



**STRATEGY  
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**UNITED STATES ARMY RESERVE  
EQUIPPING STRATEGY**

**BY**

**LIEUTENANT COLONEL DOUGLAS R. THOMSON  
UNITED STATES ARMY RESERVE**

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USAWC STRATEGY RESEARCH PROJECT

**United States Army Reserve Equipping Strategy**

by

Lieutenant Colonel Douglas R. Thomson

Colonel Otis Elam  
Colonel Terry Belvin  
Project Advisors

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U.S. Army War College  
CARLISLE BARRACKS, PENNSYLVANIA 17013

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## ABSTRACT

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The Defense Planning Guidance (DPG) directs the Army to program sufficient forces to implement the National Military Strategy (NMS). Inherent in the Army's ability to support this strategic guidance is the integration of the Active Component (AC) and the Reserve Components (RC) into a Total Force. Early access of the United States Army Reserve (USAR) combat support (CS) and combat service support (CSS) units is essential. These units are configured into force packages designed to support the warfight. The USAR tiered resourcing guidance is in compliance with Department of the Army equipping policy of distributing equipment to the first-to-fight/first-to-support units. There are three approaches that the USAR is following that impact the equipping of units. This project will look at the three approaches, their differences and similarities and how they help equip USAR units. For the USAR to become a more relevant and strategic force in the 21<sup>st</sup> Century, it must have a coordinated and integrated published equipping strategy that will provide a capable force to support the NSS and NMS.



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## INTRODUCTION

*The policy of "first-to-fight, first-to-equip" requires that all units, regardless of component, be resourced for modern equipment according to the sequence in which they were required to be in place to perform their wartime mission. It is morally indefensible to assign important missions to reserve units in order to achieve cost savings, and then fail to give those units the resources that permit successful performance.*

— The Honorable Stephen M. Duncan, Assistant Secretary of Defense for Reserve Affairs

This research project reviews the current national security policy for equipment acquisition, the Army's Equipping Posture, equipping policy objectives, resources, and the United States Army Reserve (USAR) threefold equipping approach and how they can be tied together into a USAR equipping strategy. The USAR approach to equipping is complicated by the lack of a definitive equipping approach from the National Security Strategy (NSS), the National Military Strategy (NMS), and the Defense Planning Guidance (DPG). The Reserve Component's reliance upon Congress to provide funding for certain items when the services do not has had a direct impact upon the USAR approaches taken in equipping the force.

To understand how the USAR approaches equipping its force one must understand how the United States Government (the Departments of Defense and Army) approach equipping. In 1990 a

NSS for arms acquisition was drafted. An equipment acquisition strategy is only implied in the United State's broad national interests and objectives:

The survival of the United States as a free and independent nation, with its fundamental values intact and its institutions.

People secure and a stable and secure world, fostering political, human rights, and democratic institutions.

Healthy, cooperative and politically vigorous relations with allies and friendly nations.<sup>1</sup>

In 1994, one of the basic objectives of the NSS was having the "U.S. government responsible for protecting the lives and personal safety of Americans, maintaining our political freedom and independence as a nation and providing for the well-being and prosperity of our nation. The U.S. military capabilities are critical to the success of our strategy."<sup>2</sup> Inherent in maintaining a strong defense capability is the requirement for having an acquisition strategy to ensure that all of the Armed services are properly equipped to deal with an ever-expanding role in the world and at home.

In May 1997, the White House published the "*National Security Strategy for a New Century*" - stating:

We must always retain our superior diplomatic, technological, industrial and military capabilities to address this broad range of challenges so that we can

respond together with other nations when we can, and alone when we must.<sup>3</sup>

This strategy highlighted the fact that we must meet the fundamental purposes set out in the Constitution. Today's environment is providing our leaders with abundant challenges and opportunities to provide for a safer, more prosperous tomorrow.

In order to support the NSS, the U.S. Military and the Department of Defense (DoD) developed its Defense Strategy out to the year 2015. "Shaping, responding and preparing" defines the essence of this strategy. In order to meet these requirements, U.S. forces need to be sized and shaped properly, and possess the capabilities necessary to succeed.<sup>4</sup> To achieve these capabilities the services must acquire and/or modernize their equipment.

