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**ARMY AND MARINE CORPS  
MATERIEL RESET**

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HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

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HEARING HELD

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# CONTENTS

## CHRONOLOGICAL LIST OF HEARINGS

2012

	Page
HEARING:	
Wednesday, March 28, 2012, Army and Marine Corps Materiel Reset .....	1
APPENDIX:	
Wednesday, March 28, 2012 .....	19

### WEDNESDAY, MARCH 28, 2012

#### ARMY AND MARINE CORPS MATERIEL RESET

##### STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

Bordallo, Hon. Madeleine Z., a Delegate from Guam, Ranking Member, Subcommittee on Readiness .....	2
Forbes, Hon. J. Randy, a Representative from Virginia, Chairman, Subcommittee on Readiness .....	1

##### WITNESSES

Mason, LTG Raymond V., USA, Deputy Chief of Staff, Logistics, G-4, U.S. Army .....	4
Panter, LtGen Frank A., Jr., USMC, Deputy Commandant, Installations and Logistics Headquarters, U.S. Marine Corps .....	5

##### APPENDIX

PREPARED STATEMENTS:	
Forbes, Hon. J. Randy .....	23
Mason, LTG Raymond V. ....	25
Panter, LtGen Frank A., Jr. ....	36
DOCUMENTS SUBMITTED FOR THE RECORD:	
[There were no Documents submitted.]	
WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING:	
[There were no Questions submitted during the hearing.]	
QUESTIONS SUBMITTED BY MEMBERS POST HEARING:	
Mr. Forbes .....	47
Mr. Rogers .....	54



## ARMY AND MARINE CORPS MATERIEL RESET

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ARMED SERVICES,  
SUBCOMMITTEE ON READINESS,  
*Washington, DC, Wednesday, March 28, 2012.*

The subcommittee met, pursuant to call, at 3:00 p.m. in room 2212, Rayburn House Office Building, Hon. J. Randy Forbes (chairman of the subcommittee) presiding.

### **OPENING STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON READINESS**

Mr. FORBES. First of all, I would like to welcome all of our members and our distinguished panel of experts to today's hearing, focused on materiel reset. I want to, at the outset, apologize to both of you for the delay and thank you for being patient with us as we work through these votes that we had on the floor.

And I want to thank our witnesses for being with us this afternoon. General Mason, I understand this is your first time testifying in your new capacity as the deputy chief of staff of the Army for logistics, and we want to welcome you and look forward to your service in that position.

And we also understand, General Panter, that this is likely your last time to testify before this subcommittee before your retirement. And we just want to tell you what an honor it is to have you here, and thank you for the honorable service that you have given to this country and the service that you have rendered to our Nation.

I believe it is important that you are all here with us today. Re-setting our force is a strategic imperative and one that will require continued commitment from this subcommittee and this Congress beyond combat operations. In light of shrinking defense budgets, the Budget Control Act's looming sequestration, and the Administration's announcement of an accelerated drawdown in Afghanistan I believe this hearing is very timely.

Last year, we spent a great deal of time exploring our current state of readiness and discussing how we remain prepared to meet the challenges we are likely to face in the future. Time and again, we heard of a force that General Breedlove described as being on the ragged edge. We learned that one of the major drivers behind this degraded force was a lack of materiel readiness.

Today, we again explore readiness. This time in the context of reset and its importance to ensuring a capable future force. Complicating this effort is the reduction of \$754 billion in the Department of Defense's 10-year budget, leading the DOD [Department of De-

fense] to cancel many of its most advanced systems, like the CG(X) next-generation cruiser program, the F-22, and the Army's future combat system.

DOD has also made tough decisions on force structure and civilian personnel, shrinking the Marine Corps by more than 25,000 marines, the Active Army by 72,000 soldiers. In short, this means that resetting the force is now more important than ever. The Administration is arguing that we can afford a smaller force, one with less capacity, as long as we have a more capable force.

Let us be clear that failure to reset the force undermines this position, and will leave us with a smaller and less capable force. If we do not get this right, the implications will be far-reaching and long-lasting. Many tough decisions still lie ahead, and I remain concerned that because the Department has not begun planning for a possible sequestration we only have a small sense of how truly catastrophic sequestration could be.

We all have a responsibility to ensure our men and women in uniform are given the tools necessary for the job we have asked them to do. I look forward to learning more about reset and its importance to the warfighter.

And I would now like to turn to my friend and ranking member, Madeleine Bordallo, the gentlewoman from Guam, for any remarks she may have.

[The prepared statement of Mr. Forbes can be found in the Appendix on page 23.]

**STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS**

Ms. BORDALLO. Thank you very much, Mr. Chairman. General Mason, General Panter, we all appreciate your service and we look forward to your testimonies this afternoon. I want to congratulate you, General Mason, on your promotion. And also to you, General Panter, good luck as you enter into retirement.

Today, we explore the issues and the challenges surrounding the reset of Army and Marine Corps equipment after more than a decade of war. We have surged hundreds of thousands of pieces of equipment from units and depots in the United States to locations across the Middle East in support of operations in Iraq and Afghanistan.

Now that the war in Iraq is over, we are still dealing with the challenges of moving equipment from locations in Kuwait back to units who need this equipment for training and to perform new missions. So it is important for our committee members to understand the challenges with returning this equipment from Iraq to units at home.

How do the Army and the Marine Corps prioritize equipment reset among many competing interests and units—from home station units to foreign military sales—and what is the underlying strategy? I am concerned that National Guard units in the United States will end up with significant equipment shortfalls, and thus hinder their ability to respond to domestic, homeland defense requirements.

And how is this specific concern being addressed, especially by the Army? And I also hope that General Panter can elaborate on the Marine Corps process for reset, and how they are addressing readiness issues with the III MEF [III Marine Expeditionary Force]. As we pivot to the Asia-Pacific region, it is more important than ever that we make the III MEF whole again and ensure that they have the proper equipment to meet current and emerging requirements in this theater over the coming years.

In terms of whether to repair, rebuild, or replace, how do you assess what equipment now being used in Afghanistan is appropriate for the challenges that exist in the Asia-Pacific region? Additionally, our hearing will explore some of the challenges involved with retrograde of equipment from Afghanistan and its return to the United States for reset.

Given the inability to move equipment across Pakistan ground routes, how is the Department posturing itself to ensure equipment can flow by strategic airlift through the northern distribution network? The fiscal year 2013 president's budget request outlines some significant changes to the Air Force's strategic and tactical airlift capabilities.

I am concerned what impact some these changes will have on our ability to move equipment out of Afghanistan in a timely fashion. And we must understand that retrograde and the reset of equipment from Afghanistan is going to be a vastly different endeavor than the reset of equipment from Iraq because of the transportation challenges and the lack of a holding area, such as we had for Iraq with Kuwait.

It is important for members of our committee to understand this important distinction as we assess the adequacy of budgets and the strategic value of recent budgetary recommendations of Congress. And I also hope our hearing will make clear the further complication and the challenges posed by ever-increasing gas prices, especially given our reliance on airlift for reset in Afghanistan.

I know that tomorrow we will explore the issue of alternate energy and its potential benefit to rising gas prices. However, I do remain concerned that if we don't continue efforts to look at alternate energy for operational purposes we will be assuming even more significant risk in reset in Afghanistan.

So I hope that our witnesses can touch on this matter in their testimony, as well. And I also hope our witnesses can comment on what is being done at our Army and Marine Corps depots to sustain workload over the coming years, as we continue to reset equipment coming out of Iraq and Afghanistan.

And I again thank you, Mr. Chairman, and I look forward to our witnesses' testimony and our question and answer period.

Mr. FORBES. Thank you, Madeleine, for those remarks.

As we discussed prior to the hearing, I would like to dispense with the 5-minute rule for this hearing and depart from regular order so that members may ask questions during the course of the discussion. I think this will provide a roundtable type forum and will enhance the dialogue on these very important issues.

We would like to proceed with standard order for members to address the witnesses. However, if any member has a question pertinent to the matter being discussed at that time, please seek ac-

knowledge and wait to be recognized by the chair. We are planning to keep questioning to standard 5 minutes, however I don't want to curtail productive dialogue.

I believe we can do this and still ensure each member has the opportunity to get his or her questions asked. If we get bogged down, the chair will ask members to hold further discussion until the first round of questioning is complete. I ask unanimous consent that for the purposes of this hearing we dispense with the 5-minute rule and proceed as described, and without objection we will do so.

At this point in time, we would like to move to our opening statements. General Mason, normally move from left to right, but since this is a bipartisan subcommittee we can go from right to left. And I will leave it up to whichever one of you guys want to go first, and you can decide among yourselves. And then we look forward to hearing from you.

General MASON. I will go.

Mr. FORBES. Okay.

**STATEMENT OF LTG RAYMOND V. MASON, USA, DEPUTY CHIEF OF STAFF, LOGISTICS, G-4, U.S. ARMY**

General MASON. Well, good afternoon, Chairman Forbes and Ranking Member Bordallo, other members of the committee. I will follow your guidance, sir, and rather than read my written statement I will ask it to be submitted and accepted into the record.

I would like to highlight three key points. First and foremost, we have accomplished much in the past 8, 10 years on reset. We have met our Iraq drawdown goals and we have surged to meet the reset requirements, thanks to your unwavering support and the support of our citizens. And we have infused significant readiness into our fleets, particularly our track fleet and our wheeled vehicle fleet.

Second point is, much to be done yet. Reset is certainly the true cost of war. It is not about when the last unit gets back, it is when the last piece of equipment gets back and we get it into the depot and get it repaired. And as Ms. Bordallo said, Afghanistan is a different challenge from Iraq and perhaps we will discuss that in more detail.

It is a tough challenge, it is a landlocked country, the enemy is significant there. So we are working our way through the retrograde operations out of Afghanistan. And we will need funding for 2 years once all the equipment gets back, and I would ask for your support of that certainly.

Thirdly, the organic industrial base. We are committed to having a viable organic industrial base. We are proud of the work that our depots and arsenals have completed in the last 8, 10 years. They have been very, very busy. The workload will certainly decline as our operations now have drawdown in Iraq and will draw down in Afghanistan in 2014 and beyond.

But we are committed to keeping that core capability that provides us that warfighting capability to expand to future contingencies. And then finally, I would thank you for your awesome support of our soldiers, our 1.2 million Army soldiers and their families—Active, Reserve, and National Guard. And I what to thank you for your continued support of our reset operations, which is so critical to the readiness of America's Army.

And I look forward to your questions. Thank you very much.  
 [The prepared statement of General Mason can be found in the Appendix on page 25.]

Mr. FORBES. Thank you, General.  
 General Panter.

**STATEMENT OF LTGEN FRANK A. PANTER, JR., USMC, DEPUTY  
 COMMANDANT, INSTALLATIONS AND LOGISTICS HEAD-  
 QUARTERS, U.S. MARINE CORPS**

General PANTER. Thank you, Chairman Forbes, Ranking Member Bordallo and other committee members. Thank you for allowing me to appear today. And for the sake of time, I will keep my remarks very short because the questions are probably more important than my opening statement.

As you may know, today we have over 27,000 marines deployed throughout the world, with 20,000 in Afghanistan. It is with your continued support to our marines and their families that our Corps has maintained our role as the Nation's expeditionary force in readiness. On behalf of our commandant, our marines and our family members, thank you sincerely.

We were redeployed out of Iraq in the winter of 2009. We completed the last depot reset action at our depots in December of this last year. So that is an example of the time that is needed from redeployment to getting the equipment through the depots. We are now focused on the retrograde, as decisions are made of equipment coming out of Afghanistan.

Our current OEF [Operation Enduring Freedom] ground equipment reset strategy, that was signed 1 January, 2012, is grounded on lessons learned from Iraq and the experiences we had there related to retrograde and reset. It is written from an enterprise approach to ensure that we send the equipment to the right place the first time as best as we can.

Lastly, much like General Mason mentioned, as long as we have marines and soldiers in harm's way we need continued OCO [Overseas Contingency Operations] support. Related to the equipment piece, it is when the last piece leaves Afghanistan. And we will need 2 or 3 years to reset and fix our Marine Corps for the next contingency that might arise in defense of our Nation.

Thank you, and I look forward to answering your questions.

[The prepared statement of General Panter can be found in the Appendix on page 36.]

Mr. FORBES. Thank you both. And as I mentioned at the outset, we appreciate the service you have both given to our country. And we want thank not only both of you for what you have done, but also as representatives of the men and women who serve under you for the great job that they do in defending this country and keeping us free.

I am going to defer my questions until the end because I know our members have very busy schedules. I want to make sure they can get their questions in.

So I am going to ask the ranking member now to ask any questions that she has, and I yield her as much time as she needs.

Ms. BORDALLO. Thank you, Mr. Chairman. And again, thank you to our witnesses.

General Mason, can you further discuss for the committee how the Army is working to ensure that National Guard units back in the United States and the Territories will receive equipment that is coming back from Iraq and Afghanistan? And further, can you elaborate on how the dual line and specific homeland defense mission equipment requirements will be met for National Guard units?

I am concerned that simply replacing equipment to fill the units' modified table of equipment may miss a broader strategic imperative in where we place returning equipment, and that it assumes significant risk for our National Guard, General.

General MASON. Yes, ma'am. First off, I would say that the modernization and the fill of the equipment to the National Guard and the Reserve component has significantly improved in the past 8, 10 years. And because of the force deployments through army force generation, those forces where, in the past, may not have been cascaded equipment because they have deployed at ever-increasing rates, we have filled them with equipment.

So that is key right off the bat. So they are in pretty good shape. Secondly, how do we make sure that they get that equipment. First off, we follow the Department of the Army master priority list that the G-3 [Army Plans and Operations] of the Army runs, gets the priorities from the secretary and the chief.

And then we have a series of processes we run through, and one them is called retrograde, redistribution and reset, and it is R3. It is managed by the Army staff. I am a member of that team. And what we do is, we get all the requirements in from the different MACOMs [Major Army Commands]—Army, National Guard, USAR [United States Army Reserve]—rack and stack those, based on the requirements.

And then we cascade equipment to those units. It is based on ARFORGEN [Army Force Generation]. The next deploying unit is certainly going to get the latest equipment and get its entire fill. And we have aim points inside of the ARFORGEN that says you will get this readiness rate at return plus 90 days, return plus 180 days. And that is regardless of whether you are an Active unit, National Guard or Reserve unit.

