RECORD VERSION

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BEFORE THE

SUBCOMMITTEE ON AIRLAND
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ON

THE FISCAL YEAR 2016 BUDGET REQUEST AND U.S. ARMY STRATEGY, READINESS, AND EQUIPMENT MODERNIZATION

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Introduction

Chairman Cotton, Senator Manchin, distinguished Members of the Subcommittee on Airland, thank you for the opportunity to discuss the Army's Fiscal Year 2016 (FY16) budget request as it pertains to Army strategy, readiness, and equipment modernization.

The Army must remain prepared to protect the homeland, foster security globally, project power, and win wars now and in the future. To protect the homeland, the Army deters and defeats attacks and mitigates the effects of attacks and natural disasters. To foster security, the Army engages regionally and prepares to respond globally to compel enemies and adversaries. To project power and win decisively, the Army, as the nation's principal land force, organizes, trains, and equips forces for prompt and sustained combat on land. American military power is joint power. The Army both depends on and supports air and naval forces across the land, air, maritime, space, and cyberspace domains. The Army depends on the other services for strategic and operational mobility, fires, close air support, and other capabilities. The Army supports other services, combatant commands, multinational forces, and interorganizational partners with foundational capabilities such as communications, intelligence, rotary wing aviation, missile defense, logistics, and engineering.

Army forces are uniquely suited to shape security environments through forward presence, regionally aligned forces, and sustained engagement with allied and partner land forces. Army forces defeat enemy land forces and seize, hold, and defend land areas. Army forces are prepared to do more than fight and defeat enemies; they must also possess the capability to translate military objectives into enduring political outcomes. Army forces, operating as part of joint, interorganizational, and multinational teams, provide the President, Secretary of Defense, and combatant commanders with multiple options to prevent conflict, shape security environments, and win wars. Army forces must have the capability (ability to achieve a desired effect under specified standards and conditions) and capacity (capability with sufficient scale and endurance) to accomplish assigned missions while confronting increasingly dangerous threats in complex operational environments.

The combination of expanding threats to national and international security, reductions in the size of the Army, decreasing investment in Army modernization, and fiscal uncertainty have increased risk to missions and committed forces. We recognize that, in our democracy, we get the Army that the American people are willing to pay for. It is our job to do the best we can with the resources provided. We will give you our best assessment of the risks and opportunities associated with the resources Congress provides that allow Army leaders to man, train, and equip our Army.

On behalf of our Secretary, the Honorable John McHugh, and our Chief of Staff, General Ray Odierno, we look forward to discussing with you the Army's Fiscal Year 2016 (FY16) budget request as it pertains to Army strategy, readiness, and equipment modernization.

Threats, enemies, and adversaries are becoming increasingly capable and elusive. State and nonstate actors employ traditional, unconventional, and hybrid strategies that threaten U.S. security and vital interests. The emergence of the Islamic State of Iraq and the Levant (ISIL) is an example of how nonstate actors seize upon opportunities created by communal conflict and weak governance. ISIL's military organization; ideological base; willingness to use murder and other forms of brutality against innocents; and ability to mobilize people, money, and weapons have enabled it to seize territory and establish control of populations and resources. The wider problem is ISIL's success, combined with weaknesses of Middle Eastern governments, has caused violent extremism and terrorism to metastasize across much of the Middle East and North Africa.

The Democratic People's Republic of Korea (DPRK) is expanding its nuclear arsenal and improving its ballistic missile force to complement an aging but still large and capable conventional force. The DPRK's military possesses cyber and chemical-biological warfare capabilities. Key government facilities, military installations, and weapons are located in underground shelters. Because economic, social, and political pressures on the DPRK leadership could lead to war or a collapse of the regime, the

U.S. prepares for the deployment of substantial ground, air, and maritime forces to operate as part of a coalition alongside Republic of Korea (South Korea) forces and in defense of South Korea.

Iran, as it reacts to expanding sectarian conflicts in the greater Middle East, poses a continued threat to U.S. interests and allies in the region. As it diversifies its activity in the region and seeks to enhance its influence while supplanting U.S. power, Iran uses combinations of economic and diplomatic overtures with irregular forces. Iran avoids direct military confrontations while developing advanced capabilities and pursuing comprehensive military modernization. Iran's modernization efforts include the use of automated systems on land, sea, and air; ballistic missiles; and the development of nuclear enrichment capability.

