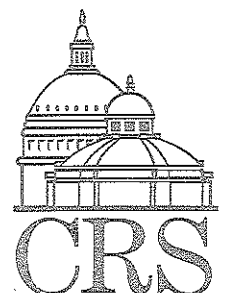


# CRS Issue Brief

## Military Manpower and Compensation: FY1996 Legislative Issues

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## Military Manpower and Compensation: FY1996 Legislative Issues

### SUMMARY

**Military Pay.** The Administration requested an FY1996 pay raise of 2.4%, effective Jan. 1, 1996. The conference version of the FY1996 National Defense Authorization Act and FY1996 DOD Appropriation Act support the Administration request. However, problems related to the budget crisis, however, make it unclear whether or not the raise will be enacted as planned; instead, a 2.0% pay raise, mandated by permanent law, went into effect on Jan. 1, 1996.

**Military Retired Pay and Survivor Benefits.** Disabled military retirees and survivor benefit recipients received a 2.8% COLA on Jan. 1, 1995; nondisabled retirees received a 2.8% COLA on Apr. 1, 1995. Complicated legislative issues leave the final FY1996 COLA date in doubt at this time, but the amount will definitely be 2.6%.

It now appears that the "high-1" retired pay proposal (reducing the retired pay of future retirees who first entered service before Sept. 8, 1980; their retired pay would no longer be based on their final monthly basic pay, but the average of the highest 12 months of basic pay) will not be enacted.

**Department of Defense (DOD) Manpower Strengths.** The Administration proposes reducing active military manpower to 1.45 million by FY1999, down 33% from the post-Vietnam high of 2.17 million in FY1987. Selected Reserve strength would drop to about 900,000 by FY1999, down 22% from FY1987. The Administration proposes an FY1996 active duty end strength of 1.48 million and reserve strength of 927,000.

**Two broad military manpower issues:** (1) *Active duty military manpower strengths.* Concerns have been voiced that the active force level of 1.48 million scheduled for FY1996, particularly the Army's proposed strength of 495,000 (which may drop to 475,000), may be too small to meet the Administration's objectives of maintaining forces sufficient to fight two major regional conflicts (MRCs) nearly simultaneously. Others feel that the proposed force levels will be sufficient, or even larger than needed, especially if the need for fighting two MRCs is reevaluated.

(2) *The role of the reserves, especially Army reserves.* Concerns include whether envisioned reserve strength will absorb money that might better be spent elsewhere in the defense budget; whether the reserves can maintain readiness sufficient to make up for planned active duty strength cuts; and whether part-time citizen-soldiers can absorb the increased burden being placed on them to support the active force.

## **MOST RECENT DEVELOPMENTS**

*On Jan. 3, 1996, the House failed to override President Clinton's veto of the FY1996 National Defense Authorization Act, which would have mandated a 2.4% active duty military pay raise, effective Jan. 1, 1996, and COLA payment dates for nondisabled military retirees of April 1, 1996; January 1, 1997; and the same date as civil service retiree COLAs for FY1998.*

## **BACKGROUND AND ANALYSIS**

### **Military Pay, Retired Pay, and a Federal Government Shutdown**

Enactment of the regular FY1996 Department of Defense Appropriation Act on Nov. 30, 1995 insures that DOD will not be affected by the ongoing second Federal Government partial shutdown that began Dec. 15, or any further partial Federal Government shutdowns in FY1996. All uniformed military personnel are considered "essential," cannot be furloughed by statute, and remained on duty during the Federal Government shutdown of Nov. 14-20, 1995. As with civil servants who were declared "essential" and required to continue to work, subsequent legislation will give them back pay, although no such guarantee existed during the shutdown. In addition, although uniformed personnel themselves continued to remain on duty, a wide variety of funding for lower-priority activities was curtailed, preventing many of these personnel from performing their normal duties. About two-thirds of DOD civilian employees were declared "essential."

