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U.S. Army Officials Hold News Briefing on President Obama's Proposed Fiscal 2015 Budget Request for the U.S. Army

LIST OF SPEAKERS

DYSON:

Good afternoon, everyone.

This afternoon, Mr. Davis Welch and I will present the Army fiscal year 2015 budget request. Our presentation will highlight the Army's priorities and challenges in this environment of rapidly declining budgets.

Today, the Army remains at war with more than 66,000 U.S. Army soldiers deployed in contingency operations around the world. Of those -- of those, 32,000 soldiers are supporting operations in Afghanistan.

This budget begins to implement the emerging post-war strategy which decreases funding as the Army draws down. In this drawdown, the Army is drawing down our budget and our forces while we remain deployed in support of war operations.

First chart, please.

The Army's strategic vision and priorities are depicted in this chart. The Army continues to provide premier expeditionary decisive land forces, prepared for a broad range of military operations in support of combatant commanders defending the nation and its interests at home and abroad.

And I should have said to you, I hope everyone has picked up a package. We have packages for you that contain the briefing charts and contain a handbook with the numbers and quantities and dollar amounts that we probably are not gonna cover in the content of our briefing.

Army operations have and continue to develop the capacity and the capability to prevent conflict, to shape and set theaters of our geographic combatant commanders, and, if necessary to win decisively in a sustained major combat operation.

The three roles of the Army -- prevent, shape and win -- are interconnected and have guided the Army for several years. These roles are directly nested with the three pillars that was just described in the quadrennial defense review.

Prevent is about building credibility through capability and capacity of readiness and modernization. Shape is about strengthening and sustaining military relationships around the world. And, finally, win is -- ensures the readiness to win the nation's wars when deterrence fails.

There are five strategic priorities supporting the vision that I'll discuss on the next chart. The chart is titled "Budget Themes," but it really reflects the Army's priorities.

First, building adaptive leaders places emphasis on growing the intellectual capacity in our soldiers and our civilians to understand the complexities of the contemporary security environment of the future, so that they are better able to lead the Army, to lead joint forces, interagency and multinational task forces, and teams.

Secondly, a ready and modern Army is the result of the Army's ability to provide the required capacities and units and the requisite capabilities to rapidly deploy, fight, sustain and win against complex state and nonstate threats.

To sustain readiness within a declining budget, the Army is reducing its size and prioritizing where its money is spent. The Army is building readiness at higher levels inside of a contingency force, while all others not designated into the contingency force, will not be funded to achieve full readiness. And this is outside those forces that are directed to directed forces.

The Army strategy and geographically aligning units in direct support of combatant commanders has been very successful in the role of shaping around the world.

This regionally aligned force concept provides scalable, tailored force packages and units who build and sustain regional, language, cultural knowledge and build relationships through a wide range of exercise participation.

Starting with AFRICOM in 2013, this strategy will continue to expand to other geographic regions, including the Asia-Pacific. Where modernization is concerned, the Army is taking risk in investment accounts and in facilities in order to prioritize funding on the building of near-term readiness.

Commitment to our Army profession renews the foundation of Army strength through values, character and commitment. The Army Ready and Resilient campaign is a collaborative, holistic approach that links soldier resilience to unit readiness. It includes several initiatives where funding increases inside of the F.Y. '15 budget include -- including the sexual harassment, assault response and prevention, comprehensive soldier and family fitness, and suicide prevention.

Maintaining the premier all-voluntary Army reflects a priority on sustaining critical soldier and family programs, quality of life on Army installations and incentivizing the highest quality of soldiers and civilians to remain on the Army team.

The F.Y. 2015 budget reflects these priorities inside the parameters of affordability under current budget constraints.

Next chart.

The Army's base budget trend has declined since 2010, both driving and deriving from a reduction in end-strength and force structure, while prioritizing near-term training over long-term investment. The overall total budget reduction between base and OCO from a peak in 2008 reflects declines in OCO commensurate to reduced war operations.

The bars through 2013 reflect actual execution. The 2014 bar reflects the enacted budget at \$122 billion in the base, with a caveat for \$3.1 billion that was shifted from base to OCO. And then the 2015 budget request is \$120.5 billion.

