

RECORD VERSION

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BEFORE THE

**COMMITTEE ON ARMED SERVICES
SUBCOMMITTEES ON READINESS AND
TACTICAL AIRLAND FORCES
UNITED STATES HOUSE OF REPRESENTATIVES**

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ON ARMY EQUIPMENT RESET

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COMMITTEE ON ARMED SERVICES

Chairman Hefley, Chairman Weldon, Ranking Members Abercrombie and Ortiz, and distinguished members of the committee, on behalf of our Secretary, Dr. Francis Harvey, our Chief of Staff, General Pete Schoomaker, and our Soldiers, the center-piece of our Army, thank you for this opportunity to appear before you to talk about the scope of the Army's reset challenge and about our strategy to execute and resource this critical responsibility. We recognize that resetting the Army is a process much bigger than the Army itself. It demands the will and the resources of the Nation. The Army is grateful for the resources that Congress has approved throughout these war years to properly reset the Army.

Your continued support enables the Army to sustain our tremendous, professional all-volunteer force and provide the very best equipment possible to accomplish assigned missions. Reset encompasses both personnel and equipment needs, and both are essential to maintaining a highly responsive national defense capability.

In our testimony today we will focus specifically on the equipping aspects of reset. The requirement to reset our equipment and return our units to full readiness upon their return from operational employment is fundamental to the Army's ability to meet future threats. Resetting the force in and of itself is a major undertaking; resetting the force while simultaneously fighting the Global War on Terrorism, and transforming your Army to a more agile and responsive force requires a highly coordinated effort. To synchronize the complex requirements involved in equipment reset, the Army has consolidated execution of the program under one command, the US Army Materiel Command. In concert with the Army's Program Managers and their industrial partners, AMC has led the way in restoring combat power to units redeployed from Iraq and Afghanistan.

The Army has had as many as 17 brigade combat teams deployed for the last three years on a rotational basis in combat conditions. This has placed tremendous stress on the Army's deployed equipment in the harsh environments of Iraq and Afghanistan. In Operation Iraqi Freedom, crews are driving tanks in excess of 4,000 miles per year or five times the expected annual usage of 800 miles. Army helicopters are experiencing usage rates roughly two to three times the planned peacetime rates. The Army's truck fleet is experiencing some of the most pronounced problems of excessive wear as a result of an

operational tempo that is five to six times the peacetime rate and that is further exacerbated by the addition of heavy armor kits required to enhance force protection. This increased operational tempo shortens the useful life of our equipment and demands a much earlier and larger investment in depot maintenance than programmed for peacetime operations.

We have steadily expanded the capacity at AMC's depots, and reached out to industry wherever

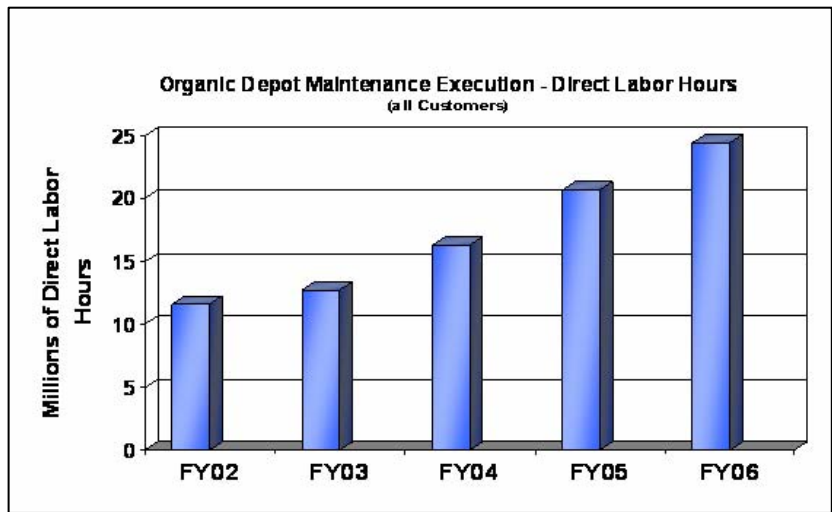


Figure 1

possible to meet our maintenance needs in a timely manner. The chart at **figure 1** provides a snapshot of how direct labor hours have more than doubled from fiscal year 2002 through fiscal year 2006. In fiscal year 2006, we plan to execute over 24 million direct labor hours. This will amount to 83.6 percent of total depot workload. This is just one indicator of the steady increase in the reset effort throughout this conflict. This trend will continue for the duration of current operations and at least two years beyond the withdrawal of our brigade combat teams from Iraq, provided that resources permit an efficient and timely recovery. It is vital to address reset requirements promptly in order to support the overall Army Campaign Plan and to avoid pushing costs into future years.