The shutdown temporarily suspended a wide variety of military personnel-related services involving medical care, dependent education, day care, training and education, and personnel management that were not deemed necessary for the maintenance of short-term military readiness. Some reserve component training in support of ongoing military operations, or related to reserve units needed to be ready for activation on short notice, continued; other reserve training was been or would have been suspended if the shutdown had continued.

### **Military Pay**

Permanent law provides that military compensation be adjusted upward at the same time and by the same percentage as the average overall percentage increase in Federal civil service General Schedule (GS) pay rates. GS pay scales are, in turn, linked to the Bureau of Labor Statistics' Employment Cost Index (ECI) (before enactment of the Federal Pay Comparability Act of 1990, GS pay scales were linked to another index, which measures changes in the pay of private-sector non-farm workers. Congress has severed this linkage between military pay raises and increases in GS salary every year since 1980 -- except for 1982 -- sometimes to provide larger pay increases for military personnel than those granted GS civilians. The rationale for these larger increases has generally been to improve or maintain existing successes in recruiting and to retain a sufficient number of quality military personnel. However, even, when the percentage increase in military pay has been the same as that granted GS civilians -- as has been

the case every year since 1987 -- the percentage increase in military pay has been explicitly stated in law, rather than simply allowing the permanent statute to determine the percentage. The most recent active duty and reserve military pay raise was 2.6%, effective Jan. 1, 1995.

### **Administration Request**

According to the permanent law linking military pay rates to GS pay rates, active, as distinguished from retired, military personnel should receive a 2.4% pay raise in FY1996, effective Jan. 1, 1996, due to the rise in the ECI from 1993 to 1994. The ECI increase over this period of time was actually 2.9%. However, the Federal Pay Comparability Act of 1990 provides that the overall percentage increase in Federal GS pay is to be 0.5% less than the percentage increase in the ECI, and the money thus saved used to provide larger pay raises to Federal civilian employees in high-cost-of-living areas within the United States. The net effect of this 0.5% reduction in the overall civil service pay raise, however, is to reduce the military pay raise that would otherwise be provided by 0.5% as well.

The Clinton Administration's FY1996 budget, released Feb. 6, 1995, supports an FY1996 military pay raise of 2.4%, effective Jan. 1, 1996. This is the same amount that would result from the operation of the permanent law as stated above. The Congress rejected Administration requests for a military pay freeze in FY1994 and a pay raise one percent less than what the ECI would have indicated in FY1995.

### **Congressional Action**

Congress acts on military compensation in a series of separate legislative measures. The Concurrent Resolution on the Budget sets a defense spending target that is usually based on assumptions regarding the extent and timing of any across-the-board military pay increases. The budget resolution, however, involves policy assumptions only. Substantive authorizing legislation -- over the past decade, almost always a provision of the annual National Defense Authorization Act -- is required to implement military pay raises if such raises are different from those established by the operation of permanent law. Money for military compensation is actually appropriated in the annual Department of Defense (DOD) Appropriations Act and frequently the latter Act restates the authorizing language.

**TABLE 1. Congressional Action on the FY1996 Military Pay Raise**

	<b>Effective Date</b>	<b>Percentage Increase</b>
Clinton Administration Request	01/01/96	2.4%
FY1996 Budget Resolution		
House Budget Committee	01/01/96	2.4%
Full House	01/01/96	2.4%
Senate Budget Committee	01/01/96	2.4%
Full Senate	01/01/96	2.4%
Final Budget Resolution	01/01/96	2.4%
FY1996 Nat'l Defense Authorization Act		
House National Security Committee	01/01/96	2.4%
Full House	01/01/96	2.4%
Senate Armed Services Committee	01/01/96	2.4%
Full Senate	01/01/96	2.4%
Conference Version	01/01/96	2.4%
FY1996 DOD Appropriation Act		
House Appropriations Committee	01/01/96	2.4%
Full House	01/01/96	2.4%
Senate Appropriations Committee	01/01/96	2.4%
Full Senate	01/01/96	2.4%
Public Law	01/01/96	2.4%