The Department of the Army (DA) faces many modernization challenges as we move into the 21<sup>st</sup> Century. Timely modernization is essential to ensure future readiness and to adequately equip today's forces for tomorrow. Effective and smart modernization allows the Army to meet these requirements with a smaller, yet more capable and versatile force.<sup>5</sup>

To adequately support the National Security Strategy, the American people expect or demand the best equipment be made available for each of the services to accomplish the mission.

For our forces to have the best equipment available they must have developed an acquisition strategy and a coordinated and integrated equipping strategy. Since the USAR relies on the Active Component for acquisition funding, the development of a stand-alone acquisition policy is not required. For the USAR to become a more relevant and strategic force in the 21<sup>st</sup> Century, the USAR must have a coordinated and integrated published equipping strategy that will provide a capable force to support the NSS and NMS.

### **BACKGROUND**

The USAR has developed approaches, albeit not published jointly, on how to best equip its force for the future. In the past, most of the equipment provided to the USAR was through the concept of cascaded equipment from the Active Component (AC) and through minimal procurement of new items by the AC. This resulted in under-equipped or poorly equipped Reserve Component (RC) units. In 1981, Congress instituted the Dedicated Procurement Program (DPP) to help alleviate the problem for all the RC Chiefs.

Today's USAR is implementing approaches that mirror the Active Army approaches. The 1998 Army Posture Statement states that "the insertion of technology to extend the lives and

capabilities of many legacy systems is an investment priority for the near term (FY 1999 through 2003) out to the far term (FY 2011 through 2020)."<sup>6</sup> Additionally, it states:

The Army's investment priorities for the near term (FY99 through FY03) are attaining information dominance by 2010, sustaining combat capability overmatch, inserting technology to extend the lives and capabilities of many legacy systems, and retiring those systems that are no longer cost effective.

...By re-capitalizing worn or outdated equipment, the Army can maintain the usability and effectiveness of present systems rather than invest in entirely new systems. Re-capitalization also reduces operating and support costs. Examples of this program include the 2½-ton truck, 5-ton truck, and high-mobility, multipurpose, wheeled vehicle (HMMWV).

An important Army modernization goal is better integration of the active and reserve components. From FY 1992 to 1998, the RC will have received over \$21.5 billion in new or transferred equipment.<sup>7</sup>

Today, the USAR has a threefold, non-centralized approach to equipping its forces. First, the largest provider in dollars and pieces of equipment is through the Army's Procurement Appropriation (PA) exhibit (P1) for the RC (P1R). The second way is through the Dedicated Procurement Program (DPP), also known as National Guard and Reserve Equipment Appropriation (NGREA). The third way is through maintaining, sustaining, and modernizing existing USAR and cascaded equipment through the USAR's Depot Maintenance Program (DMP). These approaches need

to be coordinated and integrated to ensure an effective and efficient use of scarce dollars to meet the needs of the USAR.

The Office of the Chief, Army Reserve (OCAR) is the proponent for policy development, researching, and the coordinating staff agency for developing and implementing the Army Reserve's modernization, procurement and maintenance programs. The United States Army Reserve Command (USARC) serves as the USAR's primary functional staff organization, playing a vital role in the development, implementation and execution of these programs.

The P1R is an exhibit to the President's Budget that delineates those Budget line dollars and quantities of major equipment (\$2 million or more) the Army projects it will distribute to the RC from its P1, Procurement Annex (PA) exhibit over the life of the Program Objective Memorandum (POM). The POM normally covers a six-year window but in odd years only reflects a five-year window. Quantities shown in this exhibit are by procurement year and do not necessarily reflect the year of actual distribution.

Fiscal resource decisions, programmatic and priority changes throughout the procurement life cycles further impact the Army's ability to track and submit RC distribution. The P1R does not reflect other sources of RC equipping, such as cascaded or redistribution between components. The P1 is a yearly

updated document. The most recent P1R report indicates \$165.67M of Army Procurement will be used to buy equipment for the USAR in FY99 and \$187M in FY00.<sup>8</sup> Table 1 presents a comparison of funding received through the P1R and DPP from 1981 to the present.

