



WASHINGTON UPDATE



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1993 STRENGTH CUTS OUTLINED. Congress has funded active Army strength through FY92 at 640,000 soldiers and 338,000 civilian employees. The FY93 request seeks approval for 598,900 soldiers and 309,000 civilians. So 42,000 military and 29,000 civilian slots will be eliminated next year. Some 70,000 active duty military spaces were cut in 1992. Here's a breakdown of the FY93 active Army drawdown by category:

Officers: Over 5,300 officers must be cut if the Army is to meet its 76,082 commissioned officer target by Oct. 1, 1993. Again this year, the Army will seek to achieve its goal through a combination of reduced accessions, voluntary early releases and retirements, voluntary separation bonuses, selective early retirement boards (SERBs) and reduction in force (RIF) boards. Personnel officials are hopeful that the voluntary release and exit bonus programs will reduce the number of officers who must be RIFed. SERBs are scheduled for field grades and warrant officers in October, and RIF boards screen certain majors and captains in January.

Warrant Officers: Army must cut some 800 warrant officers from active duty by the end of 1993 (900 were released in 1992). No warrant RIF is anticipated this year, but a SERB will meet in November that will name about 600 to be retired by next July.

Enlisted Personnel: The Army expects to have 541,000 enlisted personnel on active duty on Oct. 1, 1992, and Congress is expected to authorize 505,000 to be on duty on Oct. 1, 1993. That means a reduction of 36,000, which personnel officers are hopeful can be achieved mainly through reduced recruiting and through attrition. New, tighter performance, behavior and physical standards can be expected to thin the ranks somewhat, but Army leaders are urging soldiers who face being forced out to take advantage of any of the various separation bonuses for which they qualify.

Civilian Employees: The reduction of about 29,000 Army civilian employees in 1993 will be managed by individual commands and installations rather than under the tight controls that Hq DA has on the military side. Guidance to the field requires commanders to reduce accessions through hiring freezes and encourage voluntary separations, using the RIF authority only as a last resort.

SENATE PUTS FY93 BUDGET ON HOLD, ostensibly because of an impasse over funding for the antimissile Strategic Defense Initiative. Senators seemed to be making fair progress at pushing through their version of the FY93 Defense Authorization Act (albeit with major differences from the House bill passed on June 7), when Sen. Malcolm Wallop (R-WY) objected to a proposed \$1 billion cut to the recommended \$4.3 billion for SDI. Committee chair Sen. Sam Nunn (D-GA) dropped consideration of the \$274.5 billion bill in light of Wallop's threat to indefinitely block a vote on the SDI amendment. Dropping the bill from consideration now puts the armed forces' future plans for reshaping in limbo. There is a good possibility that the defense budget may not come back to the Senate floor again this fiscal year, meaning the security of the nation will probably be funded once again by a Continuing Resolution Authority.

DOD BUDGET APPROPRIATION NOT LIKELY BEFORE ELECTION. Instead, expect a series of continuing resolutions to keep the services and the Defense Dept. running from Oct. 1 (the beginning of FY93) until after the Nov. 3 national election. A change in administrations would likely delay passage of the budget in next year. So lawmakers, many of whom will not be returning to the Hill in January, are not expected to take final action on the defense budget until they know which way the wind blows. In the meantime, congressional debate will focus on local job retention and on major expenditures such as SDI and the B-2 bomber.

DOD BUDGET CONFERENCE WON'T BE EASY, considering the many dissimilarities between the Authorization Act passed by the House on June 7 and the Senate Armed Services Committee's proposals which were moving at a good pace on the Senate floor until consideration was suddenly halted on Aug. 11. Assuming the Senate accepts its Armed Services Committee recommendations as the House did, here are some of the major Army issues that will have to be settled in a joint House/Senate conference:

Both houses agreed to the president's FY93 active Army end strength request for 598,900 soldiers. For the Army National Guard, the House added 39,600, the Senate 42,350 to the request for 383,100. Likewise, the House raised Army Reserve strength by 5,500, the Senate added 38,700 to the request for 257,500.

Important procurement differences are shown below:

| | Request (#/\$M) | House (#/\$M) | SASC (#/\$M) |
|--------------------------|--------------------|------------------|-----------------|
| AH-64 modifications | /\$49.1 | / \$9.1 | /\$91.8 |
| Armed OH-58D | / 96.0 | /346.0 | / 96.0 |
| MLRS rockets | 0/0 | 30K/110.9 | 22K/110.9 |
| MLRS launchers | 44/197.3 | 73/227.0 | 44/146.3 |
| Bradley production | /103.9 | /103.9 | /253.9 |
| Bradley modifications | / 34.4 | /123.7 | |

SENATE COMMITTEE TERMINATES COMANCHE light attack/scout helicopter program, despite Defense Secretary Dick Cheney's request that the decision be reconsidered. The president had requested \$443 million for Comanche research and development, an amount that passed the House easily. The Senate Armed Services Committee, in its markup of the FY93 DoD authorization, recommended the program be killed. That move is seen to be the result of Army and DoD disagreements over the future of the Army's top modernization program. DoD had earlier restructured the program by limiting funding to the demonstration/validation phase, which frustrated Senate efforts to elicit a firm commitment for future production.

