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Report to the Chairman, Subcommittee on Defense, Committee on Appropriations, House of Representatives

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RESERVE FORCES

Aspects of the Army's Equipping Strategy Hamper Reserve Readiness

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The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

This report responds to your request that we evaluate the Army's equipping strategies as they relate to the Army National Guard and Reserve forces. We are recommending that the Secretary of the Army (1) raise the equipping priority of certain units supporting the Army's early deployment contingency force and (2) reassess the Army's current policy for redistributing equipment. In addition, we are including a matter for congressional consideration concerning the Army's Dedicated Procurement Program.

We are sending copies of this report to the Secretaries of Defense and the Army; the Director, Office of Management and Budget; and interested congressional committees. Copies will also be made available to others on request.

This report was prepared under the direction of Henry L. Hinton, Jr., Director of Army Issues, who may be contacted at (202) 275-9644 if you or your staff have any questions. Major contributors to this report are listed in appendix III.

Sincerely yours,

Henry L. Hinton Jr.

for Frank C. Conahan
Assistant Comptroller General

Executive Summary

Purpose

Army Reserve and National Guard units are much better equipped than they were 10 years ago. However, substantial shortages of major equipment items remain, which adversely affect unit readiness. Because reserve readiness will be crucial to the Army's ability to rely on these forces for important future missions, the Chairman, Subcommittee on Defense, House Committee on Appropriations, asked GAO to determine (1) the progress in equipping Army National Guard and Reserve forces (referred to as "reserves" in this report), (2) the aspects of the Army's equipping strategy that account for continuing shortages, (3) the impact that additional separate funding for reserve equipment has had on the reserves' equipment posture, and (4) the extent that equipment freed from force reductions might alleviate existing shortages.

Background

The Army's reserves obtain equipment from (1) other Army units through redistribution, (2) procurement funds used to equip both active and reserve units, and (3) separate funding provided by Congress specifically for reserve equipment. The reserves receive the majority of their equipment through redistribution as other units inactivate or obtain newer equipment. Significant portions of the Army's procurement funds are also used to equip the reserves. For fiscal year 1993, the Army plans to spend about $1 billion of the $5 billion it requested for aircraft, weapons and tracked combat vehicles, and other items to equip its reserves. In 1982, Congress began providing additional annual funding specifically for reserve equipment due to concerns that many reserve units lacked the minimum equipment needed to deploy in a crisis. This program is known within the Department of Defense (DOD) as the Dedicated Procurement Program. The Army National Guard received about $344 million and the Army Reserve about $99 million through this program in fiscal year 1992.

The Army follows a first-to-fight, first-to-be-equipped strategy in distributing both newly procured and existing equipment. Under the established equipping sequence, units expected to deploy first generally receive a given item of equipment first.

Results in Brief

Although Army statistics show considerable progress being made in equipping the reserves over the past decade, these aggregate statistics do not reveal the effects of continuing shortages on individual reserve units. Shortages of major equipment items totaling $13.7 billion remain, including some items considered essential to the reserves wartime missions. Some shortages are especially widespread. Major shortages

surfaced in preparing reserve support units to deploy to the Gulf war and, in some cases, adversely impacted the ability of these units to carry out their missions.

Active and reserve units experience some of the same types of equipment shortages. However, the emphasis of the Army's procurement program and its distribution priorities are aspects of the equipping strategy that contribute to shortages in the reserves. For example, support units—the majority of which are in the reserves—have received comparatively less equipment than combat units due to the Army's emphasis on modernizing combat equipment over the past decade. Also, under the first-to-fight, first-to-be-equipped distribution strategy, most reserves have been assigned lower priorities relative to active forces because of generally later deployment dates. As a result, reserve units often receive equipment later than active units, and some reserve requirements are never filled.

The first-to-fight equipping strategy was not intended as a rigid rule, and many deviations from the established distribution sequence are made. Most deviations appear reasonable. However, GAO noted two inconsistencies in applying this strategy. First, not all support units intended to support the Army's contingency force—its earliest deploying forces—have been assigned a high priority. Readiness of these units is important in view of past support force equipment shortages and the possibility that these units could be heavily used in future conflicts. Second, the Army's policy of permitting major commanders to redistribute equipment first within their commands before making it available for redistribution could lessen opportunities to address the highest priority needs.

The Dedicated Procurement Program has helped improve the equipment status of reserves in the Army. However, the program could have a greater impact in the Army if it were used more consistently to address near-term readiness problems affecting unit deployability and high-priority needs identified by the reserves.

The extent to which excess equipment from force reductions will help alleviate reserve equipment shortages is unclear because (1) the types of shortages that the reserves experience may not match the items that become available and (2) the condition of much of the equipment becoming available is not yet known due to inspection backlogs.

Principal Findings

Equipment Gains Made, but Continuing Shortages Affect Readiness

Between fiscal years 1981 and 1991, the Army Reserve improved the percentage of its major equipment items on hand to its wartime requirements from 26 to 68; the National Guard improved its percentage from 69 to 74. Army procurement funds have been used to purchase such equipment as Apache helicopters, armored personnel carriers, High Mobility Multipurpose Wheeled Vehicles, and 7.5-ton cranes. The Dedicated Procurement Program has funded such items as Heavy Expanded Mobility Tactical Trucks, 5-ton trucks and trailers, and 4,000- and 6,000-pound forklifts. The reserves have received newer combat equipment, such as tanks, through redistribution from other units.

Aggregate statistics showing improvement, however, do not reveal the continuing shortages that affect the readiness of individual reserve units. Common shortages include communications equipment, night vision devices, chemical defense items, many types of trucks and trailers, generators, and material handling equipment, such as forklifts. Reserve units called up for the Gulf war often lacked these same items. Although some equipment was provided upon mobilization, many support units deployed without some of their required equipment or training on newly provided items. Other units had difficulty ordering parts, processing personnel actions, repairing vehicles, and communicating with one another because their equipment was not compatible with the combat units they were supporting. These equipment shortages affected both active and reserve support forces; however, the impact was especially felt in the reserves, since they provide the majority of the Army's support forces.

Army Procurement and Distribution Priorities Account for Continuing Shortages in the Reserves

Army procurement and distribution priorities account for many reserve units remaining underequipped and being more slowly modernized than the active force. Over the past decade, the Army has emphasized procurement of more modern combat equipment and has placed less priority on procuring equipment for support units. The Army Reserve has been particularly affected, since about 75 percent of its forces are in support units.

Although the Army has established a priority sequence to ensure that early deploying units receive their equipment first, the Army frequently deviates

from this sequence. For example, deviations are made to ensure that units intended to fight together have compatible equipment and that as many units as possible meet minimum deployment standards. Such deviations can often result in lower priority units receiving an item of equipment before higher priority units but appear to be in the best interest of improving readiness throughout the Total Army.

The Army has assigned a high equipping priority to three of four packages of support units intended to support the Army's contingency force. However, it has assigned the fourth support force package a lower priority than all 14 active combat divisions. Equipment readiness of units in this fourth package is important because (1) during the Gulf war, the Army deployed about half of the support units in this package and almost all of some types of forces it contains and (2) Army officials have said that these units could actually be needed before some of the units with higher priorities.

When new equipment items are fielded, the older displaced items are redistributed first within the affected major Army command, even though a higher priority may exist elsewhere. This policy permits Army commanders flexibility in satisfying needs within their respective commands but may result in the Army's sacrificing opportunities to fill other more pressing needs across the force.

Dedicated Procurement Program Could Have More Impact

In the Army, the Dedicated Procurement Program has improved the quality and amount of equipment in the reserves but over time has departed somewhat from the purpose for which it was established—to reduce critical shortages adversely affecting reserve units' readiness to deploy. Instead, the program has been used increasingly to modernize some reserve units' equipment. Although the program has improved the readiness of a limited number of units, some of these units were already in a deployable status. Moreover, some of the items purchased with these funds are expensive, thereby leaving fewer resources to improve the readiness of units in a nondeployable status. In some cases, items specified to be purchased under this program are not among those identified by the Guard and Reserve as high-priority needs.

Excess Equipment From Europe May Have a Limited Impact in Alleviating Shortages

Ongoing force reductions and an Army decision to redistribute or dispose of the entire stockpile of excess war reserve equipment in Europe have produced a large amount of equipment for redistribution. However, equipment in Europe is being redistributed first in theater before being made available for redistribution elsewhere. Much of the war reserve equipment is obsolete, in a state of disrepair, or unsalvageable; some items are awaiting inspection to determine their condition. Thousands of outmoded tanks and wheeled vehicles will be destroyed, sold, or given to allies rather than redistributed. Much of the equipment returning from Europe is combat-related and therefore may benefit the National Guard more than the Army Reserve. Army-wide shortages of support equipment and the comparatively lower priority of many reserve support units could limit the amount of support equipment flowing to the reserves.

Recommendations

To ensure that all units of the Army's contingency force achieve a high state of readiness, GAO recommends that the Secretary of the Army raise the equipping priority of the fourth package of support units to be commensurate with other contingency force support units. GAO also recommends that the Secretary reassess the costs and benefits of continuing the existing Army policy that permits equipment redistribution within the affected major Army command regardless of higher equipping priorities elsewhere.

Matter for Congressional Consideration

To increase the impact of the Dedicated Procurement Program, the Congress may wish to give greater consideration to near-term readiness problems and high-priority equipment needs identified by the reserves in specifying items for procurement.

Agency Comments

DOD generally concurred with GAO's findings and, while expressing some concerns, agreed to assess the merits of raising the priority of support units in the contingency force and changing its equipment redistribution policy.

DOD said that even though the Dedicated Procurement Program has had an impact on equipping the reserves, it could not support continuation of this program because it believes that the program is disruptive to DOD's procurement planning process and restricts the Army's freedom to maximize the combat capability of the Total Force. GAO recognizes that integrating this program into the Army's regular procurement process would eliminate separate administrative procedures and better integrate

the reserves into the Army's overall equipping strategy. However, Congress established this program because normal DOD procurement systems did not adequately address the minimum readiness needs of the reserve components. In GAO's opinion, better mechanisms to overcome differences in procurement and distribution priorities would have to be developed to ensure that the reserves' key readiness needs are being addressed.

Contents

Abbreviations

DAMPL	Department of the Army Master Priority List
DOD	Department of Defense
DPP	Dedicated Procurement Program
FAD	Force Activity Designator
GAO	General Accounting Office
SINCGARS	Single Channel Ground Air Radio Systems

Introduction

Army Reserve and National Guard forces are critical to today's Army as evidenced by the key roles they played in the success of Operations Desert Shield and Storm. In all, over 140,000 members of the Army's reserves[1] were called up to support these operations. Although the Army was unable to deploy three National Guard combat brigades due to the amount of post-mobilization training they required, Army reserve component support forces performed vital missions in all phases of the war, from the initial response through the redeployment of forces. About 74,000 of these reserves supported operations in the Persian Gulf; others filled positions at bases in the United States and in other parts of the world vacated by active personnel who were deployed. In the words of the Chairman of the Joint Chiefs of Staff, "The Guard and Reserves were critical to the success of the mission—we simply could not have done it without them."

Despite positive assessments of the performance of reserve support units in the war, widespread equipment shortages among reserve units called up for the war posed numerous difficulties during the mobilization process. As we reported in March 1992, the Army had to make extensive transfers of equipment between units to enable them to deploy.[2] These transfers degraded the ability of units on the losing end to later deploy and only partially corrected deficiencies in those on the receiving end. Ultimately, some units that deployed were missing key pieces of equipment required for their mission (wartime requirements)[3] or had equipment that was incompatible with the active units they were to support. Army after-action reports have surfaced difficulties that units experienced in deploying to the Persian Gulf without their full complement of required equipment.

Reserves Obtain Equipment From Three Sources

The reserves obtain equipment from (1) appropriations to the Army's regular procurement budget, (2) a separate appropriation specifically for reserve equipment, and (3) other Army units through redistribution. During the 1980s, the Army substantially increased the size of its reserve components, and the amount of equipment in the reserves has also substantially increased. However, the Army does not account for equipment gains by source and therefore cannot precisely estimate the relative contributions of the three sources of equipment in improving the reserves' equipment posture.

[1]The term "reserves" in this report refers to both Army Reserve and Army National Guard forces.

[2]Operation Desert Storm: Army Had Difficulty Providing Adequate Active and Reserve Support Forces (GAO/NSIAD-92-67, Mar. 10, 1992).

[3]The term "wartime requirements" in this report refers to the doctrinal equipment requirements that a unit needs to fully perform its wartime mission.

The Army's regular procurement budget, managed by the Department of the Army, proposes funding for equipment needs of the total force based on critical weapon requirements and priorities. As part of the President's annual budget submission to Congress, the Army provides a listing of items that it plans to provide to the reserves from the requested procurement funds. Although this document provides Congress with an estimate of the equipment that the reserves will receive from the proposed procurement budget, actual distribution of equipment to the active and reserve components can vary. Moreover, the Army does not strictly account for how actual procurements track with the plan. The Army plans to provide the reserves about $1 billion of the total $5 billion requested for fiscal year 1993 in the categories of aircraft, weapons and tracked combat vehicles, and other procurement.

In recent years, Congress has not designated a portion of the regular procurement budget to be spent on equipment for the reserves but has instead appropriated separate funds to be spent only on equipment for the reserves.[4] The Department of Defense (DOD) refers to this separate funding as the Dedicated Procurement Program (DPP). Congress initiated this separate appropriation line item in fiscal year 1982 because of concerns over chronic equipment shortages in the reserves and the fact that many units lacked even the minimum equipment they needed to conduct their missions.

The National Guard Bureau and the Office of the Chief, Army Reserve, which manage DPP in the Army, annually provide Congress a listing of needed items that could be funded under this program. For fiscal year 1992, Congress appropriated about $344 million to the Army National Guard and $99 million to the Army Reserve under DPP. From fiscal year 1982 through fiscal year 1991, Congress appropriated about $3.6 billion in DPP funds to the Army's reserve components.

The third method of providing equipment to the reserves is through equipment redistribution. Equipment becomes available for redistribution when units inactivate or receive newer generations of equipment.

[4]These funds are shown in the DOD procurement appropriation by a line item entitled "National Guard and Reserve Equipment."

Equipment Is Distributed Based on an Elaborate System of Priorities

The Army distributes both newly procured equipment and that coming available for redistribution according to a prioritization system based on the first-to-fight, first-to-be-equipped principle. The order in which units will receive available equipment is set by the Department of the Army Master Priority List (DAMPL). The DAMPL, which is periodically revised, ranks units on the basis of their strategic priority or when they are scheduled to deploy. Those with the earliest deploying dates have the highest priority for a given type of equipment. Active divisions dominate the top part of the DAMPL because they are expected to be among the first to deploy.

Exceptions to this general rule are those reserve units designated to support the highest priority active units—that is, those that would deploy as part of the Army's contingency force. Although these reserve units generally also have a high DAMPL priority, many reserve units have lower DAMPL priorities due to their later expected deployment dates. A unit's position on the DAMPL largely determines its opportunities to obtain available equipment, since enough equipment is often not available to satisfy all requirements.

