



WASHINGTON UPDATE



A MONTHLY NEWSLETTER

Vol 3 No 2

Published by the AUSA Institute of Land Warfare

February-March 1991 *

THE FY 92-93 DOD BUDGET REQUEST is the first defense budget to identify a long term program. The totals shown below are no surprise, having been established in the Oct. 27 Budget Reconciliation Act.

DoD Budget Authority (\$ billion)

	FY91	FY92	FY93
Current Dollars	273.0	278.3	277.9
Constant '92 \$	289.3	278.3	268.3

All incremental costs of the Persian Gulf crisis are excluded and are to be covered by separate legislative action. Keeping two sets of books is a clumsy way to manage defense business and Desert Storm will undoubtedly have a significant influence on the review of the current budget before Congress.

Along with the FY 92-93 budget presentation, OSD also laid out the program profile for FY 92-97, of which this budget is the first increment. This revealed a constant downslope (exclusive of Desert Storm requirements) in terms of about three percent a year. Some significant projections:

- Active military end strength scheduled to fall to 1,653,000 or 24 percent below its FY 1987 peak. The Army takes the brunt of this.
- DoD outlays as a percent of the GNP are expected to fall to 3.6 percent by FY 1996, as compared with 6.3 percent as recently as FY 1986, and will be the lowest level in over 50 years (pre-WWII).

In addressing DoD funding requirements, Desert Storm cannot be overlooked. Expenses for FY 1991 are already accumulating and could exceed appropriated levels in the operating accounts by April. The Secretary of Defense therefore invoked the so-called "Feed and Forage Act" to cover mounting operating costs until supplemental appropriations can be processed. His initial supplemental budget request was submitted in the amount of \$15 billion on Feb. 22. Additional supplemental requests may be necessary.

**This combined February-March issue of WASHINGTON UPDATE is made necessary by some extremely pressing events which precluded our publishing on time. We will return to our monthly schedule with the April issue.*

THE FY 92-93 BUDGET SIGNALS LEAN TIMES FOR THE ARMY and initiates the first step on the glide path to a smaller force. At \$71.3 billion for FY92 and \$67.9 billion for FY93, the Army takes the heaviest cuts of all the services. The most significant reductions are in personnel and procurement funding. When adjusted for inflation, these numbers represent a decline in real terms of 5.8 percent from FY91 to FY92 and an additional 8.5 percent from FY92 to FY93. By FY93 Army buying power will have been reduced some 23 percent below FY90.

All of this is exclusive of Desert Storm and adjustments have to be made to cover those unique costs—primarily through supplemental appropriations—and there will have to be some slippage in the timing of personnel reductions.

A summary of Army total obligational authority by appropriation is shown in this chart—these are in current dollar terms, not adjusted for inflation.

TOA SUMMARY

CURRENT \$B				
NOTE: NUMBERS DO NOT ADD DUE TO ROUNDING				
APPN	FY 90	FY 91	FY 92	FY 93
• MILPERS	29.8	30.1	29.6	28.9
• O&M	25.6	25.3	24.9	23.0
• PROC	14.3	9.0	8.0	7.6
• RDTE	5.3	5.4	6.2	5.9
• MILCON	1.1	1.2	1.0	1.0
• AFH	1.5	1.5	1.5	1.5
• ASF/AIF	0.0	0.5	0.0	0.0
TOTAL*	77.7	73.0	71.3	67.9

* DOES NOT ALLOW YEAR TO YEAR COMPARISON DUE TO TRANSFERS BETWEEN APPNS 91/92 & TO OSD APPROPRIATIONS IN FY 91

Looking to the future, key concerns are the reduction in force structure and manpower over the program period FY92-97 and the near disaster in the level of procurement.

The Army will be reduced from its present 28-division force (18 active, 10 reserve) to a force of 12 active, six reserve component and two cadre divisions by FY 1995. The FY93 budget supports a 22-division force, at that point in the transition.

Personnel end strength figures (in thousands) in the budget are:

	FY91	FY92	FY93
Active			
Military	702	660	618
ARNG	457	411	366
USAR	319	283	255
Civilian	363	329	314

Note: Adjustments will have to be made because of Desert Storm. The 702,000 figure for FY91 is no longer achievable.