**Military Pay: Recent Developments**

As the above tables and discussion indicate, the operation of permanent law and the regular FY1996 defense authorization and appropriation legislation should result in military personnel receiving a 2.4% pay raise effective Jan. 1, 1996. However, for reasons unrelated to military pay and benefits, President Clinton vetoed the FY1996 defense authorization bill that was approved by both the House and Senate in mid-December 1995. On Jan. 3, 1996, the House failed to override the veto. Without enactment of this legislation, a wide variety of military pay and benefit increases and modifications will not take place. In particular, the across-the-board pay increase scheduled for Jan. 1, 1996 will be **2.0%** rather than **2.4%**. This is because (1) separate legislation enacted in mid-December 1995 set the across-the-board Federal civil service pay raise for FY1996 at 2.0%, and (2) permanent law provides, as noted above, that the military will get the same raise the civil service gets unless a statute says otherwise.

There has been discussion of "stripping out" the essential military pay raise and other military compensation provisions of the FY1996 defense authorization bill and enacting them as a separate, free-standing bill, so military personnel are not denied benefits due to the legislative situation. However, so far the House has been unwilling to do so (although a bill, S. 1508, to do so did pass the Senate on Jan. 3, 1996).

## Policy Issues

The Administration has abandoned attempts to cut costs by constraining the annual military pay raise, because the Congress did not allow it in 1993 and 1994, and because of the unfavorable effects of such constraints on military morale, recruiting, and career retention. This is also reflected in the public commitment by Secretary of Defense Perry that DOD would commit an additional \$2.7 billion over the next 5 years to "quality of life enhancements" such as cost-of-living allowances for personnel stationed in the United States; subsidized day care for military families, construction and repair of military housing, and the maintenance of larger standing forces so as to reduce the frequency with which active duty personnel are required to deploy overseas (operational tempo, or "optempo"). Perhaps the most significant aspect of this emphasis on current personnel retention and readiness does not involve the desirability of providing more money for personnel readiness, but the extent to which the emphasis on current operations may be crowding out money for needed acquisition of new weapons and research and development.

### Military Retired Pay and Survivor Benefits

The military retirement system consists of three major elements: nondisability retirement, disability retirement, and survivor benefits for eligible survivors of deceased eligible military retirees. It is estimated that in FY1996 military retirement will cost the entire Federal Government \$27.9 billion in outlays (11.1% of DOD outlays in FY1996, although, due to the way in which the Federal Government accounts for military retired pay in the Federal budget, this \$27.9 billion does not actually come out of the DOD budget) for approximately 1.7 million retirees and survivors. In addition, DOD will have to budget approximately \$11.1 billion (4.4% of estimated DOD outlays in FY1996, which **will** come out of the DOD budget) in outlays for the estimated future retirement costs of military personnel now on active duty or in active Reserve Component status. This latter figure does not involve actual payments to individuals; it is a paper transaction resulting from the establishment in FY1985 of "accrual accounting" for military retirement.

In 1986, Congress enacted the first major structural changes in the military retirement system since 1948 as part of the Military Retirement Reform Act of 1986. During 1990-1992, the Congress enacted a major package of benefits for involuntary and voluntarily separated military personnel, in connection with the ongoing post-Cold War downsizing of the armed forces.

The payment of cost-of-living adjustments (COLAs) is a key component of the military retirement system and one responsible for much of the system's cost growth. Permanent law (10 USC 1401a) requires that military retirees receive a COLA in their retired pay equal to the percentage increase in the average Consumer Price Index (CPI) between the third quarters of successive years. Legislative action on military retirement COLAs was detailed and exhaustive in both 1993 and 1994 (for fiscal years 1994 and 1995), and resulted in disabled retirees and survivor benefit recipients receiving a 2.8% COLA on Jan. 1, 1995; a 2.8% COLA was first paid to nondisabled retirees on Apr. 1, 1995.

For further information on military retirement, see Issue Brief 85159, Military Retirement: Major Legislative Issues; CRS Report 87-702 F, The Military Retirement

Reform Act of 1986: Issues and Implications; CRS Report 95-1118, Military Retirement and Personnel Management: Should Active Duty Military Careers be Lengthened? and CRS Report 94-7 F, COLAs for Military Retirees: Summary of Congressional and Executive Branch Action Since 1982.

