A Resource "Portfolio" View

Using historical ranges to define "balance."

- **Military Personnel**
  - Balance 40-45%
  - 46.3%

- **Procurement**
  - Balance 14-18%
  - 16.4%

- **Sustainment**
  - Balance 3-5%
  - 4.4%

- **Other Support**
  - Balance 2-2.5%
  - 1.6%

- **Chem Demil**
  - 0.7%

- **Facilities**
  - Balance 7-9%
  - 6.4%

- **BOS/Family Programs**
  - Balance 6-7%
  - 5.8%

- **RDT&E**
  - Balance 5-8%
  - 4.9%

- **Training & Ops**
  - Balance 11-14%
  - 13.3%

**2017**
Depot Maintenance surged from 12.5M DLH to 29.9M DLH
Key Issues

• **Reduced Force Structure ≠ Reduced Sustainment Costs**
  • Maintenance costs reflect size of the equipment inventory, not the force
  • Divestiture / Demilitarization will cause short term cost increase

• **Systems transitioning to Sustainment**
  • 37 systems between FY13-17 (e.g. Abrams, Bradley, and Apache)
  • Resulting funding shortfall estimated at $400M annually

• **Post Production Software Support** – Maintains a system’s operational capability through license purchases and software modifications/updates
  • Army has growing density of software-intensive systems
  • Historical growth rate equal to Depot Maintenance: 84%
  • *Projected* growth rate exceeds Depot Maintenance: 105% vs. 19%
The Army will require OCO Reset Funding for 2-3 years after hostilities.
Key Takeaways

- Sustainment Reasonably Funded but 2014/2015 bare watching
- Post Production Software Support a growing concern
- RESET is funded primarily through Supplemental/Overseas Contingency Operations (OCO) funding
- RESET needed 2-3 Years after conflict
Back-up
Depot workload surged to support OIF and OEF; Tracked & Wheeled surge requirements declining, Aircraft & Electronic requirements endure.
FY12 Reset Funding Summary

FY12 Reset Funding
$4.5B

Reset OMA Funding
$4.0B

Reset Procurement Funding
$0.5B

Field Level Reset
$1.7B
- APS $0.2B
- Unit Lvl $0.8B
- STIR $0.5B
- IEWS/Stryker $0.2B

Sustainment Level Reset
- O&M Depot $2.3B
- RECAP $0.0B
- Procurement (Recap) $0.016B

New Procurement
$0.4B

Comments:
- Reset Procurement funding request includes recapitalization for M4 Carbines ($0.016B).
- Reset Procurement Includes $.07B for RC Equipment Replacement and $.07B in support of APS.
- $0.3B for replacement of Battle Loss includes: $.145B Kiowa Warrior, $.035B Apache Block III, and $.011B FHTV
- FY12 $4.5B supports field level completion of 28 BDEs and Depot Level Reset of approximately 100K pieces of equipment

*Figures may not add due to rounding