Fiscal Year	P1R	DPP	Fiscal Year	P1R	DPP	Fiscal Year	P1R	DPP
1981	*	25.0	1990	536.7	88.9	1998	87.452	75.0
1982	*	134.73	1991	139.6	71.1	1999	165.67	20.0
1983	*	15.0	1992	195.5	103.7	2000	187.0	
1984	*	15.0	1993	276.5	32.2	2001	182.0	
1985	*	148.85	1994	198.8	123.05	2002	212.0	
1986	*	358.2	1995	101.0	133.0	2003	448.0	
1987	*	90.0	1996	151.3	90.0	2004	123.0	
1988	*	85.0	1997	53.6	113.7	2005	116.0	
1989	100.7	30.0						

Table 1 Comparison of P1R and DPP funding for the USAR (\$ in millions). \*P1R funding not available until FY89.

The purpose of the Dedicated Procurement Program (DPP) is to fix readiness, although proponents concentrate efforts on force modernization equipment. To that end, overall procurement lists address the shortages of Force Package 1 through 4, but fieldings center primarily on Force Package 2 and 3. The DPP procurement list starts with the shortfall requirements of all USAR units under Forces Command (FORSCOM), U.S. Army Europe (USAREUR), U.S. Army Pacific Command (PACOM), and Special Operations Command (SOCOM).

The Army Reserve prepares a listing of prioritized items that is staffed with Department of the Army, Secretary of the

Army (SA) and Secretary of Defense (OSD) staffs. The OSD staff then forwards a RC consolidated list to the Senate Armed Services Committee and the House Armed Services Committee in Congress. Congress, if willing, provides additional funding above the Defense budget in the form of an NGREA Appropriation. This annual process permits both new starts of equipment acquisition and a continuation of ongoing modernization/upgrade programs. Upgrade can consist of procurement of kits with NGREA funding coupled with DMP funding for tear-down and assembly.

The NGREA is the most flexible and direct method for the USAR to effect its equipment modernization. While the future of the NGREA is very much in doubt, it is still a key source for USAR equipment. Currently, rumors in the Pentagon expect the Congress to eliminate NGREA funding by FY01. The Reserve Officer's Association of the US magazine "*The Officer*" states that "there is considerable concern in the Reserve and Guard community that the NGREA is on its deathbed. Some in Congress mistakenly have labeled it as pork."<sup>9</sup>

The level of funding for DPP has decreased significantly in the last three budgets. Congress appropriated \$75M in FY98, down from \$114M in FY 97, and only \$20M in FY 99.<sup>10</sup> This is a move by Congress to force the services to provide equipment to their respective Reserve Components within their own procurement budgets. See Table 1 funding from FY89 until the present for

procurement dollars allocated to the USAR and for DPP dollar amounts from FY81 through the present. The FY99 Defense Appropriations Act provided wording that stipulated \$352M to remain available for obligation until September 30, 2001 provided the RC chiefs, within 30 days after enactment of the Act, submit to the congressional defense committees the modernization priority assessment of their component.<sup>11</sup>

The USAR DMP currently maintains, improves, sustains and modernizes the existing USAR fleet and all items received through cascading from the AC and the Army National Guard (ARNG). The program comprises the following categories of managed equipment: Aircraft (Fixed-Wing and Rotary-Wing), Watercraft, Combat Vehicles, Test, Measurement and Diagnostic Equipment (TMDE), Communications and Electronics (COMMEL), Ground Support Equipment, Tactical Vehicles, Rail, Construction Equipment, Materiel Handling Equipment (MHE), Computer Rebuild, Fleet Condition Assessment and Analysis Program and other. The Depot Maintenance Candidate item list is key to a successful Depot Maintenance Program. This list contains such pieces of equipment as the 5-Ton truck, 2½-Ton Truck, ¾-Ton trailers, to name a few.

