



WASHINGTON UPDATE



A MONTHLY NEWSLETTER

Vol 4 No 1

Published by the AUSA Institute of Land Warfare

January 1992

BYEBYE BUDGET AGREEMENT is the clear message coming from the White House and Capitol Hill, leaving little doubt that the defense budget will be cut even deeper than the 25 percent reduction now planned. Congressional leaders have for months sought talks with the administration in order to scuttle the 1990 budget law (which bars shifting funds from defense to domestic programs through FY 1993). At the Jan. 3 opening of the 2nd session, 102nd Congress, House Speaker Thomas Foley announced a move to recast the FY 1993 budget so that domestic spending could be increased at the expense of military programs.

The same day, President Bush indicated in a PBS television interview that he might be willing to consider renegotiating the budget pact so that money earmarked for defense could be shifted to domestic programs or tax cuts. Without being more specific, the president indicated that his plan will be aired in his Jan. 28 State of the Union address.

Beyond that, everything said about the defense budget is pure speculation. Still, it is reasonable to assume that any Navy and Air Force cuts would come in big-ticket items such as nuclear submarines, carrier battle groups, B-2 bombers and advanced tactical fighters. For the Army, most such speculation centers on additional force structure reductions. Present plans are for the Army to scale back to 12 active and six Reserve/Guard divisions (plus two cadre divisions) by 1995. Defense Secretary Cheney is on the record as stating that troop levels have been cut to the limit and any further cuts will have to be in the weapon systems area.

CIVILIAN FORCE REDUCTION plan calls for the Army to cut some 34,000 civilian positions in FY92 on its way to a projected civilian strength of 303,000 by the end of FY95. That's down from 363,000 at the beginning of FY91. Reportedly only about three percent of eligible Army employees have taken advantage of the early retirement option.

LONG KNIVES ZERO IN ON DOD; most have proposals to shift funds from military programs to other uses. Some notable examples (using the 1990 budget agreement as a baseline):

White House - President Bush is considering new reductions to defense budget; will discuss in State of Union address, Jan. 28. Media says on order of \$50 billion over five years. Sam Skinner, his chief of staff, says this could allow a middle-income tax break.

Defense Secretary Dick Cheney and JCS Chairman Gen. Colin Powell - Still support Base Force concept of 25 percent reduction, but admit to prudent cuts in DoD budget based on "changes in the world security environment."

Rep. Leon Panetta - Chairman of House Budget Committee calls for \$40 billion budget authority reduction from DoD through FY 1995.

Sen. Jim Sasser - Senate Budget Committee chairman proposes \$125 billion to \$150 billion in defense cuts over five years.

Sen. George Mitchell - As late as Jan. 16, the Majority Leader weighed in with a call for a \$100 billion cut over the next five years.

Sen. Edward Kennedy - Offered recession-fighting plan that would take \$40 billion from defense in 1992 and put it into "jobs, education, health care." Another \$170 billion (making total of \$210 billion) cut from military over additional seven years would be put to similar use.

Congressional Budget Office - Sees DoD spending reduced by about \$58 billion by 1995 if all additional discretionary cuts beyond FY 1993 were taken from national security programs.

FOLLOW-ON KOREA TROOP CUTS QUESTIONED by legislators and others. Urging caution in troop cuts beyond FY92, Congress wants the White House to submit a report by June 30, 1992, addressing the military situation on the Korean Peninsula and U.S. troop basing plans for the area. One nonbinding "sense of Congress" resolution passed in conjunction with the FY92 Defense Authorization Act emphasizes the importance of the Republic of Korea as a U.S. ally and voices concern about whether further troop cuts would leave that country vulnerable to attack by North Korea. Another resolution calls for regular reviews of the military mission and structure of U.S. forces in Asia and the Pacific.

CHENEY SAYS NO TANK UPGRADE, upholding DoD Comptroller Sean O'Keefe's proposal to reject an Army plan to upgrade M1 tanks and produce new M1A2s using funds appropriated by Congress expressly for that purpose. On Dec. 19, Defense Secretary Dick Cheney, who strongly believes that heavy armor vehicle procurement should be put on hold while a new generation of tanks is developed, accepted O'Keefe's final program budget decision, which stated that the Army had no plan for funding the conversion program in the out years. DoD will reportedly request the rescission of the money appropriated by Congress for the program (\$225 million in FY92 funds and approximately \$150 million from FY91) since the Army cannot apply it to other programs.

CBO: ASM, LH WILL BUST PROJECTED ARMY BUDGETS AFTER FY 1997. According to last month's Congressional Budget Office report to the House Armed Services Committee, the high cost of the Armored Systems Modernization and Light Helicopter programs could increase the Army budgets by two to four percent in the FY 1997-2003 period. Annual funding for ASM could run as high as \$4 billion, for a total cost of \$30.6 billion from production initiation in 2000 through 2010 (figures include an assumed 50 percent increase in production costs). CBO estimates that the RAH-66 Comanche light helicopter will cost about \$2 billion annually; the \$20.1 billion total for the period 1997-2010 includes the purchase of 196 more helicopters than the Army's stated initial acquisition objective.

