



PROGRAM ANALYSIS AND EVALUATION

~~SECRET~~

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: JAN 13 2016

DOC #311

FY-81 bud

- Army reclama

20 AUG 1979 - Murray rec:
ISECDEF HAS SEEN (20) 20

AUG 20 1979

show notes
CD
to WGC
RM E

HTB

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Army PDM Reclama Meeting (U)

(U) The Army reclama comprised 45 items. In response to my request they have subsequently identified 20 of these as the ones they would prefer you to concentrate on if you become pressed for time. These 20 are discussed in summary form in this memo, and in detail at Tabs A through U. The remaining 25 are discussed in summary form in the attachment to this memo, but again in full detail at Tabs V through u. Two minor items proposed by members of your staff are at Tabs v and w. This book also contains the Army PDM, and the forwarding memorandum for their reclama.

(U) All Volunteer Force. This covers three issues.

1. Recruiting Advertising. The Army argues for additional advertising funds to help overcome recruiting difficulties. Current market research indicates that large increases in advertising would be only marginally productive in the absence of new programs. MRA&L has developed a new alternative that would support modest increases to recognize fact of life changes. (Tab A, Issue A.1)

I've always wondered about that.

2. Enlistment Bonus. The Army wants OSD support for legislation to raise the maximum enlistment bonus from \$3,000 to \$5,000 and restoration of associated funding. MRA&L recommends supporting the legislative initiative and programming the necessary funds in the OSD Undistributed Contingency Fund in the Basic band. (Tab A, Issue A.2)

3. Unaccompanied Personnel Housing. The PDM moved approximately one-third of each Service's resources for the upgrade of unaccompanied/bachelor housing from the Minimum program to the Basic band because of fiscal constraints at the Minimum. The Army has suggested offsets to fully fund the program at the Minimum. MRA&L supports the tradeoff. (Tab A, Issue A.3)

depends from where.

~~Classified by DASD(GPP), OASD(P&E)~~
~~Declassify on 12/31/87~~

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Sec Def Cont Nr. 03775

15-M-0513

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330-82-0204, box 17, (16-28 Aug) 1979

(U) Family Housing. The Army notes that the PDM does not provide enough resources for critically needed family housing at Forts Ord, Stewart, and Polk. It requests \$51M in FY 81 in the Minimum program to remedy this problem. If necessary it will identify offsets. An MRA&L alternative would provide \$27.7M at the Minimum in FY 81 for 600 one-bedroom units at Forts Polk, Stewart, and Ord. These units would alleviate the family housing problem for those whose incomes are too high to qualify for HUD subsidized housing and whose rank is too low to qualify for on-post housing. (Tab B)

I think we do have to move on this; HUD hasn't come through!

(U) CONUS JET. The Army argues that funds for CONUS Junior Enlisted Travel (JET) should be programmed in the Basic band rather than the Enhanced band. MRA&L recommends retaining the funding in the Enhanced band based on relative priorities while continuing to develop our case for CONUS JET. (Tab C)

(S) Presidential Decision on Withdrawal of the 2nd Infantry Division.
Two issues are involved.

1. Manpower Adjustments. The President's decision on Korea, which came after the decisions on the Army POM, has made it necessary to adjust the PDM force structure. The Army, concerned about its ability to recruit to higher end-strengths, recommends absorbing the manpower impact by making a number of force structure reductions. I have proposed two alternatives: one makes minor adjustments in the Army's trade-off list to preserve some important combat units, but accepts the Army's argument on end-strength; the other alternative also adjusts the trade-offs but increases end-strength to offset a portion of the manpower shortfall. I recommend that you support the latter alternative. (Tab D, Issue D.1)

If we can sustain higher manpower levels through budget process, we recruit the people. Otherwise we should tell bases to go your first alternative

2. CONUS Battalions. The Korea decision also has an impact on the battalion activations associated with the 2nd Division in CONUS. Although the Army did not address this problem in its reclama, I have proposed reassigning those battalions to other CONUS divisions (the 9th and 5th). (Tab D, Issue D.2)

OK

(S) Combat to Support Balance. Secretary Alexander states in his memo that the PDM decision to convert 10,000 combat service support spaces to combat over the program period overrides the military judgement of past and present SACEURS, CINCUSAREURS, and CSAs and seriously risks combat failure in Europe. However, the Army program reduced Europe-oriented combat forces by 12,000 spaces in FY 81 while increasing support by about 3,000 spaces. The Army has not presented any rationale to show that the proposed active support reductions (many of which could be replaced by reserve units or host nation support) would have a more

deleterious effect than the combat reductions proposed in their POM. I believe that it is wiser to take risks in the support area, where we might substitute other than active forces early in the war, than in combat forces where we can not. While I recommend that you sustain the PDM, I have prepared an alternative that would defer all but the FY 81 conversions (2300 spaces) pending an OSD-Army study of support needs. (Tab E)

