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**Statement of the
Honorable Duncan Hunter
Chairman, Subcommittee on Military Procurement
Army Modernization and Transformation Hearing**

Today, the Military Procurement and Research and Development Subcommittees will receive testimony from U.S. Army witnesses on the Service's fiscal year 2001 modernization budget and the resources needed to start the Army's transformation from a heavy and light force structure to a more medium weight, highly deployable force.

Today's Army is challenged to meet all the deployments that the Administration calls upon it to make because of limited force structure and the limited resources it has been allocated for recapitalizing and modernizing the force. The Army's combined fiscal year 2001 procurement and research and development budgets total \$14.7 billion. While this amount sounds like a large sum of money, it is only \$200 million over the amount appropriated for the Army in fiscal year 2000. Accordingly, the Chief of Staff of the Army has submitted to the Chairman of the Full Committee a fiscal year 2001 unfunded requirements list totaling \$5.5 billion, of which \$4.5 billion is for modernization alone. To make matters more difficult, the Army is allocated only 16 percent of the total Defense Department's fiscal year 2001 modernization budget.

This past Monday, testifying before the other body, Deputy Secretary of Defense John Hamre, stated that "\$60 billion does not provide enough money to recapitalize the force." He went on to say that the Pentagon needs at least \$10 to \$15 billion more for modernization to replace its aging systems with new ones. DOD figures indicate that the fiscal year 2001 request falls significantly short of the numbers needed to replace tactical aircraft, armored vehicles and helicopters.

Fiscal Year 2001 is a pivotal year for the Army in modernization. The new Chief of Staff of the Army, General Eric Shinseki, has outlined a vision for transformation of the Army from a heavier force structure to a lighter and more lethal combat force. This is driven by the fact that the Army must fulfill an urgent requirement to the National Command Authority to provide a highly deployable unit that can be rapidly sent into a number of contingencies from peacekeeping operations to low intensity conflict. As a result, the Chief of Staff has outlined an initiative to field the first medium weight brigade at Fort Lewis, Washington, by December 2001 and a total of five interim medium brigades not later than 2003. To begin this effort, the Army has requested \$537 million in the fiscal year 2001 budget request for the procurement of a family of Interim Armored Vehicles.

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While the Secretary of Defense has publicly endorsed the Army's new modernization effort as one that meets the nation's emerging requirements, thus far, the Army has been forced to self-fund its initiative within its historical "share" of the budget. To implement the Chief's vision for transformation, the service has terminated seven critical modernization programs and is restructuring two others for a total savings of \$382 million in fiscal year 2001. Of note, the top two modernization programs on the Chief's fiscal year 2001 unfunded requirements list, the Wolverine Heavy Assault Bridge and the Grizzly Obstacle Breacher, which total \$185 million in fiscal year 2001 shortfalls, were two of the seven terminated programs.

While the Army is to be commended for laying out a bold transformation initiative, half of the cost of this initiative is unfunded and many questions remain about how the Army will procure all the medium vehicles required to field a total of five interim brigades by fiscal year 2003.

In conclusion, the Army has a vision for transformation; however, there is no definitive plan that has been presented to Congress on the expenditure of modernization funds to field the Interim Brigades, or, future medium brigades. Moreover, the Army needs to provide adequate justification for the \$537 million for the procurement of the Interim Family of Vehicles in its fiscal year 2001 budget request. In today's hearing, I look forward to a frank and open discussion with our witnesses in hopes of gaining insights into these concerns and answering our questions on the service's modernization plan and where the additional funds will come from to pay for the Army's transformation.

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