request	660.2	410.9	282.7
Authorized	660.2	440.0	308.0
Appropriated	660.2	440.0	308.0
Change from Request	n/c	+29.1	+25.3
Actual 9/30/91	710.2	446.1	309.6
FY92 Reduction Needed	-50.0	- 6.1	- 1.6

One of the biggest cuts (\$4 billion) came to the Army Operations and Maintenance account, but most of that (\$3.3 billion) resulted from the consolidation of the services' medical budgets at DoD.

Several items of special Army interest are discussed in the following pages. Some highlights of the Army Research and Development and Procurement budgets for FY 1992 follow.

### RDT&E

Program	Request (\$Mil)	Authorization (\$Mil)	Appropriation (\$Mil)
Lt. Helo	507.8	507.8	499.8
Arm. Sys.			
Mod. (ASM)	400.8	421.5	340.9
LONGBOW	233.2	267.7	254.2
Line of Sight			
Antitank	152.3	137.0	0
AAWS-M	120.4	120.4	120.4
Jt. Tac.			
Fusion Pgm.	130.8	109.3	115.3
Forward Area			
Air Defense	97.4	97.4	107.4
JSTARS	48.7	73.7	68.7

### PROCUREMENT

Program	Request (\$Mil)	Authorization (\$Mil)	Appropriation (\$Mil)
Apache (Mod.)	82.8	83.8	82.7
Armed OH-58D	183.2	273.6	271.6
ATACMS	174.9	170.9	170.9
Abrams (Proc.)	43.7	90.0	90.0
Abrams (Mod.)	79.7	304.7	225.0
Bradley (Mod.)	185.4	110.4	110.5
Heavy Equip.			
Transporter	182.5	161.3	160.0
Med. Tac. Veh.	161.0	130.0	129.8

**PROCUREMENT FUNDING FOR TANKS**, as approved by the FY92 Authorization bill, provides for 60 new production M1A2 Abrams tanks and includes \$225 million to initiate a program to upgrade existing M1 tanks. To the request of \$43.7 million for M1A2 procurement, Congress added \$46.3 million and requires DoD to obligate \$150 million in FY91 funds for advance procurement. As the M1A2s are received, the Army is directed to transfer M1A1 tanks to the Marines on a one-for-one basis.

**FIVE SENATORS SEEK DEEPER DEFENSE CUTS** over the next five years — some five to ten percent beyond the 25 percent reduction agreed to at last year's budget summit. Four Senate Democrats and one Republican have submitted proposals for further defense budget cuts to help pay for a variety of domestic programs.

Defense programs considered at possible risk include, among others, the Navy's A-X and V-22 aircraft and SSN-21 Seawolf submarine, the B-2 Stealth bomber, MX and Midgetman missiles, Advanced Tactical Fighter, National Aero-Space Plane, Milstar satellite, C-17 transport aircraft and Strategic Defense Initiative. Additional active personnel cuts recommended by one senator would require force structure reductions by the Army and the other services in the OSD projected Base Force for FY 1995.

The bipartisan Congressional Budget Office (CBO), asked to study the possible effects of deeper defense cuts, reported in mid-October that such reductions would endanger future production capabilities of the U.S. industrial base. The CBO study also concluded that accelerating the defense drawdown would force more involuntary separations and would reduce military readiness.

**\$8.5 BILLION DEFENSE CONSTRUCTION BILL** passed quickly through the conference process on Oct. 3, thanks to compromises worked out by committee staffs on more than 300 disputed items. The FY92 military construction appropriations bill cut overseas programs, slashing the \$289 million White House request for specific overseas projects by more than a third. The joint conference approved \$362.98 million of \$478.9 million requested for small, unspecified projects and provided \$225 million of \$358.8 million sought for the NATO infrastructure account.

Congress added \$77.1 million to the Army request of \$851.3 million for military construction projects. For the Army Family Housing request of \$1.534 billion, Congress authorized \$1.564 billion. That will provide 731 new houses and will add 800 new units to the Army Family Housing Rental Guarantee Program. In total, the Army obtained 109 percent of its requested construction and 102 percent of its family housing budget requests.