The F.Y. '15 OCO budget is not submitted at this time, as Mr. Hale said earlier, but is clearly needed to support the operations in Afghanistan and of the re-set of equipment returning from theater.

Next chart.

This chart reflects the budgetary pressures in the base budget over the last three years. The Army received \$135 billion in F.Y. '12, which is the same amount that we requested in the budget request for F.Y. '13. F.Y. '13 was a very difficult budget year with the implementation of sequestration, a stark reduction that reduced the base budget buy more than \$7 billion for the Army.

The Army also overcame a shortfall in the overseas contingency operations fund, OCO fund, that forced actions to curb spending in order to fund operations in Afghanistan until a solution was achieved later in the year. The

Army canceled seven combat training center rotations, furloughed civilian employees, and implemented a hiring freeze, and deferred maintenance and sustainment of equipment and facilities.

The prescriptive nature of sequestration impacted every procurement and RDT&E program. The end result was that we entered F.Y. '14 with minimal BCTs fully read above those that were deployed, next to deploy, focused on Korea, or in the global response force.

F.Y. '14 appropriations total \$122 billion in base, with a caveat of the \$3 billion that was shifted from base to OCO, reflecting the bipartisan Budget Act caps and continuing to decline Army funding over time. The predictability that the funding affords us is helpful in establishing planning lead times to rebuild readiness that was lost in F.Y. '13.

However, the Army is still reducing to budget declines occurring faster than we can draw down. And therefore, the funding focus is on readiness on select units, not on all units. The F.Y. '15 budget request is the first one that's been built under known budgetary caps. The budget reflects difficult decisions to accelerate the drawdown in end-strength, to prioritize near-term readiness, and to take risk in modernization and facilities.

While the Army's guiding principle is keeping balance among readiness, end-strength, and modernization, the Army is not in balance in F.Y. '15.

Next chart, please.

The F.Y. 2015 base budget request of \$120.5 billion is comprised mostly of funds needed to support people and training that builds near-term readiness. Military personnel costs for all components comprise 46 percent of the budget. Civilian personnel provide capabilities to generate the Army, and comprise 20 percent of the Army's base budget. In F.Y. '13, the Army reduced 16,000 civilians and is continuing to analyze future adjustments in light of the drawdown beyond F.Y. '15.

Besides the drawdown in personnel, the Army is taking other actions to reorganize, to realign and to restructure forces to be able to live within affordable limits. The brigade combat team reorganization enhances brigade combat power by adding a third maneuver battalion to 47 BCTs, brigade combat teams, while it reduces the total number of brigade combat teams to 60 across the total force.

DYSON:

The Aviation Restructure Initiative will generate savings by digesting older aircraft that is more expensive to maintain, by reducing active component aviation brigades and restructuring aviation formations to achieve a leaner, more capable force that balances operational capability and flexibility across the total Army.

In research, development and acquisition accounts, they will continue to decline in 2015 to match the force structure reductions. Mr. Welch will talk about the changes that we are planning in the global combat vehicle program, divestiture of aircraft and the network.

All are capabilities that are critical to the Army but are taking risk under declining budgets.

Next chart.

Each of the next charts will depict Army appropriations, beginning with military personnel. The base budget funds an end strength of 490,000 in the active force, 350,200 in the National Guard and 202,000 in the Army Reserve. This end strength is accelerated by two years from what had been planned to be achieved in F.Y. '17. The active end strength funded in the base budget at 490,000 is the same as in F.Y. '14, with the strength that is above 490,000 being funded in OCO.

The F.Y. '15 budget implements compensation adjustments as was described earlier, which includes a 1 percent pay raise, the first year's increment of an increase in out-of-pocket expenses for basic housing allowances and a 3.4 percent adjustment for subsistence.

Recruiting and retention declined in F.Y. '15 by an aggregate 8 percent across the total force, due partially to the expiration of anniversary payments and declining bonuses in the active and the Army Reserve forces.

The active force will continue to use force-shaping boards and temporary earlier retirement authorities in order to meet the accelerated end strength declines in 2015.

Next chart.

The operation and maintenance appropriations fund training and operations that build and sustain readiness across the total force. It funds functional and professional training to build adaptive leaders for an uncertain environment and funds soldier and family programs that support sustaining the all-volunteer force.