WHOLE ARMY TO HEAR DRAWDOWN PLAN by Jan. 31, 1992, thanks to a comprehensive briefing package developed by Total Army Personnel Command. "Drawing Down the Army — Update I" includes comments from Army Secretary Michael P. W. Stone and Army Chief of Staff Gen. Gordon R. Sullivan on the overall drawdown, along with a script, slides and questions and answers. It also provides specific information on how the drawdown will affect soldiers in 1992, and covers benefits available to those soldiers, Army civilians and family members who leave the Army. A briefing is to be presented by all commanders down to company level.

FUTURE TOTAL FORCE BEING STUDIED. The FY92-93 Defense Authorization Act requires an independent, federally-funded research and development center be directed to conduct "an assessment of existing policies and practices for implementing the Total Force Policy. Also to be covered are the effectiveness of the Total Force Policy during the Persian Gulf conflict, a range of possible mixes of Active and Reserve Forces and the costs associated with alternative force mixes and structures." The study was recently contracted to RAND's National Defense Research Institute. An interim report is due to Congress in May 1992, with the final report due not later than December 1992.

NEW FM 100-5 IN WORKS, with publication projected for December 1992. Army Training and Doctrine Command (TRADOC) is rewriting the 10-year-old operations field manual to focus on new AirLand Battle concepts emphasizing regional contingencies rather than the European battle scenario addressed by the current manual. The updated field manual will encompass the AirLand operations umbrella concept recently agreed upon by TRADOC and the Air Force Tactical Air Command.

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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CANCELLATION OF MOST GULF WAR DEBTS

for overpayments was announced by Defense Secretary Dick Cheney on Dec. 24. The FY 1992 Appropriation Act authorized cancellation of debts totalling \$79.7 million which resulted from overpayments to former active servicemembers and Reserve and National Guard personnel called to active duty in the Persian Gulf. DoD will cancel most individual debts up to \$2,500, refund prior collections up to \$2,500 and refund all interest, penalties and administrative fees related to debts incurred by servicemembers who received advance payments and overpayments but were released from active duty or demobilized before full recoupment was possible. The action affects about 198,000 people and cancels approximately 88 percent of the debt incurred by members who are no longer on active duty; 95 percent of the former servicemembers who owe a debt because of the Gulf War will have their entire debt cancelled.

Some 86,000 people still on active duty owe a total of about \$53 million as a result of the overpayments; possible cancellation of those debts was still under review at the time of Cheney's announcement, and no further information has been made available.

OFFICER REDUCTION BOARDS are scheduled to convene in March to consider a group of majors and captains for involuntary separation from the Army. Under consideration will be all majors whose date of rank is July 1, 1989 to March 1, 1991 (inclusive) and all captains whose date of rank is May 2, 1985 to Sep. 1, 1986 (inclusive). Within those categories, only officers with at least one year of active duty in that grade as of March 1, 1992, with less than 15 years of active federal service by Sep. 30, 1992, and not on a promotion list will be considered. Officers selected by the reduction in force (RIF) boards should be notified by May 1, 1992, and will be required to separate from the service not later than Sep. 29, 1992.

The Army must separate approximately 750 majors and 700 captains, voluntarily or involuntarily, during FY92. The total number of officers to be separated involuntarily will depend on how many opt for voluntary separation before the board meets. A tentative DoD plan requiring the services to actively seek volunteers for early-outs before ordering any involuntary separations *could* mean delay or even cancellation of the RIF boards.

BIG CHANGES IN U.S. ARMY, EUROPE include the Jan. 17 closeout of the 8th Infantry and 3d Armored Divisions. On that date, all 8th Division units were incorporated into the 1st Armored Division, to be headquartered at Bad Kreuznach and commanded by MG William M. Boice. The 3d Armored Division colors were retired on the same day and are to be returned to the U.S. for formal deactivation later. Remaining in Germany with 1st AD will be the 3d Infantry Division (Mechanized), which is located in Wurzburg and commanded by MG Richard F. Keller.

The realignment of U.S. Army divisions comes at a time when the currently planned drawdown of troops from Europe is one-third complete. Some 40,000 soldiers have departed from Germany since early summer. Present plans call for Army Europe troops to be reduced from a 1991 high of 213,000 to 92,200 by the end of 1995.

