



G-4 Update

Army Worldwide Food Service Workshop, '08

John McNulty, ODCS G-4
Headquarters, Department of the Army



Army Daily Fuel Usage

FY 2008 Daily Average

Gallons Purchased: 1,765,037
 Dollars Spent: \$4,577,682



Comparative Analysis

Wal-Mart's truck fleet consumes
 ~353,425 gallons per day
 ~129 million gallons per year or

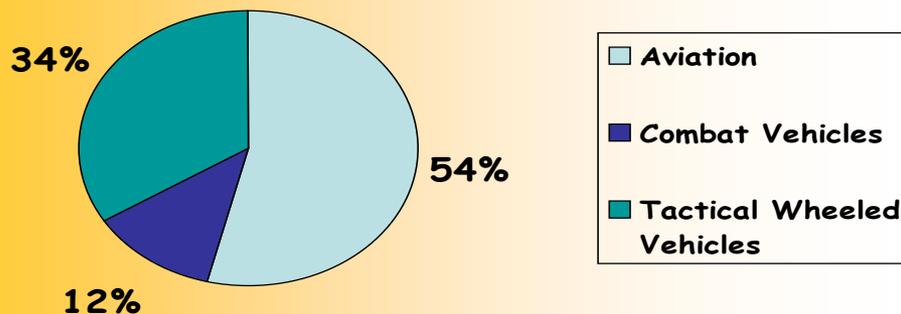
To transport the Army's annual fuel requirement, requires:
 79,459 x 10K Commercial Tankers

The Army's purchases enough fuel each year to supply 1,528,062 cars annually.

FY 2008 Annual Information

Gallons Purchased: 644,238,672
 Dollars Spent: \$1,670,854,080

Consumption by Tactical Systems



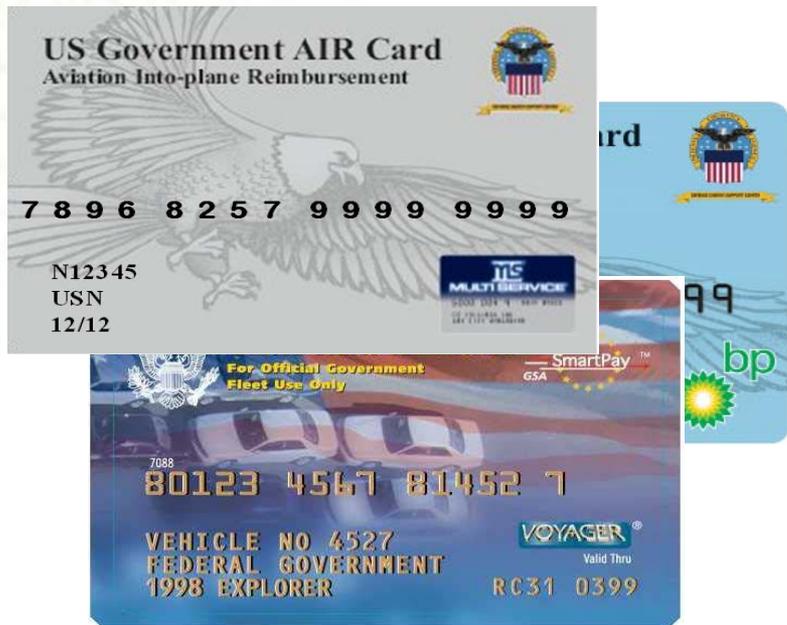
"A Typical Day in Army Logistics"



Army Daily Fuel Card Usage

FY 2008 Daily Average

Transactions: 1027
 Dollars Spent: \$167,046



Comparative Analysis

Air Card:

Fuel Purchases: \$16.9M
 Transactions: 16,926
 Non-Fuel Purchases: \$.932M

Voyager Fleet Card:

Fuel Purchases: \$43.5M
 Transactions: 358,000
 Non-Fuel Purchases: \$.888M

Sea Card:

Fuel Purchases: \$.342M
 Transactions: 14
 Non-Fuel Purchases: \$0

FY 2008 Annual Information

Transactions: 375,000
 Dollars Spent: \$60,972,008

Army Daily Subsistence



FY 2008 Daily Average

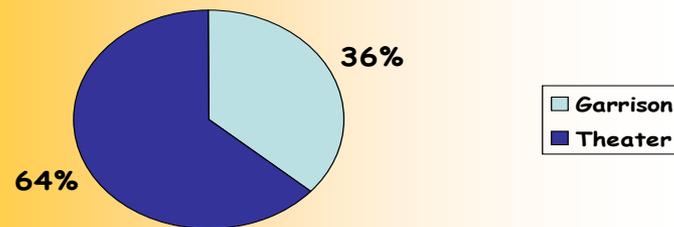
Total Dining Facility Meals: 710,000

- Garrison: 258,000

- Theater: 452,000

Annual Food Bill: Over \$3.5 Billion

Consumption Percentage





AAFES and DeCA Daily Sales

FOUO

FY 2008 Daily Average

AAFES Sales at Army Installations

- ~ \$4 million

DeCA Sales at Army Locations

- ~ \$4.35 million



Industry: General Merchandisers

Rank	Company	Fortune 1000 Revenue \$ millions	Locations	Revenue / location
1	Wal-Mart Stores	378,799	7,250	52
2	Target	63,387	1,800	40
3	Sears Holdings	50,703	2,180	23
4	Macy's	26,340	850	31
5	J.C. Penney	19,880	1,085	19
6	Kohl's	16,474	950	17
7	Dollar General	9,495	8,200	1
8	Nordstrom	8,828	155	57
9	Dillard's	7,371	325	23
10	Family Dollar Stores	6,834	6,500	1
US Army based AAFES		3,982	87	46

Industry: Food & Drugs Stores

Rank	Company	Fortune 1000 \$ millions	COGS	per store COGS	Locations
1	CVS Caremark	78,330	60,221	9.84	6250
2	Kroger	70,235	53,779	14.89	3680
3	Walgreen	53,762	38,518	6.14	6270
4	Safeway	42,288	30,133	17.32	1740
5	Supervalu	37,408	29,267	11.83	2475
6	Publix Super Markets	23,194	16,805	18.17	925
7	Rite Aid	17,508	17,689	3.47	5100
8	Winn-Dixie Stores	7,225	3,295	6.34	520
9	Great Atlantic & Pacific Tea	6,850	4,785	10.83	450
10	Whole Foods Market	6,582	4,295	15.62	275
11	Longs Drug Stores	5,298	3,878	7.80	510
US Army based DeCA		4,320	3,672	42.21	87



