

**RECORD VERSION**

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**BEFORE THE**

**SUBCOMMITTEE ON AIRLAND  
COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE**

**ON**

**FISCAL YEAR 2015 GROUND FORCE MODERNIZATION AND INDIVIDUAL  
EQUIPMENT MODERNIZATION PROGRAMS**

**SECOND SESSION, 113<sup>TH</sup> CONGRESS**

**APRIL 9, 2014**

**NOT FOR PUBLICATION UNTIL RELEASED BY THE  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

## ***Introduction***

Chairman Blumenthal, Ranking Member Wicker, distinguished Members of the Subcommittee on Airland, thank you for the opportunity to discuss the Army's Fiscal Year 2015 (FY 15) President's Budget request as it pertains to Army Modernization.

The world today continues to present our Army and our Nation with dynamic and uncertain security challenges. It is imperative that the Army clearly assesses the future security environment and prioritizes investments and allocates resources accordingly. Potential adversaries will develop disruptive technologies and increasingly destructive weapons making it imperative that the Army continues to develop and field overmatching capabilities. The demand for Army units will continue to meet combatant commander requirements for the range of military operations to Prevent, Shape and Win in support of national interests. Accordingly, the objective of Army equipment modernization is to enable our Soldiers to conduct that range of military operations by developing and fielding versatile and tailorable equipment; equipment that is affordable, sustainable and cost-effective. We want our Total Army to be ready and capable of conducting operations in any location and environment while maintaining tactical and operational overmatch with our adversaries. 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 FY15 modernization budget that takes the next step towards meeting these future challenges.

## ***Resourcing Army Modernization***

Over the past three years, the Army has absorbed several budgetary reductions in the midst of conducting operations overseas and rebalancing the force for a wider array of missions called for by the President's defense strategy. During this period of fiscal and strategic uncertainty, our goal has been to maintain the proper balance between end strength, readiness and modernization across the Total Army. We are reducing end strength as rapidly as possible, while still meeting our operational commitments, to concentrate remaining funds on rebuilding readiness. However, to do this we must accept greater risk in our modernization programs in the near-term. As a result, Research, Development, and Acquisition (RDA) investments planned for FY 2015

have declined 39 percent since the FY 12 budget planning cycle. Historically, the Army's RDA accounts have averaged 21.9 percent of its obligation authority. For FY 15 the RDA account is 17.1 percent, or \$20.1 billion, of obligation authority.

Even under these austere fiscal conditions, it is the Army's responsibility to ensure every Soldier deployed is equipped to achieve decisive overmatch regardless of the situation. To do this, the Army has developed several initiatives that guide equipment modernization during this period of fiscal constraint. First, we use incremental improvements to modernize existing critical systems as our primary option, and build new systems to address key capability gaps. Second, the Army is divesting older systems and niche capabilities to decrease sustainment costs and re-allocate those resources for modernization and readiness. Third, we are slowing procurement and limiting quantities because the Army cannot afford to equip and sustain the entire force with the most advanced equipment. Fourth, we will insert technologies and capability improvements only as needed, leveraging commercial investment where we are "technology-takers" (e.g., information technology, fixed wing aviation) and focusing our Science and Technology investments where we are "technology-makers" (e.g., lethality, armor). Finally, each equipment decision is scrutinized to ensure it is both affordable within the overall budget and is cost-effective in addressing capability gaps. The Army has established overarching equipment objectives and budget priorities to help guide this investment strategy for which I will provide you some specifics.

### **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 integrating technologies and applications that empower, protect, and unburden the Soldier and smaller formations. This provides the Soldier with the right equipment, at the right time, to accomplish their assigned mission. The FY 15 budget supports this priority by investing in technologies that provide the Soldier and squad with advanced war fighting capabilities. We are pursuing enhanced weapons effects, next generation optics, night vision devices, advanced body armor and individual protection equipment.

#### **Enable Mission Command.**

The Army's objective is to facilitate overmatch through better decision-making of our leaders and Soldiers with real-time networked data and connectivity across the Joint Force down to the Soldier as well as across platforms through commodity-like procurement and rapid innovation. The FY 15 request resources enhanced mission command capabilities and platform integration of network components through Operational Capability Sets, and software applications for the Common Operating Environment (COE), in concert with operations and intelligence network convergence efforts.

