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Military program may face more cuts

Budget limits could force Army to scale back combat system

WASHINGTON — A big military program whose budget has been cut by Rep. Neil Abercrombie, D-Hawai'i, encountered more challenges this past week. Congressional auditors said budget constraints will likely force the Army to cut the combat capabilities of a \$159.3 billion system of vehicles, drones and communications that Boeing Co. is developing.

There are "significant technical challenges" in producing software codes and communications for the Future Combat Systems program, the Government Accountability Office said.

Army cost estimates are based on "uncertain" data, and as the program moves to full production in 2013, it will compete for funding with the Army's need to replace equipment lost or damaged in Iraq, the purchase of new weapons and continued conversion of the force into brigades from divisions, said Paul Francis, the GAO director of acquisition management.

Francis was speaking to a House Armed Services subcommittee chaired by Abercrombie, who is one of the program's biggest skeptics.

"The Army will likely continue to reduce FCS capabilities in order to stay within available funding limits," Francis said.

The Army wants about \$3.6 billion next year for the program. Chicago-based Boeing and San Diego-based Science Applications International Corp. are the top contractors leading the development phase.

The Army announced last year that the companies will also produce the initial systems, a situation that Congress should review for potential conflicts of interest, the GAO said. Allowing Boeing and SAIC to produce the first systems is a change from the original plan when the Army said it would probably seek competing bids for production.

The Boeing-SAIC involvement in production "has been growing over time," Francis said. This situation should be reviewed by Congress and the Pentagon because there's "now a need to guard against the natural incentive" for the companies to move "prematurely" through development and into production, Francis said.

Congress has approved \$14.6 billion since 2003 for the program, according to the Pentagon's most recent quarterly report of weapons systems released April 7.

Abercrombie's panel last year trimmed \$867 million from the Army's request for \$3.56 billion. Congress settled on a reduction of \$228 million for the current fiscal year. Congress cut the program by \$326 million in fiscal 2007 and \$226 million in fiscal 2006.

Army Chief of Staff Gen. George Casey said in February that the Army must convince skeptical lawmakers like Abercrombie that the system is relevant to the war on terrorism as well as conventional conflicts. The Army plans over the next two years to field some of the sensor and drone technology being developed for the final system.

Among the potential problems are two communications systems being developed separately from the FCS but considered the "heart" of the program, Francis said.

The Army's FCS software development also has grown almost threefold since 2003 to 95.1 million lines of code and is "hampered by incomplete requirements and design," he said.

Given these difficulties, "It is not clear if or when the information network can be developed, built and demonstrated," Francis said. "Yet the time frame for completing development is ambitious."