The Army anticipates 19 combat training center exercises in F.Y. '15. These exercises are the key culminating live fire exercises that validate brigade combat team readiness in the decisive action full- spectrum combat operation -- operational capabilities.

This budget requests -- seeks to sustain readiness achieved in F.Y. '14 with priority for forces in Korea, the global response force and the Army contingency force that includes associated enablers.

But for those units who are not assigned to one of these categories, including the contingency force, training is expected to reach only to company level in some cases and in some select cases to battalion level.

The Guard and the reserves are funded to individual crew and squad level and ground op (ph) tempo in F.Y. '15. Funding supports operations in the Pacific in the fielding of cyber protection teams and the continued support to the geographic combatant commanders under the regionally aligned force concept, which it's very important to the prevent and shape roles of the Army and to the overall defense strategy.

Funds are provided for operations at 152 Army installations across all components for soldier and family programs, depot maintenance and facilities sustainment.

The focus on training exerts risk in other areas of readiness that are funded here, such as depot maintenance, installation support and facilities sustainment.

Funding across programs associated with the ready and resilient campaign are increased by 46 percent in F.Y. '15, demonstrating the Army's continued priority to take care of soldiers, families and civilians in areas that include sexual harassment, assault response and prevention, transition assistance and comprehensive soldier and family fitness.

The Army's bipartisan budget agreement compliant request for 2015 in the research, development and acquisition appropriation reflects the Army's need to rebalance readiness, current force structure and modernization within the constrained resources. In the near term, the Army's RDA accounts are reduced by taking risk, relying on significant prior year equipment investments and by leveraging the Army's current equipment posture in order to direct dollars toward near-term readiness.

At this point, I'll turn the briefing to Mr. Welch to talk about our RDA accounts.

WELCH:

Two consecutive years of fiscal constraints required the Army to significantly shift funding profiles within the portfolios to best position the Army over the long term.

Major shifts included emphasizing on the most modern and capable helicopters, maintaining S&T funding at levels to mitigate risk for the Army of 2020 and beyond, deferring development to the ground combat vehicle, discontinuing the Kiowa Warrior cockpit and sensor upgrade programs in line with the aviation restructure.

The Army's 2015 modernization request reflects hard choices required to fit under the bipartisan budget agreement.

In order to best describe the Army's modernization strategy, I'll transition from an appropriation view and discuss in greater detail eight of 17 investment portfolios. These eight portfolios comprise the preponderance of the F.Y. 2015 president's budget RDA request.

The Army is requesting \$20.1 billion in 2015, which represents a 6.1 percent reduction from the F.Y. 2014 enacted level and a 17.3 reduction from the F.Y. '13 sequestered level. The Army is requesting a -- correction, next chart.

I'll lead off with the soldier portfolio to reflect its importance to the Army. The objective is to enhance the soldier for broad joint mission support, empowering enabling squads with improved lethality, protection, and situational awareness.

To orient you to the modernization presentation, each chart begins with a brief summary of the programs funded, the amounts funded, and where applicable, the quantities requested. I would like to mention at this time that the investments we are discussing today are distributed across the entire force, both active Army, National Guard, and U.S. Army Reserves.

Each slide includes a pie chart with the 2015 RDA request divided in proportion to its share of the portfolio. As you can see, the soldier portfolio includes four percent of the Army's 2015 RDA request. The table shows a comparison at the appropriation level for the portfolio's resources from the 2014 enacted to the 2015 requested amount. Also included is a bullet or two that highlights the focus of science and technology within the portfolio.

Finally, the banner at the bottom encapsulates the portfolio's objectives. For F.Y. 2015, we continue to procure the next generation enhanced night vision goggles. Quantities will go to the special operations forces and the global response forces. Soldier portfolio includes spending to continue the low-rate initial production of net warrior / soldier (ph) worn equipment, and this will be issued to our ready forces during capabilities and fieldings.

Our request continues the purchase of the M4A1 carbine, which is the Army's primary soldier weapon, and we'll convert existing M4s to M4A1s, providing, among other aspects, heavier barrels for extended life, and ambidextrous controls.

