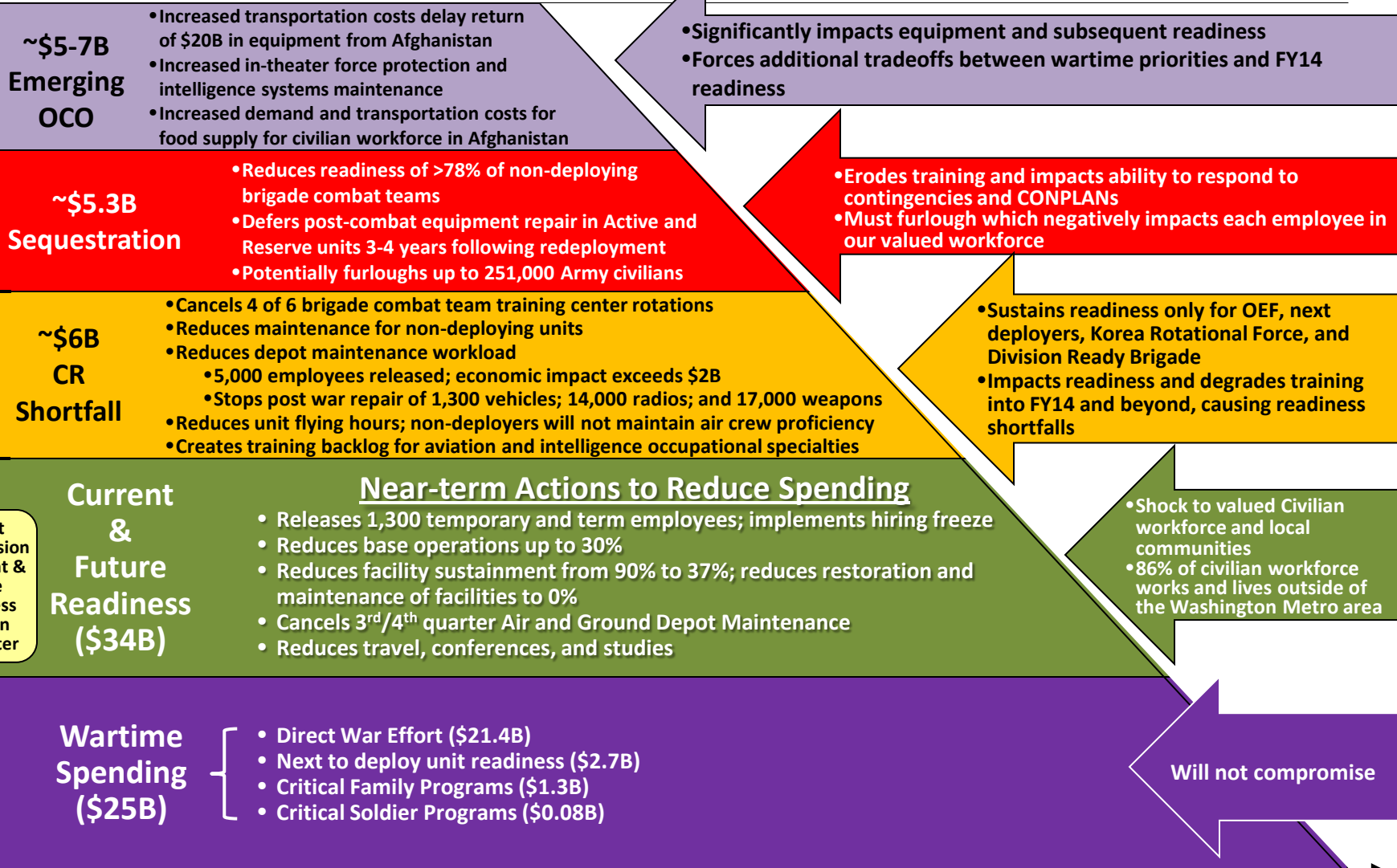




Effects of FY13 Fiscal Uncertainty on Army OMA Accounts

Actions

Impacts



~\$18B

\$65B (PB13)

\$59B (CR)

Project ~90% erosion of Current & Future Readiness Funds in 4th quarter

OCT SEP

Mortgages future readiness in FY13, and enters FY14 "hollow" in Readiness.

FY: Fiscal Year
CR: Continuing Resolution
PB13: President's Budget FY2013



Initial Estimate of CR + Sequestration + OCO Shortfall Effects

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

Immediate Actions

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



Initial Estimate of CR + Sequestration + OCO Shortfall Effects

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

Planned Actions & Risk

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