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HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2009

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

AIR AND LAND FORCES SUBCOMMITTEE HEARING

ON

BUDGET REQUEST ON ARMY NATIONAL GUARD AND ARMY RESERVE EQUIPMENT

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FISCAL YEAR 2009 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST ON ARMY NATIONAL GUARD AND ARMY RESERVE EQUIPMENT

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
AIR AND LAND FORCES SUBCOMMITTEE,
Washington, DC, Thursday, April 3, 2008.

The subcommittee met, pursuant to call, at 2:07 p.m. in room 2118, Rayburn House Office Building, Hon. Neil Abercrombie (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. NEIL ABERCROMBIE, A REPRESENTATIVE FROM HAWAII, CHAIRMAN, AIR AND LAND FORCES SUBCOMMITTEE

Mr. ABERCROMBIE. Aloha, everybody. Thank you so much for coming today. I have an opening statement that I would like to read for purposes of the record before I turn to my good friend and mentor Mr. Saxton.

The Air and Land Forces Subcommittee meets today to receive testimony on the equipment status and ground requirements of the Army National Guard (ANG) and the Army Reserve. The panel includes Lieutenant General Clyde Vaughn, Director of the Army National Guard—aloha, General Vaughn, thank you for being here—and Lieutenant General Jack Stultz, Chief of the Army Reserve. General, aloha to you.

The purpose of today's hearing is to get a straightforward assessment as opposed to an elliptical, tangential assessment of the equipment needs of the Army National Guard and the Army Reserve. The witnesses have been asked to clearly lay out what equipment levels their organizations are required to have, how those requirements have changed, as well as what equipment levels they actually have on hand.

They have also been asked to provide their views on the adequacy of the fiscal year 2009 budget request for equipping their elements of the Army.

While the most important element of the Army is its people, obviously, equipment comes in a very close second. There are many elements the military considers when it judges a unit, and I quote, combat ready, unquote. One of those elements is the unit's equipment.

Compared to other measures of readiness, equipment readiness is fairly straightforward. Either you have the equipment you need, or you don't. Without the right type and amounts of equipment, even the most dedicated and experienced soldier cannot train for combat or help when there is a domestic emergency.

However, for a variety of reasons that today's hearing will explore, the number of units in the Army National Guard and the Army Reserve that can report the highest level of equipment readiness has declined significantly since 2001. While most guard and reserve units deployed overseas have all of the equipment they require, many of those units do not get that equipment until just before and in some cases after they deploy, which makes training to deploy very difficult.

In addition, a large percentage of nondeployed guard and reserve units are far below Army standards for equipment on hand.

If this situation persists, in our judgment, it could lead to National Guard units that, while very dedicated and willing, are simply not able to adequately respond to domestic emergencies, let alone train for combat.

No amount of desire or willpower, however noble, can overcome a lack of transportation, communication and construction equipment when a National Guard unit is trying to help people hit by a tornado or a hurricane.

If this situation persists, it could lead to Army Reserve units that cannot train for their combat missions, which would disrupt deployment timeliness were an emergency Army deployment situation to occur in South Korea or anywhere else.

The Army Reserve units play a critical logistics role in all Army overseas deployments, so if large numbers of them are not able to train to standards that deploy on time, it can imperil the lives of countless other soldiers.

The increasing number of units that do not have their required equipment is even more significant today, given the ongoing use of the guard and reserves, as I again quote, operational reserve forces, unquote, that are routinely now called up for service, in comparison to Cold War strategic reserve, and again I quote, models that assume very few mobilizations. This is a substantial difference that I am not sure is entirely appreciated by the American public.

This change to an operational reserve has greatly increased the amount of the equipment guard and reserve units are required to have, yet it appears that the Army's ability to actually provide the equipment to meet these new and appropriately higher standards has lagged.

Thankfully, Congress has not sat idle. This is the self-serving part of the statement. Congress has not sat idle while the equipment readiness in many Army National Guard and Army Reserve units has deteriorated. That is to say I believe this particular subcommittee recognizes it and wants to do something about it in conjunction with your recommendations and experience.

Since 2003, the Congress has provided $10.7 billion in additional funding for guard and reserve equipment above that which was in the President's budget request—and I doubt there was going to be much in the way of testimony from either of you today that this constitutes pork-barrel spending because it wasn't in the President's budget request.

Perhaps some of those who shoot their mouths off in the press about what constitutes a Member initiative with respect to the strategic interests of this country will take another look at whether

this President or any President, regardless of his or her party, has requested, or whether or not—in that context, whether or not the judgment of the Congress might be as good or better than the President, whoever that may be.

This funding has enjoyed sustained bipartisan support, I would venture to say nonpartisan support—I don't think it is an issue of parties in any respect—both on this subcommittee, on the committee as a whole, and throughout Congress.

A major issue I hope to see some light shed upon today is where did all this money go, the $10.7 billion? How much of it was used to provide additional equipment intended for the guard and reserve? Has any of it been siphoned off by the Army or the Department of Defense (DOD) for other needs that were deemed more pressing at the time? That may very well have been the case, and it may have been justified, but we need to know in order to see whether we need to alter our funding precepts as we present this budget.

Why do deployment readiness rates continue to remain very low for many nondeployed units despite what, by any measure, is a massive infusion of additional funds?

For the 2009 budget, what more needs to be done by Congress; by this subcommittee to begin with, and by the Congress by extension? What more needs to be done to continue to address this problem, either through legislation or funding? We are counting on you for information and perspective in that regard.

Before we begin, and before I begin formally with the hearing, and before I turn to Mr. Saxton, I would like to comment briefly on another subject; that is to say media reports on a recent Department of Defense Inspector General report on the Army and the Marine Corps body armor procurement process.

Previously we have found that media coverage of the Pentagon force protection equipment procurement does not always tell the whole story by any stretch of the imagination. We will sit down with both the Army and the Department of Defense Inspector General in the immediate future and seek to establish all the facts.

Our Army acquisition hearing is next week, and we will address the issue at that time. So to the degree or extent either of you may have had your testimony or your thoughts impacted by this latest media foray into something they don't know anything about but want to tell the rest of us, you needn't concern yourself with it today unless you want to touch on it by extension.

That said, I would now like to turn to my good friend and colleague from New Jersey, the Honorable James Saxton.

STATEMENT OF HON. JIM SAXTON, A REPRESENTATIVE FROM NEW JERSEY, RANKING MEMBER, AIR AND LAND FORCES SUBCOMMITTEE

Mr. SAXTON. Thank you, Mr. Chairman.

General Vaughn and General Stultz, thank you both for your great service to the country.

Recently General George Casey, the 36th Chief of Staff of the United States Army, has testified in public hearings and spoken privately with many Members of Congress about the Army being out of balance.

According to General Casey, "Balance is a state of continual readiness that provides strategic flexibility and depth while sustaining the all-volunteer force and simultaneously meeting the current and future demands of the national security strategy in an era of persistent conflict." Obviously a critical piece of the readiness equation that General Casey talks about is the availability of equipment.

While I have often said that all of the services are out of balance, nowhere is it more evident than in the equipment status of the Army National Guard and the Army Reserve.

The Reserve component has faced many additional challenges because it started this long war postured, as we all know, as a strategic force. For decades we postured the National guard and reserve with the Cold War mindset. We believed we could accept risk in equipping and training the Reserve component because we thought there would be a clear, unambiguous signal to get us ready. We also believed there would also be sufficient time to field the equipment and get them trained before they would need to be on the battlefield.

The need for a ready, well-equipped and integrated Reserve component is now clear; however, the shortfalls in equipment, or, as previously put, the holes in the yard, prior to 2001, make the Reserve component transition to be a modernized, operational, ready Reserve particularly challenging today.

Although substantial progress has been made, there is much more to be done. In 2001, the Army had a $56 billion shortfall in major weapons systems and modernization funding. The Army is now on a path to reduce that to $17.4 billion by 2013. The Reserve component was a large part of that number and will benefit greatly from investments being made to modernize and equip the Armed Forces.

I believe that if Congress is really serious about properly equipping our Reserve components, then the prudent path forward is to increase the Army budget. Strong national security doesn't come without a price tag. I have said many times that our top line is too low. The President's fiscal year 2009 budget request for $515.4 billion in defense spending is a step in the right direction.

The relative cost is not as overwhelming as one would think. National spending on defense as a percentage of our gross domestic product is relatively low. This year's base budget request equals 3.4 percent of GDP. To put this in perspective, the National Retail Federation estimated holiday sales in 2007 was also at 3.4 percent of GDP.

Let's not recite the conditions of the 1990's, which are particularly responsible—which are partly responsible for putting the Army and the Reserve components out of balance in the first place.

I look forward to hearing from each of our witnesses today, Mr. Chairman, on the equipment challenges and the tools they need to get the job done for our Nation. Thank you again for being with us today.

Mr. ABERCROMBIE. Thank you very much, Mr. Saxton.

We will proceed to the panel's testimony, then go into questions.

Without objection, gentlemen, your prepared statements are included in the hearing record. What we would ask is you give a

summary. As I hope you have been informed, I do not want large—I try to avoid large panels anyway, if I can, because I think we get lost in the weeds.

You are not going to be restricted to five minutes in your opening statement. I leave it to you to be as succinct as possible so we can get to the questions. When we do, we will proceed in reverse order of seniority during this hearing, reverse order. That means you are up and Mr. Wilson. It is easy to do it today, to figure out who is going to do what.

We will start with General Vaughn.

STATEMENT OF LT. GEN. CLYDE A. VAUGHN, DIRECTOR, ARMY NATIONAL GUARD, U.S. ARMY

General VAUGHN. Thank you, Chairman Abercrombie, Congressman Saxton and distinguished Members.

As you have said, I have asked that my statement be read into the record, and I would just like to talk off the cuff and kind of synopsize, I think, basically what is in there.

As you talk to the strategic versus the operational reserve, what a great question, you know, as we look backwards at that and where we were in 2001 or 2000 or 1999, or you just pick a date.

But I would ask you what we really expected that strategic reserve to do, because, you know, when everything was said and done, there were a couple of great myths out there, and one of them dealt with the equipment. For the Reserve components, Jack and I sitting here, that meant we took what we had, and we reported to the main operations base (MOB) station, and from someplace this magic wand of equipment was going to appear and equip our force.

Everyone knew that we were in terrible shape in Reserve components as far as modernization. It was a legacy force. Most of what we have been given for many, many years, if it wasn't for Congress adding on, especially in the national guard and reserve equipment account, over all of those years, we wouldn't have had anything modernized. That is just a fact. So we found ourselves in the aftermath of 2001 before the big conflict started that we were maybe at 70 percent.

We can go into and we will go into how we measure equipment, but if we were at 70 percent—and Jack and I would talk about sometimes the Army Guard was the largest holder of all of these antique M–35 trucks which we found out weren't deployable. We have lots and lots of equipment, as you well know, that weren't deployable.

Mr. ABERCROMBIE. Excuse me, General, just so we are absolutely clear, when you are talking about percentages of equipment, you are going to differentiate; are you not? Because you could have 70 percent of equipment and counting computers and garbage cans, right? That is not what we are talking about.

General VAUGHN. I am going to differentiate, sir, and I will get into it, sir.

Jack, as I said, my friend to the left here, has got one that says, yes, we have got 96 percent of a GP medium, 10—all right, we have got 96 percent of the 10 stakes, ropes and poles, but we don't have the tent. So, you know, in a lot of instances, if you get into the

piece that you are talking about, that is how you end up comparing the aegis across the force.

But say we were by some measure at 70 percent. By the time we deployed what little bit of modernized equipment we had forward, and then, by the way, it was left in country, when we came back to home station, what we had wasn't fit to train on because it wasn't interoperable with the stuff that was downrange, and we were told at that time, don't deploy this, this, this and this.

Now, if you start from that point and come forward, and we had a couple of activities happening in 2005—one of them being Katrina and Rita. And with Katrina and Rita, you know, we deployed all of that equipment all the way across the United States down there rather rapidly. One of the things that we were concerned about was what did the states really have back that they could respond to a hurricane disaster, a terrorist activity? What was really back here?

So we took our staff and said, look, let's get the States involved in this. And by the way, what I am taking you through is the genesis of the 342. We drove that. We brought the states in and said what—what is it that is common with all the equipment that is out there that we should have first dibs on if there was any question as to whether something should come from the active force and be left downrange or come from the guard force and be left downrange?

By the way, we need to be able to go back and tell the G3 of the Army just how spectacular this is when you make that kind of a decision to leave that downrange and how that affects the States. So all of us want every soldier, sailor, airman or marine to have the right kind of equipment, but what we wanted to point out, if there was a choice to make, we ought to bring some of this equipment back that has a purpose.

So the number 342, which you heard many times, there are 342 various kinds of line items which were settled out at. Is that the right number? Probably isn't because you can't be perfect on it. From my standpoint, after looking at it for some time probably, I wouldn't have included personal weapons on all the personal gear these soldiers have in there because it sways it artificially. As you well know, the large major end items count for the same as one rifle.

So probably the view is that every soldier—you know, we owe it to every soldier to have all of this personnel equipment, and we look at that again and figure out what that is. So when we come up with the 342, the next piece was—and we work this—at that time we worked it and transitioned it with the Army staff—worked it pretty close, by the way, with the Army staff. What we did was we took the average of all those lines, of all those 342s. If we were 100 percent of all weapons all the way down, we averaged each one of those out, added them all up, and come up with an average, because you know what they wanted right away: How does this affect every State? Well, the bigger issue was how does it affect a national fleet percentage on how well you are doing, which is where you are going in your opening statement, where you went.

Okay, so we arrived at a percentage, which was an average of—averages of all those line items all the way down. That brought a

lot of the attention to something, and that was the fact that, exactly like you stated, we didn't have much left, and, oh, by the way, what was modernized, we had to take to the training stations, you know, to help mobilize and train our soldiers.

We didn't have a lot of equipment left. We didn't have any equipment left, virtually, at home station to do the premobilization side of that.

So, as we started putting that percentage down, it got a lot of attention, as you well know. When we looked at where we were—and I think the Secretary of Defense (SECDEF) testified on this. He says it fell to about 40 percent in 2006. We took all the subs out of that number, substitute items.

The reason I say substitute items—and one of the big ones were the deuce-and-a-halves that averaged 35 years of age. One of the problems with those deuce-and-a-halves we included as a strategic reserve, there is no maintenance expenditure level on most of the deuce-and-a-halves. You are not even authorized to change the tire because the percentage is zero.

So I ask you, when you go back and look at what we had as the strategic reserve, if we were going to deploy all of this force at one time, it was a joke. We couldn't have done that; that was a joke. We couldn't have done that.

The only reason we kept up to what we are doing now is because we are deploying that force incrementally and giving everybody the right equipment at the right time just before we go over the berm, as you well know and you have heard folks testify. We have heard that probably, up to tonight, up to 2007. Again, the Secretary of Defense testified 49 percent. That is probably about right. But there has never been a fleet-managed percentage across the Army that says here is the figure and here is what it is.

Now, I have to tell you that we kind of like the idea of taking dollar averages because it kind of tells you how much equipment is left out there and what the price of it is. But it kind of changes the figure, you know, midstream. So when the new Secretary or the Chief of Staff of the Army coming in said, you know, we need to be by regulation here, what is the closest thing we have to regulation, which is 220–1 here, you are all very well aware of that. So we went back to reporting it by 220–1, which really still does not help you get that fleet percentage.

I say all of this because, you know, we put a lot of money up against this. Chief of Staff of the Army, and Secretary of the Army, Vice Chief of Staff of the Army came over in 2006, had the $56 billion discussion about the holes in the yard. That was the first time that the requirements for the Army National Guard and, I think, the Army Reserve had ever gotten out fully in public. And we had been hammered by folks, and, you know, the guy that I work closely with, guy named Steve Blum, are not exactly bashful about this. When are we going to get the whole requirement out there? They did that. I think we owe them a lot over a long period of time to be able to bring that up here on the Hill and look at it and say this is exactly what we have got to have.