Russian annexation of the Crimean Peninsula and use of conventional and unconventional land forces in Ukraine indicate that Russia is willing to use force to achieve its goals. Russia deployed and integrated a range of diplomatic, information, military, and economic means to conduct what some analysts have described as "non-linear" or hybrid operations. In addition, Russia used cyberspace capabilities and social media to influence perceptions at home and abroad. Due to the nature of the conflicts Russia has chosen, it has demonstrated the centrality of land forces in its effort to assert power and advance its interests in former Soviet states. Without a viable land force capable of opposing the Russian army and its irregular proxies, such adventurism is more challenging to deter. Russia's actions highlight the value of land forces to deter conflict as well as special operations and conventional force capability to project national power and exert influence in political contests.

Chinese doctrinal writings and professional military education teaching materials suggest that the PRC may be considering training and equipping the People's Liberation Army (PLA) for a range of military operations. The PLA has opened six combat training centers where it emphasizes combined arms operations and joint training. Chinese actions and force modernization efforts highlight the need for Army forces to be positioned forward in the region to strengthen alliance and partner

relationships, deter adversaries, and ultimately prevent conflict. Emerging Chinese military capabilities also highlight the need for Army forces to be able to project power from land into the air, maritime, space, and cyberspace domains.

Our Army must balance manpower, readiness, and modernization not only to cope with increased capabilities of enemies and adversaries, but also to prevail in increasingly complex operational environments. That complexity is due, in part, to increased momentum of human interaction, threats that emanate from dense and weakly governed urban areas, the availability of lethal weapon systems, and the proliferation of Chemical, Biological, Radiological, Nuclear and High-Yield Explosive threats. Determined and capable enemies in complex environments will challenge U.S. competitive advantages not only on land, but also in the air, maritime, space, and cyberspace domains. Advanced technologies transfer readily to state and nonstate actors. Enemies possess the capability to threaten the U.S. homeland and project power from land into all other domains. Because these threats may originate in urban areas or remote safe havens, long-range strikes will prove insufficient to defeat them. The complexity of future armed conflict, therefore, will require Army forces capable of conducting missions in the homeland or in foreign lands including defense support to civil authorities, international disaster relief and humanitarian assistance, security cooperation activities, crisis response, or large-scale operations. Trends in threats, the operating environment, and technology highlight the enduring need for ready Army forces operating as part of joint, interorganizational, and multinational teams to prevent conflict, shape security environments, and win in a complex world.

The size of the active and reserve component of our Army matters. At the time of the mass murder attacks on our nation on September 11, 2001, our active Army strength was 480,801, the National Guard was 351,829, and the Army Reserve was 205,628 for a total Army strength of 1,038,258. Due to the strain on the force associated with sustained operations in Afghanistan and Iraq as well as other worldwide commitments, Congress authorized expansion of the Army by 95,073 by 2010 to 566,045 active duty Soldiers, 362,015 National Guardsmen, and 205,281 Army Reservists for a total of 1,133,341. Despite that increase, our Army was stressed to sustain a per month

commitment of 117,000 active duty Soldiers and 170,000 total Army commitment to these missions between 2003 and 2011. That is because the Army must also sustain other commitments overseas, remain prepared for unforeseen contingencies, and sustain an institutional Army capable of manning, training, and equipping the force. Currently, in an active force of 498,400 Soldiers, the Army has 40,860 Soldiers committed to various missions in U.S. Central Command, U.S. European Command, U.S. Africa Command, U.S. Southern Command, and U.S. Pacific Command, and an additional 83,610 Soldiers forward stationed and committed in areas vital to deterring conflict. Based on increased risks to national security and the significant decrease in size of our Army to the smallest active force since the post World War I period, we do all we can in the areas of readiness and modernization to ensure that our smaller Army maintains our differential advantage over current and future enemies. In short, a smaller Army must be a more capable Army.

The U.S. Army Operating Concept (AOC): Win in a Complex World, describes how future Army forces operate to accomplish campaign objectives and protect U.S. national interests. It describes the Army's contribution to globally integrated operations in support of the Capstone Concept for Joint Operations. The AOC recognizes the need for Army forces to provide foundational capabilities required by the Joint Force and to project power onto land, and from land, across the air, maritime, space, and cyberspace domains. The AOC is grounded in a vision of future armed conflict that considers national defense strategy; missions; emerging operational environments; advances in technology; and anticipated enemy, threat, and adversary capabilities. Ultimately, the AOC guides future force development through the identification of first order capabilities that the Army must possess to accomplish missions in support of policy goals and objectives.

