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DoD requests \$242.6 billion.

Department of Defense spending plan requests \$242.6 billion; Army seeks \$60.1 billion. Defense Secretary William Perry unveiled a Fiscal Year 1997 budget request of \$242.6 billion in budget authority for DoD. This does not include the national security request included in the Department of Energy's budget.

For the first time, DoD includes a request for \$1.1 billion for continuing contingency operations in Iraq and Bosnia.

The DoD request is within \$100 million of the nominal amount planned for this fiscal year in last year's budget; but because of a lower rate of inflation, the department says it will be able to buy over \$4 billion more in programs.

While Army modernization was of immediate attention at the budget briefings in March, concern over DoD's total spending on research, development and acquisition was expressed on Capitol Hill and among defense analysts. For FY 1997, the department plans to spend \$38.9 billion on new and improved weapons, which would be the lowest level of defense procurement since the Korean War.

In prepared testimony for the Senate Armed Services Committee in early March, Perry stated, "The modernization account in FY 1997 will be the lowest it has been in many years about one-third of what it was in FY 1985. At the same time the average age of our military equipment has not increased because as the forces were drawn down, the older equipment was weeded out."

When FY 1996's budget was unveiled, Defense officials said then that the next year's spending plan would be the first in a series of budgets in which modernization accounts actually grew. The FY 1997 budget delays this increase.

Capitol Hill reaction.

House, Senate chairmen: too little for Army modernization. The chairmen of two key congressional committees made clear in mid-March hearings they believed the Army's budget request of \$60.1 billion for Fiscal Year 1997 was too low and they intended to put more funds into the service's modernization account.

At the center of the early debate on the defense budget was a memorandum from the Chairman of the Joint Chiefs of Staff and signed by all the service chiefs recommending that in FY 1998 the goal for procurement spending be \$60 billion. The Clinton Administration sets FY 2001 as the year defense procurement spending would reach \$60 billion. The request for FY 1997 is \$38.9 billion and projects a request of \$45.5 billion for FY 1998.

Neither said they would be asking the Army to take an additional cut of 20,000 in its active-duty endstrength to increase spending on research, development and acquisition, which is the sum of modernization spending.

Rep. Floyd Spence, R-S.C. and Chairman of the House National Security Committee, said, "With an Army funded at only 475,000 in this long-term plan, General (Dennis) Reimer is already confronting this 'slippery slope' of force reductions below the Bottom-Up Review recommended levels. The force is already stretched in peacetime — so where is the 'give' in terms of our global commitments and presence if the force is further reduced?"

Sen. Strom Thurmond, R-S.C. and Chairman of the Senate Armed Services Committee, said, "It is not clear, Secretary (Togo) West, why you have allowed the Army force structure to be resourced for 475,000 in Fiscal Year 1998 when the Bottom-Up Review calls for 10 divisions. This proposed reduction of 20,000 people is very risky."

Capitol Hill reaction.

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Chief would accept more if given. Gen. Dennis J. Reimer, Army Chief of Staff, said to the House committee and later to the Senate committee that the "delicately balanced budget" could be helped if more funds were provided for replacing the aging truck fleet and more for improved Bradley Fighting Vehicles to keep pace with the accelerated improvements in the Abrams tanks.

Also, additional money to Force XXI programs, night vision programs and Multiple Launch Rocket Systems for the National Guard would help, he said.

"We would really be looking at improving existing programs, speeding them up for the most part. What would save us money in the out years would be logistics and simulation systems' improvements," he said to the House committee.

Chief wants help for near-term readiness. Gen. Dennis J. Reimer, Army Chief of Staff, told the Senate Armed Services Committee "near-term readiness funds are at minimum level, unplanned contingencies would have a serious impact on Operation and Maintenance accounts." He urged both the House National Security and Armed Services committees in mid-March to approve the reprogramming requests before them to cover expenses primarily in Bosnia.

These are the near-term readiness accounts, and they are used to pay any unbudgeted bills for deployments. Delays in approving the supplemental request for operations in Somalia, in particular, caused readiness ratings of some Army units to drop from the highest level C-1 to C-3 in 1994.

Readiness brigades transitioning to new equipment. Gen. Dennis J. Reimer, Army Chief of Staff, told the House National Security Committee in mid-March that 12 or the 15 "enhanced readiness brigades" in the National Guard were deployable following a 90-day training period after mobilization. The other three were receiving the necessary equipment.

"I'm comfortable with the 90 days. We want them to train at platoon and company level (until mobilized)." He added that the active-duty Army has provided the brigades with 45 full-time active-duty soldiers for training support to each brigade.

