

Congress Should Address the Impact of Four Years of Declining Buying Power on the U.S. Army

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KEY TAKEAWAYS

To protect its strategic interests and deter China, America needs a strong, balanced joint force that includes a capable Army, Navy, Air Force, Marine Corps, and Space Force.

The overall Army budget has fallen by nearly 11 percent since FY 2018, drastically impacting the service's readiness and ability to procure new assets.

Congress should take a closer look at the FY 2023 budget and work with Army leaders to determine the impact of these cuts on the service and take corrective action.

As this paper is being written, Russian President Vladimir Putin has amassed over 100,000 troops across the border from Ukraine in either Russia or Belarus, organized in approximately 60 battalion tactical groups plus support formations.¹ The equipment in these Russian formations is modern and includes such items as T-72B3 tanks with modern thermal sights and surface-to-surface Iskander-M rockets with ranges up to 500 kilometers.²

While Ukraine is not a member of NATO and the U.S. is under no obligation to respond to an armed incursion by Russia, it would be instructive to consider how well-prepared U.S. Army forces are and the time that would be required to mount a credible response. The answer would likely be troubling.

Russia's posture and behavior would seem to contradict those who would argue that the U.S. has a

This paper, in its entirety, can be found at <http://report.heritage.org/ib5250>

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diminished need for an Army (and should thus shift Army resources onto the maritime and air domains).³

As a great power and to deter adversaries, particularly China, America needs a strong, balanced joint force that includes a capable Army, Navy, Air Force, Marine Corps, and Space Force.

Since the significant increases of fiscal year (FY) 2018 initiated by President Donald Trump and supported by Congress, the overall Army budget has fallen in real terms by *10.9 percent*.⁴ (The FY 2022 budget has yet to be appropriated, therefore this paper uses the defense budget as submitted by President Joe Biden.)⁵

The resulting loss of real buying power has pressured all elements of the Army, but the impacts have fallen most heavily in Operations and Maintenance (-13 percent), Procurement (-32 percent) and military construction (-61 percent) accounts.⁶ This trajectory is unsustainable for the Army if it is to remain relevant in great-power competition, now and into the future.

The cuts in buying power that have occurred since 2018 impact the ability of the Army to accomplish its missions. When considering the FY 2023 budget request for the Army, Congress should explore these issues, press Army leaders for a clear picture on the status of the Army, and fund the Army to the level at which it can properly train and equip its formations for great-power competition.

Operations and Maintenance Impacts

Army Operations and Maintenance Accounts are down 13 percent in constant dollars since FY 2018. Some of this reduction can be attributed to a reduction in direct war and enduring costs as a result of the withdrawal from Afghanistan, but the impacts to Army training and other programs are evident.

In FY 2018 the Army's goal was to train Brigade Combat Teams (BCT) to a level approaching full readiness (94 percent), described by the Army as "BCT(-)." By FY 2022, intense downward budget pressure had forced the Army to abandon that goal, which is currently to "focus on squad, platoon and company level training to achieve highly trained companies."⁸

This change heralds a return to the poor readiness rates the Army experienced between 2015 and 2017 when Congress was warned only three of the Army's BCT's were ready for immediate fighting by the Vice Chief of Staff of the Army, General Dan Allyn.⁹ Company-level readiness is what the Army has historically expected from National Guard BCTs, not Regular Army. The reduction to a goal of company-level readiness for BCTs has not been publicly discussed.¹⁰

Further, the Army is increasingly conducting its decisive action training at home station, versus at combat training centers (CTCs), which used to represent the “gold standard” for Army training. In FY 2018 the Army budgeted for 19 rotations at either the Joint Readiness Training Center, National Training Center, or Joint Multinational Readiness Center (the so-called “dirt” CTCs).¹¹ By FY 2022 that number had declined to 15, a reduction of 21 percent.¹²

Budget cuts caused the Army to scale back its signature Defender-series of exercises designed to practice reinforcement of the European and Indo-Pacific regions. Starting in FY 2023 the Army will only conduct one Defender exercise per year instead of two.¹³ Despite forecasts of a very difficult recruiting year for FY 2022,¹⁴ the Army was forced to cut its funding for advertising and recruiting by \$51 million.¹⁵

The impact of the loss of buying power in the Army’s Operations and Maintenance Accounts is driving the service to accept reduced levels of readiness and potentially placing their recruiting mission in jeopardy.

Procurement Accounts

Army procurement accounts are down in funding by 32 percent in real terms from FY 2018. The Army has endeavored to protect their 31+4 modernization programs from cuts, but the price for fencing those programs from cuts has been drastic reductions in procurement in nearly every other Army modernization program.¹⁶ While the “31+4” signature modernization programs are indeed important, it takes thousands of distinct pieces of equipment to field a modern Army.