Highlights of Research, Development and Acquisition (RDA) funding are reflected in the following charts:

Selected Key Systems in the Army FY92-93 Budget

Procurement:

	FY92 Qty/\$Mil	FY93 Qty/\$Mil
UH60 Blackhawk Helicopter	60/507.5	60/428.4
Advanced Anti-tank Weapon System-Medium (AAWS-M)	70.9	1213/176.3
Army Tactical Missile System (ATACMS)	300/174.9	351/192.4
Avenger Surface to Air Missile System	144/180.1	144/160.9
Line of Sight-Forward-Heavy Air Defense System	—	115/208.8
Multiple Launch Rocket System (MLRS) Launchers	43/183.3	34/198.5
Family of Medium Tactical Vehicles (FMTV)	1,815/161.0	3,288/292.7
High Mobility Multipurpose Wheeled Vehicle (HMMWV)	7,302/282.1	6,922/241.9
Family of Heavy Tactical Vehicles (PLS)	281/99.7	961/336.1
Single Channel Ground and Airborne Radio System (SINCGARS)	287.5	291.7

Research and Development:

	FY92 (\$Mil)	FY93 (\$Mil)
Light Helicopter	549.5	608.5
Armored Systems Modernization	443.9	389.8
Longbow Mast Mounted Fire Control Radar	239.2	329.2
Line-of-Sight Anti-tank (LOSAT)	152.9	145.1

Army Termination of Key Systems

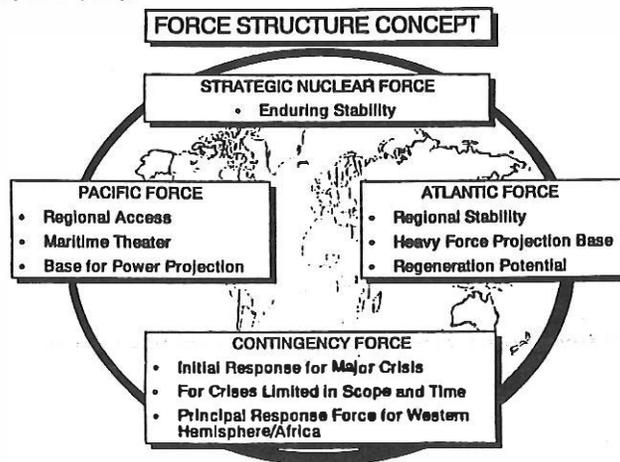
FY91 Budget Terminations:

- Army Helicopter Improvement Program (AHIP)
- M88A2 Improved Recovery Vehicle
- Apache Attack Helicopter
- M-1 Tank

Terminated FY92-93 Funding Proposal:

- Bradley Fighting Vehicle
- Follow-on to Lance
- Non-Line of Sight Air Defense Weapon
- Ground Launched Tacit Rainbow
- Patriot Air Defense Missiles

THE NEW BUDGET'S PROJECTED STRUCTURE and strength reductions would, by 1995, cut our defense forces 25 percent below the FY 1987. This is based on a force structure concept consisting of a Pacific Force, an Atlantic Force, a Contingency Force and a Strategic Nuclear Force.



Under this plan, the Army would be reduced from its present 28 divisions to 12 active, six National Guard and two cadre divisions by 1995. Army strength is concurrently reduced to reach 536,000 for the active force (down from 730,000 in FY 1990) and 550,000 for the reserve components (down from 750,000 in FY 1990).

The budgeted strengths for FY92-93 reflect a glide path to meet the FY 1995 target. Desert Storm, however, has created an aberration which makes meeting the authorized Army FY 1991 end strength figures an impossible goal and challenges the likelihood of getting back on the transition line before the end of FY 1992. This means the need to shift the glide path to the right.