So they are all treated the same, and I would say that they are in very good shape, ma'am.

Ms. BORDALLO. Well, thank you. Thank you, General.

This question, the next one, is for either of our witnesses. I hope you can expand on the issues surrounding the northern distribution network. We know that it costs 2.8 times more to transport equipment through the northern distribution network. But the Pakistan ground route is closed so we are limited to options.

Now, what risk in the proposed fiscal year 2013 budget, and in the outyears, are we assuming by including these transportation costs in the OCO account? Whichever one.

General PANTER. Let me start, and then you can pile on, Ray.

Well, it is a concern of us, and it is a great concern. If we can't negotiate a successful—negotiate the reopening of the PAK GLOC [Pakistani Ground Lines of Communication], we have to default, and rely on the NDN, northern distribution network or increased strat [strategic] airlift. Both are expensive propositions, and it increases the deployment, or redeployment.

There is always that sensitive issue about the nations. We are dealing with the NDN [Northern Distribution Network] network, in itself. If, for some reason, that there is additional political strain related to these countries, that restricts the flow as well. Redeployment timelines, by not being able to use the PAK GLOC, will increase. Along with, as you mentioned, ma'am, the cost, as well.

Despite all these challenges, though, TRANSCOM [U.S. Transportation Command] and CENTCOM [U.S. Central Command], they do have mitigation strategies in place. And I would be more than happy to talk about those, as well. There are quite a few of them, but negotiations are ongoing, as you know, to reopen the PAK GLOC.

Ray, you want to pile on?

Ms. BORDALLO. General.

General MASON. Yes, ma'am. The PAK GLOC is critical, and it has been closed since November. The good news is, because of a lot of really great planning our logistic situation is in very good shape. Fuel, we watch very closely.

But back to the issue of retrograde out of Afghanistan. We are getting it out by air. So as aircraft come in—and we fill aircraft as they depart, both Air Force aircraft as well as commercial aircraft—we are using every available aircraft to go back out again.

The northern distribution network, it is three to four times more expensive because it is three to four times lengthier. It is very complicated, a variety of different methods—rail, ferries, truck. So a significant amount of changing, and loading and unloading. So that adds to the cost, as well.

We are in the process right now, with our partners at Transportation Command, to run a series of proof of principles to do backhaul. Right now, everything that comes in through the northern distribution network by ground comes one way. And the trucks go back empty because of the diplomatic clearances and we haven't really established that line.

So we are in the process of doing that. We have got several hundred vehicles and containers that are moving back on the northern distribution network working through the diplomatic clearances. The State Department is significantly helping us. The CENTCOM commander, TRANSCOM commander, have visited those countries.

So that is looking very good. Once we get that done, I think we will begin to get the exflow back out of the northern distribution network. But that is going to rise the cost. So the PAK GLOC is still critical. We need to continue to negotiate and try to get that back open, as well. We need both methods to get out of Afghanistan.

Ms. BORDALLO. So you are on top of it then.

General MASON. Yes, ma'am. The team is.

Ms. BORDALLO. I have one final question, Mr. Chairman.

This question, again, is for either of our witnesses. The fiscal year 2013 president's budget calls for a reduction in the end strength of the Marine Corps and Army, as well as a force structure change in many of our services. What criteria are being used to determine what equipment presently used in Afghanistan will be needed for future forces?

And further, how does our pivot to the Asia Pacific region impact that assessment? I hope our witnesses can be specific about what types of equipment would be needed in the Asia Pacific as well as for the future forces broadly. So either one of you.

General PANTER. Ma'am, I will start because, as you may well know, we completed our force structure review 18 months ago. It was a detailed and conscious look at what the Marine Corps would look like at post-OEF. We took it to 186,200; from 202,000 down to 186,200. And then further budget pressure caused us to take it a little bit further, to 182,100.

We thought, we have confidence, that we have rightsized our Marine Corps at 182,000. We can still meet the national missions assigned to us. Related to reset, this 182,000 force—knowing what that is—has helped to inform what we are resetting to. Now, you also may know that we swung a lot of equipment when we got out of Iraq over to Afghanistan.

In fact, 42 percent of the equipment set we brought over from Iraq into Afghanistan, that stuff has essentially been in the fight for 10 years. We know what we are going to map that equipment back to. We are going to divest some of this equipment because it is worn out or is combat losses, or is planned for military sales—about 21 percent of that equipment set.

So even though we are going down to 182,000, and we are divesting of some equipment, we know where we need to plug the gaps and holes to get the readiness of the force, across the board, back up.

General MASON. Yes, ma'am. Very similar to the Marine Corps, we are in the process of doing our force structure alignment. Decisions have not been made yet by the secretary and the chief. We are looking at restructuring out brigade combat teams to potentially a third maneuver battalion. We now have two maneuver battalions in each brigade.

We are also looking at adding another engineer battalion. So that is going to drive the equipment we want to take out. But we are not waiting on that. We will need all those types of equipment that are there. The question is the quantities of them. We know we are going to need MRAPs [Mine Resistant Ambush Protected vehicles], we know we were going to need Humvees, we are going to need tactical vehicles. Certainly all the helicopters that are there. So it is really focusing in on the quantities.

The way we are managing that is, we have a responsible retrograde task force, headed up by a three-star. And he is our connection to the theater. We send him the demand signal as to how we need out and when we need it. And we communicate that into the units. And so that is the priority we want to come back to the depots to get reset.

In terms of your question in the Pacific, I think any battlefield we are going to go on we are going to have an IED [Improvised Explosive Device] threat. So MRAPs are going to be as critical in that part of the world as they have been in the last 10 years, last 8 years, in Iraq and Afghanistan.

So one of the things we are doing is looking at our Army repositioned sets. The chief and the secretary have directed us to do a full worldwide review of all that, with the focus on the new

national military strategy about do we have the right amount in the Pacific. So potentiality for additional prepositioned sets in the Pacific, potentially training sets, our float brigade, which is called an Army Prepositioned Number 3, we have a light brigade and a sustainment brigade afloat. We may need to relook that for additional capability. So the equipment we take out of Iraq and Afghanistan, some of that will be placed against APS [Army Pre-positioned Stocks], and will allow units then to rotate into the Pacific for training events or a contingency.

The last thing is similar to General Panter; the divesture. Those old systems that we no longer need, we are going to divest of those. And that will save us and OPTEMPO [Operations Tempo] and O&M [Operations and Maintenance] dollars in the outyears. And so only have the equipment we absolutely need. We don't need to have a bunch of equipment parked in motor pools beyond our requirements.

So we have a divesture process we are going through, as well.

Ms. BORDALLO. Thank you very much. Thank you, generals.

And I yield back.

Mr. FORBES. Thank you, Madeleine.

The gentleman from New Jersey, Mr. Runyan, is recognized for 5 minutes.

Mr. RUNYAN. Thank you, Chairman. And gentlemen, thank you for being here, and your service.

Going back to when Ms. Bordallo was saying a little bit about, obviously, the northern route we are having to take out is obviously more expensive. To what degree does escalating fuel prices affect those estimates to actually go through that route?

General Mason.

General MASON. Yes, sir. Fuel prices are a driver for transportation command and air mobility command. I don't have the exact dollar figures at my hand, but I can get those. The fuel price is so dynamic up and down, and so TRANSCOM has to pay those fuel prices, as you know.

The Defense Logistics Agency provides those. Normally, the Defense Logistics Agency sets the price of fuel at the beginning of the year, and that stays for that entire year. But because fuel has been so dynamic, they have been given leeway by OSD [Office of the Secretary of Defense] to adjust those during the year.

I think they have done at least one adjustment. By fixing it at the beginning of the year, it allows the services to budget for that. I, and the G-4 [Army Logistics], pay for what is called "second destination transportation charges." That is where a lot of the retrograde dollars for transportation are paid through.

So I watch it very closely. SDT, second destination transportation, is increasing. And if we don't get the PAK GLOC open it is going to is going to exponentially increase.

Mr. RUNYAN. And that being said, not having that open, are there decisions that are made to maybe leave equipment behind that you wouldn't because it is just more cost-effective just to leave it there and not pay the extra money to go out the other way?

General MASON. Absolutely, sir. We, in fact, did that significantly in Iraq to the tune of about a billion dollars that we, through a number of mechanisms; either through excess defense articles, or

foreign excess personal property, that we gave to the Iraqi army and police to get them up and running.

We are not going to have the same opportunity in Afghanistan, we don't think, to be able to transfer large quantities of equipment to the Afghan police and military. They just don't have the infrastructure to accept that. So the vast majority we are going to have to pull out. There is a certain amount of equipment we will be able to either sell or donate to the Afghans.

And some that is very old equipment will be divested through the Defense Reutilization and Marketing Service that DLA [Defense Logistics Agency] manages. They have got sites all over Afghanistan. Some of it they could sell locally, some of it would be cut up for scrap that is battle-damaged. And then they will also ship some out.

But I think the vast majority of what is in Afghanistan, because of the conditions there, we probably are going to have to move out of that country. Now, we could move into the local, you know, countries that border it. And we are significantly looking at that, and there are opportunities there.

Mr. RUNYAN. So you are saying there is not a significant chunk that you would consider leaving behind if you couldn't get it out through the south?

General MASON. I don't think so, at this point; not a considerable amount. There will be some amount, but we think there are about 50,000 vehicles in Afghanistan. The vast majority of those will probably have to be retrograded, sir.

Mr. RUNYAN. Thank you very much.

General PANTER. Sir, if I may pile on that question a little bit. Our triage efforts in Afghanistan, which we are doing better this time from the lessons learned from Iraq, we are trying to send it to the right place the first time to avoid some of this secondary transportation cost that General Mason talks about.

Relating to our fuel cost factored into the decision to leave a piece of equipment or to move it, it is considered. It is most definitely considered. But I have to be straight up with you. If it is a hard requirement, and there is not a production line and that piece of equipment is needed, we will probably come to the decision that we will send it where it is needed to enhance the readiness wherever that piece of equipment needs to go.

Thank you.

Mr. RUNYAN. Thank you.

Chairman, I yield back.

Mr. FORBES. I thank the gentleman.

The gentleman from New York is recognized for 5 minutes.

Mr. GIBSON. Well, thanks, Mr. Chairman. And great to be with the distinguished panelists today, too.

Help me get caught up. There are three areas where I need the latest on where we are at. The first has to do with, as was mentioned earlier in the testimony, the new equipment we have. MRAP, for example. And then also there have been some transformation changes with regard to tables of organization.

So how is that impacting now in the reset, when you look at the installation? So motor pool sizes, barracks and all that? And cer-

tainly, you know, that can be a significant cost, making that change in footprint back here in the United States.

General PANTER. I will start off.

General MASON. Okay.

General PANTER. And you pile on. Sir, you are absolutely right. After 10 years of combat, we have learned that some of our TEs [Theater Equipment], the legacy TEs, are not what we need now, or for the future. A good example, com [communications] equipment—the requirement for com equipment and ground tactical vehicles—has increased.

This is the nature of warfare now, distributed operations where you have smaller units going out. They need that C2 [Command and Control] capability. In fact, sir, you might not recognize a company command post today if you walk into it from your time. Tremendous enhancements. We have to adjust, and it is an ongoing process of adjusting our TE.

You are absolutely right. There is an impact at the installations on the back end of this stuff, and we are attempting to factor that in as we consider our MILCON [military construction] projects

General MASON. Sir, as you know, we have modularized every unit in the Army. We finished that over the last, basically, 8 years. Kind of started that in 2001 and 2002. And one of the centerpieces of that was the brigade combat team. We made it 100 percent mobile, we made it 3 days' of supply. And that drove the truck requirement.

So TRADOC, Training and Doctrine Command, is looking at what should the brigade of the future look like. Should we adjust it some? Does it really need to have 100 percent mobile? Could it be 80 percent mobile? Could it carry two days' supply and be sufficient?

We are finding that in combat that is maybe more what we want. So TRADOC is working that through, they are modeling it. That will drive the amount of trucks. So we are on iteration three of our Tactical Wheeled Vehicle Study. We have got about 260,000 vehicles, tactical vehicles.

That is probably not what we are going to need in the outyears. So that is part of that divestiture piece. So that will drive down the amount of vehicles that we take in the motor pool. That is one key piece there. At the installations, one of the things we are doing to optimize that is, the directors of logistics that do the maintenance on our installations are currently OPCON [operational control], under the Operational Control of Army Materiel Command.

They were under Installation Management Command. And in 1 October they will be fully underneath AMC [Army Materiel Command]. So AMC will be able to workload the entire capability across the Army, the industrial and the sustainment maintenance from one location, and be able to see all that. And then drive it towards effectiveness and efficiency.

So that is moving out in a really good pace.

Mr. GIBSON. And so among the things being considered, I had heard—and I don't know this to be confirmed, but that there is consideration—of changing the BCT [Brigade Combat Team], possibly another infantry battalion. And then, of course, that will have im-

pacts on barracks and other things. Certainly things we are going to have to watch in terms of cost.

General MASON. Absolutely, sir. And we are working that very deliberately. The chief is looking at those standing up, over time. You know, we have discussed taking down eight brigade combat teams, but that is probably going to be the headquarters. Of course, the two brigades in Germany have already been announced. The other four brigades will be announced, I think, over the following years.

So we are looking through, you know, that third battalion. The leadership is convinced that is what we need for the warfighting capability; that is what the last 8 years have convinced us of, and certainly the engineers. So we are working our way through the MILCON.

We clearly recognize that MILCON dollars are short, and so we are trying to do what we can on our installations. Our installations are in great shape, and it is a matter of shuffling around and working our way through there. So the team is working the numbers and the physics and geography of what we can do in our installations.

And where do we put those brigades, and that third battalion.

Mr. GIBSON. Okay, very well. That certainly helps, and I appreciate the update.

I will throw these others out. I am not sure I am going to have time for it, but you talked about OCO. And, you know, over the past decade we had the REF [Rapid Equipping Force] and the RFI [Rapid Fielding Initiative] programs. I would be interested to know how that bodes for the future.

And then also just a very simple question. We had assumptions on half-life of equipment, OPTEMPO hours before we would replace. Have we adjusted those assumptions? Because certainly, that is going to have impact not only on current readiness, but also on procurement in the future. Has that changed, based on the war?

General MASON. Both the rapid equipping force and rapid fueling initiatives have been great successes, both from the individual soldier and from the unit standpoint. So the Army is going through a process of whether you are going to keep REF as a rapid acquisition process.