Now, as we measure where we are at today in equipment, we have made great progress. The Army has put out requirements, total requirements, into the base, and there are some in the supp.

I know the lecture, you know, on the supplemental piece. I agree, I hate to see any of it in the supplemental except that piece that was on left-behind equipment early on in the conflict.

If we stay on track with this Army plan, by 2013, of that $17 billion that is out there, $10 billion of that is the Guard, and it is mostly trucks. When I boil this thing down really to it and look at what we are going to be short when we get to 2010, we will be chasing trucks.

My concern is that through the truck line right now and the contracts, and I think I heard the Chief of Staff of the Army testify on this on Tuesday, some concern about the ability to execute the contracts that are out there this year for the Family of Manned Tactical Vehicles. That is our primary shortfall, when everything is said and done.

Our issue inside the Army family is going to be able to come over here and tell you by appropriation in what year that money was spent on, and did it go into this particular State for that particular piece of equipment.

The buy wave is significant right now. As you know, it really takes two years to see it start showing up, the big money that started to flow in 2006, and there is approximately $5 billion worth of resources every year through 2013 on average to make that happen, with the big years being 2008 and 2009. We desperately need that, and we have got to maintain the ramp that we are on this equipment, or we are going to find ourselves right back in the same shape to start with. Modularity increased the requirements in a dramatic way. The modularity was also the right thing to do because it created the plug-and-play formation across all of our forces.

So the requirements at the end of the day have gone up. We are doing what called an EOH, an equipment on hand look at how much equipment we have got. It is a major effort to account for all of that. We account for it very well, as you know, because we have the United States property and physical officers. We had that property accountability capability that is really new to the Guard, but this is about a 3.8 million-item issue spread across all 50 states, commonwealth, two territories and D.C.

Mr. ABERCROMBIE. Before we move to General Stultz, then, your testimony is that in terms of being able to account for what you had, what you lost, what you need and what you can repair and use for both deployment and training, you say you are on top of that?

General VAUGHN. We are on top of that.

Mr. ABERCROMBIE. Okay.

General VAUGHN. The piece that we are not on top of, and that General Blum and I, either one, are going to have trouble testifying to, is what year and what appropriation did this come out of, tying it back to exactly where it came from. We see, as that equipment hits our motor pools, and we rack it up every 30 days, we can show you the difference in numbers, and that is how we are doing it.

Mr. ABERCROMBIE. You are way ahead of a whole hell of a lot of the rest of the DOD if you can do that.

General VAUGHN. Sir, we have 54 United States property physical officers, some of the highest-trained soldiers and airmen that

we have in there, the people in the States, that account for this equipment. It is not us.

Our pipelines are good, and we take that information directly off of that. When that has been audited before—we have been audited several times about our capability to do this, and the property book systems that we run are good.

Mr. ABERCROMBIE. That is maybe one of the most important—not only the most important testimony, but if you can give us that foundation, it might be the most important thing coming up for us, because I intend to recommend to this subcommittee and to the committee as a whole those things that we know we can spend money on that we are going to get value received.

For the rest of the DOD, a lot of that is in the ether. I am sick of—speaking as one Member—sick of just pumping money in there and hoping someday somehow it actually comes back as having gone to where it should have.

General VAUGHN. We are making progress. I think the significant piece is the National Defense Authorization Act (NDAA) told basically that General Blum's report on whether or not that money was actually delivered to the right piece of equipment. So we will have to put that kind of capability into the rest of the system. Now, that is very, very important.

I am not saying that the Guard should ever have different appropriations to do all of that. I mean, we were the Army, we are inside of the Army system. We just need to make sure that the trust is there between all components. If you don't have the transparency on where the money came from and where it was supposed to go to, we will never get over this trust.

I will tell you one thing. I will trust you that the Army has built a program, and I trust that Congress has put the money in the right places, and I know that you want to see it shown. And the tags are telling me right now we have got a lot of equipment showing up, and we are making progress on the percentage is what I leave with you with.

That is all I have, sir.

Mr. ABERCROMBIE. Thank you.

[The prepared statement of General Vaughn can be found in the Appendix on page 39.]

Mr. ABERCROMBIE. General Stultz.

STATEMENT OF LT. GEN. JACK C. STULTZ, CHIEF, U.S. ARMY RESERVE, U.S. ARMY

General STULTZ. Thank you.

Mr. Chairman, Congressman Saxton and other Members, thanks for the opportunity to come and testify about the equipment needs of the Army Reserve. We have got a lot of great heroes that are stepping up, willing to join our ranks, willing to serve their Nation, and they deserve to have the best equipment to train on back here and best equipment going forward.

I prepared somewhat of a briefing, but I am not going to go through and brief; I am just going to refer to a few slides as we go through.

But you talked about operationalizing the Reserve components, and there are two pieces to that operationalizing. One is we have

got to get the structure right with the right capabilities to be an operational force. We were structured as a legacy strategic force. We had a lot of admin overhead, those kinds of things. So we are changing the structure of the Army Reserve into an operational force, more capability in areas like engineers, medical, transportation, civil affairs, military police, those types of capabilities that this Nation needs both here at home and abroad.

With that, that generates additional equipment requirements. As we generate more capability, there are more requirements.

If you refer to slide five in this packet, it is the Army force generation model. I know most of you have seen that before. But the reason I wanted to refer to that, part of the operationalizing of the force has been to array our force across a five-year model, meaning that you are deployed for one year; you come back and you have four years of dwell time back here before you are expected to be available to deploy again. That would lead one to say, okay, then we don't need to have your equipment until you are ready to go. The point being with this slide is in each of those years, starting with the reset year one all the way through the available year, their equipment needs, if you are back in the reset phase, while we are resetting the unit, and in a lot of cases we also have Title 10 homeland missions, and somewhere we are augmenting the National Guard in their hurricane relief missions and other missions like that, we still have equipment needs that we deploy soldiers to.

But more importantly, as we progress in our readiness, and we get into ready year one, that is when we are training those forces getting ready to deploy in a year or two into theater, they have got to have the right equipment to train on back here.

Right now we have engineer units that we are sending into combat; that is, route clearance units. We are fielding the latest and greatest equipment for them in theater with the Huskies and the Buffalos and those types of equipment, but we have got to have those same pieces of equipment back here for them to train on before they hit theater. It is not good enough to say the first time you are going to get it is when you get into theater.

Same dilemma we have with the Mine Resistant Ambush Protected Vehicles (MRAPs). We are pushing as much MRAPs as we can into the theater because we want to protect every one of our soldiers, but we still got to have some equipment back here to train them on before we get back into theater with that equipment.

So the point of this slide is just to say across this entire model it is not a tiered readiness model, as some might say. You don't have to be as ready in year one, two, three, four as you do in year four or five. You have to have your equipment because you got homeland missions and you got training missions.

Now, the next piece, slide six, was just to illustrate what General Vaughn has already said. If you look at the equipment we have, it is outdated equipment.

You can see, as he would have related to, the 2–1/2-ton trucks, the economic usage life of a 2–1/2 ton truck is 20 years. The average age of the 2–1/2-ton trucks in my formation are 37 years old, and they are not deployable because we don't operate that kind of equipment in theater. Yet in a lot of cases we are trying to count that as an authorized substitute.

The point being, in 2002, the Army Reserve had 78 percent of its authorized equipment, including authorized substitutes. We had 22 percent of the right equipment, modern equipment. As of this year, we only have 66 percent of our authorized equipment because we have left equipment in theater, and the equipment we took to theater was our good equipment. So the modern equipment was left in theater, what we have got back here, so now I am down to 20 percent of the right equipment in my formations.

Now, does that mean we are broken and falling apart? No, because back here we can still use some of that authorizing equipment for homeland support, but we have got to get our equipment modernized. We have got to get the equipment that is short into our formations for our soldiers. As General Vaughn said, you know, there has been much progress made.

In the current 813 pond, we have got a substantial amount of dollars that are being programmed for equipment shortages in the Army Reserve to the tune of almost $8 billion over that period of time. We have got additional——

Mr. ABERCROMBIE. Are you on number seven now?

General STULTZ. Sir, yes, sir. If you look at slide seven, as we currently sit here—I will put it in the best frames, it doesn't show it exactly on the slide—my total cost of equipment in the Army Reserve right now that I am authorized is $22 billion. If I filled up all of my formations with the right equipment right now, it costs $22 billion. I have got $4 billion of that on hand, the modern equipment, 20 percent.

Now, over the pond, the 813, including supplementals and including some of the 1225–1, which is the repayment for the equipment we left in theater, we are reprogrammed to get $17.5 billion. So we are programmed by year 2013 to get to that 70 percent of what we are authorized. It still leaves us short about $6 billion-plus out there, but we are programmed to get there.

The problem I have got is I am trying to recruit and retain a force and train a force right now, not wait until 2013 to do it. So we need—the emphasis—we appreciate the emphasis Congress has given us, but we have got to get that equipment flowing. We have got to get the dollars flowing so that we get the production lines going so that we get the equipment being delivered, because, as General Vaughn said, it takes a couple of years for that cycle before the equipment starts to show up.

I am concerned, just as you said in your opening statement, we are in competition for our equipment with other priorities that are out there. Every time some other priority comes up, we seem to lose.

The best example I can give you is I will tell you just a couple of facts and figures that I brought with me. I am not sure if I am supposed to—none of this is classified. But from the 1998 to 2007 timeframe, we were funded to get about $800 million for Family of Medium Tactical Vehicles (FMTVs). We got 128 in terms of what equipment we actually received. So we should have gotten about 3,500 to 4,000 trucks; we got about 600, because dollars went other places.

We were programmed for our 915 fleet, our line haul fleet, to get about $51 million for vehicles. We ended up not getting any vehicles during that time.

For our armored support vehicles, ASVs, we were programmed to get about $111 million, and we got about zero.

So I understand there is competition, there are needs in theatre, there is replacement of vehicles that are being battle damaged and lost in battle. I am not saying that we shouldn't replace those and other things, I am just saying we are competing with other priorities for the equipment.

We have got to get the emphasis both for the Guard and the Reserve and say we have got to get put priority where we need it. If we are going to be the operational force, and if you are going to expect me to be able to train and sustain that force, I have got to have the equipment for them.

[The prepared statement of General Stultz can be found in the Appendix on page 42.]

Mr. ABERCROMBIE. Are you both agreed, then, before we go to Mr. Reyes, that this operational force concept is no longer a concept, it is an operating principle that you have to abide by?

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. So the old definitions that might have applied in the mid–1990's with regard to the Reserve and the Guard in terms of what is expected of the mission has significantly changed and probably, at least for the foreseeable future, changed permanently?

General STULTZ. Yes, sir. The example I would use, as we downsized the force in the 1990's, and we drew the Active Army down, some would call it the peace dividend. We made a conscious decision to shift a lot of the combat support, service support, into the Reserve components, because we said we don't need that on an everyday basis, and we really need our combat formations training on a daily basis because it is harder to train up to a state of readiness. What we said is if we engaged in a conflict, we are going to be dependent on the Reservers to provide that combat service support for us.

Mr. ABERCROMBIE. So the equipment component then becomes even more crucial?

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman.

General, thanks for being here. We appreciate the information and certainly appreciate your service.

General Stultz, on this slide number 7 that you talked about in terms of getting up to 70 percent by 2013, I think you said——

General STULTZ. Yes, sir.

Mr. REYES. Did I understand you correctly that you said you would get there providing the funding remained constant, including supplementals?

General STULTZ. If we get the money that we are currently programmed to get into base, the 813 base, which is about $7 billion, plus the supplementals that we had programmed for the 2007 and the 2008 supp, plus some of the national guard and reserve Equipment Account (NGREA) money, plus some of the 1225–1, which is

the repayment of the equipment we have left in theater, all of that comes to fruition, yes, sir, it will take us to about 70 percent.

Mr. REYES. But you are not counting on supplementals providing funding through 2013.

General STULTZ. No, sir. The funding I was saying is the 2007–2008 supplementals which have already been submitted, plus what we have got in base.

Mr. REYES. I am going to assume that there is a way that the money in the 2007 and 2008 supplementals is being tracked so that it goes to you?

General STULTZ. That is the difficult part, sir. That is exactly what General Vaughn and I were talking. We know the money goes into the supplementals. We don't really have a way of tracking when that money is being spent for us. What we do is we track when we get the piece of equipment that we were told we need 3,000 trucks, and when we start seeing the trucks show up because the money was in the supplemental for that, then we know that money is being applied against us.

When it is being spent by the Army, they put up a production line and say, we are going to produce 1,000 trucks. I have to wait and see how many get distributed to me when they come off that line. That is when we start competing, because I am supposed to get 500, and I only get 200 because somebody else said it was more important to send 300 somewhere else.

Mr. REYES. So at what point will you be able to let us know that the money that was appropriated to you in the 2007 and 2008 supplemental never got to you?

General STULTZ. The best way I can do it—I will let General Vaughn speak for the guard—is what I was referring to later when I can go back and look at how much was programmed and what I actually ended up getting at the end of that period of time.

Mr. REYES. Mr. Chairman, are we asking the Army to provide us some kind of a systemic report on the things they spend the money for——

Mr. ABERCROMBIE. That is one of the things that is going to grow out of this hearing, whether we need to do that, or whether we need to make more specific in the language that we wrote in conjunction with appropriations as to where the money is going to go and in a sense to require it.

Now, that said, in order to answer your question properly, obviously the Army or any other branch of the service has to deal with immediate contingencies. If there is a strike required of some kind that requires equipment that has not been programmed into the budget considerations or the defense bill itself, all you can do is provide for contingencies. That is to say the flexibility of making decisions is where equipment should go at any given point.

But saving that particular instance in which a—I won't even say a diversion, but an assignment of equipment is made in order to meet the imperatives of the moment, that aside, we should be able to, perhaps need to be able to, deal with more specificity in the defense bill and in the appropriation bill accompanying it as to where the funds are going to go and insist that that be accounted for. Otherwise, as it stands right now, my information is that we make the authorization, do the appropriation; in this instance the Army,

has really extraordinarily broad authority to put the money pretty much where they please.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Is that a correct statement?

General STULTZ. Yes, sir. The money does not get appropriated to us. It gets appropriated to the Army. Then the Army, as you say, can—now, with the NGREA funds——

Mr. ABERCROMBIE. I am not saying that they do—provide the equipment which was ordered, but what happens in the distribution of that equipment is then——

Mr. REYES. It is prioritized.

Mr. ABERCROMBIE. Yes, it is highly discretionary, I think is the best way to put it.

General STULTZ. That is one reason we like the use of the NGREA funds, because the NGREA funds are appropriated for the National Guard or the Reserves.

Mr. REYES. While I think all of us on the committee understand that there is a need for prioritization, for instance, into theater, because we want our troops in harm's way to be as well equipped as possible, the concern that I have—and I don't know if you had a chance to read the National Intelligence Estimate (NIE) yet.

Mr. ABERCROMBIE. I did.

Mr. REYES. So we just got a new NIE on Iraq that while we can't reference the information that is in there, the concern that I have is in the foreseeable future, we don't anticipate that there is going to be any opportunity for the Reserves or the National Guard to be less busy than they have been to—in fact, if the last 5 years has been an indication, you are probably going to pick up 40 percent of the load for the foreseeable future.

As that NIE indicated, there is no—at least they don't see at this point any possibility that there would be any drawdown because of the fragility of the stability in Iraq and Afghanistan.

So it is a real concern, because while we understand the priority, we certainly have to, through our oversight capability, provide the flexibility to you gentlemen so that, as you said, you need that kind of equipment to train on so that soldiers don't go into theater and train on equipment that they have never seen before.

General STULTZ. Yes, sir.

Mr. REYES. So it is a real challenge.

Thank you, Mr. Chairman.

Thank you, gentlemen.

Mr. ABERCROMBIE. I will go to Mr. Wilson now.