A key tenet of future joint combined arms operations is innovation, which is the result of critical and creative thinking and the conversion of new ideas into valued outcomes. Innovation drives the development of new tools or methods that permit Army forces to anticipate future demands, stay ahead of determined enemies, and accomplish the

mission. Innovation is particularly important in organizations that develop capabilities as well as those that train, equip, and sustain forces.

We are committed to keeping Combat Training Centers (CTC) a priority. The CTC program is addressing life cycle technology refreshment of the Maneuver CTCs' (National Training Center, Joint Readiness Training Center, and the Joint Multi-National Readiness Center) Instrumentation and Training Aids, Devices, Simulators, and Simulations (ITADSS) in support of Unified Land Operations executed through Decisive Action (Wide Area Security/Combined Arms Maneuver against a hybrid threat). The ITADSS enables production of doctrinally-based feedback, facilitating leader development and unit collective training in support of building Brigade Combat Team (BCT) readiness through trained and ready combat units, leaders, and Soldiers prepared for Decisive Action Operations. The CTC program is addressing technology obsolescence at its Maneuver CTCs by refreshing its instrumentation data and Observer/Controller Communications System infrastructure that has not been updated since the early 2000s. The network infrastructure in place predominately supports Forward Operating Base operations and Mission Rehearsal Exercises conducted from 2001 to the recent transition to Decisive Action Operations training. The instrumentation upgrades will not only prevent network outages currently being experienced, but also allow for the transition back to combined arms maneuver and wide area security. Sequestration will force the Army to make difficult choices with regard to modernization and we should expect this to impact our CTC modernization as well. While the Army plans to preserve all CTC rotations, sequestration will result in units arriving at lower levels of readiness and CTC instrumentation obsolescence will degrade capturing unit performance during key events. Both will contribute to lower unit readiness levels at the completion of rotations.

With the Army's budget at a historic low, we risk becoming a smaller, less-capable force. Decreases to the Army's overall budget over the last several years have had a significant impact on modernization and threaten our ability to retain overmatch (overmatch is the application of capabilities or use of tactics in such a way that renders an adversary unable to respond effectively) through the next decade. From FY12 to

FY16, Research, Development and Acquisition (RDA) investments declined roughly 28 percent. In FY12, the Army's RDA budget was $32 billion. In FY16, the RDA budget request is $23 billion. The proposed increase of $2.6 billion for procurement, over the FY15 budget request, is vitally important to ensure that our Soldiers retain overmatch over current and future enemies and our nation retains critical parts of our industrial base.

Because of reductions both in manpower and modernization, our Soldiers are likely to engage in fights in which they lack significant, qualitative advantages against numerically superior enemies. Should the uncertainty of the Budget Control Act lead to another round of defense sequestration, the Army would suffer a blow to combat effectiveness from which it would be difficult to recover. Soldiers and units would be disadvantaged in the near-term through delays in equipping and weapons modernization. Long-term effects would include lost investments in cancelled programs, higher unit costs, and increased sustainment costs for obsolete equipment.

To reduce that risk, our Army must prioritize those capabilities that permit us to maintain overmatch. The Army will (1) protect S&T investments in key technologies that will enable next-generation capabilities when resources become available; (2) selectively invest in new capabilities for priority areas; (3) incrementally upgrade existing platforms; (4) reset equipment returning from current contingency operations; and (5) divest select platforms to reduce operations and sustainment costs. This prioritization will permit the Army to enable mission command, conduct joint combined arms maneuver, and, most importantly, optimize Soldier and team performance.

The Army emphasizes the integration of advanced technologies with skilled Soldiers and well-trained teams. We will have to invest in non-developmental and developmental capabilities. Non-developmental capabilities will integrate commercial technologies that do not require significant Army Science and Technology (S&T) or Research and Development (R&D), such as information technology, in order to save time and money. Our Army will prioritize developmental capabilities in areas where we must maintain a differential advantage such as combat vehicle technology; lethality; rotary aviation;

watercraft; and Intelligence, Surveillance, and Reconnaissance (ISR). To sustain overmatch in these areas, we must reward our industrial base for reducing costs and increasing quantity during national emergencies while retaining the ability to affordably produce smaller quantities between major conflicts. The Army must take advantage of existing technologies, while investing in research to sustain technological advantages and the overmatch that comes from combinations of skilled Soldiers and well-trained teams with that technology.

