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Escalating Tab

Despite Its \$168 Billion Budget, The Army Faces a Cash Crunch

After Years of Gearing Up
For High-Tech Warfare,
Service Is Short on Basics

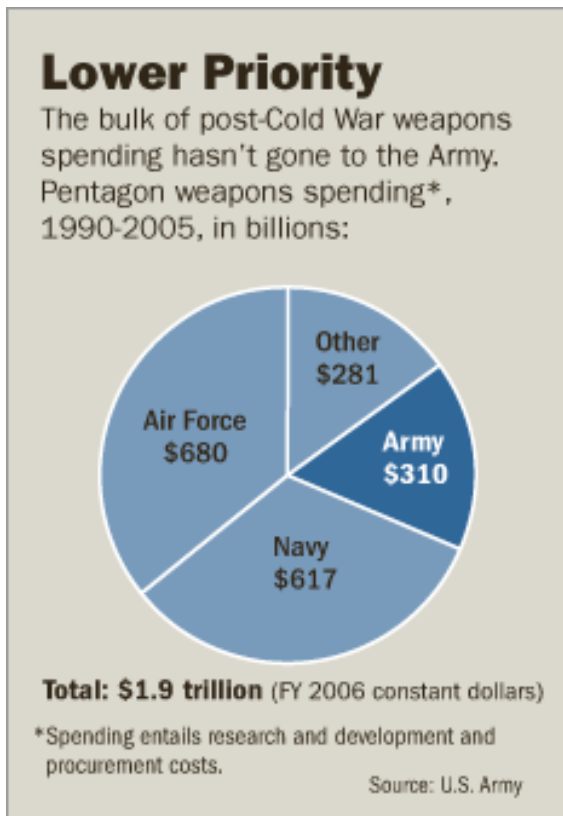
Humvees Rise to \$225,000

By **GREG JAFFE**

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FORT STEWART, Ga. -- With just six weeks before they leave for Iraq, the 3,500 soldiers from the Third Infantry Division's First Brigade should be learning about Ramadi, the insurgent stronghold where they will spend a year.

Many of the troops don't even know the basic ethnic makeup of the largely Sunni city. "We haven't spent as much time as I would like on learning the local culture, language, and politics -- all the stuff that takes a while to really get good at," says Lt. Col. Clifford Wheeler, who commands one of the brigade's 800-soldier units.



Instead, the troops are learning to use equipment that commanders say they should ideally have been training with since the spring. Many soldiers only recently received their new M-4 rifles and rifle sights, which are in short supply because of an Army-wide cash crunch. Some still lack their machine guns or long-range surveillance systems, which are used to spot insurgents laying down roadside bombs. They've been told they'll pick up most of that when they get to Iraq.

The strains here at Fort Stewart -- one of the busiest posts in the U.S. military -- are apparent throughout the Army. They spotlight a historic predicament: The Iraq war has exposed more than a decade's worth of mistakes and miscalculations that are now seriously undermining the world's mightiest military force.

In the 15 years after the Cold War, senior military planners and civilian-defense officials didn't build a force geared to fighting long, grinding guerrilla wars, like Iraq and Afghanistan. Instead they banked on fighting quick wars, dominated by high-tech weapons systems.

The result: At a time when the war in Iraq is deepening, and debate over pulling out the troops is intensifying, the rising cost of waging the fight is outpacing even the Army's huge budget. The financial squeeze is leaving the Army short of equipment and key personnel.

The situation has the Army seeking billions more for next year, even as younger officers, frustrated with the pace of change, say that any improvements depend more on how the money is spent than on how much is spent.

From 1990 to 2005, the military lavished money on billion-dollar destroyers, fighter jets and missile-defense systems. Defenders of such programs say the U.S. faces a broad array of threats and must be prepared for all of them. High-tech weaponry contributed to the swift toppling of the regimes in Iraq and Afghanistan, but has been of little help in the more difficult task of stabilizing the two countries.

