



# WASHINGTON UPDATE

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## **Balanced budget agreement will affect Army.**

The Army is expecting tight fiscal times in the near future as the balanced budget agreement takes hold, the Army's budget director told a breakfast gathering of about 150 defense and industry leaders in early August.

Maj. Gen. Clair F. Gill, deputy assistant secretary of the Army for budget, said "it will be harder and harder for the committees to bail us out." He is referring to congressional additions to the President's budget request of \$60.4 billion for FY 1998. For example in FY 1997, Congress added about \$2.4 billion to the Army budget, primarily for modernization.

Congress also provided the Army with more than \$780 million to cover unanticipated expenses, primarily coming from operations in Bosnia. That supplemental appropriation will show up in the FY 1998 budget. He added that money will come from non-programmatic cuts, lower than expected inflation rates and currency market fluctuations.

**Budget director asks for help in shaping authorization, appropriations bills.** In Fiscal Year 1998 in the Defense Authorization and Defense Appropriation bills now heading to conference committees on Capitol Hill there are major money issues that will have a significant impact on the Army. "These are the areas in which we need the most help," Maj. Gen. Clair F. Gill, the director of the Army budget, said recently.

The issues include restricting a commander's flexibility in moving more than \$10 million from one account to another under Operations and Maintenance, the need for \$102.6 million over the request to sustain recruiting improvement to include money for the Army College Fund and enlistment bonuses, \$122 million in separation incentives and a \$37.3 million difference in a special procurement program for the Army's Force XXI. Force XXI is the term the Army uses to describe itself in the near future as the 21st century begins.

**Cohen warns panels about modernization.** Defense Secretary William Cohen wrote congressional leaders in early August warning that money for weapons modernization would be in jeopardy if Capitol Hill did not approve two more rounds of base closings.

Speaking directly to the authorization bills approved by both houses, Cohen said, "I am very disappointed that neither house approved two additional rounds of base closure and realignment, whose savings are needed to help fund modernization."

This theme is consistent with the secretary's appearances before key committees this spring in unveiling the recommendations of the Quadrennial Defense Review. Among the recommendations were additional rounds of base closings.

**Army told to plan for less money in future.** The Army's acquisition chief said "we will more likely have less money than we planned for" in the future as the balanced budget agreement takes hold.

Speaking before more than 200 defense and industry leaders, Robert M. Walker, assistant secretary of the Army for installations, logistics and environment, warned that even though \$3.2 billion has been added to future spending on Army modernization, "we could see it all wash away," for example, if the economy turns sluggish or competing demands for domestic spending increases.

Adding, the Army's Fiscal Year 1999 budget request now follows recommendations in the Quadrennial Defense Review (QDR) that the fielding of a digitized division be accelerated to 2001 and a digitized corps to 2004.

The review is the recently completed Defense Department's internal top-to-bottom examination of future needs. "Unless we reduce operations and support costs, we run the real risk of not making Army XXI goals and timelines," Walker said.

**Reducing life-cycle costs can help modernization.** "We must ensure that our combat overmatch capability remains," the Army's acquisition official said. "Our only hope of securing resources (for equipment modernization) is to harvest them from our own resources" by reducing the life-cycle costs of Army weapon systems.

To do that, "we must pay attention to life-cycle costs early on — in design. Challenge program executive officers and program managers to do that."

In reviewing proposals to cut costs, Robert M. Walker said the acquisition and development officers must ensure that the new opportunities don't hurt readiness, and that the changes work in peace and war, meet strategy requirements, provide significant savings, preserve the industrial base and are politically sustainable on Capitol Hill.

Walker, who was addressing an acquisition symposium sponsored by the Association of the United States Army and its Industry Affairs Directorate, said the service must maintain "a balanced program — a trained and ready force, adequate quality of life for soldiers and their families. But we must also modernize this Army or we will be mortgaging the future."

**DoD identifies way to cut weapons systems costs.** The Defense Department is looking at ways of cutting long-range costs in its weapons' programs.