Mr. WILSON. Thank you, Mr. Chairman.

I want to point out that I am wearing a jacket today in honor of the heritage of our Chairman. He has a Scottish background, and so it is the shared heritage that we have. I knew I would be dressing appropriately for the Chairman.

Mr. ABERCROMBIE. That is right. The Scots have to take the blame.

Mr. WILSON. No, this is good.

Generals, thank you very much for being here today. I particularly appreciate your service. I have been in both of your commands. I was 3 years in the Army Reserves and 28 years in the Army National Guard. I am really grateful that I have four sons

serving in the military. The reason they are serving in the military is that everywhere I went, I would run into persons that I served with in the guard and reserves, and there was immediately a bond that they noticed of persons of all walks of life. And they noticed that the people that I thought were the most capable, competent, patriotic were indeed members of the guard and reserve. That is why I am confident all four of them joined the military. Three, in fact, are in the Army National Guard. One son is a bit off track. He is a doctor in the Navy, but we still will accept him.

I also want to let you know that as I have had the opportunity to visit with our troops in Iraq nine times, six times with our troops in Afghanistan, every time I go, I am so impressed by the persons serving in the guard and reserves, particularly my former unit, the 218th Brigade, which is concluding its year of service in Afghanistan, General Bob Livingston. What a great job they have performed.

Indeed, as we discussed, the equipment in the summer of 2000—I was on a rotation at the national training center at Fort Irwin, California, and the equipment that we had then was quite limited. I point out that the equipment that we had then was actually in a museum today. I want to thank you for your leadership in fighting for the best equipment to protect our troops.

I am concerned, though, as I look at the report from General Blum as to a readiness level of 61 percent and, indeed, we want your input on how we can assist the guard and reserve in having proper equipment, and, indeed, a specific question I have relates to unfunded requirements.

With the situation of unfunded requirements, General Casey provided a letter of $3.9 billion. What is the status on the unfunded requirements, and is there any way that they could be included in the budget so that in the current issues that we have relative to earmarks, that the funding can proceed?

General VAUGHN. Congressman, you are asking us what we could do. In our instance, I think it was right at $4 billion. We appreciated him making the case for that because it was aimed at the critical dual-use 342.

I don't know—you know, I think in spirit that he was asked for—again, the bad word being supplemental, I think that is what—I think that is essentially what he was asked for. If there were extra monies out there, you know, where would it be? I don't mean extra. If we don't receive that at someplace—and the helpful piece about that, it would pay down the $10 billion hole-in-the-yard piece out of that 17- that was remaining. But as far as where it could be, you know, I take it in the very spirit that he put it back in, and as you all alluded to earlier. Maybe if you are talking about the total gross domestic product (GDP) and whatever that percentage is, maybe it is part of that discussion, but it is for the Director the Army Guard to turn around and say, we need to put another $4 billion in the base, and that would come at the expense of some of the priorities that Jack has talked about.

I think probably it wouldn't be the right thing for me to do. We need the $4 billion. There is no question about it.

Again, we certainly appreciate and applaud the fact that he did that. In fact, he did it, taking our list, without even talking to Gen-

eral Blum and I. We turned around and said, would you look at this? The Chief of Staff in the Army has turned around and got the message. So I hope that is enough of an answer that I can give you now.

I don't know how we—I don't know where we put it without identifying a billpayer to come off of someplace. But we simply appreciate everything that this committee does. Again, the amount of resources that is up against this—will tell you the primary issue is the one you just attacked, and how do we see this from back over here on one side, you know, from the checkbook all the way through to where we got it?

If there is a higher priority by the Army to move that some other place, then we simply need to have an IOU on this. But unfunded requests (UFRs)—and we are going to have UFRs, and there is going to be differences in our force structure between now and 2013. We would hope—hope not being a good option, as General Sullivan used to say—we would hope that that would go down a bit. I really don't see how, because with everything that we are looking at now and the use of our guard—what we committed to the Army was 60,000 Army Guard soldiers a year mobilized. You know, we did this around when we had a big bubble in the middle with 100,000 a year mobilized. You know, we did this in the middle when we had the bubble. We had nearly 100,000 nearly mobilized at one time in 2005 where we modernized the force, and we had so much combat force downrange, we are trying to flat-line that out for the future where it is 60,000 all the way across.

But we are going to be very receptive to anyone trying to help us with what we have got out there in the future. But I can't tell you where we would take it at, Congressman.

Mr. WILSON. Thank you, and I look forward to working with the committee.

Mr. ABERCROMBIE. Thank you, Mr. Wilson.

Mr. Spratt followed by Mr. Saxton.

Mr. SPRATT. I didn't have the benefit of hearing your testimony, but I have just been reading it and trying to do my homework as you were talking.

I have two basic questions, and it is a question I put to the Secretary of Defense and Joint Chiefs when they were here a couple of years ago. This year's budget appears to be the last one programmed in the Future Year Defense Plan (FYDP) in which a real increase in spending dollars is provided in the near future. The budget as projected in the President's submission declines in real dollars for the Army and all the services and the DOD generally after next year, after 2009. We know there are inaccuracies in the outyear budget if DOD is programming for decreasing real-dollar spending over the next five years. It appears to me—just from a quick perusal, it looks to me like you are asking for large increases in the Army, which I can understand, and the Army Guard and the Army Reserve procurement budget over the next 10 years. I understand the Army Guard has stated a need for $24 billion, which would fund you to the 80 percent level, and the Army Reserves indicated a need for $8 billion for tactical vehicles alone.

So this is a question. Looking at these numbers, and looking at your enormous requirements in the near term, does the FYDP as

it is presently stated support your equipment purchases to maintain your goals, equipping the forces by 2015 and 2019? Particularly, do either of your figures starting in 2010 reflect your equipment purchase needs, or are you looking for more money? Will you need more money over and above, substantially over and above, than the FYDP now states? How much longer do you think you can go without receiving the equipment—equipment funding in a supplemental appropriations bill?

General STULTZ. Yes, sir. As alluded to earlier before you came in, we have got—and one of the charts I provided shows that currently programmed in the 813 budget, FYDP budget, plus the supplementals that were there for 2007 and have been asked for 2008, plus some other funds that the Army owes us for equipment that was left in theater, that will get us to 70 percent of our equipment needs by 2013. That still leaves short about $6.8 billion worth of equipment that the Army Reserve needs above and beyond that 2013 figure to get us to 100 percent.

Mr. SPRATT. By way of comparison, do you know what the number would have been, shortfall would have been say in 2002, 2003, some 5 years ago, on the threshold of the Iraqi war?

General STULTZ. Yes, sir. It is a little bit hard to say. As I said earlier, in 2002, I had 78 percent of my equipment but only 22 percent of what was authorized to modern equipment. So I was already—we were a legacy strategic reserve back then. We still had the M–35s. We still had the old, in some cases M–16 A1 rifles, we had some of the 800 series 5-ton trucks. So, in 2002, we were at 78 percent, but really only 22 percent modernized. Today, I am at 66 percent. I have got $1.2 billion worth of equipment that is left in theater that has been added to that bill because—and I am at 20 percent modernized, because a lot of the equipment I left in theater was my modern equipment. I took my M–915 A4s, the semi trucks, and took them to theater. My M–915 A 1s, the old ones, I left back here because I wanted the troops going to war to take the best. So now I have left that in theater, so now I have got 50 percent of my M–915 fleet, but it is the modern fleet, that is in Iraq, and it is the old fleet that is back here. So it is kind of hard to quantify exactly because we have had some changes in structure, we have had some changes in terms of our capabilities. But I would submit to you that the figures are probably somewhere close in terms of what we have accumulated between 2002 and now. But what we have lost in terms of either aging equipment or equipment that has been left in theater, if we are at a break-even point, we are lucky.

Mr. SPRATT. Could you give us an idea of how much over and above the FYDP it will take to get you up to your preferred equipment levels?

General STULTZ. It is about $6.8 billion, sir.

Mr. SPRATT. $6.8 billion?

General STULTZ. Yes, sir.

Mr. SPRATT. That is in 2010? Is that the whole period of time?

General STULTZ. That would be from 2013 to 2019 is when that is projected.

Mr. SPRATT. Okay. Thank you, sir.

Mr. ABERCROMBIE. Mr. Saxton.

Mr. SAXTON. Thank you very much.

In General Vaughn's concluding sentence of his testimony, he said we are making progress on the percentage, meaning percentage of equipment. And I have here a chart which I am going to ask our great helper John to provide to both of you so that you can see what I am talking about. I have a chart here which says, "America's Army, the Strength of the Nation, Army National Guard Funding and Systems Growth." And I just wanted to point out why I think General Vaughn made that statement and why I think it is correct. On this chart, which we all have in our packet by the way, there is a category of equipment called "Family Medium Tactical Vehicles," which General Stultz referred to as FMTVs a little while ago. Before 9/11, we had a stated requirement on this chart of about 4,722 units in that category. And in fiscal year 2001, we had just 6 percent of them on hand. In fiscal year 2008, we have a stated requirement not of 4,722 but of 22,266, and we have, either on hand or pending deliveries, 42 percent of that. So we seem to have moved from a 6 percent rate of having what we need to 42 percent. That is progress.

Another line item there, line haul trucks, a stated requirement in 2001 of 1,752; we were at 71 percent of the requirement. In fiscal year 2008, a requirement of 2,372, and we are at 108 percent of the requirement on this chart. So I look down this list, and I thought this is pretty encouraging that we are actually moving in the right direction on most of these items. And even where the percentages have fallen, the number of items on hand has increased because the requirement has increased. So am I being overly optimistic about the path we are on to meet the requirement that we all agree we need to have, or is there something that I am missing?

General VAUGHN. Congressman, I think you can be optimistic. I would repeat something one time that Congressman McHugh said in one of our deals with him. In the future he would like to come back as an out year because everything is rosy in the out years. A lot of what we have got hooked up here, you know, is in the out years, and it is going to take a lot of heavy hauling to get there. But you are exactly right. We are making progress. And because there are additional requirements on here, you see that the requirements out in 2013 and beyond that grow substantially. It is a much more capable force. So when we look at the heavy line haul capability, if we take some of the trucks that make up the difference that Jack was talking about that are actually legacy trucks, some of those are pretty good. And we are committed to stay with some of those trucks for a while. We are not committed to stay with M–35s. We would like to roll the 800s out. And we will make up some difference here in heavy haul with our heavy expanded mobility tactical trucks (HEMTTs) and our heavy tactical vehicles (HTVs) that we are getting. But overall this is an Army chart. I imagine it came out of the G8 of the Army. And we agree with what this Army chart is showing you. Through 2008—and you would be disappointed, having put the effort in, if it was any other way I would think. But that is what is going on right now. We are on track, our percentages aren't near what we want them to be, and to get this force like it has got to be out there in the future for the United States it has to continue that track.

Mr. SAXTON. Let me ask you both, and let me start with General Stultz, from an equipment perspective relative to the supplemental for 2008, how important is that to you in terms of continuing the progress that we see here in this chart? And can you give specific examples of equipment that you need that is in the 2008 supplemental?

General STULTZ. Yes, sir. It is critical. And to refer to the first question you asked, I don't want to paint a totally dismal picture. We are getting record resourcing in terms of dollars that are being applied against us. And it is in that column you talked about on this one chart of pending delivery or scheduled to be delivered. It is that cycle that takes to replace that to get the industrial base going to produce it. An example would be, in normal years, if I got $500 million in equipment dollars, I was feeling really good. For 2007 to 2009, it is like $2.5 billion; $1.8 billion of that is in the supplemental. I had $1.8 billion in the 2008 supplemental and about $1.3 billion, I think it was or somewhere around that, in the 2007 supplemental for equipment. So record levels of resourcing for us. But it is going it take a few years before that equipment is going to start showing up in our formations. And these percentages will start growing immediately. To the immediate point, when you talk to FMTVs, I have got 15 percent of my authorized FMTVs on hand right now. The rest of them are the authorized substitutes. So if we don't get that supplemental, the dollars going in there, part of those FMTVs will never increase because that is where some of those dollars are going. A lot of those dollars are going into things like communications equipment that my soldiers back here need to be able to train on back here and be equipped back here before they go into theater so they can communicate on the battlefield properly, as well as communicate back here if they are responding to some homeland—attack on the homeland or some kind of natural disaster. So if we don't get the money that is in the supplemental, we will suffer in terms of FMTVs, we will suffer in terms of some of the night vision equipment we need, we will suffer in terms of communications equipment. Because $1.8 billion of that supplemental is supposed to be for our equipment.

General VAUGHN. Congressman, much the same, we have a detailed list of what is in that fiscal year 2008 supplemental that we depend on. There are a couple things, though. The Warrior Information Network-Tactical, WIN-T is what they call it, as opposed to Joint Network Node (JNN), we are really, really looking and counting on $1.2 billion for that. Because that is a capability for our tactical formations, larger formations that we can't even deploy them unless we got it. And the Army, mother Army has run through all the systems that they have. In fact, we moved money over last year to make sure they could acquire this. And we are looking on the payback side of that. And that is just part of what is in the supplemental. We have a complete list on that, though. Thank you.

Mr. ABERCROMBIE. Mr. Saxton, would you yield to Mr. Spratt for one moment as a follow-up on that, and then we will go back to you?

Mr. SAXTON. Thank you.

Mr. SPRATT. I am just curious about the equipment that is being left in the field, or at least is in the field today. Do you have an

inventory of it to show where it is, number one, whose control or possession it is? And number two, how much it will cost to—or whether or not they have a plan, do you have a plan for repatriating it, bringing it back home? And if so, is there a budget provision for the transportation costs?

General STULTZ. The equipment that is considered TPE, Theater-Provided Equipment, or used to be SBE, Stay-Behind Equipment, because I happened to be over there during the time that we made the decision to leave the equipment behind, and I had to make some of the decisions on the trucks; whose trucks do we leave in theater? And we tried to be equitable across the force and said, we will leave some Guard trucks, some Reserve trucks and some active trucks so everybody shares in this. And one, it makes it easier when Guard or Reserve units come in, they can fall in on like component equipment. We made that decision back in 2004. And at that time, the equipment remained on our property books, and we had to track it, and it was in theater. Then the decision was made that that equipment is not—we can't continue to keep it on our property books because we don't know when it is going to come home. At that point, it was transferred to the theater. It becomes theater property now, taken off of our books. And that is the—I use the term 1225–1, that is the statute that says the Army, should they take equipment away from the Reserve or Guard, has a certain amount of time in which they have to repay or replenish that equipment. So currently, the Stay-Behind Equipment that is in theater is not on our property books. That is part of that shortage when I talked about my on-hand equipment went down is because that was taken off my books, remained in theater, and now it is the Army's property. Some of that equipment, you know, I am not at the level to know what they are going to do with that equipment, but I will tell you, having been over there with it, some of the miles that are on those trucks and everything, it is going to require extensive refurbishment to bring them back up to a level where they can be used back here in the States if we make that decision. So technically it is not on my books anymore, so I don't have the responsibility to try to look at the cost of bringing it back or the cost of refurbishing it. That becomes an Army cost now. What I did have to do is make sure I had good accountability so that I could hand the Army the bill and say, $1.2 billion of that equipment over there is mine that you now have to pay me back for.

Mr. SPRATT. Is a lot of the equipment likely to be left in theater for the host country?

General STULTZ. Sir, I don't know. I am not at that level where they are making those decisions. I think some of it could be, just me personally, could be put——

Mr. SPRATT. We hear the plusses and minuses of the Iraqi forces. One of the shortcomings listed, cited frequently, is logistics.

General STULTZ. Yes, sir.

Mr. SPRATT. So it would strike me that if you have got lots of vehicles there in country, they may be asserting some sort of need for those vehicles before they are shipped back home.

General STULTZ. Yes, sir. Again, sir, I am not in that decision loop.

Mr. SPRATT. Not in your pay grade. Thank you, sir.

