RECORD VERSION

STATEMENT BY

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Chairman Forbes, Ranking Member Bordallo, and members of the Subcommittee, thank you for the opportunity to discuss the Army's Reset program. I would be remiss if I did not take this opportunity to thank this Subcommittee, and the Congress as a whole, for your continual support for Army Reset funding and your outstanding support of our Soldiers, Civilians, and their Families.

RESET DEFINITION:

Equipment Reset is defined as a set of actions to restore equipment to a desired level of combat capability commensurate with a unit's future mission; Reset is an essential element of readiness and entails restoring balance to the Army for known Combatant Command requirements. It is part of the cost of war, and it prepares our Soldiers and their equipment for an unpredictable future and evolving threats.

It is important to state that our need to Reset equipment does not end operations cease in Iraq and Afghanistan. In fact, a large portion of unit Reset begins upon redeployment to home station. The Army will have to Reset equipment for as long as we have forces deployed and for 2-3 years thereafter to ensure future combat readiness. It is because of your determined support for Reset that we can keep our aircraft flying and our ground vehicles running. It is through the commitment of the Congress, the Army, and our partners in the industrial base that we have successfully executed our Reset program. The result has been operational readiness rates in theater at over 90% and 75% for ground and aviation systems, respectively, for the last 10 years of the war.

The Army requested, and the Congress funded, Reset entirely through Overseas Contingency Operations (OCO) accounts. A fully-funded Reset program ensures that equipment lost in theater is replaced and equipment worn by extended use in harsh environments is repaired and returned to a fully ready state, having had the effects of delayed desert damage mitigated. Additionally, the Army's non-Reset accounts fund the repair, replacement, and recapitalization of equipment not associated with contingency operations.

Reset funding is used to repair equipment returning from overseas contingency operations by applying maintenance services, including fault location/troubleshooting, removal/installation, disassembly/assembly and maintenance actions to restore serviceability to an item by correcting specific damage, fault, malfunction, or failure in a part, subassembly, module (component or assembly), end item or system.

Reset funding is also used for Recapitalization, a modernization process taking selected equipment to near zero hours/zero miles, which includes technology insertion and results in a new system model-new system life. This year, the Army plans to recapitalize approximately 2,700 Up-armored High Mobility Multi Wheeled Vehicles (HMMWV) returning from theater. These upgrades will extend the useful life of the fleet. The Army will also upgrade 1,216 Mine Resistant Ambushed Protected (MRAP) Vehicles with survivability and mobility enhancements. This work will be performed at the MRAP Sustainment Facility in Kuwait and stored in the Army Prepositioned Stock (APS) 5 in Southwest Asia. It is also worth noting that a number of MRAPs have already been returned to home station installations and placed in training equipment sets to ensure our Soldiers remain current on the training, operation, and maintenance of these highly specialized, theater-unique pieces of equipment.

Reset funding also supports the procurement of new end-items to replace equipment lost due to combat operations. With this funding, we replace many critical pieces of equipment such as trucks, aircraft, night vision devices and materiel handling equipment. This has proven invaluable in providing our Warfighters the equipment they need to succeed in the high operational tempo the Army faced fighting executing combat operations over the past ten plus years.

FIELD LEVEL AND DEPOT LEVEL RESET:

Coarse sand, fine dust, and extreme temperatures ravage sophisticated mechanical and electronic systems from vehicles and generators, to computers and night vision

goggles. In FY2011, the Army Reset over 93,000 pieces of equipment at the Depot Level. Special Repair Teams also Reset over 525,000 pieces of equipment; such as small arms and night vision goggles directly at the installation/unit level. In the forecast for FY2012, the Army expects to Reset (repair) approximately 105,000 items at our industrial facilities, in addition to over 580,000 pieces of equipment on site where units are stationed, including over 500 aircraft.

DRAWDOWN FROM IRAQ:

Beginning in early 2009, due to exceptional efforts by the entire force from tactical units on the ground in Iraq to the Army Materiel Command's Responsible Reset Task Force (R2TF), we methodically executed the retrograde of millions of pieces of equipment out of Iraq to meet Presidential mandates. In addition to retrograding equipment from Iraq, the Army also redistributed equipment within Iraq to meet two critical missions: (1) Enabling the Iraqi Security Forces (ISF) to attain minimum essential capability (MEC) in becoming a stable and secure nation that can contribute to the peace and security of the region and (2) Supporting the transition of responsibility to the Department of State (DoS) with required resources and capabilities so they can remain secure and successful as they assume the mission in Iraq upon the departure of United States Forces-Iraq (USF-I).