From this baseline, a bottom up fiscal requirement build delineates total items effected and dollar requirements. Candidate data reflects the number of items that an appropriated

program can manage. Further, un-resourced requirements (UFR's) must be identified and prioritized by the USARC along with identifying any potential shift of emphasis in established programs.

Using the Depot Maintenance candidate list, existing ongoing and core programs, OCAR develops a matrix that spans all six years of the POM. The matrix is subdivided into categories listed above by Line Item Number (LIN). This depicts the overall and Force Support Package (FSP) 1 & 2 inventories, total required to repair for that specific year, the cost per item, total money required and then the funded and un-funded portions of each as a total and then by FSP 1 & 2 and 3 - 5. The requirements and inventories are verified against the Army Readiness Equipment Model (AREM) and Requirements Validation (REQVAL) databases.

The proponent provides the core program-costing model. Most of the costs for the non-core programs are derived from two processes: an extrapolation analysis of existing programs, and the Fleet Condition Assessment and Analysis Program conducted in conjunction with the Army Materiel Command (AMC) and the U.S. Army Tank-Automotive and Armaments Command (TACOM). These data sheets are verified, validated, updated and improved to ensure that the total program requirements, funded and un-funded, are not exceeded. The data sheets with the funding levels are then

forwarded to HQDA DCSLOG (DALO-RM) for inclusion into the Sustaining Program Evaluation Group (PEG) input for the Army's Program Objectives Memorandum (POM).

## **ANALYSIS**

The Army's objective for equipment acquisition is to use new technology while employing digital technology at every level and keeping consonance through making the best use of available resources to provide a flexible and responsive force. Reaching this objective supports the National Military Strategy by "preparing now" for an uncertain future. The Army Reserve will enhance its relevance while continuing to make an increasingly larger and significant contribution in execution of the National Military Strategy.

The Army's strategy is to equip a capabilities-based Army to achieve full spectrum dominance in prompt and sustained joint operations.<sup>12</sup> This strategy supports Army Vision 2010 through validation of requirements and establishing priorities in investment strategies for the near-term, mid-term and far-term. Additionally, the strategy focuses on the better integration of the Active and Reserve Components.

The Army's overall objective towards modernization of the force is to execute the modernization plan as a seamless,

integrated Total Army, based upon the "First to Fight" and the "First to Support is First Equipped" principles as articulated in the Army Equipping Policy. To maintain the Army as the most capable land-combat force in the world today, support the President's NSS and the NMS established by the Chairman of the Joint Chiefs of Staff, the Army must modernize many of its aging combat and support systems.<sup>13</sup>

The emphasis of the Army's procurement program and its distribution priorities are aspects of the equipping strategy that contribute to shortages in the reserves. Support units have received comparatively less equipment than combat units due to the Army's emphasis on modernizing combat equipment over the past decade. Under the first-to-fight, first-to-be-equipped distribution strategy, most reserves have been assigned lower priorities relative to active forces because of generally later deployment dates. As a result, reserve units often receive equipment later than active units, and some reserve requirements are never filled.<sup>14</sup> Between fiscal years 1981 and 1991, the Army Reserve improved the percentage of its major equipment items on hand to its wartime requirements from 26 to 68 percent.<sup>15</sup>

The redistribution of equipment from the active forces to the Army Reserve and National Guard constituted about 60 percent in FY90 to almost 70 percent in FY91 of all the equipment acquired.<sup>16</sup> From the beginning of FY 98 through the end of FY

01, the RC is programmed to receive equipment with an estimated replacement value of \$4.95B with \$3.08B going to the National Guard and \$67M going to the USAR. See Table 2.