#### **Remain Prepared for Decisive Action.**

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. This year's budget request continues to support the Armored Multi-Purpose Vehicle (AMPV), Paladin Integrated Management (PIM) program, Joint Light Tactical Vehicle (JLTV), and critical Aviation programs.

### **Budget Priorities**

To satisfy our equipment objectives, the Army has identified several critical systems, discussed in detail below:

#### **The Network**

- Warfighter Information Network-Tactical (WIN-T)** is the Army's deployed mobile network, providing intranet and telephone service to command posts from Theater to Company level. It extends an Internet Protocol (IP) based satellite and line-of-sight (LOS) communications network throughout the tactical force supporting telephone, data and video. Increment 2 provides initial on-the-move capability as well as a robust LOS transmission network and greater satellite data down to company level for maneuver brigades and division headquarters. FY 15 funding fields Increment 2 sets to one Division headquarters, one Brigade Combat Team (BCT), and 11 Battalions. Increment 3 will improve throughput for

LOS and beyond LOS transmissions through the development of the Highband Networking Waveform (HNW). Fiscal realities forced a delay of the Increment 3 aerial layer. FY15 funding will focus on the development of a common Network Operations tool and completion of the HNW.

- Family of Networked Tactical Radios** is the Army's future family of tactical radio systems. It provides advanced joint tactical end-to-end networking data and voice communications to dismounted troops, ground, and aircraft platforms. Formally known as the Joint Tactical Radio Systems, these multi-band/multi-mode radio capabilities leverage IP-based technologies. FY15 funding reduces investments in the development and limited procurement of Mid-Tier Networking Vehicular Radio systems, Manpack and Rifleman radios.
- Joint Battle Command-Platform (JBC-P)** is the next generation of Force XXI Battle Command Brigade and Below and 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. FY 15 funding procures JBC-P for BCTs and Brigades to include replacement of Enhanced Position Location and Reporting Systems in BCTs.
- Distributed Common Ground System-Army (DCGS-A)** provides integrated Intelligence, Surveillance, Reconnaissance (ISR) Processing, Exploitation and Dissemination (PED) of airborne and ground sensor platforms providing commanders, at all levels, access to the Defense Intelligence Information Enterprise and leverages the entire ISR community. The DCGS-A program modernizes and procures components for fixed sites and data centers needed for the Army's ISR component of the COE. The DCGS-A hardware and software will be integrated into select ISR current Programs of Record systems to enable networked PED capabilities. Although fiscal challenges have caused a reduction in the number of software releases, FY 15 funding continues the development and testing effort for Increment 1 software, to include integration into the Command Post Computing Environment.

- Nett Warrior** is a dismounted Soldier mission command system that provides unprecedented command, control, and situational awareness capabilities for dismounted leaders down to the squad level. The design leverages commercial technology, while incorporating operational unit mission needs and provides assured power in austere environments. Nett Warrior is the foundational program to converge handheld devices onto one technology – the Handheld Computing Environment in the COE. FY 15 funding procures Soldier worn communications sets for Capability Set 15 fielding.

### **Combat Vehicles**

- AMPV** replaces the M113 family of vehicles at brigade and below. It will provide required protection, mobility and networking for the Army's critical enablers including mortars, medical evacuation, and command and control vehicles. The FY 15 request provides for one Engineering, Manufacturing and Development contract and program management support.
- PIM** provides readily available, low risk upgrades enhancing the responsiveness, force protection, survivability, and mobility of the self-propelled howitzer fleet. The 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. The FY 15 request supports procurement of 18 low-rate initial production (LRIP) systems, 18 self-propelled howitzers and 18 ammunition carriers.

### **Light Tactical Vehicles**

- JLTV** is the centerpiece of the Army's Tactical Wheeled Vehicle modernization strategy. The Army will procure 49,099 JLTVs by 2041. The JLTV family of vehicles is being designed to provide the necessary leap in protection, performance, and payload to fill the capability gap remaining between the High Mobility Multipurpose Wheeled Vehicle and the Mine Resistant Ambush Protected family of vehicles. This multi-mission vehicle will provide protected, sustained and networked mobility for personnel and payloads across the full range of military operations. The FY 15 funding completes limited user testing and procures 176 vehicles for LRIP. The Army anticipates down-select to one vendor in FY 15.

