

RECORD VERSION

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INTRODUCTION

Chairman Turner, Ranking Member Tsongas, distinguished Members of the Subcommittee on Tactical Air and Land Forces, thank you for this opportunity to discuss the Fiscal Year 2018 (FY18) President's Budget request on Army Ground Force Modernization Programs. On behalf of our Acting Secretary, the Honorable Robert Speer, and our Chief of Staff, General Mark Milley, we look forward to discussing with you this year's budget request and the challenges the Army faces in its ability to modernize its forces.

Army modernization today stands at a precipice due to a combination of strategic, technological, and budgetary trends that threaten to place our Army at a disadvantage not only against advanced adversaries, but also against a broad range of other potential threats and enemies. In early 2016 the National Commission on the Future of the Army observed that reductions in Army modernization were elevating risk to the Joint Force. That military risk has already manifested itself: our Army is rapidly reaching a point where we will be outgunned, outranged, and outdated when compared to our most capable potential adversaries. Congress' full, timely support for the FY18 budget request and sustained, long-term, predictable funding are essential for the Army to progress toward a more modern and capable future force.

MODERNIZING THE FORCE

Challenges to Army modernization have been building over the course of nearly two decades. Adjusting for inflation, the Army has nearly half of the funding for modernization and equipment that it had just 8 years ago. Declining budgets drive difficult choices; we have faced these choices over many budget cycles.

The budget issue has been further complicated by 15 years of focus on counterinsurgency and counterterrorism as the Army addressed major effects in both current needs in Afghanistan and Iraq. This was the right thing to do, but it required

tradeoffs. The Army, fully aware of these tradeoffs, made the right choices to support our Soldiers for the missions and threats we faced at that time.

Meanwhile, our enemies have not been idle. The overmatch your Army has enjoyed for the last 70 years is disappearing rapidly. Our adversaries have observed the way we fight and have developed capabilities and tactics to counter our strengths and exploit our vulnerabilities. Some of these new capabilities and tactics have already been demonstrated in combat.

Fiscal constraints have forced the Army to accept risk in starting new developmental programs in order to prioritize incremental upgrades of existing systems that can be in the hands of Soldier quickly. Over the last 15 years, the Army has not modernized for full spectrum warfare thereby risking the loss of current and future overmatch in every domain: land, air, maritime, space, and cyberspace.

Our Soldiers must be able to prevail against the full range of potential threats, including near-peers in highly lethal combined arms maneuver; hybrid warfare; and determined, unconventional insurgents. This has become increasingly difficult, as our adversaries modernize at a rapid pace, while reduced and unpredictable funding has brought the Army's modernization effort to a pace that jeopardizes our overmatch.

RESOURCING MODERNIZATION

With respect to the budget, the Army has three main categories within the topline that it can adjust: Manpower, Readiness, and Capital Investment (of which Modernization is a part). Of these three, Readiness is our top priority. We are also committed to maintaining force structure. Any adjustments to these three categories are zero sum; there must always be a "bill payer" for every increase. Inflation and increasing personnel costs put increasing pressure on the Modernization portion of the budget.

Given this set of priorities, the Fiscal Year 2018 (FY18) President's Budget request allocated about 55 percent of the Army's topline to manpower. This is a must-pay bill. Readiness will consume approximately 25 percent of our budget; as the number one priority, the Army will not choose to reduce this allocation. This leaves roughly 20 percent for Capital Investment (Modernization and Military Construction).

Ideally, we would always have the most modern equipment, but this would require unacceptable tradeoffs with manpower and readiness. We would like to do all three, but large Modernization investments at the wrong time could lead to a force that is too small or a force that we cannot afford to keep ready. Maintaining balance across manpower, readiness, and modernization is key to preventing a hollow force. Without consistent and sufficient funding, we cannot effectively plan and execute a balanced Army program.