THE PENTAGON'S TOTAL FORCE STUDY will get close scrutiny in Congress in light of the lessons learned from the Persian Gulf callup. Released Dec. 31 with little fanfare on Capitol Hill, the study proposed to review the soundness of plans for reservists and active-duty troops to train and fight as an integrated force. The Persian Gulf callup had little influence on the study since it was nearing completion at the time President Bush activated several hundred thousand reservists and guards. Now, with Desert Shield/Desert Storm experience to draw on, the Defense Department will be able to make some broad conclusions about how well the Total Force policy worked. The study is needed to make the planned drawdown of 300,000 active and 240,000 reserve troops (by the end of 1995) compatible with adjustments in mission and readiness requirements for anticipated smaller, regional conflicts of the future.

ABRAMS TANK UPGRADE NOT IN ARMY BUDGET. During the program review process for FY92-97 in OSD, the Army had sought approval for the conversion of M1 main battle tanks to the M1A2 version, which not only incorporates the features of the M1A1 with its 120mm gun and NBC protection but also provides better survivability and command and control features. In early January we gave this a high probability of being included. It was denied, however, in the final decision process and was not funded in the FY92-93 budget, a victim of a rigid funding cap.

WHEN THE PRESIDENT CALLED UP THE IRR (Individual Ready Reserve), it was the first time this authority had been used to activate members of the Army's mobilization pool of trained reservists who are not assigned to Army Reserve or National Guard troop units or to Individual Mobilization Augmentee jobs. The Army Reserve includes 274,500 IRR soldiers, with an additional 10,126 assigned to the Individual National Guard. Most of these soldiers have performed a portion of their eight-year service obligation in the active Army or in Guard or Reserve troop units. On Jan. 20, the Army sent mailgrams to more than 20,000 non-unit reservists, including some combat arms soldiers, ordering them to report to mobilization centers. Those called are not to be held for more than 12 months.

WASHINGTON UPDATE is published monthly by the AUSA Institute of Land Warfare to highlight current events of significance to the Army and defense from the Washington perspective. Further reproduction and distribution of this newsletter is encouraged.

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GULF VETERANS' BENEFITS are receiving much attention on Capitol Hill, with over 100 bills submitted to provide new assistance or improve existing programs. Already, the Soldiers' and Sailors' Civil Relief Act amendments have been passed by the House and are pending in the Senate. The amended law would

- reinstate private health insurance for military personnel returning to civilian life;
- guarantee the right of military reservists to return to civilian jobs after active duty;
- suspend requirement for doctors to pay premiums on private malpractice insurance while on active duty;
- require courts to suspend legal proceedings at the request of an individual on active duty;
- prevent eviction of a family of a military service member if the monthly rent is \$1,200 or less (the current limit is \$150).

(AUSA's Director of Legislative Affairs, COL Erik G. Johnson, USA Ret., appeared before a joint hearing of the House and Senate Veterans' Affairs Committees in September to urge action on the last two items listed above.)

CFE AGREEMENT IS ON SHAKY GROUND as Soviet military authorities seek to exempt some of their infantry forces by reclassifying them as naval shore defense troops. The dispute reportedly involves three motorized infantry divisions and some 3,500 ground weapons. Secretary of State James A. Baker announced in February that he objects to the Soviet action because it seems to be an attempt to create loopholes in the treaty, which will not be submitted to the Senate for ratification until the matter is resolved. (The leaders of the 16 NATO member nations and six Warsaw Pact nations signed the Conventional Forces in Europe treaty in Paris on Nov. 19, 1990.)

COURTER TO HEAD BASE CLOSING COMMISSION. As expected, President Bush has nominated former Congressman Jim Courter (R-NJ) as chairman of the eight-member Defense Base Closure and Realignment Commission mandated by Congress in the 1991 Defense Authorization Bill. Other nominees so far include former Secretary of the Army Howard Callaway and former Senate Armed Services Committee staff member James C. Smith, who served on the 1988 base closing commission.

Defense Secretary Dick Cheney is to submit his list of potential base closures and realignments to Congress not later than April 15. He is expected to recommend the closure of about 25 percent of some 465 installations ranging from small reserve component training camps to major active-duty bases. The commission will review the list, hold public hearings and make its own recommendations to Congress by July.