## Aviation

- Aviation Restructure Initiative.** Following a comprehensive review of our aviation strategy, the Army will restructure aviation formations to achieve a leaner, more efficient and capable force that balances operational capability and flexibility across the Total Army. The Army National Guard will transfer all AH-64 Apache helicopters to the Active Army, where they will be teamed with Unmanned systems for Armed Reconnaissance or continue their traditional attack role. The Active Army will transfer 111 UH-60 Black Hawk helicopters to the Army National Guard, which will significantly improve its capabilities for support of civil authorities, such as disaster response. The UH-72 Lakota will replace the TH-67 helicopter fleet as the next generation glass cockpit, dual engine training helicopter. We will transfer nearly all Active Army UH-72 Lakota helicopters to our training base at Fort Rucker, Alabama. With no sequestration, the Army will procure an additional 100 UH-72 Lakotas to support the initial entry rotary wing training requirement. Also, we will sustain the current fleet of Army National Guard UH-72 helicopters, which perform dual-purpose state and homeland defense missions. The Active Army's overall helicopter fleet will decline by about 23 percent, and the Army National Guard's fleet of helicopters will decline by eight percent. This smaller, more efficient force will facilitate Aviation readiness when needed.
- AH-64E Apache** is the Army's world class heavy attack helicopter for the current and future force assigned to Attack Helicopter Battalions. The AH-64E provides the capability to simultaneously conduct close combat, mobile strike, armed reconnaissance, security and vertical maneuver missions across the full spectrum of warfare, when required in day, night, obscured battlefield and adverse weather conditions. AH-64E enhancements consist of several technical insertions to include Level IV Manned-Unmanned Teaming, Cognitive Decision Aiding, improved drive system, composite rotor blades, new fuselage, and open system architecture. Apache investment is also key to the Army Aviation Restructure Initiative. AH-64 aircraft will be assigned to Armed Reconnaissance Squadrons as part of the Manned-Unmanned teaming capability that will provide a viable option and allows divestment of legacy Kiowa Warrior aircraft. The FY

15 request supports the remanufacture of 25 AH-64D aircraft to the AH-64E models, and associated modifications to the existing AH-64D fleet.

- **H-60 Black Hawk** aircraft comprises the Army's largest helicopter fleet. The Black Hawk is a vital asset to fulfill lift and medical evacuation missions in the current and future force theater operational plans. The Black Hawk also serves a key role in the Army Aviation Restructure Initiative by supporting maneuver commanders through air assault, general support, command and control, and aero-medical evacuation missions. The Black Hawk is the mainstay of the homeland defense mission. With its day, night and adverse weather capability it is a key component of the Army National Guard's forest fire, tornado, hurricane, and earthquake relief missions. In addition to supporting the Army Aviation Restructure Initiative, the FY 15 Black Hawk funding request procures 55 UH-60M, 24 HH-60M; continues the Improved Turbine Engine program and UH-60 Digital L efforts; and purchases mission equipment packages.

### ***Other Major Changes in Fiscal Year 2015***

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 most notable change is the conclusion of the Ground Combat Vehicle (GCV) program. GCV will conclude at the end of the technology development phase, expected in June 2014, and will not continue further development. In the near-term, the Army will focus on refining concepts, requirements and key technologies in support of a future Infantry Fighting Vehicle (IFV) modernization program. This will include investment in vehicle components, sub-system prototypes and technology demonstrators to inform IFV requirements and future strategies for developing a needed replacement for the Bradley Infantry Fighting Vehicle. Over the long-term, the Army anticipates initiating a new IFV modernization program informed by these efforts as resources become available.

The Army will also re-scope Network Integration Evaluation (NIE). NIE continues to provide the mechanism to evaluate and incrementally improve the network baseline, incorporating critical Soldier feedback into system functionality and training methods. The reduction in funding for these biannual events will extend some timelines for



Programs of Record or divert their tests to alternative events. In addition, accepting risk in this program will reduce opportunities to evaluate new technologies in an operational network.