Next chart. Shrinking budgets and the possibility of sustained Budget Control Act funding levels in the out years drove the Army to reevaluate a strategy in Army aviation. As a result of a comprehensive aviation review, the Army decided to restructure its aviation formations to achieve leaner, more efficient, and capable forces that balance operational capability and flexibility across the total force. In the end state, which is 2019, the restructure will reduce the number of aviation brigades by three in the active component, while restructuring aviation brigades to optimize their efficiency and utility at home and abroad.

Reserve components retain their 12 aviation brigades, but will be restructured and optimized for assault, lift, and medivac missions. The National Guard will retain its current UH-60s, CH-47s, and UH-72 Alphas, while garnering an additional 111 UH-60s to enhance their medivac and lift capabilities. All National Guard H-64s will transfer to the active component.

The initiative divests single-engine rotary wing aircraft from the Army's inventory. So, the Kyowa (ph) warriors, both A, C, and D models as well as the TH-67 trainer helicopter will go out of the inventory. And what that does is it allows for a streamlining of the initial entry rotary wing training. And every aviator that is trained will be trained on the UH-72 Alpha.

The H-64 E will fulfill, in a temporary aspect at least, the armed aerial scout mission, leveraging a level four manned, unmanned capability with unmanned aerial systems.

Next chart. The air and missile defense portfolio provides crucial capabilities, from defense of the brigade combat team to the homeland. And based on a growing and increasingly sophisticated threat, combatant commanders demand for Army air and missile defense is strong and growing.

Nine of the 15 Patriot batteries are currently deployed protecting U.S. forces, critical assets and U.S. strategic interests. Our 2015 air and missile defense request reflects this demand and a sustained level of funding.

The Army's 2015 request provides for 70 Patriot MSE missiles, much needed product improvements to the Patriot ground system and radar, better digitized and integrated command and control of an improved counter-mortar, counter-UAV protection.

Next chart.

The 2015 P.B. request reflects the decision to conclude the ground combat vehicle after the technology develop phase as the program was no longer affordable under budget constraints. While a new infantry fighting vehicle remains an Army priority, in the interim, the Army will continue to fund technology maturation after it's in deferred development of (sic) the infantry fighting vehicle until resources become available.

The Army's vehicle modernization strategy is focused on modernizing and sustaining existing platforms, replacing obsolete platforms and developing advanced capabilities to inform future requirements.

The Army is fully committed to develop the armored multi-purposed vehicle as the replacement for the M-113. An engineering, manufacturing and development contract award is planned for 2015.

The 2015 president's request includes funding for the Army's proven platforms, the Abrams, the Bradley and the Striker and through incremental improvements using engineering change proposals, the plan is to increase force protection, ensure required mobility and enable the network returning size, weight, power and cooling lost over the last generation.

Included in our request is the first procurement of funds for the JLTV, the Joint Light Tactical Vehicle. Funding will provide for 176 vehicles and a low rate initial production.

Next chart.

The indirect fires portfolio discusses -- or focuses on enhancing the Army's precision and near precision of indirect fire capabilities in four areas: Precision sensors, delivery platforms, munitions and field artillery command and control systems.

The 2015 president's budget request enhances organic precision fire capabilities of the in fleet brigade combat team with the continued procurements of the TPQ-53 mobile radar and the retro-fitted initial production systems.

This request continues development and procurement of precision munitions, guided MLRS and atakums (ph). The 2015 request sustains the modernization of the M-119 towed Howitzer through the procurement of 71 digital fire control systems and a re-designed recall system that'll enhance survivability, lethality and provide more responsive fires to the infantry brigade combat teams.

Next chart.

The intelligence portfolio incorporates key components of intelligent (sic) collection, exploitation and analysis across four primary layers: Foundation, terrestrial, aerial and space. The goal of the portfolio is to fully integrate four intelligence capabilities: Signals intelligence, counter-intelligence, human intelligence, interrogation and source operations, geo-spatial intelligence and including full motion video.

Because of fiscal constraints, the intelligence portfolio modified its procurement strategy. The request reflects taking minimum risk in its aerial assets, including investments in key assets such as Gray Eagle, EMARS (ph) and Raven. And F.Y. 2015 is the final fielding of Gray Eagle.

The request reflects risk through reduced fieldings of unmanned sensors to the Gray Eagle, but it does provide for tactical sigint payloads and common sensor payloads for Special Operations forces and aerial exploitation battalions.

