

ASSESSING THE READINESS ADDITIONS
IN THE REAGAN BUDGET

The Congress of the United States
Congressional Budget Office

April 1981

PREFACE

This report, prepared at the request of the Senate Budget Committee, discusses the Reagan Administration's proposed military readiness increases to the Carter budgets for fiscal years 1981 and 1982. In keeping with the Congressional Budget Office's mandate to provide objective and nonpartisan analysis, the report makes no recommendations.

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April 1981

WHAT DO "READINESS" EXPENDITURES INCLUDE?

The term "readiness" is subject to a variety of interpretations. One broad definition--the one used by the Department of Defense (DoD)--contrasts expenditures for readiness with those for modernization. Although the distinction between the two is often fuzzy at best, readiness funding refers to expenditures for peacetime operations and training of military personnel, increased stocks of equipment and supplies to sustain wartime operations, and general support activities such as base transportation and communication facilities. By contrast, modernization funding refers to expenditures to enhance the capability of military equipment--usually, but not always, through new procurement to replace aging equipment.

HOW MUCH ADDITIONAL READINESS FUNDING HAS THE NEW ADMINISTRATION REQUESTED?

To improve readiness, President Reagan has proposed additions of \$2.5 billion and \$8.4 billion, respectively, to the Carter Administration budgets for fiscal years 1981 and 1982. ^{1/} These additions are concentrated in the operations and maintenance (O&M) account but also include substantial increases in procurement--most notably for equipment for the Rapid Deployment Force (RDF) and ammunition for the conventional forces. The fraction of total defense increases devoted to readiness spending is relatively high in the Army (about 45 percent of the additional spending in both fiscal years) and relatively low in the Navy/Marine Corps (about 20 percent of the total additions). About 30 percent of the Air Force spending additions in both years are for readiness-related items.

A breakdown of the readiness spending increases by service and by purpose (peacetime operations and training, wartime sustainability, and general support) is presented in Table 1. The table shows that, for DoD as a whole, the monies are evenly split in fiscal year 1982 between peacetime operations and wartime sustainability--each receiving about 45 percent--with the remaining funds earmarked for general support.

^{1/} These figures were taken from U.S. Department of Defense, Summary of Revised Estimates for Fiscal Years 1981 and 1982 (March 1981). CBO deleted several RDT&E items for the Air Force, since those funds would not contribute to near-term readiness.

TABLE 1. READINESS ADDITIONS IN THE REAGAN BUDGET, FISCAL YEARS
1981 AND 1982 (In millions of dollars)

	1981	1982
Army		
Peacetime operations and training	442	1,446
Wartime preparedness	576	1,353
Support	<u>186</u>	<u>339</u>
Total	1,204	3,138
Navy/Marine Corps		
Peacetime operations and training	203	1,148
Wartime preparedness	52	980
Support	<u>21</u>	<u>418</u>
Total	276	2,546
Air Force		
Peacetime operations and training	731	1,165
Wartime preparedness	282	1,321
Support	<u>4</u>	<u>191</u>
Total	1,017	2,677
Total DoD		
Peacetime operations and training	1,376	3,759
Wartime preparedness	910	3,654
Support	<u>211</u>	<u>948</u>
Total	2,497	8,361

WHAT WILL BE THE SPECIFIC EFFECTS OF THE READINESS ADDITIONS?

The aggregates presented above provide a broad overview of the proposed readiness additions. To provide more detail on the implications of the funding increases, three specific items that affect readiness--depot repair backlogs, personnel end strengths, and peacetime operating tempo--are discussed below.

Depot Repair Backlogs

Depot repair affects readiness by providing scheduled maintenance, overhauls, and component repairs. The latter function is an alternative to procurement of spare parts, and has become increasingly important for the support of tactical aircraft.

Depot repair activity in each service is funded in the O&M account through the Industrial Fund mechanism. Substantial backlogs remained in the Army and Navy accounts under the Carter Administration budgets for both fiscal years 1981 and 1982, as shown in Table 2. The Reagan budget additions will fund most of these backlogs in the Army and Navy (air). No additional funding is provided for the ship overhaul backlog, however. ^{2/} The Air Force had previously funded all of its backlog; thus, the only new funding will be to support additional flying-hour requirements.

