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ARMY ASSESSMENT OF CONGRESSIONAL BUDGET OFFICE STUDY: “The Army’s Future Combat Systems Program and Alternatives,” August 2006

Summary: The CBO Report is Seriously Flawed.

The Future Combat Systems (FCS) program is the Army’s first major modernization initiative in almost four decades and the Army’s most critical investment requirement. Because FCS modernization costs are significant, some analysts have asked whether there are other, more cost-effective options that the Army might pursue.

Thus, in an August 2006 report, the Congressional Budget Office proposes four alternative options for modernizing the Army. These options do not meet operational requirements; nor are they cost effective. They do not adequately modernize the Army; and they include significant hidden costs not accounted for, or even acknowledged by, the CBO.

Congressional Budget Office’s Analytical Shortcomings

1. The CBO report provides no analysis of the 21st-century strategic environment.

Army modernization requirements are being driven by the 21st-century strategic environment. The 21st-century strategic environment is fundamentally different from the 20th-century Cold War environment. The report does not adequately account for this dramatically altered strategic landscape; consequently, its recommendations are deficient.

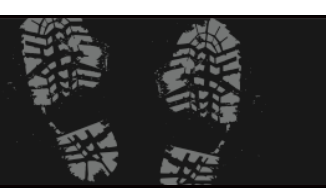
2. The CBO report provides no analysis of the Army’s operational requirements.

The National Defense Strategy and Quadrennial Defense Review have tasked the Army with becoming rapidly deployable, highly mobile, self-sustainable, full-spectrum capable, fully networked, information-based, and integrated across the Army and the Joint force. None of the report’s proposed alternative options fulfill these key, operational requirements; FCS modernization does.

3. The CBO report provides no context for assessing the question of affordability; yet it suggests that FCS modernization is too expensive.

The reason: by 2015, FCS reportedly will consume 40% to 50% of the Army’s procurement budget.

<p>1 + 1 + 18 Systems, Not 1 System</p> <p>To provide Soldiers with near real-time situational awareness, FCS uses the network to integrate 18 systems. Because FCS is comprehensive, it is not surprising that the program ultimately will account for a large share of the Army’s procurement accounts. This is necessary, true and desirable; it will save taxpayers time and money—in fact, it already has.</p>	<p>Cost Savings</p> <p>FCS modernization has reduced system development and demonstration (SDD) costs by an estimated 37%, or \$12 billion, while shrinking the development-to-field timeline by about 30 percent. An FCS Brigade Combat Team (BCT) will consume 10% to 30% less fuel and operate with 50% fewer mechanics than a Heavy BCT today. The CBO report does not account for these FCS cost savings.</p>
<p>Manpower Savings</p> <p>An FCS BCT will have 500 fewer Soldiers, but twice as many infantrymen in squads—that is, more tooth and less tail—than a Heavy BCT today. The CBO report does not account for these FCS savings.</p>	<p>Relative Cost</p> <p>America’s largest service, the one most heavily engaged in the Global War on Terrorism, has just one program—FCS—that ranks among the 10 most expensive Department of Defense weapons programs.</p>



Analytical Shortcomings Continued

4. The CBO report does not accurately gauge the true cost of its proposed alternative options.

One report option, for instance, recommends integrating an electronic network onto current-force vehicles. The Army actually is leveraging FCS to upgrade several current-force systems with more modern technologies. However, the cost of integrating the complete future network onto current-force vehicles *without* any FCS leveraging effect would be prohibitive. The CBO report does not identify or measure the cost associated with this type of integration.

5. The report does not assess the operational benefits of a comprehensive and synergistic modernization.

FCS modernization is unique in that it fully integrates all of the Army's manned and unmanned platforms into a dynamic whole, which, operationally, is greater than the sum of its parts. The CBO analysis, though, focuses on individual platforms, not the FCS Brigade Combat Team (BCT); it is, therefore, incomplete and misleading. The Army's comprehensive approach plans for 15 BCTs with the full suite of new FCS capabilities; all other BCTs will have some FCS capabilities. The Army is adopting FCS technologies through four incremental "spin-outs" to the current force via the Evaluation BCT starting in 2008.

6. The CBO report does not accurately depict the state of FCS modernization.

Costs

The CBO report asserts that FCS has experienced significant cost growth. But costs increased in 2004 because the Army increased the size and scope of the program to accelerate the delivery of capabilities to frontline troops. Actual program costs have been consistent: \$120 billion (FY03 constant dollars) for Research, Development, Test and Evaluation and procurement for 15 FCS BCTs in the next two decades.

Cost Growth

The CBO report asserts that FCS costs may grow significantly because the program entered the systems development and demonstration (SDD) phase prematurely. But this analysis is based on the old stovepipe procurement paradigm, which, historically, has led to cost overruns and program delays. FCS modernization, though, breaks this procurement paradigm by employing a more reliable, incremental approach to development.

Technology Maturity

The CBO report asserts that FCS technologies may be insufficiently mature to sustain continued program execution. But the In-Process Preliminary Design Review found in August 2006 that critical FCS technologies are maturing on or ahead of schedule; program risks are well understood; and these risks are being actively—and successfully—managed. By December 2006, nearly 80% of critical FCS modernization technologies will be fully mature in accord with DoD standards; by October 2008, *all* critical technologies will have reached this standard.

7. CBO erroneously asserts that FCS modernization "will not significantly reduce deployment time."

The CBO report cites one solitary example involving a hypothetical deployment to East Africa (Djibouti) to buttress its claim. This example, though, relies on a set of conditions that are by no means likely or probable.

The CBO report also relies on a set of assumptions that simply aren't accurate. Extensive analysis done by the Army's Training and Doctrine Command (TRADOC) shows that an FCS-enabled force is significantly more deployable and maneuverable than the current force. The FCS-enabled force can close more rapidly; it requires fewer resources; and it more efficiently leverages air transport assets. The CBO report makes no reference to this analysis.

Conclusion

The CBO report does not address the 21st-century strategic environment or the changing operational requirements that are forcing the Army to modernize. But no modernization option can be fairly adjudged without understanding what, precisely, needs to be achieved. Modernization costs are allegedly too high, but readers are given no context in which to evaluate this claim. The report also does not accurately depict the state of FCS modernization: Cost and technology problems are alleged to exist, when, in fact, program costs and technologies are being well managed in accord with Army plans and expectations.

Modernization of the nation's joint ground force is not an option today; it is a national imperative. Scaling back Army modernization efforts to fit a preconceived budget limit will not change the real-world requirements that are driving the Army's current path forward. Postponing FCS modernization would force upon future Soldiers and Marines the price of ill preparedness. We cannot as a nation permit this to happen. We must holistically modernize the Army now.