The 2015 P.B. request accepts risk with the distributed common ground sensor army as reflected by greater time between software releases and decreased hardware refresh cycles.

Next chart.

The mission command portfolio resources the operational segment of the network which supports the Army Joint Coalition and inter- agency operations, enables communications between the foxhole and the cloud.

Connecting the soldier to the network remains a critical component of our overmatch capability.

WINTEE (ph) consists of three active increments. In this request, increment three is completed in the high-band wave form and common net-ops tools for integration.

The sole on the -- on the move development fielding is being deferred because of affordability.

The Army continues to invest in its network of tactical radios which provide voice and data capabilities to our soldiers and platforms. The mid-tier networking radio development and procurement supports testing for future decisions. The cumulative manpack radio (ph) supports integration and fielding capabilities set 16 (ph) and the procurement of the rifleman radio (ph) supports net warrior fielding to the dismounted leader.

Investment in the command post common environment helps ensure operations intelligence networks integrations, and will fundamentally change how we buy hardware and develop software.

And within this (inaudible) there are two network integration evaluations, also.

Next chart?

Our requests for science and technology resources maintain the level of effort requested in 2014 while ensuring a robust effort to maintain our tactical overmatch now and in the future.

Now, the S&T program continues to identify and harvest technologies suitable for transition into the force. Its aim is to eliminate the potential for strategic or tactical surprise and remain ever vigilant to the potential of emerging technologies that could be used by the threat.

Next chart. Other RDA portfolios, I won't go into any great detail and outline the remaining nine portfolios, but rest assured, they, too, are extremely important to our investment strategies.

For F.Y. 2015 in aggregate, these remaining portfolios represent an 18 percent decrement over the enacted F.Y. '14 amount. There's only two portfolios that actually grew, and that's the business systems, which is a 62 percent increase, and it fully support the Army's enterprise resource programs. And in this case, the increase, 95 percent of that increase, is attributable to the integrated personnel pay Army system and increment to IPSA (ph).

Now, the other portfolio that grew was sustainment, and it's an 18 percent increase; 65 percent of that increase is for a service life extension program for the palletized loading system.

DYSON:

Thanks (inaudible).

The F.Y. '15 budget funds the Army's most critical facility needs while taking risk under the budget constraints. While this level of funding is less than our pre-war levels, the Army recognizes the need to await final end-strength and force structure decisions that will continue to shape the post-war environment.

This request includes new construction of 123 Army family housing units. The BRAC funds support environmental restoration and conveyance of remaining properties closed under previous BRAC rounds. To date, the Army has conveyed 233,000 acres, or 75 percent of all of BRAC property.

The Army is concerned about the excess infrastructure capacity as the force draws down. The capacity that will take sustainment funds in order to maintain it from other priorities.

And for this reason, and to align the infrastructure with declining forces, the Army supports another BRAC round in 2017.

Next chart, please. The other accounts that the Army supports reflect increasing budgets and accounts that are executed either through the Army or for which the Army has some responsibilities.

The funds for Arlington National Cemetery support salaries and Arlington National Cemetery expenses, but they are (ph) being to the Budget Control Act levels.

JIATF funding establishes core base operations, and the CANDIMIL (ph) is a pastor account to the Army.

Next chart. I want to touch just briefly on the Opportunity, Growth and Security initiative, which, for the Army comprises -- is consisting of \$7.5 billion of the overall \$26 billion that Mr. Hale (ph) talked about.

The F.Y. '15 budget does allocate funds to meet Army priorities of drawing down. We are reorganizing, restructuring and realigning the force, as we've been talking about. And we are reducing investment for future readiness.

There's risk in both the near-term readiness and there's risk in the long-term readiness in modernization.

What this fund does for us is it helps us to close the gaps in known shortfalls in building near-term readiness and facilities and equipment sustainment, some modernization programs, as we continue to work towards building balance.

What it does not do, though, is it does not allow us to achieve balance across end-strength, modernization and readiness in F.Y. '15.

Next chart, please.

This is my last chart, and I just want to close by saying that the Army budget, the F.Y. '15 budget I think you have been able to see is a focus on the near term, with funds that achieve end-strength drawdown by the end of '15, and a force structure reduction, and a restructuring of some of our formations that bring us back into balance, but back into balance over the long term.

