

PRESENTATION BY

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THE ACCOUNT OF CONVENIENCE FOR THE FEDERAL GOVERNMENT

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BY FISCAL YEAR 1999, THE DEFENSE BUDGET IS EXPECTED TO BE 2.8 PERCENT OF THE GROSS DOMESTIC PRODUCT (GDP). BY CONTRAST, EVEN IN THE "HOLLOW FORCE" YEARS OF THE LATE 1970'S, DEFENSE SPENDING WAS 4.7 PERCENT OF THE GDP.

AT A TIME WHEN U.S. ARMED FORCES ARE STRUGGLING TO MAINTAIN READINESS REQUIREMENTS IN THIS VERY AUSTERE ENVIRONMENT, THE DEFENSE DEPARTMENT BUDGET IS INCREASINGLY BECOMING THE ACCOUNT OF CONVENIENCE FOR THE FEDERAL GOVERNMENT. AT A TIME WHEN FUTURE MODERNIZATION IS IN JEOPARDY AND THE MONEY TO PAY FOR VITAL QUALITY OF LIFE PROGRAMS FOR OUR SOLDIERS AND THEIR FAMILIES IS BECOMING EVER MORE PINCHED, MORE AND MORE NONDEFENSE PROJECTS ARE BEING FINANCED THROUGH THE PENTAGON'S BUDGET.

AS CONGRESSIONAL WORK ON THE DEFENSE BUDGET NEARS COMPLETION FOR THE NEXT FISCAL YEAR, WE NEED TO LOOK AT THESE PROJECTS AND ASK WHY THE DEFENSE DEPARTMENT IS PAYING FOR THEM. THIS COVERS MORE THAN CLEAR-CUT EXAMPLES OF CAPITOL HILL "PORK" GOING BACK TO THE HOME DISTRICT AS A "JOBS BILL"; THESE ARE PROJECTS WHERE POSSIBLE TIES TO THE MILITARY ARE EXPLOITED TO THE FULLEST TO RATIONALIZE DEFENSE FUNDING.

IN SHORT, DOD'S BUDGET IS BECOMING A NEW MECHANISM WITH WHICH TO "TRANSFER" FUNDS FROM PURELY MILITARY PROGRAMS TO OTHER FEDERAL PROGRAMS SO THAT THEY SHOW UP AS LINE ITEMS IN THE PENTAGON'S SPENDING PLAN.

PERHAPS NOWHERE IS THIS KIND OF SPENDING MORE APPARENT THAN IN THE MONEY BEING SPENT ON ENVIRONMENTAL PROGRAMS ----- A TOTAL OF \$5.7 BILLION FOR DOD IN FY 1995, INCLUDING BOTH CLEANUP AND ENVIRONMENTAL COMPLIANCE COSTS. SOME \$508 MILLION IS TO BE SPENT IN THE FISCAL YEAR ON ENVIRONMENTAL WORK

ASSOCIATED WITH BASE CLOSURE AND REALIGNMENT COMMISSION DECISIONS. WHILE THESE ARE IMPORTANT NATIONAL PROGRAMS, COMPARABLE COSTS WERE NOT REFLECTED IN DEFENSE BUDGETS OF ONLY A FEW YEARS AGO.

UP-FRONT COSTS ASSOCIATED WITH BASE CLOSURES IS ANOTHER GROWING BURDEN NOT FOUND IN PRE-COMMISSION BUDGETS. ALTHOUGH THERE EVENTUALLY WILL BE SAVINGS SOME SIX TO EIGHT YEARS FROM THE TIME A BASE CLOSURES ---- THE UP-FRONT COSTS ARE HIGH, ESTIMATED AT \$2.7 BILLION IN FY 1995, AND ARE EXPECTED TO INCREASE TO OVER \$6 BILLION IN THE FUTURE YEARS DEFENSE PROGRAM.

AN ITEM IN THE FY 1995 DEFENSE AUTHORIZATION BILL HIGHLIGHTS THE COST RISKS WITH REGARD TO CLOSURES: THE PROVISION AUTHORIZES THE SECRETARY OF DEFENSE TO REIMBURSE A STATE, COUNTY OR MUNICIPALITY FOR ANY FUNDS RAISED OR BONDS ISSUED IN DIRECT SUPPORT OF ANY MILITARY INSTALLATION FOR WHICH CONSTRUCTION BEGAN ON OR AFTER JANUARY 1, 1985, OR WAS SELECTED FOR CLOSURE ON OR AFTER JANUARY 1, 1993. ALTHOUGH NO ESTIMATE OF THE COST IS PROVIDED, THIS IS CERTAIN TO SET A PRECEDENT.