They include:

1. Improve training for the procurement force that stresses innovative techniques and moves closer to business practices. The new training courses will be ready in January.
2. Better coordination with the DoD comptroller to pay industry and vendors promptly.
3. Develop policies to allow the costs of industry restructuring — severance pay, cost of moving equipment, etc. — to be built into contracts.
4. Standardize accounting systems with the goal of moving to paperless accounting by using commercial software.
5. Expand policies to reduce keeping \$90 billion of government property in the hands of contractors. The goal is to reduce the amount by \$20 billion.

**Apache, Paladin support programs can lead to savings.** The Army is looking at contractor support programs for both the Apache helicopter and the M-109 Paladin that could lead to significant savings over time.

Dale Adams, principal deputy for acquisition in the Army Materiel Command (AMC), said the Paladin fleet management program is designed to save \$200 million over its life cycle. The contract calls for innovations in support system, maintaining the fleet's readiness for combat and improving it through modernizing spares.

The Army does not need an A-76 exception for this program. A-76 covers the privatizing of functions.

The Apache support program does require that congressional exception, and the Army will soon be negotiating the "nose-to-tail support plan" with the contractor team. The vendor will be responsible for all spares and repairs, based on the number of flight hours. Corpus Christi Army Depot would be the subcontractor.

AMC estimates the savings at \$1.9 billion over 20 years and "the savings will be used to modernize electronics and the aircraft," he said. "The contract is firm, fixed price for five years."

Speaking at a symposium sponsored by the Association of the United States Army and its Industry Affairs Directorate, Adams said, "The Army is responsible for managing the contract and flight safety critical issues. Liability is retained by the Army." The Apache support program does require that congressional exception, and the Army will soon be negotiating the "nose-to-tail support plan" with the contractor team.

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**Army wants new ideas on horizontal technology insertion.** The Army is looking for new ideas on how technologies can be inserted into its various combat systems. The Horizontal Technology Insertion Program, with its success in inserting the Forward Looking Infrared Radars on a host of Army systems, is at an impasse. What next?

Kenneth J. Oscar, acting assistant secretary of the Army for research, development and acquisition, asked defense industry officials to submit their thoughts on how to proceed.

Oscar's phone number is (703) 695-6153.

**'Army can lead the way' in putting business practices to work.** The Army's efforts at aggressively introducing business practices into the way it buys and maintains equipment drew praise from a senior Defense Department official.

Noel R. Longuemare, acting under secretary of defense for acquisition and technology, said "the Army can lead the way" in getting rid of the "artificial barriers between operations and maintenance and acquisition."

He estimated that 75 percent of a weapon system's total cost comes in operating and support, and that this area offers the greatest potential for future savings.

DoD has created a Life Cycle Integration Office to see how these savings can be achieved across the board.

He cited the success of the Experimental Force that brought "all the players together from the start and the result was that new equipment was out in the field in a few months and not a few years."

The Experimental Force, based at Fort Hood, Texas, is how the Army tests equipment, tactics, strategy and doctrine for its Force XXI.

Longuemare also cited the Army's cutting from 22 days to 10 days the time it takes from identifying a need in the field to meeting that need, the success in transferring technical manuals to electronic formats and cutting that cost from about \$500,000 to \$5,000 and modernizing its equipment through inserting more capable and durable spare parts.

"Total Asset Visibility (similar to package identification programs of shipping companies) is being used in Bosnia and

Korea with great success," he said, adding, all the services could learn from industry such as Caterpillar. "One of the things we have to do is cross-fertilize. Industry can bring those ideas to another service.

**DoD to probe 29,000 noncombat deaths since 1979.** The Defense Department's Inspector General is beginning a wide-ranging inquiry into safety in the armed forces. The department estimates that 29,000 service members have died accidentally since 1979.

The inquiry includes examination of policies, procedures and practices used by the services to prevent major mishaps and investigate them when they occur. The incidents involve aircraft and vehicle accidents, training mishaps, accidents, suicides, homicides and illnesses.

**NATO to disarm paramilitaries.** U.S. officials warned Bosnian Serb paramilitary police in August that they plan not only to disarm them, but to disband them. Since late July, NATO said they regarded these forces as combat troops and were confiscating their weapons as violating the peace agreement.