In order to address our reset requirements, it is important to have a common set of definitions. Terms like recapitalization, refurbishment, repair, and replace are sometimes used interchangeably. However, the Army has specific definitions for each of these terms. **Reset** includes a series of actions taken to restore unit equipment to a desired level of combat capability after returning from contingency operations (**figure 2**). The reset process brings unit equipment to full combat-ready condition, either for its next rotation in support of current operations or for

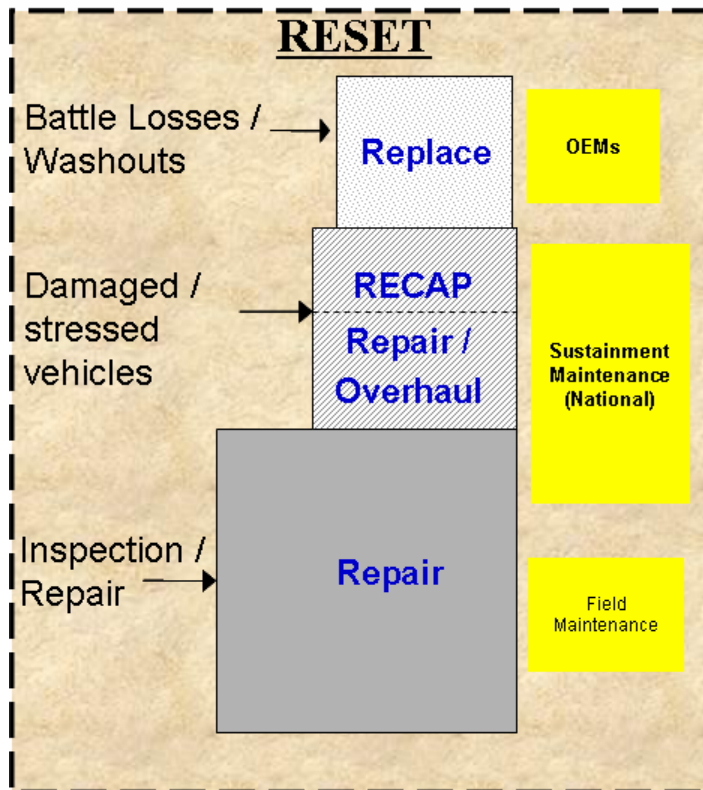


Figure 2

other, unknown future contingencies. Reset actions include the **repair** of equipment, the **replacement** of equipment lost during operations, and the **recapitalization** of equipment where feasible and necessary. Resetting the force takes time, money, and a dedicated industrial base. It also requires a full partnership and coordination with our joint and strategic partners to do it as efficiently and effectively as possible. To date, we have reset and returned over 1,920 aircraft, 14,160 tracked vehicles, and 110,800 wheeled vehicles redeployed from Operation Iraqi Freedom (OIF) 1, OIF2, and OIF3 to our operational units, as well as hundreds of thousands of other items. We are employing both the intellectual and fiscal capital to get it right. This year, fiscal year 2006, the Army will reset approximately 290,000 major items of equipment. Approximately 280,000 major items will remain in theater and will not redeploy to be reset until a drawdown is implemented.

The Army has submitted, through OMB, a balanced and executable supplemental request which includes reset. The Army requirement for reset for fiscal year 2006 is \$13.477B, distributed as shown in **figure 3**. In accordance with Office of Management and Budget and DoD policy and intent, we rely on supplemental funds to pay for our reset program because reset

addresses damage and wear resulting directly from contingency operations. The Army calculates reset funding requirements each year based on the projected amount of equipment returning during the following fiscal year that can be repaired in that fiscal year and

Category	Sub-category	FY 06 Request
Repair	Field Maintenance	\$ 2,939
	Depot Maintenance	\$ 2,293
Replace	Replacing Equipment - Battle Losses	\$ 1,523
RECAP	RECAP - OMA	\$ 305
	RECAP - Upgrade	\$ 4,935
subtotal		\$ 11,994
Repair & Replace	Army Pre-positioned Stocks	\$ 1,448
	Ammunition	\$ 35
total		\$ 13,477

Figure 3

on the documented losses which have occurred. In fiscal year 2006, 19 brigade combat teams and numerous supporting units will return to home station from combat operations in Iraq and Afghanistan. There are base funded programs, not listed here, which are similar – such as depot maintenance, recapitalization, and procurement, but these programs are required for the sustainment of non-deployed equipment. Decrements to these programs further exacerbate shortages of equipment and hinder readiness.