TAX BREAK FOR DESERT STORM TROOPS was authorized by President Bush's Jan. 21 designation of the Persian Gulf area as a combat zone. Effective Jan. 17 (the day Operation Desert Storm was launched), enlisted soldiers and warrant officers serving in the Persian Gulf are exempt from federal taxes on their military pay while the war is on. The tax break also allows commissioned officers to exclude \$500 monthly from their gross income until the president declares the war ended. The executive order allows those who were in the combat zone on or after Jan. 17 up to six months after returning to normal duty stations to file their 1990 federal tax returns. No interest or penalty will be assessed as a result of the delay; interest (currently set at 10 percent) will accrue on any refund to which the service member is entitled. The deadline extension is automatic, with no action necessary to qualify; the IRS does recommend that service members keep a copy of military records proving their service in the combat zone just in case.

On Jan. 24 Congress passed the Desert Shield-Storm Tax Relief Bill, which extends the filing delay to service members who may have left the gulf between Oct. 15, 1990, and Jan. 17, to the spouses of military members serving in the gulf region, and to Defense Department civilians, Red Cross workers and accredited members of the media in the combat zone. (The tax exemption does not apply to civilians.) Wounded service members may delay filing for as long as they are hospitalized anywhere in the world, but no longer than five years after returning to the United States.

WARSAW PACT TO DISSOLVE ON APRIL 1, nearly 36 years after it was conceived as a response to West Germany's entrance into NATO. Another key milestone in the unfreezing of the Cold War was reached Feb. 25 in Budapest when the six member nations formally agreed to terminate the military alliance. The declaration signed by the defense and foreign ministers of five East European countries and the Soviet Union (Albania withdrew in 1968 and East German membership ended with German reunification) directed the dismantling of military organs and structure of the treaty by March 31, 1991.

IN THE PIECE ON AVIATION PEO structure in the January UPDATE, we made the error of lumping certain Program Managers (PM) and Project Manager's Offices (PMO) under the title of Program Executive Officer (PEO). In addition, where we said several aviation-related PMOs were to be "eliminated," the Program Executive Officer, Aviation says they are or will be "transitioned to AMC." We regret these mistakes.

PATRIOT STEALS THE SHOW in the early days of Operation Desert Storm. The Patriot missile scored a big hit when it knocked out an Iraqi Scud missile in the early morning hours of the second day of the allied campaign against Iraq — on television, live and in color. The world watched as the Army's principal air defense weapon functioned exactly as planned in its first-ever combat firing.

The sophisticated Patriot system, which has been in production for 11 years, acquired its antitactical ballistic missile capability just last year. The improved version of Patriot was rushed to the Persian Gulf region in support of Operation Desert Shield. Commanders in the field give high marks to the Patriot's manufacturers, Raytheon and Martin Marietta, both for their rapid response to the crisis and for the effectiveness of the system.

The Patriot is designed to protect vital military installations against aerial threats; according to one Army spokesman, the system has "the ability to defeat anything" the Iraqis have. But it's limited by its short range, with most intercepts within 15 miles. Its main mission in the Persian Gulf was to defend against the Scud missile, described as a harassment-type mass-destruction weapon that is not very accurate.

APACHE AMONG FIRST TO SEE COMBAT, reportedly knocking out Iraqi early-warning radars in the first hours of Operation Desert Storm. (Pentagon officials have declined to comment on the specifics of the Apache's activities at the start of the war.) The AH-64A attack helicopters then saw little action until Army units began using them in border raids in mid-February. On Feb. 18, the Apache helicopters of the 101st Airborne Division flew some 50 miles inside Iraq darkness, launching a surprise attack on a concentration of tanks, trucks and troops. The night-flying, tank-killing Apache became a primary player in the major combined air-ground assault launched against Iraqi forces on Feb. 25.

1990 GLOBAL ASSESSMENT RELEASED.

The AUSA Institute of Land Warfare has released *Beyond the Cold War, A Global Assessment 1990*. This is AUSA's 18th annual review of major world events of the past year. Copies of the report may be obtained by calling (703) 841-4300, ext. 308.