Defense, JCS comment.

White expresses concern over progress of Army modernization; more troop cuts possible. The Defense Department's second highest official said the modernization of the nation's ground forces is particularly challenging and did not rule out cutting the size of the active duty Army by an additional 20,000 soldiers early in the next century.

John White, Deputy Secretary of Defense, said in response to a question, "The Army has serious funding problems, modernization problems. We have to find the money to modernize. If the money has to be found by that reduction, I'd support that ... The Army will have to do more for itself."

The Department of Defense is requesting a budget of \$242.6 billion for Fiscal Year 1997. For FY 1997, the department plans to spend \$38.9 billion on new and improved weapons. Its total modernization spending will be about \$73.7 billion when research and development is added in. The Army's budget request is \$60.1 billion. The Army is seeking \$10.6 billion for modernization in FY 1997.

White, who was addressing about 200 defense industry executives in Northern Virginia, said there were other ways to find money for modernization rather than cutting the active Army. The other ways included privatizing some functions, outsourcing others and seeking efficiencies in organization.

He added that he has asked the Army Science Board, a group of appointed advisers on future major programs, to help measure and articulate the needs of ground forces.

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DoD Topline
(\$ in billions)

Budget Authority	FY97	FY98	FY99	FY00	FY01	FY02
FY 1997 Topline	242.6	248.1	254.2	261.6	269.6	276.6
% Real Growth	-6.0	-0.2	0	0.5	0.6	0.2
Outlays						
FY 1997 Topline	247.5	243.9	246.5	253.9	256.6	264.9

Defense, JCS comment.

(continues)

Shali, Owens memo set goal for future procurement. Gen. John Shalikashvili, Chairman of the Joint Chiefs of Staff, told the Senate Armed Services Committee in early March, "If we don't commit ourselves to such a \$60 billion target (in procurement), I am afraid we will never reach it."

The Chairman was responding to earlier questions about a memorandum he and Adm. William Owens, who recently retired as Vice Chairman of the JCS, sent to the service chiefs and vice chiefs earlier this year on future spending plans for Fiscal Year 1998.

The Clinton Administration sets FY 2001 as the year defense procurement spending will reach \$60 billion.

"I think we need to redouble our efforts within the department to reorder priorities to ensure that we have the money within the top line to reach that \$60-billion target."

Shortly before he retired in late February, Owens said to the same Senate committee, "We've got to stop promising ourselves and start doing something" about spending on modernization.

AGS Killed. The Armored Gun System program was killed in the budget request to provide more funds for other modernization efforts. The AGS spending would have been slightly more than \$1 billion over several years.

Army modernization.

Budget request provides for Army upgrades in weapons systems. While Department of Defense was looking at leap-ahead technologies, such as those offered in the RAH-66 Comanche armed reconnaissance helicopter and a new class of attack submarines, most of the Army's modernization growth in the FY 1997 request will come in upgrades to existing systems.

For example, the request seeks \$464.5 million to upgrade 120 Abrams tanks, the Army's goal for the year. It also provides money for additional Black Hawk helicopters in the coming years.

The Black Hawk buying program was originally scheduled to end in FY 1996.

Concern expressed over progress of Army modernization. At several points during DoD and Army budget briefings in early March, concern over the progress of Army modernization efforts was expressed including a possible cut in the size of the active force to 475,000. The Future Years Defense Plan show Army's active end strength declining from 495,000 to 475,000 by the end of the period "if modernization is not improved."

Defense and Army budget officials said there would be no cut in the size of the reserve components and the 15 enhanced readiness brigades would remain.

Gen. Dennis Reimer, Army chief of staff, "has been given leeway to determine size for 98 to 02 ... The Army will begin making decisions in summer and fall and then those decisions will be evaluated. We have some idea of how far we should go about it," an Army budget official said.

Total Obligation Authority
(in current \$B and rounded)

Appropriation	Actual	Last Year		FY97
		FY96*	FY96**	
Milpers	26.6	25.0	25.7	25.9
O&M	23.2	21.6	22.9	21.4
Proc	6.7	6.3	7.5	6.3
RDTE	5.4	4.4	4.8	4.3
Milcon	.8	.5	.8	.5
Fam Hsing	1.2	1.4	1.5	1.3
BRAC		.3		
Envir	.0	.0	.0	.4
Total	64.0	59.5	63.1	60.1

* As submitted

** Actual

3 percent pay raise included.