Under the president's budget, the Army will not begin to establish balance among readiness, end-strength, and modernization until after F.Y. '16, and does not expect to achieve balance that includes the equipment, installation infrastructure, and modernization to replace aging equipment until F.Y. '20 or later.

So this concludes my formal presentation. And Mr. Welch and I are happy to take your questions.

MODERATOR:

Sidney (ph), you have the first question.

QUESTION:

Thank you very much.

General, Sir, if I understand the Army contingency force correctly, basically this is what we call tier readiness, right? I mean, this is -- so, you know, what happens with the units that are not in this? You mention they have much lower levels of training. Those guys are not going to NGC, it sounds like, or to CTCs. Is that correct?

DYSON:

That's correct.

QUESTION:

And are they getting -- are they also -- I notice that when you talked about the night vision devices, those are getting prioritized for SOF and Global Response Force. So are these brigades -- the (inaudible) are not in the active contingency force also going to have little priority for modernization equipment?

DYSON:

Well, certainly that is the concern in achieving balance over the long term. Under tiered readiness, as we start to draw down, you know, what we want to do is we want to prevent a hollow force. And in order to do that, we have to make sure that we align our force structure with the numbers of soldiers that we have in our end- strength, and align that to our training strategy.

So, there will be some imbalances as we -- we move through that process. And certainly, those in the contingency force will be prioritized for combat training center rotations to validate their collective training. Others will be optimized for training at home station and -- until we can bring the Army back in balance.

But that is the crux of the concern that we have right now for readiness across our forces.

QUESTION:

Is there going to be a tiered equipment readiness as well, though -- priority modernization of things like night vision, like the network, like ECPs for the vehicles?

DYSON:

Well, I think right now the -- the Army is -- has a very strong posture in the amount of equipment that we have across our forces. And so we're not really starting at scratch. You know, our equipment on-hand and the state of that equipment that we have in our units is pretty strong. So that allows us to take some risk in fielding of new equipment in some of our units across our formations.

QUESTION:

But not ACF units?

DYSON:

Right.

QUESTION:

And do you have a sense of how many brigades are in the ACF?

DYSON:

Well, I think that's still being considered by the Army as we build the F.Y. '15 strategy. But it would contain both brigade combat team formations and enabler forces, as well as the theater brigades and multifunctional brigades that support the brigade combat teams in operations in geographic regions around the world.

(CROSSTALK)

QUESTION:

General, I had a question for you, and then a question for Mr. Welch, on the ground combat vehicle.

General, I asked Mr. Hale earlier about this notion that's in the media -- in a lot of media accounts of taking the Army down to 440,000, would be the lowest levels since pre-World War II. And the sub-text is, we're being gutted. As a professional soldier and programmer, is that a relevant, useful historical comparison?

DYSON:

Well, I think, you know, what the Army is doing is analyzing the force structure that can be built out of that level of end-strength, toward what the strategy asked us to do in support of the nation. So, you know, as a comparison to, you know, decades ago where our equipping posture was different and the technological capability that we have is different, I'm not sure, you know, how one- for-one a comparison can really be relevant.

But I think what is important is that we really get about the business of understanding what is the right level that the nation needs the Army to be in order to support the defense strategy.

QUESTION:

Mr. Welch, we were told by Mr. Hale in passing that the ground combat vehicle was canceled, or terminated because it was too heavy for what the Army wants to do -- the missions. You're saying it was for affordability. It can't be both, or is it a blend of both? Can you square the circle?

WELCH:

We -- we funded the ground combat vehicle up to through the tech-development phase. And looking forward on what we needed to do to finish out the engineering, manufacturing and development phases and going in to actual production, and looking ahead at what our fiscal landscape is going to be looking like well into the future. It was clearly an unaffordable.

Now, having said that, we -- we had issues achieving the -- the objective criteria that we wanted to have with the ground combat vehicle, but that was not -- that was not the reason for termination, it was in a -- it was a fundamentally, a financial...

QUESTION:

Was weight an issue -- the issue? Irrespective of affordability?

WELCH:

I don't know, myself. I can find you the answer.

QUESTION:

That would be helpful, just to be transparent about the reasons why. OK. Thank you.

WELCH:

Next question.

