

RECORD VERSION

STATEMENT BY

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**SUBCOMMITTEE ON AIRLAND
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ON

**ARMY MODERNIZATION IN REVIEW OF THE FISCAL YEAR 2014 ANNUAL
BUDGET AND OVERSEAS CONTINGENCY OPERATIONS REQUEST**

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Introduction

Chairman Manchin, Ranking Member Wicker, distinguished Members of the Subcommittee on Airland, thank you for this opportunity to discuss the Army's Fiscal Year 2014 (FY 14) President's Budget (PB) as it pertains to Army Modernization. On behalf of our Secretary, the Honorable John McHugh, and our Chief of Staff, General Ray Odierno, I would like to take this opportunity to thank you for your steadfast support and commitment to your Army and our Soldiers.

The generous support of the American people and the Congress over the past eleven-plus years of conflict has provided us the resources necessary to defeat our Nation's enemies, while protecting our Soldiers and sustaining the Force. It has also allowed us to modernize the Army, while reducing pre-2001 equipment shortages. We have significantly increased modernization levels over the past 11 years in all of our Army Components.

Equipment shortages have been reduced significantly, particularly in the Army National Guard (ARNG) and U.S. Army Reserve (USAR). In 2001, the Active Component (AC) had 85% of its equipment on hand, the ARNG had 81% on hand and the USAR had 75% on hand. As of 2012, AC equipment on hand stood at 91%, ARNG at 89% and USAR at 86%. The Army today is better modernized and equipped than at any time in recent memory.

Yet today's fiscal realities endanger the progress we have made in equipping. If the reductions in discretionary caps from FY14 – FY21 as outlined in current law—and known as sequestration—take effect, the Army may lose balance between end strength, readiness, and modernization resulting in a hollow force.

To provide a guide for equipping our Army during these uncertain fiscal times, we have developed a flexible Army Equipment Modernization Strategy (AEMS). The AEMS is designed to account for normal cyclical downturns in defense spending that occur after every war. The reductions caused by sequestration however, are occurring much sooner and at a much steeper rate than anticipated. As a result, all acquisition priorities and many equipment modernization programs may face unanticipated schedule or cost impacts in the out years.

Equipment Modernization

The AEMS focuses our efforts on supporting our Soldiers and small unit formations with the network, vehicles and other enablers, while maintaining our advantages to deter and defeat potential adversaries by: 1) identifying achievable requirements; applying best practices in acquisition and sustainment; seeking incremental improvements; and harnessing network enabled capabilities to solve near-term needs, while 2) investing in military-unique revolutionary and evolutionary technologies to solve future needs. The key to this strategy is procuring equipment that is “versatile and tailorable” yet cost-effective and affordable.

As a part of this strategy, the Army provides a wide range of capabilities as an indispensable member of the Joint Force. Every day, the Army maintains deployable contingency forces, employs forward-based capabilities and conducts multilateral exercises with partners and allies. The Army also provides humanitarian assistance when necessary. Army forces set theaters for the Combatant Commanders, constantly maintaining the critical logistical, communications, intelligence, medical and inland ground transportation infrastructure to support all U.S. Armed Forces plans and contingencies. Army units provide space, air and missile defense capabilities for the Joint Force. We build and operate communication networks that connect our own units, the Joint community, and interagency and multinational partners. Soldiers provide essential logistics infrastructure, delivering food, fuel, ammunition, materiel and medical support that sustain Joint operations ranging from combat to humanitarian assistance. In addition, the Army collects and analyzes the intelligence that informs our actions and measures our progress, and provides the majority of the forces in U.S. Special Operations Command.

We will take advantage of government and commercial technologies to buy and integrate mature incremental improvements in the near-term, while investing in revolutionary and evolutionary technologies for the future. Through this approach, we will become more efficient, pursuing smaller procurement objectives, leveraging the results of experiments and demonstrations.

For example, the Network Integration Evaluation (NIE) provides the Army with valuable Soldier-driven evaluations and assessments of network technologies, while

also aiding in the development of tactics, techniques, and procedures for network capability. NIE also informs the Army's capability requirements, and better informs industry on how to refine and mature new and existing capabilities. Several industry systems that participated in prior NIEs incorporated Soldier feedback into updated versions featuring both software and hardware enhancements. NIE provides insights from multiple organizations and stakeholders simultaneously, yielding better information to decision makers faster. Unfortunately under Sequestration, the Army may be forced to reduce the scope of NIE, resulting in fewer systems, vehicles, and industry participation, which will in turn result in fewer operational test scenarios and less data collected. This will ultimately delay the production and fielding of some acquisition programs.