Objectives, Scope, and Methodology

Because reserve readiness will be crucial to the Army's ability to rely on these forces for important future missions, the Chairman, Subcommittee on Defense, House Committee on Appropriations, asked us to evaluate the Army's equipping strategies to determine (1) the progress in equipping the Army Reserve and National Guard, the key shortages that remain, and the effects of these shortages; (2) aspects of the Army's equipping strategy that account for continuing shortages; (3) the impact that additional separate funding for reserve equipment, DPP, has had on their equipment posture; and (4) the extent that equipment freed from force reductions might alleviate existing shortages.

To determine progress made in equipping the reserves, we reviewed Department of the Army and Reserve Forces Policy Board data on the equipment posture of the reserve components over the past 10 years. We discussed the equipment status of the reserves with officials at Army Headquarters, National Guard Bureau, and the Office of the Chief, Army Reserve, all in the Washington, D.C., area. We also discussed the equipment status with U.S. Army Reserve Command and U.S. Forces Command, both in Georgia, and First, Second, and Fifth U.S. Armies in Maryland, Georgia, and Texas, respectively; Army Reserve Commands with jurisdiction over Army Reserve units in Arkansas, Florida, Georgia,

Louisiana, Oklahoma, New York, New Jersey, North Carolina, South Carolina, Tennessee, Kentucky, Texas, and New Mexico; and state National Guard offices in Alabama, Arkansas, New York, North Carolina, and Tennessee.

We identified continuing equipment shortages from information provided by officials at the above locations, including data on the equipment items most frequently transferred among units to improve the readiness of those mobilized for the Gulf war. By reviewing after-action reports from the war and discussing identified shortages with officials at various locations, we obtained examples of how equipment shortages affected units mobilizing for the Gulf war and how they affected the units' ability to carry out their wartime missions.

To analyze how the Army's equipping strategy and distribution policies may contribute to continuing reserve equipment shortages, we interviewed officials from the Office of the Secretary of Defense, Department of the Army Headquarters, Army Materiel Command, National Guard Bureau, and Office of the Chief of the Army Reserve, all in the Washington, D.C., area. We also analyzed DOD and Army equipment procurement and distribution policies.

We reviewed planned force structure and policy changes and the impacts that they are expected to have on existing reserve equipment shortages with officials at the locations we visited. Forces Command and Army Headquarters officials provided us information and statistics on the composition of the Army's contingency force and the types and amounts of excess equipment becoming available from force reductions in Europe. These officials also provided information concerning the condition and disposition of excess equipment from the Gulf war, and Army Headquarters officials provided information concerning the retirement of obsolete equipment.

With respect to DPP, we accepted the existence of this program as an element of the procurement strategy and assessed what changes might be made to improve its implementation. We recognize that current trends are to integrate active and reserve systems wherever possible and that there would be certain advantages to integrating this separate procurement program into the normal procurement processes. However, we reviewed only the Army portion of this DOD-wide program; therefore, it was beyond the scope of this review to assess whether this separate funding should be integrated into the Army's regular procurement program.

We conducted our review from August 1991 to September 1992 in accordance with generally accepted government auditing standards.

Progress Made in Equipping Reserves, but Shortages Continue to Adversely Affect Readiness

Army statistics show that progress has been made over the last 10 years in equipping the reserves. However, we found that aggregate statistics showing improvements do not reveal the effects of continuing shortages on individual reserve units. Even though aggregate statistics may show that total reserve component authorizations for a particular item are filled or even excess, individual units may actually have shortages. Moreover, some requirements may appear filled but are actually filled with less capable substitute items.

Despite improvement in their equipment posture, shortages of major equipment items in the reserves total $13.7 billion, including some items considered essential to their wartime missions. Some shortages are especially widespread. Our examination of reserve equipment records and Gulf war unit equipment transfer records and interviews with Army Reserve and National Guard officials in five states surfaced a wide array of equipment shortages that adversely affected the mobilization process. Discussions with reserve officials and our review of Gulf war after-action reports identified examples of the types of problems that equipment shortages posed when underequipped reserve support units were mobilized and deployed.

Reserve Equipment Posture Has Improved

Tables 2.1 and 2.2 show how the equipment posture of the National Guard and Army Reserve has improved over the past 10 years in terms of the amount and dollar value of their major equipment items compared to their wartime requirements. The dollar value of the National Guard's major items of equipment has increased from about $8.1 billion to about $25.6 billion, and the value of the Army Reserve's has increased from about $1.9 billion to $7.9 billion. The total amount of Army Reserve and National Guard major equipment items on hand compared to wartime requirements has increased from about 52 percent in fiscal year 1981 to 73 percent in fiscal year 1991.

Table 2.1: Status of Army National Guard Major Equipment Items

Dollars in billions

Fiscal year	Required	Authorized	On hand	Percent of required items on hand	Percent of authorized items on hand
1981	$11.8	$10.4	$8.1	69	78
1982	13.3	10.9	8.6	65	79
1983	25.0	24.0	13.1	52	55
1984	23.3	20.8	14.3	61	69
1985	29.1	27.1	18.8	65	69
1986	30.0	28.2	19.8	66	70
1987	31.0	29.6	22.3	72	75
1988	32.2	32.2	24.9	77	77
1989	32.7	32.7	25.8	79	79
1990[a]	30.1	29.9	21.9	73	73
1991[b]	34.6	34.5	25.6	74	74

[a]The decline in fiscal year 1990 figures reflects the federalization of National Guard units and other effects of the Gulf war.

[b]Data for 1991 is incomplete and could be overstated. The next Reserve Forces Policy Board Report will update this information.

Source: Reserve Forces Policy Board annual reports.

Table 2.2: Status of Army Reserve Major Equipment Items

Dollars in billions

Fiscal year	Required	Authorized	On hand	Percent of required items on hand	Percent of authorized items on hand
1981	$7.3	$2.9	$1.9	26	66
1982	6.2	3.3	2.1	34	64
1983	6.0	4.8	3.0	50	63
1984	6.3	4.4	3.2	51	73
1985	6.4	6.2	3.7	58	60
1986	6.3	5.8	3.9	62	67
1987	6.7	6.2	4.0	60	65
1988	7.5	6.8	4.4	59	65
1989	9.6	7.9	5.5	57	70
1990	10.2	9.1	6.3	62	69
1991[a]	11.6	9.3	7.9	68	85

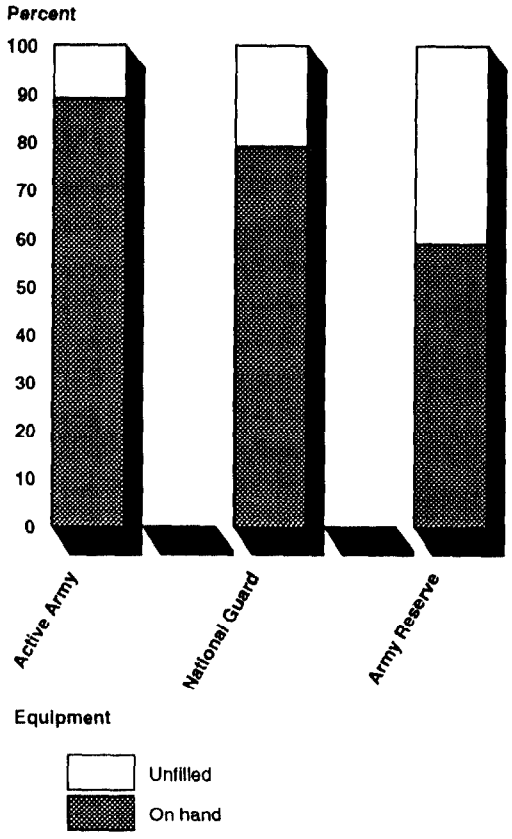
[a]Data for 1991 is incomplete and could be overstated. The next Reserve Forces Policy Board Report will update this information.

Source: Reserve Forces Policy Board annual reports.

The increases in the value of the reserves' equipment reflect in part the substantial buildup of reserve forces in the 1980s and the resulting increase in their equipment requirements. In addition, some of the apparent improvement may be due to the way the Army values its equipment. In calculating value, the Army multiplies the number of each item on hand by the price it most recently paid for the item. Therefore, some portion of the increased value may be due to net price increases for the items in the Army's inventory. The Army's accounting system does not capture what portion of the increased value is due to such price increases.

Figure 2.1 shows the equipment status of the Army's active and reserve components as of April 30, 1992, based on data compiled for us by the Army. The active Army had about 89 percent of its required major items of equipment compared to 79 percent for the National Guard and 59 percent for the Army Reserve. Data provided by the Army showed that, as of that date, shortages of major items of equipment in the reserves totaled about 1.2 million items valued at about $13.7 billion.

Figure 2.1: Comparison of the Value of Active Army, National Guard, and Army Reserve Equipment on Hand to Wartime Requirements as of April 30, 1992



Source: Department of the Army.

Beginning in fiscal year 1988, the President's annual budget submission to Congress has included a report to show what equipment DOD plans to provide its reserve forces from regular procurement funds. Table 2.3 shows by fiscal year how much of the Army's requested procurement funds it planned to spend on selected categories of equipment for the reserves. Army officials noted that this plan was not binding, and the actual distribution of procured equipment to the active and reserve components often deviated from the plan for a variety of reasons, such as competing equipment priorities. The actual amount of a given appropriation used to buy equipment for the reserves is not readily attainable.

Table 2.3: Planned Procurements for the Army Reserve and National Guard Compared to Total Procurement Requests

Dollars in millions

	Aircraft			Weapons and tracked combat vehicles			Other procurement		
Fiscal year	Total	Reserves	Percent	Total	Reserves	Percent	Total	Reserves	Percent
1988	$2,474	$201	8	$3,153	$88	3	$5,871	$631	11
1989	2,792	176	6	2,961	133	4	4,774	732	15
1990	3,268	157	5	2,745	1	0	4,234	183	4
1991	1,583	322	20	1,312	0	0	2,828	271	10
1992	1,668	479	29	839	15	2	3,164	234	7
1993	1,291	436	34	623	40	6	3,094	556	18

The Army has used regular procurement funds to purchase a variety of items for the reserves. These items include some major pieces of equipment such as Apache helicopters, armored personnel carriers, High Mobility Multipurpose Wheeled Vehicles, and 7.5-ton cranes.

Congress began annually appropriating additional separate equipment funds for the reserves under DPP in fiscal year 1982. In recent years, it has increasingly designated a portion of total DPP funding for procurement of specific items. Table 2.4 shows the amounts of the DPP appropriations over the past 11 years, the amounts designated for specific items, and the remainder that could be used for other equipment needs. In commenting on our report, DOD noted that the miscellaneous equipment category of DPP had been an extremely valuable and flexible means of addressing support equipment shortfalls.

Table 2.4: Army Reserve and National Guard Equipment Appropriations Under DPP

Dollars in millions

	National Guard			Army Reserve		
Fiscal year	**Designated**	**Miscellaneous**	**Total**	**Designated**	**Miscellaneous**	**Total**
1982	$50	0	$50	0	0	0
1983	0	$50	50	0	$15	$15
1984	0	100	100	0	0	0
1985	33	117	150	$88	62	150
1986	239	293	532	15	350	365
1987	102	44	146	0	90	90
1988	173	100	273	0	85	85
1989	231	25	256	0	30	30
1990	285	30	315	64	25	89
1991	776	20	796	31	40	71
1992	329	15	344	74	25	99
Total	**$2,218**	**$794**	**$3,012**	**$272**	**$722**	**$994**

Examples of equipment the reserves have obtained through DPP funds are Heavy Expanded Mobility Tactical Trucks, 5-ton trucks and trailers, and 4,000- and 6,000-pound forklifts. According to Army officials, DPP equipment has contributed importantly to increasing training opportunities for the reserves and to increased unit readiness.

Much of the equipment obtained by the reserves is through redistribution of equipment. According to an official of the Office of the Deputy Assistant Secretary of Defense for Reserve Affairs, about 70 percent of the equipment obtained by the Army Reserve and National Guard in fiscal year 1991 and about 60 percent of that obtained in fiscal year 1990 came from redistribution of equipment from the active forces. For instance, in fiscal year 1991, the 100th Reserve Training Division received 13 M1 Abrams tanks from an inactivating active unit.

Due to funding constraints, the Army does not expect to be able to fully equip all of its units to 100 percent of their wartime requirements in peacetime; therefore, shortages will continue to exist. However, it has set a minimum equipping goal for each of four categories of units based on their deployment dates. For the first two earlier deploying categories, the minimum goals are 90 and 80 percent of their wartime requirements; for each of the two later-deploying categories, the goal is 65 percent. About

97 percent of the units in these latter two categories are in the reserves. (See table 3.1.)

Aggregate Statistics Often Do Not Reveal Problems in Individual Units

Although the value of major items of equipment in the reserves has increased by about $30 billion over the last 11 years, aggregate statistics do not provide a complete view of the reserves' equipment.

- The percent of the National Guard's major items of equipment on hand in relation to its wartime requirements has improved over the past 10 years. However, the value of existing equipment shortages is greater because equipment gains have not kept pace with increasing wartime equipment requirements. As a result, shortages of $3.7 billion in fiscal year 1981 grew to about $9 billion in fiscal year 1991.
- The equipment status of individual reserve units varies widely. Some units have nearly all of their required equipment deemed essential to their missions, whereas others may have less than 65 percent—the minimum necessary for deployment. For example, some reserve medium truck companies in the contingency force, which is comprised of high-priority units, do not have the items needed to meet this minimum standard.
- Even though aggregate statistics may show that total equipment authorizations for an item are filled or even excess, some less capable items may be substituted for other required items. Therefore, individual units may actually be short of their authorizations. For example, aggregate statistics show that the Army Reserve has 1,093 longbed trucks (2-1/2 tons) compared to a wartime requirement of 786, or 139 percent of the requirement. However, this apparent excess is actually due to the fact that some of the trucks reported are not the ones that are required but rather are other less capable trucks that the Army permits to be reported as substitutes.
- Aggregate totals also do not reveal the wide variance in the equipment fill for individual types of equipment. For example, the wartime requirements for some items are completely filled, whereas less than 40 percent of the requirements for other items are filled. (See app. I.)
- Even though a requirement appears to be filled, it may be filled with an item that is incompatible with active forces. For example, National Guard maintenance units were expected to maintain M1 tanks and Bradley Fighting Vehicles in the Gulf war when some had only trained on older types of equipment, such as M60 tanks and M113 personnel carriers.

Specific Shortages Are Especially Widespread

Table 2.5 shows the major equipment shortages in the reserves as contained in the Reserve Forces Policy Board's Fiscal Year 1991 Annual Report.

Table 2.5: Key Army Reserve and National Guard Equipment Shortages for Fiscal Year 1991

Army National Guard	Army Reserve
Heavy Expanded Mobility Tactical Trucks	Tactical wheeled vehicles
5-ton trucks	Power generators
Heavy Equipment Transporters	Water purification systems
General purpose electronic test equipment	Tool sets, test sets, and measurement devices
Vehicular FM radios	Material handling equipment
Chemical defense equipment	Communications systems
Single Channel Ground Air Radio Systems (SINCGARS)	
Medium tractors/trailers	
Generator sets	

Officials at five Army Reserve Commands and five state National Guard offices covering units in 14 states provided us information on the most significant types of equipment shortages in the units under their jurisdictions. This information was consistent with the data reported by the Reserve Forces Policy Board. We also reviewed equipment transfer records at these 10 reserve locations to identify the most common shortages that surfaced in mobilizing their units for the Gulf war. These shortages were also consistent with the data reported by the Reserve Forces Policy Board.