~~_____~~
I tend to agr
start the ball
has not tilted so
toward combat
will support that
we have gone too far

(S) 9th Division Conversion. The decision to mechanize the 9th Infantry Division dates back to 1975; it has been reinforced several times. However, implementation of that decision has not begun. We understand Gen. Meyer believes that he needs more time to study ways of increasing an infantry division's firepower without affecting its strategic mobility. The Army has other light divisions to use for such experiments (82d Abn, 7th and 25th Inf); in fact three Marine Divisions already appear to be organized in the manner Gen. Meyer has in mind. We need another highly survivable, heavily armed division now to permit adequate response to other contingencies while protecting NATO reinforcement capabilities. I recommend that you sustain the PDM decision. (Tab F)

This letter
will serve
well discussion
I we can't do
everything at once

can we get it there in time if it's heavied up?

(C) Cavalry Force Structure. The Army argues against the decision to shift the balance of infantry division cavalry support from air to armored. This initiative is consistent with other efforts to counter the armor-heavy threat in Europe and elsewhere. The armored cavalry squadron has more warfighting capability, is easier to move by strategic lift, and costs less to procure and operate than the air cavalry squadron. This movement away from air cavalry is not total: each division involved would retain one air cavalry troop to provide long-range screening capability. I recommend you sustain the PDM. (Tab G)

I'll hear
arguments
but wonder
whether greater
tactical mobility of helicopters
both + compensates for lesser strategic
mobility.

(E) AAH Company Structure. The issue here is essentially whether, on the target-rich European battlefield of the mid-eighties, the advanced attack helicopter requires an aerial scout to locate and engage targets. The Army believes the two aircraft are most effective when teamed and opposes the PDM action that would require them to form AAH companies without aerial scouts. The scout's cost-effectiveness is questionable, and the issue is closely tied to the Advanced Scout Helicopter (ASH) development issue addressed below. I recommend that you sustain the PDM. (Tab H)

(U) Mobilization Manpower/Ready Reserve Strength. The Army believes that the PDM provides a high risk mobilization manpower posture. The Basic level funding would provide only sixty days of combat replacements and makes no allowance for Rapid Deployment Force (RDF) casualty replacements. MRA&L has structured a new alternative that provides a casualty replacement hedge useable in the event of an RDF conflict immediately prior to full mobilization and/or for critical skill replacements in a European scenario. Both the Army and MRA&L recommend the new alternative. (Tab I) ✓

(U) Civilian End Strength. The CG directed all Services to exhibit in the Basic band a list of workload packages that could be deleted if you chose to reduce civilian strength to the OMB target (1% below FY 1980 budget). A 2% list would give you the flexibility to retain some packages and still reach the OMB target. The Navy and the Air Force complied with the CG while the Army did not. The PDM moved 5700 civilian spaces to the Basic band. The Army's arguments for not complying are essentially the same as those advanced in response to the original issue paper. MRA&L recommends sustaining the PDM decision in order to give you the flexibility to reduce civilian strengths, should it be necessary, with full knowledge as to what work would go undone. (Tab J)

we need that flexibility, but no reductions would be.

~~(S)~~ FY 82 POMCUS. The Army is quite concerned that we have failed to allocate adequate NATO Infrastructure funds even for the programs selected for inclusion in the US Infrastructure request, such as POMCUS storage. This was not our intention, and we will work with the Army to resolve differences in cost estimates. We suspect these differences arise from three sources: the use of different factors for converting Infrastructure funds to US dollars, failure of the Army to recognize that Slice 33 (FY 82) funds can be obligated in earlier years, and actual inflation in program costs. We are not able at this time to make a final allocation of expected US Infrastructure funds, either among the Services or to specific projects within a single Service. We will have to refine the Slice 32-36 (FY 81-85) Infrastructure allocation in consonance with budget prioritization over the next several months. (Tab K)

If funds can't be provided, should defer POMCUSing the sixth division

~~(C)~~ European Construction. The Army argues that the PDM does not provide adequate resources to implement initiatives to improve the war-fighting capability of our forward deployed forces. While there is still some question about the adequacy of the PDM to implement all of the Army-stated requirements, MRA&L believes that Congress will not approve a MILCON program much higher than that approved in the PDM and especially that it will not approve MILCON projects that are plausible candidates for NATO Infrastructure funding. I recommend you affirm the PDM. (Tab L)