<u>US Army Reserve</u>	<u>New Service Procurement</u>	<u>NGREA (DPP)</u>	<u>Redistribution</u>
Aircraft	0	0	0
Weapons/Tracked Cmbt Veh	0	7162.5	0
Tactical & Support Vehicles	36024.5	74137.5	51517
Commo & Electronics	35903.1	19092.6	8489.2
Other Equipment	21913	127358.4	7169.5
<b>TOTAL</b>	<b>93840.6</b> 24%	<b>227751</b> 59%	<b>67175.7</b> 17%
<b><u>Army National Guard</u></b>			
Aircraft	26013.9	96000	1710629
Weapons/Tracked Cmbt Veh	747512.2	157294	1364043.8
Tactical & Support Vehicles	224116.4	23141.2	0
Commo & Electronics	21849.7	85713.5	3684.1
Other Equipment	46855.7	44453.3	5448.1
<b>TOTAL</b>	<b>1066347.9</b> 23%	<b>406602</b> 9%	<b>3083805</b> 68%
<b>RC TOTAL</b>	<b>1160188.5</b> 23%	<b>634353</b> 13%	<b>3150980.7</b> 64%

Table 2. Army RC Programmed Equipment Distribution for FY 98 through FY 01 (\$ in Millions).

The Active Army's equipping goal is to produce fully equipped, modernized and deployable forces capable of performing as components of a unified command or joint task force. Army modernization is focused on the highest priority units, the first-to-fight/first-to-support units, and leverages our current technological superiority.<sup>17</sup>

General Reimer, in his speech to the National Press Club in September 1998, stated

"The United States Army had six core competencies. The last one, which is terribly important, is the modernization of the force; to be able to have the best equipment, the best weapon systems, the best trucks, the best tanks, the best Howitzers in the world. We have that today, but unless we invest properly in the future, then we will not have that in the 21st century. When you're in the 13th year of declining buying power and you're trying to keep the force trained and ready and also make the fundamental changes that we have to make and improve the modernization effort, you don't get new money, what you're doing is using efficiencies and shifting risk."<sup>18</sup>

The Army continuously balances limited financial resources to support several priorities: maintain operational readiness, modernize equipment, integrate the Active and Reserve Components, and maintain quality of life for soldiers and civilian employees.<sup>19</sup>

The Army in the development of its POM issued guidance to each of the respective 6 Program Evaluation Groups (PEGs). The Equipping PEG's overall goal was "To enable Army Vision 2010 by equipping a capabilities based Army to achieve full-spectrum dominance".<sup>20</sup> To meet the goal objectives and sub-objectives, tasks are outlined to provide specific guidance as to how the Army is to develop its POM.

The Army's RDA budget fell from 23 percent of the budget in 1990 to 19 percent of the budget in 1998. The diversion of

funds from modernization to other imperatives slowed, extended, or canceled many key modernization programs.<sup>21</sup>

Continuous modernization is critical to dominance on the future battlefield and the key to readiness for unexpected challenges of the 21<sup>st</sup> century.<sup>22</sup> The Army continues to modernize the RC along a timeline to ensure that the total force remains inter-operable and compatible.<sup>23</sup>

To achieve the Army's equipping goal, all units will be brought to an S-3 level of equipment on hand. Current USARC policy tells Regional Support Command (RSC) Commanders to bring FSP units to an S-2 level.<sup>24</sup> The S-rating is based on an assessment of equipment fill, S-1 rating is 90% or higher, S-2 is 80-90%, while S-3 is 65-79%. Has the USAR compounded the equipping problem by insisting on a higher standard?

In addition, all units will be equipped with or have access to, at a minimum, that equipment necessary to conduct individual and squad/crew/section level training. Equipment readiness is essential for soldier training at home station, preparation for war-fighting, and performing military operations other than war (MOOTW) for natural disasters in the United States, and for deployments around the globe. Most of the USAR FSP units are already at readiness level 2 or need only special equipment to achieve this level.<sup>25</sup>

The Army's process for distribution of equipment resourcing in Department of the Army Master Priority List (DAMPL) sequence results in significant shortages throughout many USAR units because they are lesser priority claimants. The DAMPL reflects the "first-to-fight, first-to-support" principle but is only the baseline for distribution priorities. Sometimes lower priority units can receive equipment before those that would deploy earlier. The exception to the DAMPL sequence when equipment is distributed or redistributed falls into four categories: Out-of-DAMPL exceptions, force modernization, minimum essential equipment for training program and ready fix.<sup>26</sup>

The USAR prioritization guidance echoes the DA listing regarding the high priority items servicing infrastructure, automation, and individual soldier equipment. USAR readiness is attained through coordination of new fielding, maintenance refurbishment (repair & return), cascading, and utilization of cost effective, commercial enterprise initiatives. USARC, OCAR and HQDA teamwork with military and commercial equipment providers optimizes these programs.