Funding shortfalls in terms of monetary resources will not reduce the Army's standard for reset. The standard for reset is the standard necessary to restore or upgrade equipment to a condition necessary to perform future missions. Restoring to a lower standard would result, for example, in HMMWVs incapable of carrying armor without considerable cost and effort in the future – both of which are unacceptable to meet the demands of the current strategic security environment. The Army has learned from lessons in resetting units from Operation Desert Storm that resetting at a lower standard allows an illusory quick, but temporary, return of unit readiness. However, further investigation showed underlying problems that did not arise until later, resulting in more expensive, more serious impacts on readiness. The broad categories of reset that require funding are: repair, replacement, and recapitalization.

Repair of equipment is required to address the readiness challenges resulting from increased usage and stress. Because of the harsh environmental conditions in Southwest Asia, the hours and parts expended on maintenance are greater than the normal maintenance tasks

FY 06 Field Maintenance	QTY	\$M
Aircraft, aircraft materiel Total	625	\$ 1.3
Ammunition, weapons, and tracked combat vehicles,	75,206	\$ 59.5
AVN STIR Total	601	\$ 673.0
CBT VEH Total	1,843	\$ 201.8
Combat, tactical, and support vehicles, vehicular	47,859	\$ 886.3
Communications and electronics equipment, electronics	58,644	\$ 71.0
Ground forces support materiel (other support	20,597	\$ 13.3
Missiles, Missile materiel Total	748	\$ 0.7
Stryker Total	283	\$ 37.1
Other total	3,180	\$ 994.9
Total:	209,591	\$ 2,939

Figure 4

identified in our Technical Manuals. We have established special technical inspection and repair standards to address delayed desert damage to our equipment. Equipment repair is classified into two levels, field and depot. (Figures 4 and 5)

Field level repairs are performed by Soldier mechanics, augmented by contractor labor and installation level maintenance activities when required, on or near the installation where the equipment is stationed, or at the Reserve Component demobilization site. Repairs that exceed field level capability are performed at the depot level by material maintenance contractors. Certain items of equipment, as determined by the Army Materiel Command through lessons learned are automatically returned for depot level maintenance and do not require inspection.

FY 06 Depot Maintenance	Unit DM	
	QTY	Unit DM \$
Artillery Total	116	\$ 14
AVN Crash Damage Total	14	\$ 92
C4ISR Total	52,975	\$ 273
CBT VEH Total	1,919	\$ 1,143
Missile Total	3,237	\$ 121
Small Arms Total	12,428	\$ 23
Stryker Total	29	\$ 15
Support Equipment Total	6,707	\$ 277
Wheeled Total	4,111	\$ 337
Grand Total	81,536	\$ 2,293

Figure 5

Replacement. Losses are defined as equipment that has been lost in battle, or damaged so severely that it is uneconomically repairable and is no longer available to Army inventory. The Army has replaced, or is replacing, more than 900 major items in fiscal years 2005 and 2006. The type of equipment ranges from Apache helicopters to ground combat vehicles (such as Abrams tanks and Bradley fighting vehicles) to wheeled

vehicles (such as the Stryker and HMMWVs). As the Army replaces destroyed equipment, it buys modern equipment compatible with our modular force. We estimate the fiscal year 2006 requirement for replacement of major items of equipment to be \$1,523 million.

Recapitalization is the Army's long-term investment strategy to sustain the readiness of the Army. Recapitalization is a depot level maintenance activity that completely rebuilds selected systems and returns them to a like-new, zero-miles or zero-hours standard. The recapitalization program can also be used to introduce selected upgrades to the current fleet. The Army initiated recapitalization programs in 2002 for seventeen critical systems, including the M1 Abrams tank, the M2 Bradley Fighting Vehicle, and the UH-60 Apache helicopter. The objectives of the recapitalization process include extending service life, reducing operating and support costs, enhancing capability, and improving system reliability, maintainability, safety and efficiency. HMMWVs, for example, originally deployed to Iraq and Afghanistan without additional armor with an average age of 13 yrs. These vehicles have been used now for up to three years, with armor added, and are significantly degraded. As the Army has increased production of better armored HMMWVs, portions of the original fleet deployed, mainly M998 series trucks, are being returned for reset. These vehicles will be recapitalized to a newer model, the M1097R1, capable of having armor kits hung on them, as opposed to bolted to the frame. They also receive necessary safety upgrades such as intercoms, gun mounts, and improved seat belts. **Figure 6** depicts our fiscal year 2006 recapitalization requirements.

