



Highlights of GAO-07-439T, testimony before the Subcommittee on Readiness and the Subcommittee on Air and Land Forces, Committee on Armed Services, House of Representatives

Why GAO Did This Study

Continuing military operations in Iraq and Afghanistan are taking a heavy toll on the condition and readiness of the Army's equipment. Harsh combat and environmental conditions in theater over sustain periods exacerbates the wear and tear on equipment. Since fiscal year 2002, Congress has appropriated about \$38 billion to the Army for the reset (repair, replacement, and modernization) of equipment that has been damaged or lost as a result of combat operations. As operations continue in Iraq and Afghanistan and the Army's equipment reset requirements increase, the potential for reset costs to significantly increase in future Department of Defense annual budgets also increases. For example, the Army estimates that it will need about \$12 billion to \$13 billion per year for equipment reset until operations cease, and up to two years thereafter.

Today's testimony addresses (1) the extent to which the Army can track and report equipment reset expenditures in a way that confirms that funds appropriated for reset are expended for that purpose, and (2) whether the Army can be assured that its equipment reset strategies will sustain future equipment readiness for deployed as well as non-deployed units while meeting ongoing requirements.

GAO's preliminary observations are based on audit work performed from November 2005 through December 2006.

www.gao.gov/cgi-bin/getrpt?GAO-07-439T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

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DEFENSE LOGISTICS

Preliminary Observations on the Army's Implementation of Its Equipment Reset Strategies

What GAO Found

The Army cannot track or report equipment reset expenditures in a way that confirms that funds appropriated for reset are expended for that purpose. In order to provide effective oversight of the Army's implementation of its equipment reset strategies and to plan for future reset initiatives, the Congress needs to be assured that the funds appropriated for reset are used as intended. The Army, however, is unable to confirm that the \$38 billion that Congress has appropriated to the Army since fiscal year 2002 for equipment reset has been obligated and expended for reset. Because equipment reset had not been identified as a separate program within the budget, it was grouped together with other equipment-related line items in the O&M and Procurement appropriations. With the enactment of the Fiscal Year 2007 Appropriations Act, Congress directed DOD to provide a detailed accounting of obligations and expenditures by program and subactivity group. The Army has established a subactivity group for reset, and, according to Army officials, beginning in fiscal year 2007, the Army has begun to track reset obligations and expenditures by subactivity group. However, based on our analysis, the Army's reset tracking system does not provide sufficient detail to provide Congress with the visibility it needs to provide effective oversight.

The Army cannot be assured its reset strategies will sustain equipment availability for deployed as well as non-deployed units while meeting ongoing operational requirements. The Army's primary objective for equipment reset is to equip units preparing for deployment. However, the Army's reset strategy does not specifically target low levels of equipment on hand among units preparing for deployment. Although deployed Army units generally report high readiness rates, the Army continues to be faced with increasing levels of operational risk due to low levels of equipment on hand among units preparing for deployment. According to the Army's fiscal year 2007 framework for reset and the Army's Force Generation model implementation strategy, the goal of reset is to prepare units for deployment and to improve next-to-deploy unit's equipment on hand levels. However, since the Army's current reset planning process is based on resetting equipment that it expects will be returning to the United States in a given fiscal year, and not based on an aggregate equipment requirement to improve the equipment on hand levels of deploying units, the Army cannot be assured that its reset programs will provide sufficient equipment to train and equip deploying units for ongoing and future requirements for the Global War on Terrorism. The Army has recently begun to track the equipment readiness of returning units and units approaching deployment in an effort to assess the effectiveness of their reset efforts. However, these readiness indicators are of limited value in assessing the effectiveness of reset because they do not measure the equipment on hand levels against the equipment that the units actually require to accomplish their directed missions in Iraq and Afghanistan.