### **Administration Request**

The Clinton Administration's FY1996 budget would authorize payment of the FY1996 military retirement COLAs for nondisabled retirees beginning on Apr. 1, 1996 (disability retirement and survivor benefit COLAs would still take effect on Jan. 1 of each year).

### **Congressional Action**

Congress acts on military retired pay changes through several different pieces of legislation. As with active duty military compensation, the Concurrent Resolution on the Budget usually makes policy assumptions regarding military retired pay costs in arriving at its overall budget function totals, although it neither authorizes the expenditure of nor actually appropriates money for retired pay. Military retired pay COLAs are determined by a statutory formula (10 USC 1401a); Congress can, of course, elect to provide a different procedure and/or percentage amount. The percentage amount of the FY1996 military retirement COLA will definitely be **2.6%**, and military disability retired pay and survivor benefits will be increased by this amount on Jan. 1, 1996. **However, complicated issues involving budget procedures leave the COLA payment date for nondisabled military retirees for FY1996 still in doubt at this time; it could be either Apr. 1 or Oct 1, 1996, depending on further legislative action. See IB85159 for more information.**

The FY1996 budget resolution and the House National Security Committee portion of the FY1996 reconciliation bill also recommended reducing the retired pay of future retirees who first entered service before Sept. 8, 1980. Their retired pay would no longer have been based on their final monthly basic pay, but the average of the highest 12 months of basic pay (frequently referred to as "high-1" or "high-12"). DOD was strongly opposed to this proposal. However, the House and Senate eventually refused to support the high-1 proposal; **it now appears virtually certain that high-1 will NOT be enacted into law.** For more information on high-1, see IB85159.

### **Policy Issues**

Since 1993 military retirement COLAs have been the subject of intense legislative activity on military retirement COLAs, perhaps in large part because constraining COLAs results in immediate, short-term savings in budget outlays (as distinct from cuts in procurement or research and development, which may result in sizeable savings only several years into the future). Continuing pressure to cut costs, combined with the release in January 1995 of the final report of the Bipartisan Commission on Entitlement and Tax Reform (the "Entitlement Commission"), which contained several options for cutting military retirement benefits and costs, has resulted in continuing congressional scrutiny of retirement in 1995. A variety of different deficit reduction and spending control proposals have included cuts in military retired pay, either through a smaller COLA or other changes in the retired pay computation formula.



However, there will also be substantial pressures to retain the existing formula from people who argue that military retirement already had its computation formula cut twice, in 1980 and 1986, and should not be a further candidate for reductions. Finally, in FY1995 discretionary defense funds were used to fund the increased retired pay costs resulting from paying the COLA earlier than otherwise would be the case -- i.e., funds used to sustain current military readiness and operations were used to pay for outlays which, although mandated by law and felt by most to reflect a moral obligation, do not contribute directly to current defense readiness.

## Department of Defense Manpower Strengths

### Administration Request -- Active Forces and Selected Reserve

**Active Forces.** The Clinton Administration's FY1996 budget proposes continuing the reductions in active duty military manpower strengths that began in FY1987, down to a level of 1,453,000 by the end of FY1999, 200,000 lower than proposed by the Bush Administration. **Table 2** shows the changes in active force manpower since FY1987.

**TABLE 2. Manpower Trends in the Active Force, FY1987-FY1996**  
(end strengths in thousands)<sup>a</sup>

	<b>FY87 Actual</b>	<b>FY90 Actual</b>	<b>FY94 Actual</b>	<b>FY95 (Est)</b>	<b>FY96 (Req)</b>	<b>Change, FY87-96</b>
<b>Army</b>	781	751	541	510	495	-35%
<b>Navy</b>	587	583	469	439	428	-27%
<b>Marine Corps</b>	200	197	174	174	174	-13%
<b>Air Force</b>	607	539	426	400	388	-36%
<b>DOD Total</b>	<b>2,174</b>	<b>2,069</b>	<b>1,610</b>	<b>1,523</b>	<b>1,485</b>	<b>-32%</b>

a. Totals may not add due to rounding.

