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FY94 ARMY BUDGET, as announced March 27, requests \$60.7 billion in Total Obligation Authority and includes a military and civilian pay freeze for FY94. This is a \$3.1 billion decrease from the FY93 Appropriation Act and represents a negative real growth of more than six percent in TOA from FY93. The budget continues the downward buying power trend started in FY86.

Appropriations	FY92	FY93	FY94
Military Personnel	31.6	28.6	26.6
Operation & Maintenance	25.3	21.2	19.3
Procurement	8.6	7.6	6.8
RDTE	6.4	6.0	5.2
Military Construction	1.2	.7	.9
Family Housing	1.6	1.5	1.3
Chemical Demil, Army	<u>0.0</u>	<u>0.0</u>	<u>.4</u>
Total	74.8	65.6	60.7

(Note: Numbers may not add evenly due to rounding.)

Personnel strength figures included in the FY94 Army budget:

- active - 540,000 (a further reduction of 35,000 soldiers from the revised FY93 active end strength);
- Army National Guard - 410,000;
- Army Reserve - 260,000;
- civilian - 290,257 (a reduction of 18,013 employees from FY93).

The Army's R&D budget includes funding for several modernization programs, including the Comanche armed reconnaissance helicopter, Advanced Field Artillery System, Future Ammunition Resupply Vehicle, and the

Longbow Hellfire, Javelin and Non-Line of Sight anti-tank missile systems. Product improvement programs for the Multiple Launch Rocket System (MLRS) are also funded.

Acquisition funding is included for procurement of the UH-60 Black Hawk helicopter, M1 tank upgrade, Bradley Fighting Vehicle, M109A6 Paladin howitzer modification, Javelin antiarmor missile system, ATACMS precision missile, SINCGARS radios and tactical trucks.

SEN. NUNN AIRS BUDGET CONCERNS. In a March 5 Senate speech, Armed Services Committee chairman Sam Nunn (D-GA) expressed concern that the Clinton budget could unfairly penalize the Pentagon for circumstances beyond its control. His four major points:

- The \$18 billion savings anticipated from the proposed federal wage freeze would come out of the Pentagon's pocket if Congress amends or disapproves the freeze and the money is not restored to the defense budget.
- If \$76 billion in savings projected by the Bush administration from management reform and base closings does not materialize, the Pentagon could be forced to cover the shortfall.
- Clinton's call for a \$27 billion reduction in defense is based on an inflation rate of 2.4 percent; should that rate be higher and the defense budget not adjusted accordingly, the Pentagon would have to absorb some billions of dollars in additional cuts by 1997.
- The Clinton plan contains no adjustment for the military's liability (estimated at \$700 million annually) under the administration's proposed new energy tax.

Nunn has indicated that he would consider voting against the budget if these and other concerns are not resolved.

15-YEAR RETIREMENT, authorized by Congress last year, is being implemented by Defense Secretary Les Aspin to help avoid involuntary separations during the military drawdown. Service secretaries will prescribe regulations and policies regarding eligibility for the program, which will expire Oct. 1, 1995. Criteria may include such factors as grade, years of service and skill, with eligible members nearest to 20 years of service and/or in overpopulated career fields generally offered the program first.

Members approved for early retirement will receive the same benefits as individuals with 20 or more years of service; retired pay amounts will reflect a reduction of one percent for each year short of 20. Reportedly only the Army plans to make use of the program in 1993, while the other services are contemplating some limited implementation in 1994 or 1995.

'94 PAY FREEZE CONTESTED by the Defense Dept., which is seeking to have the Basic Allowances for Subsistence and Quarters and the Variable Housing Allowance separated from basic pay and increased by 2.2 percent as originally planned. (President Clinton's economic package, submitted to Congress in February, calls for both military members and federal civilian employees to forego the 2.2 percent pay raise previously legislated for 1994 and to receive an annual raise of 1.5 percent below the inflation rate in 1995, 1996 and 1997.)

CLINTON ON COLAS: In a Sep. 18, 1992, interview with *Army Times*, presidential candidate Bill Clinton said, "I think capping or eliminating COLAs is an error." Now the House Budget Committee's plan calls for capping all 1994 military and federal civilian retiree cost-of-living adjustments at \$400, regardless of the inflation rate. Retirees under the age of 62 would receive half-COLAs until age 62, when a one-time adjustment would be made to set the rate at the level it would have been had full COLAs been received since retirement. In fiscal years 1995, 1996 and 1997, COLA for retirees over age 62 would be figured at one percent less than the rise in the cost of living.