My opinion is, it is a capability we probably need to keep in the force and be able to rapidly get it through there. Back to the assumptions on the health of the equipment coming out of theater. Because we put significant special repair activities in-theater that has infused health into our vehicles and our equipment coming back.

So some of this equipment is actually in better shape than we thought it was going to be. Some of it is worse. But generally, it is in pretty good shape because we put capability downrange, depot kinds of capability. It came out of TACOM [Tank-automotive and Armaments Command] and AMCOM [United States Army Aviation and Missile Command] and MICOM [United States Army Missile Command].

On the base, fix as far forward as possible. And that has really made a big difference.

General PANTER. If I could answer this from a joint perspective, we have learned to maximize the use of joint capability better than we have in the past. The fix forward concept, we rely on Army Materiel Command with the maintenance and repair of our equipment in Afghanistan with the hope that we can vector some of that stuff back to home stations to avoid some of these extra transportation costs going through the depot.

But what has changed and shifted, which I think is the basis of your question, is the reliance on DLA. Things like AMC, things like maximize the use of that as a joint force. Thank you.

Mr. FORBES. I thank the gentleman.

Generals, thank you so much for your testimony. And now I have just got a few wrap-up questions if could offer them to you and ask your response on. The first thing, and you have touched on this a little bit. But can you bring into focus for us the experience that you have learned from your experience in Iraq, the lessons you have learned that have informed our retrograde operations in Afghanistan?

General MASON. Sir, I reference what the lessons we learned from Iraq to transpose over to Afghanistan. Command and control, number one. You have got to have the right infrastructure with the right leaders. And I mentioned earlier about the responsible retrograde task force. General Dunwoody, the AMC commander, sent her deputy three-star into Kuwait to oversee that operation.

And that provided the right level of leader and staff to synchronize that, in coordination with Army Central Command. I also mentioned the retrograde reset and redistribution lists we use that determines where this equipment is going to go. So we provide those to theater so they can see what the requirement is.

And then AMC can see, at the depot, where it is coming. We put teams as far forward in the battle space as possible to help those units. Because while retrograding, and we want them to focus on that, their main job is to conduct combat operations. So we are helping them with that.

And it was recently approved to put the CENTCOM materiel retrograde element—a force of about 2,000 people—into theater, and they will focus purely every day on retrograde. The fourth thing I would say is that we need to provide, and are providing to the theater, good distribution instructions.

As General Panter mentioned, telling them exactly where it needs to be shipped to so you can get the velocity in the system and use your transportation very effectively. So there is a series of lessons learned. I would say it is mainly command and control really turns the day.

General PANTER. Sir, if I could add that we view this is commander's business about accountability of equipment. And I think it is fair to say the United States Army sees it the same way. Something else we have done, we are more aggressive in assessing the condition of our equipment that we are about to return in Afghanistan than we did in Iraq.

We shipped a lot of stuff from Iraq that probably was not worth shipping, that we had been better off to divest it. We don't want to make those mistakes again. Decisions are being made from an

enterprise perspective, based on the commandant's priority where to send this equipment.

If it is to the III Marine Expeditionary Force in Okinawa, or it is to Camp Pendleton in California, those decisions are being made early on, based on the need, based on the readiness condition of those units. We have data assist teams that are going forward and have been going forward to help cleanse the data so we have accurate records of what we have on hand, so we have a full visual of what is facing us to be sent home.

Some of this is tactical. We told the commanders. We put a 10 percent tax on some of the forward operating bases. Roll 10 percent back, but don't put yourself at risk. But we know there is some excess stuff out there to try and get this mountain of things down.

Every time there is an opportunity for opportune lift related to strat [strategic] lift, we are trying to maximize that. We are triaging and putting equipment in marshalling areas so if we get a chance to put something on the plane we will be in a position and we don't have to delay or we miss an opportunity for that.

Last, the reset strategy that the commandant signed off on, on 1 January, I think it links the tactical, the operational and strategic aspect of this thing. So the Marines know that there is a bigger picture here. There is a bigger operation going on here. That whether they are accessing a piece of equipment in theater or fixing it or whatever they are doing in-theater, there is an in-state to it.

And the enterprise, from a larger perspective, we are attempting to get it where it is needed the most.

Over?

Mr. FORBES. Thank you.

General MASON. Chairman, if I could offer a couple of amplifying points, and to jump on top of that. It is commander's business, and what General Scaparrotti and the commanders downrange are saying is, "Commander, you own everything on your forward operating base. That is your home, and so these containers that may have been there when you got there, you gotta open them up, you gotta look inside of them."

So it is about leadership. Secondly, it is about rehearsals. We just finished a major rehearsal "rock drill," we call it, in Qatar, with CENTCOM use of 4-alpha. I had a team there to talk through the processes of retrograde and getting the right equipment out there. So rehearsals.

About every 6 months we have been doing those, and we may have to do those more often as we get closer to 2014. Thirdly, we have partnered with the both the Army Audit Agency and GAO [United States Government Accountability Office] to provide us a third set of eyes—another, you know, outside set of eyes—to watch us, see what we are doing, give us feedback.

They are embedded in there with use of 4-alpha. We did that in Iraq. We found that very successful. The honest broker to say you have got some problems here, and maybe you don't see them, maybe you have got some blind spots. And then finally, internally to me, I do a weekly video teleconference with theater.

Every Wednesday morning, just did one this morning. I sit with ARCENT [United States Army Central], and use of 4-alpha, United

States Forces Afghanistan. We talk about where we are at, where are the gaps, where are the friction points, how can we help them, what help do they need from us. So those processes continue to be focused on that reset.

Mr. FORBES. You know, we hear a lot about the term “reset,” but how important is reset to the readiness of the force, from a strategic point of view? And how imperative is it that we make that investment, and do it?

General MASON. Sir, it is key and central. We have rode our equipment hard. It requires reset. You, the Congress, have funded that over the last 10 years significantly, both in terms of maintenance but also in terms of procurement for the battle losses.

And we took significant battle losses in helicopters, tanks, Humvees, MRAPs. So replacing that equipment is part of reset. And that has been magnificent. It has also provided us the opportunity to infuse technology. So when we bring something back to the depot, not only do we reset it in the sense of repairing what happened in theater, but at the latest technologies there.

A new transmission, a new suspension system. And as you know, we have continued to put significant weight on our vehicles with armor. So being able to put the latest suspension system in, to infuse that readiness. And right now, the age of our fleets, the track fleet, is about three to 4 years old in terms of the amount of reset help we have put into it.

The tactical wheeled vehicle fleet is very similar. And our readiness rates show it, both in-theater—we are consistently in the the upper 80s to 90 percent on readiness rates of our wheeled fleet, and—and the MRAPs. And in good shape in the helicopter fleet; 75 percent to 80 percent. Very good.

Similar back here at home. So that reset is central to the readiness of our army now, and in the out-years.

General PANTER. Sir, if I may add some comments to that. If we don't get the reset—a subset of OCO, of this strategic reset that we talk about, 2 to 3 years beyond the end of the war—it is going to take us longer to reset our force. Instead of a bell curve that you would see, you will see a flat line.

This will take us five, six, seven, 8 years to fix the readiness issues that we have in the Marine Corps. We might have to consider going to a tiered readiness because it will take us that long to have units that are capable and have the sufficient readiness rating that would be next in the batter's box to deploy.

There will be other—it would manifest itself in things like maybe lack of training because we won't have the equipment that we would need for training. It would force us to make other hard choices related to the budget if we don't have that support there to reset our force.

Mr. FORBES. When we look at the amount of dollars to do the reset, General, what are we talking about for the Army? General Mason?

General MASON. Sir, if you are referring to the total amount—

Mr. FORBES. Yes.

General MASON [continuing]. At worst case—at worst case—it could be up in the \$15 billion to \$16 billion range. I think it is going to be less than that. I don't know exactly where it is going

to be, but I think it is significantly less than that. And the reason I say that is because, again, as we go through the force structure changes and we look at the requirements for units—and I talked about divestiture earlier, for example wheeled vehicle fleets—we know we are going to take our vehicles down, we are going to take units out of the force structure.

So we are not going to reset all that equipment. Number one, because there won't be a requirement for it. Number two, some of that equipment will be unrepairable. So it will be beyond repairable so we won't repair that particular equipment. It will all be based on our priorities.

We are looking at it very closely. We are certainly going to reset the helicopter fleet. We need every one of those. We are going to reset our MRAPs. We are going to divest some MRAPs, but the vast majority of those MRAPs we will need. The tanks and Bradleys, we have already done those.

It is the radios, it is all that other equipment that we are really going to have to focus on and work through the eaches of what that requirement is going to be. So much less than \$15 billion, but not exactly sure where it is going to fall in, at this point.

Mr. FORBES. Would it be fair to say that even though it would be less than \$15 billion, it is probably going to be at least \$12 billion, or more?

General MASON. Sir, I hesitate to say. But I think it could be in the \$10 billion to \$12 billion, sir. We have got some work to do and really look through it. Looking at what the equipment looks like as it comes out of theater is going to drive that number in many ways.

And while we can do some inspection in-theater, most of that equipment is out being used every day. So you really don't know 'til it gets back to the depot, 'til you get a full inspection on it, do you really get an idea of what it is going to cost to take care of that equipment.

Mr. FORBES. We can't peg exactly how much, but can we get close on what years that we think probably the highest spike would be?

General MASON. Sir, the mandate—to be generally done with combat operations by 2014—if you add 2 more years to that, as we discussed, I think the high point is going to be in the '15 [2015], '16 [2016] timeframe.

Mr. FORBES. Good.

General Panter.

General PANTER. Sir, our requirement is \$3.2 billion. We continuously refine that. The commandant has made it clear to us just ask for what we need. And that is part of that refinement, continuous refinement. But it is \$3.2 billion. That is from that strategic reset post, the war being over.

We think our spike—a little different—is going to be '14 [2014] and '15 [2015].

Mr. FORBES. Fourteen [2014] and '15 [2015]?

General PANTER. Yes, sir.

Mr. FORBES. You know, General Mason, you mentioned the importance for our commanders in opening up those boxes that are there and finding out what is in them. One of the boxes all of us have been reluctant to open is this box of sequestration, you know.

But we know it is the law right now and we know, based on the law, it is kind of across the board cuts. Assuming that stays the law, assuming it is not changed, what does that do to your reset?

General MASON. Sir, it significantly impacts it. If we don't get OCO, and we have to take it out of the base, it is devastating, it is catastrophic. We will take significant risks with our swing forces. So we need to reset what is coming out of theater, so if we don't get those dollars through OCO we would have to go into the base. Which means the forces that we might have to use for another contingency somewhere in the world, their readiness rate is going to go down.

I guess I would equate it to—you know, we are going to take 72,000 soldiers out of the Army, but we are going to take it over about a 5-year period. It is going to be very deliberate, we are going to work our way through it, we are going to do the right things for our soldiers as they exit our great Army.

If you go to sequestration, I think you are talking about taking 80,000 soldiers out in 1 year. I mean, that is the kind of scenario that could play itself out. You are talking rifts like we did at the end of Vietnam. I mean, those are the kinds of things that I think could be on the horizon.

I hope they are not. I don't want to go there. But I think it is as the Secretary of Defense has said, it would be catastrophic.

Mr. FORBES. General Panter.

General PANTER. Yes, sir. I think it is so significant that we would have to relook at our national military strategy. We would probably have to reduce our force a further 15,000 to 20,000 marines.

Mr. FORBES. General Panter, where would that put you in terms of—

General PANTER. Well, that would—you back off 20,000 from 182,000, that puts you in our 1970s profile, which was not healthy at all. In fact, it was a hollow force, sir, if you remember then. We couldn't train then. I would see a similar thing because we couldn't afford the fuel to train, we couldn't afford the Class V, the ammo, to train.

Very similar things, I would think, might be manifested if we have to go to this. We would break faith with our marines. We have a plan now to get down to the size that we need to be. It is based on voluntary mechanisms. We would be forced, like the United States Army, to go to involuntary means.

And we would consider that breaking faith with our marines and family. We would have to consider, as I mentioned before, tiered readiness, which we do not want to do. The inability to train, having sufficient equipment, having sufficient O&M, personnel shortages.

It just would not position the Marine Corps to be the expeditionary force in readiness that the Nation expects. Thank you.

General MASON. I would offer one other thing, Chairman. The chief's guidance to the Army is prevent, shape, and win. If you go to that kind of a scenario, his ability—the Army's ability—to prevent war, deter an enemy would be at risk. Our ability to shape with our allies and those potential enemies around the world, and then to win.

Each one of those, then, is going to be, I think, at risk. And that is not a good situation.

Mr. FORBES. Madeleine, do you have any other questions?

Ms. BORDALLO. I have no questions. [Off Mike.]

Mr. FORBES. Okay.

Does the gentleman from New Jersey have any additional questions? If not, gentlemen, we want to thank you so much, once again, for your service. Thank you, for this is an important record for us as we go into this markup that we need to do. We hope we are going to be able to hold those funds for you because we know how important it is for you to be ready.

And we thank you for your time here today. And with that, we are—oh, let me just ask you. Do either of you have anything else you would like to add that we didn't ask or that you weren't able to have time to clarify?

General PANTER. No, sir. We appreciate the opportunity to answer your questions and to have this part of the record. Thank you.

General MASON. Sir, the only thing to add is it is an honor to be here, and stand with our great congressional teammates. And I consider you teammates, and I can't think of any higher accolade to be a member of a team. So thanks. Good to be here, sir.

Mr. FORBES. Thank you. And with that—

General MASON. Ms. Bordallo, and—

Mr. FORBES [continuing]. We are adjourned.

[Whereupon, at 3:50 p.m., the subcommittee was adjourned.]

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**A P P E N D I X**

MARCH 28, 2012

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**PREPARED STATEMENTS SUBMITTED FOR THE RECORD**

MARCH 28, 2012

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**Statement of Hon. J. Randy Forbes**  
**Chairman, House Subcommittee on Readiness**  
**Hearing on**  
**The Navy's Readiness Posture**  
**March 22, 2012**

I want to welcome all of our members and our distinguished panel of experts to today's hearing focused on materiel reset. I want to thank our witnesses for being with us this afternoon. General Mason, I understand this is your first time testifying in your new capacity as the Deputy Chief of Staff of the Army for Logistics, welcome.