"A Typical Day in Army Logistics"



Army Daily Bottled Water Consumption

FOUO

FY 2008 Daily Average:

Theater Operations

340,000 gallons of bottled water per day

Comparative Analysis

The United States consumes: 24,164,384 gallons of bottled water per day



AMERICA'S ARMY: THE STRENGTH OF THE NATION™



Daily Repair Parts Consumption

On a daily basis the US Army issues an average:

- of **193,720** repair parts.
 - cumulative weight of **981,453** lbs (**491** tons)
 - cumulative cost of over **\$32** million

For a perspective:

- one repair part for the entire annual automobile production for the country of Portugal in 2000.



- weighs more than 151 Chevy Tahoes



- more than the Florida Marlins annual team salaries (\$22M)





Equipment Retrograde

FOUO

FY07

HMMWV	8873
M1025/M1026	317
HTV	683
MTV	1452
M1	58
Bradley FOV	98
Other Tracks	858
ASV	10
Stryker	85
Heat Cabs	33
Bridge Boats	10
Helos	35
Trailers	2121
Other	449
Total	15802

Retrograde Totals Since FY05

FY05:	3,496
FY06:	11,945
FY07:	15,082
FY08*	3,192
Total	33,715

* To date



AMERICA'S ARMY: THE STRENGTH OF THE NATION™



Resetting the Force

What We've Done...What We're Doing

Thru FY08 Workload
As of 5/16/08

ARMY PLAN

The Army will undertake a disciplined, orderly reconstitution to restore combat power. The Army will implement lessons from Desert Storm, OEF, OIF and operations in the Balkans to refine and improve our efforts.

**2,000+ Tracked*
FY08**

- 3,178 Tracked vehicles
- 25,075 HMMWV*
- 5,189 Trucks
- 3,211 Trailers

(* Includes Reset & Recap)

**96,000+ Small Arms
FY08 ****

Small Arms
(180,771 Overhauled/328,261 SARET)

Overhaul Totals			
20,574	M2	25,941	M203
18,570	M249	7,422	M4
11,026	M240	67,123	M16
28,104	M9	2,011	MK19

**Depot Spt to Other Svcs
~ \$ 193M (Examples)**

- Tanks & Small Arms – USMC
- Helicopters – USAF & USN
- Missile Guid – USAF
- Navigation, Radars – USAF
- Threat Emitter – USAF
- HMMWVs – USAF
- Chem Alarms - USAF

9 Patriot Battalions
138 MLRS
Multiple Launch Rocket System

2,866* Aircraft Scheduled
2,249* Completed

**410+ Aircraft
FY08**

- 542/439 AH-64
- 352/292 CH-47
- 1556/1191 UH-60
- 391/305 OH-58

24/22 Fixed Wing

(*not inclusive of SOA or SEP
OH-58D Safety Enhancement)

**3,200+ Generators
FY08**

CEERT

- NVDs 20,813; SINCGARS 10,458
- Overhaul Totals**
- 17,845 Generators**
- 20,065 Commo/Electric**
- 84,147 COMSEC**

Examples: AN/ALQ-144 ASE – 2692
AN/TPQ-36 Firefinder – 70
AN/TPQ-37 Firefinder – 38
EUC's – 1504
AFATDS – 572

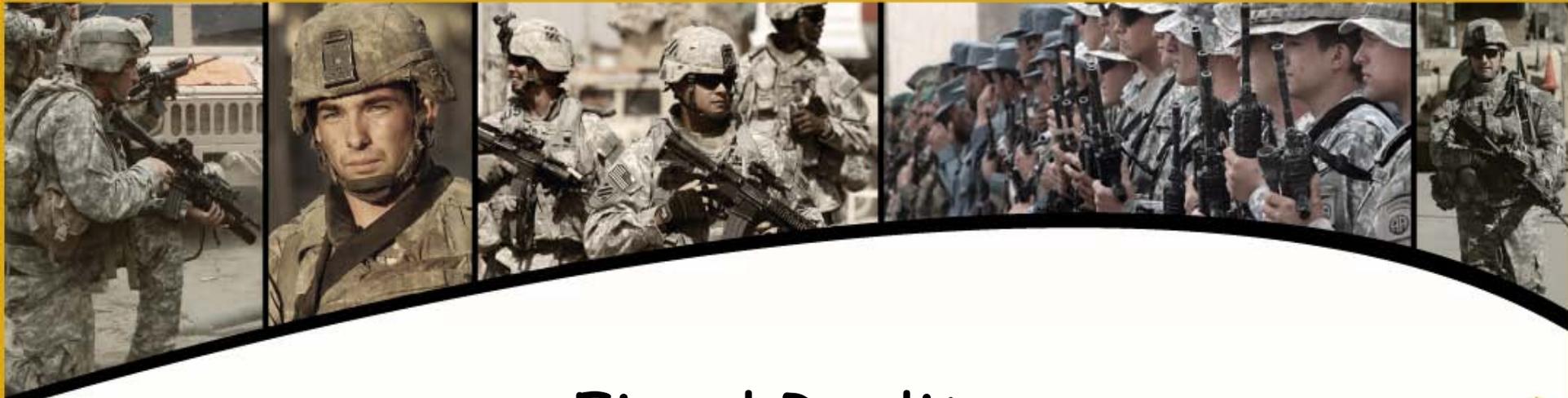
**11,000+ Missiles
FY08**

- 11,398 Missile Systems
- 59,250 Missile Rounds Reset
- 13.3K Short Tons Ammunition
- Processed for Reissue in SWA

Examples:

- 59.3M small cal rounds
- 2.1M medium cal rounds
- 50.5K rounds tank ammo
- 29.1K mortar rounds

**FY08 Projections
(2/15/08)**



Fiscal Reality and It's Implications for Logisticians

Mr. John McNulty
Chief, Food, Liquid Logistics, and Field Services
HQDA, G-4

20 Nov, 2008



Discussion Overview

FOUO

- ❑ Fiscal pressure is substantial
- ❑ Pressure is expected to continue to grow
- ❑ Action is required now
 - Status quo is not an option
 - Leadership at all levels must engage
 - New tools are needed

You have an opportunity while here, use it!