**Selected Reserve.** Reserve Component manpower is divided into three categories: the Ready Reserve, the Standby Reserve, and the Retired Reserve. The Ready Reserve, which is the major source of immediate manpower augmentation for the active force in the event of mobilization, is further divided into two subcategories: the Selected Reserve and a pool of pre-trained individuals designated the Individual Ready Reserve. (A small group of individual reservists in the National Guard components is referred to as the Inactive National Guard.)

**TABLE 3. Selected Reserve Manpower Trends, FY1987-FY1996**  
(end strengths in thousands)<sup>a</sup>

	<b>FY87 Actual</b>	<b>FY90 Actual</b>	<b>FY94 Actual</b>	<b>FY95 (est.)</b>	<b>FY96 (req.)</b>	<b>Change, FY87-95</b>
<b>ARNG</b>	452	437	397	387	373	-17%
<b>USAR</b>	314	299	260	242	230	-28%
<b>USNR</b>	148	149	108	101	99	-33%
<b>USMCR</b>	42	45	41	41	42	0
<b>ANG</b>	115	117	114	116	109	-5%
<b>USAFR</b>	80	81	80	79	74	-8%
<b>DOD Total</b>	<b>1,151</b>	<b>1,128</b>	<b>998</b>	<b>965</b>	<b>927</b>	<b>-19%</b>

a. Totals may not add due to rounding.

There are six DOD Ready Reserve Components: the Army National Guard (ARNG), Army Reserve (USAR), Naval Reserve (USNR), Marine Corps Reserve (USMCR), Air National Guard (ANG), and Air Force Reserve (USAFR). There is also a Coast Guard Ready Reserve, under the control, as with the Coast Guard in general, of the Department of Transportation, unless specifically directed to serve under the control of the Navy. Each of these components has its own Selected Reserve units, consisting almost entirely of Reservists assigned to units that train and would be mobilized as units. Expenditures for the Selected Reserve probably account for over 99% of all identifiable Reserve Component costs, and virtually all paid and organized Reserve Component training, activity, and equipment are conducted or used by individuals and units of the Selected Reserve. Selected Reserve manpower strength is, therefore, the only category of Reserve Component manpower subject to annual congressional authorization. These paid Reservists generally perform approximately 2 weeks of active duty training each year and one weekend of inactive duty training ("drill") per month. Trends in Selected Reserve strength since FY1987 (a steady drop, with the notable exception of the Air Force's reserve components) are in **Table 3**, above.

### **Congressional Action -- Active Forces and Selected Reserve**

**Annual Authorizations.** Congress is required by law (10 USC 115) to authorize the maximum end strength (i.e., a ceiling) as of the end of each fiscal year for the active force and Selected Reserve personnel in each military service and Selected Reserve Components respectively. These personnel authorization provisions are contained in each year's annual National Defense Authorization Act. **Tables 4 and 5** indicate congressional action on FY1996 active duty and Selected Reserve manpower strength authorizations.

**TABLE 4. Congressional Action on FY1996 Active Force**  
(end strengths in thousands)<sup>a</sup>

	Clinton Admin Rqst	HNSC <sup>b</sup> Action	House Floor	SASC Action	Senate Floor	Conf Version
<b>Army</b>	495.0	495.0	495.0	495.0	495.0	495.0
<b>Navy</b>	428.0	428.0	428.0	428.34	428.34	428.34
<b>Marine Corps</b>	174.0	174.0	174.0	174.0	174.0	174.0
<b>Air Force</b>	388.2	388.2	388.2	388.2	388.2	388.2
<b>DOD Total</b>	<b>1,485.2</b>	<b>1,485.2</b>	<b>1,485.2</b>	<b>1,485.54</b>	<b>1,485.54</b>	<b>1,485.54</b>

a. Totals may not add due to rounding.

b. House National Security Committee; formerly Armed Services Committee.