Our analysis of this data indicated a wide range of shortages, which we then grouped into broad categories. The most prevalent equipment shortages fell into the following categories:

- Communication equipment, including various radios, such as the AN/VRC-46 and AN/VRC-47 models; installation kits used to mount radios into vehicles; and cryptographic equipment, such as the Vinson devices for the AN/VRC-46 and AN/VRC-47 radios, which are used to secure radio transmissions.
- Night vision equipment, including night vision goggles and night vision sights.
- Nuclear, biological, and chemical defense equipment, including radiacmeters, used to detect radiation, and chemical attack warning

devices, used to detect chemical agents, such as the M8A1 Chemical Alarm.

- Miscellaneous equipment,[1] including a wide range of items, such as immersion heaters, used to heat water for washing cooking utensils and for personal hygiene; air conditioners, used with computer operations and in field hospitals and maintenance units; duct heaters, used for heating hospitals and maintenance facilities; and bakery equipment, such as bakery oven racks.
- Wheeled vehicles, including the cargo truck (M1008), 5-ton cargo truck, 5-ton drop side trucks (M923A2), tractors, and fuel and flatbed semitrailers.

In addition to these broad groupings of shortages, our analysis showed several other prevalent equipment shortages that fell outside these major categories. These shortages, which were also cited by the Reserve Forces Policy Board, included power generators in the Army Reserve and material handling equipment, such as forklifts, for both the Army Reserve and National Guard. According to Army officials, some of these reserve equipment shortages have existed for up to 10 years.

The degree of equipment shortages varied by item. Appendix I shows the magnitude of the equipment shortages that exist for selected equipment items that frequently showed up on the equipment records we examined. It should be noted that some shortages exist on an Army-wide basis. Therefore, additional quantities of these items, if purchased, would not necessarily be distributed to reserve units. This is because many reserve units fall lower in the Army's equipping sequence than active units, as discussed in chapter 3. Also, in some cases, even though large shortages exist, it is not possible to fill them because the item listed as a requirement is no longer being produced—for example, the AN/VRC-46 and the AN/VRC-47 model radios.

Shortages Adversely Affect Readiness

Army Reserve and National Guard officials in some states we visited discussed the effects of equipment shortages in units under their respective jurisdictions. They also provided records to document their shortages and show what equipment was transferred among units during the Gulf war mobilization. According to this information, some equipment shortages posed substantial problems in readying their units to deploy,

[1]In commenting on our report, DOD noted that test measurement and diagnostic equipment, special tools and test equipment, and automated artillery fire control were also items representing significant shortfalls in the miscellaneous category.

and some units missing key pieces of equipment experienced difficulties after they deployed to the Persian Gulf.

Shortages Posed Difficulties During Mobilization

The Gulf war operation demonstrated the impact of equipment shortages on the mobilization of reserve support units. Because reserve units had to have at least 65 percent of the required equipment considered essential for their mission to meet minimum deployment standards, the Army had to extensively transfer equipment between units to rectify shortages. In some cases, transfers were also made to provide items more compatible with active component units. Significant amounts of time and effort had to be expended in making these transfers.

Gulf war equipment transfer data we reviewed showed many instances in which equipment had to be transferred between units before the units could be mobilized. For example, Fifth U.S. Army data showed that 3,019 items were transferred between units within each of the six major U.S. Army Reserve Commands under its jurisdiction. In addition, data from one state Army National Guard headquarters showed that about 4,700 items were transferred to prepare their mobilizing units, which were authorized a total of about 30,000 items. The state sought to deploy units at 100 percent of their authorized equipment, but even after these transfers, some equipment requirements remained unfilled.

According to some Army Reserve Command and National Guard officials, filling equipment shortages became more difficult as the operation progressed and more units were activated. As equipment became scarcer, some equipment shortages could not be filled, and, as a result, many units were only brought up to the minimum standard for deployment—65 percent of their required personnel and mission-essential equipment. According to an Army Reserve official, reserve support units that deployed with less than 80 percent of their required equipment were severely tested in attempting to support combat forces having more than 90 percent.

In addition, Army officials expressed concern that had additional units been needed in the Gulf war, they would have had difficulty equipping many additional units to fully meet even minimum equipment requirements for deployment. As it was, units on the losing end of equipment transfers had difficulty preparing for their own deployment when they were mobilized later. For example, one transportation company commander's after-action report noted that earlier transfers of equipment from his unit had caused the unit to be stripped of equipment and supplies.

Upon activation, the company had to obtain new 5-ton tractors before its deployment. However, the unit did not receive the prescribed repair parts and training on the new tractors before deploying to the Persian Gulf.

Shortages Impaired Mission Performance in the Gulf War

Gulf war records, after-action reports, and lessons learned documents showed that equipment shortages hampered the ability of some reserve units to perform their required missions. For example, the following problems arose from the shortage of communications equipment in reserve units:

- A lack of secure radio equipment by one transportation company and a rear area operations center limited their ability to communicate with other units.
- Insufficient quantities of secure communications equipment for First Army reserve units left their communications vulnerable to interception and manipulation.
- One state National Guard after-action report noted that its units had to resort to using items such as cellular phones, tactical satellites, facsimiles, secure telephones, and other electronic devices from the commercial market to enable them to establish command and control of their forces.
- The lack of Tactical Army Combat Service Support Computer Systems[2] made it impossible for National Guard units to communicate effectively on personnel and logistics matters with other units that had this equipment.

Communications equipment was not the only category of equipment that was in short supply.

- One quartermaster unit mobilized in September 1990 did not receive a petroleum lab critical to its mission until February or March 1991, long after it had deployed to Saudi Arabia. When the unit received the lab, it was missing the generator and cables, rendering it inoperable.
- The Army sometimes used 2-1/2-ton trucks to satisfy 5-ton truck requirements. Although the Army considers these trucks to be acceptable substitutes to satisfy 5-ton truck requirements, units had difficulty accomplishing their mission with these lighter trucks under desert conditions.

Incompatibility of equipment between active and reserve units was also a problem. Because some reserve units had not been issued the Tactical

[2]Tactical Army Combat Service Support Computer Systems are used to process personnel and logistics actions.

Army Combat Service Support Computer Systems, they were still operating manual systems and had difficulty transitioning to the new methods under the press of mobilization. As a result, National Guard personnel had difficulty ordering supplies and repair parts. In addition, many National Guard units reported to their mobilization stations with gas engine vehicles that met National Guard, but not active Army, requirements and had to have them replaced with diesel engine vehicles before they could be deployed.

Conclusions

Progress has been made in equipping the reserves over the past decade; however, aggregate statistics showing overall improvement do not reveal the adverse effects of continuing shortages on the readiness of individual reserve units. These effects are not apparent without a closer examination of individual units to determine what specific shortages exist and how critical they are to their missions. In some cases, the statistics can make units appear better off than they actually are because key requirements are being satisfied by substitute items that are less capable than items they would require in wartime or are incompatible with items that other units possess.

The difficulties encountered in readying reserve support units for the Gulf war point to the effects of continuing shortages on unit readiness. Clearly, shortages in units with early deployment dates must be viewed more seriously than shortages in units where time may permit the Army to fill shortages. However, if reserve forces are to be effectively integrated with active forces in future contingencies, reserve units need to gain experience during peacetime on the equipment they will use when mobilized. Although improvements have been made in this area, the significant equipment shortages that surfaced in mobilizing reserves for the Gulf war indicate room for improvement. Given limited resources, the costs of filling shortages must be weighed against the risks of being unable to correct the shortages upon mobilization and the impacts such shortages could have on the units' ability to conduct their missions once deployed.

Agency Comments

DOD agreed with our conclusion that reserve units need to gain experience during peacetime on the equipment that they will use when mobilized. It said that its next National Guard and Reserve Equipment Report would address the current status of equipment compatibility, the impact of incompatibility on combat effectiveness, and plans to achieve fuller compatibility.

Army Procurement and Distribution Priorities Have Not Adequately Addressed the Needs of Support Units

The Army has emphasized procurement of lethal combat equipment over the last decade rather than equipment common to most units or unique to support units. This emphasis has limited the amount and types of equipment available to support units, the majority of which are in the reserves. The Army has set up an elaborate prioritization system to distribute equipment and resources to ensure that those units that will deploy first are the first to be equipped. Even though deviations from this first-to-fight, first-to-be-equipped priority sequence are frequently made, most of these deviations appear to be in the best interest of the Army. However, in some instances, the Army's established unit equipping priorities appear to be inconsistent with the first-to-fight, first-to-be-equipped principle. This could negatively affect some high-priority units in the reserves.

Army Procurement Has Emphasized Modernization of Combat Forces

In establishing procurement priorities, the Army has chosen to emphasize modernizing its combat forces. As a result, it has purchased less equipment suited to the needs of support units, which has particularly affected the reserves because they provide the majority of the Army's support forces. In addition, equipment becoming available for redistribution—the largest source of the reserves' equipment—has also tended to be combat-related.

Shortages Are Due Partly to Funding Constraints and Competing Procurements

Army Headquarters officials cited funding constraints as the primary limitation in reaching equipment goals for both active and reserve forces during the 1980s. As a result, some requirements have been left unfilled due to competing procurements and other priorities. For example, one Army Headquarters official noted that the Army did not exercise the last contract option for 132 M9 Armored Combat Earthmovers—a specialized bulldozer—to save money to meet other priorities. As a result, hundreds of M9 Armored Combat Earthmover requirements will remain unfilled, including the requirements for some high-priority units in the National Guard.

In some cases, units do not receive an item before the next, more capable generation of the item becomes available. In these cases, the new generation of equipment is distributed once again to the highest priority units and the displaced older equipment flows to lower priority units. For example, the Army halted procurement of the VRC-12 family of tactical FM radios anticipating the procurement of the more capable SINCGARS family of tactical radios. After regular Army procurement of the VRC-12 family of

radios ceased, some lower priority units were scheduled to receive the older displaced radios. However, significant unfilled requirements remain throughout the Army, particularly in the reserves. As discussed later in this chapter, the generally lower priority of reserve units compared to the active Army usually means that, when quantities are limited or procurement is curtailed, reserve equipment requirements frequently remain unfilled.

Emphasis on Modernizing Combat Forces Has Limited Equipment Available to Support Units

The focus of Army procurement in the 1980s on modernization of lethal combat systems has helped to modernize some of the Army's high-priority National Guard combat units with new and redistributed equipment. However, the emphasis on modernizing combat forces has limited the equipment available to support forces. The reserves have been particularly affected by this emphasis because about 75 percent of the Army Reserve and about 30 percent of the National Guard provides combat support and combat service support. Moreover, the reserve forces that deployed to the Gulf war were almost exclusively support units.

The emphasis on modernizing combat forces has further limited equipment flows to support units through redistribution, since the type of new items that the Army procures also determines what equipment becomes available for redistribution. Because the Army was purchasing large amounts of combat equipment, the equipment becoming available for redistribution also tended to be combat-related.

According to Army officials, the primary purpose of Army procurement is to modernize Army equipment rather than maximize equipment fill. In other words, the Army's goal is to ensure that as many of its units as possible have the latest, most capable equipment, rather than maximize the number of units having a high percentage of their equipment requirements met. This emphasis on modernization of combat forces stemmed from concerns raised at the beginning of the 1980s that the Army's combat forces were not properly equipped to deal with the major threat to U.S. security—a large-scale attack by the Soviet Union against Western Europe. At that time, the models of the tank, attack helicopter, and armored infantry carrier in use were basically 1960s technology. The Army's leadership identified modernizing this equipment as its highest procurement priority. As a result, during the 1980s, the Army introduced into the force several major new combat systems, including the M1 Abrams tank, the AH-64 Apache attack helicopter, the Multiple Launch

Rocket System, and the M2/M3 Bradley infantry fighting vehicles. These combat systems were the key systems that the Army used in the Gulf war.

Procurement of these lethal systems had positive effects on the major combat forces in the reserves, primarily in the Army National Guard. For instance, redistribution of M60 tanks, which were displaced from high-priority units receiving M1 Abrams tanks, allowed National Guard combat units to eliminate the old M48 tanks from their inventories. Enough Abrams tanks were eventually procured so that some lower priority National Guard units received the 105mm-gunned version of the Abrams tank, thus displacing older M60 series tanks. High-priority Guard combat brigades have even received the newer, 120mm-gunned M1A1 version of the Abrams tank.

Meanwhile, improvement in the equipment of support units has lagged. Reserve units have been particularly affected due to the heavy concentration of support units in the reserve components, particularly the Army Reserve. According to Army officials, unit readiness reviews conducted in the late 1980s on high-priority, independent support units in the reserves found that many units were not adequately able to support more powerful modernized combat forces. One of the major reasons was Army-wide shortages in equipment required by these units. According to these officials, the reviews determined that the Army was procuring insufficient quantities of some types of equipment needed by support units, and for some items it was procuring none at all. These officials added that the high equipment distribution priorities of some support units were essentially meaningless because the equipment was simply not available. One action that stemmed from this review was that the Army began to take equipment from lower priority support units and redistribute the items to higher priority units. This left the lower priority units in even worse shape.

More Attention Is Being Paid to Modernizing Support Equipment in the 1990s

According to Army officials, developing and procuring combat weapon systems is still being emphasized more than support items of equipment. However, since the late 1980s, a greater portion of available funding has been used to procure support equipment. Army officials said that the emphasis is changing primarily because most of the planned purchases of the current generation of modernized combat equipment has occurred. Some important requirements remain, such as for the Multiple Launch Rocket System and Bradley infantry fighting vehicles; however, the next generation of most combat systems are in the research and development

phase. Since expensive combat systems are not being procured in great numbers at this time, the Army has begun buying more support equipment, such as the Family of Medium Tactical Vehicles, Palletized Loading System vehicles, and SINCGARS radio. One Army Headquarters official said that the shift in procurement emphasis has also been influenced by experiences of the Gulf war, which underscored that significant shortfalls existed in both the types and quantities of support equipment.

Equipping Priorities Are Set by the DAMPL, but Deviations Frequently Occur

The Army's equipping policy states that distributing scarce equipment according to the DAMPL sequence guides the Army to place critical equipment in those units likely to be the first to fight. However, the DAMPL sequence is only a baseline, and deviations frequently occur. As a result, high-priority units are sometimes equipped later than lower priority units.

DAMPL Establishes Distribution Priorities

Since the Army is often not able to fill all requirements for a given item, the Army's peacetime goal is to establish equipping priorities so that units are equipped in a sequence commensurate with their anticipated war-fighting missions. The Army implements this first-to-fight, first-to-be-equipped policy primarily through the use of the DAMPL,[1] which establishes the relative priority in which units will receive equipment and other resources. The assigned priorities are based on several considerations, including a unit's projected deployment date in Army operational plans and mission priority. On the basis of these factors, units are placed into one of four force packages and are assigned a Force Activity Designator (FAD). A unit's FAD and force package category are closely aligned and are based primarily on when the unit is expected to deploy. The earliest deploying forces are therefore in FAD I and II and force package 1. Table 3.1 shows the relationship of the various elements that enter into decisions concerning a unit's position in the DAMPL.