General VAUGHN. Congressman, we had $3.2 billion left in theater, $3.2 billion of equipment left there. And as you might imagine, we knew what it was. There was $1.7 billion of that in the fiscal year 2007 bridge supp. There was $647 million in this requested fiscal year 2008 GWOT request. And the remainder is supposed to be from future supps or a reset, a cost of war. As you said, we probably didn't want it back anyway at this particular point in time, but the hole is there. It is part of a hole that is created because, even with the 2007 stuff, if it takes 2 years in the procurement process to see it, we won't see some of that until 2009. And so I hope that answers in the same fashion. The 1225.6 piece that Jack talks about is the Department of Defense instruction that says, if you are going to take stuff from Reserve component, then you need to have a payback plan. And Jack and I both went to battle with the G8, and they did a wonderful job on this. We are not complaining, except we left it, and we don't have it back in our units to train on. And that is just the price of doing business. We do think that this is not taken care of. We think that the bogeys out there to pay it back, though.

Mr. ABERCROMBIE. So the answer at this stage then, before we go back to Mr. Saxton, is that you do know what went out there. You know how much it was worth. You got a payback figure. You understand what you need. You even have a timetable for it if you can get it, but the question becomes then, is it going to happen?

General VAUGHN. Chairman, that is exactly right.

Mr. ABERCROMBIE. Fair summary?

General VAUGHN. That is fair.

Mr. ABERCROMBIE. Okay.

General VAUGHN. And it is not a whine, because——

Mr. ABERCROMBIE. I didn't say that.

General VAUGHN [continuing]. There may be higher priorities. We just want a payback plan if it is moved out to the right so we can see it.

Mr. ABERCROMBIE. I am just making an observation, not a characterization. Thank you.

Mr. Saxton, thank you for your patience.

Mr. SAXTON. It is a pleasure. Mr. Chairman, just let me drill down, if I may, on this concept of where we were, where we are, and where we need be to. The significance of going from a strategic force to an operational force has been discussed here several times today. And that increased requirements. And as a result of those increased requirements, dollars have been made available, and there is stuff in the pipeline that is going to help solve that problem. We also moved from a divisional structure to modular units, the new brigade structure, which I believe also increased your authorizations for equipment, trucks and radios and what have you. Looking back from an equipment perspective now, how would you rate your ability to do your missions today as compared to prior to 9/11, which is when we—is the date that kind of triggered all these changes?

General VAUGHN. Congressman, in the United States of America, with the—in lieu of equipment that is out there that is not deployable and subs, if that particular equipment is good enough

for Americans, and we like to say it is never good enough—you know, I mean, we have been told this several times, that you can get by with M–35s. Oh, by the way, if you break the M–35s on the way down with an engineer unit from Missouri to Louisiana and you don't get there with that capability, and you have heard some of those stories, I mean, what does that cost us in total of—in terms of suffering? Our capability is pretty good in the United States because of what we have done with our personnel and our force structure pieces of this. As we discussed earlier, how good we are is framed by equipment on one side, you know, a tremendous book end, and you can't do it unless you got it. Full-time support, you know, on the other side. It all stands on the base of people. And we are stronger right now than we have ever been in people. I mean, because they have stepped forward to do what the Nation is asking them to do. And we have got a lot of veterans and a lot of talent out there right now. Then we need the training dollars, you know, in the middle. For the old Continental United States (CONUS) fight overseas, as long as we are incrementally getting into this thing, we are getting better. But if we have to put a whole bunch of folks somewhere all at one time, without going into the readiness implications of that, as I discussed earlier when we were talking about a strategic Reserve, that is kind of what you got left is you have got a strategic edge with a lot of old equipment back here in the United States, you know, backing up the active force. That is what you got. Our capability here in the United States to go to the fight with old stuff, about like it was, you know, to start with except our manpower is better, sir.

General STULTZ. Yes, sir. I would just add, echo on what General Vaughn said, one, from the Army Reserves perspective, I think we have the most capable force we have ever had because I have the most combat veterans we have ever had in our force, great young Americans who are willing to go forward whenever called upon. And we send them into battle with the best equipped, best trained. We don't have to train quite as hard because they have already been there, done that, so they know how to do their job. The challenge we have got is, one, getting them trained on the latest equipment that we are using in theater because the enemy has a vote. And so when the enemy goes to a different tactic and we change the type of equipment, whether it is some type of counter-IED interdiction equipment or whether it is some of the IED-detection equipment, some of the Huskies and those, as I mentioned earlier, we have got to have that same equipment back here. Now, we have to be very diligent because, as we said before, there are priorities out there. The enemy gets a vote. And we got to put the best equipment in the hands of the soldiers. So if you give me a truck or a company full of Huskies back here, I am not going to give them the one unit. I am going to spread them out over multiple units because I want everybody to get a piece of them so they can train with them. Or I am going to put a piece of them in some of the training centers so they can go there and train on them. So I have got to be diligent also. I can't be selfish and say I want it all. But we have got to do better of getting more of the equipment, which is—that is why we are dependent upon Congress to provide us the funds. And we appreciate what you are doing at records levels for

us. And then we have to use our own diligence to make sure we get it in the right place so that those soldiers back here can train on it before they go back into the theater.

Mr. ABERCROMBIE. I am going to go to a couple of questions myself then, and then we will go to a second round. Just one thing before I do.

General Vaughn, I want to make sure that I fully understood your last statement. When you were out kind of going through the continuum of outlining the equipment in relation to personnel and so on in a kind of comparison of previous time and now, you didn't mention prepositioned equipment. And I am citing that not as a flaw, but it really is an inquiry. Am I correct that your formula—I shouldn't say your formula—your continuum that you were citing, starting say pre–2001, we had—prepositioned equipment is very, very important in terms of being able to take up the training that you are talking about here. So if you already have that equipment out there, you are training on it here, you go there, you can pick it up. Now it seems to me we have changed that because the prepositioned equipment, at least my understanding is that most of it or all of it is essentially gone, been used in theater as you say, and not coming back. It is certainly not going to show up down at Corpus Christi or something like that for refurbishing. If you are behind in equipment, doesn't it also mean you don't have equipment that you can leave prepositioned? So, in effect, are you not in a situation where you are kind of working like maps in navigation, where the railroad car comes with the container just in time to get on the ship that goes out to the Pacific Command or out to Hawaii, let's say, and that is just in time delivery. So now aren't you now in a situation where instead of soldiers coming to prepositioned equipment, they are coming to a situation where you are hoping you can have the equipment they are going to use arrive just in time for the deployment?

General VAUGHN. Chairman, right on the money. You know, when I talked to you about the myth associated with the way we mobilized and what we were supposed to do on personnel, we were supposed to bring our 80 percent, and we would get rounded out from the active force and the Individual Ready Reserve (IRR) and so forth, same thing on equipment. That prepositioned equipment stockage—and in the old days, you remember growing up with the Europe kind of plans and what not, you think about that, the first wave moves out, the way it was explained to us as a young soldier, because I have often asked this question, where does the stuff come from? Well, first wave moves out, our AC formations fall in, and you take their equipment. So when the time came, you know, for that to happen, that wasn't possible. That is not what happened. We didn't have the stuff prepo'd to start with, and again, don't want to get into the details of all of it, and I know that you all see all this all the time. Here is the question. How much prepo stuff is built back someplace in the world? And oh, by the way, does that compete with the requirements that we have got back here on this side? We cross-leveled hundreds of thousands of pieces of equipment from state to state, from unit to unit, you know, back and forth to do exactly what you said. And now we don't have the lux-

ury of that because we really need to be doing this in pre-mode training fashion.

Mr. ABERCROMBIE. Fine. Thank you. The reason that I asked that is that in my calculations in terms of what I am going to recommend, I want to take into account in order to get your equipment here to be able to train on and have the equipment there, I think we also have to include prepositioning equipment as part of the dollar equation. You don't disagree with that?

General VAUGHN. No.

Mr. ABERCROMBIE. And you may say—I imagine people in the Pentagon now, some of the budget people, like Mr. Spratt here are saying, Jesus, don't add in another factor, you know, on top of it. But I don't see any other way to do it if you are going to do it right. Otherwise we are kind of kidding ourselves. If you are going to be in for the dime, you are probably going to have to get in for the dollar if part of the dime is prepositioning that dime. So when you give me figures now, and I am going to go to my questions, you don't have to give me the exact figures now, but you will see from the questions, I would like you to include the full spectrum of what equipment refurbishment, resetting means in terms of the doctrine that you would like to follow or you think you should follow or what your mission directs you to follow. Am I making sense to you? Do you understand what I am going to be looking for?

General VAUGHN. Chairman, I think so.

Mr. ABERCROMBIE. We are looking for numbers in equipment and what you need. I don't want to leave things like prepositioning out simply because right now it seems like too far a reach.

General VAUGHN. Chairman, the only thing about the prepositioning piece is it is probably not the right question for General Stultz or myself, because that—the pre-po stocks become strictly a big Army piece.

Mr. ABERCROMBIE. No, I understand that. What I am saying is I am assuming—what I need to have, not necessarily from you per se, but what I need to have is your figures based on what you expect the Army to be providing as well. See, because if the prepositioning isn't there, that affects what your equipment, the kind of equipment that you can anticipate having at home to train on is.

General STULTZ. Yes, sir because.

Mr. ABERCROMBIE. Because we can't continue sending deployments out there, I hope you agree on this, we can't continue to keep sending multiple deployments out there, particularly of guard and reserve, if at some time in the future you don't count on having equipment already there.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Or in the process of where we preposition this stuff, at some point that has got to be replaced and the Army has to take that into account. It can't just keep coming to the guard and reserve and saying, we want you here and don't worry, we will get you the equipment sometime, somehow, somewhere.

General STULTZ. Yes, sir. That is one of the reasons that it concerns me a lot of times when we are talking about authorized substitute equipment.

Mr. ABERCROMBIE. Yes.

General STULTZ. And we are counting that in our numbers, because that authorized substitute equipment assumes that there is going to be other equipment where we go to——

Mr. ABERCROMBIE. Yes.

General STULTZ [continuing]. That is the right equipment.

Mr. ABERCROMBIE. So General Stultz, let me start with you. And some of this we have already talked about and you have already answered, but for purposes of the record I want to take this down in order. And some of this is just yes and no, and some will require you to actually get stuff to us. Okay?

General STULTZ. Yes.

Mr. ABERCROMBIE. So the lack of equipment, is it not correct the lack of equipment in some Army Reserve units makes it more difficult to train for combat?

General STULTZ. Yes.

Mr. ABERCROMBIE. And then is my understanding correct the Army has formally committed, the Army now has formally committed to equip all Army Reserve units to a 100 percent?

General STULTZ. Yes.

Mr. ABERCROMBIE. If so—and that is, yes. When is that projected to happen by the Army?

General STULTZ. The current projections that I have been getting is 2019.

Mr. ABERCROMBIE. Okay. Now, as you have indicated, Congress has provided billions in additional funds for the Army Reserve equipment in these last few years. Is it correct that you can account for all of those funds? That is to say either you, General Vaughn, and/or the Army can account for those funds? Or your portion? Can you account for your portion of those funds?

General STULTZ. I can account for the equipment that I have received that those funds were spent on.

Mr. ABERCROMBIE. Okay. So the answer is that while you can account for the equipment, how the money was spent requires further inquiry from us.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. As to the mechanism or the logistics, if you will, of accounting.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. With the Army itself. Okay. Did you get the equipment and, by extension, the funding that you required or that you think was allocated to you by way of what the intention of Congress was?

General STULTZ. I guess, sir, the way I would answer that is it goes back to we have been given an equipment distribution plan from the Army that says, you will get the equipment, and we have been given a dollar program that says, this is the dollars that are going to be given to you.

Mr. ABERCROMBIE. Yes.

General STULTZ. I don't have the equipment in hand.

Mr. ABERCROMBIE. That said, the dollars I am going to say you have referred to previously, I forget the exact name of the fund, what is it?

General STULTZ. NGREA?

Mr. ABERCROMBIE. Yes.

General STULTZ. Yes, sir. With the NGREA funds we have been given in past years——

Mr. ABERCROMBIE. What is the correct name again?

General STULTZ. It is the National Guard Reserve Equipment Account.

Mr. ABERCROMBIE. Yes. In the National Guard Reserve Equipment Account is the funding and the equipment accounted for?

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Did you receive that funding, and did you receive that equipment?

General STULTZ. Yes, sir. That we can account for.

Mr. ABERCROMBIE. Okay. Because what I am thinking here is maybe we have to direct more funds—and so this is what, at least ten years old, right? I think something along those lines?

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. And has that worked for ten years?

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. If I went back ten years and asked you to go back for ten years, you could account for the funding and equipment in that fund?

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Because what I am thinking about is possibly directing more funds into that.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Not to take revenge on the Army or get into a fight with the Army or anything like that, but for purposes of us being able to keep control and track of what is going on. I am not trying to take money away from the Army or anything of that nature. I am talking about accountability for us and for you, and most important to the serving soldier in the field who needs to have the equipment. I am trying to figure out what is the most efficient way of making this happen so you have confidence in that funding process and in the equipment which follows from that.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Okay. What would you say to the idea of getting a series of reports to the Congress on Army Reserve equipment, including combat equipment and equipment needed for domestic emergency response? What I mean by reports is not to burden you with anything, but a kind of—rather than having hearings like we are having, you know, after the fact in point of fact, but something where you could kind of keep us updated? And by the same token—because you must be doing this internally anyway.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. So I am thinking about some idea of maybe every 90 days sharing with us where you are and what it is, not as a way of chasing you or looking over your shoulder like you were bad boys and girls.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. But rather that we stay in the loop a little more on this.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. And I will tell you the reason why I am thinking about doing that. Again, it is not to put a burden on you, but we keep getting hit with this supplemental budget stuff. And I

think you guys have watched me long enough; I am not the only one. I get very exercised about this supplemental budget, because I think it allows us to get sloppy. It allows us to say, well, we will take that up later on, particularly where equipment is concerned. And once you start mixing up the regular order of budget process, as Mr. Spratt no doubt can attest to, and you start sloughing stuff off into the supplemental budgets; you don't know when a supplemental budget is going to be presented. You don't know when it is going to pass. You don't have any clear idea of what is going to be in it. You don't know what kind of competition for dollars is going to be in that. It can get lost in all kinds of political activity that has nothing to do with the Defense budget as such or appropriations. You get what I mean? You get dependent on a supplemental process; you are also dependent on the politics of it. And that puts you in a very, very I think precarious situation in terms of precise understanding of what you are going to be able to provide for your soldiers. Now I am not asking you to agree with that. I am making an observation. But I think you would be hard pressed to disagree that the supplemental process dependency gets you in very shaky territory very quickly.

General STULTZ. The timeliness and the certainty of funding also has a huge impact on the industrial base of us getting those lines started to get those trucks flowing.

Mr. ABERCROMBIE. I thank you. I agree with that, too. So that is the reason—the reason I am thinking about this report series is because we have stumbled into this supplementary budget process; we will be able to deal a lot more rationally with that supplemental process if we have a kind of ongoing report mechanism to know what things we should stick into the supplemental if we stumbled on the regular budget process. So I am thinking of that. And if you want to comment further on it in writing you can. But I take it from your answer right now you don't necessarily object to sharing that kind of information with us on a regular basis.

General STULTZ. No, sir.

Mr. ABERCROMBIE. Okay. Now, will Army Reserve units that are not set to deploy continue to have to give equipment up to ensure deploying units have what they need? Think about this. Have I stated it clearly?

General STULTZ. Yes, sir. It gets back to what General Vaughn was talking earlier about, where we have cross-leveled equipment to get the right equipment into the units that need that equipment. My intent is to stop that process. As we get this Army force generation process laid out, as we get these units going through the cycle, we should be able to stop having to shift equipment between units. And as the equipment flows, as I was saying earlier, as we start to get this equipment coming out of the resourcing that we are getting now, then my priority would be, one, get the newest equipment to the units that are next to deploy and move down to the next to the next to deploy and field it that way.

