



Highlights of [GAO-08-669T](#), a testimony before the Subcommittee on Air and Land Forces, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

The high pace of overseas operations is taking a heavy toll on Army equipment. Harsh combat and environmental conditions over sustained periods of time have exacerbated equipment repair, replacement, and recapitalization problems. The Army has also taken steps to restructure its forces before implementing its longer term transformation to the Future Combat System. To support ongoing operations and prepare for the future, the Army has embarked on four key initiatives:

(1) restructuring from a division-based force to a modular brigade-based force, (2) expanding the Army by adding about 74,000 people and creating new units, (3) repairing, replacing, and recapitalizing new equipment through its reset program, and (4) replacing equipment borrowed from its pre-positioned equipment sets around the world. Since 2004, Congress has provided billions of dollars to support the Army's equipping needs.

GAO has issued many reports on the Army's efforts to equip modular units, expand the Army, reset equipment, and manage and replace prepositioned equipment. This statement, which draws largely on these reports, will address (1) the equipment-related cost of these initiatives, and (2) the management challenges facing the Army and the actions needed to improve its implementation of these initiatives. GAO is issuing a separate statement today on the Future Combat System ([GAO-08-638T](#)).

To view the full product, including the scope and methodology, click on [GAO-08-669T](#). For more information, contact Janet A. St. Laurent at (202) 512-4402 or [stlaurentj@gao.gov](mailto:stlaurentj@gao.gov).

## FORCE STRUCTURE

### Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment but the Total Cost Is Uncertain

#### What GAO Found

Restructuring and rebuilding the Army will require billions of dollars for equipment and take years to complete; however, the total cost is uncertain. Based on GAO's analysis of Army cost estimates and cost data, it appears that the Army's plans to equip modular units, expand the force, reset equipment, and replace prepositioned equipment are likely to cost at least \$190 billion dollars through fiscal year 2013. However, these estimates have some limitations and could change. Further, the Army has stated it plans to request additional funds to address equipment shortfalls in modular units through fiscal year 2017. Several factors are contributing to the uncertainties about future costs. First, the Army's \$43.6 funding plan for equipping modular units was based on preliminary modular unit designs and did not fully consider the needs of National Guard units. Second, the Army expects to need \$18.5 billion for equipment to expand the force but has not clearly documented this estimate. Third, costs to reset equipment may total at least \$118 billion from fiscal years 2004-2013 but may change because they are dependent on how much equipment is lost, damaged, or worn beyond repair during continuing operations in Iraq and Afghanistan and how long these operations continue. Fourth, the Army believes it will need at least \$10.6 billion to replace prepositioned equipment that was taken out of storage to support ongoing operations, but this amount is an estimate and DOD's overall strategy for prepositioned equipment has not yet been issued. Given the magnitude of these initiatives and potential for costs to change, DOD will need to carefully monitor the projected costs of these initiatives so that it can consider tradeoffs and allocate funding to balance the Army's equipping needs for the next decade and longer term transformation goals.

A common theme in GAO's work has been the need for DOD and the Army to take a more strategic approach to decision making that promotes transparency and ensures that programs and investments are based on sound plans with measurable, realistic goals and time frames, prioritized resource needs, and performance measures to gauge progress. GAO's work on modular restructuring has shown a lack of linkage between the Army's funding requests and equipment requirements. This lack of linkage impedes oversight by DOD and Congress because it does not provide a means to measure the Army's progress in meeting modular force equipment requirements or inform budget decisions. Oversight of Army initiatives has also been complicated by multiple funding requests that makes it difficult for decision makers to understand the Army's full funding needs. GAO has recommended a number of actions to improve management controls and enhance transparency of the Army's plans for equipping modular units, expanding the force, resetting equipment, and replacing prepositioned equipment. However, many of these recommendations have not been fully implemented or adopted. For example, until the Army provides a comprehensive plan for its modular restructuring and expansion initiatives, which identifying progress and total costs, decision makers may not have sufficient information to assess progress and allocate defense resources among competing priorities.