

**RECORD VERSION**

**STATEMENT BY**

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**ON DEPOT MODERNIZATION AND OPTIMIZATION**

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## **Opening**

Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the Readiness Subcommittee, thank you for the opportunity to discuss depot infrastructure optimization. Your support of the Army's Organic Industrial Base (OIB) and Army readiness is critical to our success. On behalf of the Secretary of the Army, the Honorable Christine Wormuth, and the Chief of Staff of the Army, General James McConville, I appreciate the invitation to join you today and look forward to a productive discussion.

Today's Army OIB is vast: comprised of 23 sites, with over 19,000 facilities covering over 100 million square feet, that manufacture, reset, and maintain equipment for the Army and the Joint Force. Our five depots and three arsenals, totaling 20 million square feet of production space, which fall under the purview of this subcommittee, provide critical materiel and sustainment support to Warfighters across the Joint Force in support of our National Defense Strategy.

While the OIB performs essential functions to meet current needs and National Defense Strategy requirements, it must modernize to meet the needs of the future force in a multi-domain operations environment. The Army has embarked on the development of an OIB Modernization Strategy, a long-term investment plan to consider emerging requirements for facilities and land, energy and water resiliency, equipment modernization, information technology and security, and human capital requirements. The OIB Modernization Strategy will be complete in March 2022 and will identify how we will modernize our facilities, primarily focusing on renovation versus new construction.

## **People, Readiness and Modernization**

The Secretary of the Army and the Army's Chief of Staff's priorities are People, Readiness, and Modernization. The foundation of the Army is its people. People are the Army's centerpiece and they define who we are. There are over 32,000 skilled, dedicated, and patriotic workers across the Army OIB who understand their role in National Security. At no time during the pandemic have any of our facilities shut down. The workforce is dedicated to ensuring the Joint Warfighters have the equipment they

need when they need it. As we continue to operate in the COVID-19 environment, the execution of our mission and the safety of our workforce remain our priority.

Depot and arsenal operations are both an art and a science that our extremely skilled artisans and workforce employ every day. Not only is it their mission to produce, overhaul, and repair newly fielded systems, they also sustain enduring systems—sometimes well beyond their intended service life—and prototype future systems. This requires well-coordinated master scheduling between production, supply planners, and resource managers. As part of the OIB Modernization Strategy, we plan to include process automation and other technology solutions to free the workforce to focus on technical oversight and make the operation more efficient. Key to this modernization strategy is also our 10-year human capital plan published in 2019—a plan that enables partnerships with private corporations, universities, and technical colleges to provide skills and technological training and to connect with a talent pool to help the Army to recruit and retain the future workforce through 2028.

Readiness, too, is an Army priority and the health and vitality of the OIB is critical to enable our support to Combatant Command requirements and ensure the success of our Joint Warfighters in support of our National Defense Strategy. The OIB must be postured to support current readiness, surge capabilities, and future modernization efforts. While currently meeting the needs of our Joint Warfighters and Coalition Partners, the Army is simultaneously improving our depots and arsenals to address aging conditions and support meeting future capabilities. Over the last five years, we have exceeded our benchmark minimum investment of 6 percent each year; with 9 percent in Fiscal Year (FY) 2020 and 7.4 percent in FY 2021. The investments include energy projects, infrastructure improvements, and equipment upgrades increasing the capability and enhancing the energy efficiency of the depots and arsenals. The equipment upgrades include 21st Century technology, like blue light scanners and cold spray advanced manufacturing methods which enable the depots and arsenals to support key modernization efforts like Long Range Precision Fires' Extended Range Cannon Artillery (ERCA). The ERCA is the self-propelled howitzer system with a longer range and higher rate of fire than the Army currently employs. ERCA is an excellent example of how we are preparing our depots and arsenals for the sustainment

requirements of new systems. Watervliet Arsenal produces the cannon tube and breech assemblies, and will support cannon assembly production for the next 20 years. Anniston Army Depot and Letterkenny Army Depot will perform vehicle cab modifications in support of ERCA, and Letterkenny Army Depot will support low rate production of the hull.

To meet modernization requirements, we have restoration, modernization, and capital improvement projects programmed over the next several years as a bridge to our holistic 15-year OIB Modernization Strategy that will inform investments in Program Objective Memorandum 2024-2028. While renovation and capital improvements enable modernization, they also pose challenges. Capital improvement projects must show a return on investment because the depreciation is captured in the rates. Modernization of our OIB facilities, infrastructure, and processes will require that we take some portions of the OIB off-line to complete the upgrade, while not jeopardizing our overall production. In order to maintain the workload necessary to keep rates competitive and continue to execute the mission across all sites while modernizing, it is necessary to spread the efforts out over time. Preliminary analysis suggests a 15-year plan would achieve this balance.

Although it is difficult to modernize while maintaining production continuity to meet current Warfighter needs, there is greater risk in not doing so. Within available funding, we have prioritized—and will continue to prioritize—projects across the enterprise that deliver readiness, build surge capacity, and modernize for the future force. We must also address the fiscal resources required to reduce our single points of failure, protect our industrial control systems from cyber threats, and ensure energy resilience. We must implement the long-term strategy to modernize our depots and arsenals. We will seek your continued support and partnership in each of these areas to achieve the optimized Organic Industrial Base on which the future Army will rely.

## **Closing**

Mr. Chairman and distinguished Members of this Subcommittee, thank you for your steadfast and strong support of the outstanding men and women in uniform, as well as our Army civilians and their Families. I look forward to your questions.