A comparison of what was projected to be procured in FY 2022 (in the FY 2018 budget request) versus the procurement quantities requests in the FY 2022 budget reveals across-the-board cuts have been made. Significant reductions were made in the aviation portfolio: 18 fewer AH-64E Apache, seven fewer UH-60M Blackhawk, and seven fewer CH-47F Chinook aircraft are requested, based on what was projected to be procured in FY 2018. The planned procurement of the Joint Lightweight Tactical Vehicle was cut by more than half. The Paladin Integrated Management howitzer planned procurement was cut by over half. The Joint Assault Bridge procurement was cut by more than half. (See Table 1.)

It is largely the same Army it was in 2018, when the Army made its estimates for procurement in FY 2022; what has changed is the Army’s ability to procure new systems, creating a situation in which Army equipment is aging more rapidly than it is being replaced.

TABLE 1

Army Budget Requests Falling Drastically Short

Item of Equipment	Projection of FY2022 Quantities in the FY2018 Budget Request	Actual Quantities Requested in FY2022 Budget
AH-64E Apache Helicopter (Remanufacture)	48	30
UH-60M Blackhawk Helicopter	31	24
CH-47F Chinook Helicopter	13	6
5.56 mm Ammunition	\$62 million	\$47 million
7.62 mm Ammunition	\$101 million	\$74 million
155 mm Artillery Shells	\$130 million	\$174 million
Missile Segment Enhancement missile	95	180
Javelin Missile	593	376
Tow 2 Missile	1,296	887
Guided Multiple Launch Rocket System (GMLRS)	1,848	5,886
Joint Lightweight Tactical Vehicle	2,877	1,203
Family of Medium Tactical Vehicles	386	83
Ground Mobility Vehicle	169	121
Paladin PIM	56	25
Stryker Vehicle Modifications	\$602 million	0
Abrams Upgrade	\$479 million	\$981 million
Joint Assault Bridge	52	23

SOURCES: Department of the Army, “Budget Materials: FY 2018,” May 2017, [https:// www.asafm.army.mil/Budget-Materials/#fy-2018](https://www.asafm.army.mil/Budget-Materials/#fy-2018) (accessed January 20, 2022), and U.S. Department of the Army, “Budget Materials: FY 2022,” May 2021, <https://www.asafm.army.mil/Budget-Materials/#fy-2022> (accessed January 20, 2022).

Military Construction and Family Housing

Military Construction and Family Housing accounts are down 61 percent in real terms since FY 2018. The \$1.7 billion requested for FY 2022 represents the smallest amount requested for these accounts in constant dollars since 1963. Under this level of funding Army facilities are aging far faster than they are being replaced. In 2016 the Army had 139,458 buildings with a plant replacement value of \$295 billion.¹⁷ At the FY 2022 level of investment, the Army would replace its facilities every 173 years, far longer than any building can last.

The Army, like the other services, has underfunded military construction when fiscal constraints required it, but the current sustained low level of funding is unprecedented and is adding to an enormous facilities liability. The risk being accepted in the military construction accounts means that the Army will be faced with an ever-growing number of failing facilities.

End Strength

Army leaders have consistently stated that the Army is too small to execute the 2018 National Defense Strategy at less than significant risk. Since the strategy was published the world has become more—not less—threatening to U.S. interests.

The current Army Chief of Staff General James McConville has stated, “The total Army needs to be larger and fully resourced with timely, adequate, predictable, and sustainable funding to reduce the risk.”¹⁸

To reduce risk, the Army had a plan to grow by a modest amount per year until it reached 500,000 soldiers in the active component. In 2021, however, General McConville announced that due to funding pressure, all plans to grow the Army were on hold.¹⁹ At current funding levels, the Army has no choice but to remain at 485,000 in the active component, even though it entails significant risk.

Recommendations

Congress should:

- Examine the FY 2023 budget documents and closely question Army leaders to explore the impact of four successive years of inflation-adjusted budget cuts on the service. They should specifically focus on the areas of Brigade Combat Team training and readiness, Combat Training Center rotations, and support to training programs.
- Examine funding levels in the FY 2023 Presidential Budget Request for equipment modernization for the Army in other than the 31+4 “signature” systems. Congress should ascertain whether too much risk is being accepted in those areas.
- Require a report on the Army’s ability to rapidly deploy and counter a major land attack, resembling that which might be expected should Russia choose to attack one of the Baltic states.

Strategic Insolvency at Hand?

The Army has the reputation of accepting any task and endeavoring to accomplish it with whatever means are provided. That is admirable, but the same attribute may lead it to understate the impact that current funding levels have on its ability to accomplish its missions.²⁰ Congress owes the nation a full accounting of the readiness of its Army.