Of the \$1.9 trillion the U.S. spent on weaponry in that period, adjusted for inflation, the Air Force received 36% and the Navy got 33%. The Army took in 16%, it says. Despite the wars in Iraq and Afghanistan, both dominated by ground forces, the ratio hasn't changed significantly.

Overly optimistic predictions by the Bush administration -- and the Army -- have made the Army's budget crunch worse. Both assumed troop numbers in Iraq would drop significantly by 2006 and the Army wouldn't need as much money as it initially requested. Instead, costs have soared, forcing front-line commanders and Pentagon generals to try to meet an ever-growing list of demands with insufficient resources.

"Our ground forces have been stretched nearly to the breaking point," warned the bipartisan Iraq Study Group in its recent report. "The defense budget as a whole is in danger of disarray."

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It may seem hard to believe that a country which allocated \$168 billion to the Army this year -- more than twice the 2000 budget -- can't cover the costs of the wars in Iraq and Afghanistan. But the two pillars of the Army, personnel and equipment -- both built to wage high-tech, firepower-intensive wars -- are under enormous stress:

The cost of basic equipment that soldiers carry into battle -- helmets, rifles, body armor -- has more than tripled to \$25,000 from \$7,000 in 1999.

The cost of a Humvee, with all the added armor, guns, electronic jammers and satellite-navigational systems, has grown seven-fold to about \$225,000 a vehicle from \$32,000 in 2001.

The cost of paying and training troops has grown 60% to about \$120,000 per soldier, up from \$75,000 in 2001. On the reserve side, such costs have doubled since 2001, to about \$34,000 per soldier.

At Fort Knox, Ky., the cash crunch got so bad this summer that the Army ran out of money to pay janitors who clean the classrooms where captains are taught to be commanders. So the officers, who will soon be leading 100-soldier units, clean the office toilets themselves.

"The cost of the Army is being driven up by [Iraq and Afghanistan]. That's the fundamental story here," says Brig. Gen. Andrew Twomey, a senior official on the Army staff in the Pentagon. The increased costs are "not from some wild weapons system that is off in the future. These are costs associated with current

demands."

Senior Army officials concede they mistakenly assumed prior to the Iraq war that if they built a force capable of winning big conventional battles, everything else -- from counterinsurgency to peacekeeping -- would be relatively easy. "We argued in those days that if we could do the top-end skills, we could do all of the other ones," says Lt. Gen. Thomas Metz, the deputy commander of the Army's Training and Doctrine Command. Iraq has proven that guerrilla fights demand different equipment and skills. "I have had to eat a little crow," says Gen. Metz.

Army officials say they are doing their best to ensure that Iraq and Afghanistan-bound brigades have all the equipment they need when they arrive in the war zone. But to do this, they have had to take equipment from units training back home, which are now short of even the most basic gear, such as body armor and rifles.

The equipment shortages explain why Gen. John Abizaid, the top commander in the Middle East, recently told lawmakers that the U.S. couldn't maintain even a relatively small increase of 20,000 soldiers in Iraq for more than a few months. "The ability to sustain that commitment is simply not something that we have right now," he testified in November.

The other big strain on the Army is a shortage of people. The Army has made much of the fact that it met its recruiting goals for 2006, bringing in 80,000 soldiers. But meeting those goals has come at a heavy cost. The Army spent about \$735 million on retention bonuses in 2006 to keep battle-weary troops in the service, up from about \$85 million in 2003. And it had to pay about \$300 million more on recruiting this year compared to the year before.

The extra cash didn't stop the Army from having to lower standards. Although the quality of the force is still considered good, 8,500 recruits in 2006 required "moral waivers" for criminal misconduct or past drug use -- more than triple the 2,260 waivers the Army issued 10 years ago. The Army also took in more troops who scored in the bottom third on its aptitude test.

As it has brought in more borderline recruits, the Army has found itself short of officers and sergeants. Today, it is down about 3,000 active-duty officers, a deficiency that it says will grow to about 3,700 in 2008. It is short more than 7,500 reserve and National Guard officers, according to internal Army documents.

