Effects of FY13 Fiscal Uncertainty on Army OMA Accounts

**Actions**

- ~$5-7B Emerging OCO
  - Increased transportation costs delay return of $20B in equipment from Afghanistan
  - Increased in-theater force protection and intelligence systems maintenance
  - Increased demand and transportation costs for food supply for civilian workforce in Afghanistan

- ~$5.3B Sequestration
  - Reduces readiness of >78% of non-deploying brigade combat teams
  - Defers post-combat equipment repair in Active and Reserve units 3-4 years following redeployment
  - Potentially furloughs up to 251,000 Army civilians

- ~$6B CR Shortfall
  - Cancels 4 of 6 brigade combat team training center rotations
  - Reduces maintenance for non-deploying units
  - Reduces depot maintenance workload
  - 5,000 employees released; economic impact exceeds $2B
  - Stops post war repair of 1,300 vehicles; 14,000 radios; and 17,000 weapons
  - Reduces unit flying hours; non-deployers will not maintain air crew proficiency
  - Creates training backlog for aviation and intelligence occupational specialties

**Impacts**

- Significantly impacts equipment and subsequent readiness
- Forces additional tradeoffs between wartime priorities and FY14 readiness
- Erodes training and impacts ability to respond to contingencies and CONPLANs
- Must furlough which negatively impacts each employee in our valued workforce
- Sustains readiness only for OEF, next deployers, Korea Rotational Force, and Division Ready Brigade
- Impacts readiness and degrades training into FY14 and beyond, causing readiness shortfalls
- Shock to valued Civilian workforce and local communities
- 86% of civilian workforce works and lives outside of the Washington Metro area

**Mortgages future readiness in FY13, and enters FY14 “hollow” in Readiness.**

FY: Fiscal Year
CR: Continuing Resolution
PB13: President’s Budget FY2013
Initial Estimate of CR + Sequestration + OCO Shortfall Effects

Army mortgages future readiness in FY13, and enters FY14 "hollow" in Readiness

Immediate Actions

- Hiring freeze imposed, released temp employees and not renew term employees.
- Terminated non-essential contracts, TDYs and conferences.
- Canceled selected institutional training courses.
- Cash flowed In-theater Maintenance OCO bills out of base funds
- Cash flowed Second Destination Transportation OCO bills out of base funds
- Cash flowed National Training Center /Joint Readiness Training Center from Ground OPTEMPO and Flying Hour Program (risk in FY14 readiness for FY13 shortfall)
- Mission Command Training Program not funded to support operations and Civilian pay. TRADOC unable to cash flow.
- $2.5B Contractor Logistics Support not funded in base and/or OCO budget
Initial Estimate of CR + Sequestration + OCO Shortfall Effects
Army mortgages future readiness in FY13, and enters FY14 "hollow" in Readiness
Planned Actions & Risk

• Unable to respond to COCOM contingencies or support COCOM OPLANS without additional funds and additional training time
• Lack of retrograded equipment puts at risk select capability generation (e.g. C-IED, ISR, base defense) for 3+ years
  • Only OEF deploying units, other assigned units (Korea) and Division Ready Brigade conduct necessary training.
  • All others execute very limited collective training no higher than squad level. In 1st quarters FY 2014, 78% of non-deploying, non-forward deployed brigade combat teams (BCTs) are not ready for contingencies without significant preparation
• Unable to support operations outside of OEF (OBSERVANT COMPASS, PATRIOT support to NATO)
• Lack of funds infringes on ability to meet growing cyber defense needs
• Reduced support for Soldier and family programs:
  – unable to meet SHARP (Sexual Harassment / Assault Response and Prevention Program) goals,
  – Yellow Ribbon Program reduced
  – Soldier Family Assistant Centers and Army Substance Abuse Program funding reduced
• Will not meet second destination transportation (SDT) goals for retrograde - places Afghanistan retrograde timeline in jeopardy and delays reset of $20B in post-war equipment needed for future contingencies.
• OEF In-theater Maintenance executing higher than budgeted; cash flow at high risk due to reduced other Army sources.
• Reduced contract logistics support for C-IED, ISR and Aviation in support of OEF operations puts at risk enabling capabilities in support of OEF; inhibits new capability generation; and reduces new Soldier equipment by 50%
• Army support to Joint Exercises reduced: 5+ exercises canceled (e.g. KEY RESOLVE), all non-OEF BCT mission command canceled. Impacts joint proficiency
• Reduced unit Flying Hour Program, non-deploying units will not have the resources to keep all authorized crews proficient. ARSOUTH Interagency Counter Drug missions severely hampered; impacts strategic partnerships
• Professional Military Education courses reduced at all levels (officer, NCO, active and reserve). Backlog created, unknown when will be cleared. Impacts ability to maintain grade structure and future readiness; impacts Army commitment to capturing lessons learned in war and building strength in the Professional Force for military and civilian personnel
• Selected Initial Military Training courses reduced/canceled.
  • Reduced flight school starts, backlog grows to 500+ students and will require 2+ years to recover
  • Initial Military Training for certain specialties will be canceled (e.g. Artillery and Military Intelligence); Drill SGT and Advanced Individual Training Platoon Sergeant Courses reduced
• Critical Directorate of Logistics services provided throughout Army Installations significantly reduced or terminated. Reaches potential mission failure for posts with no manpower to divert to these functions (e.g. training installations)
• No new depot maintenance orders issued beyond January.
  • Affects 6 Divisions and ancillary units in Alaska, Colorado, Georgia, Hawaii, Kentucky, Louisiana, New York, and North Carolina.
  • 1,300 tactical vehicles, 14,000 radios, 17,000 weapons;
  • SDT shortfall creates backlog of 3+ years
  • Release ~5,000 depot temporary, term and contract employees
  • Impacts 3,000 Companies; 366 high risk, 742 medium risk of bankruptcy
• Without reprogramming authority, multiple commands at risk of not supporting payroll even after 22-day furlough
• 21 of 26 Army major acquisition (ACAT 1) programs potentially incur significant Nunn-McCurdy breaches
  • Affects 300+ contractors, 1,000+ suppliers and more than 40 states
  • Increases unit cost in some programs 10 percent, delays up to 18 months
• Installation operations at high risk: Facilities Sustainment reduced from 90% to 37%, servicing only life, health and safety requirements. Cancelled all Restoration and Modernization projects. Critical impacts are the West Point Cadet Barracks and the Training Barracks Upgrade Program; stops energy and environmental projects, European transformation projects postponed