[1]The DAMPL is issued around the beginning of each fiscal year and is revised in the spring, if required.

Table 3.1: Relationship of a Unit's FAD and Force Package Category to Its Expected Deployment Date as Set by the Army

FAD (expected deployment date)	Force package	Minimum equipping goal in percent	Number of units	Percent of component's units in each FAD[a]		
				Active	National Guard	Army Reserve
I and II (immediate)	1	90	1,645	71	5	8
III (within 30 days)	2	80	1,826	25	28	38
IV (within 90 days)	3	65	1,780	2	57	31
V (after 90 days)	4	65	721	2	10	23

[a]These percents are based on units reporting their readiness status as of June 1992.

As shown in the table, 96 percent of the Army's active units are in the first two force packages due to their mission priorities and generally earlier deploying status, whereas reserves dominate the latter two packages due to their generally later-deploying status. The table also shows the general equipping goal for mission-critical equipment that the Army sets for units in each force package. Army officials said that, given cuts in Army procurement funding, most units would probably not be equipped above these goals. In analyzing readiness data for units in the various force packages, we noted differences in equipment readiness between combat and support forces and between active and reserve units. For example, for FAD III, we found that (1) combat units generally reported higher equipment readiness than support units and (2) active units generally reported higher equipment readiness than reserve units.

Units filling critical strategic priorities have the highest priority in the DAMPL. These units are followed by the combat forces of the Army's rapid deployment contingency force and one of the four packages of support units[2] that would deploy along with the earliest deploying divisions of that force. These are followed by forward deployed forces and so on. The last category of forces in the DAMPL is dominated by later-deploying reserve units. The following are the relative positions of various categories of Army forces in the DAMPL equipping sequence in priority order:

[2]These packages of support units should not be confused with the force packages shown in table 3.1. All Army units are assigned to the force packages shown in table 3.1, whereas only the most critical support forces are included in the four contingency force support packages.

1. Strategically important units.

2. Active divisions and National Guard roundup brigades[3] that are part of the rapid deployment contingency force.

3. Support force package 1 of the contingency force.

4. Forward deployed forces.

5. Support force packages 2 and 3 of the contingency force.

6. All other active combat divisions.

7. Support force package 4 of the contingency force.

8. All other forces, including later-deploying National Guard combat forces and active and reserve support forces.

Army Frequently Deviates From Its DAMPL Sequence in Distributing Equipment

The DAMPL is only the baseline for distribution priorities, and sometimes lower priority units can receive equipment before those that would deploy earlier. Table 3.2 shows some of the exception categories, in order of priority, that supersede DAMPL sequence when equipment is distributed or redistributed.

Table 3.2: Equipment Distribution Categories That Supersede DAMPL Sequence

Exception category	Example	Primary recipients
Out-of-DAMPL exceptions	Foreign Military Sales	Case-by-case; highest priorities
Force modernization	High Mobility Multipurpose Wheeled Vehicle	High-priority active and reserve units
Minimum Essential Equipment for Training program[a]	Units unable to train for their missions	Specified types of reserve units
Ready Fix	Mission-essential items	Units that are nondeployable due to specific shortages

[a]This program is being phased out.

As shown in table 3.2, force modernization is an exception category. In these cases, National Guard and Army Reserve units may receive the latest generation of equipment, even though their DAMPL priority suggests a later delivery date. For example, the Army is issuing SINCGARS radios to both

[3]Two National Guard roundup brigades have been designated as fourth brigades to two contingency force divisions. The Army does not plan to deploy these brigades until they have been given at least 90 days of post-mobilization training.

active and reserve combat and support units assigned to the Pacific Command. This distribution is intended to ensure the compatibility of radios among units intended to fight together. In this case, lower priority units assigned to Pacific operational plans are receiving SINCGARS radios before higher priority units not assigned to the Pacific. Army officials said that force modernization distributions outside the DAMPL sequence are common.

Another important exception that takes precedence over the DAMPL equipping sequence is the Ready Fix category. This category was established in 1986 based on a policy decision to first equip units to a minimum standard of readiness for deployment before improving the equipment status of units already at or above a minimum deployable readiness level. The Ready Fix mechanism is not applicable to the distribution of force modernization items, yet, according to Army officials, this mechanism has been an important factor in increasing the number of units throughout the Army that can be deployed. An Army official stated that the Ready Fix mechanism has had a particularly favorable impact on the reserves, since many lower priority reserve units did not meet minimum deployment standards before its use. The tradeoff has been that the Army could have used this equipment to further improve the capabilities of higher priority units already in a deployable status.

The manner in which the Army redistributes equipment can also result in a lower priority unit receiving a piece of equipment when a higher priority may exist elsewhere. For example, under current practices, when a new item is received, the old piece of equipment it replaces is first redistributed at lower unit levels, such as between battalions of a brigade, or units within a division. If an item is reported to the responsible major Army command as excess to these lower level unit requirements, the command can transfer it to another unit within its jurisdiction. If the item is ultimately declared excess to the needs of the major command, Army Headquarters and subordinate commands of the Army Material Command redistribute it to the highest priority elsewhere according to the DAMPL priority sequence.[4]

Army logistics officials told us that the Army pursues this policy of distributing equipment within major commands in part to avoid the transportation costs of redistributing assets throughout the Army when the assets could be used to meet unfilled requirements in the local

[4]Army Headquarters controls the redistribution of force modernization equipment and other equipment judged to be strategically important.

geographic area. However, Army officials said that no estimate of transportation cost savings achieved by this policy was available. Army officials also said that a primary reason for the policy was that the Army did not want to usurp the prerogative of its commanders to improve equipment readiness within their respective commands. One official pointed out that a command's overall readiness could be affected if assets becoming available were taken from the commander and redistributed to higher priority needs in another command.

An impact of this policy is that items that might otherwise go to the highest priority units, according to DAMPL priority, could actually be redistributed to lower priority units. This redistribution policy can actually limit the Army's opportunities to optimize equipment readiness on an Army-wide basis. It can also restrict opportunities for reserve units, since many depend heavily on redistribution of equipment from active units. Also, under this policy, equipment could remain within active Army commands rather than becoming available for redistribution regardless of priorities.

Equipping Priorities Are Sometimes Inconsistent With the Army's First-to-Fight Strategy

A limited number of combat and support units in the reserves have been given a high priority for equipment because they have been designated part of the Army's contingency force. However, some combat forces outside this early deploying force have been given higher equipping priorities in the DAMPL than some support forces in the contingency force.

Some Early Deploying Support Forces Would Be Equipped After All Active Combat Forces

The Army has designed a 5-1/3-division contingency force that would fully deploy within 75 days of a conflict's initiation. To support this combat force, the Army has grouped active and reserve support units into four support packages according to their expected deployment dates.[5] The first two support packages are comprised predominantly of active forces because they are expected to deploy within 30 days. Reserves participate more heavily in the latter two packages, which are expected to deploy any time after the first 30 days. These latter reserve units are anticipated to be fully in place within 75 days.

As shown by the priority listing on page 32, units in the first three support force packages directly follow the equipping distribution priority of either

[5]Army plans call for about 128,000 authorized positions to be committed to this pool of 819 support units by December 31, 1993.

the active divisions they will support in the contingency force or forward deployed forces. This high priority is based on acknowledged support force shortages that occurred early in the Gulf war and the recognition that these forces should have a high state of readiness—possibly higher than the level before the Gulf war—since they are needed to help with mobilization tasks and support early deploying forces. According to Army data, some of these units—both active and reserve—do not have substantial amounts of the equipment considered essential to their missions.

In contrast to the first three support packages of the contingency force, the fourth support package—82 percent of which was reserve personnel as of November 1992—is positioned below all active combat divisions in the DAMPL sequence. Army officials explained that it is important for all active combat units to be ready to deploy within 30 days and that more time is likely to be available to mobilize theater-level support units, such as those in the fourth support package. However, Gulf war experiences showed that some types of reserve support units were needed early in the conflict because so few existed in the active force. The Army also found that it had to deploy almost all of some types of support units because so few existed in the Army's total force.[6]

In contrast, the Army deployed only 7-2/3 of its current 14 combat divisions,[7] all of which have higher DAMPL priorities than the fourth package of support units associated with the contingency force. Our analysis of Army data showed that 53 percent of the National Guard units and 43 percent of the Army Reserve units in support package 4 as of April 1992, were called up to support the Gulf war. Some of the types of units in this package, such as medium truck companies, postal, water purification, and water supply units, were used heavily. As noted in chapter 2, many reserve support units required extensive infusions of equipment to ready them to deploy. Some units were unable to train on the equipment they were provided, and others had difficulty making the transition to active Army equipment. Ultimately, many of these units deployed at a lower standard of readiness than the combat forces they supported. Individual Army after-action reports reported difficulties that underequipped support units faced in trying to keep up with combat units.

[6]These units included those that coordinate transportation assets; operate port facilities; purify water; handle casualties and enemy prisoners of war; and distribute food, water, mail, and ammunition.

[7]Current downsizing plans call for 12 active combat divisions to remain in the force by the end of fiscal year 1995.

According to Army officials, contingency force deployment may not follow the current support package structure. For example, depending on the future contingency, units in the fourth support package may be called before units in the third support package. Army officials said that during support package development, the contingency force and its support elements were viewed as a complete, although austere, package of forces. Utilization of the contingency force therefore warrants that all its units have high equipment distribution priorities.

As a result of its position in the DAMPL, fourth support package units may not receive an item of equipment until mission-essential requirements for that item are filled in all of the active divisions. Since active divisions and reserve support units will be competing for required items that they have in common (e.g., trucks, trailers, radios, and generators), active divisions will generally gain access to these items first by virtue of their higher priority. Accordingly, the readiness of reserve units in this last support force package could be adversely affected in those cases when quantities are insufficient to fill their requirements.

Army Headquarters officials informed us in September 1992 that the position of these and other units on the DAMPL will be reexamined once new operational plans are completed. They estimated, however, that the DAMPL probably will not be revised for the new operational plans before March 1994 or possibly October 1994.

National Guard Roundup Brigades Afforded Higher Priority Than Earlier Deploying Support Forces

A similar inconsistency in equipping priorities exists in the case of two National Guard combat brigades designated as roundup brigades to two active divisions in the contingency force.[8] The Army has assigned these units the same equipping priority as their parent active divisions, yet the Army does not expect to deploy these units until at least 90 days after the onset of a conflict due to the amount of post-mobilization training they are expected to require. In contrast, support units in the fourth support package, which are anticipated to be in place within 75 days, are likely to receive items of equipment common to the roundup brigades after the latter receives theirs.

Conclusions

As the Army continues its current downsizing and restructuring, opportunities exist to improve the equipment posture of early deploying

[8]In the Gulf war, the Army substituted active brigades for these units and later redesignated the Guard units as fourth brigades (roundup) to these divisions. They would deploy after at least 90 days of post-mobilization training.

support units, many of which are in the reserves. Given continuing budgetary constraints, it is likely that, even with major force reductions, procurement funding may be insufficient to satisfy all equipment requirements. Because support units have been disadvantaged in the past by procurement priorities that have emphasized modernization of combat forces, deliberate actions are needed to ensure that these units are well equipped. This is particularly important in view of the heavy reliance the Army placed on these forces in the Gulf war and the fact that many are needed for early missions. The current increased focus on improving the equipment status of support forces is an encouraging sign.

Although the Army has developed a complex system to ensure that those units that will fight first are equipped first, it often deviates from this established priority sequence. As a result, lower priority units are sometimes equipped before higher priority units. These deviations are made for valid reasons, such as to ensure equipment compatibility for units that are intended to fight together, improve units' readiness to a deployable status, and ensure the availability of a minimum amount of equipment on which units can train. In our opinion, these deviations from the first-to-fight policy are in the best interest of improving readiness throughout the Army.

We noted two inconsistencies in the Army's equipping strategy that merit reassessments. First, the lower equipping priority of the fourth package of support forces for the contingency force represents an inconsistency in the first-to-fight equipping policy. We believe that the entire contingency force—including the fourth package of support units—needs to be at a high state of readiness because many conflict scenarios call for the use of contingency forces. The heavy deployment of support forces to the Gulf war, near exhaustion of some types of support forces in that war, and the Army's acknowledgement that greater numbers of support forces may be needed early in a conflict all point to the need for ready support forces—particularly those intended to support the contingency force. The fact that about half of the units in the fourth support package of the contingency force were called up for the Gulf war illustrates their importance and demonstrates the possibility that they may be used in other regional conflicts. Affording these forces a lower priority than all of the Army's active combat forces could, in our opinion, perpetuate the problems encountered in mobilizing support forces for the Gulf war.

Second, the Army's policy of permitting its major commands to redistribute equipment within their respective commands, even though

higher priorities might exist elsewhere, could close important opportunities for the Army to fill critical shortages across its force during this period of downsizing. The costs and benefits of changing this policy would have to be carefully weighed.

Recommendations

To ensure that all units of the Army's contingency force achieve a high state of readiness, we recommend that the Secretary of the Army raise the equipping priority of the fourth package of support units to be commensurate with other contingency force support units. We also recommend that the Secretary reassess the costs and benefits of continuing the existing Army policy that permits equipment redistribution at lower levels of organization and among major Army commands regardless of higher equipping priorities elsewhere.

Agency Comments and Our Evaluation

DOD partially concurred with our recommendation regarding the equipping priority of the fourth package of support units for the Army's contingency force. It stated that the Army would need to assess the merits of such a move before considering such a change. It said that the Army would make this assessment beginning in the second quarter of fiscal year 1993.

DOD also partially concurred with our recommendation on the Army's redistribution policy and said that the Army would reassess this policy by the third quarter of fiscal year 1993. However, DOD said that it believed that the Army's current policy was satisfactory and cost-effective and voiced its concern that a change in the current policy could result in reserve component equipment being diverted to active units. In DOD's view, such transfers would be inconsistent with its current goal of keeping reserve equipment assigned to the reserves. DOD also expressed reservations as to whether redistribution of excess equipment from Army Headquarters would be supportable from either a fiscal or operational standpoint, despite anticipated gains in readiness.

Although DOD stated that the current policy is cost-effective, Army officials could not estimate what savings had been achieved by the policy or what costs might be incurred in changing it. DOD also did not specify what operational problems might be encountered. We believe that information on cost and operational problems should be collected and analyzed during the planned reassessment of the policy to assist in deciding whether the policy should be changed. Limiting the policy change to transfers of equipment valued over a specified dollar threshold might be one way to

reduce the costs and operational problems that might accompany a change in the policy.

We acknowledge that a change in the policy would probably result in transfers in both directions between the active and reserve components. However, we believe that transfers made to meet the Army's highest priority needs would be for the overall benefit of the Total Army.

Dedicated Procurement Program Could Have More Impact

The congressionally sponsored Dedicated Procurement Program (DPP) has helped the reserves overcome some of the limitations posed by Army procurement and distribution priorities. However, the emphasis of DPP has shifted away from the purposes for which it was originally established—to buy the less expensive, chronically short equipment needed to enable units to meet minimum deployment standards. In addition, DPP has sometimes not addressed the reserves' highest priority needs. The Army has made progress in addressing a variety of management difficulties that it has experienced with the program; however, some problems remain.