3 percent military and civilian pay raise, housing authority included in budget request. The Department of Defense budget request for Fiscal Year 1997 calls for a 3 percent military and federal civilian pay raise. Senior Defense and Army budget officials said that this budget request also will protect medical and commissary benefits.

Additionally, senior Defense officials said the request would include special initiatives on housing to cut the backlog of work that needs to be done to improve the quality of life of both single and married servicemembers.

Among the initiatives, a senior Defense official said would be a military housing authority, an idea first proposed by the secretary's special Quality of Life Commission late last year.

Funds were also allocated to build more child care centers. Senior Defense budget officials said the department's goal of providing care for 80 percent of servicemembers' children will not be met by all services in the coming fiscal year.

Authorization Bill looks favorably on Medicare reimbursement. While the Fiscal Year 1996 Defense Authorization doesn't provide money, one provision expresses the "sense of Congress" that military hospitals and clinics ought to be reimbursed for treating Medicare-eligible patients.

The Department of Defense estimates that in Fiscal Year 1995 it spent about \$1.4 billion in treating these usually older patients.

The "sense of Congress" included the recommendation that money for this reimbursement be included in the FY 1997 budget and acknowledged that care in military facilities is cheaper than in private facilities.

Although the FY 1997 budget did not include money for reimbursement, a number of bills, including one offered by Senate Majority Leader Bob Dole, R-Kan., would allow the Medicare trust fund to pay the military and Veterans Affairs facilities for this care.

This fall, test programs in Washington and Oregon will open TRICARE Prime, the health maintenance organization option, to Medicare-eligible retirees and family members. If the test is successful, enrollment could be opened to all older beneficiaries who live within the 40-mile catchment area of the hospital or clinic.

Authorization Act sets active-duty strength levels. Saying that an Army of 495,000 was necessary to be able to fight two major regional conflicts nearly simultaneously, Congress set personnel floors for each of the services active-duty forces as part of the Fiscal Year 1996 Authorization Act. Navy was set at 395,000; Air Force, 381,000; and Marine Corps, 174,000.

The law can be changed by future Congresses. Pressure to do this may come to free more money for modernization programs in all the services.

SGLI coverage is raised. The Fiscal Year 1996 Defense Authorization Act contains a provision that automatically raises servicemembers from \$100,000 to \$200,000. A servicemember may elect to keep the lower life insurance coverage. This reverses the provision that took effect in 1993, which offered the \$200,000 coverage as the option.

Today, about 2.8 million active duty and reserve component servicemembers are enrolled in the Serviceman's Group Life Insurance program.

April 18 will mark milestone day in Operation Joint Endeavor. April 18 will mark the last major military milestone in the Bosnia peacekeeping mission, Operation Joint Endeavor. By that day, the warring parties are supposed to have withdrawn all heavy weapons and military forces into designated areas.

This is supposed to ease the way to holding elections in Bosnia either in August or September.

After the Bosnian elections, U.S. forces, in particular, are expected to begin leaving. The operation is scheduled to end on Dec. 20, 1996, a year after NATO took over peacekeeping duties from the U.N.

New trucks begin arriving at Fort Bragg. New 2.5- and 5-ton trucks are now arriving at Fort Bragg for use by the XVIII Airborne Corps and Army Special Forces Command.

Army officials said 2,800 of the trucks from the Family of Medium Tactical Vehicles will be delivered to the North Carolina post in 1996.

Training in maintenance of the trucks began in October.

The aging truck fleet is one of the Army's most pressing modernization problems.

Experiment shows promise in detecting anti-personnel mines. The Army Research Laboratory successfully tested a new technology that may enable future ordnance disposal personnel to find buried land mines from helicopters.

The experiment, conducted at the Army's Yuma Proving Ground in Arizona, used an ultra wideband, ground penetrating instrumentation radar based on a highly efficient impulse transmitter.

The technology was capable of imaging and locating a range of subsurface targets including land mines, some that were small and others with little metal content, from a moving sensor platform 150 feet above the ground.

Army prepositions equipment in Qatar. Equipment and supplies for an Army mechanized brigade and its associated division-level headquarters are being prepositioned in Qatar in the Persian Gulf.

Fed chief backs smaller benefit increases. Federal Reserve Chairman Alan Greenspan told the National Governors Association that Congress should pass in this session legislation setting annual cost-of-living increases for entitlements at a rate below the increase in the Consumer Price Index.

If the change were made, it would affect military retirement pay, survivors' pay, federal civilian retirement pay, as well as Social Security. Additionally, the change would allow the federal government to increase revenue because the adjusted ceilings for the tax brackets would be lower.