Neither the Air Force nor the Navy met its readiness goals for major combat aircraft systems in fiscal year 1980; thus, the proposed spending increases should help meet those goals. In the Army, materiel readiness in fiscal year 1980 was at or above the stated goals for most major weapons systems. Thus, the proposed funding additions should increase materiel readiness above the Army's current goals.

Personnel Increases

Both civilian personnel levels and military end strengths are increased under the Reagan budget for fiscal year 1982. Civilian personnel levels will rise by 28,000, with three-quarters of the increase going to the Army. The Army has argued for some time that too many soldiers are performing "housekeeping" chores and thus are not available for regular training duties. The civilian personnel increase is designed to alleviate this problem.

Most of the military personnel increases are requested for readiness-related purposes (that is, improved manning of existing

^{2/} The overhaul backlog involves ships scheduled for overhaul but needed for operational deployments. Thus, the backlog does not result from funding constraints.

TABLE 2. DEPOT REPAIR BACKLOG, FISCAL YEARS 1981 AND 1982 (In millions of dollars)

	<u>Carter Budget</u>		<u>Reagan Budget</u>	
	1981	1982	1981	1982
Army				
Aircraft	26.7	59.2	0	0
Missiles	13.1	15.7	0	0
Weapons	0	7.5	0	0
Combat vehicles	2.9	0	0	0
Other	<u>97.2</u>	<u>83.9</u>	<u>86</u>	<u>45</u>
Total	139.9	166.6	86	45
Navy (Air)				
Aircraft	45.9	73.2	45.9	50 <u>a/</u>
Missiles	2.8	4.1	2.8	0
Engines	43.5	35.5	20.0	0
Components	<u>34.3</u>	<u>48.0</u>	<u>30.0</u>	<u>0</u>
Total	126.5	160.8	98.7	50
Navy (Sea)				
Components	0	0	<u>b/</u>	<u>b/</u>
Missiles	18.7	11.1	<u>b/</u>	<u>b/</u>
Ships	<u>609.2</u>	<u>745.6</u>	<u>b/</u>	<u>b/</u>
Total	627.9	756.7		
Air Force	Fully Funded		Fully Funded	

a/ Estimated.

b/ Reductions unknown.

units). The largest military personnel increases are allocated to the Navy/Marine Corps and the Air Force. Navy and Marine Corps funding increases will be used to expand the force structure and to improve fleet manning. The Air Force personnel increases

are targeted for maintenance and support positions, primarily training and medical personnel.

The Carter Administration budgets for fiscal years 1981 and 1982 requested a 44,000 increase over 1980 force levels; the Reagan Administration proposal would add another 35,500. Thus, end strengths would increase by almost 80,000 over the two-year period. CBO has estimated that the 5.3 percent across-the-board pay increase scheduled for this July will increase career retention levels by only about 10,000. The remaining 70,000 personnel are thus assumed to come from the first-term force or through increased accessions. Although over time these increases will improve readiness, their initial impact will likely be small.

Operating Tempo

The level of training and operations can be described either by the frequency of activity (that is, steaming days per quarter or flying hours per month) or by the intensity of the activity (that is, squadron versus battalion-size exercises). The Reagan budget provides additional funds for both purposes.

Army. Additions for the Army will be used primarily to enhance training activities. Examples include more exercises sponsored by the Joint Chiefs of Staff, higher reserve training loads, and increased education for noncommissioned officers. Funding is also provided for additional training ammunition and for an increase in National Training Center operations (designed to permit battalion-size exercises in the United States). No increase in flying hours or field training days is provided, however.

Navy/Marine Corps. Fiscal year 1981 funding for Indian Ocean deployments of two carrier battle groups is increased from 80 percent to 93 percent of the amount required to maintain the fiscal year 1980 operating tempo. The fiscal year 1982 budget continues to fund two Indian Ocean carrier battle groups; the second, however, is budgeted for only 80 percent of the desired operating tempo. Although no increase in the flying-hour program is included, additional funds are provided for enhanced fleet training of air crews. The Marine Corps is also scheduled to receive some additional funds for RDF training.

Air Force. Air Force flying hours will increase under the new Administration's budget by 3 percent (55,000 hours) in fiscal year 1981 and by 1 percent in fiscal year 1982. The portion of this increase allocated to the tactical air force will allow pilots to fly between one and two additional sorties per month, falling short of the Air Force's goal by about two sorties per pilot per month.