The Army must also prioritize modernization efforts. Force 2025 and Beyond is the Army's comprehensive effort for changing the Army and improving land power capabilities for the Joint Force. Force 2025 and Beyond efforts produce recommendations that help Army leaders direct modernization and force development. Force 2025 Maneuvers are the physical (experimentation, evaluations, exercises, modeling, simulations, and wargames) and intellectual (studies, analysis, concept, and capabilities development) activities that help leaders integrate future capabilities and develop interim solutions. The Army Warfighting Assessment (AWA) is the cornerstone event of Force 2025 Maneuvers. During an AWA, at Fort Bliss, TX, the Army evaluates doctrine, organization, training, material, leadership and education, personnel and facilities (DOTMPF) solutions. Driven by operational scenarios, the AWA provides a joint and multi-national venue to adapt, evolve, and innovate.

Equipment Objectives

- **Enhance the Soldier for Broad Joint Mission Support.**

The centerpiece of Army modernization continues to be the Soldier and the squad. The Army's objective is to facilitate incremental improvements by rapidly integrating technologies and applications that empower, protect, and unburden the Soldier and our formations. This provides the Soldier and our formations with the mobility, protection, situational awareness, and lethality to accomplish assigned missions. The FY16 budget supports this priority by investing in technologies that provide the Soldier and squad with advanced warfighting capabilities. We are pursuing enhanced weapons effects, next generation optics, night vision devices, advanced body armor and individual

protection equipment, unmanned aerial systems, ground based robots, and Soldier power systems.

- **Enable Mission Command.**

Joint combined arms operations will be enabled by a network that meets the commander's requirements to understand, visualize, describe, direct, lead, and assess from homestation, enroute, and from agile and expeditionary command posts in deployed locations. The network achieves uninterrupted mission command through intuitive, secure, and standards-based capabilities adapted to the commander's requirements and integrated into a common operating environment. Network capabilities are assured, interoperable, tailorable, collaborative, identity-based and accessible at the point of need in operations that include unified action partners. This will enable globally responsive joint combined arms teams to conduct expeditionary maneuver across domains and locations. The FY16 budget request supports this priority by resourcing essential mission command, software applications for the Common Operating Environment, operations/intelligence network convergence efforts, and platform integration of network components in support of Operational Capability Sets in expeditionary tactical command posts.

- **Remain Prepared for Joint Combined Arms Maneuver.**

The Army's objective is to facilitate fleet capabilities to increase lethality and mobility while optimizing survivability by managing the full suite of capabilities to enable the most stressing joint war fights. The FY16 budget request continues to support the Armored Multi-Purpose Vehicle, Paladin Integrated Management program, Joint Light Tactical Vehicle, and critical Aviation programs.

Budget Priorities

The Army has identified critical programs that provide overmatch capabilities at the tactical and operational levels of combat operations. These critical programs are discussed below:

- **Family of Networked Tactical Radios** is the Army's future deployable mobile communications family of radio systems. It provides advanced joint tactical end-

to-end networking data and voice communications to dismounted troops, ground, and aircraft platforms. FY16 funding supports the operational test assets for 240 Manpack radios, and the continued ramp up of production for 300 Rifleman Radio Secret and below. FY16 funding also supports the remaining portion of Project Management Administration costs, supports the purchase of generic ancillary components for continued platform integration efforts, and sustainment as the program readies for fielding Capability Sets 17 and 18.

- **Joint Battle Command-Platform (JBC-P)** is the next generation of Force XXI Battle Command Brigade and Below / Blue Force Tracking and is the foundation for achieving affordable information interoperability and superiority on current and future battlefields. JBC-P is the principal command and control/situational awareness system for the Army and Marine Corps at the brigade level and below. FY16 funding supports the procurement of 2,988 vehicle platform computer systems, 300 command post systems, satellite receivers, encryption devices, ancillary equipment, program management support, training, fielding, publications, support equipment, and post deployment software support.
- **Warfighter Information Network-Tactical (WIN-T)** provides broadband communications for the tactical Army. It extends an Internet Protocol based satellite and line-of-sight communications network throughout the tactical force supporting voice, data, and video. FY16 funding supports upgrade of 31 WIN-T Increment 1 units to enhance interoperability with units fielded with WIN-T Increment 2, procurement of 248 communications nodes for WIN-T Increment 2, and continues fielding and support for previously procured WIN-T Increment 2 Low Rate Initial Production (LRIP) equipment.
- **Distributed Common Ground System-Army (DCGS-A)** provides integrated ISR Processing, Exploitation and Dissemination of airborne and ground sensor platforms providing commanders, at all levels, access to the Defense Intelligence Information Enterprise and leverages the entire national, joint, tactical, and coalition ISR community. FY16 funding will correct issues identified during the May 2015 Limited User Test and support the Increment 2 Request for Proposal and milestone decisions. This includes efforts to begin Increment 2 development, modernize and procure commercial-off-the-shelf software and hardware

components for DCGS-A (fixed, mobile, and data centers), integrate hardware and software, and equip and train next deployers and high priority units.