Capability-based Portfolios

The Army manages equipment modernization through capability-based portfolios. The strategy for each portfolio is different and is dependent on many factors to include the modernization level within the portfolio, the threat gaps across the portfolio, and the status of the industrial base. Each portfolio will look out over the near, mid and far term to determine investments and divestments across the Army.

In order to provide our Soldiers with unparalleled advantage, our equipment portfolios will incorporate incremental improvements by integrating technologies and applications that empower, protect, and unburden Soldiers and formations by improving our Network in order to enable decision-making across the Joint Force; improving our vehicle fleet capabilities by increasing lethality and mobility while optimizing protection and sustainability; and improving our aviation platforms with digitization and additional procurement of unmanned aviation systems.

The Soldier and the Squad

The centerpiece of our equipment modernization program is the Soldier and the Squad. Our investment plan provides our small units with a range of equipment including individual and crew-served weapons, next generation optics and night vision devices, body armor and advanced individual protection equipment, providing lethality

and force protection to the Soldier on the ground. Tactical overmatch will be created by a suite of small-unit systems including unmanned aircraft systems, ground based robots, counter-IED devices, and the latest surveillance systems. The Army equipment modernization goal is to build outwards from the Soldier and Squad and to sustain our advantages in mobility; logistics; and command, control, communications, computers and intelligence (C4I) at the tactical, operational and strategic levels.

Planned improvements for dismounted Soldiers include a mission command system that allows Soldiers to see each other's positions, collaboratively mark hazards and provides on-the-move broadband voice, data and video. This unprecedented situational awareness, coupled with advanced sensors and lightweight small arms systems, will ensure that our Soldiers are unmatched on the battlefield.

One of our highest priorities is to off-load weight and complexity from the Soldier, easing physical, training and maintenance burdens, standardizing mechanical and software interfaces and developing consistent cognitive and physical ergonomics that maximize safety and resilience. In the near term, the Soldier and Squad portfolio will prioritize the modernization of existing weapons, leveraging "off the shelf" technologies, and invest in the development of new weapons. In the area of protection and mobility, the Army will incrementally improve ballistic protection against existing enemy weapons while lightening the Soldier's load. For example, the female size Generation III Improved Outer Tactical Vest (IOTV) continues to provide the same unsurpassed ballistic protection of existing Army body armor, while providing eight additional sizes in conjunction with other modifications designed to provide a better fit.

Mission Command

Our Mission Command portfolio is an integrated and interoperable network that connects all echelons from the Soldier to the Joint Task Force. It is designed to provide the right information from a myriad of sensors and data sources, in time to enable Soldiers to make sound tactical decisions. The network also provides the squad connectivity to other Army and Joint assets, allowing access to multiple firepower, intelligence and combat support systems even in the most demanding physical terrain and complex human environments. The result is our smaller forces are empowered

with network-enabled capabilities. Our FY14 budget request will provide four Brigade Combat Team (BCT) sets of Warfighter Information Network-Tactical (WIN-T) Increment II, Joint Battle Command-Platform (JBC-P), Nett Warrior, Rifleman Radio, Mounted and Dismounted tactical networking radios, and the Maneuver Network Vehicular Radio for Capability Set FY15, while continuing to develop WIN-T Increment 3, which includes an aerial layer and increased bandwidth. WIN-T funding was increased in PB 14 to acquire additional quantities needed to support testing and networking on-the-move capability. The WIN-T Increment 2 networking on-the-move capability was recently validated by 3rd Brigade, 10th Mountain Division in a Mission Rehearsal Exercise (MRE).

Ground Movement and Maneuver

The Ground Movement and Maneuver portfolio provides Soldiers the protected mobility required to deliver them safely to, on and from the battlefield. The Army's priority combat and tactical vehicle programs are the Ground Combat Vehicle (GCV) and the Armored Multipurpose Purpose Vehicle (AMPV). We will continue to make the necessary adjustments in the GCV program -- particularly as budget uncertainty continues -- to ensure that we deliver an effective and affordable replacement for the aging Infantry Fighting Vehicle variant of the Bradley. We will select one contractor in the Engineering and Manufacturing Design phase of the GCV program, saving significant Army Research, Development, Test, and Evaluation (RDTE) resources that we will reinvest in other modernization programs.

In the case of AMPV, it is a model program for cost constraints-- utilizing mature technologies, strict cost limits, and rigorous analysis of requirements. Replacing our Vietnam-era M113 Personnel Carrier is crucial to our Armored Brigade Combat Teams by providing survivable, network enabled combat support vehicles with the necessary protection and mobility.