The USAR, in compliance with DA equipping policy, continues to base resource decisions regarding funding, full-time support, personnel management, recruiting, equipment allocation, equipment maintenance, training assets, force modernization efforts, and force planning on tiered resourcing. For resource

purposes, Tier 1A units [FSP units which are early deployers and aligned with combat units (Contingency Response Force)] will receive the highest priority; Tier 1B units [Continental United States (CONUS) Support Base Readiness Enhancement for FSP units] will receive the second highest resource priority; Tier 2 units (2nd MTW CS/CSS Units) will receive the third highest priority, and; lower tiers will receive resources appropriate to their status.<sup>27</sup>

DA, OCAR, and the USARC impact on the equipping plan. DA views the equipping strategy as long range. Through the Total Army Analysis (TAA) process and fielding programs, DA dictates what equipment the P1 will provide to the USAR as a portion of the overall Army buys. The sequence for fielding follows the DAMPL sequence, normally FSP 1 and 2 units.

OCAR Logistics and Force Development Divisions also view the equipping strategy as long range. The Dedicated Procurement Program (DPP) is designed for fielding equipment to lower priority units. However, if DA isn't procuring a specific piece of equipment for higher priority units, DPP can procure that piece of equipment. The Depot Maintenance Program (DMP) is focused on improving readiness of FSP 1 through 5 units.

The USARC equipping strategy is concerned with short-term readiness fixes. The USARC's goal is to fix the readiness of high priority units first, even if it means laterally

transferring equipment bought by DPP or received through other means to fix short term readiness concerns.<sup>28</sup>

Before DA DCSOPS directs the distribution of a piece of equipment to the next unit on the DAMPL such as an USAR unit that needed the piece of equipment when the PIR was developed, DA must verify the need. If, between the identification of the requirement on the PIR and the verification, the USARC has already redistributed equipment from a low priority unit to the unit identified on the DAMPL, DA will skip that USAR unit and move to next unit on the DAMPL. This procedure denies the USAR resources in the long run by not delivering the piece of equipment that was programmed by DA. This situation ultimately leaves the USAR short of equipment and may require the RC to expend funds from DPP. This policy dichotomy puts the USARC and OCAR in a bind.<sup>29</sup> To prevent the continued negative impact of the policy, the RC is seeking to change the tiered resourcing program.<sup>30</sup>

The USAR leads the way for several Army initiatives to upgrade and/or improve equipment. OCAR has developed a "Partnership with Industry" concept that leverages industry and other government agencies in assisting the USAR in its third approach to equipping the force. The OCAR Logistics Division, in conjunction with TACOM, is managing a depot maintenance repair, refurbishment and re-warranty program for the entire

U.S. Army Reserve fleet of Bulldozers (D7Fs) and rough Terrain Cargo Handlers (RTCHs). In this first-of-its-kind program for the Army, dealers are required to pick-up, inspect, repair and return the D7F and RTCH to the unit or storage location. The new rebuild system significantly minimizes the down time for training and deployment of the equipment, while causing no excessive readiness impact on the unit.

The OCAR Logistics Division has developed a Fleet Condition Assessment and Analysis Program to investigate, assess and analyze USAR equipment to measure usefulness, effectiveness, ability to reengineer and the associated costs. Major items of equipment that have been evaluated include: the 3kw generator, ¾-Ton trailer M101A1 to M101A2 and M101A2 to M101A3, 5-Ton Cargo truck to Drop-side, and the M915 Glider kit. OCAR and the USARC, starting in FY 97, developed a Fleet Condition Analysis and Assessment Candidate List (FCAACL) that consisted of 46 candidates. Jointly OCAR and USARC prioritize and cost-out to determine the viability of each candidate for inclusion into the present year and out-year programs. Also, OCAR Logistics Division developed through VSE an Advanced Technology Demonstrator (ATD) using the M915A2, Line-haul Truck, as the platform.