- **Nett Warrior** is a dismounted Soldier worn mission command system that provides unprecedented command, control, and situational awareness capabilities supporting the dismounted combat leader. The design incorporates operational unit mission needs and leverages operational lessons learned, while maintaining power requirements in austere environments. FY16 funding supports fielding an additional 3,016 units.
- **Armored Multi-Purpose Vehicle (AMPV)** replaces the obsolete M113 family of vehicles within the Armored Brigade Combat Teams and provides required protection, mobility, and networking capability for the Army's critical enablers including mortars, medical evacuation, medical treatment, general purpose, and mission command vehicles. FY16 funding supports entry into the Engineering and Manufacturing Development (EMD) phase to integrate the Mission Equipment Package and technologies in development in Army programs and produce prototypes for use in testing.
- **Patriot** is a high demand / low density program, currently deployed in multiple theaters supporting operational and strategic requirements. Patriot provides the capability to defeat Air and Missile threats while protecting Combatant Commands' critical assets, including Soldiers, sailors, airmen, and Marines. FY16 funding supports procurement of 80 Missile Segment Enhancement missiles to increase Patriot's capability against the current threat, as well as evolving threats.
- **M109A7 Paladin Integrated Management (PIM)** replaces the current M109A6 Paladin and M992A2 Field Artillery Ammunition Supply Vehicle with a more robust platform incorporating Bradley common drive train and suspension components in a newly designed hull. FY16 funding supports the final EMD testing and LRIP of 30 PIM vehicle sets.
- **Joint Light Tactical Vehicles (JLTV)**, a Joint program with the U.S. Marine Corps, is the centerpiece of the Army's Tactical Wheeled Vehicle modernization strategy replacing 49,099 of the light wheeled vehicle fleet by 2041. This multi-mission vehicle will provide protected, sustained, and networked mobility for

personnel and payloads across the full range of military operations. FY16 funding will support a LRIP decision in July 2015. A single vendor will be selected to produce vehicles that provide the most capabilities at a $250,000 or less average unit manufacturing cost.

- **Maneuver Support Vessel-Light (MSV-L)** represents a modernization of current Army watercraft capabilities provided by the aging Vietnam War era Landing Craft. The MSV-L adds new capabilities intended to meet the Army's future tactical and operational movement and maneuver requirements. The MSV-L is intended to access austere entry points, degraded ports, and bare beaches without dependency on support ashore, in support of land maneuver support and/or maneuver sustainment operations. FY16 funding supports extending the service life of the Landing Craft Utility (LCU-2000), as well as to begin early plans to extend the service life of the Modular Warping Tug and Causeway Ferry until new procurement.
- **AH-64 Apache** is the Army's world-class heavy attack helicopter for the current and future force, assigned to Attack Helicopter Battalions and Armed Reconnaissance Squadrons. The AH-64E provides the capability to conduct simultaneously close combat, mobile strike, armed reconnaissance, security, and vertical maneuver missions across the full spectrum of warfare, can operate in day, night, obscured battlefield, or adverse weather conditions. FY16 funding supports procurement of 64 remanufactured AH-64E aircraft and associated modifications to the AH-64D fleet.
- **UH-60 Black Hawk** is the world's premier utility aircraft and the Army's largest helicopter fleet. The Black Hawk is vital in supporting lift and medical evacuation missions in the current and future force operational plans. It is critical to the homeland defense mission and a key component of the Army National Guard's forest fire, tornado, hurricane, and earthquake relief missions. FY16 funding supports procurement of 70 UH-60M and 24 HH-60M, purchases mission equipment packages, and upgrades the UH-60V, which will help to reduce life cycle costs while digitizing the last analog aircraft in the operational fleet.