**TABLE 5. Congressional Action on FY1996 Selected Reserve**  
(end strengths in thousands)<sup>a</sup>

	Clinton Admin Rqst	HNSC <sup>b</sup> Action	House Floor	SASC Action	Senate Floor	Conf Version
<b>ARNG</b>	373.0	373.0	373.0	373.0	373.0	373.0
<b>USAR</b>	230.0	230.0	230.0	230.0	230.0	230.0
<b>USNR</b>	98.608	98.608	98.608	98.894	98.894	98.894
<b>USMCR</b>	42.0	42.0	42.0	42.274	42.274	42.274
<b>ANG</b>	109.458	109.458	109.458	112.707	112.707	112.707
<b>USAFR</b>	73.969	73.969	73.969	73.969	73.969	73.969
<b>DOD Total</b>	<b>927.035</b>	<b>927.035</b>	<b>927.035</b>	<b>930.844</b>	<b>930.844</b>	<b>930.844</b>

a. Totals may not add due to rounding.

b. House National Security Committee, formerly Armed Services Committee.

## Policy Issues

Continuing declines in the defense budget since FY1985 have been driven by the dissolution of the Soviet Union and the Warsaw Pact, and the steadily increasing disorganization of the armed forces of the USSR's successor states. The Clinton Administration plans to continue post-Cold War force reductions in accordance with two broad guidelines first adopted by the Bush Administration. These are (1) cutting active duty force structure (the number of units and weapon systems), while attempting to keep those forces that are retained at the highest possible state of readiness, training, and equipment; and (2) making the largest cuts in the active Army and Air Force, with their heavy European commitments, with a smaller reduction in the Navy and only minimal reductions in the Marine Corps, which are regarded by some as having a greater proportion of their existing forces capable of employment in non-European contingencies. Two major issues remaining are the size of active force reductions and the future role of the reserves.

**The size of the post-Cold War active force.** There is a consensus that substantial cuts in the Cold War-driven U.S. military force structure are reasonable, given the demise of the Soviet military threat. The central question facing policy-makers is how much can be cut before endangering U.S. security in a safer, but still not completely safe, post-Cold War world, where threats are less clearly apparent. Plans to reduce the size of the military force structure have evolved since the concluding years of the Cold War. Following the collapse of communist governments in Eastern Europe, the Bush Administration approved a plan to reduce from about 2.1 million active duty troops in 1989 to a "Base Force" of about 1.6 million by 1997. The Clinton Administration's Bottom-Up Review of defense policy has since concluded an active force of 1.45 million could support a strategy of preparing to fight two major regional contingencies -- such as a conflict in the Persian Gulf and another in Korea -- "nearly simultaneously." While some have argued for greater cuts, others feel that the Clinton force may be too small to fulfill the strategy.

Those who support the Administration's 1.45 million-member force, or who support deeper cuts, argue that major regional threats to U.S. security will be limited for the foreseeable future, and those that do arise will be manageable. Many note that the 1991 Persian Gulf War demonstrated the vulnerability of even well-equipped, large forces of a regional Third World power to U.S. military power. They suggest that the continued deterioration of the former Soviet Union renders moot any concerns about a major threat arising from the former USSR. Some argue that the United States need not plan for more than one major regional conflict at a time, because allies will contribute forces in the event of any major challenge to U.S. and allied interests, and, second, because another conflict is so unlikely to arise simultaneously that it is not worth the extremely high cost to prepare for it. As evidence, they point out that allies contributed substantial forces to the Persian Gulf conflict and that North Korea avoided any threatening moves throughout the crisis. They also suggest that the planned force will be too large to be adequately supported by the planned defense budgets, and that a smaller, but fully-equipped, manned, and trained force is better than a larger, "hollow" force.

