

RECORD VERSION

STATEMENT BY

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BEFORE THE

HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

FIRST SESSION, 111TH CONGRESS

ON UNITED STATES ARMY RESET

JULY 9, 2009

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON ARMED SERVICES

Chairman Ortiz, Ranking Member Forbes, distinguished Members of the Subcommittee. Thank you for the opportunity to discuss Army Reset in view of the Fiscal Year (FY) 2010 annual budget and Overseas Contingency Operations supplemental requests.

On behalf of the Secretary of the Army, the Honorable Pete Geren and our Chief of Staff, General George Casey, I would also like to take this opportunity to thank you for your continued, strong support and demonstrated commitment to our Soldiers, Army Civilians, and Family Members.

As all of you know, it has been a busy time for our Nation's military. We are at war; we have been at war for the past seven-plus years, and that has undeniably put a strain on our people and equipment. In particular, the increased '*wear and tear*' on items ranging from individual weapons to helicopters to combat and tactical wheeled vehicles has taken a significant toll.

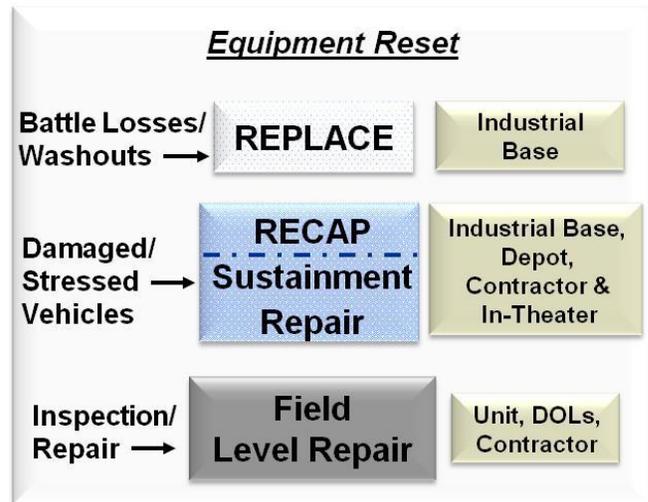
With the generous support of Congress the Army has steadily expanded the productivity and capacity of Army Materiel Command depots to meet our increased maintenance needs in a timely manner. Similarly, the commercial industrial base has surged to meet the requirements we have placed on them. This has greatly enhanced the overall capability and readiness of our Force.

While we are currently conducting operations in Iraq and Afghanistan, we must always be prepared to respond to contingency operations around the world. As our first Commander in Chief, George Washington stated: "*To be prepared for war is one of the most effective means of preserving peace.*" Therefore, the capability and capacity for Reset must continue for as long as we have forces deployed and for 2-3 years thereafter to ensure readiness for the future.

Reset

Reset is actions taken to restore unit equipment to a desired level of combat capability commensurate with the unit's future mission. These actions include the repair of equipment, the upgrading of equipment where feasible and necessary (RECAP), and the replacement of destroyed or worn out equipment.

The Reset program ensures deployed units and Commanders have reliable and capable equipment, whether it is in units, Army Prepositioned Stocks (APS) or Theater Provided Equipment (TPE). Reset ensures that our equipment is at a high state of readiness; the Army is committed to restoring operational readiness of all critical systems and units.



Repair

Repair is the necessary scheduled and unscheduled maintenance of equipment to meet Army standards, and the repair is preceded by an inspection to determine the faults that must be corrected. Equipment repair is accomplished at two levels: field and sustainment level (depot).

Soldier-mechanics perform field level repairs, augmented by contractor labor and installation maintenance activities when required, on or near the installation where the equipment is stationed. The Army National Guard conducts equipment field level Reset at their National Guard facilities, while Army Reserve equipment continues to be Reset at Reserve Component demobilization sites. The Army National Guard's Reset efforts have served us well, in helping to return their equipment to their units as soon as is possible, so as to increase their capability to respond to Homeland Defense and Homeland Security (HLD/HLS) requirements.

For all components, repairs that exceed field level capability are performed at the sustainment level by our Army depots and other maintenance facilities under Army Materiel Command control. Certain items of equipment, as determined by the level of repair required are automatically returned for sustainment level maintenance and do not require inspection.

The retrograde of equipment from theater continues to go well and is supportive of the Army's Reset schedule. And, while we made some adjustments due to operational requirements, we are still on a glide path to fully execute our Reset program. In fact, with the support of Congress we have been able to create some opportunities to accelerate our Reset program. Specifically, we are leveraging our Army Working Capital Fund (AWCF) to purchase repair parts with long procurement times which will accelerate the repair of systems, in some cases by many months, and return equipment to units faster in order to support training and future mission requirements.

Equipment Upgrades / Recapitalization

Recapitalization rebuilds or upgrades equipment to a level that improves the performance capabilities of the equipment and returns the equipment to a "zero mile/zero hour" level with original performance specifications.