I also understand, General Panter, that this is likely your last time to testify before this subcommittee before your retirement. We thank you for your service and wish you the best as you transition.

I believe it is important that you are all here with us today. Resetting our force is a strategic imperative and one that will require a continued commitment from this subcommittee and this Congress beyond combat operations. In light of shrinking defense budgets, the Budget Control Act's looming sequestration, and the Administration's announcement of an accelerated drawdown in Afghanistan, I believe this hearing is very timely.

Last year we spent a great deal of time exploring our current state of readiness and discussing how we remain prepared to meet the challenges we are likely to face in the future. Time and time again, we heard of a force that Gen. Breedlove described as being "on the ragged edge." We learned that one of the major drivers behind this degraded force was a lack of materiel readiness.

Today we again explore readiness, this time, in the context of reset and its importance to ensuring a capable future force. Complicating this effort is the reduction of \$754 billion in the Department of Defense's 10-year budget, leading the DOD to cancel many of its most advanced systems like the CG(X) next-generation cruiser program, the F-22, and the Army's Future Combat System.

DOD has also made tough decisions on force structure and civilian personnel, shrinking the Marine Corps by more than 25,000 marines, the Active Army by 72,000 soldiers. In short, this means that resetting the force is now more important than ever. The Administration is arguing that we can afford a smaller force, one with less capacity, so long as we have a more capable force.

Let us be clear, failure to reset the force undermines this position and will leave us with a smaller *and* less-capable force. If we do not get this right, the implications will be far-reaching and long-lasting. Many tough decisions still lie ahead, and I remain concerned that because the Department has not begun planning for a

possible sequestration, we only have a small sense of how truly catastrophic sequestration could be.

We all have a responsibility to ensure our men and women in uniform are given the tools necessary for the job we have asked them to do. I look forward to learning more about reset and its importance to the warfighter.

25

**RECORD VERSION**

**STATEMENT BY**

**LIEUTENANT GENERAL RAYMOND V. MASON  
DEPUTY CHIEF OF STAFF, G-4  
UNITED STATES ARMY**

**BEFORE THE**

**HOUSE ARMED SERVICES COMMITTEE  
SUBCOMMITTEE ON READINESS**

**SECOND SESSION, 112TH CONGRESS**

**ON UNITED STATES ARMY RESET**

**MARCH 28, 2012**

**NOT FOR PUBLICATION UNTIL RELEASED BY THE  
COMMITTEE ON ARMED SERVICES**

Chairman Forbes, Ranking Member Bordallo, and members of the Subcommittee, thank you for the opportunity to discuss the Army's Reset program. I would be remiss if I did not take this opportunity to thank this Subcommittee, and the Congress as a whole, for your continual support for Army Reset funding and your outstanding support of our Soldiers, Civilians, and their Families.

**RESET DEFINITION:**

Equipment Reset is defined as a set of actions to restore equipment to a desired level of combat capability commensurate with a unit's future mission; Reset is an essential element of readiness and entails restoring balance to the Army for known Combatant Command requirements. It is part of the cost of war, and it prepares our Soldiers and their equipment for an unpredictable future and evolving threats.

It is important to state that our need to Reset equipment does not end operations cease in Iraq and Afghanistan. In fact, a large portion of unit Reset begins upon redeployment to home station. The Army will have to Reset equipment for as long as we have forces deployed and for 2-3 years thereafter to ensure future combat readiness. It is because of your determined support for Reset that we can keep our aircraft flying and our ground vehicles running. It is through the commitment of the Congress, the Army, and our partners in the industrial base that we have successfully executed our Reset program. The result has been operational readiness rates in theater at over 90% and 75% for ground and aviation systems, respectively, for the last 10 years of the war.

The Army requested, and the Congress funded, Reset entirely through Overseas Contingency Operations (OCO) accounts. A fully-funded Reset program ensures that equipment lost in theater is replaced and equipment worn by extended use in harsh environments is repaired and returned to a fully ready state, having had the effects of delayed desert damage mitigated. Additionally, the Army's non-Reset accounts fund the repair, replacement, and recapitalization of equipment not associated with contingency operations.

Reset funding is used to repair equipment returning from overseas contingency operations by applying maintenance services, including fault location/troubleshooting, removal/installation, disassembly/assembly and maintenance actions to restore serviceability to an item by correcting specific damage, fault, malfunction, or failure in a part, subassembly, module (component or assembly), end item or system.

Reset funding is also used for Recapitalization, a modernization process taking selected equipment to near zero hours/zero miles, which includes technology insertion and results in a new system model-new system life. This year, the Army plans to recapitalize approximately 2,700 Up-armored High Mobility Multi Wheeled Vehicles (HMMWV) returning from theater. These upgrades will extend the useful life of the fleet. The Army will also upgrade 1,216 Mine Resistant Ambushed Protected (MRAP) Vehicles with survivability and mobility enhancements. This work will be performed at the MRAP Sustainment Facility in Kuwait and stored in the Army Prepositioned Stock (APS) 5 in Southwest Asia. It is also worth noting that a number of MRAPs have already been returned to home station installations and placed in training equipment sets to ensure our Soldiers remain current on the training, operation, and maintenance of these highly specialized, theater-unique pieces of equipment.

Reset funding also supports the procurement of new end-items to replace equipment lost due to combat operations. With this funding, we replace many critical pieces of equipment such as trucks, aircraft, night vision devices and materiel handling equipment. This has proven invaluable in providing our Warfighters the equipment they need to succeed in the high operational tempo the Army faced fighting executing combat operations over the past ten plus years.

**FIELD LEVEL AND DEPOT LEVEL RESET:**

Coarse sand, fine dust, and extreme temperatures ravage sophisticated mechanical and electronic systems from vehicles and generators, to computers and night vision

goggles. In FY2011, the Army Reset over 93,000 pieces of equipment at the Depot Level. Special Repair Teams also Reset over 525,000 pieces of equipment; such as small arms and night vision goggles directly at the installation/unit level. In the forecast for FY2012, the Army expects to Reset (repair) approximately 105,000 items at our industrial facilities, in addition to over 580,000 pieces of equipment on site where units are stationed, including over 500 aircraft.

**DRAWDOWN FROM IRAQ:**

Beginning in early 2009, due to exceptional efforts by the entire force from tactical units on the ground in Iraq to the Army Materiel Command's Responsible Reset Task Force (R2TF), we methodically executed the retrograde of millions of pieces of equipment out of Iraq to meet Presidential mandates. In addition to retrograding equipment from Iraq, the Army also redistributed equipment within Iraq to meet two critical missions: (1) Enabling the Iraqi Security Forces (ISF) to attain minimum essential capability (MEC) in becoming a stable and secure nation that can contribute to the peace and security of the region and (2) Supporting the transition of responsibility to the Department of State (DoS) with required resources and capabilities so they can remain secure and successful as they assume the mission in Iraq upon the departure of United States Forces-Iraq (USF-I).

The Army retrograded and redistributed equipment from Iraq to satisfy numerous critical requirements; primarily to ensure U.S. forces in Afghanistan have the key mission equipment they need and also for filling equipment shortages to RESET the broader Army team, Active and Reserve Components. Before we issue that equipment to troops in Afghanistan, place it in Army Prepositioned Stocks, or use it to fill an Active, Reserve or National Guard shortage, we used the Reset program to restore it to the appropriate level of readiness.

**RETROGRADE, RESET, AND REDISTRIBUTION (R3) PROCESS:**

More specifically, the Army established a very deliberate Retrograde, Reset, and Redistribution (R3) process for equipment that is focused on transitioning from the needs of the current combat operations, to support potential future operations, and training requirements. R3 synchronizes Retrograde, Reset, and Redistribution efforts across the Army to restore readiness. This process identifies retrograde priorities to assist Army Central (ARCENT) in retrograde planning, synchronizes retrograde of equipment out of theater with its repair, and subsequent redistribution to support training and equipment readiness requirements as units cycle through the Army Force Generation (ARFORGEN) process that ensures a ready Army.

As we successfully executed the drawdown in Iraq, the R3 process also provides us the ability to determine where best to send equipment for repair. For example, some equipment was repaired in theater so that it could be more rapidly sent to Afghanistan to fill mission requirements. We retrograded other pieces of equipment back to our Army depots and other maintenance facilities under Army Materiel Command control so that they could be Reset to a higher standard. Certain items of equipment that are highly susceptible to harsh environmental conditions are part of our Automatic Return Item (ARI) program which are sent to the Depot level to expedite repair and redistribution to next deployers.

#### **RESET FUNDING TRENDS:**

The Army truly appreciates Congress' support in providing \$4.3 billion for Reset in FY2012. This funding is split between \$3.955 billion in OCO Operations and Maintenance funding and \$390 million in OCO Procurement funding. The decrease in funding level from FY 2011 to FY 2012 is principally due to the drawdown from Iraq and the shift in combat operations to Afghanistan. Units rotating in and out of Afghanistan are generally executing "light infantry" missions and operate MRAPs and MATVs as primary platforms rather than the mix of tracked combat vehicles and MRAPs used by the Heavy Brigade Combat Teams (HBCT) more common in Iraq. This equipment mix and the small number of tracked vehicles in Afghanistan significantly reduce Reset cost.

The Afghanistan theater relies heavily on Theater Provided Equipment (TPE), which will delay the return of equipment and therefore pushing Depot Level Reset requirements into later years.

TPE is equipment that has been either (1) acquired through the Operational Needs Statement (ONS) or Joint Urgent Operational Needs Statement (JUONS) process and remains in theater for issue to units as they rotate; (2) equipment which was originally deployed with units and left in theater for follow on forces after those units depart, or; (3) equipment from Army Prepositioned Stocks. This equipment consists of wheeled vehicles, track vehicles, and communication, electronics, force protection, and support items. This equipment remains in theater and is only replaced when repairs are required that cannot be accomplished in theater. As forces drawdown, this equipment is eventually retrograded, repaired and returned to units to meet Army needs. This equipment will be vital to Army forces in the future and thus requires sustained Reset funding.

**RESET REQUEST FOR FY 2013:**

For FY 2013, the Army requested \$5.445B for Reset; \$3.688 billion in OCO Operations and Maintenance funding and \$1.757 billion in OCO Procurement funding. The Reset request for FY 2013 anticipates a higher level of effort than FY 2012, due to the retrograde of equipment from Iraq and increasing need to Recapitalize or replace that combat equipment. Workload projections may be revised in the future as equipment retrograde decisions are made and the quantities, types, and condition of returning equipment become better known. FY 2013 President's Budget Reset request funds the Reset of approximately twenty eight Brigades, as well as associated TPE, and Army Pre-Positioned Stocks.

**CHALLENGES:**

The Reset program is not without its challenges. Our need to Reset equipment will continue for as long as we have forces deployed and for 2-3 years thereafter to ensure readiness for the future. Delays in funding reduce our ability to provide the most cost effective and timely repair or supply of replacement equipment.

The Army's Depots and Arsenals continue to meet all war-time related requirements and play a critical role in sustaining Army readiness. Army maintenance depots (Anniston, Corpus Christi, Letterkenny, Red River and Tobyhanna) and manufacturing Arsenals (Watervliet, Rock Island and Pine Bluff) have achieved significant production efficiencies and dramatically improved their technical expertise. However, the Army will have to adjust its workload and depot workforce based on anticipated workload requirements in the future. Reset of equipment returning from operations in Iraq and Afghanistan will mitigate impacts on the permanent workforce in the near term; however, the Army does expect to reduce the number of contract, temporary, and term workers in the depots as the Army reduces combat operations into the Central Command Theater.

To mitigate these challenges, we believe that a viable and relevant industrial base requires the Army identify to core competencies and size the Depot workforce to meet and sustain those competencies, plus the capacity needed to meet future war-time surge requirements. Core competencies, expressed in terms of industrial skills, ensure a ready, effective, timely, and controlled government-owned/government-operated source of materiel repair.

In accordance with Title 10, the Secretary of the Army designated specific Depots and Arsenals as Centers of Industrial and Technical Excellence (CITE) for specific depot maintenance capabilities as follows:

- Tobyhanna Army Depot - CITE for Command, Control, Communications, Computers Intelligence, Surveillance and Reconnaissance (C4ISR) and Electronics, Avionics and Missile Guidance and Control (Core workload includes

Fire Finder Radars, Electronic Shop Vans/Shelters, TRC 190 Radio Terminals, SINGGARS, COMSEC, EW and Blue Force Tracking);

- Letterkenny Army Depot - CITE for Air Defense and Tactical Missile ground support equipment (less missile guidance and control) and mobile electric power generation equipment (Core workload includes PATRIOT, Generators, HIMARS, Force Provider, and Route Clearance Vehicle); Letterkenny has also established core competency repairing prime movers for critical Core workload such as HIMARS and PATRIOT and core competency for Special Operations Command equipment.
- Anniston Army Depot - CITE for Combat Vehicles (Wheeled and Tracked except Bradley), Artillery, Assault Bridging, and Small Caliber Weapons (Core workload includes: Abrams tanks, Strykers, M109A6 Paladins, M88 Recovery Vehicles, M16A4 rifles, M240 Machine Guns, M2 .50 Cal machine guns)
- Rock Island Arsenal Joint Manufacturing and Technology Center - CITE for Mobile Maintenance Systems;
- Sierra Army Depot - CITE for the Reset of Reverse Osmosis Water Purification Units (Core workload includes: Forward Area Water Point Supply System, Reverse Osmosis Water Purification Units, Tactical Water Purification System, and Inland Petroleum Distribution System). Sierra also performs a critical receipt, storage and issue mission for standard and non-standard equipment.
- Corpus Christi Army Depot - CITE for Aviation structural airframes, blades and advanced composite technologies; flight and control surfaces, aviation engines; transmissions and hydraulic systems including subsystems (Core work includes: UH60, AH64, CH47 and OH58D Aircraft and Aircraft components less avionics);
- Pine Bluff Arsenal - CITE for Chemical and Biological Defense Equipment (core workload includes: decontamination apparatus, M40 Series Protective Masks);
- Red River Army Depot - CITE for Tactical Wheeled Vehicles, the Small Emplacement Excavator, Bradley Fighting Vehicle, rubber products (Core workload includes Bradley Fighting Vehicles series and components, HMMWVs, HEMTTs, HETs, PLS, M915 Line Haul Vehicles, and MRAP)
- Tooele Army Depot - CITE for Ammunition Peculiar Equipment.

