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UNITED STATES ARMY LOGISTICS

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PSM Conference

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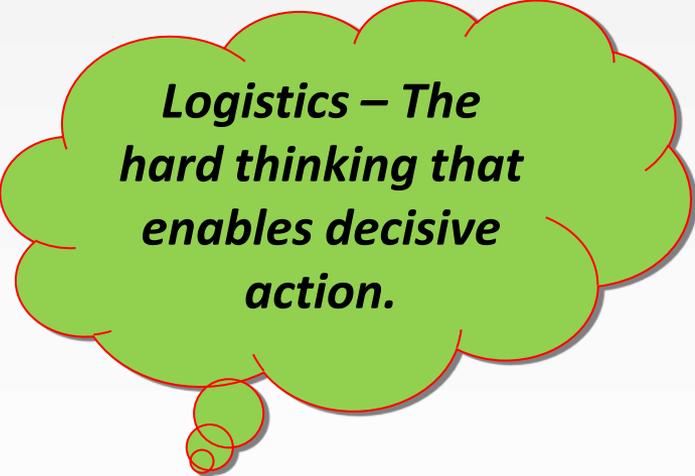
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ALWAYS THERE.

ALWAYS READY.

Purpose



*Logistics – The
hard thinking that
enables decisive
action.*

To discuss Army sustainment and logistics efforts and challenges for the current and future force as funding resources continue to shrink.

Bottom-line

Army will continue to lose funding however, we must still use the reduced funding to meet readiness.

Army Must Continue To Do The Following:

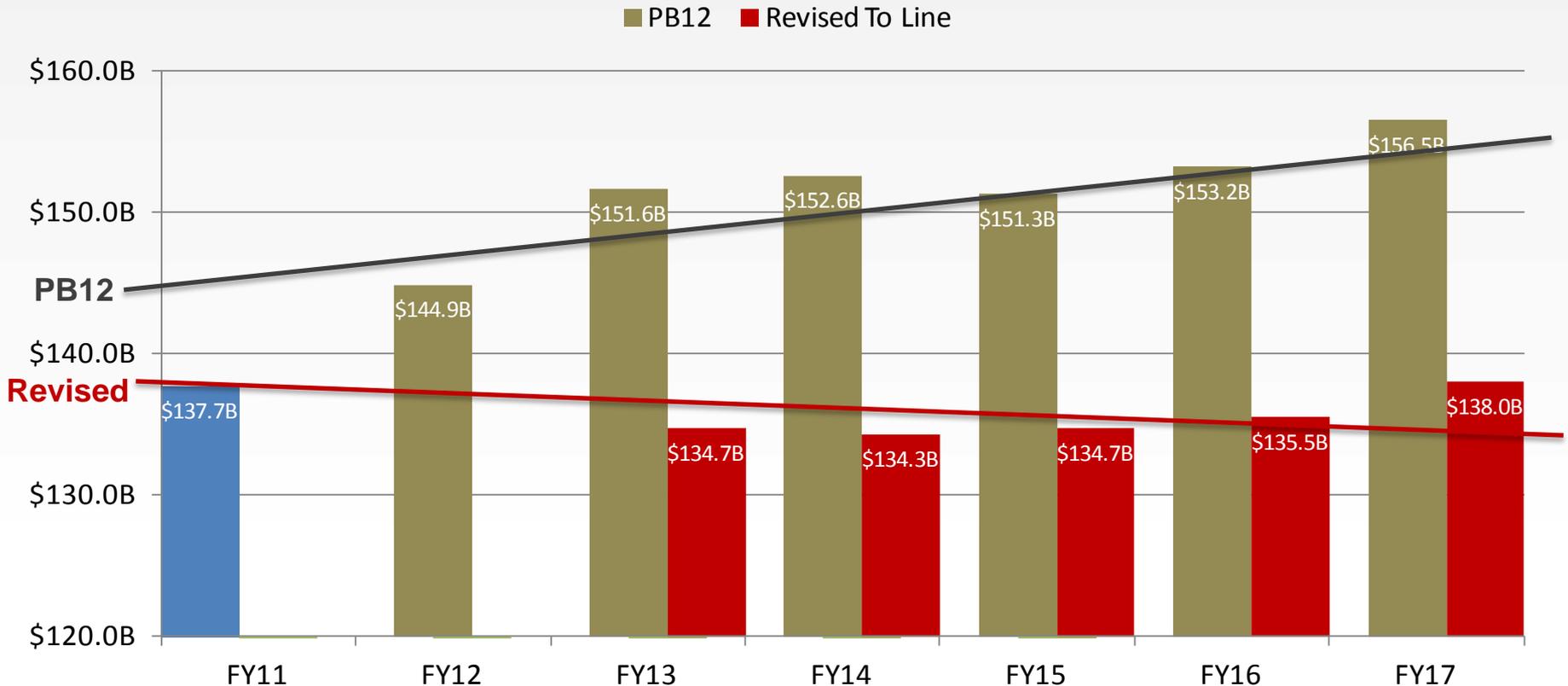
- Protect ability to regenerate war-fighting capabilities for the future
- Differentiate between investments that can be made today or deferred
- Maintain a ready and capable force, even as we reduce capacity
- Continue to reduce the “cost of doing business”
- Maintain an adequate industrial base and investments in science and technology

Challenges/Mitigation

- Challenges:
 - Mission
 - Modernization
 - Readiness Levels
 - Obsolete Items (Excess)
 - Divestiture

- Impacts and Actions to Mitigate Reduced Funding
 - Force Structure – Reduction in Active Duty and Reserve personnel
 - Procurements – Terminate some programs and restructure others
 - Compensation Programs
 - Benefit Reforms
 - Reduced Ground and OPTEMPO flying hours (training)
 - Reduce Maintenance; incurs risk to missile systems/combat vehicles
 - Resize Headquarters

Program Budget Review 13-17 Impact to Army



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY13-17
FY11/FY12 Enacted	\$137.7B	\$135.3B						
PB12		\$144.9B	\$151.6B	\$152.6B	\$151.3B	\$153.2B	\$156.5B	\$765.2B
Change from PB12			-\$16.9B	-\$18.3B	-\$16.6B	-\$17.7B	-\$18.5B	-\$88.0B
Revised To Line			\$134.7B	\$134.3B	\$134.7B	\$135.5B	\$138.0B	\$677.2B

Program Budget Review FY13-17 reduces Army Top line by 12% from Presidents Budget FY12

Important Sustainment Factors

- ❑ Today's Modular Army is more complex than the "Army of Excellence" of the early 2000s. Future Army will be more complex than today's Army. As the **level of complexity increases, so does the level of cost.**
- ❑ Sustainment allows all the "complex" systems to continue to function as designed. Without adequate sustainment funding – **will the systems be ready when needed?**
- ❑ Increasing sustainment requirements in a more constrained resource environment will require tough choices and risks. It is critical to ensure the **"right" systems receive resources at the "right" time.**

Summary

- ❑ Resources will continue to shrink
- ❑ Potential risks exist to equipment readiness without a reduction of requirements
- ❑ The Army's continuous evolution has increased not only complexity, but also cost
- ❑ Strategic choices to mitigate risk are critical to ensure funding goes to the right place at the right time
- ❑ Divestiture is essential to ensure funding is not applied against systems no longer needed