Other Aviation Priorities

The Army will continue to incrementally modernize the existing fleet while investing in the next generation of rotary wing capabilities. These aviation programs and efforts are discussed below:

- **CH-47 Chinook** will provide the Army's heavy lift capability through 2060, making it the Army's first 100 year aircraft. FY16 funding supports procurement of a base quantity of 27 remanufactured aircraft and 12 new build aircraft, along with associated modifications to the CH-47 fleet. The **CH-47 Block II** is the first increment of a potential multi-block strategy designed to insert incremental technology upgrades into the Chinook fleet and to maintain the platform's relevance and affordability over time while meeting Warfighter requirements. The CH-47 Block II upgrade seeks to buy-back performance that eroded over time due to the addition of mission equipment packages since system fielding in 2007.
- **Improved Turbine Engine Program (ITEP)** will be a new 3,000 Shaft Horse Power (SHP) turbo shaft engine that will replace the T700 family of engines for the UH-60 Black Hawk and AH-64 Apache fleets, which comprise 75 percent of the total Army helicopter fleet. As increasing demands continue to add weight to the aircraft, the T700, originated in the 1970s as a 1600 SHP engine, no longer retains the significant power growth potential necessary to meet the required capabilities. ITEP provides significantly increased operational capability, fuel efficiency, range, and payload to meet Army mission requirements.
- **Joint Multi-Role (JMR) Technical Demonstrator (TD)** is intended to investigate and demonstrate selected vertical lift aircraft design and performance technologies. JMR is an Army S&T program to develop, expand, and demonstrate new capabilities in vertical lift technology and aircraft capabilities.
- **Future Vertical Lift (FVL)** is an Army lead joint procurement effort to set joint requirements, develop, and procure the next generation of vertical lift aircraft that will replace the current Department of Defense vertical lift fleet. The focus of FVL is based on three major tenets: (1) improve the performance; (2) improve the survivability; and (3) significantly reduce the operating cost. The FVL Family of

Systems capability desires 90 percent common components/parts to reduce overhead and logistical footprint, as well as enable mission flexibility.

- **Future Utility Aircraft (FUA)** will enable the Army to replace worn out or retired Operational Support Airlift (OSA) aircraft with a more technologically advanced aircraft better suited to support the needs of commanders in current and future operations. FUA will reduce the amount of resources required to train pilots and sustain the aircraft. The Fixed Wing Utility Aircraft will be a commercial off-the-shelf solution that will be Instrument Flight Rules capable and equipped with Civil and Military Communications, Navigation, Surveillance, and Survivability Systems that enable the aircraft to operate in Civil and Military environments throughout the world.

Aviation Restructure Initiative

The Army introduced the Aviation Restructure Initiative (ARI) last year because we simply cannot afford to maintain our aviation structure and sustain modernization while providing trained and ready aviation units across all three components. The Army will simplify sustainment for fewer systems, reduce pilot training course loads over time, and facilitate retirement of old aircraft the Army cannot afford to replace. ARI requires cross-leveling and divestiture of aircraft among all components - Active, Guard, and Reserve. Fully implemented, the Active and Reserve aviation force mix will generate better and more capable formations which are able to respond to contingencies at home and abroad. The Army estimates ARI will save about $12 billion in procurement and $1 billion per year in operations and sustainment costs. The initiative is not an ideal situation, but with reduced resources, the Army must make difficult decisions to ensure meet combatant commander requirements.

The ARI divests the OH-58D Kiowa Warrior (KW) fleet and cancels the OH-58D upgrade and fleet replenishment programs, enabling re-purposing of funding to support other Army priorities. The Army terminated the OH-58D KW upgrade program and the OH-58D KW Wartime Replacement Aircraft (WRA) efforts in March 2014. In early April 2014, the Army issued an Execution Order (EXORD) directing PEO Aviation to begin planning for the divestment of the OH-58D KW fleet over Fiscal Years 2014-2017

(FY14-17). In accordance with the EXORD, the Army divested 81 KWs from units in 2014 including aircraft from the 6th Squadron, 17th Cavalry Regiment in Fort Wainwright, AK, the United States Army Aviation Center of Excellence (USAACE), Fort Rucker, AL, prototype aircraft from Redstone Arsenal, AL, and aircraft returning from combat deployment. The majority of aircraft have entered 309th Aerospace Maintenance and Regeneration Group (AMARG), Davis-Monthan AFB, in Tucson, AZ (AMARG) for storage. A small group of aircraft deemed uneconomically repairable were inducted for parts-harvest into either the Regional Aviation Sustainment Maintenance (RASM) West, Fort Hood, TX or the Corpus Christi Army Depot (CCAD), TX. The entire divestment mission will be conducted over a four-year period. The majority of remaining KW divestment is planned for FY15-16, with the final unit scheduled to stand down in FY17. The Army has divested 27 KWs from one unit, 2nd Squadron, 6th Cavalry Regiment, Wheeler Army Airfield, HI, so far in 2015. The Army will also divest aircraft from six additional units this calendar year. Sixty aircraft will require divestment from units in calendar years 2016-2017. In total, the Army will divest 340 OH-58D aircraft.