- Watervliet Arsenal's Core competency includes larger caliber cannon manufacturing (105mm, M68A2, 120mm M256, 155mm M776); 60mm, 81mm, 120mm mortars; mortar barrel and baseplate manufacturing.

The Army also continues to meet the "50/50" requirements in Title 10 United States Code. As the Subcommittee is aware, the 50/50 rule requires that not more than 50 percent of the funds made available in a fiscal year for depot-level maintenance and repair workload may be used to contract for the performance by non-Federal Government personnel. The Army continues to fully meet the 50/50 requirement and this has ensured we maintain a viable and energetic organic Depot Maintenance capability.

#### **INVESTMENT IN OUR ORGANIC FACILITIES:**

With many facilities competing for Military Construction funds, the Capital Investment Program (CIP), which is funded by Army Working Capital Funds, is a key enabler to improve the effectiveness and efficiency of our industrial base facilities. CIP funds improvements in plant and equipment, ensuring both Depots and Arsenals maintain technological capability and relevancy. For FY 2012 and FY 2013, the Army expects to meet or exceed the statutorily required 6% investment for CIP. These investments directly support the Core workload of that specific facility.

#### **CLOSING:**

In closing, our Reset program remains vital to ensuring our Soldiers have the equipment they need to conduct current and future operations. Therefore, it is absolutely critical that the capability and capacity for Reset continue for as long as we have forces deployed and for 2-3 years thereafter to ensure readiness for the future. Chairman Forbes, Ranking Member Bordallo, members of the Subcommittee, I thank you again for your continued support for Soldiers and their Families. I look forward to your questions.

###



## United States Army

Lieutenant General  
RAYMOND V. MASON

Assistant Deputy Chief of Staff, G-4  
United States Army  
500 Army Pentagon 1E394  
Washington, DC 20310-0500  
Since: July 2011



### SOURCE OF COMMISSIONED SERVICE ROTC

### EDUCATIONAL DEGREES

James Madison University – BA – Commercial Marketing and Merchandising  
Florida Institute of Technology – MS – Procurement/Contract Management  
National Defense University – MS – National Resource Strategy

### MILITARY SCHOOLS ATTENDED

Quartermaster Officer Basic and Advanced Courses  
United States Army Command and General Staff College  
Industrial College of the Armed Forces

FOREIGN LANGUAGE(S) None recorded

<u>PROMOTIONS</u>	<u>DATE OF APPOINTMENT</u>
2LT	16 Dec 78
1LT	16 Dec 80
CPT	1 Oct 82
MAJ	1 Oct 90
LTC	1 Mar 95
COL	1 Jun 00
BG	1 Jan 05
MG	16 May 08
LTG	1 Sep 11

<u>FROM</u>	<u>TO</u>	<u>ASSIGNMENT</u>
Jun 79	Sep 80	Supply Platoon Leader, later Executive Officer, Headquarters and A Company, 205th Transportation Battalion (AVIM), 3d Corps Support Command, V Corps, United States Army Europe and Seventh Army, Germany
Sep 80	Jun 81	Supply Platoon Leader, 699th Maintenance Company, 85th Maintenance Battalion, 3d Corps Support Command, V Corps, United States Army Europe and Seventh Army, Germany
Jul 81	Oct 82	Aide-de-Camp to the Commanding General, 3d Corps Support Command, V Corps, United States Army Europe and Seventh Army, Germany
Nov 82	Jul 83	Student, Quartermaster Officer Advanced Course, United States Army Quartermaster School, Fort Lee, Virginia

Aug83 Jul 86 Assistant S-3 (Plans and Operations), Division Support Command, later Commander, E Company (Rigger), 407th Supply and Services Battalion, later Plans Officer, G-4 (Logistics), 82d Airborne Division, Fort Bragg, North Carolina and OPERATION URGENT FURY, Grenada

Aug86 Dec 86 Student, United States Army Logistics Management College, Fort Lee, Virginia

Dec 86 Jun 87 Student, Florida Institute of Technology, United States Army Logistics Management Center, Fort Lee, Virginia

Jun 87 Jun 89 Exchange Officer, Australian Army, with duty as Commander, Supply Services Company, 21st Supply Battalion (Australian Army), Canberra, Australia

Jul 89 Jun 90 Student, United States Army Command and General Staff College, Fort Leavenworth, Kansas

Jun 90 Jun 91 Chief, Officer Branch, Office of the Quartermaster General, United States Army Quartermaster Center and School, Fort Lee, Virginia

Jun 91 May92 Aide-de-Camp to the Commanding General, United States Army Materiel Command, Alexandria, Virginia

Jun 92 Jun 93 Support Operations Officer, 702d Main Support Battalion, 2d Infantry Division, Eighth United States Army, Korea

Jul 93 Jun 95 Speechwriter, Office of the Deputy Chief of Staff for Logistics, United States Army, Washington, DC

Jul 95 Jun 96 Executive Officer, Division Support Command, 82d Airborne Division, Fort Bragg, North Carolina

Jul 96 Jun 98 Commander, 407th Forward Support Battalion, 82d Airborne Division, Fort Bragg, North Carolina

Aug 98 Jun 99 Student, Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, DC

Jun 99 Jun 00 Special Assistant to the Deputy Chief of Staff for Logistics, United States Army, Washington, DC

Jun 00 Jul 02 Commander, Division Support Command, 25th Infantry Division (Light), Schofield Barracks, Hawaii

Jul 02 Sep 03 Deputy Director, J-4, The Joint Staff, Washington, DC

Sep 03 Sep 05 Commander, Defense Supply Center Philadelphia, Defense Logistics Agency, Philadelphia, Pennsylvania

Oct 05 Oct 06 Deputy Commander, United States Army Field Support Command with duty as Commanding General, Army Materiel Command Forward-Southwest Asia/C-4, Coalition Forces Land Component Command, Kuwait

Oct 06 Oct 07 Commanding General, 19th Sustainment Command (Expeditionary), Eighth United States Army, Korea

Oct 07 Aug 09 Commanding General, 8th Theater Sustainment Command, Fort Shafter, Hawaii

Aug 09 Jul 11 Deputy Chief of Staff, G-4, United States Army Forces Command, Fort McPherson, Georgia

Jul 11 Present Assistant Deputy Chief of Staff, G-4, United States Army, Washington, DC

SUMMARY OF JOINT ASSIGNMENTS

	<u>DATE</u>	<u>GRADE</u>
Deputy Director, J-4, The Joint Staff, Washington, DC	Jul 02 - Sep 03	Colonel
Commander, Defense Supply Center Philadelphia, Defense Logistics Agency, Philadelphia, Pennsylvania	Sep 03 - Sep 05	Colonel/Brigadier General

SUMMARY OF OPERATIONS ASSIGNMENTS

	<u>DATE</u>	<u>GRADE</u>
Deputy Commander, United States Army Field Support Command with duty as Commanding General, Army Materiel Command Forward-Southwest Asia/C-4, Coalition Forces Land Component Command, Kuwait	Oct 05 - Oct 06	Brigadier General

Not public until released by the  
House Armed Services Committee

**STATEMENT OF  
LIEUTENANT GENERAL FRANK A. PANTER  
DEPUTY COMMANDANT, INSTALLATIONS AND LOGISTICS  
BEFORE THE  
HOUSE ARMED SERVICES COMMITTEE  
READINESS SUBCOMMITTEE  
MARCH 28, 2012**

Not public until released by the  
House Armed Services Committee

Chairman Forbes, Ranking Member Bordallo, members of the Subcommittee, thank you for the opportunity to provide you a report on how the Marine Corps is planning for and executing our reset from Afghanistan. Despite high operational tempo, your Marines are resilient, motivated and continue to perform superbly in combat, maritime security, humanitarian assistance and disaster relief missions around the globe.

In his October 27, 2011 testimony before this Subcommittee, General Joseph F. Dunford, the Assistant Commandant of the Marine Corps, explained the Marine Corps' effort in resetting, reconstituting and sustaining the force while maintaining a high state of readiness in the face of fiscal austerity. While the Marine Corps is committed to remain the America's Expeditionary Force in Readiness, we understand our responsibility both to Congress and the American people to be good stewards of our limited resources. We will continue to ask only for what we require to perform what the Nation demands of its Marine Corps.

Continued Congressional support in the next several years is critical in support of resetting the equipment of the Marine Corps. This will ensure that we can meet the future security demands in the uncertain environment. On behalf of all Marines and their families, thank you for your unwavering and continued support.

Today there are roughly 20,000 Marines deployed to Afghanistan. We have made significant progress in the Helmand Province. This success has been achieved due to the outstanding professionalism and bravery of our young Marines and their leaders on the ground. Our number one priority is to provide the best equipped and trained forces to Afghanistan while balancing our capabilities to respond to missions around the world as our Nation directs.

To maintain high readiness rates in support of forward deployed units, we have globally sourced equipment for Afghanistan and other emerging threats around the world. A result of this strategy is a reduced availability of equipment to outfit and train our non-deploying units at home stations. This has caused our supply rating of units at home stations to hover around 65 percent. Upon direction of our President to surge forces into Afghanistan in late 2009, almost half of the required equipment needed by the Marine Corps in Afghanistan was shipped directly from Iraq. This allowed for an immediate capability increases in Afghanistan but deferred our reset actions for this equipment set.

Additionally, after ten years of combat operations, our equipment has been stressed and has experienced increased wear and tear due to:

- The harsh environment and tempo of operations in theater.
- The additional weight of the vehicles due to the state-of-the-art armor associated with our equipment.

Finally, the nature of distributed operations has shown us that our legacy tables of equipment are inadequate. As a result, the type and number of ground vehicles, radios, and other major end items has significantly increased. For example, in our infantry battalions, the number of tactical vehicles has almost doubled while the number of radio sets has grown sevenfold. Additionally, equipment has gotten more expensive. As an example, the cost to equip an individual Marine grew six-fold based on lessons learned in Iraq and Afghanistan.

**Best Marine Corps the Nation Can Afford**

The Marine Corps philosophy of frugality permeates throughout our expeditionary culture. We optimize every dollar provided by Congress and continually seek to provide the most cost efficient and combat effective force. The Marine Corps has remained and will remain faithful to that charge. As the Marine Corps' Senior Logistician, I am dedicated to fulfilling the Commandant's promise to equip and maintain the best Marine Corps our Nation can afford with the resources available.

To illustrate our commitment in being good stewards of our resources, we are currently undergoing an independent audit to improve financial management practices. Our intent is to maximize Congress' investment and to ensure that scarce resources are auditable. Identifying and lowering, where feasible, the cost of sustaining the Marine Corps' inventory is critical to realizing the Commandant's promise to this committee and the Nation. Although there is much work to be done, the Marine Corps has made significant strides in this regard to include:

- The ongoing fielding of our Logistics IT backbone – the Global Combat Support System – Marine Corps (GCSS-MC). GCSS-MC will significantly improve our inventory accountability, provide maintenance efficiencies and support clean audit requirements.

- The execution of the Marine Corps' Ground Equipment Reset Strategy to repair, replace and recapitalize the Marine Corps ground equipment in support of future contingencies.
- The reorganization of our Depots to the Marine Corps Depot Maintenance Command (MDMC) to reduce overhead, reduce operating costs and ensure the Commandant of the Marine Corps has an affordable capability and effective capacity to self generate readiness and respond when we must surge to wartime demand.

#### **Marine Corps Ground Equipment Reset Strategy**

On January 1, 2012, General Amos signed the Marine Corps' Ground Equipment Reset Strategy (Figure 1). This Strategy represents the culmination of nearly two years of

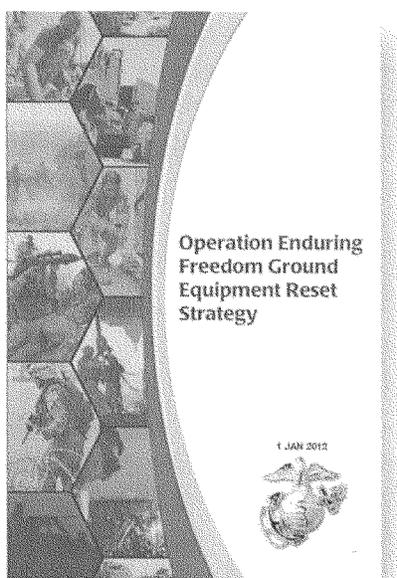


Figure 1: The Ground Equipment Reset Strategy

detailed planning to capture the pertinent lessons learned from the retrograde of the Marine Corps from Iraq. The strategy enhances asset visibility and identifies optimal repair locations for each principle end item returning from Afghanistan. To complement the Ground Equipment Reset Strategy, we developed a "Playbook" that contains comprehensive details on each principle end item. The Playbook informs the Reset Strategy and effectively connects enterprise level decisions to actions throughout the Marine Corps. This comprehensive approach guides the disposition of the equipment, forecasts

transportation requirements and directs the proper care, packaging and segregation of equipment to ensure maximum effectiveness of our reset resources.

To validate our reset strategy the Marine Corps recently conducted a proof-of-principle in conjunction with the initial drawdown of forces and associated equipment assigned to Third Battalion, Second Marines in December 2011. This helped frame the challenge we are facing as we begin to retrograde and reset our Marine Corps as depicted in figure 2.

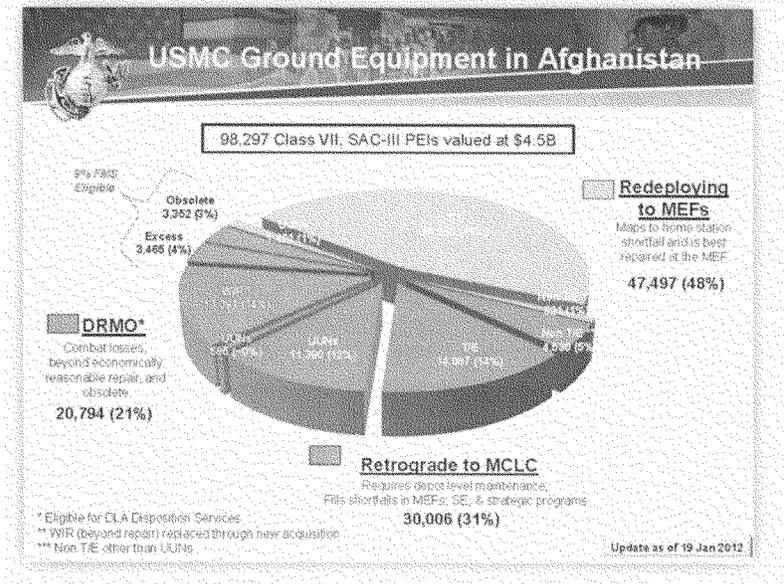


Figure 2

Our commanders in Afghanistan have commenced the Herculean task of retrograding the equipment, supplies, repair parts and ammunition currently not needed for combat. A component of our reset strategy is to repair items as far forward as possible using organic and joint capabilities so we can effectively vector equipment to our depots and home stations without incurring redundant transportation costs. We have already started to receive some equipment from Afghanistan at our depots, and while only a limited quantity of items, we are positioned for the larger retrograde of equipment when the decision is made.