✓

(U) Graduate Medical Education (GME). The Army's arguments in opposition to the PDM--the same arguments used to challenge the original issue paper--are not supported by the available evidence. Recruitment experience in the Army is much improved over recent years, and the prospects for the new medical corps pay bill are encouraging and would further improve recruitment and retention. Interns and residents can be sent to civilian institutions for training and simultaneously placed in reserve units for mobilization, and graduated interns can be given operational medical assignments as is being done increasingly by the Navy. ASD(MRA&L) and ASD(HA) cannot support a significantly larger GME program for the Army than exists in the other Services. (Tab M)

✓

(D) ASH. The PDM decision cancelled the ASH development program because the Army has not demonstrated that the helicopter is cost-effective in mid-intensity (e.g., European) warfare. The Army will argue strongly for ASH but the development program they were willing to fund in the Minimum program would provide only marginal, day-only improvement over the current observation helicopters. The Army has asked several European contractors to submit design proposals but for an aircraft that could only be developed with funds they placed in their Enhanced band. I recommend that you sustain the PDM. (Tab N) ✓

(E) ROLAND. The Army wants to procure 180 fire units rather than the 95 approved in the PDM. ISA supports the Army position. The DIVAD and Improved Chaparral decisions are expected to be treated as minor issues. I recommend that you support the PDM on all aspects of SHORAD. (Tab O) ✓

R+E, House comments?

(J) T&CCP and RDT&E Adjustments. The Army objects to both adjustments. C-1 has developed a new alternative to meet some of the Army concerns (Tab P). RDT&E discussion is at Tab Q. ✓

(S) 155 mm Nuclear Projectile. The PDM moves funds from the Minimum to the Basic band to complete R&D on the W82 155 mm AFAP and to begin production in 1984. The Army reclama restores funding at the Minimum, arguing that Allied dependence on the 155 mm as the standard for cannon artillery modernization and the increased effectiveness provided by the W82 dictate funding at the Minimum. The PDM supports a lower priority for the W82 because even if it were cancelled, battlefield TNF would still improve in the 1980s as the new 8-inch AFAP was deployed. (Tab R) ✓

(C) Hellfire. The PDM deferred procurement of the Hellfire missile system one year consistent with the slip in the Advanced Attack Helicopter program. The Army agrees with the AAH slip but argues against deferring the Hellfire because they foresee potential applications for that missile on other platforms. The Army admits that the semi-active laser (SAL) Hellfire seeker has operational limitations under some conditions, and is developing a fire-and-forget seeker to replace it. Since only procurement of SAL Hellfire is affected by the PDM -- funding of fire-and-forget seeker development will continue -- I recommend that you sustain the PDM. (Tab S) ✓

Do we want the SAL Hellfire? It's not, delay is right.

(E) BMD. The Army has recommended the acceleration of a Low Altitude Defense (LoAd) prototype demonstration to provide a BMD option for MX. This issue was not addressed in the PDM and the Army is effectively amending their POM and requesting an increase in TOA (+\$496M, FY 81-85) in the Basic band. BMD appears to be an attractive option for MX. The proposed program would provide for a LoAd feasibility demonstration by 1986 and rapid deployment at anytime thereafter if needed. However, reserving decision until POM 82-86 would still permit a LoAd demonstration coincident with MX IOC. (Tab T) ✓

defer

(S) AGTELIS. The PDM provides \$13M in FY 81 for R&D to elevate AGTELIS outstation antennae for the existing prototype, and slips procurement one year (to FY 82) pending the results of modification and testing. The Army's reclama would begin procurement in FY 81 and make necessary corrections to fielded systems rather than continuing R&D. The combat effectiveness of the currently configured AGTELIS is doubtful due to line of sight problems resulting from the limited height of the outstation antennae and lack of testing to verify passing of target information to artillery units. I recommend that you sustain the PDM. (Tab U)

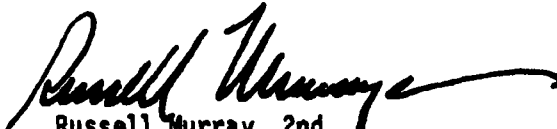
Document from R&E, CRCS?

(U) Other Army reclaims are treated at subsequent Tabs (V thru u). Also included (Tabs v and w) are additional suggestions for PDM changes from various OSD agencies.

