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House panel votes to trim Army modernization plan

By Jim Wolf
REUTERS

WASHINGTON – The House Armed Services Committee voted Wednesday to cut \$867 million – one-quarter of President Bush's request – from the Army's top modernization project in a setback for program co-managers Boeing Co. and Science Applications International Corp. The goal was to scrap redundant components and cut program management costs, said Rep. Neil Abercrombie, the Hawaii Democrat who chairs the Air-Land subcommittee that recommended trimming the project.

The committee action would leave \$2.8 billion in the fiscal 2008 budget to support what Abercrombie called the Future Combat Systems “core programs.”

The matter still must be dealt with in the Senate and full House.

The panel recommended cutting all of the about \$470 million in fiscal 2008 procurement funds sought by President Bush for the so-called Armed Reconnaissance Helicopter being built by Textron Inc.'s Bell Helicopter unit.

It called on the Defense Department to hold another competition to offer the required capabilities.

In March, the Army sent Bell Helicopter a “show cause” letter asking why the program should not be terminated. The first production option was to have been exercised last December. No operational aircraft have been produced. The aircraft's projected cost has doubled from \$5.2 million to more than \$10 million per aircraft.

The panel recommended adding \$2.4 billion to the 2008 budget to buy 10 Boeing C-17 cargo aircraft; the White House had sought to end production of the C-17 in 2008.

The Future Combat Systems project would use advanced communications technology to link U.S. troops with manned and unmanned air and ground weapons and sensors.

Boeing and SAIC are partnered as the project's “lead systems integrator.”

The Army originally estimated the project's cost at \$91 billion, but that projection has grown to more than \$200 billion, Abercrombie said, citing a figure from the Pentagon's cost estimating group.

Committee Democrats beat back a Republican-led attempt to restore \$200 million of the recommended \$867 million cut, which equaled 25 percent of President Bush's request for the fiscal year that starts Oct. 1.

Rep. Duncan Hunter, the panel's senior Republican and a candidate for his party's 2008 presidential nomination, said the size of the recommended cut made him worry about the potential "long-term impact on the capability of the U.S. Army."

Abercrombie, who began his remarks by quoting President Dwight Eisenhower's warnings about the dangers to democracy of the "military-industrial complex," said his panel had sought to balance the "health and capability of the current force with the needs of future capabilities."

"There is no question that some contractors will have to make some adjustments," he said. "But our military men and women have been making adjustments for years."

The committee voted to recommend what Abercrombie said would be a 40 percent jump in the Army's procurement account over last year's budget request.