A perspective on fiscal reality

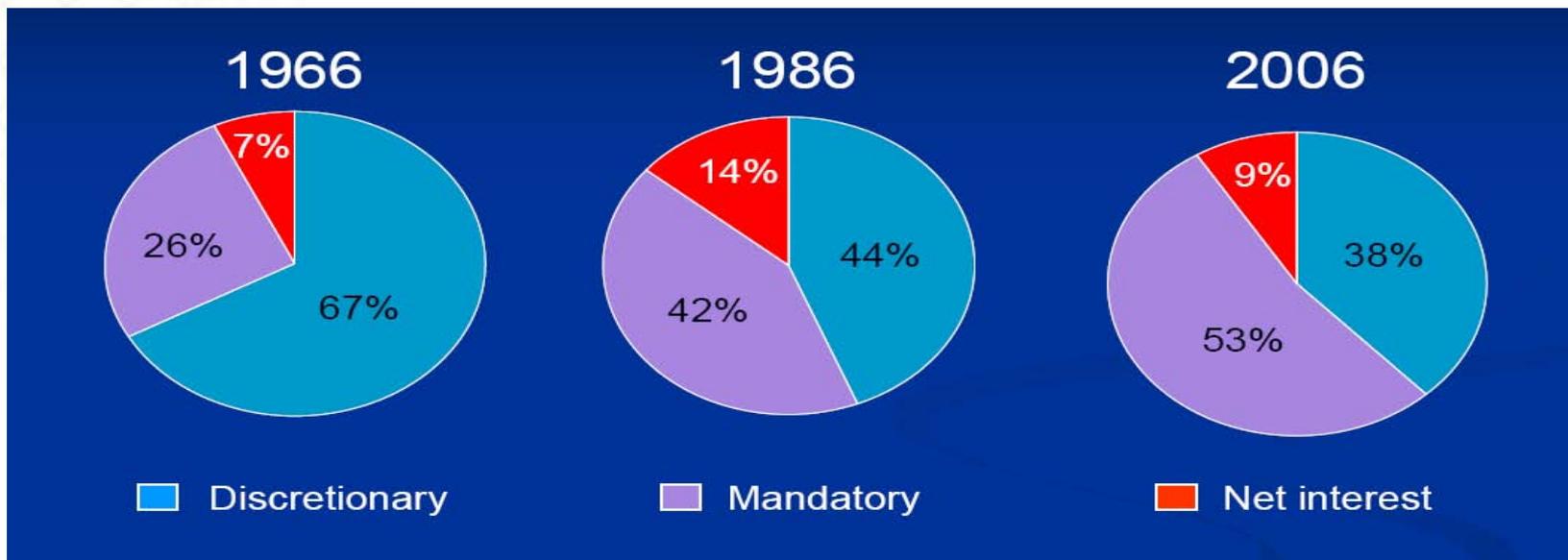
Or...



*There is no
Santa Claus*



Federal Spending for Mandatory and Discretionary Programs



Note: Discretionary programs are those whose funding is determined annually by the Appropriations Committees

November 29, 2007 presentation by The Honorable David M. Walker, Comptroller General of the United States

