

Defense Report

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from AUSA's Institute of Land Warfare



Some Good News in the Budget

The Defense Appropriations Bill signed by the President in August contains an additional \$5.1 billion dollars added by Congress, including \$1.8 billion in the form of emergency supplemental funding for Fiscal Year (FY) 2000. The vast majority of these additional funds were earmarked for the Army, demonstrating Congress' strong support for Army Transformation.

The Senate and House in July approved the \$287.8 billion defense appropriations bill for FY 2001. The budget the Clinton administration submitted to Congress in February requested \$284.5 billion for defense. The Army's share of that budget was \$70.8 billion, about \$800 million short of the figure the service had submitted to the administration. This translated into a 1.7 percent decline in buying power for the Army with respect to the FY 2000 budget. But thanks to the additional funds present in the appropriations bill, the Army looks to be in better shape and its Transformation program is set to move forward.

Transformation. By appropriating \$1.6 billion for Army Transformation, Congress roughly doubled the administration's proposed funding for the initiative. Specifically, it added:

- ♦ \$320 million on top of the administration's \$537 million request for equipping the first Interim Brigade Combat Team (IBCT);
- ♦ \$500 million to begin equipping a second IBCT; and
- ♦ \$46 million on top of the administration's \$105 million in research and development for the Future Combat System (FCS).

These additional funds will allow the Army to press forward with Transformation, ensuring the creation of a

more strategically responsive force. As an interim measure, the Army intends to transform five to eight brigades into IBCTs using off-the-shelf equipment over the next decade or so. The appropriations bill, however, contained language mandating additional testing before the Army can proceed with procurement of an Interim Armored Vehicle (IAV) for the IBCTs. The Army claims this provision could jeopardize the Transformation timelines.

Meanwhile, the Army is teaming up with the Defense Advanced Research Projects Agency (DARPA) to develop the FCS, an ambitious project to achieve an "Objective Force" by exploiting breakthroughs in technology.

Procurement. The budget now contains increased funding in other areas to sustain, recapitalize and modernize the Army, including:

- ♦ \$160 million for Black Hawk and Apache helicopter programs;
- ♦ \$83 million for Army Tactical Missile System (ATACMS) programs;
- ♦ \$72 million for Bradley sustainment;
- ♦ \$77 million for the Wolverine Heavy Assault Bridge, a program whose budget had been sacrificed to pay for Transformation.

Congress supported the Army's request for \$355 million for Crusader, but required the Army to submit a study on how that system fits into the larger Transformation effort. It also approved \$2.8 billion the administration originally had requested for C-17 aircraft, but moved the funds to a special airlift account to prevent the Air Force from siphoning off money to pay for its expensive F-22 fighter.

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Well-being and Readiness. Congress approved the administration's proposed 3.7 percent military pay raise and provided extra funding as follows:

- ◆ \$200 million to subsidize prescription drugs for military retirees over the age of 65;
- ◆ \$31 million for housing cost allowances;
- ◆ \$175 million in reenlistment bonuses and other incentives.

Congress included \$2.8 billion to pay for ongoing operations in the Balkans and Southwest Asia, with an additional \$1.1 billion in emergency supplemental funds for FY 2000.

An earlier \$11.2 billion emergency supplemental bill, centered around the aid package to Colombia, included \$2 billion for contingency operations in Kosovo, \$1.6 billion for higher fuel costs, and \$1.3 billion in extra funding for military health care.

The Way Ahead. These additional funds represent steps in the right direction, but they do not go far enough to fix the dramatic shortfalls that exist in the Army and overall defense budgets. The Army remains overcommitted, underresourced and underpaid. In order to meet the National Military Strategy at an acceptable level of risk:

- ◆ The defense budget must increase from under 3 percent of gross domestic product (GDP) to between 3.5 and 4 percent of GDP.
- ◆ Army endstrength must increase from under 1 million soldiers to about 1.2 million soldiers, and full-time manning positions in the reserve component must be fully funded and staffed.

Looking ahead, the Clinton administration will submit to Congress its final budget (for FY 2002) before the next President is inaugurated. This budget reportedly will increase defense spending by at least \$16 billion over the next six years, including an extra \$3.2 billion for Army readiness and infrastructure. While the increase is welcome, it falls well short of the additional \$1 billion a year the Army needs for Transformation. The incoming administration will present a revised version of the budget after a few months in office.

It remains to be seen how much influence the report of the upcoming Quadrennial Defense Review (due to Congress in September 2001) will have on the FY 2002 defense budget. The Association of the United States Army will continue to be actively engaged in all these areas to keep the Army trained, ready and funded.

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