The Army retrograded and redistributed equipment from Iraq to satisfy numerous critical requirements; primarily to ensure U.S. forces in Afghanistan have the key mission equipment they need and also for filling equipment shortages to RESET the broader Army team, Active and Reserve Components. Before we issue that equipment to troops in Afghanistan, place it in Army Prepositioned Stocks, or use it to fill an Active, Reserve or National Guard shortage, we used the Reset program to restore it to the appropriate level of readiness.

RETROGRADE, RESET, AND REDISTRIBUTION (R3) PROCESS:

More specifically, the Army established a very deliberate Retrograde, Reset, and Redistribution (R3) process for equipment that is focused on transitioning from the needs of the current combat operations, to support potential future operations, and training requirements. R3 synchronizes Retrograde, Reset, and Redistribution efforts across the Army to restore readiness. This process identifies retrograde priorities to assist Army Central (ARCENT) in retrograde planning, synchronizes retrograde of equipment out of theater with its repair, and subsequent redistribution to support training and equipment readiness requirements as units cycle through the Army Force Generation (ARFORGEN) process that ensures a ready Army.

As we successfully executed the drawdown in Iraq, the R3 process also provides us the ability to determine where best to send equipment for repair. For example, some equipment was repaired in theater so that it could be more rapidly sent to Afghanistan to fill mission requirements. We retrograded other pieces of equipment back to our Army depots and other maintenance facilities under Army Materiel Command control so that they could be Reset to a higher standard. Certain items of equipment that are highly susceptible to harsh environmental conditions are part of our Automatic Return Item (ARI) program which are sent to the Depot level to expedite repair and redistribution to next deployers.

RESET FUNDING TRENDS:

The Army truly appreciates Congress' support in providing $4.3 billion for Reset in FY2012. This finding is split between $3.955 billion in OCO Operations and Maintenance funding and $390 million in OCO Procurement funding. The decrease in funding level from FY 2011 to FY 2012 is principally due to the drawdown from Iraq and the shift in combat operations to Afghanistan. Units rotating in and out of Afghanistan are generally executing "light infantry" missions and operate MRAPs and MATVs as primary platforms rather than the mix of tracked combat vehicles and MRAPs used by the Heavy Brigade Combat Teams (HBCT) more common in Iraq. This equipment mix and the small number of tracked vehicles in Afghanistan significantly reduce Reset cost.

The Afghanistan theater relies heavily on Theater Provided Equipment (TPE), which will delay the return of equipment and therefore pushing Depot Level Reset requirements into later years.

TPE is equipment that has been either (1) acquired through the Operational Needs Statement (ONS) or Joint Urgent Operational Needs Statement (JUONS) process and remains in theater for issue to units as they rotate; (2) equipment which was originally deployed with units and left in theater for follow on forces after those units depart, or; (3) equipment from Army Prepositioned Stocks. This equipment consists of wheeled vehicles, track vehicles, and communication, electronics, force protection, and support items. This equipment remains in theater and is only replaced when repairs are required that cannot be accomplished in theater. As forces drawdown, this equipment is eventually retrograded, repaired and returned to units to meet Army needs. This equipment will be vital to Army forces in the future and thus requires sustained Reset funding.

RESET REQUEST FOR FY 2013:

For FY 2013, the Army requested $5.445B for Reset; $3.688 billion in OCO Operations and Maintenance funding and $1.757 billion in OCO Procurement funding. The Reset request for FY 2013 anticipates a higher level of effort than FY 2012, due to the retrograde of equipment from Iraq and increasing need to Recapitalize or replace that combat equipment. Workload projections may be revised in the future as equipment retrograde decisions are made and the quantities, types, and condition of returning equipment become better known. FY 2013 President's Budget Reset request funds the Reset of approximately twenty eight Brigades, as well as associated TPE, and Army Pre-Positioned Stocks.

CHALLENGES:

The Reset program is not without its challenges. Our need to Reset equipment will continue for as long as we have forces deployed and for 2-3 years thereafter to ensure readiness for the future. Delays in funding reduce our ability to provide the most cost effective and timely repair or supply of replacement equipment.

The Army's Depots and Arsenals continue to meet all war-time related requirements and play a critical role in sustaining Army readiness. Army maintenance depots (Anniston, Corpus Christi, Letterkenny, Red River and Tobyhanna) and manufacturing Arsenals (Watervliet, Rock Island and Pine Bluff) have achieved significant production efficiencies and dramatically improved their technical expertise. However, the Army will have to adjust its workload and depot workforce based on anticipated workload requirements in the future. Reset of equipment returning from operations in Iraq and Afghanistan will mitigate impacts on the permanent workforce in the near term; however, the Army does expect to reduce the number of contract, temporary, and term workers in the depots as the Army reduces combat operations into the Central Command Theater.