Mandatory spending has been on a growth trend

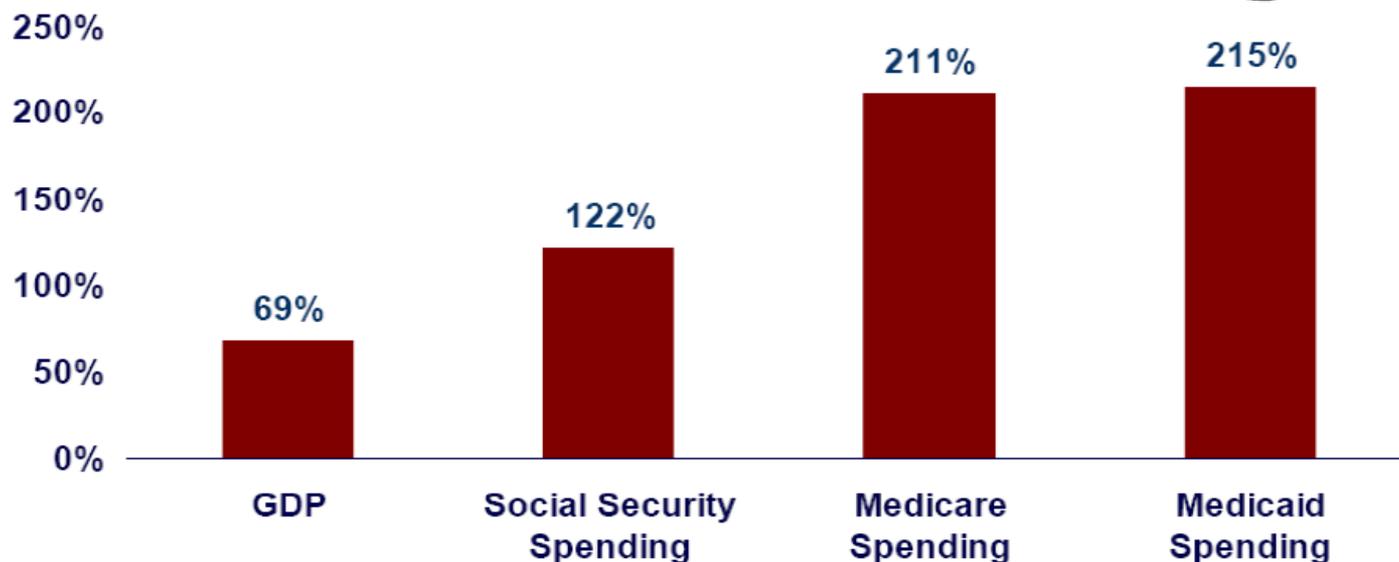


Projected Growth Rates

Mandatory spending vs economic growth

And they're
projected to
continue to grow

Growth in constant dollars 2006-2030



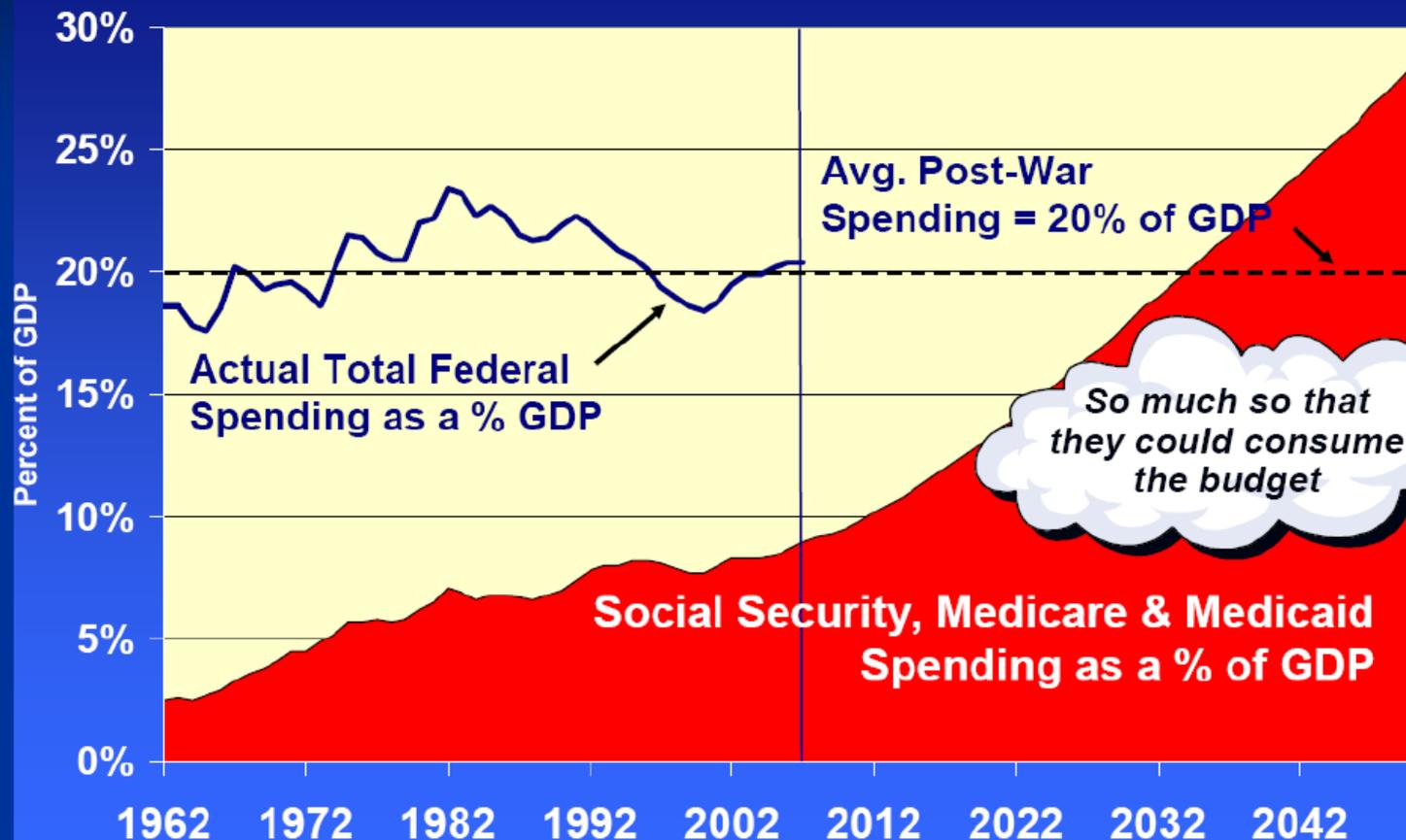
Source: GAO analysis based on data from the Office of the Chief Actuary, Social Security Administration, Office of the Actuary, Centers for Medicare and Medicaid Services, and the Congressional Budget Office.

Notes: Social Security and Medicare projections based on the intermediate assumptions of the 2006 Trustees' Reports. Medicaid projections based on CBO's August 2006 short-term Medicaid estimates and CBO's December 2005 long-term Medicaid projections under mid-range assumptions.