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Endnotes

1. "Here's What We Know About Russia's Military Buildup Near Ukraine," *Washington Post*, January 15, 2022, <https://www.washingtonpost.com/politics/2022/01/15/heres-what-we-know-about-russias-military-buildup-near-ukraine/> (accessed February 1, 2022).
2. Anton Troianovski, Michael Schwartz, and Andrew E. Kramer, "Russia's Military, Once Creaky, Is Modern and Lethal," *New York Times*, January 27, 2022, <https://www.nytimes.com/2022/01/27/world/europe/russia-military-putin-ukraine.html> (accessed February 1, 2022).
3. Blake Herzinger, "Give the U.S. Navy the Army's Money," *Foreign Policy*, April 23, 2021, <https://foreignpolicy.com/2021/04/28/navy-army-defense-budget-china/> (accessed February 1, 2022).
4. U.S. Department of Defense, *National Defense Budget Estimates for FY2022*, Office of the Under Secretary of Defense (Comptroller), August 2021, Table 6-3, p. 104, https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2022/FY22_Green_Book.pdf (accessed January 19, 2022).
5. In the 2022 National Defense Authorization Act, Congress acted to increase the authorization for defense funding by approximately \$25 billion over the President's request, but those funds will not be available until a corresponding appropriations bill is signed. Meanwhile the Army, like the other services, is forced to pay a monthly 2.7 percent pay raise and other personnel allowance increases for its members, which went into effect on January 1, 2022, while coping with greater inflation—all with its smaller FY 2021 appropriation. The increase in pay and allowances alone means that until a 2022 appropriation is passed, the Army must find an extra \$100 million dollars per month somewhere within its budget to pay soldiers.
6. U.S. Department of Defense, *National Defense Budget Estimates for FY2022*, Table 6-19, p. 190.
7. U.S. Department of the Army, *Fiscal Year 2018 Budget Estimates, Volume I, Operations and Maintenance*, Army, May 2017, p. 62, <https://www.asafm.army.mil/Portals/72/Documents/BudgetMaterial/2018/Base%20Budget/Operation%20and%20Maintenance/Army%20Vol%201.pdf> (accessed January 19, 2022).
8. U.S. Department of the Army, *Fiscal Year 2022 Budget Estimates: Volume I, Operations and Maintenance*, May 2021, p. 2, https://www.asafm.army.mil/Portals/72/Documents/BudgetMaterial/2022/Base%20Budget/Operation%20and%20Maintenance/OMA_VOL_1_FY_2022_PB.pdf (accessed January 19, 2022).
9. Daniel Allyn, testimony before the Armed Services Committee on the State of the Military, U.S. House of Representatives, February 7, 2017, https://wenstrup.house.gov/uploadedfiles/gen._allyn_statement.pdf (accessed January 19, 2022).
10. Compare the FY 2022 Budget Exhibit OP-5, Subactivity Group 111, Department of the Army Fiscal Year 2022 Budget Exhibit Operations and Maintenance Army to the same exhibit made in 2018 to understand how the Army altered the format. U.S. Department of the Army, *Fiscal Year (FY) 2022 Budget Estimates: Volume I*, and U.S. Department of the Army, *Fiscal Year 2018 Budget Estimates, Volume I*.
11. U.S. Department of the Army, *Fiscal Year 2018 Budget Estimates, Volume I*, p. 109.
12. U.S. Department of the Army, *Fiscal Year 2022 Budget Estimates, Volume I*, p. 115.
13. *Ibid.*, p. 63.
14. Jonathan Franklin, "The Army Is Increasing Its Largest Signing Bonus to \$50,000 For Some New Recruits," National Public Radio, January 12, 2022, <https://www.npr.org/2022/01/12/1072628577/army-increases-bonus-new-recruits> (accessed January 19, 2022).
15. U.S. Department of the Army, *Fiscal Year 2022 Budget Estimates, Volume I*, p. 498.
16. The Army has prioritized 35 technologies, 31 of which are managed by Army Futures Command and four by the Rapid Capabilities and Critical Technologies Office, hence "31+4." For more information, see Sydney J. Freedberg Jr., "Army Faces 'Almost Impossible Choices: Gen. Murray,'" *Breaking Defense*, May 12, 2021, <https://breakingdefense.com/2021/05/army-faces-almost-impossible-choices-gen-murray/> (accessed January 19, 2022).
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18. U.S. Senate Armed Services Committee, "Advanced Policy Questions for General James McConville, USA, Nominee for Appointment to be Chief of Staff of the Army," May 2, 2019, p. 19, https://www.armed-services.senate.gov/imo/media/doc/McConville_APQs_04-02-19.pdf (accessed February 1, 2022).
19. Jen Judson, "U.S. Army Chief Says End Strength Will Stay Flat in Upcoming Budgets," *Defense News*, March 16, 2021, <https://www.defensenews.com/digital-show-dailies/global-force-symposium/2021/03/17/army-chief-says-end-strength-numbers-to-stay-flat-in-upcoming-budgets/> (accessed February 1, 2022).
20. S. Rebecca Zimmerman, et al., *Movement and Maneuver: Culture and Competition for Influence Among the U.S. Military Services*, RAND Corporation, 2019, pp. 24–25, https://www.rand.org/content/dam/rand/pubs/research_reports/RR2200/RR2270/RAND_RR2270.pdf (accessed February 1, 2022).