

**National Commission on the Future of the Army
Equipment Modernization Discussion Outline**

GENERAL HAM, MEMBERS OF THE COMMISSION, THANK YOU FOR THE OPPORTUNITY TO DISCUSS ARMY MODERNIZATION TODAY AND THANK YOU FOR YOUR CONTINUED SUPPORT OF OUR SOLDIERS, OUR CIVILIANS AND OUR FAMILIES.

CONTEXT:

FIRST IS THE NEW ARMY OPERATING CONCEPT WHICH WILL FUNDAMENTALLY ALTER THE ARMY'S MODERNIZATION PROGRAM. TRADOC RELEASED THE AOC LAST FALL AND POM 17-21, WHICH IS UNDER REVIEW RIGHT NOW, IS THE FIRST POM TO BEGIN TO ADDRESS SOME OF THE CAPABILITY GAPS IDENTIFIED BY THE DOCUMENT. IT WILL TAKE TIME TO FULLY ADDRESS THE REQUIREMENTS OF THIS NEW CONCEPT BUT – WE HAVE BEGUN THE JOURNEY.

SECOND IS THE STRATEGIC ENVIRONMENT. TODAY YOUR ARMY IS FULLY ENGAGED IN A COMPLEX, CONSTANTLY CHANGING STRATEGIC ENVIRONMENT, WHILE SIMULTANEOUSLY REDUCING THE ARMY TO 980K SOLDIERS, ALL ACCOMPLISHED UNDER VERY CHALLENGING BUDGET CONSTRAINTS. THE DEMANDS PLACED UPON YOUR ARMY HAVE NOT DECREASED THEY ARE ONLY GROWING. THIS IS NOT AN ARMY AT REST – OUR SOLDIERS WOULD TELL YOU THAT THEY ARE AS BUSY AS THEY HAVE BEEN FOR THE LAST 14 YEARS AND THAT JUST MAKES THE JOB OF MODERNIZATION TOUGHER ... AND MORE IMPORTANT AT THE SAME TIME. SIMPLY STATED – OUR MODERNIZATION GOAL IS TO PROVIDE THE RIGHT CAPABILITY AT THE RIGHT TIME TO THE RIGHT LOCATION TO ACHIEVE DECISIVE OVERMATCH NO MATTER THE OPPONENT TO MAKE SURE OUR SOLDIERS ARE NEVER IN A FAIR FIGHT.

THIRD WOULD BE THE FISCAL ENVIRONMENT. DECREASING BUDGETS ARE FURTHER COMPLICATED BY CONTINUING RESOLUTIONS AND THE VERY REAL PROSPECT OF A COMING SEQUESTER. SINCE IT'S SIGNING, THE BCA HAS CAUSED INSTABILITY IN PROGRAMS ACROSS ALL OF OUR PORTFOLIOS AND ARMY MODERNIZATION IS PARTICULARLY HURT BY SEQUESTRATION. WITH ANOTHER ROUND OF DEFENSE SEQUESTRATION LOOMING IN JANUARY, HUNDREDS OF PROGRAMS WILL BE IMPACTED. MAJOR IMPACTS INCLUDE DELAYS IN EQUIPMENT TO SUPPORT EXPEDITIONARY FORCES, DELAYS IN COMBAT VEHICLE MODERNIZATION, DELAYS IN AVIATION MODERNIZATION, INCREASES IN SUSTAINMENT COSTS TO FIX OLDER EQUIPMENT, INCREASES IN EXISTING CAPABILITY GAPS AND PROGRESSIVELY FEWER OPTIONS TO ADDRESS THEM.

AND FINALLY, AND MAYBE MOST IMPORTANTLY, IS OVERALL ARMY PROGRAM BALANCE. AS YOU KNOW, THE ARMY MUST “BALANCE THE CHECKBOOK” – WE MUST ACHIEVE BALANCE BETWEEN THE THREE KEY COMPONENTS OF THE ARMY PROGRAM: END STRENGTH, READINESS AND MODERNIZATION/ CAPITAL INVESTMENTS. A FUNDAMENTAL ISSUE OVER THE PAST FEW YEARS – AND ONE THAT WILL EXIST UNTIL THE END OF FISCAL YEAR 18 – IS THAT THE ARMY PROGRAM IS NOT, AND CANNOT BE, IN BALANCE. BECAUSE WE ARE PROGRAMMED FOR AN END-STRENGTH OF 980,000 SOLDIERS (450 AC / 335 ARNG / 195 USAR) AND WILL NOT ACHIEVE THAT ENDSTRENGTH UNTIL FY 18 WE ARE FORCED TO ASSUME RISK IN BOTH OUR NEAR TERM READINESS AND MODERNIZATION ACCOUNTS. WE ARE REDUCING END STRENGTH AS QUICKLY AS POSSIBLE WHILE CONTINUING TO MAINTAIN THE HEALTH OF THE ALL VOLUNTEER FORCE AND PROPERLY HONOR THE SERVICE OF THE SOLDIERS AND FAMILIES THAT HAVE SERVED THEIR COUNTRY BY PROVIDING AGGRESSIVE TRANSITION SERVICES. SIMULTANEOUSLY, OUR NEW CHIEF’S NUMBER ONE PRIORITY IS THE NEAR TERM READINESS OF OUR SOLDIERS AND UNITS SO WE WILL HAVE TO INCREASE OUR INVESTMENTS THERE. SO, BY DEFAULT, OUR GREATEST RISK IS IN OUR MODERNIZATION ACCOUNT AND – AS WE CONTINUE TO INCREASE NEAR TERM READINESS THAT RISK WILL ONLY GROW UNTIL WE ARE ABLE TO BALANCE OUR PROGRAM. SPECIFICALLY, BETWEEN FY12-16, WE REDUCED OUR MODERNIZATION ACCOUNT BY ~30% AND UNDER SEQUESTRATION WE WILL BE FORCED TO FURTHER REDUCE IT BY ~25%.

BOTH OF US SINCERELY APPRECIATE THE OPPORTUNITY TO ADDRESS THE COMMISSION TODAY AND WE LOOK FORWARD TO YOUR QUESTION.