Growth in Spending

Mandatory spending vs economic growth

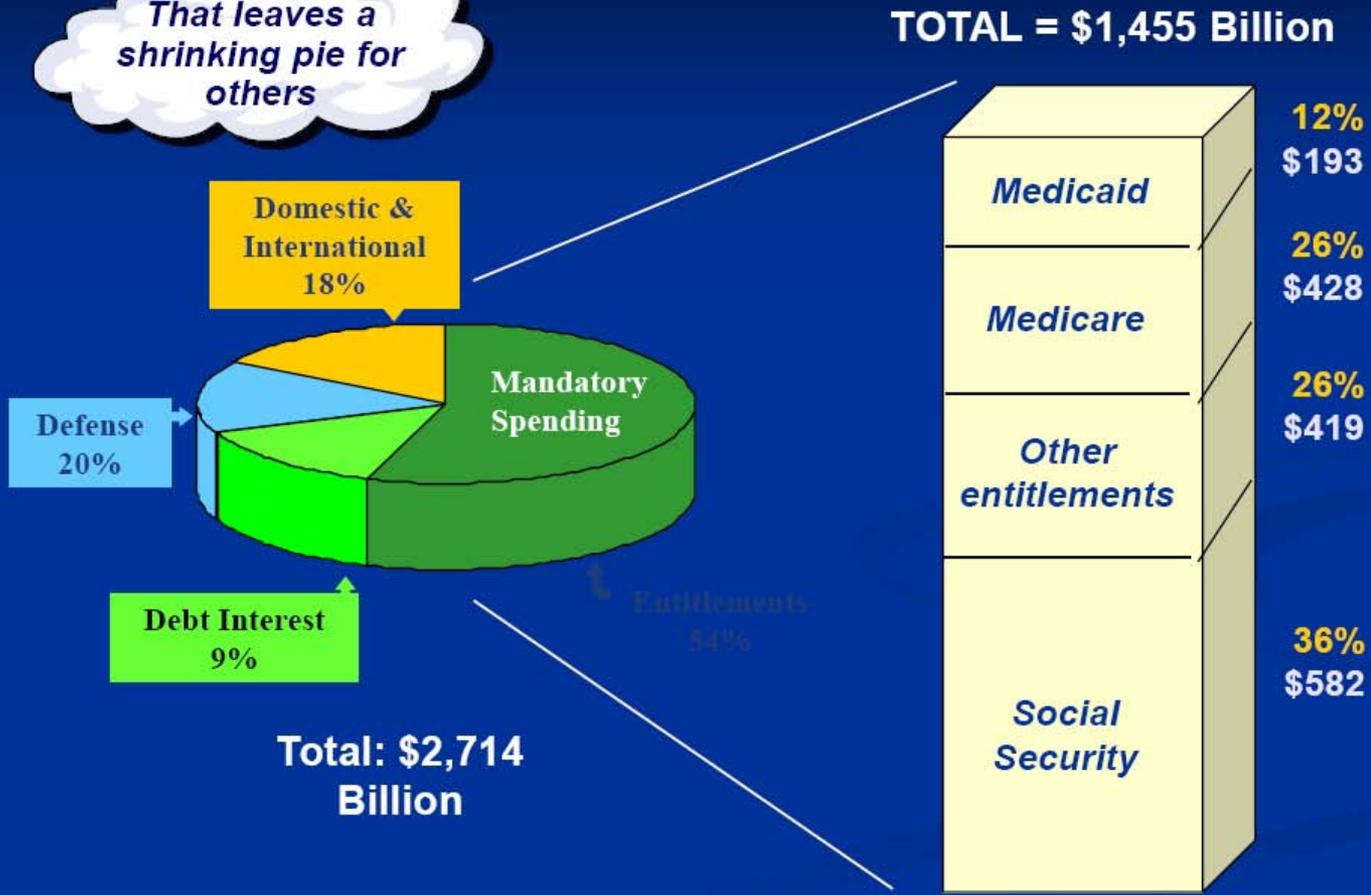


Source: CBO, SBC Majority Staff



FY 2007 Federal Outlays

That leaves a shrinking pie for others



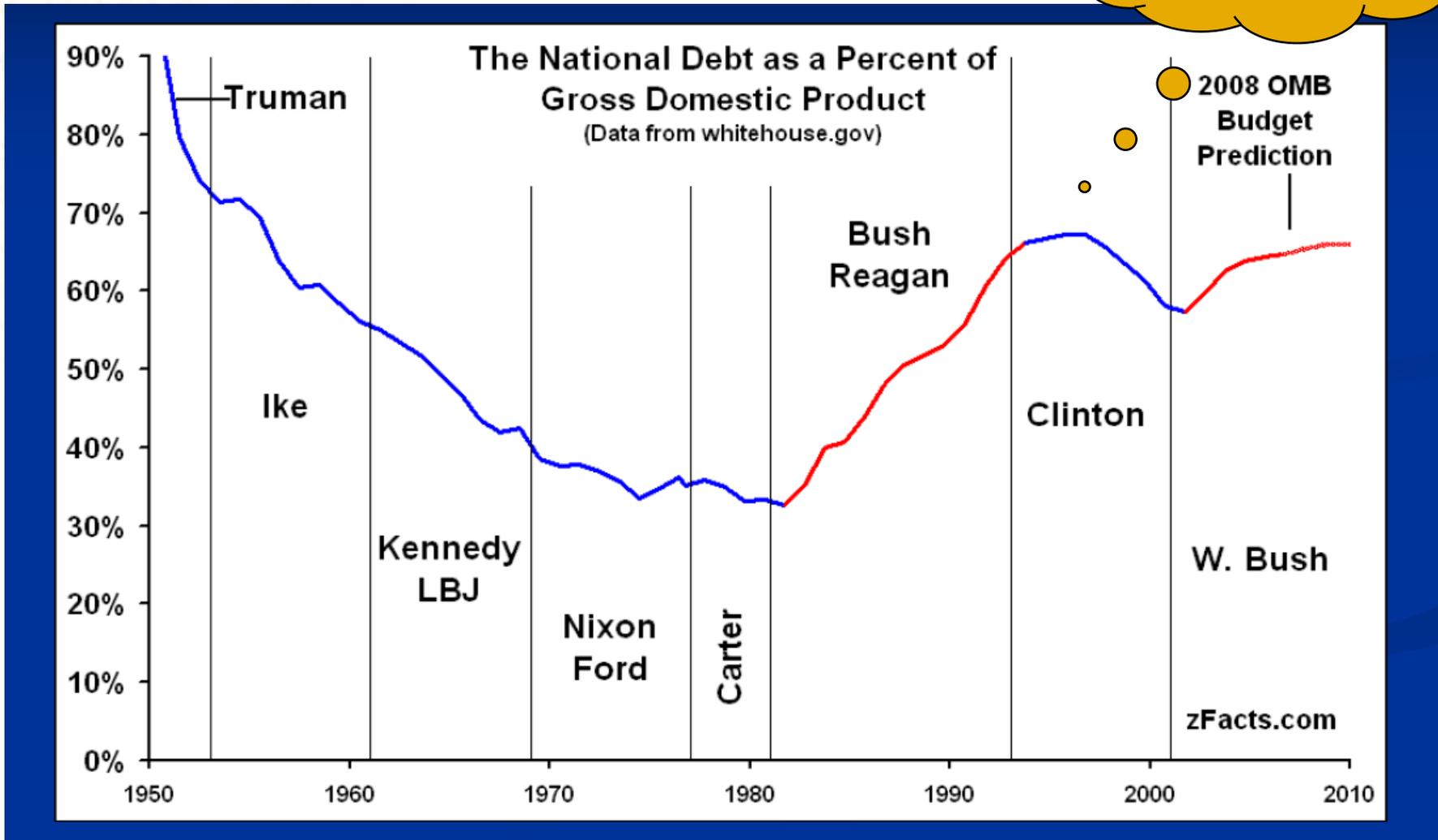
Source: CBO, The Budget and Economic Outlook: Fiscal Years 2008 to 2017 (January, 2007). Includes offsetting receipts Medicare provides support to the elderly, Medicaid to low income individuals