To mitigate these challenges, we believe that a viable and relevant industrial base requires the Army identify to core competencies and size the Depot workforce to meet and sustain those competencies, plus the capacity needed to meet future war-time surge requirements. Core competencies, expressed in terms of industrial skills, ensure a ready, effective, timely, and controlled government-owned/government-operated source of materiel repair.

In accordance with Title 10, the Secretary of the Army designated specific Depots and Arsenals as Centers of Industrial and Technical Excellence (CITE) for specific depot maintenance capabilities as follows:

- Tobyhanna Army Depot - CITE for Command, Control, Communications, Computers Intelligence, Surveillance and Reconnaissance (C4ISR) and Electronics, Avionics and Missile Guidance and Control (Core workload includes

Fire Finder Radars, Electronic Shop Vans/Shelters, TRC 190 Radio Terminals, SINCGARS, COMSEC, EW and Blue Force Tracking);

- Letterkenny Army Depot - CITE for Air Defense and Tactical Missile ground support equipment (less missile guidance and control) and mobile electric power generation equipment (Core workload includes PATRIOT, Generators, HIMARS, Force Provider, and Route Clearance Vehicle); Letterkenny has also established core competency repairing prime movers for critical Core workload such as HIMARS and PATRIOT and core competency for Special Operations Command equipment.
- Anniston Army Depot - CITE for Combat Vehicles (Wheeled and Tracked except Bradley), Artillery, Assault Bridging, and Small Caliber Weapons (Core workload includes: Abrams tanks, Strykers, M109A6 Paladins, M88 Recovery Vehicles, M16A4 rifles, M240 Machine Guns, M2 .50 Cal machine guns)
- Rock Island Arsenal Joint Manufacturing and Technology Center - CITE for Mobile Maintenance Systems;
- Sierra Army Depot - CITE for the Reset of Reverse Osmosis Water Purification Units (Core workload includes: Forward Area Water Point Supply System, Reverse Osmosis Water Purification Units, Tactical Water Purification System, and Inland Petroleum Distribution System). Sierra also performs a critical receipt, storage and issue mission for standard and non-standard equipment.
- Corpus Christi Army Depot - CITE for Aviation structural airframes, blades and advanced composite technologies; flight and control surfaces, aviation engines; transmissions and hydraulic systems including subsystems (Core work includes: UH60, AH64, CH47 and OH58D Aircraft and Aircraft components less avionics);
- Pine Bluff Arsenal - CITE for Chemical and Biological Defense Equipment (core workload includes: decontamination apparatus, M40 Series Protective Masks);
- Red River Army Depot - CITE for Tactical Wheeled Vehicles, the Small Emplacement Excavator, Bradley Fighting Vehicle, rubber products (Core workload includes Bradley Fighting Vehicles series and components, HMMWVs, HEMTTs, HETs, PLS, M915 Line Haul Vehicles, and MRAP)
- Tooele Army Depot - CITE for Ammunition Peculiar Equipment.

- Watervliet Arsenal's Core competency includes larger caliber cannon manufacturing (105mm, M68A2, 120mm M256, 155mm M776); 60mm, 81mm, 120mm mortars; mortar barrel and baseplate manufacturing.

The Army also continues to meet the "50/50" requirements in Title 10 United States Code. As the Subcommittee is aware, the 50/50 rule requires that not more than 50 percent of the funds made available in a fiscal year for depot-level maintenance and repair workload may be used to contract for the performance by non-Federal Government personnel. The Army continues to fully meet the 50/50 requirement and this has ensured we maintain a viable and energetic organic Depot Maintenance capability.

INVESTMENT IN OUR ORGANIC FACILITIES:

With many facilities competing for Military Constructions funds, the Capital Investment Program (CIP), which is funded by Army Working Capital Funds, is a key enabler to improve the effectiveness and efficiency of our industrial base facilities. CIP funds improvements in plant and equipment, ensuring both Depots and Arsenals maintain technological capability and relevancy. For FY 2012 and FY 2013, the Army expects to meet or exceed the statutorily required 6% investment for CIP. These investments directly support the Core workload of that specific facility.

CLOSING:

In closing, our Reset program remains vital to ensuring our Soldiers have the equipment they need to conduct current and future operations. Therefore, it is absolutely critical that the capability and capacity for Reset continue for as long as we have forces deployed and for 2-3 years thereafter to ensure readiness for the future. Chairman Forbes, Ranking Member Bordallo, members of the Subcommittee, I thank you again for your continued support for Soldiers and their Families. I look forward to your questions.

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