Mr. ABERCROMBIE. I understand that. Maybe I should make it a little clearer. When will that cross-leveling of equipment end? For the foreseeable future, unless we are able to either get more money to you and a manufacturing timeline that delivers equipment to you that you know is going to come as a result of that funding, am

I correct that you are going to have to give equipment up from units that are not deployed in order to equip those that are being deployed?

General STULTZ. Some, but very small.

Mr. ABERCROMBIE. Okay.

General STULTZ. One of the reasons for that is the theater provided equipment now keeps us from having to cross-level a lot of that equipment.

Mr. ABERCROMBIE. All right. So that is not as big an issue as I might think it is?

General STULTZ. It is not as big an issue for the Army Reserve at this moment. I am not saying it is not an issue, but it is not as big an issue.

Mr. ABERCROMBIE. All right. That is helpful. And finally, I know you have mentioned 2019 and so on, but in comparison to the projected budgets, what additional—and this may be something you will have to give me in writing——

General STULTZ. Yes, sir.

Mr. ABERCROMBIE [continuing]. What additional funding requirements for the Army Reserve equipment do you see in fiscal year 2009 and beyond, and how much of this funding could the Reserve actually spend in 2009?

General STULTZ. Yes, sir. Let me submit that in writing.

[The information referred to can be found in the Appendix beginning on page 77.]

Mr. ABERCROMBIE. You get what I am trying to get at?

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Because we want to do this thing, there is going to be more money, I think we are going to try and do that, we are going to do the best we can within our budget allocations and so on, I don't want to get into something where there is even a couple of hundred million dollars more than what you need for—I shouldn't say what you, need what you can actually spend.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Because we are going to try to put this where everybody can actually spend it.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. It doesn't do any good to put something on paper for you if you don't end up go getting it, right?

General STULTZ. Exactly right.

Mr. ABERCROMBIE. In fact, it can end up hurting you. Because people then say, well, you had all this money then. Oh, yeah, well, gee, we didn't actually spend that or we didn't get it.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. So what I need to know, in comparison to the projected budgets, what additional funding requirements you see for equipment in 2009 and how much you can actually spend.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Okay? Now, General Vaughn, again I am going to ask some questions in the same vein, if that is all right with you, even though you have essentially answered some of this stuff. But for the record and to get it in order, I take it that the lack of equipment in some Army National Guard units does make

it more difficult for them to train for combat and provide support in an emergency situation?

General VAUGHN. Yes, Chairman.

Mr. ABERCROMBIE. Okay. And is it your understanding that the Army has formally committed to equip all National Guard units to 100 percent?

General VAUGHN. Yes, Chairman, that is true.

Mr. ABERCROMBIE. When is that predicted to happen?

General VAUGHN. For our brigade combat teams for the tactical force that is fiscal year 2015.

Mr. ABERCROMBIE. Okay.

General VAUGHN. And for our support formations is same with General Stultz, fiscal year 2019.

Mr. ABERCROMBIE. Okay. Again, as you have already indicated, we have provided buildings—billions, some buildings, too—in additional funds for the National Guard equipment. And what is your answer with respect to how you determine where the money has gone, whether you got the equipment, and whether it was siphoned off? Siphoned off is probably the wrong word. But whether it has been allocated elsewhere?

General VAUGHN. My answer, Chairman, is the same as General Stultz. We have exactly the same issue on that.

Mr. ABERCROMBIE. Okay. Then you have indicated the deployment plans, and as has General Stultz and his chart, deployment plans require five Army National Guard brigades to deploy next year. Are you confident those units will have all the equipment they need before they deploy so that they can properly train?

General VAUGHN. Chairman, they are——

Mr. ABERCROMBIE. Five brigades is the number, is it not?

General VAUGHN. Yes, it is. It is four plus one; four, and one into Afghanistan that takes the place of the 218th. And they will deploy with all the equipment that they need. Now, the issue being they didn't have it long enough before to substantially reduce the post-mobilization training time and increase boats on the ground. If you follow me through that.

Mr. ABERCROMBIE. All right. Would you support this series of reports or regular reports that I mentioned to General Stultz, which again from your testimony I think you are doing anyway? And because of the supplemental report activity that we seem to have gotten in with some degree of regularity, at least while the present hostilities are under way, I hope you agree that that would be helpful to us in trying to come up with realistic numbers in these supplementals that would actually direct something to you rather than just going off into something which essentially we have no—we don't engage in any oversight and we are just throwing numbers in the air.

General VAUGHN. Chairman, I agree with that. As you have said, we compound it anyway. We just need to go ahead and report it.

Mr. ABERCROMBIE. Okay. And then, finally, Army National Guard units that are not set to deploy, will they have to continue to give up equipment to ensure deploying units have what they need?

General VAUGHN. A great question. They are going to have to cross-level for some time in the future. Now, how far that is I don't

really have worked out in my mind yet, nor have I done the work. There is going to be a point in time where this crosses. And it may be because we have two great big years of eight and nine. Ten, we may be pretty close to not having to cross-level for training.

Mr. ABERCROMBIE. Okay. But if you can give us something along those lines. And I understand this is an educated guess. I am not going to, you know, hold you to the 99 versus 101, that kind of thing. But we need that because it will help us, particularly when it comes to talking to Mr. Spratt or talking to Mr. Murtha and so on, putting together something where we are coordinated here. Thank you very much.

How about a next round?

Joe? Ready? Joe? Mr. Reyes defers to you.

Mr. WILSON. Thank, Mr. Chairman, and thank you Congressman Reyes, too. Indeed, my interest in the equipment is as a member of the Armed Services Committee, as a veteran who served in the guard and reserves but also as a parent. I had one of my sons serve for a year in Iraq in the Army National Guard; another son served in Egypt. And I am just very concerned, on behalf of family members, as to the adequacy of equipment, the latest equipment. In fact, at one time there was a delay that many of us expressed concern about for the body armor, the Small Arms Protective Inserts (SAPI) plates. And that has been fully addressed. And I would like a verification indeed that that has been fully addressed and that the equipment is in place.

General STULTZ. Yes, sir. From my units that I have in theater currently—and I keep about 24, 25,000 Army Reserve soldiers mobilized between the CONUS and about 18 different countries—and with my frequent visits to theater, both Afghanistan and Iraq and the Horn of Africa, I can say that the soldiers that are on the battlefield over there have the equipment they need, and they have the latest equipment that is available to us.

Mr. WILSON. Another concern that I had, we went through a period with the Humvees and up-arming of Humvees, and now the providing of MRAPs. Last month when I had the opportunity to visit with our units in Afghanistan, and we went by MRAP through Asadabad, I was really impressed by the MRAPs. But I am concerned there have been reports of delay in delivery. But what is the status on MRAPs in theater?

General STULTZ. That I can't give you an exact figure. I know that they are coming into theater on an accelerated basis. I was over there myself and drove one of them around Balad. How we are meeting the time schedule for that and how the distribution is going, I don't have that information with me.

Mr. WILSON. And indeed as a parent, a veteran, a Member of Congress, I certainly would like to get an update, Mr. Chairman, on the providing of the MRAPs. Another issue.

[The information referred to can be found in the Appendix beginning on page 80.]

Mr. ABERCROMBIE. Noted, Mr. Wilson, and we will take care of it.

Mr. WILSON. Thank you, Mr. Chairman. And also on Monday, I had the privilege of being with Congresswoman Susan Davis and Congressman John McHugh to visit the recruiting and retention

school at Fort Jackson. And I was very happy to hear the success and the environment that you have created of successful recruiting and retention, meeting the goals, providing for young people extraordinary opportunity of education, travel, making lifelong friends, which has really benefitted my family, me. I just appreciate it so much. I want to give you, though, a suggestion. The retirement age for the guard and reserve, currently it is 60. We did make an effort, successfully, to provide that credit for deployed time from the time of the last Defense Appropriations bill, but indeed many of us who are so pleased at the seamless nature of the active duty, Guard, Reserve, would like to have the retirement system equally seamless, like at age 55. And indeed we have been pushing for 55, for a two-for-one credit, or—and where, for every 2 years, you get 1 year of credit to reduce to 55 over the service period of 20 years. Again, we did make progress last year with deployed time. And I have introduced a bill that would provide from 9/11 that you would have the deployment credit. And I feel like this would help with recruiting and retention. Do you have any comments that you would like to make about the retirement age?

General STULTZ. Yes, sir. I wholeheartedly agree with you. I think one of the things, I revert back to my days of civilian life when I worked for Procter & Gamble. And at Procter & Gamble, we had a simple illustration we call a value equation. What does a box of Tide cost, and what do you get for it? And if you are going to increase the price of Tide, you better deliver something new and improved. Well, the value equation we had with the Army Reserve was one weekend a month, two weeks in the summer. That is all we asked. And here is what you get in turn. You get so many dollars a month for your drill pay, you get 20 years and you can draw that retirement at 60. We changed the equation. We said now you are an operational force. Now every four to five years we are going to ask you to leave your family, leave your employer, and risk your life. And the great news, just like you said, soldiers are willing to do that. But we got to balance that equation. And that equation gets balanced with some pay, some incentives. But one of the things I think we have got to balance it with is the retirement. And if we say every four or five years we are going to ask you to go risk your life and suffer and sacrifice, then we ought to reduce that retirement age as an incentive and say we are going to knock some type time off of that. We are going to recognize your sacrifice for that. Likewise, I can tell you two years ago I was up at Fort McCoy, Wisconsin, visiting a medical hole unit with some wounded soldiers. One was a young staff sergeant from the National Guard. He was an 88 mike truck driver. He had served with me in Iraq. And I said, what are you going to do when you get home? And he said, I am getting out. And I said, why? And he said, the Army doesn't want me. I said, how can you say that? You are a combat veteran. You are a truck driver, one of our most critical commodities, and you are a noncommissioned officer (NCO), the backbone of the Army. How can you say we don't want you? And he said, sir, they offer me nothing to stay in. I have got my 20 years. I got 22 years. So I get no reenlistment bonus. I get nothing to stay in. Like he said, I love the Army, but I got to face my wife. And if I tell her I am reenlisting, first thing she is going to say is, what are you

getting? And when I say nothing, she is going to chase me out of the house. And I said, what if we could knock off, to your point, 6 months for every year you stay beyond 20? So if you I stayed 24 years, you could retire, draw your retirement at 58? If you stayed 30, you could draw it at 55? And he looked me in the eye and said, I can sell that. I can sell that. You know. So I think just simply as a retention tool. Because, in our system, once they get 20 years of credit, what is the incentive to stay? Now, some would say we can't afford that, we can't afford to pay retirement pay five years earlier for a National Guard soldier. I would submit to you, what is it going to cost us to replace that NCO with 22 years of service and experience of a combat veteran? How much have we already invested in him in terms of enlistment and reenlistment incentives and training and schools and everything? But also, what is it going to take us to grow that experience? I don't think we can afford not to. So I support it wholeheartedly.

Mr. WILSON. Thank you very, very much for your testimonial. Thank you.

Mr. ABERCROMBIE. Thank you, Mr. Wilson.

I am going to yield, if it is okay, Mr. Reyes, to Mr. Spratt for a point of personal privilege.

Mr. SPRATT. General Stultz, it has been four years since I saw you. You have come a long way since then. We are mighty proud of you. He is not only my constituent, coming from Dillon, South Carolina, the same small town that gave us Ben Bernanke, but he is a graduate of Davidson College. So that speaks to the wisdom, that is the background of all the wisdom you heard enunciated from him. Good to see you.

General STULTZ. Two points away from being in the Final Four, sir.

Mr. SPRATT. I am not going to let you off so easy. I have got some clarification I would like to get. I will submit it for the record.

General STULTZ. Yes, sir.

Mr. SPRATT. Thank you very much indeed.

General STULTZ. Thank you, sir.

Mr. ABERCROMBIE. Would you like to explain your retirement plan to Mr. Bernanke? He seems to have his hands full today. Maybe he should have gone to Davidson, too. For what it is worth, I was pulling for them.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman. I have just got a couple of questions. One of them follows the same vein as you were just talking about, but I want to switch it to recruitment. What kind of issues or what kind of problems are we having in recruiting for both the National Guard and the Reserves?

General STULTZ. Well, I will lead off, and then I will turn it over to my partner here in Clyde, but one, the good news is we are meeting our recruiting goals. That is the good news story. In the Army Reserve, this time last year we were at about 188,000 end strength. Today we are at almost 195. We have grown 7,000 in terms of the force. We have turned the trend around. We have learned from the National Guard how to do that. That is the key. I think the biggest challenge we have got right now, twofold, one,

and it is an indictment on America, of the target age group that we target for recruiting in the Army, 17- to 24-year-old males, only 3 out of 10 Americans qualify; 40 percent can't meet the educational qualifications. Another percentage can't meet the moral. Another percentage can't meet the physical. So from there, one of the biggest challenges we have got right now in recruiting is finding soldiers that meet the qualifications. Now we are doing something about that. We are going after, in some cases, those soldiers that are outside that 17- to 24-year window. And we are finding there are a lot of older Americans—and I don't mean aged like me—but older Americans who want to serve their country. They are farther along in their careers, and they see this desire to serve their country, and they see the Guard or Reserve as an avenue to do that.

But one is we have got to improve—and I am going to let Clyde talk to you about what the Guard is doing. It is a great program to improve the education of our soldiers. I think the other one is we have got to build a partnership with employers. Because one of the questions that any young man looks at, he says, can I join the Guard or Reserve and still have a job with the operational tempo? What we are doing there from the Army Reserve's perspective is we are partnering with a lot of the employers of America who have the same challenge we have. When the American Truckers Association are looking for truck drivers and they are trying to find someone who is drug free, who has got a certain physical fitness about them, who can pass an aptitude test where they can read and write and drive a truck and navigate and who can pass a background screening that they don't have anything in their records that would preclude them from being trustworthy; they are struggling just like we are to find those individuals. What I am telling the American Truckers Association, what I am telling the National Sheriffs Association, what I am telling others is, let me be a recruiter for you. If they are in my formation, they have already met the criteria. I am going to train them how to drive a truck also. I am going to train them in some law enforcement techniques if they are a military policeman. I am going to train them how to be an x-ray technologist in a hospital. So why wouldn't you let me recruit for your needs while I am recruiting for my ranks? And we have got some partnerships going. And I think that is going to be key, because now a young man coming out of high school looks at us and says there is an enabler to getting a job by joining the military.

General VAUGHN. Congressman, we have had spectacular success. We turned it around in July of 2005. At that time, we were some 20,000—you may remember the debates—we were some 20,000 under strength. Today we are at 357,000. We have gained 27,000 in net growth in less than 3 years. We just set a record this month. We hit our highest month of the year, and we went over it. We did several things. We changed the culture of our recruiting organization. And we took advantage of what we do best, and that is incentivize soldiers to recruit out of their communities and build their teams. And so we put a program called G-RAP into place that has just had spectacular success. It has also led to the highest quality force that we have ever had. We have our high school graduates are well over the 90 percent target for DOD. I will tell you

that one of the things, though, that really helps us and that has helped enormously is the way the soldiers and their units are welcomed when they come back home. They are held up as heroes. The small communities of this country, and we are in 3,300 communities, and they have welcomed them home, opened their arms to them and cared about them while they have been gone. And that has done a lot. In other words, the value proposition is probably as great today than it has ever been for service to the country and the Army National Guard. We are very proud of that. And I think that as long as, again, the value proposition is similar to the active force and they feel like the communities appreciate and the Nation appreciates their service, if we keep the resources turned on, we will be able to recruit to whatever we are asked to and retain whatever we are asked to at whatever strength we are asked to be at in the Army National Guard.

Mr. REYES. Great. That is good news.

Thank you, Mr. Chairman.