External Drivers

National Debt vs GDP

Growth in the National Debt is adding pressure

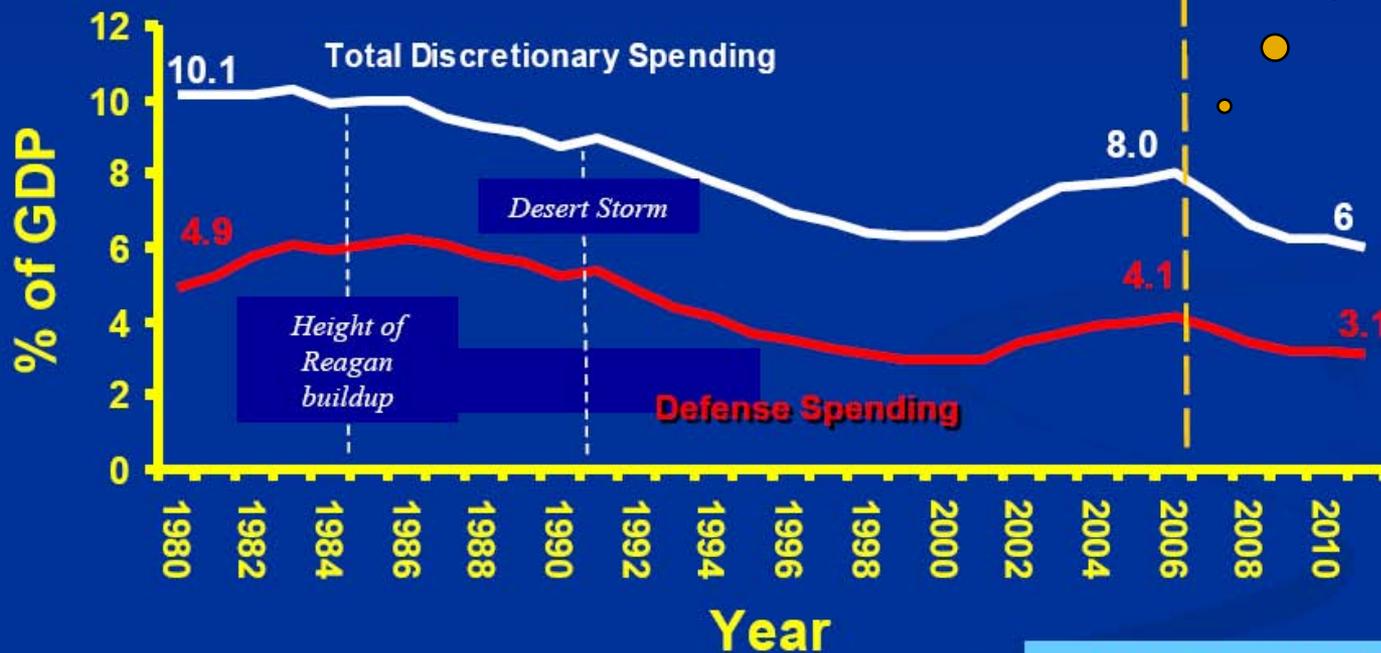




External Drivers

Percent GDP to Defense

And DOD funding tends to parallel total discretionary



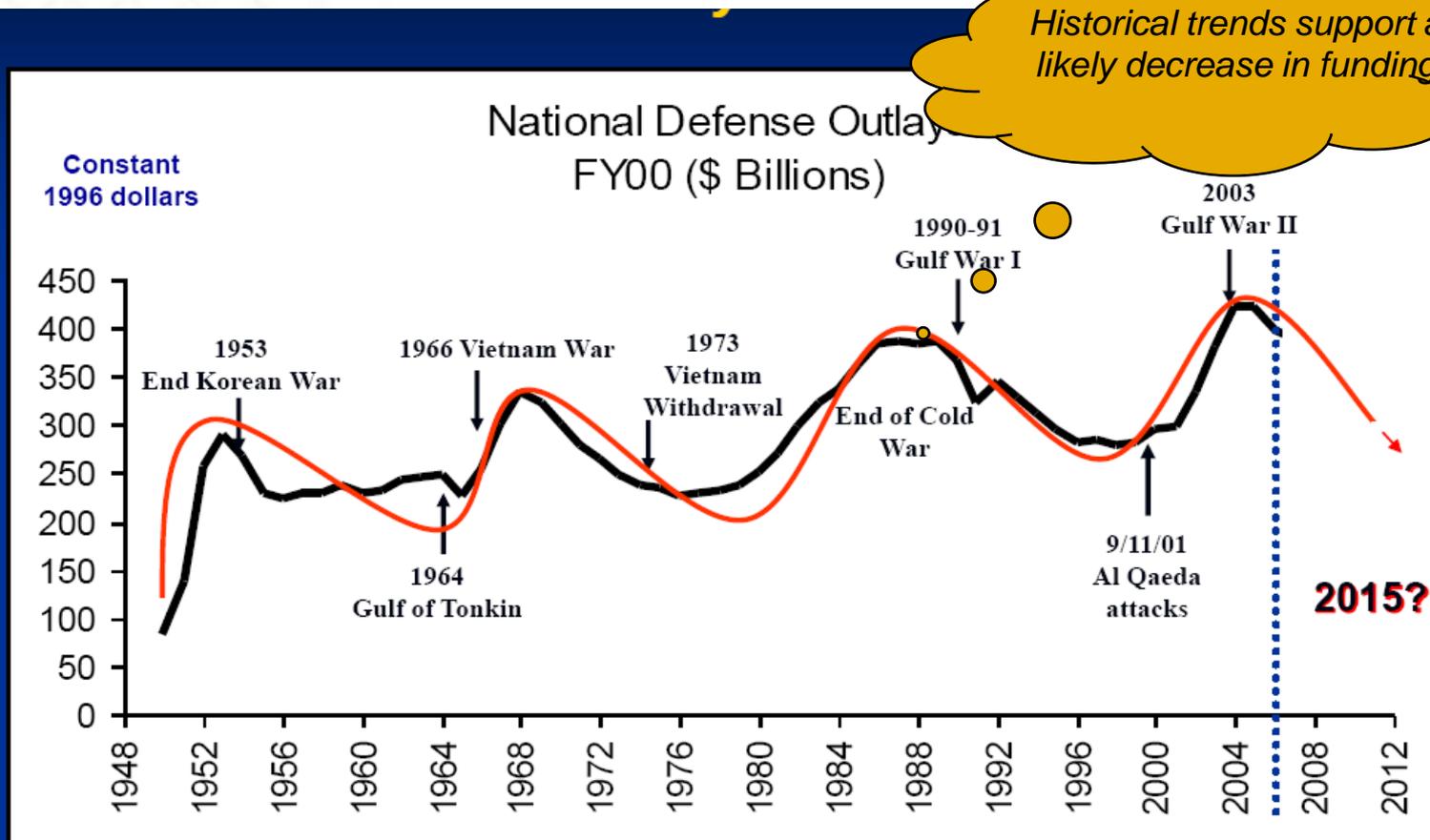
Source: OMB – Historical Tables, FY07

DoD outlays increased 37% 00-06, expected to drop 24% by 2011



External Drivers

National Defense Outlays



Note: Outlays lag budget reductions by about 2-4 years.