Abrams funding in FY14 provides continued RDT&E funding for Abrams Engineering Change Proposal development, which will buy-back power deficiencies, improve protection, and provide the ability to accept future network and protection upgrades. Abrams procurement funding supports continued Armor production, safety modifications, and operational field modifications.

Fiscal Year 14 funding for the Bradley Family of Vehicles program includes procurement of Engineering Change Proposal 1 for track and suspension upgrades, transmission upgrades to ensure the vehicle can be safely operated at full combat weight and completing fielding of Operation Desert Storm–Situational Awareness (ODS-SA) variants to the Army National Guard.

In regard to Stryker, the Army has validated the enduring requirement for the Double V-Hull (DVH) Stryker configuration and an analysis is being conducted to determine distribution of the current DVH vehicles within the nine Stryker Brigade Combat Teams.

Tactical Wheeled Vehicle Strategy

Our objectives are to progressively modernize the TWV fleet to improve performance, payload and protection, and integrate the Mine Resistant Ambush Protected Family of Vehicles into our force structure. Currently, the Army is moving forward with developing the Joint Light Tactical Vehicle (JLTV) with the Marine Corps to fill capability gaps in the light vehicle fleet by carefully balancing performance, payload and protection. All JLTV are produced armor-capable, and when armored can provide the same level of protection as the Mine Resistant Ambush Protected All Terrain Vehicle (M-ATV), better network integration than the High Mobility Multipurpose Wheeled Vehicle (HMMWV) and better mobility and transportability than the M-ATV.

Affordability is at the forefront of all decisions in this portfolio. Solutions must carefully balance protection against cost and mobility. Additionally, our strategy will take advantage of the young fleet age and divest tens of thousands of wheeled vehicles to reduce sustainment costs.

Aviation

The Army has a continuing requirement for a light, armed helicopter for manned, armed aerial reconnaissance, surveillance and light attack missions. Currently this role is filled by the OH-58 Kiowa Warrior. The Army is currently considering whether to compete a new start Armed Aerial Scout program or to recapitalize the OH-58.

To address obsolescence and safety concerns until a viable replacement is procured, the Army is investing in the Cockpit and Sensor Upgrade Program (CASUP) for the

Kiowa Warrior. It is a priority Army aviation program due to the persistent high operational demand for this capability and the need to modernize 1970s platforms.

The Army will procure remanufactured AH-64Es and will defer the procurement of new build AH-64Es beyond FY19, pending a review of attack helicopter force structure. Both the Kiowa Warrior and the Apache AH-64E platforms have been instrumental in both theaters, and modernizing and remanufacturing them enhances our battlefield capabilities while also reducing overall costs to the taxpayer. Finally, the CH-47F multi-year procurement contract II, will fill all Army, Army National Guard and Army Reserve Chinook requirements.

Fiscal Realities and Modernization

Fiscal realities have caused the Army to make tough choices by delaying, restructuring and terminating programs in FY14. We will continue to revalidate modernization requirements, reexamine programs' affordability and cost effectiveness, and determine if there are alternatives that can satisfactorily meet the need at less cost.

In addition, the Army is continuously assessing its requirements and resourcing processes. We have instituted processes in several large programs, which involve the acquisition and requirements communities working in close collaboration to screen requirements, and identify areas where risk can be mitigated by adjusting requirements to avert unnecessary cost or schedule impacts. The focus is on discerning the true "must-have" capabilities in pursuit of affordable and achievable programs. The GCV and the JLTV are two recent examples. In the case of the Ground Combat Vehicle, high risk requirements were eliminated, and in the case of the JTLTV, requirements were prioritized to give industry the needed flexibility to perform on budget.

Closing Comments

The goal of our Equipping Modernization Strategy is to ensure Soldiers are equipped for the current fight as well as future contingencies. Although we are a force in transition during a period of declining resources, we must continue to provide the Army with the best equipped, most modernized, and most capable Force that will prevail on any battlefield against any enemy. In some cases this requires the procurement of

newly designed combat vehicles that incorporate the lessons learned from the past eleven plus years of conflict, and the ability to incorporate new networked technologies. In other cases it requires modernizing equipment to account for new power, weight or obsolescence, and in some cases it only requires resetting existing equipment to roll back years of excessive wear and tear as it returns from Operation Enduring Freedom.

These continue to be challenging times for our Nation and for our Army, and I assure you, the members of this Subcommittee, that the Army's senior leaders are working hard to address these challenges and to meet the needs of the Nation now and in the future.

Mr. Chairman, members of the Subcommittee, I thank you again for your steadfast and generous support of the outstanding men and women of the United States Army, Army Civilians and their Families. I look forward to your questions.