Mr. ABERCROMBIE. Gentlemen, thank you very much. Unless there are further inquiries, questions or observations, I think we will bring the hearing to a close. I think Mr. Spratt has something for you, General Stultz, that he wants to pass on in writing.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. And if any of the other questions, if you feel it would be pertinent for you to comment a little bit further in writing, we would be appreciative of receiving it. And we will take it into account when we make our recommendations.

General STULTZ. Yes, sir.

Mr. ABERCROMBIE. Thank you very much. Aloha.

[Whereupon, at 3:59 p.m., the subcommittee was adjourned.]

A P P E N D I X

April 3, 2008

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

APRIL 3, 2008

UNCLASSIFIED

FOR THE RECORD

STATEMENT BY

LIEUTENANT GENERAL CLYDE VAUGHN
DIRECTOR OF THE ARMY NATIONAL GUARD

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON AIR AND LAND FORCES

SECOND SESSION, 110TH CONGRESS

ON

ARMY NATIONAL GUARD AND ARMY RESERVE EQUIPMENT POSTURE

April 3, 2008

NOT FOR PUBLIC DISSEMINATION
UNTIL RELEASED BY
THE COMMITTEE ON APPROPRIATIONS

UNCLASSIFIED

Mr. Chairman and members of the Committee, we appreciate the opportunity to appear before you today to address readiness of the Army National Guard at the level of detail possible in an open, unclassified format. Of course, I stand ready to provide more detailed data to you and your staff in a classified fashion. As you know, the Army National Guard is a reserve component of the Army. As such, our purpose is to provide trained and ready units for State and Federal missions.

Since September 11, 2001, Army National Guard (ARNG) Soldiers have been protecting our Homeland and fighting the Global War on Terrorism (GWOT) in Iraq and Afghanistan alongside their Active Component counterparts. At the same time, our units have undergone an extensive reorganization to a modular force and assumed an active role as an "operational" force vice the Cold War "strategic" posture.

In combination, these activities have caused increased demands on our equipment and increased equipment requirements. The ARNG equipping levels for CONUS units fell from 70% in 2001 to as low as 40% during 2006. Thanks to commitments from senior leaders in the Office of the Secretary of Defense and the United States Army, and Congress's support of the President's budget, our equipment levels have risen sharply over the last two years and will continue to rise. Funding provided in the current budget and projected funding from the Army will provide for additional means to improve our equipment posture by delivering additional equipment to Army National Guard units. However, equipment challenges will persist.

Several factors have contributed to the decline of the Army National Guard equipping levels between 2001 and 2006. First, as Army National Guard units converted to modular formations, many of their older, obsolete equipment were no longer considered deployable assets. At the same time, the modular concept required that our units be equipped with multiple new and highly capable but expensive systems. Second, extensive "cross-leveling" of equipment was required to ensure that deploying units had the systems needed to fight and win on the battlefield. However, much of this equipment was left behind in theater for reuse by incoming units. As a result, many of our units returned home with a fraction of the items they had taken to war. Third, much of the Army National Guard equipment was repositioned to augment the Army's post-mobilization training needs at mobilization stations. Although Army National Guard

units ultimately utilized and benefited from this equipment, it was not "on hand" for use in conducting domestic missions. The net result of the Army National Guard's modularity conversions and support of GWOT has been a significant increase in the requirement for equipment and modernization while units have seen a significant decrease in the level of equipment available for pre-mobilization training and domestic missions.

In Fiscal Year (FY) 2006, the Army adopted a new strategy to fully equip the Reserve Components to Active Component standards, which represented a major paradigm shift from the Cold War practice of tiered resourcing. During that year, the Chief of Staff of the Army fenced $21 Billion of its procurement funding for the Army National Guard ground equipment; another $1.9 Billion for aviation equipment covering the periods beginning with FY2005 to ending with FY2011. This commitment has since increased to almost $45 Billion through FY2013 which includes Grow the Army and Supplemental funding requests.

First, our equipment challenges affect our ability to function as an operational reserve by precluding the collective training required of Army National Guard units prior to mobilization. Second, these equipping challenges require constant cross-leveling of critical assets. Third, equipment challenges affect in our capability to conduct domestic missions. Finally and most importantly, equipping shortfalls may limit the Army National Guard's ability to fully mobilize or surge, in a timely manner, to meet critical operational and domestic requirements.

The Army National Guard, via the National Guard and Reserve Equipment Appropriation (NGREA), has received $735 million in FY 2006, $1.075 billion in FY 2007, and $645 million in FY 2008. This has been used to procure critical dual use items that support what have been identified as "the Essential 10 capabilities for the GWOT." The Essential 10 capabilities consist of command and control, communications, aviation, force protection (to include Civil Support Teams), engineer, logistics, maintenance, medical, security and transportation.

I take this opportunity to thank Congress for its continued support.

The United States Army Reserve
2008 Posture Statement

Submitted by

LIEUTENANT GENERAL JACK C. STULTZ
Chief, Army Reserve and Commanding General, United States Army Reserve Command

To the Air and Land Forces Subcommittee of the
House Armed Services Committee
Second Session, 110th Congress

The annual Army Reserve Posture Statement is an unclassified summary of Army Reserve roles, missions, accomplishments, plans and programs. The 2008 Army Reserve Posture Statement also addresses the support required by the Army Reserve to accomplish its mission as an operational force during FY09.

Unless otherwise noted, all statistics and facts are current through March 24, 2008.
This document is available on the Army Reserve web site at:
www.armyreserve.army.mil

April 1, 2008

Today's Warrior Citizens serve our Nation during an era of persistent conflict - a role unforeseen when the Army Reserve originated on April 23, 1908 as the Medical Reserve Corps. One hundred and sixty civilian physicians comprised this first strategic reserve, one that could be ordered by the Secretary of War to active duty during a time

of national emergency. A century later, the U.S. Army Reserve is a diversified, capable, skill-rich, community-based operational force with an authorized end strength of 205,000 Warrior Citizens.

Throughout our first century of service, our mission was to support the Army to ensure mission success and our Soldiers served with pride and distinction. In the final decade of the 20th century, the Army Reserve was called upon to support training, coalition building and stability missions, as well as foreign and domestic contingency operations. At the dawn of this century, with further demands placed on our Nation's military after September 11, 2001, it became necessary for the Army Reserve to transform to a more fully operational force.

Today, the 21st century Army Reserve Soldier is a Soldier who serves in an expeditionary force that is an integral part of the world's best Army. Yet, as we have done for the past one hundred years, our Soldiers live and work in their civilian communities while volunteering to serve their Nation in the U.S. Army Reserve. In the past six years, 190,796 Army Reserve Soldiers have mobilized and deployed in support of the Global War on Terror. Currently 27,143 Warrior Citizens from communities around the Nation are serving in Iraq, Afghanistan and in 18 other countries. They serve at a time when the stakes for our Nation and our national security are high, the demands on our force are significant, and the need for a strong Army undeniable.

As we move forward in our transformation, we are undergoing the most dramatic change to our force structure, training and readiness since World War II. However, as we continue to transform, one thing does not change – the Army's reliance on our Army Reserve Warrior Citizens' civilian-acquired skills; skills which are critical to the Army's success. As a result of the continuous state of mobilization and a high operational tempo, the Army Reserve has experienced stress on our Soldiers and their units, stress on their Families, stress on their employers and stress on our equipment. We have come to realize that while we remain a committed, professional, All-Volunteer Force, the Army Reserve, like the Active Component, is increasingly out of balance.

To help us build capacity and increase our military effectiveness, we have aligned our needs into four imperatives: to SUSTAIN our Soldiers, their Families and Employers; to PREPARE our Soldiers for success in current operations; to RESET and rebuild readiness for future operations and to TRANSFORM to better meet the demands of the 21st century.

To continue our mission for the next one hundred years, the Army Reserve depends on adequate, essential resources in the FY09 budget and beyond. The firm application of the individual and collective skills resident with Army Reserve Warrior Citizens is essential to the offense, defense and stability operations of this persistent conflict. Operationalizing the Army Reserve meets the needs of the Army Transformation guidelines and strategies and gives taxpayers the confidence we are using their resources wisely and efficiently. We agree with the January 31, 2008 Commission on the National Guard and Reserves characterization of the Nation's Reserve Forces; "*The*

Reserve Components are this nation's insurance policy against unexpected events, provide a daily connection between the military and their civilian communities, constitute a significant pool of pre-trained manpower, and are well-suited for a leading role in homeland response activities. Their value to the nation cannot be overstated."

We will continue to reflect the very best of our Nation by defeating the enemies of freedom and the proponents of terror, by defending our homeland, and by assisting our Nation to build a better future for coming generations. But we cannot fulfill our mission alone; we require continued support from Congress and the American people.

The men and women of the U.S. Army Reserve epitomize what is best about America; it is an honor to serve with them. It is humbling to see the support our Families give to their Soldiers; for while it is the Soldier we recruit, it is their Families that we retain. It is also a privilege to work with the civilian employers who support our Soldiers in their communities; they continue to motivate us to find solutions for managing a shared workforce. Together, our Army Reserve Soldiers, their Families and employers are the strength of the Nation.

Lieutenant General Jack C. Stultz
Chief, U.S. Army Reserve

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Strategic Content

Warrior Citizens: An Integral Part of Today's Army

The quality of our Force is undeniable. Army Reserve Soldiers are Warrior Citizens who contribute to their local communities as they pursue their civilian careers. In uniform, they also contribute to our national security when they train, prepare, watch and listen for a call to arms. Over the last century, Warrior Citizens have repeatedly answered that call and have proven the value of citizens serving in the Army Reserve to achieve national goals. Today, tens of thousands of men and women are in the Army Reserve; when they mobilize, they leave their homes, their Families, and their jobs to serve our Nation. And, over the course of the coming years, thousands more Army Reserve Warrior Citizens will step forward to serve and sacrifice on behalf of their friends and neighbors and the strangers they call countrymen – the citizens of the United States.

Our Warrior Citizens are volunteer members of the best trained, best led and best equipped fighting force our Nation has ever fielded. The 190,796 Army Reserve

Soldiers mobilized since September 11, 2001 demonstrates why Warrior Citizens are among those proud to be called Army Strong.

The men and women of the Army Reserve hail from every corner of this Nation; ordinary Americans volunteering for extraordinary service. They are black (22 percent), white (60 percent), Hispanic (12 percent), and Asian and Pacific Islanders (four percent). Seventy-seven percent are men, 23 percent are women. They are young (46 percent are 17-29 years old) and they are mature (46 percent are aged 30-49). They don the uniform as enlisted Soldiers (81 percent), officers (18 percent) and warrant officers (one percent). Our Warrior Citizens are men and women committed to their Families, their communities and their country. They are the strength of our Nation.

Our Force includes Soldiers like Staff Sergeant Jason Fetty, a civilian pharmacy technician from Parkersburg, W. Va. In the Army Reserve, he is a pharmacy specialist with the 339th Combat Support Hospital in Coraopolis, Pa. When he deployed to Afghanistan in April 2006, he voluntarily transferred from his medical unit to the 364th Civil Affairs brigade to join a Joint Provincial Reconstruction Team.

With just a week left on his one-year tour, Staff Sgt. Fetty encountered a man dressed in a hospital lab coat that forever changed his life. On February 20, 2007, at a ribbon cutting ceremony to open the emergency room his unit constructed at the Khost City Hospital, Staff Sgt. Fetty noticed one of the doctors acting strangely. He said the doctor looked, "crazy in the eyes." After ten months in Khost, he knew a lot of the medical personnel, and he didn't recognize this man, so he confronted him and immediately perceived him as a threat. He was right. The man was a suicide bomber.

Staff Sgt. Fetty knew he couldn't risk hitting an innocent bystander if he were to shoot and miss, so he maneuvered away from the crowd, hoping the suicide bomber would follow. He did. Two other U.S. Soldiers began firing warning shots at the man, still not realizing he was a suicide bomber. After firing a warning shot, Staff Sgt. Fetty shot the man in the legs. He fell, but didn't go down completely so Fetty himself raised his weapon again and struck him in the abdomen. When Staff Sgt. Fetty saw the man slowly put his hand under his lab coat, he knew this was an indicator, something was about to happen. Staff Sgt. Fetty yelled for everyone to get out of the way and he started running. He didn't get far. When the bomb exploded, Staff Sgt. Fetty sustained shrapnel wounds to his face, back, thighs, ankle and elbow. The other two U.S. Soldiers were also wounded, but no one in the large crowd gathered for the ribbon cutting ceremony died; no civilians, no dignitaries, no Soldiers. Staff Sgt. Fetty was awarded the Purple Heart as he recovered from his wounds at the Task Force medical treatment facility at Bagram Airfield. On October 12, 2007, he was also awarded the Silver Star in recognition for his heroic service under fire. He is the first Army Reserve Soldier to earn this distinction for service in Afghanistan. From Staff Sgt. Fetty's perspective, "Anyone would have done what I did if they were put in the same situation."

We are also privileged to have Soldiers like Jennifer J. Johnson in our ranks. She was a nurse practitioner who thoroughly enjoyed her civilian career in medicine; skills she

brought with her when she joined the Army Reserve in 1985. But she felt something was missing; that perhaps nursing was a bridge to an even greater calling. In 2003, she was ordained as a minister and moved from the nurse corps to the chaplain corps in the Army Reserve. Of the 393 chaplains serving in the Army Reserve, only 29 are female. Chaplain Major Johnson says there are many qualities of nursing that are comparable to the ministry, "We guide, we direct, we nurture," she said.

Chaplain Johnson mobilized for one year in July 2006. Twenty-one years after she first joined the Army Reserve, her professional and military careers came full circle when she deployed to Iraq in September of that year. As the chaplain for the military hospital in Tikrit, she provided pastoral care at the 46 bed hospital. There she saw first hand how holistic care - taking care of the emotional and spiritual well being of a patient - helps physical healing. Chaplain Johnson always carried a Prayer Book for U.S. Forces with her - in the operating room, visiting patients or leading a congregation in prayers. She also provided spiritual healing to the medical staff. Like many Soldiers, her military duties kept her away from her family for 15 months. She missed her daughter's first prom, family weddings and funerals and routine family life. But her sense of duty to country by serving in the Army Reserve and her responsibility as a person of faith kept her focused. When she returned from Iraq, she was hired as the chaplain of a large university hospital. Chaplain Jennifer J. Johnson is an example of the kind of strength our Soldiers bring to the Operational Force as well as to her civilian community.

College student Bethany Gunter wanted to challenge herself, mentally and physically, so she joined the Army Reserve; the educational assistance would help defray college expenses. In her Little Rock, Ark. unit she not only found the challenge she sought, she also found a soul mate, Nicholas Horn. After taking a few college courses and working for several years in the plumbing business, he was also ready for a change. He dreamed of being a Soldier and the thought of becoming a husband never entered his mind, until he met Beth. The two Soldiers married shortly before deploying together to Mosul, Iraq, where they served with the 431st Civil Affairs Battalion. There, Specialist Bethany Horn worked in supply, but was trained to drive a 17,000 pound up armored Humvee and to serve as the swiveling turret gunner behind a belt-fed machine gun. Sergeant Nicholas Horn was the operations non-commissioned officer in charge. During his one-year deployment, he was awarded a Bronze Star for saving the life of a civilian injured in a mortar attack.

Bethany said their joint deployment forced them to mature, "We couldn't be kids anymore, our day-to-day objective was to survive and to try to make a difference in Iraq." Nicholas said the deployment reinforced to him the fact that marriage is a team effort, especially in a combat zone. "We worked together 24 hours a day, seven days a week. We saw each other react when mortars hit and we grew to depend on each other; to stay alive as we build our lives together. She's the only battle buddy I'll ever need." They both believe the skills they've learned in the Army Reserve will help them be better leaders in their community as they interact with customers and classmates and to improve their readiness and training with their unit in the Army Reserve.