Other Major Programs in Fiscal Year 2016

The Army has carefully prioritized our efforts to ensure we maximize every dollar toward putting the best equipment in the hands of our Soldiers. The Army will continue S&T investment in combat vehicle technologies, ITEP, and JMR-TD to inform FVL efforts. We will also focus our modernization efforts on procurement of AMPV and incremental upgrades to the Abrams, Bradley, and Stryker families of vehicles.

Last year, the Army was forced to make a difficult choice between continuing the development of the Ground Combat Vehicle (GCV) program or addressing near-term readiness with modest improvements to the current Bradley Infantry Fighting Vehicle (IFV). Faced with fiscal constraints and competing budget priorities, the Army concluded the GCV program in June 2014, at the completion of the Technology Development phase. Developing a new IFV remains a requirement, however, and until resources become available, the Army is focused on refining concepts, requirements, and key technologies in support of a future IFV modernization program. The Army is investing in S&T to refine concepts and mature technologies to inform future combat

vehicle requirements and reduce technology integration risk. The effort will support future IFV while maximizing opportunities to transition these technologies to current and future combat vehicles. This effort will focus on maturing and demonstrating key, leap-ahead technologies related to vehicle survivability, enhanced mobility, and lethality. Specifically, the Army's Future Fighting Vehicle (FFV) effort is currently conducting vehicle studies based on trades to GCV operational requirements to explore platform reductions to size, weight, and power versus performance. This effort ensures that potential new IFV designs take advantage of maturing technologies, and keeps industry design and research teams aligned with ongoing Army combat vehicle efforts.

The Army also maintains a valid requirement for the development of an Armed Aerial Scout (AAS), but currently lacks the fiscal resources to pursue a new procurement program. Apaches teamed with Unmanned Aerial Systems (UAS) will provide the AAS capability under current Army plans.

The Army is continuing the development of The Joint Air to Ground Missile (JAGM) which increases the lethality of the Army's attack aircraft by increasing the performance of our aircraft-launched precision munitions in degraded environments and against advanced threats. Investments in the Army's current air to ground missile, Hellfire, continue during JAGM development to ensure sufficient stockpiles are maintained and customers from outside the Army (other services and allied nations) can continue to have access to the best and newest missiles currently available.

The Army continues to invest in the MQ-1C Gray Eagle UAS with JAGM integration, increased survivability efforts, and achieving acceptance into the national airspace. In FY16, the Army added another company to U.S. Army Intelligence and Security Command (INSCOM) formations thereby increasing globally allocable ISR capabilities. The program continues to field to Army Divisions, U.S. Special Operations Command, and INSCOM with completion scheduled for FY18.

Network dominance and defense is an integral part of our national security. The Army is focused on proactively providing increased capabilities to the Joint force. The evolving

Cyber environment is forcing the Army to adapt to cyber threats by transforming processes, organizations, and operating practices to mitigate vulnerabilities. In terms of new and emerging initiatives, the U.S. Army Cyber Command at Fort Gordon, GA, and the Army acquisition community are pursuing ways to bring “big data” analytic capabilities to Army operations in order to improve our cyber defense capability. These efforts, as well as cyber S&T initiatives focused on the enabling technologies for future capabilities, will generate resourcing requirements which will compete against other modernization priorities.

The Army’s Network Integration Evaluations continue to provide valuable Soldier-driven performance evaluations and suitability assessments of network technologies which the Army continues to leverage as a means of focusing Tactical Network modernization efforts. The Army is committed to developing and fielding the Army Tactical Network as part of a modernized Army network that improves effectiveness, security, and efficiency while providing the same basic capabilities from home station to the deployed tactical unit.

With respect to small arms procurement, the Army's paramount objective for our Soldiers is to maintain lethal overmatch against any adversary. Efforts include requirements development, and Science and Technology (S&T) investments in new enabling technologies to support future capabilities. Development efforts include the XM25, which provides the individual Soldier with the capability to engage defilade targets with a high degree of accuracy, while imposing minimal burden in terms of size and weight. The Small Arms Ammunition Configuration Study is evaluating commercially available small arms ammunition, emerging ammunition capabilities, and developmental ammunition technologies to address conventional and non conventional calibers used in carbines, rifles, and light or medium machine guns. The Modular Handgun System Full and Open competition will replace the more than 30 year old M9 with a system that is more lethal, accurate, ergonomic, reliable, durable, and maintainable.