THE LAST OF THE CONGRESSIONALLY-APPROVED BASE REALIGNMENT COMMISSIONS, WHICH CONVENE~~D~~D THIS YEAR, IS PROBABLY LOOKING TO CLOSE AS MANY INSTALLATIONS AS ALL PREVIOUS COMMISSIONS COMBINED, THUS GREATLY INCREASING THE POTENTIAL COST OF ANY SUCH AUTHORIZATIONS.

IN ADDITION TO ENVIRONMENTAL AND BASE REALIGNMENTS COSTS CITED ABOVE, OTHER SIGNIFICANT ITEMS IN THE FY 1995 DOD BUDGET NOT SEEN IN BUDGETS PRIOR TO THE DRAWDOWN WERE PERSONNEL TRANSITION BENEFIT COSTS (\$1.2 BILLION) AND DEFENSE CONVERSION AND DUAL-USE TECHNOLOGY (\$2.2 BILLION).

UNDER "MISCELLANEOUS," ALMOST \$26 MILLION FOR THE MEDICAL FREE ELECTRON LASER, AND \$613 MILLION FOR EXPERIMENTAL EVALUATION OF INNOVATIVE TECHNOLOGY

WERE REQUESTED. TWENTY MILLION DOLLARS WERE REQUESTED FOR AIDS RESEARCH. THE SENATE APPROPRIATION COMMITTEE PROPOSED AN INCREASE OF \$100 MILLION IN THE RESEARCH AND DEVELOPMENT BUDGET FOR WOMEN'S HEALTH PROGRAMS AND BREAST CANCER RESEARCH. THESE ARE JUST SOME OF THE EXAMPLES.

THE DOLLAR FIGURES ARE SOMETIMES LARGER<sup>g</sup> AND SOMETIMES THEY ARE RELATIVELY SMALL; BUT WHEN THEY ARE ADDED UP, THEY HAVE A DIRECT IMPACT ON WHAT DEFENSE BUDGETS WILL BUY IN NATIONAL MILITARY SECURITY, THAT IS, ALL OF THESE COSTS, WHEN STUFFED INTO THE DEFENSE BUDGET UNDER A FIXED CEILING, MUST BE OFFSET BY OTHER IMPORTANT REQUIREMENTS WHICH IMPACT DIRECTLY ON MILITARY READINESS AND CAPABILITIES.

DIRECT COMPARISONS WITH PREVIOUS BUDGET LEVELS --- WHEN COSTS PERIPHERAL TO NATIONAL MILITARY SECURITY WERE NOT MAJOR FACTORS IN THE DEFENSE BUDGET --- ARE NOT VALID. THE REAL REDUCTIONS ARE GREATER. THIS MEANS THAT THE PROJECTED REAL DECLINE IN DEFENSE SPENDING OF SOME 40 PERCENT BETWEEN 1985 AND 1999 WILL BE EVEN GREATER WHEN NONDEFENSE PROJECTS ARE FACTORED IN.

DIFFERENT ANALYSTS COMPILE THEIR OWN LISTS OF HOW MUCH HIDDEN SOCIAL PROGRAM SPENDING EXISTS IN THE PENTAGON'S BUDGET. FOR EXAMPLE, THE GENERAL ACCOUNTING OFFICE (GAO), THE CONGRESS' WATCHDOG AGENCY, CONSERVATIVELY ESTIMATED THAT \$4.6 BILLION OF DEFENSE APPROPRIATIONS WENT INTO CIVIL PROGRAMS IN FY 1993. THE GAO ESTIMATED THAT THIS FIGURE WAS UP FROM \$1.4 BILLION JUST THREE YEARS BEFORE. ALSO, IN A MARCH 1994 STUDY, THE CONGRESSIONAL RESEARCH SERVICE ESTIMATED THAT \$13 BILLION IN THE FY 1994 DOD BUDGET WAS BEING SPENT ON PROJECTS WITH LIMITED DEFENSE APPLICATIONS.

WHATEVER THE ACTUAL NUMBERS, THIS PRACTICE, WITH A FIXED BUDGET TOPLINE, CUTS THE SUPPORT AMERICA'S ARMED FORCES NEED TO MAINTAIN WARFIGHTING CAPABILITIES.

IT ALSO <sup>R</sup>FOCES THE ARMY IN PARTICULAR TO CURTAIL NECESSARY MODERNIZATION PROGRAMS, AND DIVERTS FROM OUR SOLDIERS FUNDING THAT SHOULD GO INTO BETTER PAY, IMPROVED HOUSING AND THE WHOLE RANGE OF QUALITY OF LIFE ISSUES.

ENVIRONMENTAL, SOCIAL AND OTHER CIVIL PROGRAMS HAVE THEIR PLACE. BUT NOT AT THE EXPENSE OF OTHER CRITICAL MILITARY NEEDS.