We have been working diligently and continuously to refine the reset costs of the Marine Corps. We currently estimate the ground equipment reset liability at \$3.2 billion.

Our forecasted requirement is primarily based on replacement of combat losses, the repair of items to serviceable condition, and the extension in service life of selected items where authorized. This approach maximizes the Marine Corps depot capacity to enhance our ground equipment readiness. Our progress in executing our Reset Strategy will be supported by a plan that measures:

- Rate of return of ground equipment from theater
- Transportation costs incurred by the Marine Corps
- Time to complete repairs
- Execution of reset dollars
- Impact to readiness at home stations

Congress has been supportive in meeting the Marine Corps' operational reset needs, and we ask for your continued support as we drawdown from Afghanistan. Based on current planning estimates, we anticipate the bulk of that execution to occur at our depots in the next two to three years. Consideration must be given to the unique challenges of moving equipment out of Afghanistan as that will extend reset actions in the continental United States.

**Marine Corps Maintenance Depots: A Force Multiplier**

Acknowledging fiscal realities, our Commandant, with the Secretary of the Navy's approval, directed us to consolidate the Marine Corps Depots under one command with two operating plant locations. Consolidating our depots under a single commander is the right balance between fiscal efficiency and meeting the unique requirements of the Marine Corps. This initiative will reduce costs, standardize processes between industrial plants and increase efficiency.

Marine Corps depots at Barstow, California and Albany, Georgia are critical to the success of our reset execution. The Marine Corps Logistics Command operates our depot system and is assigned as the Executive Agent for our reset strategy actions. They currently have a forward capability in Afghanistan providing the front end actions needed, including triage of equipment to assess the condition of each principal end item and recommending optimal repair location.

**Summary**

As highlighted in previous testimony, we have accepted risk at our home stations to sustain our first priority – the Marines in harm’s way. We are confident that our reset strategy, using an enterprise perspective, addresses the objective of getting back to appropriate readiness postures throughout the Marine Corps at a manageable cost.

The Marine Corps will continue to provide the best trained, best equipped Marines to meet the demands of the current fight in Afghanistan, as well as any potential crises that may emerge globally. Grounded in lessons learned from Iraq, our reset strategy allows for the unique challenges of the retrograde of equipment out of Afghanistan. The continued support of Congress will ensure the Marine Corps remains America’s Expeditionary Force in Readiness. On behalf of all of our Marines, Sailors and their families and our Commandant, I thank you for your continued support.

**Lieutenant General Frank A. Panter, Jr.**  
**Deputy Commandant for Installations and Logistics**



Enlisting in the Marine Corps in August 1968, he served until 1972. This included a tour in the Republic of Vietnam with the 1st Marine Division. After graduating in 1975 from the University of Tennessee at Chattanooga with a Bachelor of Arts degree in Biology, he entered Officer Candidate School and was commissioned a Second Lieutenant in the Marine Corps in July 1975.

Following the The Basic School in 1976, Second Lieutenant Panter attended the Basic Combat Engineer Course. He then served as a Combat Engineer and Shore Party Platoon Commander, Alpha Company, 3D Combat Engineer Battalion, Kaneohe Bay, Hawaii participating in several deployments throughout the Western Pacific. Transferred in July 1979 to the Marine Corps Logistics Base, Albany, Georgia, Captain Panter served as the Commanding General's aide-de-camp until 1982. Captain Panter then served as Inspector-Instructor for Headquarters & Service Company and Assistant Battalion Inspector-Instructor, 6th Engineer Support Battalion, Portland, Oregon until 1986. He was later assigned to Headquarters Marine Corps, Washington D.C. as an Acquisition Project Officer for engineer equipment.

In 1990 Major Panter was transferred to Okinawa, Japan and served as the Operations Officer and later as the Executive Officer for 3d Combat Engineer Battalion, 3d Marine Division. After being promoted to Lieutenant Colonel, he assumed command of the 3d Combat Engineer Battalion. While at 3d Combat Engineer Battalion he participate in Operation FIERY VIGIL, providing disaster relief assistance in the Philippines after the eruption of Mt. Pinatubo.

In 1993 Lieutenant Colonel Panter was transferred to United States Central Command, Tampa, Florida and served as the Branch Chief, Exercise Branch, Logistics and Security Assistance Directorate (J4) and also as the Humanitarian Assessment Survey Team (HAST) Chief.

During 1997 he was transferred to Naples, Italy, where he served as the Military Assistant and Senior Special Assistant to the Commander-in-Chief, United States Naval Forces Europe / Commander, Allied Forces Southern Europe.

In July 1998, Colonel Panter was transferred to United States Atlantic Command, Norfolk, Virginia where he served as the Deputy Chief and later Chief of the Current Operations Division, Operations Directorate (J3). During August 1999 Colonel Panter was transferred to the 2D Marine Aircraft Wing and served as the 2D Marine Aircraft Wing Inspector until assuming command of Marine Wing Support Group 27, which he commanded for two years.

From July 2002 until August 2003, Brigadier General Panter served as the Commanding General, Marine Corps Warfighting Lab in Quantico, VA and the Vice Chief, Office of Naval Research.

In September 2003 he assumed command of the 3d Marine Logistics Group. During this tour he commanded the Combined Support Group-Sri Lanka, Operation UNIFIED ASSISTANCE, which was responsible for U.S. military tsunami disaster relief assistance in Sri Lanka and the Maldives. Also during this tour, Brigadier General Panter deployed forces to Pakistan for earthquake disaster relief efforts as well as commanding the U.S. forces in Indonesia for earthquake disaster relief operations.

During August 2006 Brigadier General Panter was transferred to Headquarters, Marine Corps where he assumed duties as the Assistant Deputy Commandant for Installations and Logistics (Plans, Policy and Strategic Mobility).

From 2007 to 2009, Major General Panter served as the Commander, U.S. Marine Corps Forces Korea and Assistant Chief of Staff for Strategy and Plans, U/C/J-5, United Nations Command, Combined Forces Command, and United States Forces Korea.

Lieutenant General Panter is a graduate of the United States Army's Advance Engineer Officer's Course, the Marine Corps' Command & Staff College, the Naval War College and the Air Force's Air War College (non resident). He has a Master of Education degree in Secondary Mathematics and a Master of Arts degree in National Security and Strategic Studies.



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**QUESTIONS SUBMITTED BY MEMBERS POST HEARING**

MARCH 28, 2012

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### QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. 1) What are the consequences of not fully executing reset?

General MASON. One consequence of not fully executing Reset is that a piece of equipment already used in theater may not be ready for use in the next contingency. Another consequence is that battle losses may not be replaced, thus impacting equipment on-hand readiness.

Mr. FORBES. 2) How important is reset to keeping the organic industrial base viable?

General MASON. Reset currently assists in meeting core requirements that are necessary to maintain critical skill sets of our artisans and our capabilities.

Core requirements funded in our base programs sustain the long-term viability of our organic industrial base

Mr. FORBES. 3) Are there items you believe are of a higher reset priority? Are there units that are higher priority for reset equipment?

General MASON. Yes, there are some items like our major combat platforms and high demand critically short systems that have a higher priority for equipment reset than other items. And there are also units that have a higher priority for the reset of equipment based on projected deployment schedule.

To address these priorities, the Army has established a very deliberate Retrograde, Reset, and Redistribution (R3) process for equipment, focused on transitioning from the needs of the current conflict to full spectrum operations and training. The R3 synchronizes retrograde, reset, and redistribution efforts across the Army to restore readiness. The process identifies retrograde priorities to assist Army Central (ARCENT) in retrograde planning, synchronizes retrograde of equipment out of theater with its repair, and subsequent redistribution to support training and equipment readiness (ARFORGEN) requirements. Equipment is returned to the Force in accordance with the priority established by the Deputy Chief Staff, G3 Dynamic Army Priority List.

Mr. FORBES. 4) What is your reset strategy and plans for mine resistant ambush protected (MRAP) vehicles?

General MASON. The Secretary of the Army has designated Red River Army Depot as the Center for Industrial and Technical Excellence for MRAPs. MRAPs will remain a critical fleet of multi-mission platforms in the Army that will require sustainment through the Reset program. The FY13 President's Budget requests almost \$2 Billion (\$927M OPA and \$1B OMA) to fund sustainment of deployed MRAPs and upgrades to consolidate variant types, reduce MRAP fleet sustainment costs, and facilitate Type Classification and Full Materiel Release for MRAP enduring force vehicles. Primary upgrades include survivability through additional underbody armor; mobility with suspension upgrades; and safety improvements. MRAP Reset will return the platforms to 10/20 standard. Following Reset, the platforms will be issued to units, training sites, or placed into Army Pre-Positioned Stocks.

Mr. FORBES. 5) How does Reserve Component equipment factor into reset?

General MASON. The Reset process enhances equipment operational readiness and equipment levels regardless of component. All units, regardless of component, are equipped with the most capable equipment that the Army has to offer.

Reserve component equipment is repaired or replaced as required. Equipment that requires depot-level repair due to its condition is repaired and redistributed according to Army priorities. The Army uses funds appropriated for Sub Activity Group 137 to support the Reset of equipment for all three components.

Mr. FORBES. 6) How accurate do you believe your overall reset liability estimates are?

General MASON. Army has recently reviewed the Reset Liability and remains confident that given the variables that our estimate remains accurate. If contingency operations ceased today, the Army estimates it would need \$10-15B to complete Reset. There are many factors and assumptions that can affect the total future Reset Requests, such as battle losses/washout of equipment, the condition of equipment at the time of retrograde and the final determination on what equipment we will retrograde from theater. Army conducts an annual Reset Liability study in con-

junction with The Office of Cost Assessment and Program Evaluation within the Office of the Secretary of Defense to revise and re-baseline our Reset estimates.

Mr. FORBES. 7) How has the Army's lack of finalized plans regarding the composition and size of its force impacted your reset plans? How can you be sure your plans meet the needs of the Army in the future?

General MASON. With the exception of some select equipment like Tactical Wheel Vehicles, radios, and small arms, we do not expect that pending force structure decisions will have a significant impact on Reset.

Equipment not needed for future contingencies will not be Reset. Our Retrograde, Reset and Redistribution (R3) synchronization process closely integrates input from across the Army Staff and ensures finalized Reset plans meet the Army's current and future needs.

Mr. FORBES. 8) How would proposed plans to add an additional maneuver battalion to certain brigade combat teams impact your reset plans?

General MASON. In general, the proposal to add battalions should not impact Reset.

Mr. FORBES. 9) The budget contains numerous "efficiencies" throughout the maintenance accounts. How confident are you that your Service will realize anticipated savings and what are the impacts to reset if you don't?

General MASON. I am confident that the Army will continue to find efficiencies to improve our operations and reduce costs. Most of our efficiencies are against base programs; consequently if the savings are not realized, they will not significantly impact our Reset efforts which are funded by Overseas Contingency Operations (OCO).

Mr. FORBES. 10) Last year the Army had to reprogram more than \$2 billion in reset funding due to executability issues. How confident are you in the accuracy of this year's budget request and your ability to fully execute any provided funding?

General MASON. Based on what we know today, the Army is confident in our FY 2013 budget request. We are also confident in our ability to execute available funding in FY 2012. Factors such as: the amount of equipment that needs to be replaced due to battle damage; retrograde lines of communication; operational decisions that affect equipment returning from theater on-time; and the condition of that returning equipment can affect our Reset execution.

Mr. FORBES. 11) Can you discuss the potential need for OCO funding following the withdrawal of forces and equipment from Afghanistan?

General MASON. Given the expected pace and challenges associated with the retrograde of equipment from Afghanistan and anticipated workloads for select equipment, we expect Reset will not be complete until 2-3 years after drawdown. This estimate takes into account the time it takes to return a piece of equipment back to the United States, and the time it takes to perform the required maintenance on an item.

Mr. FORBES. 12) In light of Pakistan's extended closure of cargo transportation routes, what are your concerns about our continued heavy reliance on Pakistan for logistical support for operations in Afghanistan? How long will requested funding for transportation last if the Pakistani routes remain closed?

General MASON. Closure of the Pakistan Ground Line of Communication (PAKGLOC), which is now in Day 123, has created challenges for sustainment, deployment, and redeployment operations into and out of Afghanistan. The loss of the PAKGLOC represents a reduction in throughput capacity for Afghanistan; however, due to the hard work of U.S. Transportation Command and U.S. Central Command, every commander and Soldier have what they need to complete their mission. We owe our ability to continue logistical support to initiatives implemented prior to and since the GLOC closure. This included increased use of the Northern Distribution Network (NDN), establishing new routes on the NDN, use of sealift in conjunction with airlift, and increasing supply levels. These efforts were effective but costly. Based on these initiatives, we are experiencing a significant increase in Second Destination Transportation (SDT) costs. Closure of the PAKGLOC illustrates why we cannot depend on a single or limited number of lines of communication to support our efforts.

With the unexpected and continued PAKGLOC closure, Overseas Contingency Operations (OCO) funds for SDT are projected to run out by mid May 2012. The Army is exploring alternatives to reallocate resources to support this shortfall.

Mr. FORBES. 13) In April of 2010, the GAO identified several challenges facing the Department with retrograde of equipment from Iraq to include: unclear guidance on what non-standard equipment will be transferred to the host nation; the inability to fully identify its need for contracted services; and visibility over its inventory of equipment and shipping containers. What steps have you taken to ensure similar challenges don't frustrate Afghanistan retrograde efforts?

