

Army Talking Points for Operating Under Fiscal Uncertainty

Background. Army Commanders have conducted detailed planning for reduced budgets under fiscal uncertainty. While all accounts are impacted by the potential sequestration, the greatest impact for the Army is in Active Component Operation and Maintenance, Army (OMA) due to compounding challenges that sum to an ~\$18B shortfall. The OMA account funds support to the war in Afghanistan and other operational contingencies; training, exercises and mission support creating unit and Soldier readiness; the base operations support and facilities sustainment of our posts, camps and installations; and Soldier and Family Programs supporting the All-Volunteer Force.

Army's shortfall is an ~\$18B compounding challenge:

- The Continuing Resolution - OMA is \$6B less than required for supporting combat operations, sustaining unit readiness and transitioning from combat operations in FY14.
- Potential Sequestration – The potential sequestration OMA bill is ~\$5.3B on top of the Continuing Resolution shortfall.
- Emerging Overseas Contingency Operations requirements – estimated at \$5-7B to support war operations, primarily for Theater Operations, Transportation for equipment, and subsistence for deployed civilian personnel.

The exigent effect of this ~\$18B OMA shortfall is devastating to training and readiness in FY13 and affects FY14 and beyond.

These cumulative reductions will distress and shock Army installations and their surrounding communities with terminations of temporary and term employees, wide-scale reduction of support contracts with more than 3,000 industry partners, and furlough all 251K Army civilians for up to 22 days.

Bottom Line: Army support for the combat operations, preparedness for those scheduled to deploy, and critical Soldier and Family programs consumes 43% of the annual OMA appropriation. The remaining 57% of OMA funds current and future readiness for unit preparations for future contingencies. The Army will not compromise our support for combat operations or critical Soldier and Family programs. Our uncompromising support for combat operations mandates the ~\$18B shortfall be taken from the 57% of unprotected OMA used to maintain current and build future readiness. Shortfalls of this size, this far into the year, when some of our budget is already spent, will potentially impact 90% of remaining OMA funds, immediately eroding readiness, leaving the Army with fully trained units only for OEF, rotations to Korea and the Global Response Force Brigade Combat Team (BCT).

With the exception of one BCT, all non-deploying or non-forward stationed units (78% of all Brigade Combat Teams) will incur several months delay for required training to meet COCOM requirements. Shortfalls in Professional Military Education/Training means Soldiers will join units without requisite training and preparation. These lost capabilities require years to reinstate and some cannot be reversed. The strategic impact is a rapid atrophy of unit combat skills with a failure to meet demands of the National Military Strategy by the end of this year.

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Actions/Impacts.

Provided termination notice to an estimated 1,300 Temporary/Term employees and directed an Army-wide hiring freeze. Initiated planning for a 22-day furlough of our 251,000 employees. While a last option, furlough is necessary to meet Sequester targets and will negatively impact morale and output of our valued workforce; employees will lose ~20% of their pay. 86% of our civilian workforce works outside of the National Capital Region.

Cancellation of new depot maintenance orders will require an immediate release of ~5,000 temporary, term, and contract employees, mostly in Alabama, Texas and Georgia.

- Economic impact expected to exceed \$2B.
- This reduction delays return to readiness for the over six Divisions in Georgia, Colorado, Louisiana, New York, Alaska, Hawaii, Kentucky, and North Carolina.
- Post-combat equipment repair and maintenance stopped for 1,300 Tactical Wheeled vehicles, 14,000 communication devices and 17,000 weapons.

Funding levels allow readiness focus on forces in Afghanistan, those units next-to-deploy, and the Division Ready Brigade. Diminished available resources drive collective training for all remaining units to squad or platoon level proficiency. Inadequate funding through FY13 will leave our units in a degraded readiness posture and inhibit the progressive build of unit capability to meet early FY14 missions, emergent requirements, and timelines associated with Combatant Command Operational and Contingency Plans.

- Will cancel four of six brigade and battalion level collective combat training events at Fort Irwin, California and Fort Polk, Louisiana for non-deploying units.
- Will reduced support to Combatant Command Exercises and Building Partnership Capacity events; erodes critical partnerships in a complex strategic environment.

Cancellations in Individual Military Training would produce a backlog carried into FY14 and beyond. Army will fall short 513 aviators, ~4,000 Critical Military Intelligence trained Soldiers and will cancel fifteen (15) Field Artillery Training courses. Loss of training is not recoverable and leads to untrained soldiers assigned to units – a negative impact to near term readiness. Impact to the Army is a capability shortfall in Combat Aviation Brigades and other formations.

Cancels all FY13 Restoration and Modernization projects on Army installations. Facility Sustainment is reduced from 90% to 37% to support only life, health and safety requirements.

Reduction in purchase orders to vendors across the country impact ~3,000 companies critical to Army materiel readiness. Of these ~3,000 companies, ~1,100 companies are listed at moderate to high risk for bankruptcy.

Reduction to Science and Technology (S&T) programs affects academic and industry partners across thirty-eight states and the District of Columbia.

Every Army procurement program is affected; reducing quantities by 10% - 15%. These mandated sequester reductions affect more than 1,000 companies in more than 40 states as they reduce their workforces.