Those who argue that the Clinton force of 1.45 million should not be cut, and possibly should be increased, suggest that cutting the armed forces below a certain level would jeopardize the ability of the United States to maintain effective capabilities

across the entire spectrum of possible military conflict and destroy the base needed to reconstitute larger forces should the international situation become less benign. In their view, as the one remaining global superpower, the United States needs to sustain a substantial military presence in all parts of the globe and to preserve the full range of military capabilities, including heavy as well as light ground forces, both carrier- and ground-based tactical air forces, and other specialized forces. These requirements entail a force structure, it is argued, no smaller, and possibly larger, than that which Clinton Administration plans. They note that even the current force in 1995 of approximately 1.5-1.6 million active duty troops is hard-pressed to meet the operational requirements being placed on it by post-Cold War operations, each of which may in itself be small-scale, but which collectively place a great strain on U.S. military logistics and the manpower rotation base at home. Military leaders have stated that the current "operational tempo" of U.S. forces is at its highest peacetime level in history, due to the shrinking size of the force. They point to the recent high level of U.S. military deployments around the world since the Persian Gulf War -- Somalia, Haiti, Kuwait, Saudi Arabia, and now Bosnia -- and state that these deployments, drawn from a much smaller force, are taking a heavy toll on budgets, morale, and stocks of consumable items.

**Table 6** puts the debate over various active force levels in historical perspective. As can be seen, the Bush Administration's proposed Base Force of 1.6 million itself represented a major departure from the active duty strength patterns that have existed since the Korean War mobilization of 1950-1953. The Clinton Administration's plan to drop to 1.45 million by FY1999 will constitute an even more radical departure from the patterns of the past 50 years, and could conceivably drop active duty strength to the lowest levels since FY1940, before the World War II mobilization began. (The FY1996 proposed strength for the active duty Army of 495,000 -- which reports indicate the Administration may propose to reduce to 475,000 in FY1997, to free up money for weapons modernization -- would be the lowest Army strength since FY1940.)

**TABLE 6. Selected Active Duty Strengths, FY1939-FY1999**

<b>Actual Fiscal Year Strength Reached</b>	<b>Active Duty Manpower (in millions)</b>	<b>Historical Significance</b>
1939	0.3	Strength before World War II began in Europe ( 09/01-/39)
1941	1.8	Before Pearl Harbor (12/07/41) but after pre-World War II buildup had begun
1945	12.1	World War II (1941-1945) peak
1947-1987 average	2.1	Average of years after World War II demobilization was over and before post-Cold War reductions began
1947-1950 average (1996-1999 Admin. Plan)	1.5	Average of years after World War II and before the Korean War
1948	1.4	Lowest strength reached between World War II and the Korean War; lowest strength since FY1939
1952	3.7	Korean War (1950-1953) peak
1954-1965 average	2.7	Average of years between Korean and Vietnam Wars
1960	2.5	Lowest strength reached during years between Korean and Vietnam Wars
1964	2.7	Immediate pre-Vietnam War strength
1969	3.5	Vietnam War (1965*-1973) peak
1974-1987 average	2.1	Average of years after Vietnam War and before post-Cold War reductions began
1985-1987	2.2	Peak years for post-Vietnam era (1973-Present)
1992	1.8	Actual strength, end FY1992
1993	1.7	1994 strength planned by Bush Administration; planned by Bush Administration for mid-1990s before August 1991 Soviet coup
1994	1.6	1995-1997 strengths planned by Bush Administration for its second term
1995	1.5	Actual strength during FY1995; planned by Administration for FY1996-1999

\*U.S. military involvement in Vietnam is usually dated from 1961, but massive involvement of ground combat forces did not begin until the middle of 1965.

**Role of the reserves.** In the wake of the end of the Cold War, the Congress has insisted on making much larger proportional reductions in the active force than the reserves, based on the assumption that reserves represent a cost-effective "hedge" against a resurgent major threat to U.S. security, and that reserve units cost less than identical active units. In addition, many Members are concerned about the State role

of the Army National Guard in maintaining domestic order and dealing with natural disasters, an issue made very salient by the deployment of Guard personnel for the Los Angeles riots, and Hurricane Andrew in Florida and Louisiana and Hurricane Iniki in Hawaii. The political significance of reducing reserve strength in communities around the country, with the concomitant loss of a secondary income for affected reservists has not been lost on the Congress. Finally, the Congress has been concerned that the regular uniformed leadership of the Armed Forces may seize upon the drawdown as an excuse to make excessive cuts in reserve structure due to institutional bias against the reserves.