The paramilitary bands, a holdover from the Communist regime that ruled Yugoslavia following World War II, have been responsible for preventing the return of refugees to their homes, which were in areas of heavy fighting during the 1992-95 civil war.

U.S. envoy Richard C. Holbrooke called the paramilitaries, "racist, fascist, anti-peace agreement, anti-democratic and a potential threat to the international community."

**Army South to move.** The headquarters of U.S. Army South will be moving from Fort Clayton, Panama, to Fort Buchanan, Puerto Rico beginning in October 1998. The move is in accordance with a 1979 treaty that directs all U.S. military personnel be out of Panama by Dec. 31, 1999.

The move is expected to be complete by Dec. 31, 1999 and will involve about 800 soldiers and civilians.

U.S. Army South is a component of U.S. Southern Command, which is moving to Miami. Additionally, U.S. Army South is responsible for command, control and support of Army forces in Central and South America, as well as the Caribbean.

**M2A3 Bradleys approved.** The Army has approved the low-rate initial production of the M2A3 Bradley Fighting Vehicle. Among the improvements in this Bradley are improved situational awareness and target acquisition.

The first unit to receive the Bradley will be the 4th Infantry Division (the Army's Experimental Force), based at Fort Hood, Texas.

**Retiree dental program delayed.** Because a Senate committee asked the Defense Department to look at regional fees for retiree dental coverage, the program will likely not begin Oct. 1.

The department originally planned to charge a flat rate for coverage across the nation.

The program, which will not be subsidized, was authorized in Fiscal Year 1997.

The delay might actually reduce premium costs because most military retirees do not live in such expensive areas as New York, Boston or San Francisco.

**Hospital undergoes testing for chemical attack.** The Chemically Protected Deployable Medical System (CP DEP MEDS) designed and integrated by the Soldier Systems Command underwent a simulated 72-hour operational test against a chemical agent attack.

The hospital, designed to house 300 patients and 140 staff members, provides over 100,000 square feet of treatment space.

This first of its kind facility, which covers several acres, consists of 40 interconnected tents and rigid wall shelters that are protected against chemical agents by the addition of Chemical-Biologically (CB) resistant liners and CB hardened environmental control units.

The complex is then overpressured by CB filter-blowers which provide both clean air and protection against wind driven agents.

The test has drawn the attention of all U.S. Military Services, as well as numerous foreign countries. Over 300 military personnel participated in the test that ended Aug. 7.

**McKinney hearing concludes.** Col. Robert Jarvis is weighing the arguments and testimony in the sexual misconduct case of Sergeant Major of the Army Gene C. McKinney. The hearing on the 22 preliminary counts took nine weeks to conclude. During that time more than 30 witnesses, including six women accusing McKinney of sexual misconduct testified.

There is no fixed deadline for Jarvis to forward a recommendation on whether to proceed to court-martial.

**KE ASAT hover test is highly successful.** The U.S. Army Space and Strategic Defense Command successfully completed the hover test of a prototype kinetic energy anti-satellite (KE ASAT) kill vehicle on Aug. 12 at the National Hover Test Facility, Air Force Systems Command's Phillips Laboratory at Edwards Air Force Base, Calif.

The 94-pound device is the critical front-end of the KE ASAT, designed for launch against hostile satellites. This successful hover test greatly reduces the risk associated with any future flight test.

The hover test is part of the KE ASAT technology development and demonstration experiment.

In the hover test, the KE ASAT leaped into the air, its sensor acquired and locked onto a simulated moving target (which was a distant light), and it maintained a precise position while hovering in the air.

This demonstrated that the kill vehicle can both maintain stability and exercise its control and guidance while acquiring and tracking a target.

**U.S. likely to designate Argentina, Chile as major non-NATO allies.** Secretary of State Madeline K. Albright said in August that the United States would likely designate Argentina and Chile as major non-NATO allies. "This is a status that is not a security relationship," she said. This is the same category as Israel, Egypt, Japan, South Korea and Japan. Such a designation allows the nation to buy such excess items as ammunition and spare parts from the Pentagon on a priority basis. Additionally on Aug. 1, President Clinton ended a two-decade old ban on sales of advanced weapons in the region. For now, most nations in South America are interested in buying fixed wing aircraft.