Our force also includes Soldiers like First Lieutenant Virgilio Villacorta. He's a senior scientist who works in algorithm development and image processing for defense applications. He earned his PhD in Health Sciences and Technology from MIT where his research was on how the brain adapts to acoustic perturbations and resilient speech patterns. He joined the Army Reserve in October 2001 because he wanted to serve his country. He was commissioned in December 2004 and now serves with the 368th Military Intelligence Battalion. He attributes his work in military intelligence to providing him with a better understanding of the technology Military Intelligence units need in the field and how important the design of the technical equipment is to the Soldiers who depend on it. 1st Lt. Villacorta, like many of our Warrior Citizens, came to the Army Reserve with an advanced degree.

These Army Reserve Soldiers are typical of the patriotic men and women who have answered the Nation's call to serve. They are illustrative of why our Warrior Citizens are the strength of our Nation, are an integral part of today's U.S. Army, and deserving of the best possible, most thorough training, resourcing and support from Congress and the American people.

The 21st Century: A Century of Leadership and Strength

The Army Reserve has experienced significant change during our first century of service to the American people. Our military forces support the American people and are connected directly to American communities through Soldiers such as the Warrior Citizens who serve in the Army Reserve.

As we look to the future we know without a doubt we will continue to adapt to change; to transform to a more effective Operational Force and to meet the needs of the Army. Increasingly, we recognize that the uncertain security environment of the future and the challenging fiscal responsibilities faced by our Nation requires more cost-effective, flexible sources of manpower that can be efficiently increased in times of need and reduced in a way that economically preserves capability when requirements diminish. As the Commission on the National Guard and Reserves concluded, "*Fundamental reforms are needed to ensure the Reserve Components are feasible in the short-term while sustainable over the long-term.*" This will impact the pace of the Army Reserve's transformation and how our Force is resourced, manned and trained.

We have entered a dynamic era – an era of extraordinary challenges – an era marked by unprecedented technological and economic advances, expanded globalization, and a burgeoning world population. These advances have resulted in an increased demand on resources such as fresh water, food, and the elements that sustain economic enterprise. As the global community becomes more interconnected, an unstable natural environment and a growing world population will exacerbate the potential for conflict and increase the likelihood of humanitarian crises.

Other contributing factors impacting international stability include the struggle for power involving economic and technological dominance, religious and cultural conformity, and the infrastructure to provide basic human necessities such as food, water, shelter, sanitation, medical care and the economic means to sustain affected populations.

The technological advances of the last century have contributed to an increase in the length and quality of life for many of the world's inhabitants. But technology has proven to be a double-edged sword. While it is used for many productive ends, it may also be leveraged for destructive purposes. Unstable governments and well-financed groups who seek to exploit weapons of mass destruction for diverse aims seriously threaten global peace and must be contained. State on state regional conflicts; failed states competing for internal and external resources; and global terrorism threatens world peace and stability.

The challenges America faces are many and the risks are great. We are in a position that is both envious and dubious. Global leadership demands global responsibility. The United States Army is one of the most far-reaching and capable forces available for the country to tackle global challenges of the 21st century. The United States Army Reserve is an integrated, operational component of the world's greatest Army, ready, willing and able to face these challenges.

The emerging trends of globalization, population growth, resource depletion, climate change and natural disasters, proliferation of weapons of mass destruction, and failed and failing states demonstrate a global environment of dynamic risk. These risks place high demands on our military. The core competencies that reside in the U.S. Army Reserve allow the Active Force to mitigate these risks to achieve national objectives.

The Army Reserve, a valuable component of the Army, is dynamic, flexible and capable; a significant provider of combat support and combat service support to the Total Force. The Army Reserve is well designed and well suited for operations in a global environment of instability. The Army Reserve possesses extensive capabilities to respond to nuclear, biological and chemical weapons threats. Army Reserve Soldiers are uniquely suited, by way of the extensive civilian-acquired skills which compliment military-acquired skills, to participate in missions to defeat threats to security as well as stability and reconstruction operations. The Army Reserve also possesses unique capabilities and resources to address humanitarian contingencies at home or abroad and remains the Nation's first Title 10 responder to provide support and assistance to civil authorities when a disaster or emergency occurs in the United States and its territories.

The Army Reserve is postured to respond and execute, in real time, missions to support the national military strategy. We continue improving the Army Reserve's capability and efficiency. We are in the midst of restructuring and improving our business practices, reducing overhead and fielding more deployable force structure to meet the wide array of missions ongoing or expected in the years ahead.

The 21st century is proving to be a century in need of the capabilities of our Warrior Citizens. The strength of the Nation lies with the strength of her citizens to bear the burden, pay the price, and to commit and sacrifice for the greater good. Army Reserve Warrior Citizens are carrying forth that tradition into a second century of service and sacrifice. We are more fully integrating with the Active Army to leverage our mutual strengths as we effectively and successfully carry out every mission we are called upon to accomplish.

2007 - A Year of Success and Achievement

Two thousand and seven was a year of commitment, sacrifice and change. Although the Army Reserve's FY07 budget of $6.9 Billion represented only 3.1 percent of the $221 Billion total Army executed budget, the Army Reserve proved itself a cost effective, successful force, with a global presence. In FY07 we achieved the following:

- ★ Mobilized more than 30,400 Warrior Citizens in support of Operation Enduring Freedom and Operation Iraqi Freedom. Currently, the Army Reserve has 27,143 Warrior Citizens mobilized.
- ★ Recruited 39,055 Soldiers into the Army Reserve.
- ★ Trained 16,479 Soldiers as recruiting assistants through the Army Reserve Recruiting Assistance Program.
- ★ Retained 19,727 Soldiers, which represents 119 percent of our retention goals for first term and career Soldiers.
- ★ Launched the Army Reserve Warrior and Family Assistance Center to provide assistance to Soldiers and their Families supporting more than 900 Warriors in Transition.
- ★ Conducted 165 Strong Bonds programs for 8,500 Soldiers and Family members to enhance Family and community relationships following deployments.
- ★ Initiated contact with business leaders to begin a dialogue on how the Army Reserve and employers can better share the skills of our Warrior Citizens.
- ★ Trained 350 Soldiers, family members and teens using Franklin Covey's "7 - Habits of Highly Effective Families" method to provide tools for Family members to communicate and resolve problems effectively.
- ★ Graduated 33,605 Soldiers from basic, advanced and skill-specific courses and offered 2,797 courses to our Soldiers. Our professional education requirements are essential to ensure that Army Reserve Soldiers remain vital to the world's premier military force.
- ★ Graduated 355 commanders and Command Sergeant Majors and more than 500 company commanders from pre-command courses.
- ★ Inaugurated the first two Army Reserve Enrichment Camps attended by 100 children of Army Reserve Soldiers.
- ★ Accelerated reorganization of the entire Army Reserve Training Structure and Training Commands to ensure synchronization with Army Reserve Training Initiatives.

- ★ Executed two major Warrior Exercises involving more than 8,000 Soldiers at Fort Bliss, Texas and Fort Hunter-Liggett, California. Conducted 16 functional exercises to sharpen Soldiers' technical skills.
- ★ Processed 5,957 Soldiers through the Rapid Fielding Equipment initiative.
- ★ Achieved initial entry rotor wing training for 100 percent of the helicopter pilots residing in the Army Reserve at the U.S. Army Aviation Warfighting Center.
- ★ Moved over 6,700 pieces of unit equipment to regional training centers in support of the Army Reserve Training Strategy.
- ★ Aligned 78 percent of Army Reserve strength into operational and deployable forces.
- ★ Overhauled 4,139 pieces of equipment in the $144 Million Depot Maintenance program.
- ★ Recapitalized 420 High Mobility Multi-Purpose Wheeled Vehicles and 61 Heavy Expanded Mobility Tactical Trucks.
- ★ Fielded over 17,000 items of equipment to include: 12 Longbow Apache attack helicopters, Medium and Light Tactical Vehicles, Improved Ribbon Bridge and Communications equipment.
- ★ Increased Army Reserve Aviation force structure by two Blackhawk companies.
- ★ Moved to increase Army Reserve operating force by over 16 thousand deployable spaces by reducing and rebalancing force structure from training and support organizations to deployable modular operational units.
- ★ Activated and deployed the 316th Expeditionary Support Command, the primary logistics command supporting multinational forces in Iraq (from "zero to Iraq" in nine months).
- ★ Activated the 11th Theater Aviation Command at Fort Knox, Kentucky, and mobilized and deployed a command and control element with Aviation Task Force 49 in support of Operation Enduring Freedom.
- ★ Activated or converted 386 organizations to new modular structure.
- ★ Initiated the disestablishment of 12 Regional Readiness Commands and the establishment of four Regional Support Commands and 11 Operational Commands to reduce overhead and generate more deployable capability.
- ★ Initiated 23 Base Realignment and Closure (BRAC) and Military Construction Army Reserve (MCAR) projects to build 14 Armed Forces Reserve Centers (AFRC), five Army Reserve Centers, and four training support projects.
- ★ Commissioned two Logistic Support Vessels, including the first watercraft in the U.S. military to be named after an African American; Captain Robert Smalls – a hero from the American Civil War.

Dynamic Change; Challenging Times

As the Army Reserve faces the threats of the 21st century security environment and responds to the Nation's call to serve, we continue to accelerate our transformation to a more effective, efficient and relevant organization. We are carrying out dynamic institutional and operational changes in challenging times. We are not moving forward

blindly, but we are adjusting to current conditions and responding to Army needs, as they develop. However, the current operational tempo is exacting a toll.

Army Reserve Warriors Citizens are experiencing competing demands of civilian careers, Family, and repeated mobilization and deployments. The effect of these demands is most notable with junior noncommissioned officers and mid-grade commissioned officers. The Army Reserve faces a manning shortfall of experience and expertise at the ranks critical to the long-term health and vitality of the force. The Active Component is growing, the economy has been strong, and the prospects of repeated long-term separations in rapid succession are not sitting well with Soldiers' Families and employers. The Army Reserve, and the Nation, must address these challenges to sustain our critical Warrior Citizen capability. This manning shortfall is the Army Reserve's most critical challenge.

The Army's leadership has recognized the challenges impacting the force and taken steps to focus, time, energy, talent and resources to address these challenges. General Casey, the Army Chief of Staff, established seven initiative working groups to tackle the Army's most critical challenges; the Army Reserve is engaged in each of these groups. The seven Army initiatives are:

- ★ Grow the Army
- ★ Enhance support to Soldiers and Families
- ★ Modernize the Force
- ★ Transition the Reserve Component to an operational reserve
- ★ Develop leaders
- ★ Adapt institutional policies, programs, and procedures
- ★ Build strategic communications capability

The Army Reserve is addressing elements of all seven of these Army initiatives, but we are most focused on growth, enhancing support to Soldiers and Families, and transitioning to a more effective operational force. We direct our progress in each of these areas through the organizing construct of four imperatives: SUSTAIN, PREPARE, RESET, TRANSFORM. To continue to succeed and meet the needs of the Nation, we must ensure we recruit and retain the best and brightest for our team, support our Soldiers, their Families, and their employers, and ensure they have the most efficient and effective organizations and processes to successfully accomplish their missions.

We are organizing to address our personnel shortfall and improve the operational effectiveness of our formations. One of the cornerstones of our institutional transformation – the process that is driving much of our change in response to contemporary demands – is to organize Army Reserve units into a deployment cycle to maximize stability, predictability, and resource utilization. To increase the effectiveness of the Army Reserve and improve our contributions to the Active Component, we have aligned our units into synchronized training and force sustainment packages supported by manning, equipping and training processes. Taken together, we call this construct

Army Force Generation (ARFORGEN), which mirrors and is directly aligned to the Army's ARFORGEN model.

When fully implemented, this ARFORGEN process will improve our Force by providing a predictable and rapid capability to synchronize our Soldiers and resources with national and global mission requirements. Based on a five-year training cycle, ARFORGEN involves a structured progression through three successive force pools: Reset/Train, Ready and Available. By establishing these three distinct force pools, the Army Reserve increases unit readiness and ensures a cyclical progression of trained, ready, and cohesive units.

Since 2004, we have aligned 78 percent of our Force into the ARFORGEN process. To fully implement the five-year training model, we need approximately three years of stabilized Army deployment requirements. We have therefore programmed our combat support and combat service support into packages of approximately 35,000 Soldiers annually in the various stages of ARFORGEN.

- *Reset/Train (ARFORGEN years one and two).* Activities during the first two years focus on obtaining or sustaining individual and squad training as well as refreshing unit leaders. Once these small team and section tasks are complete and leadership set, the unit will focus on sub-unit collective tasks or mission specific tasks.
- *Ready (ARFORGEN years three and four).* After building on individual and team training, during years three and four, the focus shifts to sustaining those skills and training at higher collective levels in increasingly challenging environments. This phase is designed to reduce post-mobilization training time and to provide unit depth or strategic capability which can be surged to meet unexpected operational demands. Once units are alerted for deployment mission training is reoriented to prepare for specific missions and the conditions the units will likely face. Activities during this phase include unit training to support leaders as they prepare for and conduct full-spectrum operations, growing team capabilities and enhancing individual, collective and organizational learning.
- *Available (ARFORGEN year five*). During this year in the ARFORGEN cycle, Army Reserve units are available to mobilize and deploy; to execute specific programmed missions; or are standing ready to respond to unexpected events at home or abroad.

Implementing ARFORGEN has proven that the Army Reserve must fully integrate with the development and fielding of Army logistics information and management systems to meet our requirements for maintaining pre-mobilization readiness. ARFORGEN is an effective tool for our force, allowing the Army Reserve to focus on current operations while enabling Soldiers, Families and employers to anticipate future Army requirements as a fully operational force.

Critical Challenges to Operationalize the Army Reserve

As the Army Reserve transforms to a more effective operational force we continue to witness a change in how the American public views not only the Army Reserve, but patriotic responsibilities to serve our Nation. Immediately after September 11th, Americans answered the call to serve. However, after more than six years of war, we recognize there is a compelling need to inspire a new generation to public service with the Army Reserve. Maintaining the Army Reserve as a world-class provider of support and stability capability also requires:

- ★ Timely and predictable funding through base and supplemental budget requests to fund Reserve Personnel, Army (RPA), Operation and Maintenance, Army Reserve (OMAR) and Military Construction, Army Reserve (MCAR).
- ★ Extend recruiting and retention incentives to assure the Army Reserve enlists and retains the best and brightest to man the force.
- ★ Extend incentive pay for healthcare professionals and other specialized occupations to ensure we retain the professional skills we need.
- ★ Support Army Reserve programmed increases for full-time personnel.
- ★ Improved employer partnership initiatives to ensure employers do not bear an undue burden for employing Army Reserve Soldiers.
- ★ Fund Army Reserve Logistics Automation Operations and Maintenance of new equipment training requirements to support the integration of Army Reserve requirements into Army logistics information technology systems.
- ★ Support Army Reserve request for funding for base operation support and facilities, sustainment, restoration and maintenance of Army Reserve facilities.
- ★ Continued funding of depot maintenance to overhaul older generation equipment.
- ★ Continued support to implement the ARFORGEN process; enabling the Army Reserve to completely transform to an operational force.
- ★ Maintaining momentum to achieve Base Realignment and Closure (BRAC) mandates with modern facilities.
- ★ Support the Army Reserve program for secure communication systems to ensure integrated capabilities; tactical to strategic; that are plug-and-play, modular and scalable, to achieve jointness and modularity.
- ★ Fund Army Reserve training program request to sustain four regional training centers and combat support training centers.

SUSTAIN Our Soldiers, Families and Employers

We live in an era in which Army Reserve Soldiers find themselves serving in a persistent conflict. This is the first time in history that our Warrior Citizens, who are patriotic, professional and integral to our All-Volunteer Force, have been engaged in such a long conflict. No longer can Army Reserve Soldiers plan on one weekend a

month and two weeks in the summer to fulfill their annual service/training requirement. The impact of our transformation to an operational force combined with a state of continuous mobilization, has put a strain not only on our force, but the Families and employers whose support is vital to our Warrior Citizens.