According to Clinton budget director Leon Panetta, the administration does not officially endorse the cap; however, should the budget resolution be approved by Congress, the president **will** accept it.

CLINTON PLAN HURTS FEDERAL WORKERS, many of whom are protesting that the administration's proposed freeze of the previously legislated 2.2 percent pay raise for 1994, coupled with smaller raises in 1995, 1996 and 1997 (1.5 percent below the rise in inflation) and the higher taxes most Americans can expect to pay, will saddle them with a disproportionate share of the deficit burden. Should the plan be approved by Congress, federal civilian employees will feel not only the immediate pain of diminished paychecks (further reduced by a \$25 increase in 1994 health insurance premiums in addition to the regular annual price increase) but also the long-term effects of reduced pensions when they reach retirement age.

AMC RIF DELAYED in hopes that enough eligible employees will take advantage of voluntary separation incentives to minimize the need for a reduction in force. The Army Materiel Command RIF, originally scheduled to begin March 8, called for the involuntary separation of about 6,500 civilians. However, in February Defense Secretary Les Aspin approved the use of both the Voluntary Early Retirement Authority and separation bonuses (cash buyouts) for AMC and other agencies (including Air Force Materiel Command, the Defense Intelligence Agency, U.S. Army Europe, the Office of Dependent Schools and the Connecticut National Guard). AMC's RIF requirements will be reevaluated after April 9, the deadline for employees accepting a separation incentive to make their intentions known.

NATIONAL GUARD BG JOHN R. D'ARAJO, JR., acting director of the Army National Guard since August 1992, has been selected as the director of the Army National Guard and nominated for promotion to the grade of major general.

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MORE UNITS TO DEACTIVATE, including the 6th Infantry Division (Light) at Forts Wainwright and Richardson in Alaska and the 7th Infantry Division (Light), most of which is still located at Fort Ord, California. (The ongoing relocation of the 7th ID's 1st Brigade to Fort Lewis, Washington, will continue. No decision has been announced about whether the 1st Brigade will be deactivated with the rest of the division.) There have been published reports of additional deactivations of U.S. Army Europe units as the Army draws down to President Clinton's European troop strength goal of 65,000 by 1997, but such announcements must await consultations with NATO and host country officials.

146 RESERVE UNITS DISBANDING IN '93, leaving some 16,000 soldiers in 34 states and Puerto Rico to seek other units with which to complete their military obligations. Those for whom appropriate drilling units cannot be found may become Individual Mobilization Augmentees (with mobilization assignments to active Army units or other agencies) or Individual Ready Reservists with no specific mobilization assignments. Some may be retrained for available jobs in other Reserve units or assigned to National Guard units. The U.S. Army Reserve Command, while offering no guarantees, is making every effort to accommodate as many of the affected Reservists as possible.

RESERVE/GUARD TRANSITION PLAN has been announced by the Defense Dept. Provisions designed to assist Selected Reserve members affected by the force reduction include:

- **separation pay** for members with 6-15 qualifying years of service who are involuntarily discharged or transferred from the Selected Reserve;
- **early qualification for retired pay** (payment to begin at age 60) for enlisted members with more than 15 but less than 20 qualifying years of service;
- **priority placement** for affiliation in other Selected Reserve units for members whose units or billets are inactivated;
- **Montgomery GI Bill benefits** eligibility to continue for 10 years from date of initial eligibility;
- **commissary and exchange privileges** — the same number of shopping days per year as allowed while in the Selected Reserve — for two years from date of involuntary separation.

ASPIN'S BASE CLOSURE RECOMMENDATIONS were forwarded to the Base Closure and Realignment Commission on March 12. Overall, Defense Secretary Les Aspin recommended 31 major military installations for closure and 12 for realignment; 122 smaller bases and activities were also recommended for closure, realignment or disestablishment.

Major Army installations recommended for closure were Fort McClellan, AL, and Vint Hill Farms, VA, with realignments recommended for Fort Monmouth, NJ, Letterkenny Army Depot, PA, Tooele Army Depot, UT, and Fort Belvoir, VA. No smaller base or activity closures were recommended for the Army.

The commission has until July 1 to conduct hearings and make changes in the list before submitting final recommendations to President Clinton. The president will either accept the package or reject it in its entirety, no changes allowed; if he accepts it, the package will go to Congress, who also must either accept or reject the entire list.

MORE OVERSEAS BASES TO CLOSE, the Defense Dept. announced recently. Operations will end or be reduced at an additional 29 sites overseas, bringing to 704 the total number of sites affected by the plan to draw down the number of U.S. troops worldwide.