DPP Has Helped Overcome Some Features of the Equipping Strategy Limiting Equipment Flows to the Reserves

DPP has helped the reserves overcome some of the features of the Army's equipping strategy that have limited improvements in their equipment posture—limited procurement funds, comparatively low distribution priorities, and Army procurement priorities that have not always matched their own.

- DPP provides additional funding above and beyond planned purchases with regular Army procurement funds and thereby permits the reserves to fill key equipment shortages that otherwise might remain unfilled due to funding constraints. For example, DPP funds are being used to purchase (1) SINCGARS radios for additional reserve units and (2) 35 M9 Armored Combat Earthmovers for the National Guard to meet high-priority requirements left unfilled when the Army canceled its plans to exercise a contract option for 132 of these vehicles.
- DPP provides the reserves a means of filling important equipment requirements more quickly and, in some cases, improving equipment compatibility between its units and the active component. For example, DPP has been used to procure Lightweight Computer Units.
- DPP has helped to mitigate the impact of differing procurement priorities. Even though the Army has emphasized modernization of lethal combat systems, DPP has enabled the reserves to meet differing equipment priorities. For example, the Army Reserve has used DPP to purchase less expensive items in short supply, such as generators, that might not have been purchased through Army procurement due to competing priorities in the Total Force. Such purchases have enabled the reserves to improve unit readiness.

Both active and reserve Army personnel described DPP as important and helpful in improving the reserves' equipment posture. Army Reserve officials said that DPP—in particular, the portion designated for miscellaneous equipment—has provided needed flexibility in satisfying

some important equipment requirements. However, reserve officials stated that calculating the precise impact of DPP procurements on their units was problematic due to the difficulty in tracking DPP equipment.[1] On the basis of some limited analyses, National Guard officials estimated that DPP may have increased the number of units meeting minimum deployment standards by 7 to 10 percent since the program's initiation.

DPP Has Certain Limitations

Although DPP has helped the reserves overcome some of the features of the Army's equipping strategy that have limited improvements in their equipment posture, it cannot and should not be expected to solve all of their equipment shortage problems in view of its comparatively small size. According to DOD's estimates, only about 12 to 17 percent of the total dollar value of a representative sample of equipment items to be delivered to the reserves between fiscal years 1990 and 1995 would come from DPP. More than half of the total dollar value of this equipment was estimated to come from active component units through redistribution, and the rest would come from the Army's regular procurement program.

In addition, although DPP helps the reserves overcome some of the constraints of Army equipment procurement priorities, the reserves cannot always use DPP to procure certain critically short items in their units due to economic considerations. For example, the reserves are generally unable to use DPP to fill requirements for items not currently under production or required in such small quantities that would make the procurement uneconomical. As a result, DPP procurement is limited to a great extent to equipment with open production lines or equipment currently under regular Army procurement contracts. For example, the Army Reserve used fiscal year 1992 DPP funds to fill shortages in heavy, wheeled vehicles by using the last option of an active Army contract for the Heavy Expanded Mobility Tactical Truck. Both the Army Reserve and National Guard are buying limited numbers of SINCGARS radios under an existing Army contract because they cannot fill the much larger requirement for the VRC-12 family of radios, which is no longer in production.

Although taking advantage of open production lines and existing contracts is economical, the contracts are often for force modernization equipment, which may not be the items most needed by the reserves. The Ready Fix initiative noted in chapter 3 has been introduced to provide equipment to

[1]For example, equipment records at the unit level do not reflect the source of specific equipment items; therefore, items procured under DPP cannot be readily identified.

units not meeting deployment standards. However, not all units are reached by this initiative due to limitations on the number of items that can be procured with available funding and the amount of equipment available through redistribution.

DPP Is Not Always Used for the Purposes for Which It Was Established

According to legislative reports, Congress originally established DPP to help fill critical equipment shortages affecting the ability of reserve units to meet minimum deployment standards. However, DPP has sometimes been used to purchase expensive items, such as aircraft and lethal combat equipment, at the expense of being able to correct shortages of less expensive items affecting the deployability of larger numbers of units. In addition, Congress has sometimes specified that DPP funds be used to procure equipment not identified by the reserves as among their highest priority requirements.

Using Funds to Modernize Equipment Has Shifted the Focus Away From the Original Purpose of DPP

Congress began appropriating funds dedicated to reserve equipment procurement because it was concerned about equipment shortages in reserve units that would keep them from being able to deploy in a crisis. In the fiscal year 1981 House Appropriations Committee report, the Committee stated that the primary equipment problems in the reserves appeared to be not the lack of sophisticated, state-of-the-art equipment, but rather the lack of such items as radios, generators, medical equipment sets, and protective masks. Due to what it called insufficient concern about the problem by both civilian and military Army leadership, the Committee directed that $50 million be spent on items such as radios or generators that could ". . .improve readiness quickly, and at the least cost. In other words, items which are currently in production or are readily available off the shelf and have a high priority for improving readiness . . . ." For fiscal year 1982, Congress made dedicated reserve equipment procurement a separate appropriation line item, thereby creating DPP.

Although improving the ability of units to deploy and doing so at the least cost were key elements of DPP when it was established, the program has increasingly been used to modernize the equipment of units already able to deploy and has sometimes been used to purchase high-priced items, such as aircraft and lethal combat equipment. In these cases, the readiness of small numbers of units can be improved but at the expense of diverting limited DPP funds away from units unable to deploy due to comparatively inexpensive readiness problems.

Both the reserves and Congress have been responsible for this trend toward using DPP to modernize units. The reserves have sometimes identified high-priced modernization items as high-priority items for funding, such as Multiple Launched Rocket Systems and related support equipment. Congress has also sometimes designated other high-priced items, such as aircraft for purchase, even though the reserves did not identify them as high priorities. By using limited DPP funds in this manner, the Army is less able to maximize DPP's impact on improving the deployability of larger numbers of reserve units—the purpose for which the program was established. Army officials said that force modernization was the purpose of the Army's regular procurement program, rather than DPP, and was therefore a more appropriate source for modernizing reserve units.

DPP Is Not Always Used to Address the Reserves' Highest Priority Needs

In the early years of the program, Congress generally did not designate specific equipment items to be procured with DPP; instead, it appropriated funds for "miscellaneous equipment" that would most improve unit readiness. However, beginning in fiscal year 1985, Congress has continuously directed procurement of specific items. (See table 2.4.) Except for fiscal year 1991, when the President included a request for DPP funding in his budget, Congress has relied on reserve officials to identify their highest priority equipment requirements during congressional testimony. However, according to Army officials, Congress has often designated significant dollar amounts for equipment purchases that the reserves did not identify as high-priority items. For example, the National Guard received a fiscal year 1990 DPP appropriation of $42 million to purchase C-23 aircraft, which it had not listed as a priority. Other items specified for procurement that were not identified as high priorities include various other aircraft and external fuel tanks for helicopters.

In other cases, high-priority items identified by the reserves for DPP funding have been left unfunded. For example, Congress did not fund the National Guard's highest priority request in 1993 for $18 million for SINCGARS radios. Guard officials stated that, given the many equipment needs of reserve forces, more quantities of almost any type of equipment helps—including the aircraft that Congress has funded—even though the items may not have been listed as a priority. However, the officials noted that, given limited DPP funds, designating equipment highlighted as priorities would have a more immediate readiness impact on reserve units.

Some Army Practices Could Limit DPP's Impact

We found evidence to suggest that some of the ways that the Army administers DPP may reduce its impact. For example, a September 1991 internal memorandum from Army Headquarters to the National Guard Bureau suggested that the National Guard request DPP funds to buy Bradley Infantry Fighting Vehicles, since funds being programmed under regular Army procurement were insufficient to satisfy all Army requirements. National Guard officials also noted that, for the same reason, DPP funds rather than regular procurement funds were being used to purchase night vision goggles for high-priority Guard units. Army officials stated that regular procurement funds rather than DPP funds would have been the more appropriate source of funding for both of these items in view of their high cost and the fact that the recipients were high-priority units.

We also found that sometimes the Army purchases items for the reserves from regular procurement funds but does not purchase all of the associated items. As a result, limited DPP funds are sometimes used to fill these unmet needs. For example, the Army Reserve received new M1062 tankers through regular procurement funds but not enough M915A2 tractors to pull them. To effectively use these tankers, the Army Reserve had to purchase additional tractors with DPP funds.

Army Is Taking Constructive Actions to Improve DPP Management

In 1988, we reported on the Army's management of DPP as part of a broader review of DOD management of National Guard and Reserve policies and programs. In our November 1988 report, we identified several difficulties that the Army was encountering in managing DPP.[2] During the course of our current review, Army officials identified certain lingering management problems but told us that they believed the Army had satisfactorily resolved most issues or was taking actions to deal with them.

For example, active and reserve officials believed that program coordination between the reserve components, procurement officials, and Army Headquarters staff offices had improved markedly over the past 5 years. They explained that such coordination was important to ensure that reserve officials do not identify items for DPP funding that are unprocurable or are already planned to go to the reserves under the regular procurement budget or equipment redistribution program. Improved coordination has reduced the incidence of such conflicts, according to these officials.

[2]Reserve Components: Opportunities to Improve National Guard and Reserve Policies and Programs (GAO/NSIAD-89-27, Nov. 17, 1988).

Army Headquarters and reserve officials also believed that they had made progress in ensuring that associated items of equipment were procured with major equipment items financed through DPP. Although in the past some DPP equipment had been procured without needed initial special tooling and support items, such as repair manuals, deliberate attention to this problem had resulted in fewer instances of this problem. They also believed that the Army was better coordinating its operations and maintenance funding requests to support DPP-procured items.

Reserve officials told us that they still encountered difficulties in overseeing DPP procurements, including such basic tasks as determining the procurement status of DPP items. The problem of tracking the procurements is complicated because deliveries of equipment are often made long after DPP procurement decisions are made. At the time of our review, one official at a major buying command was trying to develop useful management reports on DPP procurements to assist tracking procurements. However, several reserve officials mentioned that no two buying commands tracked or handled DPP procurements in the same manner. An Army Materiel Command official told us that they had held meetings with reserve representatives to explore ways to deal with some of these issues.

Conclusions

DPP has helped to fill equipment shortages in the reserves and modernize some reserve forces faster than might have occurred if they were fully dependent on the Army's regular procurement budget. However, DPP is increasingly shifting away from the original purposes for which it was originally established—to fill critical shortages adversely affecting the ability of reserve units to deploy. Using DPP funds to modernize reserve equipment of units already in a deployable status and purchase high-priced items, such as aircraft and lethal combat equipment, means less funds are available to address the needs of units unable to deploy due to comparatively inexpensive, yet critical equipment shortages. In view of the relative sizes of DPP and the Army's regular procurement budget, the purchase of high-priced items for the purpose of force modernization would appear to be more consistent with the Army's regular procurement program.

DPP could also have more impact if the items that Congress designates for procurement and those items that reserve officials identify as their highest priorities were better matched. Some of the items that the reserves have identified as high priorities are smaller, less expensive items, such as

radios, generators, and forklifts. Because the percentage of DPP funds designated for specific purchases has increased over the history of the program, fewer DPP resources are available to meet the need for these less expensive items, which impacts the readiness of large numbers of units.

Because DPP must be managed separately from the Army's regular procurement and distribution processes, the Army continues to experience certain management problems with the program. However, the Army is taking constructive actions to improve coordination, efficiency, and accountability of the program and believes that it is making progress in these areas.

DPP has limitations and cannot and should not be expected to compensate for the reality of limited procurement funding and competing procurement priorities. However, bringing the program in line with its original purpose appears to be the best approach to maximizing its impact.

Matter for Congressional Consideration

To increase the impact of the Dedicated Procurement Program, Congress may wish to give greater consideration to near-term readiness problems and high-priority equipment needs identified by the reserves in specifying items for procurement.

Agency Comments and Our Evaluation

DOD agreed with our findings regarding the limitations and past use of DPP and pointed out that the Army had made strides in tracking and accounting for DPP equipment. In improving accountability over the program, DOD noted that it had provided the reserves the procedures needed to distinguish between equipment acquired through DPP and equipment acquired through regular Army procurement and redistribution. It also said that it was adjusting its regulations to formalize the use of these new accountability procedures.

DOD agreed that DPP has had an impact on equipping the reserves and that the program could be made more useful by correcting some of the shortcomings we noted. However, it said that it could not support continuation of this program because it (1) is disruptive to DOD's procurement planning process and (2) restricts the Army's freedom to maximize the combat capability of the Total Force.

The inference in DOD's comments is that it would be preferable to handle all equipment procurement for the reserves through the normal procurement process. It should be noted that our review focused on the

Army's equipping strategy, whereas DPP funds are appropriated for all of DOD's reserve components. Therefore, the issue of whether DPP funds should be integrated into the services' normal procurement processes was beyond the scope of this review. However, we acknowledge that integrating DPP into the normal procurement processes would eliminate separate procedures for administering DPP and might provide better integration of the reserve components into the equipping strategy for the Total Force.

It should be noted, however, that Congress created DPP because the services were not adequately addressing the minimum readiness needs of their reserve components. Although some mechanisms, such as the Ready Fix initiative, have been put into place to address these concerns, our review showed that the current procurement system (which includes DPP) has been unable to totally reconcile the differing procurement emphasis and distribution priorities of the reserves. In our opinion, to overcome these differences, better mechanisms will have to be developed to provide assurance that the reserves' key readiness needs are being addressed.

Reserves May Not Benefit Greatly From Excess Equipment From Europe and the Gulf War

Current force reduction actions coupled with the Army's decision to eliminate the entire stockpile of excess war reserve equipment in Europe has produced a large amount of equipment that will be redistributed throughout the force. However, it is still unclear to what extent reserve units will benefit from this redistribution, since the equipment is being used to fill a variety of requirements in Europe before it will be made available for redistribution. Because much of the equipment becoming available is combat-related, National Guard combat units are likely to benefit more from the redistribution of excess equipment than the Army Reserve, since the types of equipment shortages the Army Reserve experiences generally tend to be Army-wide. Also, much of the excess war reserve stocks and equipment returning from the Gulf war needs repair, and the condition of some Gulf war items has not yet been assessed. In addition, a recent decision by the Secretary of the Army to retire certain items of equipment that are obsolete or too costly to repair could further reduce the amount of equipment that the reserves might have received from redistribution actions.

Extent of Equipment From Europe Available for Redistribution Is Uncertain

A large amount of equipment excess to the needs of Army forces in Europe is currently awaiting inspection and disposition decisions. This equipment comes from (1) units that are inactivating as part of the Army's downsizing in Europe from 2 corps and 4-2/3 divisions to 1 corps and 2-1/3 divisions and (2) a decision to redistribute or dispose of the entire stockpile of war reserve materials now stored in Europe. Logistics officials estimated in February 1992 that about 45,000 major items of equipment excess to requirements in Europe would be generated from the unit inactivations alone.[1]

As noted in our April 1992 report,[2] U.S. Army, Europe has been internally redistributing equipment from departing units in the following order: (1) Army Readiness Package South, a stockpile of equipment being assembled in southern Europe, (2) other Army units remaining as part of the residual force in Europe, and (3) prepositioned material storage sites. The remaining equipment, depending on its condition, is being sent to units or depots in the United States, given to North Atlantic Treaty Organization allies under a harmonization program resulting from U.S.