Source: Library for Integrated Learning and Technology, Illinois State

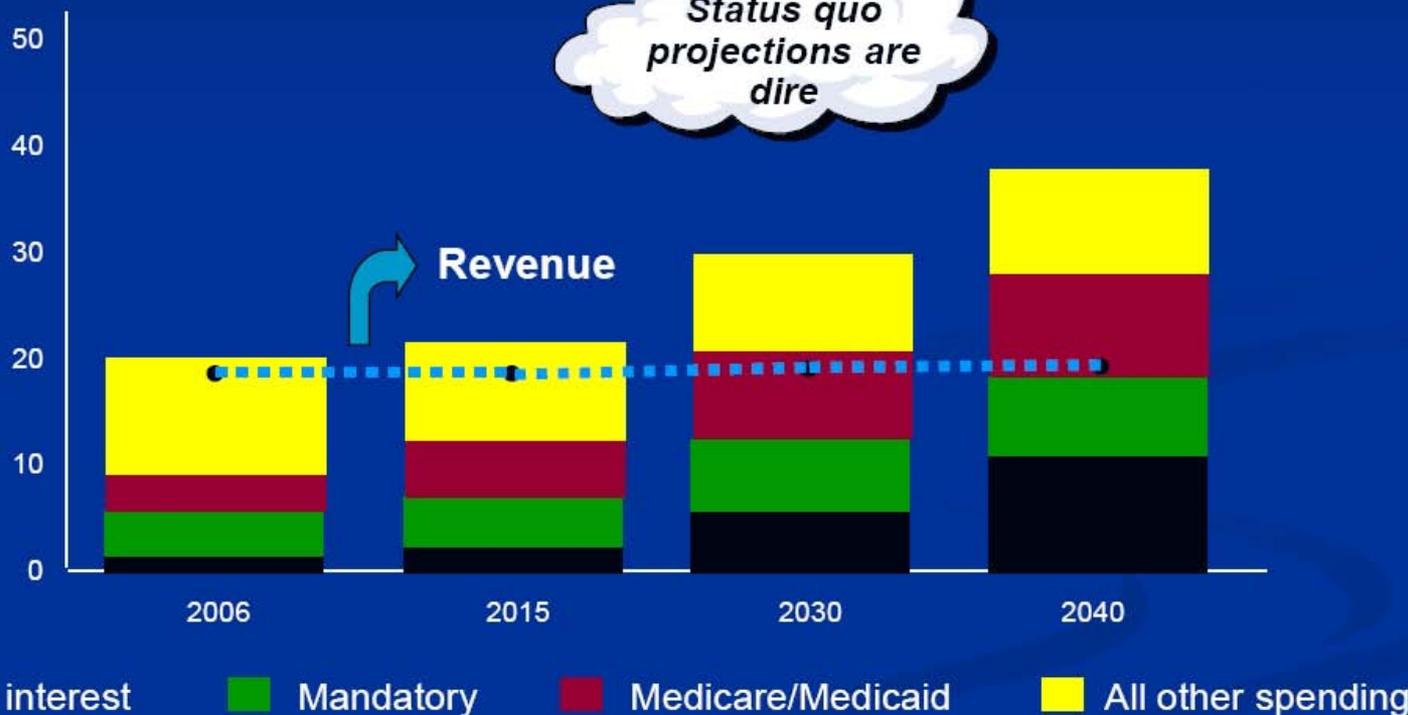
Outlays increased 30%
00-04, expected to drop
13% by 2011



Potential Fiscal Outcomes

Revenues and Composition of Spending as a Share of GDP

Percent of GDP



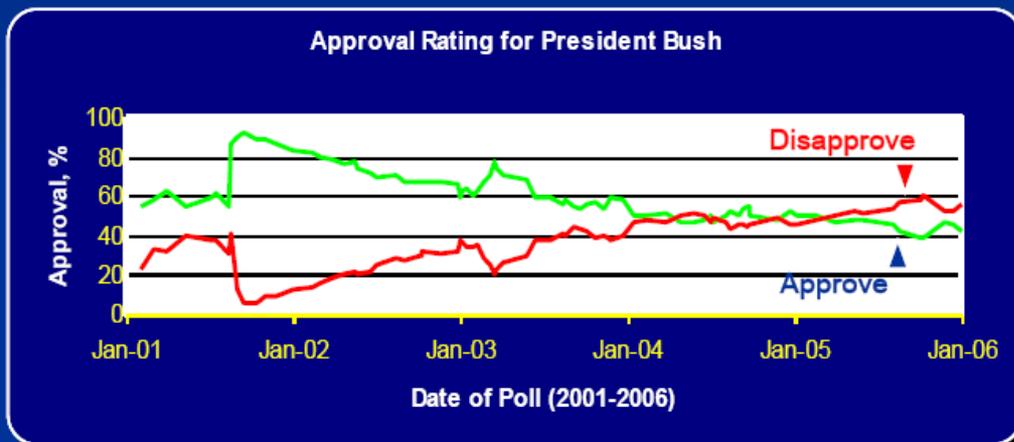
November 29, 2007 presentation by The Honorable David M. Walker,
Comptroller General of the United States