The tenth round of reductions includes four sites in the Netherlands, two in the United Kingdom, eight in Greece, 14 in Germany, and one in Okinawa. More than 2,200 military, 150 U.S. civilian and 650 local national positions are involved.

ARMY DROPS BELOW 600,000 for the first time since 1950, when force levels fell to 591,000. Preliminary Defense Dept. figures show total Army strength as of January 31, 1993, at 599,178 — down 2,010 from the previous month, 86,107 from the same time last year.

Current drawdown plans call for Army strength to reach 535,000 by 1995, although President Clinton is expected to seek further reductions. On March 11, Army Chief of Staff Gen. Gordon Sullivan told a House Armed Services subcommittee the Army is planning for a post-drawdown force of "about 500,000" soldiers.

DEPENDENTS' DENTAL PLAN EXPANDING

effective April 1, 1993. In addition to benefits already available, DDP offers root canal and gum disease treatment, extractions, orthodontics (braces), crowns, bridges and dentures, for a monthly premium of \$9.65 for a single family member and \$19.30 for two or more family members. Annual maximum coverage per family member for non-orthodontic services is \$1,000; lifetime maximum coverage for orthodontics is \$1,200 per family member.

The minimum enrollment period for new participants is 24 months. Active-duty personnel stationed in the continental United States (including Guam, Puerto Rico and the Virgin Islands) with dependents and a service obligation of at least 24 months will be enrolled automatically, as will sponsors already enrolled in the current dental plan. A one-time four-month disenrollment period begins April 1; those who opt to disenroll will receive a full refund of all premiums if their family members have not used the program.

LATEST ILW PUBLICATIONS:

Military Operations to Restore Order and Maintain Peace (Landpower Essay 93-1), by Col. John W. McDonald, USA Ret., discusses the kinds of commitments anticipated for U.S. forces in peacekeeping operations.

Army Issue: Forward Presence (Background Brief #51) addresses the forward presence concept and its importance to U.S. national military strategy.

Army Issue: Army Role in Space (Background Brief #52) discusses the need for the Army to be a major player in the policy- and decision-making processes of the space program.

Army Issue: Power Projection (Background Brief #53) addresses the Army's role in the power projection strategy of the United States.

Army Issue: Protect the Force (Background Brief #54) discusses the Army's program for protecting deployed and deploying land forces.

To obtain these and other ILW publications, write to AUSA's Institute of Land Warfare, 2425 Wilson Blvd., Arlington, VA 22201, or call 1-800-336-4570, extension 308.

MILITARY COALITION BRIEFED WHITE

HOUSE Health Reform Task Force on March 3, addressing health care concerns of the 3.5 million members of the military community. Recommendations were made regarding health care coverage while assigned to remote duty, inadequate catastrophic protection, access to military treatment facilities for disabled dependents, penalties for late enrollment in Medicare Part B, loss of CHAMPUS when Medicare-eligible, and diminished dental coverage for retirees.

Efficiency issues addressed included Health Care Financing Administration reimbursement of the Military Health Services System (MHSS), inconsistent treatment in Uniformed Services Treatment Facilities, the need for managed care networks at base closure sites, improved management of the CHAMPUS Reform Initiative and improved customer satisfaction within MHSS. The coalition also addressed military medical readiness and the role of the VA Health Administration in direct support of MHSS.

MILITARY HEALTH CARE PREMIUMS may be in the offing, with both the Clinton health care reform panel and the Defense Dept. reportedly considering the possibility. Under such a program, military families would pay a flat annual premium, with perhaps a small fee per visit or prescription as well. Critics of the proposal say it would be acceptable to military beneficiaries only if access to and quality of military health care were improved. Previous attempts to charge set fees for military health care have been unsuccessful.

AUSA TELEVISION SERIES "Why An Army" features, in its 12th and final edition, MG Jack C. Wheeler, Commanding General, U.S. Army Recruiting Command. Peter Hackes and panelists James Kitfield (*Government Executive*) and Bernard Adelsberger (*Army Times*) discuss with General Wheeler such topics as requirements for enlistment, the high quality of enlistees in recent years, and the necessity for a strong recruiting program even in times of military downsizing.

The show will air in the Washington area on Thursday, April 15, at 7:00 p.m. on WNVT-53 and on Monday, April 26, at 8:00 p.m. on WNVC-56. For more information, contact Sandra Daugherty at 1-800-336-4570, extension 317.