**CUTTING \$1 BILLION FROM DEFENSE** to feed the Soviet Union, rather than fight it, has been a contentious issue on Capitol Hill since late summer. Just when it seemed that proposal's advocates would prevail, the underlying desire to stick to the five-year budget agreement pushed Soviet aid out of the FY 1992 DoD budget.

The matter was dropped from the Authorization conference report and that seemed to end it, at least for this year. But just last week a coalition of senior senators from both parties put forth a new plan that would provide up to \$500 million from the DoD budget to help Moscow dismantle its nuclear weapons. The latest version does not address humanitarian aid to the Soviets and does not contain the earlier provision to use U.S. defense funds to help retrain Soviet officers at a time when U.S. armed forces are faced with the prospect of having to compel American servicemen to retire early or to be forced out of uniform.

**ARMORED SYSTEMS MODERNIZATION PROGRAM** was supported in the FY92 Research and Development (RDT&E) authorization to the extent that Congress added \$20.7 million to the Army's \$400.8 million request. The authorization allowed \$358.5 million for the core ASM program that included the common chassis, combat survival, advanced field artillery, and countermobility vehicle technology demonstrators. The bill also authorized, as related ASM programs, \$8.0 million to initiate full-scale development of unicharge propellant, \$15.0 million to start a command and control vehicle, and \$40.0 million for the advanced tank cannon system. The authorization represents an increase of \$49.3 million over the budget request for the advanced field artillery system, reflecting congressional intent that the AFAS should enjoy the highest priority within the ASM program.

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**BUDGET ENFORCEMENT ACT CHANGES** being discussed in Congress would allow shifting of funds among different budget categories in FY93 — one year ahead of the schedule established by the 1990 budget agreement. The House Government Operations Committee began hearings Nov. 6 on a bill to amend the Budget Enforcement Act and consolidate defense, domestic and international spending in one account for discretionary spending. Under the original agreement, shifting funds among different categories was prohibited before FY94 and defense budget authority was to be pegged at \$291.1 billion in FY93. Our best guess is that the FY93 agreed-upon numbers won't change — with it being an election year. BUT, watch out for FY 1994!!!

**LATEST ACCOUNTING OF WAR COSTS** shows a \$2.8 billion shortfall between the cost to the Defense Department and the amount pledged by the allies to pay for Desert Storm. DoD's costs of \$51 billion include \$47.1 billion of FY91 and 92 incremental costs and \$3.9 billion in long-term personnel costs (extensions beyond retirement, reservists called up, additional benefits approved by Congress). With allied contributions put at \$48.2 billion, DoD will need to seek congressional approval to get the \$2.8 billion difference from the special \$15 billion fund set up last year. Not included in the above is \$1.2 billion worth of U.S. equipment that was consumed in the war — such things as M1 tanks, Bradley Fighting Vehicles, AH-64 and AH-1 helicopters, and F-14, F-15 and F-16 aircraft. Add the \$2.8 billion shortfall to the \$1.2 billion for equipment that will not be replaced and \$3.1 billion in FY90 supplemental/reprogrammed funds and the total cost to the U.S. taxpayer of the Persian Gulf War comes to \$7.1 billion.

**INVOLUNTARY SEPARATIONS ARE NECESSARY** if the Army is required to scale back to 535,000 soldiers by the end of FY 1995. That's the word from the Army's personnel chief, LTG William Reno. The FY92 Authorization bill requires a reduction of 50,000 by next Oct. 1. That cut would be followed by about 42,000 each year through 1995. At the same time, some 80,000 civilian positions are expected to be eliminated from the Army, although about 30,000 will be absorbed by the Defense Department through consolidations and mission transfers.

**VOLUNTARY SEPARATION OPTIONS** included in the FY92 Defense Authorization Act give members who opt out with 6-20 years' service a choice between a lump sum payment and an annuity to be paid over time. Under Option 1, people who volunteer to leave the service receive many of the same benefits as involuntary separatees, with a 5 percent kicker added to the separation pay benefit. In this case, separation pay would be calculated at 15 percent of annual basic pay (12 times basic monthly pay at time of discharge) multiplied by the number of years of active service. For example:

**E-6 over 8 years**

\$ 1,509.60	monthly
<u>        </u>	<u>        </u>
x 12	
\$18,115.20	annual basic pay
<u>        </u>	<u>        </u>
x 15%	
\$ 2,717.28	
<u>        </u>	<u>        </u>
x 8	years served
\$21,738.24	lump sum separation pay

Under Option 2, the same person would receive an annual payment of 2.5 percent of basic pay times years of service, paid over twice the number of years served.