QUESTION:

Coming back to the ground combat vehicle. The science and technology part of the presentation singles out the \$131 million for what appears to be a -- a GCV-like follow-on project. Can you tell us how much of that money is going to have a relationship with -- with competitive opportunities for industry and how much is going to be sort of government research work, or what role the -- the current primes would have in any follow-on here for this opportunity?

WELCH:

You're talking in the science and technology portion of it?

QUESTION:

On page 17, it says, "combat vehicle prototyping and active protection survivability, \$131 million." That's the amount that's sort of being put toward to follow-on a GCV effort?

WELCH:

That's -- that's the amount of work being, looking at what -- what is technically feasible in the development of that technology. It's not at a stage, in the science and technology, at a stage of going out and soliciting for -- for requests for proposals from -- from vendors.

QUESTION:

So that would be sort of government-based research to -- to do the GCV follow-on work?

WELCH:

Yes. To the infantry fighting vehicle follow-on work.

QUESTION:

Is there anything in this budget that would represent competitive opportunity for your two current primes in GCV to come back in and show you what they have in terms of these technologies, or is there no follow-on planned with them in this budget?

WELCH:

With the 2015 president's budget, there is no follow-on work. There's no work planned for a ground combat vehicle. There is work for the development of future technologies to meet objectives, to meet requirements, but to physically model and develop a -- a specific or -- or prototype vehicles, that is not...

QUESTION:

But does that work involve contracting your primes or does that work involve the Army research lab and the RDX and -- and those folks?

WELCH:

It's predominantly the RDX and the research labs.

QUESTION:

On your opportunity growth and security initiative slide, of that \$7.5 billion, how much of that would go towards Apache Black Hawk modernization listed here, and what would that be for, specifically?

DYSON:

Mike, do you have that handy?

QUESTION:

The question was Apaches and Black Hawks.

DYSON:

Apache. Mm-hmm.

(CROSSTALK)

(UNKNOWN)

So, Apache modernization's about \$618 million. Of Black Hawk modernizations, it's about \$543 million, and those were additional air (inaudible), we'll buy out the -- buy out the Army AAO as (inaudible) quicker pace, given the use -- the usage rates.

QUESTION:
OK. Thanks.

QUESTION:
Also on the opportunity growth and security initiative by (inaudible) of that \$7.5 billion, (inaudible), and also what would that be for?

DYSON:
Looking over (inaudible) we have that.

(OFF-MIKE)

Well, what I was going to tell you is that 54 percent of that \$7.5 billion is going to near-term readiness and operations and maintenance and training. And 45 percent is going to procurement accounts. I would say that, you know, the Army right now is really still building the strategy for F.Y. '15 and for, you know, the Army contingency force and looking at the details of what is comprised in there. But that's what we're looking at right now.

WELCH:
So, we have time for one more question.

QUESTION:
Yes, thank you. Looking at the JLTB (ph), you're bringing that online this year. That's a joint program with the Marine Corps. There has been friction in the past over the requirements not quite being the same, potentially, for the two services. These vehicles coming online this year, are they all Army, and where does that leave the Marine Corps as a joint partner?

WELCH:
The 176 that's been identified in this briefing are Army vehicles. I'm not sure what the aspects of the Marine Corps coming in for their portion. I know that - - well, it's my understanding that the Marine Corps and the Army are in agreement of what the requirements are. They are asking for a little bit difference within their vehicles, but their base requirements, they are -- they are set, and I know of no friction between the two services.

(UNKNOWN)
Ladies and gentlemen.

DYSON:
That's your fourth follow-up of percussive (inaudible) did you say the Army's budgeted to 490?

And so going --

(CROSSTALK)

DYSON:

(INAUDIBLE) 490 in active component.

QUESTION:

So going from 522 to 490 next year, that doesn't save the Army anything?

(CROSSTALK)

DYSON:

Well, not in the base budget. You know, we're not looking at the OCO budget in this presentation because we haven't submitted the OCO budget. So the end strength that is above 490 is funded in OCO. And so where you would see that savings is in OCO.

So we have about 12,000 man years that we anticipate to be funded in OCO in F.Y. '15 and that will bring us to 490. So the F.Y. '15 budget will have no soldiers funded in OCO.

STAFF:

Ladies and gentlemen, this concludes our briefing. Thank you for your attention.

CQ Transcriptions, March 4, 2014

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