One of the most pressing personnel problems is the lack of sergeants, the enlisted leaders who do most of the day-to-day supervising of the rank-and-file soldiers.

At Fort Hood, Texas, the Third Armored Cavalry Regiment, which returned from Iraq in March, has about 75% of the soldiers it needs to fill its ranks, but only about half of its sergeants. The 5,000-soldier unit likely will go back to Iraq in the fall of next year, and leaders in the regiment say they will get more sergeants before they deploy, but not as many as they would like.

"The sergeant is the one that the soldiers take after," says First Sgt. James Adcock, who oversees about 130 of the unit's soldiers. "He can make or break how effective the privates are."



The large number of young soldiers in the unit combined with the shortage of sergeants has led to problems, say the regiment's leaders. Some also blame the Army's decision to scale back recruiting standards and push more troops through basic training. In May 2005, about 18% of Army's recruits were asked to leave before completing initial training. Today, only about 6% of recruits fail to make it through.

The troops who a year ago might have flunked out of basic training seem to stick with their units, according to Army statistics. But some sergeants say they also seem to cause more problems. Sgt. First Class Rajesh Harripersad, who oversees a 30-soldier platoon, says two of his soldiers were caught using marijuana and methamphetamines. Other leaders have seen an increase in accidents on and off the base. "Discipline has been worse for me this time," says Sgt. Harripersad.

Once units deploy to Iraq and Afghanistan, the Army-wide shortage of officers and sergeants is felt even more acutely. Teams focused on key jobs, such as reconstruction and Iraq governance, are "woefully undermanned," Col. Bill Hix, a senior Pentagon strategist, recently wrote in the Hoover Digest, a Stanford University policy journal. Multiple internal Army studies have concluded that the military advisory teams, charged with developing Iraqi Army forces so U.S. troops can go home, need to be doubled or tripled in size.

Often, the soldiers who serve on these undermanned teams finish their year-long deployments wondering what they have accomplished. "I would say we're an effective force for good, but we're struggling in a sea of meaningless slaughter -- along with everyone else with a job to do here," says Sgt. Mastin Greene, who serves on a reconstruction team in Baghdad.

Some of the Army's problems are a product of its failure to prepare for a guerrilla fight in which there are no

front lines. Just prior to the Iraq war, the Army was buying body armor at such a slow rate that it would have taken 48 years to outfit the entire force. It invested huge sums in the years leading up to Iraq in Humvees with canvas doors that are useless for war today.

"The fact that we had certain grim realities that were inescapable for anyone who wore a uniform in a combat zone just wasn't something that was driving our weapons programming," says Maj. Gen. Stephen Speakes, who oversees equipping Army units. Army officials now say that they entered the war short of about \$56 billion of essential equipment.

The Humvee stands as a metaphor for the problems the Army faces. First fielded in the early 1980s, it was designed to ferry soldiers around behind the front lines of a conventional war. In recent years, the vehicle, which troops drive on the streets of Iraq, has been modified countless times. The Army has bolted layers of armor onto it to protect troops from roadside bombs. It has added sophisticated electronic jammers, rotating turrets, bigger machine guns, satellite navigational systems and better radios.

The result is a Humvee that is much better than the version the Army took to Iraq in 2003. But the add-ons have driven up its cost. The modified vehicle is top heavy and tends to tip over at high speeds. Army officials say they can't add more weight without overwhelming the engine or breaking the axle.