(U) MRA&L and the Army have reached agreement on the Mobilization Manpower/Ready Reserve Strength issue (Tab I) and on lesser issues at Tabs V, W, a, and g. I have reached agreement with the Army on the lesser issue at Tab m. I propose that if no DRB member objects to these agreements at the wrap-up meeting, you approve them for incorporation in the APDM. A summary of PDM decisions and potential impacts on Army TOA is shown below. (\$M. Totals do not add due to rounding.)

OK

	<u>PDM</u>		<u>PDM</u>		<u>Reclama</u>
<u>FY 81:</u>					
<u>Minimum</u>	34,755	+896	35,651	+682	36,333
Basic	36,584	+2,064	38,647	+674	39,321
Enhanced	38,415	+5,090	43,503	-2,771	40,732
 <u>FY 81-85:</u>					
<u>Minimum</u>	189,254	+4,453	193,707	+5,885	199,552
Basic	203,699	+7,531	211,229	+7,423	218,652
Enhanced	218,146	+21,681	239,826	-6,412	233,414


 Russell Murray, 2nd
 Assistant Secretary of Defense
 Program Analysis & Evaluation

Enclosure

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LESSER ARMY RECLAMAS(U)

(U) Aviation Training Rates: MRA&L and the Army have agreed on the POM rates. This can be discussed at the wrap-up meeting, if you desire. *at time; discussed OK*
(Tab V)

(U) Reserve Compensation System: The PDM set aside FY 82-85 contingency funds for a revised system. The Army and MRA&L propose an out-of-court settlement that removes the funds but commits the parties to detailing a new system in time for the FY 82-86 program. (Tab W) ✓

(U) USAR Funding for Increased Strength: The Army presents a new issue that has not yet been addressed: increased funding (\$131M) above the POM FY 81-85 level is needed to support unprogrammed success in USAR non-prior service accessions. MRA&L states we have repeatedly told the reserve components that, "if they could break the budget" by breaking the Congressionally authorized strength floor, we would support increased funding in the Reserve and/or Guard appropriation. MRA&L recommends that the support be in the form of increased TOA. (Tab XYZ) *To discuss.*

(U) ROTC Initiatives: The PDM limits ROTC to two years (juniors and seniors) starting in FY 84. MRA&L and the Army propose an out-of-court settlement that programs both 4-year and 2-year ROTC, while conducting a test of the 2-year program. (Tab a) ✓

(U) Female Recruiting USMA/ROTC: The Army acquiesces to increased ROTC female recruiting goals directed in the PDM but argues for increasing the USMA recruiting goal 43% by FY 85 vs. the PDM directed 115%. The latter goal is more consistent with programmed total female accessions. MRA&L recommends that you sustain the PDM. (Tab b) *I'd like Army comment on how we are going*

(U) Pay and Price Increases: Army requests program increases for pay and price changes related to inflation and currency fluctuation. I recommend this be addressed, as usual, by OASD(C) during the budget process. (Tab c) ✓

(U) Depot Maintenance: MRA&L recommends an alternative to the PDM that would move civilian personnel from the Basic band to the Minimum in FY 83-85 to be consistent with the PDM decision concerning depot maintenance backlogs, and to correct a mathematical error made in computing the POM's OWRM repair requirements. It would also direct the Army to improve the management of documented unliquidated obligations and improve the requirements for aircraft engine rework. The Army takes exception to these latter actions. (Tab d) ✓

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(U) Spares Support: The PDM reduces Army peacetime spares procurement to reflect projected improvements in unserviceable return rates. The Army, while accepting the PDM, requests \$10M in FY 81 to assist it in making the transition from the current policy to that in the PDM. (Tab e)

*settle out
staff level*

(U) Enhanced Band Initiatives: The Army would like to see the OSD initiatives (17th division, etc.) deleted, because their cost would "obscure visibility" of Army programs. I believe that the OSD initiatives are eminently sensible. However, in view of Army concerns about its capability to recruit, I have added an alternative that would include funds to help solve that problem. (Tab f)

(U) Wartime Medical Posture: MRA&L has proposed an out-of-court settlement that would alleviate the Service's concerns over using the Wartime Medical Posture Study as the basis for making adjustments to the program this year. The settlement would add back \$35 million in the Basic band during the program period. (Tab g)

(U) Active Duty Physician Strength: The PDM would defer final decision on the Services' active duty physician strength until next year's program review, and meanwhile would limit programmed increases to no more than 200 above the FY 80 level of 4,402. The Army states that it must have approximately 5,200 active duty physicians in order to provide peacetime direct health care to dependents and retirees and to meet mobilization requirements. (Tab h)