ABRAMS TANK UPGRADE BACKED by Army officials and congressional staffers, with the Defense Dept.'s endorsement (and release of \$211 million in funding impounded by the DoD comptroller) expected by mid-September. The upgrade program is estimated to cost some \$3.4 billion over the next six years. The first phase would convert 206 M1A1 Abrams tanks to the M1A2 configuration at a cost of \$757 million through FY95. Between FY96 and FY99, \$2.6 billion would be spent to convert 736 M1s to the M1A2 configuration.

Meanwhile, DoD's inspector general is attempting to shoot down the Army plan to build 62 new M1A2s and replace 18 M1A1s lost or damaged during the Persian Gulf War. According to the IG report, the replacement M1A1s are "unjustified" given the number of tanks already in inventory and on order, and the Army has also failed to justify the requirement for 62 new M1A2s.

SASC WORKS RC RETIREMENT PLANS with a proposal to allow National Guard and Reserve members who retire early to draw an annuity (5 percent of annual basic pay plus 0.5 percent for every year of service over 20) for five years or until age 60, whichever is shorter. The annuity would be capped at 10 percent of basic pay, and the retirees would begin to draw reserve retired pay at age 60. Military medical care and other retiree benefits would kick in immediately upon retirement.

Additional transition benefits proposed by the Senate for reservists caught in the drawdown include: 1) severance pay for drilling reservists with six to 15 years' service; 2) retirement eligibility for those with 15 or more years' service, with retired pay to begin at age 60; 3) continuation of reserve GI Bill benefits for those forced out; and 4) exchange and commissary privileges and no-cost life insurance coverage for one year after separation.

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15-YEAR RETIREMENT PROPOSED by the Senate despite misgivings among Pentagon officials. The Senate version of the 1993 defense authorization bill contains provisions to allow service members in overstrength skills and year groups to retire with as few as 15 years of service. (Retired pay would be computed using the same formula as for 20-year retirement: 2.5 percent of final basic pay multiplied by years of service.) The Senate proposal, which was not addressed in the House bill and must therefore be ironed out in conference, was put forth as another **temporary** means of easing the pain of the military drawdown. The measure would grant the Defense Dept. authority to offer early retirement, but it would be up to the Pentagon to determine whether and to whom the option would be offered.

STORM VETS MAY GET JOINT-DUTY CREDIT if the proposal contained in a Senate bill survives the conference process; a similar proposal was deleted from the 1992 defense bill when House and Senate conferees failed to reach a compromise. The Senate Armed Services Committee feels that officers assigned within their own branch of the military but working regularly with another service during the Persian Gulf War should receive credit for a joint-service tour. The Goldwater-Nichols Defense Reorganization Act of 1986 requires joint-duty experience for promotion to general officer rank, but such credit for Operations Desert Shield and Desert Storm has been limited to those officers permanently assigned to the Central Command staff.

GI INSURANCE HIKE has been proposed by the House Veterans' Affairs Committee, which recommends doubling the maximum coverage to \$200,000. Although Servicemen's Group Life Insurance coverage was increased from \$50,000 to \$100,000 right after the Persian Gulf War, critics contend that the coverage is still inadequate to protect service members' families. Under the House committee's plan, enrollment for coverage of \$100,000 would be automatic upon entry into the service, and servicemembers could then opt for an additional \$100,000 in coverage at the same rate (eight cents per month per \$1,000 of coverage). Despite misgivings about government liability in the event of a military conflict resulting in large numbers of casualties, the increase is expected to be approved.

SOME STATES COUNT EXIT BONUS AS WAGES, but the Labor Dept. is taking steps to encourage all states to recognize the Voluntary Separation Incentive (VSI) and Special Separation Benefit (SSB) as "separation, dismissal or severance payments" rather than military pay or pensions. Currently, 17 states (Alaska, Delaware, Georgia, Indiana, Iowa, Louisiana, Maine, Nebraska, New Hampshire, New Mexico, Ohio, South Dakota, Utah, Vermont, Wisconsin and Wyoming) and the U.S. Virgin Islands, consider the bonuses to be wages. The bonuses are prorated over 52 weeks and weekly unemployment benefits are reduced by that amount.