[1]Major items of equipment include large items such as trucks and infantry fighting vehicles but also include smaller items such as chemical masks and binoculars.

[2]Army Force Structure: Personnel, Equipment, and Cost Issues Related to the European Drawdown (GAO/NSIAD-92-200BR, Apr. 9, 1992).

treaty commitments, sold to other countries under the foreign military sales program, or sent to storage to await disposal.

In addition to the unit equipment, the Army has declared as excess the entire stockpile of war reserve equipment and is currently trying to dispose of it. As of February 1992, U.S. Army, Europe officials estimated that it had a total of about 572,000 short tons of equipment in this stockpile.[3] The entire war reserve equipment stockpile was deemed excess to U.S. Army, Europe requirements in early 1992, since these items were intended to support a protracted war in Europe. Much of this equipment has been stored for years and is obsolete, in a state of disrepair, or unsalvageable. According to U.S. Army, Europe maintenance records, about 75 percent of the major equipment items in storage as of February 1992 were in unserviceable condition (i.e., they either needed repair or were not worth repairing), and the condition of 8,000 of 25,000 tracked and wheeled vehicles was not known because they had not yet been inspected. Although the most useful equipment will be redistributed throughout the Army, thousands of outmoded tanks and wheeled vehicles will be destroyed, sold, or given to allies rather than redistributed.

Army Headquarters logistics officials said that the reserves were expected to receive some of this equipment. As of August 1992, these officials could not precisely estimate how much of the excess equipment from Europe would be coming available for redistribution throughout the Army or determine how many items might flow to the reserves. However, they did not believe this equipment would have a measurable impact on equipment shortages for the following reasons:

- The equipment will first go to fill Army requirements in Europe before Army Headquarters and the Army Materiel Command officials redistribute it elsewhere according to the normal equipping sequence.
- Because much of the excess equipment is combat-related, the types of shortages that reserve support units experience may not match the items that become available. National Guard combat units may benefit to a greater extent than Army Reserve support units, since the National Guard has a heavier concentration of combat units.
- The condition of much of the available equipment is not known due to the extensive backlog of equipment that needs to be inspected. Some of the equipment may not be salvageable.

[3]This stockpile also contains some items from unit inactivations, which have been combined with war reserve equipment.

Some Equipment From the Gulf War Has Been Provided to the Reserves

The reserves are obtaining some excess Gulf war equipment that formerly belonged to units being inactivated, including some from Europe. Most of the equipment of the European units was returned directly to the United States for redistribution rather than first being returned to Europe. Army officials did not know whether equipment from the Gulf war would measurably improve the equipment posture of many reserve units. They noted that in some cases specific items were in poor condition and in other cases items becoming available were not in large quantities compared to known shortages. In addition, given distribution priorities, many of the vehicles may end up in units in the contingency force, which is dominated by active rather than reserve units.

According to one National Guard Bureau official, 6,063 medium tactical wheeled vehicles that served in the war and belonged to units being inactivated have been shipped to the Army National Guard from Southwest Asia. The National Guard expects to receive another 471 vehicles that served in the war and were shipped to Fort Stewart, Georgia. The 6,534 vehicles include some Commercial Utility Cargo Vehicles, High Mobility Multipurpose Wheeled Vehicles, and 2-1/2- and 5-ton trucks.

According to an Army National Guard official, although this equipment should help to alleviate some shortages, many of the vehicles received thus far are in need of extensive repairs. Moreover, according to Army logistics officials, the punishment that many of these vehicles endured in the war has substantially reduced their useful life. As of July 30, 1992, about 7 percent of the 6,063 vehicles could not be repaired, and only 12 percent of the vehicles had been prepared for distribution or had been distributed to units. The rest were awaiting repairs.

Forces Command is redistributing another 8,500 pieces of excess equipment from Southwest Asia, including some 5-ton cargo trucks, 2-1/2-ton trucks, High Mobility Multipurpose Wheeled Vehicles, and trailers. As of August 1992, Forces Command had processed about 6,000 items, distributing about 4,850 items to active units, 350 to Army Reserve units, and 800 to the National Guard. It deemed the remaining 1,000 of these 6,000 items not repairable.

Some Equipment Is Being Retired Rather Than Redistributed

The Secretary of the Army is placing a high priority on phasing out and retiring various types of equipment because these items are being replaced by more modern items and can no longer be supported in terms of maintenance and spare parts. Some items are being retired through

existing programs such as the tactical wheeled vehicle program. The Army plans to retire at least some of each of the 20 specific types of equipment listed in an April 1992 memorandum by the end of fiscal year 1999 and replace at least 13 types of these items with newer equipment. (See table 5.1.) However, according to an Army official, some items may be retired before they can be replaced, and in some cases, the equipment will not be replaced. In these cases, some requirements that would have been met through redistribution of older items will go unfilled. Retirement of this equipment could reduce the amount of equipment that the reserves might otherwise have received. One Army official added that a decline in readiness would likely accompany the retirement of some equipment items, at least until the retired items are replaced with mission-required equipment.

Table 5.1: Items Designated to Be Retired From Fiscal Years 1992 to 1999

	Number of items to be retired			
Item of equipment	Active	National Guard	Army Reserve	Total
UH-1 Utility helicopter	553	656	171	**1,380**
OV-1 Mohawk	58	22	0	**80**
M60A3 Tank (TTS)	1,805	1,973	80	**3,858**
M101 Howitzer, 105mm, towed	215	285	38	**538**
M102 Howitzer, 105mm, towed	373	135	0	**508**
M114 Howitzer, 155mm, towed	259	290	19	**568**
M48 Chaparral, self-propelled	168	288	0	**456**
M54A2 Chaparral, towed	12	0	0	**12**
M167A1 Vulcan, towed	117	0	0	**117**
M163A1 Vulcan, self-propelled	171	0	0	**171**
AN/MSQ-103 Teampack	85	0	0	**85**
AN/MLQ-34 TACJAM	94	0	0	**94**
RV-1 Quickfix	13	0	0	**13**

Conclusions

The extent to which excess equipment from force reductions and the Gulf war will help meet shortages in the reserves is dependent upon many factors. These include the amount and condition of the equipment that becomes available, how it matches up with needs in the reserves, and the extent that it remains available for redistribution once all other higher priority requirements are met. It appears that the National Guard will benefit more than the Army Reserve, since much of the equipment coming available is combat-related. However, some of the equipment that it has

already received is in need of repair and will take time to get it back into serviceable condition. Some units that have experienced shortages in the past may not benefit greatly from this excess equipment due to their comparatively lower position on the DAMPL.

Examples of Army National Guard and Reserve Equipment Shortages

		Army National Guard			Army Reserve		
Number	Item	Number required	Number on hand	Percent on hand	Number required	Number on hand	Percent on hand
Communications equipment							
V98788	Vehicle power supply, 57/TSEC	73,742	7,224	10	16,282	1,555	10
S01373	Communications security, KY57	83,320	8,815	11	18,778	1,851	10
Q53001	Radio set, AN/VRC-46	30,632	16,712	55	6,894	3,829	56
Q54174	Radio set, AN/VRC-47	6,655	5,120	77	2,085	1,294	62
J31622	Installation kit, MK1967	7,421	851	11	1,827	119	7
J71543	Installation kit, MK2147	35,494	3,388	10	9,435	362	4
Night vision devices							
N04456	Night vision goggles	121,365	8,873	7	7,999	992	12
N04732	Night vision sight	21,237	9,967	47	4,557	3,000	66
N04596	Night vision sight	13,250	2,472	19	2,032	751	37
Nuclear, chemical, and biological defense equipment							
A32355	Alarm, chemical agent	15,326	3,622	24	6,755	2,873	43
D82404	Decontaminating apparatus	278	51	18	148	11	7
Q19339	Radiac set, AN/PDR-27	5,209	1,570	30	2,346	1,166	50
Q20935	Radiacmeter, IM/93/UD	45,736	14,867	33	16,002	5,134	32
Q21483	Radiacmeter, IM/174P	23,211	12,458	54	8,100	3,548	44
Miscellaneous equipment							
K24862	Heater, portable duct	2,894	1,631	56	1,338	512	38
Q07790	Rack, bread baking	135	0	0	0	0	0
K25342	Heater, immersion	19,194	18,097	94	13,532	14,878	110
C32887	Cleaner, steam high pressure	538	0	0	162	1	1
Wheeled vehicles							
X40794	Truck cargo, 5-ton, drop side M923A2	6,752	3,430	51	2,664	1,351	51
T59482	Truck cargo, tactical 5/4-ton M1008A1	4,104	3,461	84	3,382	3,177	94
S70159	Semi-trailer, flatbed	2,182	1,902	87	2,148	1,950	91

(continued)

		Army National Guard			Army Reserve		
Number	Item	Number required	Number on hand	Percent on hand	Number required	Number on hand	Percent on hand
S10059	Semi-trailer, fuel	300	163	54	780	419	54
S72983	Semi-trailer, fuel	58	43	74	0	68	0
Materiel handling equipment and generators							
T49119	Truck, forklift	431	154	36	536	380	71
T49255	Truck, forklift	742	385	52	859	409	48
J35801	Generator ST diesel, 5KW	206	105	51	587	118	20
J45699	Generator ST diesel, 3KW	6,014	1,968	33	3,512	1,523	43
G54041	Generator diesel, 3KW	1,782	574	32	204	128	63

Note: The number required is the wartime requirement. Also, items under miscellaneous equipment and wheeled vehicles that show that over 100 percent of the requirement is met or that there is no requirement for items on hand reflect the fact that some items are awaiting disposal and some are being substituted for other required items.

Comments From the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

NOV 25 1992

RESERVE AFFAIRS

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and International
Affairs Division
United States General Accounting Office
Washington, DC 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report entitled--"RESERVE FORCES: Changes in Army Equipping Strategy Could Improve Reserve Equipment Posture" (GAO Code 393468/OSD Case 9206), dated October 5, 1992. The Department generally agrees with all but one of the GAO findings, the two recommendations, and the matter for Congressional consideration. The DoD disagrees with the finding which concludes the Dedicated Procurement Program has helped the Army equipping strategy. It is the Department's position that the effect of the program has been to limit and restrict the freedom of the Army to maximize the combat capability of the Total Force.

Although the Dedicated Procurement Program has had an impact on equipping the Reserve components, the Department cannot support continuation of the program. The Congressional action taken is disruptive to the Defense Department planning process for procuring National Guard and Reserve equipment. During a period of military force downsizing, the Department remains cost effective only when equipment acquisition occurs as a result of accurate long range planning that directs the formulation of the budget.

The Army has improved the equipment status of their Reserve components and continues to do so. Many of the findings and recommendations addressed by the GAO are already being considered.

The detailed DoD comments on the GAO findings, recommendations, and matter for Congressional consideration are provided in the enclosure. (Technical comments were separately provided to the GAO staff in the form of an annotated copy of the draft report.) The Department appreciates the opportunity to review and comment on this draft report.

Sincerely,

Stephen M. Duncan

Stephen M. Duncan

Enclosure
As stated

GAO DRAFT REPORT--DATED OCTOBER 5, 1992
(GAO CODE 393468) OSD CASE 9206

"RESERVE FORCES: CHANGES IN ARMY EQUIPPING STRATEGY COULD IMPROVE RESERVE EQUIPMENT POSTURE"

DEPARTMENT OF DEFENSE COMMENTS

* * * * *

FINDINGS

- FINDING A: Reserves Obtain Equipment from Three Sources. The GAO explained that, as part of the President's annual budget submission to the Congress, the Army provides a listing of items it plans to provide to the reserves from the requested procurement funds. The GAO noted that, while the document provides the Congress with an estimate of the equipment the reserves will receive from the proposed procurement budget, actual distribution of equipment to the active and reserve components can vary. The GAO found that the Army does not strictly account for how actual procurements track with the plan. The GAO reported that, for FY 1993, the Army plans to spend about $1 billion (or 20 percent) of the total procurement funds requested on reserve force equipment needs. The GAO observed that, in recent years, the Congress has not designated a portion of the regular procurement budget to be spent on equipment for the reserves--preferring to supplement the regular procurement with separate funding specifically for reserve component equipment--i.e., the Dedicated Procurement Program. The GAO explained that, in FY 1982, the Congress initiated the Dedicated Procurement Program--based on chronic equipment shortages in the reserves and on the concern that many units lacked even the minimum equipment needed to conduct assigned missions. The GAO noted that, for FY 1992, the Congress appropriated about $276 million to the Army National Guard and $95 million to the Army Reserve under the Program. The GAO further reported that equipment is also provided to the reserves through equipment redistribution. The GAO explained that equipment becomes available for redistribution when new equipment is provided to a unit and older equipment is displaced--and when units are inactivated. According to the GAO, statistics are not available on the extent of the transfers. (pp. 15-16/GAO Draft Report)

  DoD RESPONSE: Concur. However, the correct numbers for the FY 1992 Dedicated Procurement should be $344 million for the Army National Guard and $99 million for the Army Reserve.

- FINDING B: Equipment Is Distributed Based on an Elaborate System of Priorities. The GAO reported that the Army

Now on pp. 10-11.

See comment 1.

distributes both newly procured equipment and that becoming available for redistribution according to a prioritization system--based on the first-to-fight, first-to-be-equipped principle. The GAO explained that the order in which units receive available equipment is set by the Department of the Army Master Priority List, which rank orders units based on strategic priority or scheduled deployment. The GAO noted that units with the earliest deploying dates have the highest priority for a given item of equipment--with active divisions generally dominating the top part of the Army Master Priority List, because such units are expected to be among the first to deploy. The GAO explained that exceptions are the reserve units designated to support the highest priority active units--that is, units that would deploy as part of the Army contingency force. The GAO noted that, while those reserve units also generally have a high Army Master Priority List priority, many reserve units have lower priorities due to later expected deployment dates. The GAO concluded that the position of a unit on the Army Master Priority List largely determines opportunities the unit has to obtain available equipment. (p. 17/GAO Draft Report)

Now on p. 12.

DoD RESPONSE: Concur. As previously reported (See the DoD response to OSD Case 7628), the Department's "first-to-fight, first-to-be-equipped" policy is intended to provide overall guidance to the Services in equipping their forces. It is a general policy under which the Services need to make specific management decisions with an ultimate objective of maximizing overall combat capability. The policy is not intended to be an immutable rule. Some exceptions are valid and desirable from the standpoint of maximizing overall combat capability.

- FINDING C: Reserve Equipment Posture Has Improved. The GAO found that the dollar value of National Guard major end items had increased from about $8.1 billion in FY 1981 to over $28.5 billion in FY 1991--while, during the same period, the value of Army Reserve major end items has increased from about $1.9 billion to $8.4 billion. The GAO concluded that, although the equipment status of the Guard and Reserve has shown steady improvement, it still lags behind that of the active Army. The GAO reported that, as of April 30, 1992, the active Army had about 89 percent of required major end items compared to 79 percent for the National Guard and 59 percent for the Army Reserve. The GAO noted that, as of that date, equipment shortages in the reserve components represented about $1.1 million major end items.