External Drivers

Popular Perception

And the political climate
is not
helping



Among two-term presidents:

	Disapprove	Approve
REAGAN	31%	65%
CLINTON	37%	59%
EISENHOWER	27	58%
BUSH	64%	33%
NIXON	64%	26%

Source: Washington Post-ABC News Poll, September 2007



Current Fiscal Policy is Unsustainable

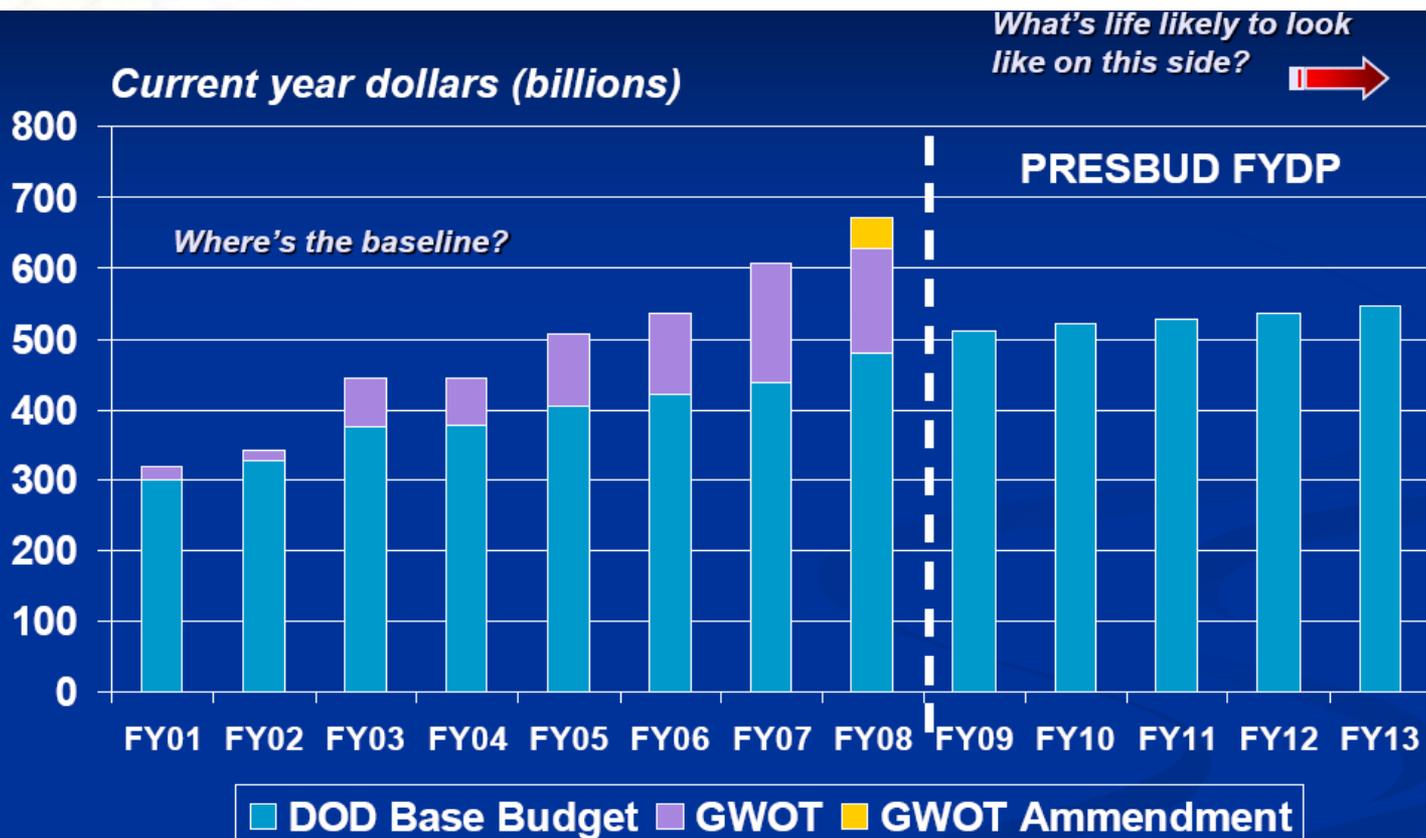
- ❑ The "Status Quo" is not an option
- ❑ GAO's simulations show that balancing the budget in 2040 could require actions as large as:
 - Cutting federal spending by 60%
 - Raising federal taxes to two times today's level
- ❑ Faster economic growth can help, but it cannot solve the problem
 - Closing the gap would require real average income in the double digit range every year for 75 years

"Tough choices will be required"



Fiscal Environment

Defense Wide



FY09-13 Flat in Constant Year Dollars

Source: National Defense Budget Estimates for FY 2009, Table 1-9

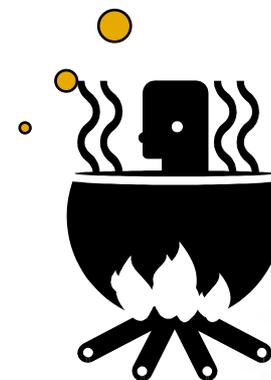


The Environment we Face

Program vs Budget

- ❑ Substantial investment required
 - Sustain readiness
 - Recapitalize the force
 - Build tomorrow's force
 - Support our people
 - **Correct mistakes of the past**
- ❑ Daunting fiscal environment
 - Federal budget unlikely to grow
 - DOD budget likely under pressure for additional reductions

12 – 15 % annually



*Burning
Platform*

“The status quo is not an option!”



The Environment We Face

Program vs Budget ...

FOUO



If you agree the status quo will not get us through this...



Consider these Questions...

- ❑ What has been our experience in the past under similar circumstances?
- ❑ If the status quo is unacceptable, what alternatives should we consider?





A Perspective on the Future

It's not hopeless, but it is challenging



- ❑ Change is imperative
- ❑ It will occur on multiple fronts
- ❑ Strong leadership is needed
- ❑ Leaders need new tools in this environment

*You have an
opportunity
here*