Congress may consider such a change in this session because both Republicans and some Democrats see it as a way of achieving a balanced budget within the seven-year time both the President and lawmakers say they want. The next official review of the Consumer Price Index, however, would not come until Fiscal Year 1998.

TRADOC has expanded role in Army XXI. Lt. Gen. John E. Miller, Deputy Commanding General of the Army's Training and Doctrine Command, said TRADOC is now the one clearinghouse for warfighting requirements. "All warfighting requirements must fit warfighting concepts."

Miller said TRADOC is experimenting with constructive, live and simulation training to develop both requirements and concepts in preparation for an Advanced Warfighting Experiment in February 1997 at the National Training Center, Fort Irwin, Calif. "If we achieve organizational efficiencies in Army XXI, then we have plenty of places to apply those resources," he said.

Foreign Military Sales are expected to remain stable at about \$9 billion. Although down from the post Desert Storm highs of \$33 billion in fiscal year 1993, Lt. Gen. Thomas G. Rhame said he expected sales to remain steady now at about \$9 billion. He also saw promise for increased sales to Eastern European nations.

"The Central Europeans want to align their equipment along the NATO model. They're now involved in the Partnership for Peace, looking to more and more western technology. They must be integrated with the 16 regular members of NATO," the director of the Defense Security Agency said at the February Institute of Land Warfare breakfast forum held in suburban Washington.

GAO notes progress in TRICARE. The General Accounting Office's first report on the Department of Defense's TRICARE health care plan was favorable and found the system "progressing consistent with congressional and DoD goals.

Those goals were improved access to care at no more cost to the beneficiary or the government as existed under the CHAMPUS health care system.

But Stephen P. Backhus, associate director health care delivery and quality issues at GAO, warned in congressional testimony that it would take another year to more adequately measure the system's record-keeping practices, determine how many beneficiaries have come back to the military system and know how efficiently and effectively patients are being cared for under TRICARE.

GAO and the Congressional Budget Office have in recent years examined other reforms of the military health care system and found large numbers of "ghost beneficiaries" returning to DoD because of cheaper cost. "Ghost beneficiaries" are those eligible for the military health care system who for one reason or another choose not to participate in it. Of particular concern to members of the Subcommittee on Military Personnel of the House National Security Committee during the early March hearing were the actual per capita costs of treating patients who enroll in one of the three options under TRICARE.

Fund drive launched for Patton Statue. The Patton Museum of Cavalry and Armor at Fort Knox, Ky., has embarked upon a \$150,000 fund drive to buy the unique carved statue of General Patton that has been on loan to the museum for a decade.

About \$50,000 has already been raised in the "Save the Patton Statue Fund" drive. The additional funds must be raised by the end of this year or the statue will be offered for sale to any interested buyer.

Tax-deductible contributions may be sent to:

Save the Patton Statue Fund
P.O. Box 25
Fort Knox, Ky. 40121.

Blinded veterans offered assistance. The Department of Veterans Affairs estimates that there will be about 150,000 legally blinded veterans and another 740,000 severely visually impaired veterans by the year 2010, and many of these men and women are not aware of training and benefits they have earned during their military service.

The Blinded Veterans Association can link veterans to the range of assistance and training offered by the VA and other federal, state and local agencies.

Membership in BVA is not a prerequisite for help.

For more information on helping blinded or visually impaired veterans, the association has a toll-free number. It is 800-669-7069.

AUSA headquarters moves — temporarily. The Association of the U.S. Army moved its national headquarters operation to a temporary location on April 1.

AUSA officials said the move to a temporary location for about 14 months will permit the rebuilding of the current national headquarters building. The staff will return to the same building location in June 1997.

The Association moved to 2110 Washington Blvd., Suite 210, Arlington, VA 22204-5711, and will conduct its day-to-day business from there until the new national headquarters building is completed.

Mail sent to the Wilson Blvd. address or to the AUSA post office box (P.O. Box 1560, Arlington, VA 22210-0860) will be forwarded to the new temporary address without delay.

The temporary address should also be used for FedEx, UPS and other delivery actions beginning April 1.

The Association telephone numbers, 1-(800) 336-4570 and (703) 841-4300, will not change.

Army needs to cut the number of kinds of aircraft it is flying. Gilbert F. Decker, assistant secretary of the Army (Research, Development and Acquisition) and Army Acquisition Executive, put it simply at a recent AUSA symposium on aviation: "There are too many kinds of machines in the field."