  The GAO reported that, in FY 1982, the Congress began annually appropriating additional separate funds for Army Reserve and National Guard equipment under the Dedicated

Procurement Program--and, in recent years, has increasingly designated a portion of the total Dedicated Procurement Program funding for procurement of specific items. Report table 2.3 (page 25) lists (1) the amounts of the Dedicated Procurement Program appropriations over the past 10 years, (2) the amounts designated for specific items, and (3) the remainder that could be used for other equipment needs. The GAO concluded that the Dedicated Procurement Program equipment has been an important contribution to increasing training opportunities for the reserves and to increased unit readiness.

The GAO further reported that much of the equipment obtained by the reserves comes through redistribution of equipment. The GAO noted that, according to an official of the Office of the Assistant Secretary of Defense (Reserve Affairs), about 70 percent of the equipment obtained by the Guard and Reserve in FY 1991 and about 60 percent of that obtained in FY 1990 was the result of redistribution of equipment from the active forces.

The GAO concluded that, because the Army does not expect to equip the reserves fully in peacetime--the reserves will continue to have some equipment shortages. The GAO explained that is borne out in the Army equipping policy goals, which include equipping some reserve units not higher than 79 percent of wartime requirements. The GAO noted that, according to an official in the Office of the Army Deputy Chief of Staff for Logistics, the equipping goals have generally become a reality because of fiscal limitations.

The GAO concluded, however, that although Army Guard and Army Reserve equipment has increased by over $28 billion in the last 10 years, aggregate statistics do not provide a complete view of the equipment posture of the reserves because of the following:

- while the percent of the Guard equipment on hand in relation to wartime requirements has improved over the past 10 years, the value of the equipment shortages is greater because equipment gains have not kept pace with increasing wartime equipment requirements--therefore, shortages of $3.3 billion in 1981 have now grown to about $8.8 billion in 1991;

- the equipment status of individual reserve units varies widely--some have nearly all required equipment deemed essential to missions while others may have less than 65 percent--the minimum necessary for deployment;

- while aggregate statistics may show that total Army National Guard or Army Reserve wartime requirements for an item are completely filled, in actuality, some units may have less than 60 percent of the required item, while another has over 100 percent;

- even though a requirement appears to be filled, it may be filled with an item that is incompatible with active forces; and

- even though a requirement is filled, it may be filled with an item that is either in poor condition or for which there are limited repair parts or trained personnel to repair it.

The GAO concluded that aggregate statistics showing overall improvement in the equipment status of reserves mask the adverse effects of continuing shortages on individual reserve units--that the impacts are not apparent without a closer examination of individual units to determine what specific shortages exist and how critical such shortages are to unit missions. The GAO further concluded that overall statistics can make units appear better off than they actually are if key requirements are being satisfied by substitute items less capable than items they would require in wartime or which are incompatible with the active units with which they would deploy. In addition, the GAO concluded that shortages in units with early deployment dates must be viewed more seriously than shortages in units where time may permit the Army to fill shortages. (pp. 5-6, pp. 20-27, p. 34/GAO Draft Report)

Now on pp. 4 and 15-21.

DoD RESPONSE: Concur. The Department asserts, however, that while aggregate statistics may show that total Reserve components authorizations for a particular item are filled or even excess, in actuality these items may be substituting for other shortages and individual units may actually be short of their authorizations.

o FINDING D: Specific Shortages Are Especially Widespread. The GAO reported that there was a wide range of key Army National Guard and Army Reserve equipment shortages. The GAO found that the most prevalent equipment shortages fell into the following categories:

- communications equipment--including various radios (such as the AN/VRC-46 and AN/VRC-47 models), installation kits used to mount radios into vehicles, and cryptographic equipment (such as the Vinson devices for the AN/VRC-46 and AN/VRC-47 radios, which are used to secure radio transmissions);

- night vision equipment, including night vision goggles and night vision sights;

- nuclear, biological, and chemical defense equipment, including radiacmeters used to detect radiation and chemical attack warning devices used to detect chemical agents (such as the M8A1 Chemical Alarm);

- miscellaneous equipment, including a wide range of items such as immersion heaters (used to heat water for washing cooking utensils and for personal hygiene), air conditioners (used with computer operations and in field hospitals and maintenance units), duct heaters (used for heating hospitals and maintenance facilities), and bakery equipment (such as bakery oven racks); and

- wheeled vehicles (including the Truck Cargo M1008 and the Truck Cargo M923, 5-Ton, Drop Side, and M923A2 trucks), tractors and fuel and flatbed semitrailers, and Heavy Expanded Mobility Tactical Trucks.

The GAO analysis also showed several other prevalent equipment shortages that fell outside the major categories--including power generator equipment in the Army Reserves and material handling equipment (such as forklifts) for both the Army Reserve and National Guard. The GAO reported that, according to Army officials, some of the reserve equipment shortages have existed for up to 10 years. The GAO further reported that the degree of equipment shortages varied from item to item. The GAO pointed out that, because some shortages exist on an Army-wide basis--additional quantities of the items, even if purchased, would not necessarily be distributed to reserve units because many reserve units fall lower in the Army equipping sequence than active units. The GAO observed, however, that even though large shortages exist, it would not be wise or maybe even possible to fill the shortages--because, in some cases the specific equipment requirement is not for the current generation of equipment. (pp. 5-6, pp. 27-30, p. 34/GAO Draft Report)

Now on pp. 4 and 22-23.

DoD RESPONSE: Concur. However, the items listed by GAO should be expanded to include test measurement and diagnostic equipment, special tools and test equipment, and automated artillery fire control.

o FINDING E: Shortages Adversely Affect Readiness. The GAO reported that the Gulf war operation demonstrated the impact of equipment shortages on the mobilization of reserve

support units--because the reserve units had to meet at least minimum equipment levels before deploying. The GAO found that much equipment had to be transferred between units before the units could be mobilized. The GAO further reported that Gulf war records, after action reports, and lessons learned documents showed that equipment shortages hampered the ability of some reserve units to perform their required missions. The GAO provided several examples of various problems that arose from the shortage of communications and other equipment. The GAO reported that incompatibility of equipment between active and reserve units was also a problem for some units. In addition, the GAO found that, because some reservists had not trained on active Army personnel and supply systems in peacetime, they were unfamiliar with the use of the systems and had difficulty making the transition to the active Army system.

The GAO concluded that, if the reserve forces are to be integrated effectively with active forces in future contingencies, reserve units need to gain experience during peacetime on the equipment that will be used when mobilized. The GAO further concluded that, given limited resources, the costs of filling shortages must be weighed against (1) the risks of being unable to correct the shortages upon mobilization and (2) the impacts such shortages could have on units' ability to conduct missions once deployed. (pp. 5-6, pp. 30-34/GAO Draft Report)

Now on pp. 4 and 23-26.

DoD RESPONSE: Concur. Equipment compatibility between the active and Reserve components will be an area of emphasis in the upcoming National Guard and Reserve Equipment Report. The Report will address (1) the current status of compatibility between the actives and reserves, (2) an assessment of the impact of equipment incompatibility on combat effectiveness, and (3) the plans to achieve full equipment compatibility.

- FINDING F: Army Procurement Has Emphasized Modernization of Combat Forces. The GAO reported that Army Headquarters officials cited funding constraints as the primary limitation in reaching equipment goals for both active and reserve forces during the 1980s. The GAO concluded that, despite substantial increases in Defense spending, the Army has still been unable to equip the Total Force to 100 percent of wartime equipment requirements. The GAO further concluded that some requirements have been left unfilled due to competing procurements and other priorities. The GAO found that, in some cases, units never receive a required item at all--because the next, more capable generation becomes available before all requirements for the old one are met.

  The GAO found that the focus of Army procurement in the 1980s on modernization of lethal combat systems has helped

to modernize some of the high priority Army Guard units with new and redistributed equipment. The GAO explained, however, that the majority of the reserve forces that deployed to the Gulf war served in support units. The GAO concluded that the support units were further disadvantaged in equipment opportunities because the type of new items procured also determines what equipment becomes available for redistribution--and, because the Army was purchasing large amounts of combat equipment, the equipment becoming available for redistribution also tended to be combat-related--not support related.

The GAO reported that the primary goal of the Army is to ensure that as many units as possible have the latest, most capable equipment--rather than to maximize the number of units having a high percentage of the equipment requirements met. The GAO observed that the emphasis on modernization of combat forces stemmed from concerns raised at the beginning of the 1980s--i.e., that Army combat forces were not properly equipped to deal with the major threat to U.S. security--which was a large-scale attack by the Soviet Union against Western Europe. The GAO found that Army leadership introduced into the force several major, new combat systems--including the M1 ABRAMS tank, the AH-64 APACHE attack helicopter, the Multiple Launch Rocket System, and the M2/M3 BRADLEY infantry fighting vehicles. The GAO pointed out that those systems were the key systems that the Army used during the Gulf war.

The GAO concluded that procurement of the lethal systems had positive effects on the major combat forces in the reserves--primarily in the Army National Guard. The GAO explained that redistribution of M60 tanks, which were displaced from high priority units receiving M1 ABRAMS tanks, allowed Guard combat units to eliminate the very old M48 tanks from their inventories. The GAO further explained that, eventually, enough ABRAMS tanks were procured so that lower priority Guard units received the 105mm-gunned version of the ABRAMS tank--thus, displacing older M60 series tanks and high priority Guard combat brigades received the 120mm-gunned M1A1 version of the ABRAMS tank.

The GAO reported unit readiness reviews conducted in the late 1980s on high-priority, independent support units in the reserves found that many units were not able to support adequately the more powerful modernized combat forces--in part, because of Army-wide shortages in equipment required by the units. The GAO concluded that the Army was procuring insufficient quantities, if any, of some types of units needed by support units and the high equipment distribution priorities of some support units were essentially meaning-less--because the equipment was not available. The GAO found that the Army began to take equipment from lower priority support units and redistribute the items to higher

priority units--which, in turn, left the lower priority units in even worse shape. In summary, the GAO concluded that, while the emphasis is still on procuring combat weapon systems rather than support items of equipment, more emphasis has been placed on procuring support equipment since 1990--because the bulk of the requirements for lethal combat equipment modernization has been funded. (p. 7, pp. 36-39, pp. 50-52/GAO Draft Report)

Now on pp. 4-5 and 27-30.
See comment 2.

DoD RESPONSE: Partially concur. It is incorrect to imply that there is no need to address shortages of the most modern lethal equipment in lower priority units. The lower priority units do not have the newest equipment and the problem will be exacerbated with pending cuts to procurement budgets.

- FINDING G: Equipping Priorities Set by Department of the Army Master Priority List. The GAO reported that the Army implements the "first-to-fight, first-to-be-equipped" policy through the use of the Army Master Priority List that establishes the relative priority in which units will receive equipment and other resources. The GAO observed that the assigned priorities are based on numerous considerations including--(1) the projected deployment date of a unit in Army operational plans, (2) the unit mission priority, and (3) the placement in the Force Activity/Deployment Designator and force package categories.

  The GAO further observed that a unit Force Activity/Deployment Designator assignment and force package category are closely aligned and are based primarily on when the unit is expected to deploy; therefore, the earliest deploying forces are in the Force Activity/Deployment Designator I and II and force packages 1 and 2. The GAO explained that the Army sets a goal for the amount of mission-critical equipment the units in each force package should have during peacetime. The GAO found that 96 percent of active Army units are in the first two force packages due to mission priorities and generally earlier deploying status, while reserves dominate the latter two packages due to their generally later deploying status. The GAO reported that units filling critical strategic priorities are the highest priority and, therefore, are at the top of the equipping sequence--followed by the combat forces of the Army rapid deployment five and one-third division contingency force and one of the four packages of support units that would deploy along with the earliest deploying divisions. The GAO explained that the last category in the equipping sequence is dominated by reserve units--which are the later deploying combat and support forces. (p. 7, pp. 39-42, pp. 50-52/GAO Draft Report)

Now on pp. 5 and 30-32.

DoD RESPONSE: Concur.

- FINDING H: Army Frequently Deviates From the Department of the Army Master Priority List Sequence in Distributing Equipment. The GAO found that the manner in which the Army redistributes equipment can also result in a lower priority unit receiving a piece of equipment when a higher priority exists elsewhere. According to the GAO, under current practices, when a new item is received, the old piece of equipment is first redistributed at lower levels, such as between battalions of a brigade, and then between units under the jurisdiction of all major Army commands. The GAO noted that, if an item is excess to the needs of the command, Army Headquarters and Army Materiel Command redistribute it to the highest priority elsewhere in the Army based on the Department of the Army Master Priority List priorities. The GAO explained that according to logistics officials, the Army distributes equipment within major commands, in part, to avoid the transportation costs of redistributing assets throughout the Army when the asset could be used to meet unfilled requirements in the local geographic area.

  The GAO concluded that an impact of the policy is that items that might otherwise go to the highest priority units (according to the Department of the Army Master Priority List) could actually be redistributed to lower priority units. The GAO further concluded that the redistribution policy can actually limit Army opportunities to optimize equipment readiness on an Army-wide basis and restrict opportunities for reserve units since many depend heavily on redistribution of equipment from active units and, under this policy, equipment could remain within active Army commands rather than becoming available for redistribution. (pp. 7-8, pp. 42-45, pp. 50-52/GAO Draft Report)

Now on pp. 5 and 32-34.

  DoD RESPONSE: Concur.

- FINDING I: Equipping Priorities Are Sometimes Inconsistent with the Army's First-To-Fight Policy. The GAO reported the Army has designed a five and one-third division contingency force that would fully deploy within 75 days of a conflict initiation. According to the GAO, to support that combat force, the Army selected a pool of 793 active and reserve support units comprising 97,876 positions, and grouped them into four support packages according to their expected deployment date. The GAO explained that the first two support packages are comprised predominantly of active forces expected to deploy within 30 days. The GAO noted that reserves forces participate more heavily in the latter two packages, which are anticipated to be in place within 75 days to support the entire five and one-third division force.

See comment 3.

The GAO explained that units in the first three support force packages directly follow the equipping distribution priority of either the active divisions to be supported in the contingency force or forward deployed forces. According to the GAO, the high priority is based on acknowledged support force shortages that occurred early in the Gulf war and the recognition that a greater balance of support and combat forces was needed at the onset of a conflict to assist in early mobilization tasks and to support early deploying forces. The GAO noted that the high priority afforded the support forces reflects the need for the forces to have a high state of readinesss--possibly higher than that attained prior to the Gulf war. The GAO commented that, according to Army data, some of the units--both active and reserve--are currently short substantial amounts of equipment essential to missions.

The GAO explained that, in contrast to the first three support force packages of the contingency force, the Army has placed units in the fourth support force package--82 percent of which are reserve units--after all active combat divisions in the Department of the Army Master Priority List sequence. According to the GAO, as a result, the units may not receive an item of equipment until mission essential requirements for that item are filled for all of the active divisions. The GAO explained that since active and reserve units will be competing for common required items, active divisions will generally gain access to the items first by virtue of their higher priority. The GAO concluded that the readiness of reserve units in the last support force package could be adversely affected in the cases when quantities are insufficient to fill requirements.

The GAO noted that Army officials advised that distributing scarce equipment according to the Department of the Army Master Priority List sequence guides the Army to place critical equipment into units facing the greatest risks and for which the least flexibility and time would be available to correct equipment shortages. According to the GAO, Army officials explained that the Army considers support units to be less at risk than combat units should they have to deploy without all of their equipment because support units often have less hazardous missions and, as a result, the equipment is less likely to sustain combat damage and that it is also easier to fill support unit shortages upon mobilization because the equipment often requires less training to operate. Contrary to this explanation, the GAO explained that some support units that have traditionally had lower Department of the Army Master Priority List priorities may actually have little time to be readied for their deployment. (pp. 9-10, pp. 45-52/GAO Draft Report)

Now on pp. 5 and 34-36.