The Army has focused constrained resources on equipping for the near term at the expense of preparing for the future. The Army must be able to do both. The Army is sacrificing new program starts in order to prioritize incremental upgrades of existing systems that can be in the hands of Soldiers quickly. Given today's fiscal pressures, our equipment modernization strategy is structured to:

Protect Science and Technology to field capabilities to the force in the 2030s. We will prioritize Science and Technology efforts to develop new military capabilities to deter and defeat potential adversaries in the next fight. We are implementing a strategic approach to modernization that includes an awareness of existing and potential gaps; an understanding of emerging threats; knowledge of state-of-the-art commercial, academic, and Government research; and an understanding of competing needs for limited resources.

Sustain Incremental Upgrades. We have prioritized capabilities that have the greatest impact against a near-peer threat and can be in Soldiers' hands in the next 10 years. We are focused on improving the M1 Abrams Tank, M2 Bradley Fighting Vehicle, and Stryker Families of Vehicles, as well as Paladin, and the Guided Multiple Launch Rocket System. We are also improving the Apache, Black Hawk, and Chinook helicopter fleets, as well as our Unmanned Aircraft Systems.

Take Risk in New Development. The Army is making modest developmental investments based on our most critical operational requirements and capability shortfalls. Fiscal realities have led to the delay or discontinuance of new systems. Key investments that remain in the next generation of ground vehicle capabilities include the

Armored Multi-Purpose Vehicle and the Joint Light Tactical Vehicle, a critical program for the Army and the U.S. Marine Corps.

The Army will begin new developmental programs only if required to close an extremely high risk gap. We will attempt to accelerate Air and Missile Defense, Long Range Fires, Mobile Protected Fire Power, Active Protection Systems (Air and Ground), Assured Positioning, Navigation, and Timing, Electronic Warfare, and Cyber offensive and defensive capabilities.

Go Slow, Keep Options Open. We have, and will continue to, slow down procurement to keep production lines open and warm for when funding becomes available.

Reset and Sustain. The Army is returning equipment to the required level of combat capability; it remains central to both regenerating and maintaining equipment near-term readiness for ongoing operations and potential contingencies.

Divest. We are identifying equipment and systems that are excess, obsolete, or no longer required to reduce and eliminate the associated sustainment costs. For example, we are divesting the aging M113 armored personnel carriers from our BCT formations and legacy radios. Additionally, the Army's Mine Resistant Ambush Protected vehicles divestiture will eliminate a large portion of the fleet through Foreign Military Sales, distribution to other agencies, and demilitarization of older, battle-worn, excess vehicles. The Army also continues to divest its aging TH-67 training helicopters, as well as the OH-58A/C Kiowa, OH-58D Kiowa Warrior, and UH-60A Black Hawk fleets.

PRIORITIZING CAPABILITY GAPS

The Army's FY18 Budget Request represents our priorities for limited modernization resources, weighed against risks and critical capability gaps, in order to balance near-term readiness requirements against long-term force development objectives. The critical capability gaps, identified below, are the Army's Top Five modernization priorities that we must pursue in order to maintain and, eventually, regain overmatch to credibly deter and, if necessary, defeat near-peer adversaries.

Air and Missile Defense (AMD). We lack the capability and capacity to meet the AMD demands of the combatant commanders to cover key fixed sites and provide effective AMD protection of the maneuvering forces. The Army will:

- Provide an interim Maneuver-Short Range Air Defense (M-SHORAD) capability by FY21 and initiate an effort to improve lethality with a 50kW high energy laser.
- Complete service life extension and proximity fuse upgrade for all available Block I Stinger missiles to improve performance against unmanned aerial systems.
- Improve Patriot's performance against advanced threats and begin a significant upgrade effort for the Lower Tier AMD Sensor.
- Overhaul 72 Avengers to meet the European Restructure Initiative requirement for two Avenger Battalions.

Long-range Fires. The Army lacks capability and capacity to provide immediately responsive, effective surface-to-surface fires at ranges beyond 40 kilometers (km) for Cannon Artillery, beyond 84 km for Rocket Artillery, and 300 km for missiles; this gap is partially due to the aging Army Tactical Missile System (ATACMS) inventory. We will:

- Improve existing ATACMS missiles to extend service life until the new Long Range Precision Fires (LRPF) missile can be developed and fielded.
- Update the Guided Multiple Launch Rocket System (GMLRS) rockets by increasing the range and guidance systems to increase the lethality for specific targets at increased ranges.
- Develop a Cannon Delivered Area Effects munition, bridging strategy and long term acquisition strategy to ensure we are compliant within the cluster munition policy.
- Develop and integrate a seeker onto select missiles to target radiating emitters (e.g.; radars) on high value targets.