TAX BENNIES FOR STORM VETS, announced last month, include good news for enlisted personnel and warrant officers, who do not have to pay federal taxes on wages earned during service in the Persian Gulf region. For commissioned officers, the exemption applies to earnings up to \$500 per month while serving in the Gulf area. The tax exemption or reduction does not apply to Social Security taxes or to passive income such as interest and dividends. The tax deadline has also been extended for Desert Storm and Provide Comfort veterans, who have up to 180 days from the date they return from the combat zone to file and pay their income taxes.

One day of appropriate duty qualifies a service member for these special tax benefits for the entire month. However, the benefits apply only to those who served in the Persian Gulf area on or after Jan. 17, 1991, when the area was designated a combat zone. That designation still stands. The combat zone includes: Iraq, Kuwait, Saudi Arabia, Oman, Bahrain, Qatar, the United Arab Emirates, the Red Sea, the Gulf of Oman, the Gulf of Aden and the Persian Gulf. Soldiers who were paid hazardous duty or imminent danger pay because of duties that were in direct support of operations in the combat zone also qualify for these tax benefits.

For further details, call the Internal Revenue Service at 1-800-829-3676 to receive Publication 945, "Tax Information for Those Affected by Operation Desert Storm."

ARMY SEEKS "FRIENDLY FIRE" CASUALTY REDUCTIONS, leading the charge to improve training, equipment and procedures in the wake of Operation Desert Storm. In May 1991 the Army, which sustained more casualties from misdirected American fire in the Persian Gulf War than any other service, formulated a Combat Identification Task Force to study ways to reduce the incidence of such war accidents in the future. As directed by Army Chief of Staff Gen. Gordon R. Sullivan, the task force includes senior officers of the Army's Training and Doctrine and Materiel Commands, as well as representatives of the Air Force and Marine Corps.

In a national press briefing on Dec. 12, task force officials said major changes in doctrine, training, leader development and organization are already taking place. Improvements on existing equipment are also underway, and several Army contracts have been awarded for development of new technology to facilitate friend-or-foe identification.

The Army Science Board announced earlier this month that it also plans to tackle the friendly fire casualty problem as one of its major study topics for 1992.

HONORARIA BAN STILL STANDS, despite expectations from many observers, including *WASHINGTON UPDATE*, that the controversial legislation prohibiting federal workers (including military officers) from collecting any writing or speaking fees — even those unrelated to their duties — would be relaxed by the end of 1991. The House passed a compromise bill (HR 3341) in November that would lift the ban, imposed by the 1989 Ethics Reform Act, for most federal employees. However, the Senate failed to act on the House bill before Congress adjourned its first session, and it is not expected to be a very high priority when the legislators return to work later this month.

In the meantime, the Office of Government Ethics has further muddied the waters by publishing, on Jan. 8, 1992, an interim rule in the Federal Register that would allow federal workers to accept honoraria for a *series* (three or more) of appearances, speeches or articles but *not* for only one such activity! The public has 60 days from the date of publication in the Federal Register to comment to OGE on the proposed regulation.

THREE AUSA REGIONAL DEFENSE FORUMS have been scheduled for early 1992, with several more expected later in the year. AUSA's Institute of Land Warfare is working with First Region officials on a Defense Forum to be hosted by the Fort Monmouth, NJ, Chapter on March 20; the topic for discussion will be "The Army's Global Responsibilities." On April 9, the Twin Cities Chapter will host a Fifth Region forum in Minneapolis to discuss "The Total Army of Tomorrow." A Second Region forum to be hosted by the Susquehanna Chapter in Aberdeen, MD, is scheduled for late March.

JOINT PUB ON TEAM WARFARE, the first in the history of U.S. armed forces, was released Dec. 18, 1991, by Joint Chiefs of Staff Chairman Gen. Colin L. Powell. Joint Pub 1, *Joint Warfare of the US Armed Forces*, was published to guide "the joint action of the Armed Forces of the United States, presenting concepts molding those Armed Forces into the most effective joint fighting force."

Historically, each service has developed its own proprietary warfare doctrine, which sometimes led to interservice turf disputes. A working relationship between the Army and the Air Force has existed since the Army Air Force became a separate service in 1947, but neither service has had much opportunity to conduct joint operations with the Navy. When circumstances called for such an operation, doctrine was developed by the Joint Chiefs more or less on the spot, and not always successfully. Now, however, Joint Pub 1 provides specific guidelines for the kind of interservice cooperation utilized so effectively by Gen. H. Norman Schwarzkopf in Operation Desert Storm.

To obtain a copy of Joint Pub 1 (\$2.50), contact the U.S. Government Printing Office at 202-783-3238.

ILW'S MOST RECENT EDUCATIONAL PUBLICATION is *The Syria-Israel Military Balance: A Pot That Bears Watching* (Land Warfare Paper No. 10, January 1992), by Maj. Gen. Edward B. Atkeson, USA Ret., a senior fellow at the Institute of Land Warfare.

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