The Army's plan to recapitalize major combat systems as part of our Reset strategy will ensure that Soldiers have the required capabilities for the next contingency. These systems include: the M1 Abrams tank, the M2 Bradley Fighting Vehicle, HMMWVs, HEMTTs, and the Kiowa Warrior helicopter. The objectives of the recapitalization process include: extending service life, reducing operating and support costs, enhancing capability, and improving system reliability, maintainability and safety. For example, the HMMWVs that originally deployed to Iraq and Afghanistan without additional armor were an average of 13 years old at the time. As the Army has increased production of better armored HMMWVs, portions of the originally-deployed fleet, mainly M998 series vehicles, have been returned for recapitalization. These HMMWVs have been replaced by Mine Resistant Ambush Protected (MRAP) vehicles in

theater; however, the HMMWVs will be recapitalized to a newer model for use in support of HLD/HLS missions and training.

Since the onset of OIF and OEF, the Army's organic depots have also steadily increased their output while simultaneously increasing efficiencies. In FY 2003, depot workload was 12.5M Direct Labor Hours (DLH). The FY 2009 planned Reset workload is 28.6M DLH; and, given appropriate funding and lead time, the depots have the capacity to increase workload to as much as 39M DLHs per year to address any surge in requirements.

Replacement

Replacement is the procurement of new equipment to replace battle losses and wash outs. Replacement is also the primary means for replacing Reserve Component equipment left in theater to support combat operations. This new equipment is needed to support (HLD/HLS) requirements.

Speed of Reset / Operational Tempo

With the increased demand on our Force and the decrease in dwell time we have taken steps to reduce the time required to complete equipment reset. Equipment is generally Reset (repaired) within 180 days of a unit returning to its home station (51% soldiers returned).

Global demand has required the Army to deploy as many as 26 Brigade Combat Teams at any one time. This places tremendous stress on the Army's deployed equipment in harsh environments, such as Iraq and Afghanistan. In OIF, Army helicopters are experiencing usage rates roughly two to three times the planned peacetime rates. Tank crews early in the war were driving tanks over 4,000 miles per year, a rate that is five times the programmed annual usage of 800 miles per year. The Army's truck fleet is experiencing usage rates that are five to six times the peacetime rates, and the 'wear and tear' has been further exacerbated by the heavy armor kits added to enhance force protection.

This increased operational tempo shortens the useful life of our equipment and demands a much earlier and larger investment in depot maintenance than programmed for peacetime operations. We have steadily expanded the capacity and productivity at the Army Materiel Command's depots and we have also reached out to industry wherever possible to help to meet our increased maintenance needs.

Since the beginning of combat operations we have Reset over 470,000 pieces of equipment, including 2,702 aircraft, 4,622 tracked vehicles, 33,721 HMMWVs (includes reset and recap), 6,550 trucks, 3,819 trailers, 214,484 small arms, and 20,170 generators. In FY 2009, the Army will Reset approximately 98,000 major items of equipment, including 37 aircraft, 4,600 tracked vehicles, 4,700 tactical wheel vehicles, and 39,000 small arms, at the sustainment level; and hundreds of thousands of additional pieces of equipment at the field level.

In accordance with Office of Management and Budget and DoD policy and intent, we rely on contingency funding to pay for our Reset program because Reset addresses damage and wear resulting directly from Overseas Contingency Operations.

The Army is currently balancing equipment needs between theaters and rapidly retrograding equipment no longer required for the fight for induction into Reset. The Army is currently assessing what equipment will be reset to fill additional requirements for OEF, other theater requirements, and what can be sent back for Reset as part of Responsible Drawdown. After the Reset of equipment no longer needed in theater, we will issue the equipment to units to fill shortages and to conduct training or to fulfill Homeland Defense and Homeland Security requirements.

Army Prepositioned Stocks (APS) is equipment that the Army maintains to provide both strategic and operational flexibility and responsiveness to contingency operations around the world. We used equipment and stocks from all five of our prepositioned sets to support OIF and OEF. Currently, the Army is resetting and reconfiguring APS to match the Army modular force design.

The Army has requested Reset funding in the FY 2010 OCO supplemental to be \$11.0 billion with \$3.1 billion in Procurement and \$7.9 billion in Operation and Maintenance. Reset costs for future years will depend on several factors, such as Responsible Drawdown requirements, the level of force commitment, the activity level of those forces and the amount of destroyed, damaged, or worn equipment.

Due to the unprecedented stress placed on our equipment as a result of the war, Reset funding is required for a period of two to three years beyond the cessation of the current conflict. Any Reset requirements that go unfunded in one year will roll over and increase the following year's requirement.

Closing

These continue to be challenging times for our Nation and for our military. With the support of Congress, we have deployed the best manned, equipped, trained, and led forces in the history of the United States Army over the past seven-plus years. However, the fact remains that the prolonged and persistent demand has put a significant strain or '*wear and tear*' on our people and equipment.

I assure the members of this committee that the Army's senior leaders are focused and working hard to address these challenges. In particular, our Reset program remains critical to ensuring our Soldiers have the tools and equipment required to fight and win the wars we are engaged in now – and in the future. Therefore, it is absolutely critical that the capability and capacity for Reset continue for as long as we have forces deployed and for 2-3 years thereafter to ensure readiness for the future.

As we continue this process, we will coordinate with senior DoD officials and Congress to identify both short- and long-term solutions. Your input will continue to be very valuable to us. Mr. Chairman, members of the committee, I thank you again for your continued and generous support of the outstanding men and women of the United States Army and their families. I look forward to your questions.