Production efforts include: M320A1 Grenade Launcher Module that is replacing the M203 series grenade launchers currently mounted on M4A1 Carbine, M4 Product Improvement Program (PIP), M2A1 Quick Change Barrel Kits, M205 tripods, and sniper upgrades and accessories. The Army is pure fleeting its service rifle inventory from a mix of M16A2/A4 Rifles and M4 Carbines to an inventory of fully automatic 5.56mm M4A1 Carbines. The M2A1 is a modification to the M2 machine gun with a Quick Change Barrel Kit, and fixed headspace and timing configuration. In addition, the M205 Lightweight Tripod is for use on the M2/M2A1 and MK-19 Grenade Launcher.

Defense Industrial Base

As lower funding levels for the Army continue, we are concerned about the availability of needed skills and capabilities in the defense manufacturing and supplier base. Teaming and collaboration with our industrial base, early in the process, will help reduce risk. In crafting our equipment modernization strategy, we carefully assessed risks across all portfolios to ensure balanced development of new capabilities, incremental upgrades to existing systems, and protection of ongoing production and manufacturing to sustain the industrial base.

The Army has initiated studies to independently assess the health and risk to key industrial base sectors. Based on the results to date, the Army is making investments in specific portfolios to mitigate risk. In the aviation portfolio, multi-year contracts for Black Hawk and Chinook helicopters provide stability and predictability to the industrial base while achieving significant cost savings for the Army. In the combat vehicle portfolio, new production of PIM and AMPV, as well as incremental upgrades to Abrams, Bradley, and Stryker help to ensure that a sufficient workload will sustain critical workforce skills and suppliers. The Army also continues to advocate for Foreign Military Sales (FMS), extend production in certain programs, and invest in key suppliers on a case-by-case basis.

The Army is equally concerned about the health of the organic industrial base, including our depots, arsenals, and ammunition plants. We are evaluating how to preserve needed skills and capabilities by modernizing facilities with new technology and plant

equipment, promoting arsenal manufacturing capabilities across the Department of Defense, and conducting personnel training. The Army will maintain critical skills sets in our depots by identifying workload to preserve capabilities, exploring FMS opportunities, and encouraging depots and arsenals to partner with commercial firms and other Army and DoD organizations such as the Defense Logistics Agency to meet future requirements.

Closing Comments

The Army's capabilities and capacity provide combatant commanders with multiple options, including the ability to conduct prompt and sustained combat operations on land. As the Army continues to adapt and innovate, we will continue to provide the foundational capabilities that enable the Joint Force to prevent conflicts, shape the security environment and, when necessary, win in a complex world.

We appreciate the generous support from Members of Congress for strengthening the Defense acquisition workforce, which is the critical component for the success of a well-equipped force. With more than 38,000 Army military and civilian acquisition professionals worldwide, this dedicated component of the Defense acquisition workforce is comprised of engineers, scientists, logisticians, contract specialists, testers, program managers, cost estimators, and many other acquisition career field specialties who effectively manage the Army RDA enterprise in a challenging budget environment.

Army equipment modernization enables the U.S. Army to remain the world's decisive land force. Soldiers and units operate as part of joint, interorganizational, and multi-national teams that are tailorable and scalable to the mission. As we continue to examine how to achieve effective balance among manpower, readiness, and modernization, we must have stable, predictable, long-term funding to modernize our force to meet evolving threats and fully execute our mission.

The security challenges of tomorrow will be met with the equipment we develop, modernize, and procure today. Because adversaries will continue to invest in technology to counter or evade U.S. strengths, resource reductions and insufficient

force modernization place at risk the U.S. ability to overmatch its opponents. Smaller and less capable adversaries could restrict U.S. military options and impose serious risks to mission and committed forces. Under sequestration the Army may be reduced to a level that puts U.S. war plans and crisis response abilities at significant risk. Efforts to compensate for less forces with stand-off capabilities, special operations forces, and use of allied or partner armies may prove insufficient. To mitigate risks, the Army must maintain high levels of readiness while also investing in future force modernization. The Army must retain sufficient institutional Army capabilities to expand the force. Improved interoperability with joint, interorganizational, and multinational partners provides additional methods to mitigate this risk by improving synergy across all domains and fully realizing the potential of joint combined arms maneuver.

With the possible return of sequestration in FY16, Army equipment modernization faces significant risks. Those risks include fewer mitigation options, aging fleets, eroding overmatch, higher sustainment costs, longer timelines to regenerate battle lost equipment, and higher costs, which will leave our Soldiers less prepared for future conflicts.

Mr. Chairman, Members of the Subcommittee, we thank you again for your steadfast and strong support of the outstanding men and women of the United States Army, Army Civilians, and their Families. We look forward to your questions.