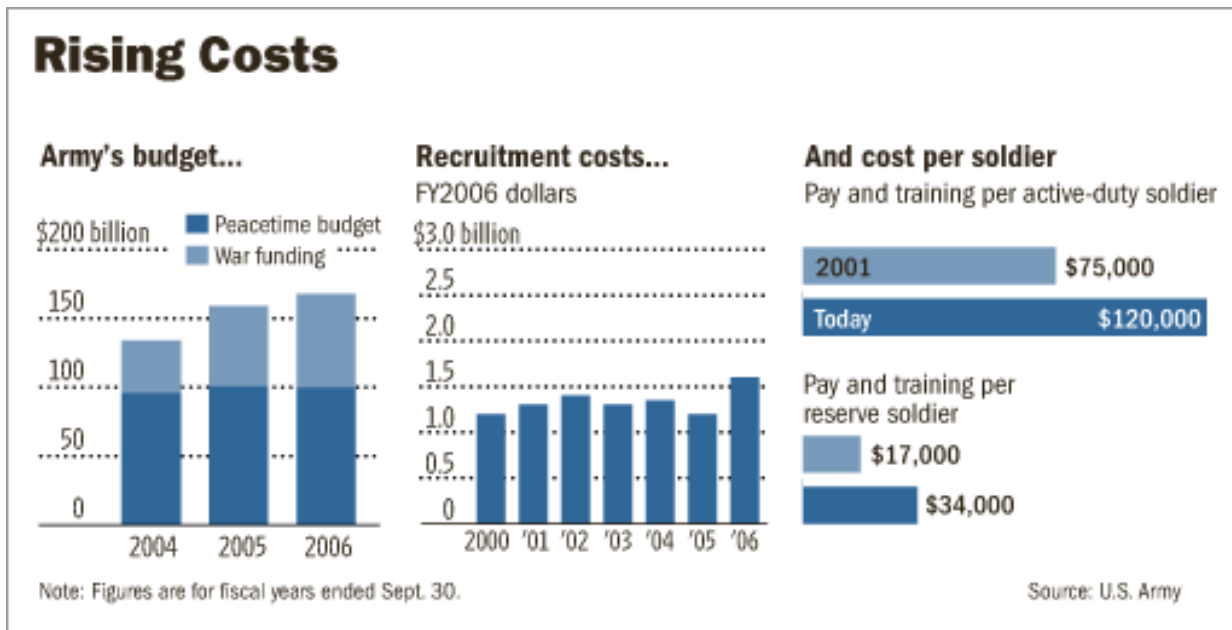
"The Army recognizes that the Humvee has reached a limit of our ability to improve it for the current fight," Gen. Speakes says.

What the Army says it really needs is an all-new vehicle, designed to better withstand roadside bombs that have become part of life in Iraq. But such a vehicle likely won't be ready until 2010 or 2012, Army officials say. In the interim, the Army wants to buy something on the commercial market -- South Africa, Turkey and Australia all make alternatives. Yet it's not clear whether the Army, which is struggling to equip the current force, has the money.

The Army has told the Bush administration it needs about \$24 billion more to pay its bills in 2007. Some key lawmakers, such as Democratic Sen. Jack Reed of Rhode Island and Republican Sen. John McCain of Arizona, have called for a bigger Army. But there are also pressures to restrain spending.

Covering Shortfalls

To cover cash shortfalls, Army posts around the country this summer laid off janitorial crews, closed swimming pools and didn't cut the grass.



In the Pentagon, Army generals cut \$3 billion in 2005 and 2006 from programs for weapons that are in heavy use in Iraq, such as armored patrol vehicles, trucks, radios and unmanned surveillance planes, according to Army documents. In June, for example, the Army set aside about \$50 million to buy more long-range radios, which are used heavily in Iraq. One month later, Army officials, who were short about \$1.5 billion to make end-of-year payroll, took the money back. Army brigades are supposed to have about 1,300 radios. Today, the average brigade makes do with about 1,100.

The shortages have been especially hard on the National Guard, which in some states has only about 40% of the authorized equipment for homeland defense missions, says Gen. Speakes.

Active-duty troops preparing to go off to war at bases such as Fort Stewart, Ga., feel the crunch as well. First Sgt. Bradley Feltman, who will leave in January for his second year-long tour in three years, says his troop was short of Humvees to train on and had only 25% of the mounts it needed for its machine guns. The lack of equipment hindered the unit's ability to train as an entire 130-man unit. Instead, they trained one 30-soldier platoon at a time.