**E-6 over 8 years**

\$18,115.20	annual basic pay
<u>        </u>	<u>        </u>
x 2.5%	
\$ 452.88	
<u>        </u>	<u>        </u>
x 8	years served
\$ 3,623.04	annual payment
<u>        </u>	<u>        </u>
x 16	(2xY.O.S.)
\$ 57,968.64	total annuity (paid over 16 years, with no adjustment for inflation)

Both plans require the service member to have between 6 and 20 years' active service and to have served five continuous years immediately prior to separation; both may be limited by the appropriate service secretary, and both plans terminate 30 September 1995.

**FAMILIES SEEK ACTION ON PAY, HEALTH CARE** at the 9th annual Army Family Action Planning Conference, convened last month in Arlington, Virginia. More than 150 delegates representing every branch of the Total Army Family met to address the quality of military life. Of the 94 issues (including military compensation, medical and dental benefits, housing and support programs) submitted by the delegates, the Army staff will review 27. With the draw-down, community and family support programs expect to be cut some \$171 million between 1990 and 1993. With inequities between military and civilian pay at or near the top of the delegates' list of concerns, Lt. Gen. William Reno, Deputy Chief of Staff for Personnel, assured those assembled that continuing efforts would be made to narrow the pay gap and prevent further erosion of military pay. He also said the Army would try to increase Delta Dental Plan enrollment to improve dental coverage and to increase CHAMPUS participation among health-care providers in remote locations.

**HONORARIA BAN TO BE RELAXED** under a compromise recently announced by Congress. The Ethics Reform Act of 1989 prohibited government employees, including military officers, from accepting honoraria for appearances and articles, even those unrelated to their official duties. Under the compromise, retroactive to Jan. 1, all military members and those career and noncareer civil servants at or below the GS-15 level could once again accept speaking and writing fees for activities not related to their federal employment. Some honoraria restrictions will still apply to political appointees and career employees earning between \$74,001 and \$101,000 a year.

**BIG RED 1 GETS ROUNDOUT BRIGADE**, making the 1st Infantry the fifth such Army division to be rounded out by a reserve brigade. The 218th Mechanized Brigade of the South Carolina Army National Guard has been selected to become the third maneuver brigade of the Fort Riley, Kansas, based division. Other divisions with roundout brigades include the 4th Infantry, Fort Carson, Colorado; 5th Infantry, Fort Polk, Louisiana; 6th Infantry (Light), Fort Wainwright, Alaska; and 10th Mountain Division, Fort Drum, New York.

**USAF TO REORGANIZE**, combining the operations of Strategic Air Command, Tactical Air Command and Military Airlift Command to form Air Combat Command and Air Mobility Command. Purpose, according to Air Force Chief of Staff General Merrill A. McPeak, is to eliminate "the artificial distinction between tactical and strategic airpower." McPeak said the restructuring also involves reorganization and integration of operations below the major command level. The Air Force will combine existing composite operations in some locations into single wings containing several types of aircraft. Two new composite wings will also be created: one at Pope AFB, North Carolina, teamed with the Army's 82d Airborne Division, and one at Mountain Home AFB, Idaho.

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- *The U.S. Army in the Pacific in the 1990s* (No. 91-4, November 1991), by Gen. Robert W. Sennewald, USA Ret., an AUSA Senior Fellow;
- *Guideposts for Lives of Service* (No. 91-5, November 1991), verbatim remarks delivered by Gen. Andrew J. Goodpaster, USA Ret., at AUSA's 37th Annual Meeting, 16 October 1991, upon receiving the Association's George Catlett Marshall Medal.

Also available:

- *Operations Desert Shield and Desert Storm: The Logistics Perspective* (September 1991), a special report that narrates the strategic, theater and division level logistics story of the Army's role in the Gulf crisis;
- Secretary of the Army Michael P. W. Stone's remarks at the AUSA Annual Meeting's opening session, 14 October 1991;
- "Total Army, Total Victory," Army Chief of Staff Gen. Gordon R. Sullivan's address at the Annual Meeting's Eisenhower Luncheon, 15 October 1991.

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