General MASON. Since the GAO published their report titled: OPERATION IRAQI FREEDOM: Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq in April 2010, the Army has made significant improvements to our retrograde, contracting and asset visibility processes. Many of these improvements were acknowledged by the GAO in two subsequent audit reports published in August 2010 and July 2011. The Army continues to incorporate observations from the GAO and apply lessons learned from the drawdown in Iraq to refine plans and processes for retrograde efforts in Afghanistan.

Specific guidance on the disposition of non-standard equipment (NS-E) was provided in a Headquarters, Department of the Army (HQDA) published retrograde execution order. NS-E that is identified as excess and does not violate U.S. security codes, are eligible for transfer to the Government of the Islamic Republic of Afghanistan.

A key lesson learned from the drawdown in Iraq that is being incorporated in Afghanistan is the establishment of a Fusion Cell. The Fusion Cell synchronizes, coordinates, and gains unity of effort across the operational, logistics, and contracting communities to support the drawdown timeline. The Fusion Cell also ensures that contracting support organizations and operational units coordinate to determine contract support requirements for new contracts, extensions, reductions, and contractor demobilization.

To manage and maintain accountability and visibility of our equipment, the Army uses several automation systems and tools at various command levels. These systems and tools include the Property Book Unit Supply Enhanced (PBUSE), Logistics Modernization Program (LMP), Army War Reserve Deployment System (AWRDS), Standard Depot System (SDS), and the Logistics Information Warehouse (LIW). In addition, a new web-based data tool, Theater Provided Equipment (TPE) Planner, was developed based on a recommendation by the GAO, that improves disposition management and visibility of equipment and also provides automated equipment disposition instructions thus accelerating the overall disposition process. The Materiel Enterprise Non-Standard Equipment (MENS-E) database was also developed to link disposition instructions for non-standard equipment with TPE Planner thus providing visibility for non-standard equipment and rapid processing of disposition instructions. Additionally, commands in theater have implemented an extensive series of mandated property accountability inventories requiring Commanders at every level to physically account for all their property and ensure it was recorded in one of the Army's accountable property systems of record ensuring Army-wide visibility.

To maintain visibility over containers, the Army uses the Army Container Asset Management System (ACAMS). ACAMS is a management system that accounts for Army-owned containers and provides visibility of a container throughout its life-cycle. In the Central Command (CENTCOM) area of operations, the Integrated Booking System-Container Management Module (IBS-CMM) is also used to account and provide container in-transit visibility. IBS-CMM allows leaders to track and identify containers while in theater and in the Defense Transportation System. Recently, the U.S. Army Central Command (USARCEN) developed a Theater Common Operating Picture system to capture detailed visibility of containers, associated costs and billing actions, and disposition actions.

Significant improvements in retrograde processes were made since the release of the April 2010 GAO report resulting in a successful Iraq drawdown. Additionally, these improvements have been incorporated into the drawdown efforts in Afghanistan. We recognize that challenges remain in the drawdown from Afghanistan, but we are confident that our detailed processes and plans, which are inherently flexible, along with incorporating GAO observations and lessons learned from the drawdown in Iraq, will allow us to remain successful in our Afghanistan retrograde efforts.

Mr. FORBES. 14) With Army yet to finalize the composition of its future force, how confident are you that we are not bringing home unnecessary equipment or leaving enduring capabilities behind?

General MASON. Although the composition of the future force has not yet been approved, many of the types of equipment that are presently in Afghanistan, such as Mine Resistant Ambush Protected, Up-Armored High Mobility Multipurpose Wheeled Vehicles, and helicopters will be needed by the future force. I am confident that we are not leaving potentially enduring capabilities behind in Afghanistan.

The final approved force resulting from the Total Army Analysis has yet to be decided; however, the Army does know what capabilities will be required for that force. As equipment not needed for the final approved force becomes known, this equipment will be made available for transfer to the Afghan security forces and con-

sidered for filling Army Prepositioned Stocks requirements, especially for the Pacific region in keeping with the shift in strategic focus to that region.

As future force decisions are finalized, we have the flexibility to amend our retrograde instructions to ensure the proper disposition of equipment.

Mr. FORBES. 15) What steps are being taken while reset and OCO dollars are available to posture the depots for a post-reset environment?

General MASON. We have taken a number of steps to ensure that the depots are postured to support Army base requirements in a post-war environment. First, we have identified and prioritized our core requirements to ensure we maintain the appropriate skill sets. Next, we are sizing our organic base facilities and workforce to meet and sustain our core competencies and workloads. Finally, we continue to pursue proven practices like Lean Six Sigma to ensure that our maintenance depots maintain their core competencies and capabilities to meet future requirements.

The Army's reliance on OCO is declining as our base depot maintenance budget is restored.

Mr. FORBES. 16) What have you done to make your depots more efficient?

General MASON. The Army has recognized benefits from our total Continuous Process Improvement (CPI) efficiency efforts within our Organic Industrial Base. For example, the Army conducted CPI events to improve vehicle hull disassembly and disassembly process by creating a one piece flow at Anniston Army Depot. The Army has also used CPI to reduce rework as part of the UH-60 [utility helicopter] Main Rotor CAT III Blade Sheath Assembly Repair process at Corpus Christi Army Depot.

Mr. FORBES. 17) There has been a fair amount of concern about the erosion of the overall U.S. military industrial base. What is your assessment of the industrial base? What are the implications for the depots and arsenals, and our ability to reset the force?

General MASON. My assessment of our Organic Industrial Base is that it remains relevant, viable and responsive to the needs of the Army and the war fighter. Army readiness and sustainment is a direct result of the repair capabilities in theater as well as at our depots in support of Army and other Service equipment requirements.

The implications are that we must maintain these capabilities in the future to support future contingencies. Our depots and arsenals have proven to be a great success story in our ability to reset force over the last decade. They provide a ready and controlled source of technical ability, expertise, and resources necessary to execute depot-level maintenance effectively and efficiently without risks to our equipment readiness.

The industrial base has been responsive to the current demands of operations in two theaters of operation and has accomplished the Reset of equipment returning from combat and sustained non-deployed forces. To accomplish this they have rapidly expanded production to levels not realized since the Vietnam War.

For example, our organic maintenance depots more than doubled their production output since the start of the war, executing 26.8 million direct labor hours (DLHs) and repairing/overhauling over 93,000 end items; while arsenals have executed 1.9 million DLHs.

Mr. FORBES. 18) What impact do high rates of carryover have on reset workload, if any?

General MASON. For select programs, like Tactical Wheel Vehicles, high carryover rates slow the repair and return of equipment to units. However, for the majority of programs, high carryover rates do not impact reset workload. This has not impacted equipment resourcing as the Army addresses critical requirements through redistribution of available assets to ensure units have the equipment they require to begin training up in support of their next rotation.

Carryover allows depots to maintain a consistent workload by inserting carryover workload into gaps provided by funding from one fiscal year to another and arrival of other workloads.

The majority of carryover work being performed today is recapitalization programs. These programs are funded with procurement dollars, which have a three-year life and involve a complex mix of timing, receipt of dollars and equipment, customer schedules, and long lead materiel.

The Army is aggressively attacking its carryover workload and working to drive carryover down. We expect to generate \$1.2B of revenue in FY12 and FY13, adding shifts were feasible to address this workload.

The high carryover rates have generally not impacted our reset program.

Mr. FORBES. 19) What role do you see private-public partnerships playing in reset?

General MASON. Public-private partnerships have provided a crucial role in reset. Depots have partnered with industry to accomplish the reset mission which allows

for a balancing of workload with our commercial partners, complements our capabilities and provides flexibility in accomplishing the reset mission. Partnerships are able to adjust to changing requirements more rapidly as a result of the flexibility they provide in terms of capability and capacity between industry and government.

Mr. FORBES. 20) How does reset play into your service's industrial base sustainment strategy?

General MASON. Reset currently assists in meeting our core requirements that are necessary to maintain critical skill sets of our artisans and capabilities.

Our ability to effectively respond to warfighter (Reset) requirements is built around the four primary tenants of our approach:

Modernization requiring investment in new technology, training and plant equipment at the same rate that the Army modernizes its weapon systems.

Capacity identifying and aligning core competencies and workloads to support current and future surge requirements while maintaining effectiveness and efficiencies at each facility.

Capital Investment requiring the investment in our facilities to maintain 'state-of-the-art' capabilities and quality of work environment (QWE) standards.

Resource Alignment requiring the Army to prioritize funding to achieve the desired end-states: viable and relevant OIB facilities.

Mr. FORBES. 21) When do you expect final approval of the Army's new Organic Industrial Base Strategy?

General MASON. The Organic Industrial Base Strategy is complete and under final review by senior Army leadership. Release of the strategy will follow final approval by HQDA.

Mr. FORBES. 22) What are the consequences of not fully executing reset?

General PANTER. The full reset of the Marine Corps' ground equipment is critical to protecting the long-term health of the force and meeting the next contingency. A decade of war in Iraq and Afghanistan has accelerated the degradation of our ground equipment well beyond the anticipated total life cycle estimates of most items. The Marine Corps estimates, based on usage rates, climate and other factors, that one-year of combat operations in theater equates to seven years of use at a home station. The full reset of the Marine Corps' ground equipment is necessary to baseline the force, extend the service life of each item, mitigate future readiness impacts and ensure Marines are equipped with the very best equipment.

The delayed reset of ground equipment resulting from the transfer of the Operation Iraqi Freedom equipment and all of its Mine Resistant Ambush Protected vehicles directly to Afghanistan is a key element of the Marine Corps' Strategic Reset requirement. Failure to conduct a full Reset of the Marine Corps' Ground Equipment will cause:

Reduced combat readiness due to premature aging of ground equipment fleet.

Increased labor hours and expenses at our organic depots and operating force intermediate maintenance activities supported by limited baseline operational and maintenance dollars.

Tiered readiness based on positioning the highest combat ready equipment with deployed or soon to be deployed units and continued low readiness for home station units.

Reduced capacity to respond to unanticipated crisis.

Mr. FORBES. 23) How important is reset to keeping the organic industrial base viable?

General PANTER. Marine Corps Depots at Barstow, California and Albany, Georgia are critical to the success of our reset execution. We view them as a "force multiplier." Without the unique capabilities of the maintenance centers, equipment reset would be costly, less effective, and greatly prolonged. Reset reinforces the necessity to retain organic depot capabilities in order to expedite the repair of equipment and meet the needs of the Operating Forces.

The organic maintenance facilities maintain flexible and rapidly adaptable production skills and capabilities to sustain Marine Corps ground equipment inventories to meet service-unique and surge workload requirements.

Mr. FORBES. 24) Are there items you believe are of a higher reset priority? Are there units that are higher priority for reset equipment?

General PANTER. The answer to both questions is generally yes. In terms of items having a higher reset priority, Marine Corps Logistics Command (MCLC), as the activity responsible for Depot Maintenance actions, takes into account equipment demands in support of units in or going to Afghanistan as well as the inventory shortfalls in the operating forces at home station. These considerations influence maintenance scheduling, production and distribution. Generally speaking, ordnance items and wheeled vehicles have a high reset priority. Although all attempts are made by

MCLC in the planning phase to meet war fighter needs, the availability of equipment to support Depot production lines can be a limiting factor. As we drawdown and retrograde equipment from Afghanistan, it will be important to vector equipment as quickly as possible to our depots for reset actions.

The priority for equipping the force is guided and published by the Commandant of the Marine Corps in an annual message. In this guidance, it lists the units and activities in priority sequence for equipment distribution. At the top of the list are units in Afghanistan, followed by units preparing for deployment, and so forth down the list.

Mr. FORBES. 25) What is your reset strategy and plans for mine resistant ambush protected (MRAP) vehicles?

General PANTER. The Mine Resistant Ambush Protected (MRAP) family of vehicles (FoV) is one of the Marine Corps most significant reset issues. Due to the significant capital investment required to fully reset MRAPs, the Marine Corps is currently conducting an in-depth assessment of the post-Afghanistan enduring MRAP requirement led by the Deputy Commandant for Combat Development and Integration. The Marine Corps' current MRAP FoV reset strategy is to conduct a full recapitalization of the Service's enduring requirement. As the final enduring requirement determination is made, the Marine Corps will re-evaluate its strategic liability based on current inventory and adjust accordingly.

Mr. FORBES. 26) How does Reserve Component equipment factor into reset?

General PANTER. The Marine Corps' Reserve Component is critical to the ongoing war effort and the future augmentation of our Active Component Marines. An Operational Reserve Component is critical to the Marine Corps total force and reconstitution strategy. Unfortunately, the equipment supporting our Reserve component has been significantly worn and degraded in line with the Active component.

All equipping decisions are prioritized by the Commandant of the Marine Corps' Ground Equipping Priorities. The Commandant's equipping priorities is a fundamental tenet to guiding the execution of the Marine Corps OEF Ground Equipment Reset Strategy and the overall management of the Marine Corps' ground equipment inventory. As equipment completes reset at its optimal repair location, distribution will be determined by inventory shortfalls as informed by the Commandant's priorities.

Mr. FORBES. 27) How accurate do you believe your overall reset liability estimates are?

General PANTER. We believe our overall reset liability estimates are accurate. The current forecasted ground equipment reset liability of \$3.2B is based on the anticipated maintenance condition of each item in theater, the enduring Marine Corps requirement for each item and the item's forecasted optimal repair location. We continuously and diligently work to refine our reset cost.

Mr. FORBES. 28) How have force structure reductions and composition changes impacted your reset plans?

General PANTER. No. The Marine Corps force structure plan to reduce the force from 202K to 182.1K will not have an impact on our reset plans. The Marine Corps has consistently reported in testimony the prevalence of Home Station equipment shortfalls. Despite the reduced force structure, equipment returning from Afghanistan is needed to reconstitute the 182.1K force. A central tenet of the Ground Equipment Reset Strategy is to ensure the reset of ground equipment is integrated with equipment modernization objectives, long-term support costs and strategic investment plans.

Mr. FORBES. 29) The budget contains numerous "efficiencies" throughout the maintenance accounts. How confident are you that your service will realize anticipated savings and what are the impacts to reset if you don't?

General PANTER. Based upon the efficiencies gained by enacting continuous process improvements and the recent consolidation of our two organic maintenance centers under a single Marine Depot Maintenance Command, the Marine Corps is confident that anticipated savings will be realized.

Assuming the availability of sufficient reset funding, the Marine Corps has developed an extensive reset strategy and maintains the flexibility to adjust capacity requirements to ensure there are no negative impacts to the maintenance process.