"We got training, but not graduate-level training. In a couple of months, my guys are going to be busting down doors, and it will be the first time they see some of their equipment for real," he says.

At Fort Hood, the Third Armored Cavalry Regiment, which returned from Iraq in March and will go back in fall 2007, is already worried about time to prepare. The regiment will spend most of the winter receiving new soldiers, fielding new equipment and learning to use it. The regiment left most of its tanks and Humvees in Iraq for follow-on units.

That means troops won't have much time to train for other critical tasks. Junior leaders need to know everything from how to assess a water plant to the tribal politics of the area where they are deploying, says Lt. Col. Paul Yingling, the unit's deputy commander. They must know enough Arabic to interact with locals.

'Incredibly Frustrating'

"It is incredibly frustrating for combat veterans to return to Iraq for the third time with only minimal training on the skills we know are essential, like language, culture, intelligence and local security force development" Col. Yingling says. "Army units don't fail to train on these tasks because we're stupid or lazy; we fail because we don't have the time to do it right."

What kind of Army emerges from its searing experience in Iraq will depend, in part, on how long the U.S. stays there and the foreign-policy goals that civilian leaders set in its aftermath. President Bush has said that the best way to protect the nation is to spread democracy. The experience in Iraq demonstrates that such a strategy requires a bigger Army that is more skilled in tasks such as building indigenous forces, fostering local government and economic development. "Revolutionary approaches require a lot of resources," says Conrad Crane, the lead author of the Army's new counterinsurgency doctrine.

A less-ambitious foreign policy that seeks to promote stability and preserve the status quo could reduce the pressure to build a bigger Army with a broader array of skills.

The other big variable is how the Army -- particularly officers now in their 20s and 30s -- reacts to the traumatic experience in Iraq. "We as an Army tend to learn generationally," says Col. Michael Meese, who heads the department of social sciences at the U.S. Military Academy at West Point.

Today's four-star generals, who joined the service in the early 1970s, spent most of their careers rebuilding an Army that had been badly damaged by Vietnam. Officers who came of age in the 1980s and are now colonels and generals were shaped by the Cold War. Their focus was on how to defeat a Soviet-style army.

Today's younger officers, whose defining experiences have been in Iraq and Afghanistan, see the world differently. The gulf was clear last month in their reaction to the dismissal of Defense Secretary Donald Rumsfeld. Many senior officers quietly celebrated his departure. Like the retired generals who earlier this year called for Mr. Rumsfeld to be fired, they placed the blame for the Army's failures in Iraq largely on his shoulders.

Junior officers were more indifferent. They tended to view Mr. Rumsfeld as "part of a larger problem that hasn't been solved yet," says Kalev Sepp, a former Special Forces officer who worked extensively in Iraq. Among many of these officers, there is great frustration not just with the defense secretary but also with the generals who serve above them.

"Junior officers know that success in these wars is about a lot more than killing the enemy. It depends on providing security for the people, finding friends and fixing infrastructure," says Maj. John Prior, who served as a company commander in Baghdad. "A lot of senior officers just don't get it."

While the Army's new draft counterinsurgency doctrine sounds these same themes, senior commanders in Iraq have been slow to embrace them. The doctrine says troops must live among the Iraqi people, on small bases run by junior leaders. But since 2004, commanders have consolidated U.S. troops on 55 large fortified bases, down from about 110 a year ago.

The new doctrine says that when battling an insurgency, reconstruction dollars are as important as ammunition. In recent months, though, more restrictions have been placed on how junior leaders can spend money in their sectors. "What's funny is that all politics and services are local, so the [junior] commanders need the greatest flexibility" said Brig. Gen. Ed Cardon, who returned from Iraq this year, in an interview

compiled by the Army for its oral-history archives. "Why don't we just trust the commander who said he spent \$100?"

Some question how quickly the Army will be able to shift its thinking. "All our organizations are designed around the least important line of operations in these fights -- combat operations," says Col. Yingling. "If you spend your whole career in tanks, you tend to see the solution to every problem as a tank."

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