

Sequestration Threatens to Slow Army Network Modernization Efforts

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The Government Accountability Office (GAO) released a report recently on Army network modernization entitled *Army Networks: Size and Scope of Modernization Investment Merit Increased Oversight*. According to the report, the GAO conducted the study because “for nearly 20 years” the Army has had limited success with its information network efforts and, more importantly, because in its fiscal 2013 budget request the Army asked for \$3.8 billion to fund network-enabled mission command efforts. This funding breaks down into roughly \$1 billion for research and development (RDT&E) and \$2.8 billion for procurement (See Table 1).

Table 1: Fiscal Year 2013 Requested Funding for Network-Enabled Mission Command

Then-year dollars in millions			
Program	Research and development	Procurement	Total
Warfighter Information Network-Tactical Increment 2	2.8	785.9	788.7
Joint Tactical Radio System Manpack Radio		441.5	441.5
Warfighter Information Network-Tactical Increment 3	275.2	0	275.2
Single Army Logistics Enterprise	120.9	112.7	233.6
Brigade Combat Team Equipment Evaluation/NIE	214.3	0	214.3
Defense Satellite Communications	5.7	157.2	162.9
Joint Battle Command-Platform	20.8	141.4	162.2
Nett Warrior	46.8	103.3	150.1
Tactical Battle Command	68.3	52.9	121.2
Mid-tier Networking Vehicular Radio	12.6	86.2	98.8
Warfighter Information Network-Tactical Increment 1		98.3	98.3
Joint Tactical Radio System/Airborne, Maritime, Fixed Station Radio		74.0	74.0
Tactical Electric Power	13.6	59.5	73.1
Joint Tactical Radio System Rifleman Radio		40.7	40.7
Others	\$175.5	\$649.7	825.2
Mission Command Total	956.5	2803.3	3759.8

Source: U.S. Army.

Table 1: Network-Enabled Mission Command Requested Funding

Notice that these investments cover only those programs contained within the Mission Command portfolio. They do not necessarily include funding required for transforming CONUS posts, bases, and installations into “docking stations,” an objective that the Army CIO/G6 has called a priority. Presumably funding for that effort, as well as for modernizing Army transport networks will come from the Installation Information Infrastructure Modernization Program (I3MP) budget in the fiscal 2013 RDT&E request. Requested fiscal 2013 funding for those efforts totals \$83 million, ramping up significantly in fiscal 2014 to approximately \$370 million.

Also worth noting from the report is the fact that the Army estimates the programs listed above will require funding in excess of \$3 billion annually for a period of undetermined length. As the GAO notes, “this level of effort could total in excess of \$60 billion over a 20-year period.” Staying with the short-term outlook, assuming the requested \$3.8 billion for the network-enabled mission command portfolio continues into next year, and is combined with the budgeted request of \$370 million for I3MP, it means that overall funding for Army network modernization efforts alone will be no less than \$4.17 billion in fiscal 2014. Fitting this spending into the larger Army budgetary perspective, FIA forecasts that the Army’s fiscal 2014 IT budget will total \$17.4 billion (See Table 2). This means that Army spending on network modernization will take up

24% of the Army IT dollars spent next year. That is a big chunk of change!

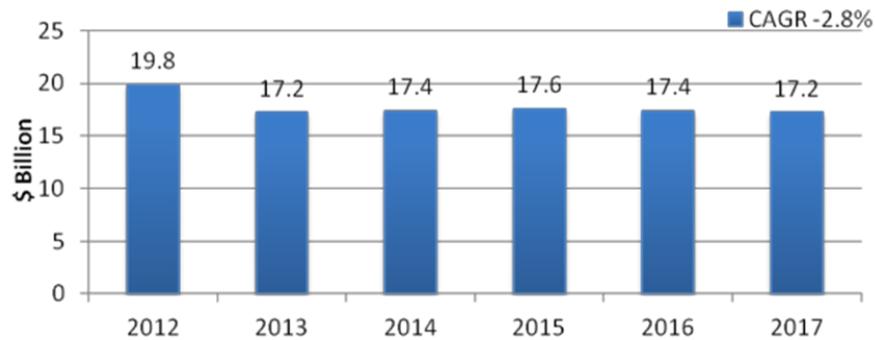


Table 2: Forecast Army IT Budget for FY 2012-2017

A final consideration in all of this is the potential impact of sequestration. If enacted, sequestration cuts \$954 million (10.7%), from the total fiscal 2013 Army RDT&E budget request of \$8.9 billion. This total amounts to the entire R&D requested funding for the mission command portfolio examined by the GAO. I do not expect that this portfolio alone would be subject to cuts, but I bring it up so we can see the magnitude of the threat. Then there are the cuts to the procurement budget to consider. Sequestration would bite this portion of the budget less deeply, but the potential for massive program cuts still looms large. The data provided to the GAO shows that requested fiscal 2013 procurement funding for the mission command portfolio totals approximately \$2.8 billion. Compare this to the approximately \$2.4 billion of the Army's requested fiscal 2013 procurement budget that is subject to sequestration. Again, I would not expect to see this portfolio bear the entire brunt of the sequester, but the potential is there for cuts to be broad and deep. Plan accordingly.