FORCE STRUCTURE

Capabilities and Cost of Army Modular Force Remain Uncertain

Why GAO Did This Study

The Army considers its modular force transformation the most extensive restructuring it has undertaken since World War II. Restructuring the Army from a division-based force to a modular brigade-based force will require extensive investments in equipment and retraining of personnel. The foundation of the modular force is the creation of standardized modular combat brigades designed to be stand-alone, self-sufficient units that are more rapidly deployable and better able to conduct joint operations than their larger division-based predecessors.

GAO was asked to testify on the status of the Army's modularity effort. This testimony addresses (1) the Army's cost estimate for restructuring to a modular force, (2) progress and plans for equipping modular combat brigades, (3) progress made and challenges to meeting personnel requirements, and (4) the extent to which the Army has developed an approach for assessing modularity results and the need for further adjusting designs or implementation plans.

This testimony is based on previous and ongoing GAO work examining Army modularity plans and cost. GAO's work has been primarily focused on the Army's active forces. GAO has suggested that Congress consider requiring the Secretary of Defense to provide a plan for overseeing spending of funds for modularity.

www.gao.gov/cgi-bin/getrpt? GAO-06-548T.

What GAO Found

Although the Army is making progress creating modular units, it faces significant challenges in managing costs and meeting equipment and personnel requirements associated with modular restructuring in the active component and National Guard. Moreover, the Army has not provided sufficient information for the Department of Defense and congressional decision makers to assess the capabilities, costs, affordability, and risks of the Army's modular force implementation plans. The Army's cost estimate for completing modular force restructuring by 2011 has grown from an initial rough order of magnitude of $28 billion in 2004 to $52.5 billion currently. Although the Army's most recent estimate addresses some shortcomings of its earlier estimate, it is not clear to what extent the Army can achieve expected capabilities within its cost estimate and planned time frames for completing unit conversions. Moreover, according to senior Army officials, the Army may request additional funds for modularity beyond 2011.

Although modular conversions are under way, the Army is not meeting its near-term equipping goals for its active modular combat brigades, and units are likely to have shortfalls of some key equipment until at least 2012. The Army plans to mitigate risk in the near term by providing priority for equipping deploying units and maintaining other units at lower equipping levels. However, it has not yet defined specific equipping plans for units in various phases of its force rotation model. As a result, it is unclear what level of equipment units will have and how well units with low priority for equipment will be able to respond to unforeseen crises.

In addition, the Army faces significant challenges in implementing its plan to reduce overall active component end strength from 512,400 to 482,400 soldiers by fiscal year 2011 while increasing the size of its modular combat force from 315,000 to 355,000. This will require the Army to eliminate or realign many positions in its noncombat force. The Army has made some progress in reducing military personnel in noncombat positions through military civilian conversions and other initiatives, but some of its goals for these initiatives may be difficult to meet and could lead to difficult trade-offs. Already the Army does not fully plan to fill some key intelligence positions required by its new modular force structure.

Finally, the Army does not have a comprehensive and transparent approach to measure progress against stated modularity objectives and assess the need for further changes to modular designs. The Army has not established outcome-related metrics linked to many of its modularity objectives. Further, although the Army is analyzing lessons learned from Iraq and training events, the Army does not have a long-term, comprehensive plan for further analysis and testing of the designs and fielded capabilities. Without performance metrics and a comprehensive testing plan, neither the Secretary of Defense nor congressional leaders will have full visibility into the capabilities of the modular force as it is currently organized, staffed, and equipped.

_____ **United States Government Accountability Office**