DoD RESPONSE: Concur.

- **FINDING J: The Dedicated Procurement Program Has Helped to Overcome Some Obstacles Posed by the Army's Equipping Strategy.** The GAO reported that the Dedicated Procurement Program has helped the reserves overcome some of the features of the Army equipping strategy that have limited improvements in equipment posture--limited procurement funds, comparatively low distribution priorities, and Army procurement priorities that have not always matched their own.

  The GAO reported that both active and reserve Army personnel describe the Dedicated Procurement Program as important and helpful in improving the equipment posture of the reserves. The GAO pointed out that, according to Army Reserve officials, the Dedicated Procurement Program--in particular the portion designated for miscellaneous equipment--has provided needed flexibility for satisfying some equipment requirements. The GAO noted, however, that according to Army Guard officials, calculating the precise impact of the Dedicated Procurement Program procurements on its units was problematical, since such a determination would require a review of the Dedicated Procurement Program-procured equipment distributions on an item-by-item basis, and a calculation of the impact on the receiving units. The GAO acknowledged that, given the varying time spans between appropriations and deliveries, the transfers of equipment, and the inability to differentiate the Dedicated Procurement Program items from others at the unit level, any calculation would be at best an estimate. Nevertheless, based on some limited analyses, the GAO observed that the Dedicated Procurement Program may have increased the number of units meeting minimum deployment standards by 7 to 10 percent since the initiation of the program in 1981. (pp. 53-54, pp. 60-61/GAO Draft Report)

Now on pp. 40-41.

  DoD RESPONSE: Nonconcur. The Department cannot support the Dedicated Procurement Program. The GAO assumes that "extra" resources are provided to the Department as a result of the specific additional appropriations for dedicated procurement. Since overall ceilings on National Defense and other categories of appropriations are established annually by a Concurrent Resolution, it must be assumed that the dedicated procurement funds are offset by reductions in other Defense appropriations. The effect of the Dedicated Procurement Program is to restrict the freedom of the Defense Department to allocate resources in a way that maximizes the combat capability of the Total Force.

- **FINDING K: The Dedicated Procurement Program Has Certain Limitations.** The GAO reported that the Dedicated Procurement Program equipment procurements represent only about 15 to 25 percent of the dollar value of equipment received by the reserves in any given year, with the

remainder coming from regular Army procurement or equipment redistribution. The GAO explained that, for many reserve units, redistribution of equipment from higher priority active and reserve units has a bigger impact on equipment status. In addition, the GAO reported that, although the Dedicated Procurement Program helps the reserves overcome some of the constraints of Army equipment procurement priorities, the reserves are still not able to procure certain items critically short due to economic considerations. The GAO pointed out that economic realities restrict procurement of items not currently under production and those required in small quantities; as a result, the Dedicated Procurement Program procurement is limited to a great extent to equipment with open production lines or equipment currently under regular Army procurement contracts--usually force modernization equipment. The GAO explained, for example, that the Army Reserve used FY 1992 Dedicated Procurement Program funds to fill shortages in heavy, wheeled vehicles by using the last option of an active Army contract to procure the modern Heavy Expanded Mobility Tactical Truck. (p. 55, pp. 60-61/GAO Draft Report)

Now on pp. 41-42.

DoD RESPONSE: Concur.

- FINDING L: The Dedicated Procurement Program Is Not Always Used as Originally Intended. The GAO reported that legislative reports indicate the Congress originally intended for the Dedicated Procurement Program procurements to help fill critical equipment shortages affecting the ability of reserve units to meet minimum deployment standards. However, the GAO noted the Congress has sometimes specified that the Dedicated Procurement Program be used to procure specific items of equipment to modernize a limited number of units, rather than improve the readiness of larger numbers of units. In addition, the GAO pointed out the Congress sometimes specified that the Dedicated Procurement Program funds be used to procure equipment not identified by the reserves as among their highest priority requirements.

  The GAO also concluded that some of the ways that the Army administers the Dedicated Procurement Program may reduce its impact. The GAO cited, for example, one internal memorandum from Army Headquarters to the National Guard Bureau that suggested the Guard request the Dedicated Procurement Program funds to buy BRADLEY Infantry Fighting Vehicles, since funds being programmed under regular Army procurement were insufficient to satisfy all Army requirements. The GAO concluded that encouraging the reserve components to request force modernization items under the Dedicated Procurement Program is inconsistent with the original intent of the funds. The GAO cited another case in which Guard officials

noted that regular procurement funds rather than the Dedicated Procurement Program should be used to fund Guard requirements for night vision goggles. The GAO also found that sometimes the Army purchases some items for the reserves from regular procurement funds, but does not purchase all of the associated items with the expectation being that the Dedicated Procurement Program could be used to fill the unmet needs. (pp. 55-58, pp. 60-61/GAO Draft Report)

Now on pp. 5 and 42-44.

DoD RESPONSE: Concur.

- **FINDING M: Army Is Taking Constructive Actions to Improve Management of the Dedicated Procurement Program.** In 1988, as part of a broader review of DoD management of National Guard and Reserve Policies and Programs, the GAO reported on Army management of the Dedicated Procurement Program. The GAO pointed out that its November 1988 report (OSD Case 7628) identified several difficulties the Army was encountering in managing the Dedicated Procurement Program. The GAO reported that, according to active and reserve officials, program coordination between the reserve components and Army Headquarters staff offices has improved markedly over the past five years. The GAO concluded that such coordination is important to ensure that reserve officials do not identify items for the Dedicated Procurement Program funding that are already planned under the regular procurement budget or equipment redistribution program.

  The GAO also reported that, according to Army Headquarters and reserve officials, progress has been made in ensuring associated items of equipment are procured along with the major equipment items financed through the Dedicated Procurement Program. The GAO explained that, while in the past the Dedicated Procurement Program equipment was sometimes procured without needed initial special tooling and support items (for example, repair manuals), deliberate attention to the problem has resulted in fewer such instances. The GAO also explained that the Army is better coordinating its operations and maintenance funding requests to support the Dedicated Procurement Program-procured items.

  The GAO noted, however, that according to reserve officials, difficulties are still encountered in overseeing the Dedicated Procurement Program procurements--including such basic tasks as determining the procurement status of the Dedicated Procurement Program items. The GAO explained that the problem of tracking the procurements is complicated because deliveries of equipment are often made long after the Dedicated Procurement Program procurement decisions are made. (pp. 58-61/GAO Draft Report)

Now on pp. 44-45.

DoD RESPONSE: Concur. The Army has made great strides in management actions associated with tracking and accounting for equipment purchased through the Dedicated Procurement Program. During the past year, the Reserve components received the tools to distinguish between equipment acquired through the Dedicated Procurement Program and the other two sources (Regular procurement and re-distribution). Pertinent Army regulations are now being adjusted to formalize the procedure.

o **FINDING N: Extent of Equipment From Europe Coming Available for Redistribution Is Uncertain.** The GAO reported that a large amount of equipment, which is excess to the needs of Army forces in Europe, is currently awaiting inspection and disposition decisions. The GAO explained that the equipment comes from (1) units that are inactivating as part of the Army down-sizing from two Corps/four and a third divisions to one Corps/two and a third divisions, and (2) a decision to liquidate a large stockpile of war reserve materials. The GAO reported logistics officials estimated in February 1992 that about 45,000 major end items excess to requirements in Europe would be generated from the unit inactivations alone.

In an April 1992 report (OSD Case 8990), the GAO had noted that U.S. Army, Europe, had been internally redistributing equipment from departing units in the following order of priorities--(1) Army Readiness Package South--a stockpile of equipment being assembled in southern Europe, (2) other Army units remaining as part of the residual force in Europe, and (3) prepositioned material storage sites. The GAO observed that the remainder--depending on its condition--is being distributed, as follows:

- sent to units or depots in the United States;
- given to North Atlantic Treaty Organization allies under a harmonization program resulting from U.S. treaty commitments;
- sold to other countries under the foreign military sales program; or
- sent to storage to await disposal.

The GAO reported that, in addition to the unit equipment, the Army has declared as excess the entire stockpile of war reserve materials and is currently trying to dispose of it. According to the GAO, as of February 1992, U.S. Army, Europe officials estimated there was a total of about 572,000 short tons of equipment in the stockpile. The GAO commented that the entire war reserve material stockpile was deemed excess to U.S. Army, Europe, requirements in early 1992--since the

items were intended to support a protracted war in Europe. The GAO reported that much of the equipment has been stored for years and is obsolete, in a state of disrepair, or unsalvageable. The GAO found that, although the most useful equipment will be redistributed throughout the Army, thousands of outmoded tanks and wheeled vehicles will be destroyed, sold, or given to allies.

The GAO reported that according to Army Headquarters logistics officials, the reserves are expected to receive some of the equipment, but (as of August 1992) could not precisely estimate how much of the excess equipment from Europe would be coming available for redistribution throughout the Army, or determine how many items might flow to the reserves. The GAO concluded that the equipment would not have an appreciable impact on reserve equipment shortages due to the following:

- the equipment will first go to fill Army requirements in Europe before Army Headquarters and the Army Material Command officials redistribute it elsewhere, which is according to the normal equipping sequence;

- much of the excess equipment is combat-related--i.e., the types of shortages that reserve support units experience may not match the items that become available; and

- the condition of much of the available equipment is not known due to the extensive backlog of equipment needing to be inspected. (pp. 62-64, p. 67/GAO Draft Report)

Now on pp. 6 and 48-49.

DoD RESPONSE: Concur.

o FINDING Q: Some Equipment From Gulf War Has Been Provided to the Reserves. The GAO reported that, according to National Guard Bureau officials, 6,063 medium tactical wheeled vehicles (which served in the Gulf war and belonged to units being inactivated) have been shipped to the Army National Guard from Southwest Asia. The GAO learned that the Guard expects to receive another 471 such vehicles. The GAO concluded that, although the equipment should help to alleviate some shortages, many of the vehicles received thus far are in need of extensive repairs--and, further, the punishment many of the vehicles endured in the war has substantially reduced their useful life. The GAO learned that, as of July 30, 1992, about 7 percent of the 6,063 vehicles could not be repaired, and only 12 percent of the vehicles had been prepared for distribution or had been distributed to units--the rest were awaiting repairs. The GAO found that Forces Command is redistributing

another 8,500 pieces of excess equipment from Southwest Asia--including some 5-ton cargo trucks, 2-1/2 ton trucks, High Mobility Multipurpose Wheeled Vehicles, and trailers. According to the GAO, as of August 1992, Forces Command had processed about 6,000 items, distributing about 4,850 items to active units, 350 to Army Reserve units, and 800 to the Army National Guard. The GAO noted that the remaining 1,000 items were found to be not repairable. (pp. 65-67/ GAO Draft Report)

Now on pp. 6 and 50.

DoD REPONSE: Concur.

- FINDING P: Some Equipment Is Being Retired Rather Than Being Redistributed. The GAO reported that the Secretary of the Army is placing a high priority on phasing out and retiring 51 types of equipment because the items are being replaced by more modern items and can no longer be supported in terms of maintenance and spare parts. The GAO noted that an April 1992 Army memorandum lists 20 specific items--at least some of which are to be retired through FY 1999. The GAO explained that, according to an Army official, in some cases items may be retired before the replacement equipment is provided--and, in other cases, the equipment will not be replaced at all. The GAO explained that some requirements, which would have been met through redistribution of older items, will go unfilled. The GAO concluded that retirement of the equipment could reduce the amount of equipment that the reserves might otherwise have received. The GAO reported that, according to an Army official, a decline in readiness would likely accompany the retirement of items--at least until the mission-required items are replaced. (pp. 66-67/GAO Draft Report)

Now on pp. 50-51.

DoD RESPONSE: Concur.

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RECOMMENDATIONS

- RECOMMENDATION 1: The GAO recommended that the Secretary of the Army raise the equipping priority of the fourth package of support units to be commensurate with other contingency force support units. (p. 52/GAO Draft Report)

Now on pp. 6 and 38.

DoD RESPONSE: Partially concur. Army equipping policies are driven by overall DoD policies and available resources. A unilateral move by the Army to raise equipping priority without regard to the DoD first-to-fight policy could produce inconsistencies. The Army will assess the equipping priority of the fourth package support units beginning in the second quarter of FY 1993.

Now on pp. 6 and 38.

- **RECOMMENDATION 2**: The GAO recommended that the Secretary of the Army reassess the costs and benefits of continuing the existing Army policy that permits equipment redistribution at lower levels of organization and among major Army commands irrespective of higher equipping priorities elsewhere. (p. 52/GAO Draft Report)

  DoD RESPONSE: Partially concur. The Army will reassess Army Redistribution Policies by the third quarter FY 1993. However, the current policy, which includes allowing Major Army Command redistribution prior to declaring equipment excess to Army Headquarters, is considered satisfactory and cost effective. Redistributing all active unit excess equipment from Army Headquarters is not seen as supportable from either a fiscal or operational standpoint in spite of anticipated gains in reported readiness. In addition, the provisions of DoD Directive 1225.6, which prescribes general policies for the military departments for equipping the Reserve components under the provisions of 10 U.S.C. 264(b), which provides that the Secretaries of the military departments shall equip the Reserve components, provide that, unless specifically approved by the Secretary or Deputy Secretary of Defense, all equipment that is provided to the Reserve components is to remain assigned to those components. The GAO recommendation, if implemented to its fullest extent, could result in Reserve component equipment being diverted to active component units. Such a result would be inconsistent with the goal of keeping Reserve component equipment assigned to the Reserve.

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MATTER FOR CONGRESSIONAL CONSIDERATION

Now on pp. 6 and 46.

- **SUGGESTION**: To increase the impact of the Dedicated Procurement Program, the GAO recommends that the Congress consider near-term readiness problems and high priority needs identified by the reserves in specifying items for procurement. (p. 61/GAO Draft Report)

  DoD RESPONSE: Partially concur. The Department agrees that some of the suggested shortfalls should be corrected to make the program as useful as possible; however, the Department has consistently opposed the program as an infringement on the prerogative of the Secretary of Defense to allocate defense resources in a way that maximizes the combat capability of the Total Force.

The following are GAO's comments on the Department of Defense's letter dated November 25, 1992.

GAO Comments

1. We have changed this information to show the correct statistics.

2. The conclusion attributed to GAO was actually the Army's conclusion based on its reviews of unit readiness conducted in the late 1980s. We did not intend to imply that shortages of lethal equipment in lower priority units do not need to be addressed.

3. We have updated the statistics for active and reserve units and positions in contingency force support packages. (See footnote on p. 34.)

Major Contributors to This Report

National Security and International Affairs Division, Washington, D.C.	David R. Warren, Associate Director Carol R. Schuster, Assistant Director H. Donald Campbell, Evaluator-in-Charge Bob N. Kenyon, Evaluator
Kansas City Regional Office	Gary L. Billen, Assistant Regional Manager Joseph F. Lenart, Evaluator Frederick T. Lyles, Evaluator

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