In addition to rotational reset requirements, there are also pending requirements that will need to be addressed in future years. Theater Provided Equipment (TPE) is equipment that was originally deployed with units and left in theater for follow-on forces or was purchased and remains in theater for issue to units as

Vehicle	Short Description	APPN	Qty.	\$M
Abrams AIM	AIM Rebuild/conversion	WTCV	210	\$ 504
Abrams SEP	SEP Upgrade	WTCV	120	\$ 588
Bradley A3	A3 Upgrade	WTCV	318	\$ 1,018
Bradley BFIST	Conversion to BFIST	WTCV	58	\$ 116
Bradley ODS / OD	Upgrade to ODS / ODS-E	WTCV	359	\$ 430
Engineer Equip	SLEP	OPA	186	\$ 25
FAASV	Rebuild RECAP	OMA	29	\$ 13
Firefinder	Rebuild RECAP	OMA	1	\$ 1
FOX	Upgrade RECAP	DWP	32	\$ 37
HEMTT	Upgrade RECAP	OPA	1,050	\$ 300
M113 FOV	Upgrade RECAP	WTCV	404	\$ 189
M88A1	Rebuild RECAP	OMA	45	\$ 37
M88A2	Upgrade RECAP	WTCV	96	\$ 332
M9 ACE	Rebuild RECAP	OMA	53	\$ 23
PLS/HET	Rebuild RECAP	OMA	503	\$ 231
HMMWV	Upgrade RECAP	OPA	11,112	\$ 1,395
	Total		14,576	\$ 5,239

Figure 6

they rotate. Much of this equipment consists of critical items for the protection of our Soldiers, such as anti-IED equipment and up-armored vehicles. The Army has only included in the fiscal year 2006 requirement that TPE which is scheduled to be withdrawn from theater in fiscal year 2006. We estimate that 15 percent of the items remaining in theater will require replacement, and the remainder will require depot-level repair. The Army is critically short of most of this equipment and intends to return it for use by Army units or to fulfill Homeland Defense and Homeland Security requirements.

Army Prepositioned Stocks (APS) is equipment that the Army has maintained for the sole purpose of rapidly responding to contingency operations around the world. We used equipment and stocks from all five of our prepositioned sets to support OIF and OEF. The Army is resetting and reconfiguring the prepositioned stocks to match the Army modular force design.

Equipment reset supports the Army Force Generation Model (ARFORGEN), a cyclic approach to training and equipping our units. ARFORGEN is the structured progression of increased unit readiness over time, resulting in recurring periods of availability of trained, ready and cohesive units prepared for operational deployment in support of civil authorities and combatant commander requirements. Army units will progress through the Reset/Train, Ready, and Available force pools in an operational readiness cycle. Equipment reset, as described above, is conducted as redeploying units enter the Reset/Train phase of the model. During this process, the Army considers the specific needs of the Army National Guard and Army Reserve forces, ensuring availability of critical items for Homeland Defense and Homeland Security.

Reset costs for future years will depend on the level of force commitment, the activity level of those forces, and the amount of destroyed, damaged, or excessively worn equipment. Unless one of these factors changes significantly, the Army expects the requirement beyond fiscal year 2006 to be \$12 billion—\$13 billion per year through the period of conflict and for two years beyond. Any reset requirement that goes unfunded in one year rolls over to the following year, increasing that following's year's requirement.

The Army is heavily deployed and fighting in harsh conditions. Operations Enduring Freedom and Iraqi Freedom have taken a heavy toll on Army equipment in terms of both wear on the equipment and combat losses. This equipment is essential to the

Army's ability to not only win the current fight, but also to prepare for future fights. The Army's use of reset strategies and redistribution procedures will allow the Army to offset the high operational tempo, sustain fleets through their expected life cycles, and ably manage the conversion to modularity. As we draw down our forces, returning units must be rapidly reset for whatever mission comes their way. The program ensures: that forward commanders have the combat power they need while minimizing the load on the strategic transportation system; that we can repair the equipment that we have kept in the operational area; that APS equipment is brought back to readiness condition for further missions; and that we have in place a long-term program to sustain the operational readiness of all of our critical systems over their life-spans. Reset is a wise investment of our resources; it has proven to be an effective way of managing equipment readiness, and it is essential to the Army's ability to meet requirements.

Mr. Chairmen, on behalf of our Soldiers, their families, and our dedicated civilians, we greatly appreciate the support of the Congress in addressing our needs. Your support for the President's Budget and the emergency supplemental appropriations has given us a solid foundation upon which we are building a stronger, more relevant and ready Army. We are your Army at war. We see ourselves as a full member of the joint and interagency team, and we stand prepared to respond. Thank you for the opportunity to appear before you today. I look forward to answering your questions.