The difference between a soldier and a tourist...
Without ammo the soldier is just a tourist

Courtesy of LTG(R) Roy Beauchamp
Three Key Questions

- Are we
  - **Sustaining** the munitions base?
  - **Modernizing** the munitions base?
  - **Caring** for the current stockpile?

... in a manner that ensures our **soldiers** will not be **tourists** in the future?
Sustaining the Base

- Specialized industrial skills & capabilities are essential
Why Are We Concerned?

- Munitions base not considered in budgeting
- No coordination of service munitions budgets
- Services increasingly procure own ammunition
  - Original intent of SMCA has eroded
  - Loss of CAWF contributed to erosion
Sustaining the Base

These circumstances led to ...

**Episodic demands** for specific products

- Skilled workers released then hired back
- Production lines must be re-qualified
- Quality and responsiveness suffered
- Capital investments difficult

- **Multiple solicitations** from different procurement organizations for same product

Leads to a roller coaster environment for industry
Sustaining the Base

Recommendations

- Level procurements
- Coordinate service ammo budgets
- Restore SMCA procurement authority
- Maximize multi-year procurements
Modernizing the Base

Goal

- Variable rate flexible production
Modernizing the Base

Not A High DoD Priority

- MANTECH does not compete well for funding
- BRAC has inhibited investment

Result?

- Growing dependence on single sources and foreign suppliers
  - Makes current base less robust and potentially less responsive
Examples of Sole Source/Foreign Items

- Links for small and medium caliber
- Cotton Linters for combustable cartridge cases
- Grenade Bodies for submunitions
- Lead Azide
- Black Powder
Modernizing the Base

Why Is Industry Concerned?

- Army has modernization strategy, but funding constraints may prevent implementation
- No disciplined process for modernizing privately-owned base
- Uncertain requirements calls for comprehensive Surge Planning
- Robust MANTECH is essential necessary equipment and processes
Modernizing the Base

**Recommendations**

- MANTECH requires Senior Command Emphasis to compete for funding
- Involve industry in Surge Planning
- Modernization must include both government-owned and private capabilities
- Reliable, steady funding
  - Ammo Procurement Surcharge?
  - Significant Tax Credits?
  - Provide Matching Funds?
Caring for Inventory
**Current Inventory**

- What the **next war** is fought with

- Most ammo has a **shelf life**

- Imperative to know **condition** of stockpile because it **influences** procurement decisions!
Current Inventory

- **Ammunition Management** — Budget Line that funds care of stockpile is historic bill payer

- **Ammunition Management** funded from O&M Appropriation, not Ammo Procurement Appropriation

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Current Inventory

Learn from history

- Ammunition Management funding at **historic low** level 1989-1992

- Stockpile study in 1993 found:
  - **Physical Survey** – **15%** accuracy rate
  - Lot **Inspections** – **51K Lot backlog** (190K Lots Total In Storage)
  - Large Cal Ammo **Tests** – **43%** past due
  - Lot **Substitution** – **63%** of shipments
Current Inventory

OMA UNDERFUNDING LEADS TO

- False sense of security
- Deferral of essential procurements
- Shipment denials
- Inefficient outload
- Stockpile deterioration

INCREASED RISK!!
Recommendations

- Adopt **key metrics** from 1993 Study to Command Readiness Reviews

- Avoid returning to “Bad Old Days” – **Fund Ammo O&M** as fully as budgets allow
Summary

- Three Key Issues — **Sustaining** the Base, **Modernizing** the base and **Caring** for inventory

- Best addressed by **Government & Industry Cooperation**
  - ICAP
  - MIBTF
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