This emphasis on modernizing AC/RC combat forces has further limited equipment flows to RC support units through the

redistribution program. New items that the Army procures also determine what equipment becomes available for redistribution. The primary purpose of Army procurement is to modernize Army equipment rather than maximize equipment fill. The Army's goal is to ensure that as many of its units as possible have the latest, most capable equipment, rather than maximize the number of units having a high percentage of their equipment requirements met.<sup>31</sup> The difficulties encountered in readying reserve support units for Desert Storm and Desert Shield point to the effects of continuing shortages on unit readiness. Clearly, shortages in units with early deployment dates must be viewed more seriously than shortages in units where time may permit the Army to fill shortages.<sup>32</sup>

In the mid-1990's, DA provided equipment permitted the USAR to initiate re-manufacturing and upgrade programs at a lesser cost. To date, DA has provided, the HMMWVs for the Contact maintenance truck program, the HEMTTs for the ICBT program, HMMWVs for the HMMWV repair initiative, and D7F dozers for the rebuild program through RETROEUR. All of this equipment went to fill identified shortages in the USAR.

Institutionalizing the cascading of older equipment is part of the third component of the USAR's equipping approach. Cascading takes equipment and displaces it to the next force segment. During each cycle, the modernization pipeline, in a

relative sense, modernizes the entire Army. This process allows units in the Core Force to always possess the most modern equipment, while the Reinforcing and Strategic Reserve Forces receive relatively modern equipment.

Improvement in the equipment of support units has lagged. The preponderance of the equipment has been fielded to Army National Guard units. Reserve units have been particularly affected due to the heavy concentration of support units in the RC, particularly the Army Reserve. Reviews determined that the Army was procuring insufficient quantities of some types of equipment needed by support units, and for some items it was procuring none at all.<sup>33</sup> The Army tiered modernization program is not to be confused with tiered readiness. As long as training and operating funds are maintained at sufficient levels for all units, the Army will be fully ready. This, in effect, is how the Army has always fought, with some units possessing more modern equipment than others have, but all units trained to fight effectively with the equipment they have.

Because the Army cannot possibly fill all the requirements for a given item, the goal is to establish an equipment priority based upon their war-fighting missions.<sup>34</sup> Where items are short, but not currently in production, the Army could be directed to redistribute equipment from later to earlier units on the deployment schedule, while attempting to avoid reducing

equipment levels below what the Army studies have found to be necessary to accomplish minimum training.<sup>35</sup>

An initiative (9-A) that has evolved from the Reserve Component Equipping-05, Panel #4 on Resourcing is to "Improve AC and RC compatibility of equipment and weapon systems."<sup>36</sup> This can be achieved through the procurement and distribution of new systems that are interoperable. It is possible and often necessary to distribute modern equipment among the RC components to minimize incompatibility when the RC augments and reinforces the AC.<sup>37</sup>

In order to meet the future modernization challenges, more effectively and efficiently, the Army has completed an analysis that looks at itself in the future, from 2010 to 2020. This is the "Army XXI". The "Army After Next" (AAN) process looks to the period beyond Army XXI, when the Army will replace many of the existing but improved systems that will form the core of Army XXI.<sup>38</sup> In order for the Army to become more relevant with the correct capabilities, several hard choices were decided concerning existing and future acquisition programs. The choices analyzed the modernization of the force while reviewing the funding of existing programs and activities at specific levels in order to provide additional funds for modernization without creating a 'Hollow Army.'

## CONCLUSION

The most recent Army POM submission has been consistent with OSD guidance and has sought to maintain readiness and improve modernization in the Army. The Army's strategy has been to modernize the force through a combination of:

1. Replacement through new procurement,
2. Re-capitalization through Pre-Planned Product Improvements (P3I), and Service Life Extension Programs (SLEP)
3. Remanufacture and rebuild to extend the life of the existing fleet while reducing the risk to technological obsolescence.

The Army has done its best to balance near and future readiness. The Army has increased its efforts to streamline the procurement process, establish initiatives, and achieve other efficiencies in order to generate monetary savings. Still, there are limited areas for discretion in what the Army can accomplish.