Munitions. The Army anticipates significant increases to ammunition requirements based on emerging peer and near-peer threats and increased demand in Iraq and Afghanistan. The Army has shortages of critical preferred munitions including Patriot, Hellfire, GMLRS, Precision Guidance Kits and Excalibur based on current and emerging requirements. We need to grow capacity in some of our Government-owned and

Contractor-operated ammunition plants and to broaden commercial capacity in order to meet the increased requirements for preferred munitions.

Mobility, Lethality and Protection of Brigade Combat Teams (BCTs). Our Armored, Infantry, and Stryker BCTs are deficient in the appropriate combination of mobility, lethality, and protection required to achieve overmatch during joint and combined arms operations. The Army will:

- Upgrade the lethality of our Stryker Brigades with the integration of the 30mm cannon. We will also increase the mobility, power, and network integration of our Double-V Hull Strykers.
- Pursue Mobile Protected Firepower to provide protected, long-range, direct fire capabilities to the Infantry BCT to ensure freedom of maneuver and action in close contact with the enemy.
- Replace legacy M113s in ABCTs with AMPV which will serve five mission roles: General Purpose, Mortar Carrier, Mission Command, Medical Evacuation, and Medical Treatment variants.
- Incrementally upgrading the M1 Abrams tank, M2 Bradley Fighting Vehicle and Paladin.
- Begin prototyping the next generation combat vehicle.

Active Protection Systems (APS) – Air and Ground. The proliferation of advanced man portable air defense systems significantly threaten Army Aviation in operational environments. On the ground, our combat vehicles lack the ability to effectively detect, track, divert, disrupt, neutralize, or destroy incoming missiles. The Army will:

- Develop and field the Common Infrared Counter Measure (CIRCM) and Advanced Threat Detection System (ATDS) to increase the 'detect and defeat' capability against the evolving MANPADS threat.
- Expedite the installation of commercially available APS systems on Armored and Stryker BCTs in Europe by the end of FY20.
- Initiate the Vehicle Protection System (VPS) program in FY18 to develop an integrated protection capability using the Modular Active Protection System (MAPS) as the common controller and software.

OPPORTUNITIES TO 'TURN THE TIDE'

Given the complex range of both near and long term threats, the Army has a very short window to improve both capability and capacity. By design, the Army drawdown was deliberately designed to reverse course and expand if necessary. Additionally, Army modernization, during the past several years of constrained funding and austerity maintained its resilience by:

- Protecting the defense industrial base by keeping production lines warm.
- Protecting modernization options by investing in the next generation of incremental improvements, emphasizing low risk and cost efficient improvements.

We have sustained many programs that can easily be accelerated if resources become available. The Army is prepared to accelerate delivery of enhanced air and missile defense, long range fires, armor formation upgrades, aviation fleet modernization, ammunition and missiles for emerging wartime requirements, lethality upgrades for Stryker vehicles, assured communications, Soldier lethality and protection and finally, electronic warfare. The Army is at an historical inflection point; we are postured to pivot rapidly if directed to do so.

IN CONCLUSION

We sincerely appreciate the opportunity to address the Fiscal Year 2018 President's Budget priorities and the challenges the Army faces in modernizing its force. These are challenging times. In the end, 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 and exploit vulnerabilities, resource reductions and insufficient force modernization will place the Army's ability to overmatch its opponents at risk. It is critical that the Army receive sustained, long-term and predictable funding.

We can assure you that the Army's senior leaders are working hard to address current challenges and the needs of the Army both now and in the future. We are doing so with a commitment to be good stewards of our Nation's resources while meeting the equipping and modernization needs of our Soldiers.

Mr. Chairman and distinguished Members of this Subcommittee, we sincerely appreciate your steadfast and strong support of the outstanding men and women in uniform, our Army Civilians, and their Families.