*staff to
settle*

(U) PCS Mileage Allowance: The PDM would add funds to the Undistributed Contingency Fund, over FY 81-85, as follows: in the Basic band to increase the PCS mileage allowance from 10¢ per mile to 12¢ per mile and in the Enhanced band to increase the allowance further to 15.5¢ per mile. The Army reclama actually asks for the same program approved by the PDM. MRA&L recommends sustaining the PDM. (Tab i)

(U) AAH ROTE & Procurement: The Army has agreed to restructure and slip AAH procurement a year. PDM savings from this action were overstated because they did not account for fact-of-life increases in long lead item funding. The Army has asked for restoral of funding necessary to execute the program we directed. I support the reclama. (Tab j)

(U) LUH/UH-60: The PDM cancelled development of the light utility helicopter (LUH) and directed the Army not to curtail UH-60A, Black Hawk procurement. At issue is the exact procurement profile for UH-60A (PDM, Army reclama, and DR&E alternative vary slightly) and the scope and timing of an effort to extend the service life of the UH-1H "Huey." The Army proposes a low and continuous R&D effort without procurement funds; DR&E supports the Army approach and adds minimal procurement funding. The PDM intended a more comprehensive outyear life extension program and began funding in FY 85. I recommend that you sustain the PDM. (Tab k)

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~~(C)~~ Copperhead: The PDM funded a second source; the Army does not believe that a second source is justifiable or economical. The Army is probably right, but R&E believes that, if we admit that to the current sole source too early, we lose whatever leverage we might have to hold down costs on what is already a very expensive round. (Tab l) ✓

(U) FASCAM: The Army has withdrawn its reclama and agreed to a PA&E proposal that would reduce the PDM decision by \$124M (FY 81-85) in the Minimum program. (Tab m) ✓

(U) GLLD: The PDM decision was based on erroneous data contained in the Army POM. Both R&E and I support the Army reclama. (Tab mc) ✓

~~(C)~~ Airborne Radar Mix: The Army has agreed to PDM direction to limit SOTAS procurement to the active force but has requested eight additional radars for training. C³I supports the reclama. (Tab n) ✓

(U) Army ECM: The PDM added funds to the Minimum program (\$2M, FY 81; \$10M, FY 81-85) for engineering development of expendable jammers. The Army supports only advanced development pending definition of requirements, establishment of operational concepts, and demonstration of cost effectiveness. (Tab o) ✓

the work near R&E on this

~~(C)~~ Post D-Day Combat Material Sustainability: The Army has requested an increase in Basic level funding that would double the level of GSRS rocket procurement approved in the PDM. R&E supports the Army. However, MRA&L believes that such an increase would prematurely accept a requirement for GSRS that has not been adequately justified. I recommend that you sustain the PDM. (Tab p) ✓

I thought the basic we could use M&M

~~(S)~~ Pershing II: Since Congress did not approve funds in the FY 79 supplemental for Pershing II, the IOC will slip beyond 1983. The Army asks for \$50M to retain an August 1983 IOC. R&E supports the Army. I have prepared an alternative that would permit a December 1983 IOC at less cost (\$17M). (Tab q) ✓

we should try to retain earlier the update was 1983 if feasible.

(U) Universal Equipment Tractor (UET). The PDM decision would recognize a very large cost growth in the current UET program and would limit procurement to whatever quantity could be procured within the funding levels of the January 1979 FYDP. The Army argues that the PDM would delay filling the IIQ by three years. I recommend that you reaffirm the PDM (Tab r) ✓

~~(C)~~ Tri-service/NATO IFF: The PDM funds development of cooperative air-to-ground and ground-to-ground IFF systems. The Army supports cooperative systems for air-to-air and ground-to-air, but opposes them for air-to-ground and ground-to-ground battles. (Tab s) ✓

staff level if possible - I think PDM is right

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4

(U) Army Veterinary Functions: The Army objects to the PDM decision that would make it executive agent for veterinary services for all DoD. OASD(HA) proposes an alternative that would support the PDM while accommodating Army concerns. (Tab t)

(U) Mission Planning for Sub-Saharan Africa: The Army is requesting restoration of nine military spaces and \$900,000 to the Basic band over the program period to continue mission planning for sub-Saharan Africa. The PDM deleted the spaces pending a decision on a related matter. (Tab u) *settle at staff level*

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