Mr. FORBES. 30) Can you discuss the potential need for OCO funding following the withdrawal of forces and equipment from Afghanistan?

General PANTER. OCO funding will still be needed after the withdrawal of forces from Afghanistan since our baseline budgets cannot and were never intended to absorb the cost of equipment reset. Based on current planning estimates and our experience in Iraq, we anticipate the bulk of our reset execution at our Depots to take place 2-3 years after the last Marine leaves Afghanistan. Also, when considering the continued need for OCO funding, we must not overlook the unique challenges

of moving equipment out of Afghanistan as delays will extend our reset actions in CONUS.

Mr. FORBES. 31) In light of Pakistan's extended closure of cargo transportation routes, what are your concerns about our continued heavy reliance on Pakistan for logistical support for operations in Afghanistan? How long will requested funding for transportation last if the Pakistani routes remain closed?

General PANTER. At the present time, the closure of the PAK GLOC has not seriously impaired USMC force sustainment. However, we have experienced an increase in shipping time and costs while utilizing the Northern Distribution Network (NDN). In light of the current situation with the closure of the PAK GLOC and the increased reliance on the NDN and multi modal operations, it is in our best interest to continue efforts to reopen the PAK GLOC to guard against unforeseen interruptions to the NDN as well as facilitate redeployment and retrograde operations from Afghanistan. Right now with the closure of the PAK GLOC, we are looking at extended retrograde timelines and extension of our reset actions and supporting reconstitution objectives. On a positive note, with the significant drawdown of USMC forces in Afghanistan by the end of the year, the level of logistical support will significantly decrease for USMC forces and help relieve the pressure on the GLOCs.

Based solely on both current and projected OPTEMPO, funding for transportation is adequate through the remainder of FY12. In order to provide additional transportation options USTRANSCOM has increased the availability of multi-modal shipments employing a combination of airlift, sealift, and ground transportation. At the present time, there is a marginal increase in overall transportation cost, but sustainable at our current funding level.

Mr. FORBES. 32) In April of 2010, the GAO identified several challenges facing the Department with retrograde of equipment from Iraq to include: unclear guidance on what non-standard equipment will be transferred to the host nation; the inability to fully identify its need for contracted services; and visibility over its inventory of equipment and shipping containers. What steps have you taken to ensure similar challenges don't frustrate Afghanistan retrograde efforts?

General PANTER. The Commandant of the Marine Corps signed the Service's ground equipment reset strategy on 01 January 2012. The Strategy culminated from a comprehensive 18-month planning effort initiated at the March 2010 OIF Lesson's Learned Symposium to capture the salient lessons learned from the retrograde from Iraq as identified in the GAO report. As a result of that conference, the Marine Corps published its Guide to Expeditionary Stewardship, to ensure the lessons in in-transit visibility, contracted logistics support and equipment accountability were identified and integrated into the Service's Afghanistan Ground Equipment Reset Strategy.

The Strategy utilizes a Ground Equipment Reset Playbook as the conduit between service-level guidance and tactical execution. The Playbook links reset to modernization and reconstitution objectives and provides a comprehensive tool that details the handling, segregation, packaging and shipment instructions for each of the 98,000 principle end item in Afghanistan to include non-standard items. The Playbook accurately reflects the service reset strategy for each principle end item in theater, aligns reset strategies with the Marine Corps' Depot Level Maintenance Plan, accurately forecasts the Marine Corps' reset liability, leverages all available assets in theater and requires an in-theater maintenance assessment by identifying each item's optimal repair location to mitigate secondary transportation costs. Marine Corps Logistics Command (MCLC), as the executive agent for tactical planning and execution, also published a tactical execution plan that effectively ties the Service Reset Strategy to the individual Marine in theater. MCLC provides the occupational expertise to direct reset actions from theater to home station and provides the Marine Corps with in-transit visibility of assets, reinforces the tenets of the Playbook and ensures total asset visibility and accountability in transit.

Mr. FORBES. 33) What steps are being taken while reset and OCO dollars are available to posture the depots for a post-reset environment?

General PANTER. The Marine Corps recognizes that declining budgets will likely leave us with a relatively flat investment portfolio in the post-reset environment. Today, however, the Depots are currently operating at increased capacity. We want to leverage this capacity while we have it, continue to maximize the use of OCO funding, and fix as much equipment as we can. We realize that our capacity will be adjusted downward to a peace time posture as we complete retrograde and redeploy our forces from Afghanistan. This approach will prevent a surge in depot maintenance requirements beyond the current FYDP when we anticipate operating at reduced capacity. Based on current planning estimates, we anticipate the bulk of our reset execution to occur at our depots in the next two to three years.

Mr. FORBES. 34) What have you done to make your depots more efficient?

General PANTER. The Marine Corps recently reorganized its two organic depots and created a single Marine Depot Maintenance Command. The single command will reduce overhead, reduce operating costs, and ensure the Commandant of the Marine Corps has an affordable capability and effective capacity to self-generate readiness and rapidly surge to meet wartime demands.

The Marine Corps expects to reduce depot maintenance overhead costs by 9–13% across the Future Years Defense Program (FYDP). These savings represent 3–5% (\$40M–\$60M) of the Marine Corps' total organic depot operating costs across the FYDP.

Mr. FORBES. 35) There has been a fair amount of concern about the erosion of the overall U.S. military industrial base. What is your assessment of the industrial base? What are the implications for the depots and arsenals, and our ability to reset the force?

General PANTER. From a USMC perspective, our organic depots at Albany GA and Barstow CA eliminate any concerns. However, we do rely on other service depots for select commodity repair and have seen no interruptions in support at this time. The depots are key to enabling the Marine Corps to fulfill its role as America's expeditionary force in readiness. The last ten years have provided a greater awareness of the impact our organic depots have on our ability to self-generate readiness, surge to meet wartime demand, flex to meet emerging threats, and quickly reconstitute the force post-conflict.

The Marine Corps proactively monitors any initiatives that may negatively impact the organic industrial base, such as Title 10 legislation changes and maintenance efficiencies. Assuming the availability of sufficient reset funding, we are confident that the organic industrial base will enable us to effectively reset the force.

Mr. FORBES. 36) What impact do high rates of carryover have on reset workload, if any?

General PANTER. Due to the injection of reset workload, on top of previously planned workload, there will be higher levels of carryover. MCLC does not anticipate carryover to negatively impact Reset. Because of the injection of Reset in conjunction with pre-planned rotational workload, the Marine Corps will continue to experience high rates of carryover. However, these high rates have a positive impact, as it enables the organic facilities to maintain a high level of capacity across the production lines and fiscal years to support future reset.

Carryover as a whole is a regular part of organic depot operations and is not, in and of itself, a negative or problematic issue. High carryover doesn't always equate to increased backlog. MCLC initiates various methods to increase capacity to work the backlogs, as necessary.

Mr. FORBES. 37) What role do you see private-public partnerships playing in reset?

General PANTER. The Marine Corps' organic depots will play a central role in reset activities, restoring and repairing equipment for return to the Operating Forces. In keeping with standard business practices, we will also leverage other DoD depots, commercial vendors, and private-public partnerships when it is most cost-effective to do so.

Mr. FORBES. 38) How does reset play into your Service's industrial base sustainment strategy?

General PANTER. Reset and sustainment are executed concurrently and are integrated in order to position the Marine Corps for long-term readiness. Acquisition Program Managers evaluate and develop customized sustainment strategies where there are combinations of depot and field-level maintenance and replacement plans, which account for Marine Corps, other Service, and commercial sources of repair capabilities. Additionally, the Marine Corps has developed a Ground Equipment Reset Strategy that provides guidance to the various stakeholders to manage the overall reset effort. Thus, reset demonstrates the necessity to retain organic depot capabilities in order to meet the operational needs of the Marine Corps.

#### QUESTIONS SUBMITTED BY MR. ROGERS

Mr. ROGERS. 39) The Stryker program is one that has been identified as core for Anniston Army Depot. There are 10 variations of the Stryker. One of the pilots has been brought to ANAD. I note that in the detailed budget documentation for FY13, the Army lists a reduction in funding for 7 Stryker Pilot Programs. Is that because funding was provided in FY12 for those 7 programs so that we can expect to see inductions into the core mission at the organic depot at ANAD this year or was there some other explanation? Also, that accounts for 8 of the 10 Stryker versions. Could you tell me what we should expect and the timeline for the other 2 versions.

I ask because as you know the FY12 NDAA required that the Army establish core for mission-essential systems in the organic depots within 4 years of IOC and I am told that all 10 versions of the Stryker are critical workload for ANAD.

General MASON. Yes, the pilots were funded in FY12. National Maintenance Work Requirements (NMWRs) are scheduled to be completed in FY13 for the remaining two variants: Mobile Gun System and Nuclear, Biological, Chemical, Reconnaissance Vehicle. Pilot overhauls for these two systems are funded in FY13; however, due to the difficulty of obtaining low density and high demand components required to complete the NMWR development effort, the pilot overhauls may not be executed until FY14.

Mr. ROGERS. 40) The Army Sustainment Command has indicated that it would like to offer an overarching contracting vehicle that would include activities that go beyond those generally managed by the base Directors of Logistics. According to a briefing book that I saw, the EAGLE program would include RESET in the contract. Could you please explain what aspect of RESET you would include in the EAGLE program and how you will guarantee this Committee that you will not conduct depot-level maintenance as part of these contracts or that you will not conduct maintenance that could be performed in the depots to meet their core requirements? I am concerned that EAGLE expressly exempts aircraft maintenance, but fails to similarly exempt ground combat vehicle maintenance.

General MASON. Army Sustainment Command (ASC) and Army Contracting Command—Rock Island (ACC—RI) jointly manage the Enhanced Army Global Logistics Enterprise (EAGLE) program. EAGLE's primary focus is installation field level logistics. It is not the intent to use EAGLE as a depot level/sustainment contract. EAGLE will only be used for depot maintenance at the specific request of the LCMC and after the requirement is appropriately validated. Depots will have the opportunity to partner with EAGLE prime contractors to execute EAGLE requirements. EAGLE is primarily Directorate of Logistics (DOL) centric and as such, there are specific designators that separate DOL maintenance from depot level. The purpose of EAGLE is to standardize requirements documentation, reduce redundancy, improve small business opportunity, and improve competition for more efficient service contracting. The EAGLE program is both a business approach and contracting vehicle for competing and awarding service contracts for maintenance, supply, and transportation support. Its primary focus is field-level logistics/maintenance and not sustainment level logistics/maintenance associated with depot level workload. ASC is the responsible organization for verification and validation of workload placed on the EAGLE contract vehicle. As a subordinate to Army Materiel Command (AMC), ASC follows AMC's enterprise RESET workload planning and decision guidance developed during semi-annual and annual conferences. There are checks and balances in place to ensure EAGLE is not used to perform depot level work unless that is the decision by the authorities responsible for depot workload at AMC. Providing the EAGLE acquisition planning, ASC coordinated with the Army Aviation and Missile Command (AMCOM) to remove any aviation maintenance capability from the EAGLE program. It is our understanding that AMCOM is currently working on a contract vehicle similar to EAGLE for aviation maintenance. EAGLE contracting actions require senior leadership approval to place any requirement on contract. By itself, EAGLE would not be in a position to contract out any depot maintenance requirements without AMC direction in the form of workload planning.

Mr. ROGERS. 41) As DOD works to implement the FY12 National Defense Authorization Act, it is my understanding that there will be guidance on the ability of the military services to seek waivers for weapons systems considered core or mission-essential under the provisions of Section 2464 of title 10. Does the Army plan to request any waivers for any systems or sub-systems? Also, could you give the Committee an example or a couple of examples of a weapon system that you consider a non-enduring element of the national defense and why you would consider something core or mission-essential, requiring depot-level maintenance, but not an enduring system. Can you help us understand that, please?

General MASON. The Office of Secretary of Defense (OSD), in coordination with the Services and the HASC and SASC Professional Staff Members (PSMs), has developed implementing guidance for the FY12 NDAA changes that allows the Services to continue past best practices.

The Army plans to submit a blanket waiver, in accordance with the OSD implementing guidance, for all weapon systems that are not considered an enduring element of the national defense strategy. Some examples are: (1) the Vehicle Optics Sensor System (VOSS), a network of daytime TV, night vision and thermal capability that is able to locate improvised explosive devices (IEDs), snipers and other threats at greater stand-off distances; and (2) the Camera Aided Monitor Station

(CAMS), a low-cost mobile sensor suite tower that offers multiple detection and assessment capabilities. These capabilities are niche systems which are not enduring.

Consequently, the Army will submit a waiver for these non-enduring systems.

The Army would not consider a non-enduring element of the national defense a core or mission-essential item.

Mr. ROGERS. 42) I am very concerned about the drastic reduction that the Army is taking between FY12 and FY13 in depot maintenance funding for ground combat vehicles. Based on the President's Budget Request, it appears that the Army would fund ground combat vehicles at only about 52% of the FY13 level out of the base budget and there is no specific FY 13 OCO funding for depot maintenance. However, the Chief of Staff of the Army and the Secretary of the Army have both guaranteed this Committee and myself that the bulk of Army RESET money would be spent in our organic depots and arsenals. Can you please tell me how much of the money you are requesting for RESET you are planning to spend on depot maintenance? How much of that will be spent on ground combat vehicles? How much of that do you plan to spend in organic facilities?

General MASON. For FY 13, the Army requested approximately \$5.445 billion for Reset. This request is comprised of \$3.688 billion for Operations and Maintenance funding and \$1.757 billion for Procurement funding. Within the Operations and Maintenance account approximately \$2.7 billion is requested for Depot Level Maintenance. Of that \$2.7 billion roughly \$161.9 million is requested for combat vehicles (Bradley & Other Tracked Vehicles) of which \$59 million will be spent at organic facilities. Overall, \$1.8 billion of the FY 2013 Reset request is planned for organic facilities.

Mr. ROGERS. 43) I note that the President's Budget Request for the Army failed to include any OCO funding for depot maintenance. Why did the Army choose to put all of the OCO associated funding for depot maintenance into the RESET account rather than in the depot maintenance account?

General MASON. The uses two accounts to fund maintenance performed at depots. Land Forces Depot Maintenance (Sub Activity Group 123) is the base budget account for the depot-level maintenance of Army equipment. Reset (Sub Activity Group 137) is a true cost of war and requests Overseas Contingency Operations funds for war-related depot maintenance requirements.