The Army's recent POM submission (FY00-05 POM) provides the minimum level of funding necessary to fulfill the NSS of shaping, responding, and preparing. However, the Army is concerned with the reductions, which are necessary, particularly in base support and modernization. This decline in available

funding causes the Army to maintain procurement programs at minimum sustaining rates rather than more efficient economic rates. Historically out-year dollars for modernization are decremented as we move closer to their programmed use, to pay for near-term readiness requirements.

As the USAR concentrates on its core competencies and modernizes its CS/CSS equipment, our equipment modernization requirements are rapidly out-pacing the AC modernization efforts. With the USAR representing a large percentage of the Armies support element, we become more relevant to each and every active Army mobilization.

Each of the three USAR approaches -- Army's Procurement Appropriation (PA) exhibit (P1) for the RC (P1R), Dedicated Procurement Program (DPP) and, through maintaining, sustaining, and modernizing USAR equipment -- has merits. Yet, each one done in a vacuum will not achieve a cohesive overall equipping strategy that benefits the most units in the USAR. Each of these approaches alone can only impact a minimal number of units.

Procurement by DA is limited to programmed buys based upon the needs of the Total Army with the lead agencies being Army Operations and the Secretary Level RDA Offices. Most of the funding is placed against combat arms equipment and it's supporting equipment. The approach to equip through the DMP

only provides a modernized piece of equipment that was already in the fleet. It gets you a new "old" piece of equipment. If the USAR continues to receive cascaded equipment, in the condition it has in the past, the equipment will need to go into an upgrade, refurbishment or modernization program. The USAR has limited funding for these programs, around \$50M a year, this being less than 50% of what is required. This \$50M also includes funding of \$9.2M for Aircraft maintenance and under \$12M for yearly On-Call Cyclic Maintenance contract (OCCM) for watercraft.<sup>39</sup>

Although DPP helps the reserves overcome some of the constraints of Army equipment procurement policies; the reserves cannot always use DPP to procure certain critically short items in their units due to economic considerations. Generally, the reserves are unable to use DPP to fill requirements for items not currently under production or required in such small quantities that would make the procurement uneconomical. As a result, DPP procurement is limited to a great extent to equipment with open production lines or equipment currently under regular Army procurement contracts or equipment programmed in the Future Years Defense Plan (FYDP).<sup>40</sup>

## RECOMMENDATIONS

Without the infusion of resources in the Future Years Defense Plan (FYDP), Army capabilities will decline to a RED status before the end of the mid-term. In his readiness testimony to Congress, General Dennis J. Reimer stated

"To balance modernization requirements with resources, the Army needs an additional \$3-5B per year over the long term, bringing the total Research, Development and Acquisition (RDA) account to steady-state \$15-16B in today's dollars."<sup>41</sup>

Congress and the President should take notice and provide these funds to the nation's Army.

To support the National Security Strategy (NSS), the Army along with the other services must ensure an equipment acquisition strategy is incorporated into the NSS. This strategy must support the NSS strategy of meeting our nation's fundamental and enduring needs to protect the lives and safety of Americans; to maintain the sovereignty of the U.S., with its values, institutions and territory intact; and to provide for the prosperity of the nation and its people. This can be accomplished through an equipment acquisition strategy that ensures that the services, based on their requirements with proper resourcing, can accomplish the mission with a smaller, yet more capable and versatile force.

The Army, Army Reserve and the Army National Guard need to have a coordinated and integrated published equipping strategy that supports the goals and objectives of the NSS and NMS. The USAR approaches identified earlier must be coordinated effectively and documented in writing in an effort for all personnel to fully understand the concepts, promote teamwork and guide the Army Reserve in fielding equipment to its force. This can best be accomplished through the coordinated and integrated publication of the Army Reserve's Equipping Strategy, "*Focused Vision*".<sup>42</sup>

The basic concept of this strategy is to focus and maximize resources through intense staff coordination and to enhance the readiness posture, along with the ability to maintain a relevant and viable force to support America's Army in the new millennium.

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