In addition, the Army will accept risk in the Integrated Air and Missile Defense – Battle Command System (IBCS). IBCS is a network centric system-of-systems that integrates sensors, shooters, and battle management, command, control, communications and intelligence systems for Army air and missile defense. The program decrements will cause a two-year delay in fielding the initial operational capability, from FY 16 to FY 18.

The FY 15 request will also reflect a significant acceleration of funding for Patriot Advanced Capability, or PAC-3, launcher upgrades for combatant commanders in FY 16 and FY 17. Additionally, we will also continue to fund a third brigade's set of Double V-Hull (DVH) Stryker vehicles, while supporting an incremental upgrade to DVH Strykers for power and mobility improvements.

Finally, the Army will not pursue the Armed Aerial Scout and will halt the Cockpit and Sensor Upgrade Program for the Kiowa Warrior. We will divest almost 900 legacy helicopters including the entire single engine OH-58D Kiowa Warrior and TH-67 helicopter training fleets. Instead, the Army will fund modernization and sustainment of our most capable and survivable combat-proven aircraft: the AH-64 Apache, UH-60 Black Hawk and CH-47 Chinook helicopters.

### ***Defense Industrial Base***

As lower funding levels for the Army continue, we are concerned about the health of the Army's commercial and organic industrial bases and the subsequent consequences for the Army and our Nation. Shrinking demands and corresponding budgets for new combat platforms and smaller production rates lead to higher proportional costs. A smaller commercial industrial base may reflect a workforce with reduced expertise in design, development, and manufacturing. Diminished capacity in this industrial base may decrease competitiveness and increase response time to future requirements. The

likely loss of critical skill sets and suppliers at all tiers, and an increase in the number of single-points failure in the supply chain is of particular concern to the Army.

The Army continues to assess the commercial industrial base to provide leadership with evaluations of current operations, risks, and issues in the Army Industrial Base. We intend to address critical impacts through planning for ongoing and future modernization efforts within our equipment portfolios.

The Army has also conducted a comprehensive Combat Vehicle Portfolio Industrial Base Study through A.T. Kearney, a global management consulting firm. In response to the findings of these assessments, the Army has:

- Initiated Engineering Change Proposals, to upgrade fielded vehicles, earlier to help fill production gaps at Joint Manufacturing Center for the Abrams vehicle;
- Slowed production deliveries of the Abrams vehicle to distribute workload and prevent workforce furloughs;
- Provided production funding to second-tier suppliers to mitigate critical production breaks;
- Developed second source suppliers for financially fragile suppliers for Abrams and Bradley vehicles; and
- Continued advocacy for Foreign Military Sales (FMS) with defense industry.

We are equally concerned about the health of the organic industrial base containing our depots, arsenals, and ammunition plants. The Army is preserving needed capabilities by modernizing facilities through new technology, training, and plant equipment. We will maintain our depots by workloading them to preserve their core functions and capabilities and encouraging depots to partner with commercial firms to meet future requirements. The Army also advocates FMS, extended production in certain programs, and investment in key suppliers on a case-by-case basis. In terms of monitoring the health and management of the community, the Army has initiated Joint

Acquisition and Sustainment Reviews to synchronize efforts to address issues faced by our Program Executive Offices and our depots and arsenals. These periodic reviews led by the Army Materiel Command and Army Acquisition Executive help effectively manage challenges across the materiel enterprise.

### ***Closing Comments***

Our Total Army remains the best in the world today. It has unique capabilities to provide regionally aligned, expeditionary, and decisive land power, but its capacity and capability overmatch is eroding. Adequate resources are essential to meet the President's defense strategy and defense budget priorities. Ultimately, the ability to modernize Army equipment relies on sufficient, consistent funding. While the Bipartisan Budget Act of 2013 provides greater budget certainty for FY 14 and FY 15, reductions in RDA continue to challenge the Army's ability to deliver capabilities to our Soldiers now and in the future. Without Congress' intervention, Sequestration level budget caps will return in FY 16 and impose additional risk on Army equipment modernization. Those risks include fewer mitigation options, aging fleets, eroding overmatch, higher sustainment costs, longer timelines to re-generate and higher costs, leaving our Soldiers less prepared for future conflicts.

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