In contrast, DOD argued (during the Bush Administration) that force reductions in the active and reserve components must be broadly symmetrical, because (1) many reserve units exist to support active units when mobilized, i.e., when particular active units are eliminated, there is no rationale to retain the supporting reserve units; (2) the shift in emphasis from Soviet to non-Soviet operations will place more requirements for rapid deployment capabilities and high readiness found in the active forces, rather than the mobilization and reinforcement capabilities found in the Reserve Components; and (3) the money spent on what DOD regards as excessive reserve force structure could better be spent on maintaining active force readiness, or even on the readiness of higher-priority reserve units. DOD also argues that sufficient National Guard force structure will remain, after its planned reductions, to perform the Guard's State missions.

The Clinton Administration, although it plans to cut reserve strength to about the same stable level as did the Bush Administration, has placed much more emphasis on developing new initiatives to obtain, in the words of the Assistant Secretary of Defense for Reserve Affairs, maximum "compensating leverage" from the DOD assets in the hands of the reserves.

The Bottom-Up Review assumes that major improvements in reserve training, organization, equipment, and command and control will enable the reserves, particularly those of the Army, to make up for the smaller active duty strength planned by the Clinton Administration. However, not all agree. The following issues, therefore, may come to the fore:

***Will the reforms and restructuring work well enough?*** Implementing some or even all of these changes may still not provide enough increased military capability in some reserve units. Intrinsic constraints on what part-time military members can learn compared to full-time active duty servicemembers may well prevent needed readiness from being attained.

***Can the reserves, particularly those of the Army, maintain readiness sufficient to make up for planned lower smaller active duty strengths?*** Some believe the Administration's planned total force structure is insufficient, or at best barely adequate, to fight two nearly simultaneous major regional wars. They question reliance on reserves, on the assumption that many reserve units either could not be combat-ready in time to meet the threat or might be committed prematurely. They also tend to suggest that an active force dependent on reserves, requires a rapid political decision to mobilize large numbers of reservists. Some do agree that the BUR force might be able to fight and win two overlapping major regional wars (the usual such

scenario involving one in the Persian Gulf and one with North Korea), but only at great cost.

Supporters of the BUR's active/reserve mix suggest the U.S. committed substantially more forces than were needed to Desert Storm, and that analyses conducted by DOD during the tenure of both the Bush and Clinton Administrations suggest that the BUR-planned force structure is sufficient for two major regional contingencies. Also, the BUR provides for "force enhancements," such as additional prepositioned equipment, air and sealift, precision-guided munitions, and attack aircraft, that could enable smaller forces to arrive in the theater of war sooner and prevail. Those who concur with the BUR also argue larger force structure is useless unless the strategic lift is available to move it to where it is needed, and that maintaining a force structure too large to deploy in a timely manner is an unbalanced use of scarce defense resources -- i.e., if we lack sufficient lift for the active force, how do we deploy reserves, and why should reserve structure excess to lift capabilities be maintained? Finally, they suggest that if the political will to mobilize reserves is not present, the United States should not get involved in the conflict in the first place, noting the bitter lesson of Vietnam in this regard.

***What else could be bought with the money being spent on maintaining reserve strengths at planned levels?*** The services have to pay for higher reserve strengths than they would like by cutting other items out of the defense budget. At the same time, Administration funding for weapons modernization and active force structure has been criticized as too low. This suggests that the reserve force structure may be targeted as a logical place to find funds to meet other defense needs, either by the Administration or within the Congress.

For further information on the reserves, see CRS Report 94-8, Army Reserve Component Reforms and the Bottom-Up Review: Issues for Congress, and CRS Report 91-763 F, The Army's Roundout Concept after the Persian Gulf War.

## **FOR ADDITIONAL READING**

RAND Corporation. Assessing the Structure and Mix of Future Active and Reserve Forces: Final Report to the Secretary of Defense. Santa Monica, California, National Defense Research Institute, The RAND Corporation, 1992. 336 p.

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