Although the federal government cannot mandate treatment of exit-bonus recipients at the state level, the Bush administration is urging state unemployment offices to view military members opting for early-out bonuses as having lost their jobs rather than having left the service voluntarily. In most instances such a distinction determines how long one must wait to begin receiving unemployment benefits.

DEFICIT CUTTERS TARGET COLA by recommending automatic across-the-board cuts, or sequestration, in cost-of-living adjustments for military and federal civilian retirees if the deficit reduction target for this year is not met. If, as expected, the bickering about the budget crisis escalates to the point that no compromise can be reached, COLA for military and federal civilian retirees should be safe for another year. If not, those two groups may once again be singled out to bear an inequitable share of the budget deficit burden.

COMMISSARIES, LODGING EXPENSES TO BE DEBATED when congressional conference committees work to resolve differences between the House and Senate versions of the 1993 defense authorization bill. The House bill calls for a \$50 million cut in taxpayer subsidies for commissaries, which would force a reduction in store hours; the Senate version does not address the cut. The House version also adds six days to the current four-day Temporary Lodging Expenses (TLE) entitlement for service members making permanent-change-of-station moves with dependents, while the Senate bill includes no TLE increase. Although the Defense Department did not formally request the TLE expansion, the services are encouraging its passage.

AUSA TELEVISION SERIES "Why An Army" takes a look at the Army's role in the U.S. drug interdiction program and in maintaining regional security. The fifth program in the 12-part series features Gen. George A. Joulwan, Commander-in-Chief, U.S. Southern Command.

Joining moderator Peter Hackes for the 30-minute program will be panelists Harry Summers (author, military analyst and syndicated columnist for the *Los Angeles Times*) and Peter Copeland (Scripps Howard News Service military correspondent and coauthor of the recently released *She Went to War*, Maj. Rhonda Cornum's account of her experiences as a prisoner of war during Operation Desert Storm). The show will air in the Washington area on Thursday, Sep. 17, at 7:00 p.m. on Northern Virginia Public Television station WNVT-53.

"Why An Army" is available via satellite to public television stations across the country. Check local listings for broadcast schedules outside the Washington area. Tapes of the shows are also available from AUSA. For more information, call Sandra Daugherty at 1-800-336-4570, extension 317.

RESERVE GI BILL ENHANCEMENT making benefits for reservists comparable with those for active-duty service members is in the works. The House has already passed a measure that would expand Montgomery GI Bill reserve benefits, and the Senate is expected to follow suit, despite the Defense Dept.'s view that the increase is unnecessary and the \$26.3 million cost too high.

SENATE OKS CONVERSION AID package worth \$1.2 billion in an effort to reduce the impact of military spending cutbacks on the defense industry. Despite suggestions that the money should go for military programs in the interest of national defense, the measure was overwhelmingly approved in a 91-2 vote. Aimed primarily at small- and medium-sized defense-dependent companies, the program earmarks \$100 million for dual-use technology alliances between government and industry under the aegis of DoD's Advanced Research Projects Agency; \$100 million to promote technology development among regional partnerships; and \$50 million for military-commercial alliances focused on the development of technology with both civilian and military applications.

ETHICS REG AVOIDS HOT POTATOES: The Office of Government Ethics has finally released new federal ethics rules, but the questions of federal employees' and military members' participation in professional associations and the congressional ban on taking pay for writing or speaking on topics unrelated to their jobs were not addressed. OGE is reportedly continuing to evaluate these two controversial issues; in the meantime, the congressional honoraria ban stands.

The new regulations, which affect federal employees in the executive branch and military personnel, address such issues as accepting gifts from outside sources and from other federal employees, conflicting financial interests, seeking other employment, misuse of position, and impartiality in performing official duties. The rules are scheduled to take effect in December.

ATWOOD ORDERS MORE STREAMLINING, with the focus reported to be on laboratory consolidation, depot and real property maintenance, inventory management, automation, civilian manpower reductions, medical management, and supply and war reserve levels. Although details have not yet been released, Deputy Defense Secretary Donald Atwood's new Defense Management Report (DMR) directives are expected to result in substantial operational changes in the targeted areas.

ILW'S RECENT PUBLICATIONS:

- *My Experiences in the World War: Excerpts from the Memoirs of General John J. Pershing, Commander in Chief, American Expeditionary Forces (AEF)* (Background Brief No.43, August 1992);
- *The United States Army at the Crossroads to the 21st Century* (Landpower Essay No. 92-3, August 1992), by Col. Wolf-Dietrich Kutter, USA Ret.;
- *Residual U.S. Military Forces in Europe* (Land Warfare Paper No. 11, August 1992), by Don M. Snider;
- *Summary of Findings: Seminar Series on U.S. Defense Industrial Base Preparedness* (August 1992).

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