

RECORD VERSION

STATEMENT BY

**LIEUTENANT GENERAL DUANE A. GAMBLE
DEPUTY CHIEF OF STAFF G-4, UNITED STATES ARMY**

BEFORE THE

**SUBCOMMITTEE ON READINESS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

FIRST SESSION, 116TH CONGRESS

**THE DEPARTMENT OF DEFENSE ORGANIC INDUSTRIAL BASE:
CHALLENGES, SOLUTIONS AND READINESS IMPACTS**

NOVEMBER 21, 2019

**NOT FOR PUBLICATION UNTIL RELEASED BY THE
COMMITTEE ON ARMED SERVICES**

Introduction

Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the Subcommittee, thank you for the opportunity to testify today on our Army's Organic Industrial Base (OIB) and the critical role it provides in supporting sustainment requirements for our current and our future Army.

On behalf of Secretary McCarthy and General McConville, I would like to express our gratitude for your strong support. The OIB is decisive to our Army's strategic readiness and your support enables us to maintain a viable, ready OIB that generates Army readiness at an unparalleled rate.

Our Army's OIB consists of ammunition plants, depots, and manufacturing arsenals that produce and restore our warfighting equipment and ammunition, which generates combat power. The OIB generates readiness and operational capability throughout the total Army. OIB capability and capacity is essential to meet the requirements laid out in the National Defense Strategy (NDS).

Workload

Well-balanced, predictable funding is the foundation upon which we build predictable workload. This is essential for both fleet and unit readiness and a viable OIB. To meet our Army's readiness needs, we are strategically investing resources in the highest priority and focused readiness unit requirements first. While meeting our highest readiness priorities, we ensure a viable workforce for future surge capability through a combination of work for our Army, work for the other Services, and work to support foreign military sales that will preserve the skill sets that are critical and unique to our Army's OIB.

The Army develops our weapon system sustainment requirements through deliberate, comprehensive and collaborative processes that begin in acquisition and continue through transition to sustainment and divestiture. These processes are co-chaired by senior civilian and military leaders (the Army's Acquisition Executive, the Commander of Army Materiel Command, and the Commander of Futures Command).

To forecast our future requirements we use Life-Cycle Sustainment Plans and the Strategic Portfolio Analysis Review and we align them to the Army's readiness demands to balance and resource modernization and sustainment requirements according to NDS priorities.

To determine the total sustainment maintenance requirement for each fiscal year, we must first address total fleet requirements. To do this, we analyze historical

readiness rates, operational tempo and sustainment costs, and balance that against modernization demands. From there, we prioritize Army readiness requirements based on the NDS, senior leaders assess risk, and we apply available resources to maintain acceptable unit and fleet readiness.

Although we can't fund every single requirement each year, the Army has been as committed to sustainment and current readiness as we have been to modernization. Our depot maintenance budget request for FY20 is almost \$2 billion covering work across the Active, Reserve, and National Guard components. By making strategic decisions about what maintenance we can defer to future fiscal years, we are able to meet our highest priority readiness requirements and balance our depot maintenance funding with other Army priorities.

In the absence of unconstrained resources, deferred maintenance, along with industrial base carryover, allows us to smooth workload into future years. This helps keep direct labor hours and depot workload stable in future periods of declined requirements.

Facilities

To ensure our OIB facilities and infrastructure are postured and programmed to support current readiness and requirements, the Army has invested more than \$1B over the past 10 years, ensuring that we meet or exceed statutory requirements and are leveraging all the resources available, to include Restoration and Modernization dollars, to ensure our facilities remain ready to meet the Army's operational objectives. The Army regularly assesses the OIB to inform resourcing decisions required to meet the demands of the NDS, including conducting quarterly annual Installation Status Reviews that assess facility readiness across the OIB and provide a comprehensive analysis. We recognize that without significant investment in both our facilities and infrastructure, OIB readiness will decline, putting our ability to meet future requirements at risk. In order to avoid future risk and maintain the appropriate level of readiness, we developed the OIB Infrastructure Master Plan to identify, prioritize, and resource projects over the next 20 years.

Today, the average age of our Government Owned and Government Operated (GOGO) OIB facilities and infrastructure is 54 years, with about 53% built before 1945. Initial estimated costs for modernizing GOGO OIB installations, in terms of facilities, equipment, and energy is \$8.3 billion over the next 20 years. The estimate includes Military Construction funding to replace substandard facilities and support new missions; Restoration and Modernization funding to extend the useful life of existing structures; funding to modernize capabilities with new industrial equipment, as well as

information technology, network, and cyber solutions; and funding to ensure resiliency of the energy infrastructure powering the Army's industrial capabilities.

We know we must also modernize facilities while we modernize weapon systems, executing Installation Status Reviews annually to assess facility and capital equipment capabilities to meet equipment readiness requirements. The increases you authorized to the minor MILCON threshold and the authority to use O&M will help us meet these objectives.

Workforce

The backbone of the OIB is our skilled workforce and as our workforce ages our ability to attract, hire, and train new talent will be essential to maintaining the viability and output of the OIB. The GOGO depots, arsenals, and ammo plants employ approximately 22,000 personnel in permanent, temporary or term, and contractor positions. The flexibility provided by Direct Hiring Authority helped us process over 3,560 personnel actions in FY19 and over 4,800 since 2017. It helped us reduce the time to hire from 114 to 85 days, helping our facilities remain competitive with industry employers seeking the same critical skill sets. Still, we know there is more work to do to reduce the time-to-hire as we seek not only to competitively promote and retain, but recruit the very best workforce in the future which is vital to enabling Army readiness.

To ensure the workforce we have is prepared for modernized future requirements, we partner with private corporations, universities and technical colleges to provide training, education and work experience in new and emerging technology. These partnerships allow us to attract, train, and develop a skilled workforce prepared to meet emerging readiness requirements. We leverage different skill sets to meet workload requirements by cross-training personnel across multiple platforms which enables us to maximize utilization of our current workforce and ensure a breadth and depth of technical expertise is readily available.

The future OIB workforce will need to be as modern as our equipment and facilities. The permanent ability to streamline the hiring process with direct hiring authority, the flexibility to place highly-skilled temporary or term employees into permanent positions, and a steady long-term flow of work will be essential as the OIB modernizes for the future.

Closing

Our OIB is decisive to our Army readiness, reliably delivering readiness on the battlefield and simultaneously preparing to modernize to meet the needs of the future force. Maintaining materiel readiness is critical to ensuring the Army can meet the

demands of our Combatant Commands across the globe and provide the responsiveness, depth and capability demanded of us in the NDS.

As we implement initiatives like Repair Cycle Float, improvements like our Infrastructure Master Plan, and continue to hone in on supply availability and capacity planning, the Army will need continued Congressional support to be successful. Consistent investments, flexibility like Direct Hiring Authority, and the flexibility to manage our workload and workforce will be essential for the OIB of the future.

I would like to thank each distinguished member of the Committee for holding this hearing. Your support will allow us to continue to maintain current sustainment readiness while modernizing to meet the needs of the future Army.