Today, the Army depends on the Army Reserve to sustain the tempo of deployments demanded by this persistent conflict. For the Army Reserve to remain a significant asset to the Army, our Nation and the communities where our Soldiers live and work, it is necessary to take care of our most valuable resource – our people. To sustain our force, we must do more to ensure our Soldiers, their Families, and our Soldier's civilian employers are supported through solid programs and supportive communities.

We care about the physical, spiritual and mental health of our Soldiers and their Families. Sustain begins with recruiting high quality men and women and then retaining them *and* their Families as well as partnering with their civilian employers throughout their military careers. Our Soldiers cannot be sharp on the battlefield if their focus is the impact their military service is having on their Families and employers. We must take care of our Families and we must have a relationship with the employers of our Warrior Citizens. Without support from Families and employers, we can not sustain our force. Sustain also reminds us of our moral obligation to take care of our Soldiers who are wounded, injured or ill as well as the Families of our Fallen Soldiers.

Recruit

Our Warrior Citizens must be physically strong, mentally aware, fully trained and equipped and ready to deploy when the Nation calls. In FY07, the Army Reserve surpassed its overall recruiting goal. Although the Army Reserve is solely responsible for meeting our end strength objective, the Army Reserve recruiting mission is shared, thus, we do not have direct control of a recruiting budget that affords us the opportunity to market and advertise to specific Reserve Component demographics. As a result, we rely heavily on targeted initiatives such as Army Reserve-specific advertising and the Army Reserve Recruiting Assistance Program.

- ★ *Army Reserve Recruiting Assistance Program (AR-RAP)*. AR-RAP is a community-based recruiting program launched in July 2007. The program leverages the personal contacts our Soldiers have within their communities. Essentially, every Army Reserve Soldier is now a recruiter who can earn up to $2,000 for each recruit that contracts and ships to *Basic Combat Training, Basic Officer Leader Course* or for each *Prior Service Soldier* that completes 120 days of unit affiliation and attends a Battle Assembly.

Retain

In an environment of scarce human resources, retaining our Warrior Citizens is a top priority. During FY07, reenlistment of first-term Army Reserve Soldiers reached 155.2 percent of our goal. Our FY07 goal was to reenlist 5,103 first-term Army Reserve Soldiers. We surpassed that number and actually reenlisted 7,887 first-term Army Reserve Soldiers. We also surpassed our career re-enlistment goals; we achieved

103.2 percent of that goal. However, our high operational tempo has resulted in a decline in our end strength. The primary cause of the decline is the number of Soldiers who transfer out of the Army Reserve into the Army and the Army National Guard. In FY07, 7,107 Warrior Citizens transferred to the Active Army; 2,375 to the National Guard. Though still good for the Army, to ensure Army Reserve readiness, and sustain personnel strength of units scheduled for upcoming deployment, the Army Reserve instituted a policy that Soldiers in units transitioning into the fourth year of ARFORGEN are ineligible to voluntarily enlist or to be appointed in the Active Army, Army National Guard, or any other military service.

The Army Reserve offers a variety of incentives through our selected Reserve Incentive Program to retain Soldiers who endure the stress and hardship of multiple mobilizations and deployments. Incentive packages are targeted to specific audiences such as Soldiers with prior service, those who complete 20 years of service, officer and warrant officer accession and affiliation bonuses, enlisted affiliation bonuses and Army civilian-acquired skills bonus programs. Incentives can range from $7,500 up to $20,000. An additional Army Reserve retention bonus specifically addresses mid-career officer and non-commissioned officer shortages. Based on critical skill needs of our Soldiers, the Critical Skills Retention Bonus-Army Reserve can pay up to $50,000 per Soldier for a 3-year service obligation. This incentive is paid out to Captains, Chief Warrant Officer Three, Staff Sergeants and Sergeants First Class who possess a critical military occupation specialty. This incentive authority was part of a recent National Defense Authorization Act FY08 change; the Army Reserve is awaiting approval from the Office of the Secretary of Defense for implementation of enlisted and warrant officer bonuses.

Improve Quality of Life

The most important element in sustaining the Army Reserve is the quality of life we provide our Warrior Citizens and their Families, impacted by their Soldiers' commitment to serve. We work aggressively to support our Soldiers and their Families with services that address healthcare, family programs, education and employment. Support from our communities is vital to our Army Reserve Families, who do not traditionally reside on or near military installations. These Families often have more diverse needs than those of Active Component Soldiers. It is therefore essential that we continue to improve coordination of state and federal agencies, non-profit organizations and the military community to ensure our Warrior Citizen Families have integrated, accessible support available to them.

Seamless Healthcare. Few programs reflect care for Soldiers more directly than health care plans; yet current medical management strategies and structures do not adequately support Army Reserve Soldiers and their Families, who, unlike the Active Component, transition back and forth between their civilian careers and their military careers. The Army Reserve believes that seamless healthcare coverage contributes to the military readiness of our Soldiers by preventing our Soldiers from being "whipsawed" between military and civilian healthcare service providers. In addition, fully supporting Army Reserve Soldiers who live in remote locations continues to be a top priority. The Army Reserve is working with the DoD to determine how best to solicit healthcare

providers to support healthcare coverage for our Soldiers and Families in communities where TRICARE is unavailable.

- ★ Restructured TRICARE Reserve Select (TRS). As of October 1, 2007, Selected Reserve (SELRES) Soldiers became eligible for TRICARE health coverage. TRS is available to Soldiers and their Families regardless of any active duty time served. Benefits of the program include: worldwide availability to most Select Reserve members and their family members; freedom to manage healthcare with no assigned primary care manager; no referrals required; access to care in a military treatment facility on a space-available basis; and comprehensive health care coverage including a TRICARE prescription drug benefit.

Strong Bonds Program. The *Strong Bonds* program offers Soldier/Spouse and single Soldier Family reintegration events after deployment. This training helps Families of deployed and deploying Soldiers deal with the stress that often accompanies a Soldier's deployment. It is a proven, multi-component program under the supervision of the Office of the Chief of Chaplains. As part of this program, the Army Reserve conducted 165 Soldier retreats; serving more than 8,500 Soldiers and Families in FY07. The Army Reserve anticipates conducting a comparable number of programs and outreach in FY08.

Army Reserve Warrior and Family Assistance Center. The Army Reserve Warrior and Family Assistance Center was established in October 2007 to ensure that Warrior Citizens receive appropriate support under the Army Medical Action Plan. This center provides a sponsor to each Army Reserve Soldier and Family currently assigned to a Warrior Transition Unit, Community Based Health Care Organization or Veterans Affairs Poly-Trauma Center. The center also manages a toll-free hotline (866.436.6290) and website (www.arfp.org/wfac) to provide assistance to Army Reserve Soldiers, Families and retirees on a variety of issues, such as medical, financial, administrative, and pastoral concerns.

Family Programs and Services. Our commitment to family readiness is further demonstrated by Army Reserve Family Programs (ARFP) initiatives that continue to develop and evolve to meet the unique needs of our Soldiers and their Families. The Army Reserve is hiring Employer Support Program Managers who will be assigned to 27 major subordinate commands throughout our Force to meet Army Reserve Soldier and Family needs on a full-time basis. Soldiers and their Families can log on to www.arfp.org to learn about other Family program initiatives including:

- ★ Virtual Family Readiness Groups where Army Reserve Families can utilize the information and resources provided by the Army's Integrated Family Support Network. Funding and staffing have increased, allowing more face-to-face as well as telephonic and virtual contact with Families.
- ★ Virtual Installations. The Army Reserve will conduct a pilot test of our Virtual Installation in May 2008. Virtual Installations will consolidate our services and

allow Families to stay in touch, stay informed and stay together. The Virtual Installation represents a conglomerate of Families, volunteers, associations, military programs, and civic organizations such as the American Legion and Veterans of Foreign Wars. Services that will be available online include registering for ID cards, enrollment in TRICARE and the ability to get counseling or support, financial assistance, job placement or to take classes.

- ★ Outreach. Army Reserve staffers are able to share information, conduct education and training, and provide appropriate crisis response, conflict resolution, or referral to an appropriate helping agency. The first issue of "Family Strong," a full-color quarterly publication providing Family readiness information was distributed to 22,000 households of deployed Army Reserve Soldiers in the fall of 2007. Future issues will be distributed to the entire Army Reserve population.
- ★ Welcome Home Warrior Citizen Award Program. This award was created to publicly recognize the sacrifices that Army Reserve Soldiers and their Families have made to the Global War on Terror. Since the program's inception in FY04, 124,887 awards have been delivered to Soldiers, their Families and their employers.
- ★ Child and Youth Services. Child and Youth Services ensures children of our Warrior Citizens understand how their family dynamics may change when a parent is mobilized. Programs and initiatives are designed to meet the needs of children and young adults and include child care, leadership and development conferences and Army Reserve Enrichment Camps. These camps provide youth an opportunity to learn new skills, develop relationships and learn more about the Army Reserve. The Army Reserve will host five Enrichment Camps in 2008.
- ★ Operation Purple® Camps are free one-week residential camping programs funded by the National Military Family Association. The camps bring together children who have a parent or guardian experiencing some stage of a deployment. During the summer of 2007, 566 children of Army Reserve Soldiers attended these camps; four camps were hosted by Children and Youth Services in partnership with Boys & Girls Clubs of America and 4-H. The Army Reserve will host eight Operation Purple ® Camps (in partnership with national organizations dedicated to serving youth) in 2008.
- ★ Civilian Education for Soldiers. Education benefits clearly enhance the development of Army Reserve Soldiers as well as our ability to retain Soldiers. During FY07, 28,115 Army Reserve Soldiers used tuition assistance and 1,265 participants earned degrees.

Warrior Care and Transition

The Army Reserve will never forget its moral obligation to our injured and wounded Soldiers and their Families. At the core of our service, Army Reserve Warrior Citizens are Army Strong. It is the duty of every Soldier to care for their fellow Soldiers in time of battle and in time of healing; our actions exemplify the strength of our Force as it supports the strength of the Nation. It is also the duty of every Soldier who is wounded, injured or ill to focus their energies on healing as intently as they focused on their

mission in theater. The Warriors in Transition Program assists disabled Soldiers who suffered severe injuries on or after September 11, 2001, and who have been awarded (or are likely to receive) an Army disability rating of at least 30 percent. Assistance is provided from initial casualty notification through the Soldier's assimilation into civilian community services (for up to five years after medical retirement).

- ★ Warrior Transition Units (WTUs): Injured Army Reserve Soldiers who are on active duty healing are assigned to WTUs. The Army Reserve has approximately 1,400 Soldiers in these units. We made available 380 Soldiers to assist the WTU full-time staff in manning these units and providing continuous, dedicated support to these Warriors in Transition. All Soldiers' assigned to WTUs are given this mission:

"I am a Warrior in Transition. My job is to heal as I transition back to duty or continue serving the Nation as a Veteran in my community. This is not a status, but a mission. I will succeed in this mission because I AM A WARRIOR AND I AM ARMY STRONG."

Support to Families of Our Fallen Solders

In support of Operation Enduring Freedom and Operation Iraqi Freedom, 155 Warrior Citizens have paid the ultimate sacrifice and given their lives in service to their Nation; each with a Family back home. We recognize the distinguished service, selfless acts of bravery and leadership and the ultimate sacrifice these Soldiers and their Families have made for the cause of freedom. As part of our commitment to the Families of our fallen comrades, the Army Reserve conducts a memorial service to honor their loved one's sacrifice, offers chaplain support, and offers ongoing support to help the Family through their period of mourning and beyond, with follow-on counseling, support and services. The Warrior Citizens of the United States Army Reserve will never leave a fallen comrade. We also will never forget Staff Sergeant Keith "Matt" Maupin currently listed as missing and captured and Sergeant Ahmed K. Altaie who is missing in action.

Employer Partnerships

The Army Reserve Employer Relations Program fosters better understanding between commands, Soldiers and the Soldiers' civilian employer. Building enduring partnerships with the civilian employer community is vital to Soldier readiness and positively impacts retention. It would be impossible for the Army Reserve to sustain our Force without the support of the nearly 44,000 businesses who employ our Warrior Citizens in communities around the country. Employers who hire Army Reserve Soldiers earn a great return on their investment: they benefit from the values, experiences and leadership skills that Warrior Citizens bring to the workplace. A solid partnership requires efforts and sacrifices from all parties through an open and candid dialogue based on a clear appreciation of each party's interests and requirements.

In FY07, the Army Reserve focused its efforts on alleviating the burden on corporate America when their employees, our Warrior Citizens, mobilize and deploy. We are working to enhance employer support through a systemic blending of grass-roots objectives: mitigation, mediation, employer outreach and awareness, and Soldier-

employer relations. Throughout FY08 we will continue to develop and improve employer relations with the following initiatives:

- ★ Hiring Employer Support Program Managers for assignment to 27 major subordinate commands throughout the Army Reserve. These managers will participate with state-level Committees for Employer Support of the Guard and Reserve to proactively engage with employers on behalf of the Army Reserve's Warrior Citizens. These managers will provide commanders with the expertise and support required to carry out the employer relations initiatives established by the leadership of the Army Reserve.
- ★ "*Partnering with Industry.*" The Army Reserve is experiencing increased challenges and demands in providing personnel to meet mission requirements abroad and in support of domestic civil authorities. In a tight labor market, employers such as local law enforcement, interstate trucking companies and medical care facilities are competing for the same qualified pool of talent as the Army Reserve. We continue to look for opportunities to build enduring partnerships with industry and to focus our efforts on "Optimizing a Shared Workforce" with and between the Army Reserve and civilian employers. Army Reserve Aviation has found success by partnering local medical facilities with new air ambulance (MEDEVAC) companies and providing mutual benefits through the credentialing of common but critical skills sets in a shared labor pool.
- ★ Establishing the Employer Outreach General Officer Steering Committee to ensure Army Reserve Soldiers remain competitive in both their military and civilian careers. The committee is comprised of general officers who engage with the business community to foster relationships and exchange ideas and methods to support a strong Army Reserve.
- ★ An initiative currently being reviewed is the creation of a virtual "Job Bank" for Soldiers. This Job Bank would create a direct and focused link between employers and Soldiers in targeted career fields and specialties across a wide spectrum of positions.

To sustain our Warrior Citizens, their Families and their employers, throughout FY08 and beyond, the Army Reserve will continue to identify incentives, initiatives, and legislative changes to increase recruiting and retention and minimize attrition as we transform to a more effective operational force. We cannot realize long-term success as a force if we cannot create a stimulating environment that fosters growth and personal satisfaction. We must continue to maintain and improve the quality of life for our Soldiers, Families, and employers. This requires sustained and predictable funding to meet our manning objectives. Our focus on the imperative of Sustain will help bring the Army Reserve into balance and will support our full transformation to an effective, capable, sustainable, and enduring operational force.

PREPARE Soldiers for Success in Current Operations

The PREPARE imperative is defined as the readying of Soldiers, units, and equipment to succeed in the current operational environments of Iraq and Afghanistan and the 18 other countries where Army Reserve Soldiers serve. Our military success in the Global War on Terror is dependent on our ability to prepare and equip Army Reserve Soldiers as full cohesive units for current and future operations. Our Warrior Citizens serve the Nation as an operational force for which they were neither designed nor resourced; as a result, our primary focus is on the demands of current operations. We consume readiness as fast as we build it.

Our mission is enduring: to provide necessary forces and capabilities to the combatant commanders in support of national security and defense strategies. Growing and transforming the force during an era of persistent conflict is driving the need for increased resources to train Soldiers and units; we risk failure if faced with a rate of change that exceeds our capability to respond.

As outlined earlier in this Posture Statement, Army Reserve Soldiers are organized into a five-year cyclical manning, equipping and training process, ARFORGEN, to increase the effectiveness of the Army Reserve and to improve our contributions to the Army.

Train Soldiers and Units

We have updated the Army Reserve training strategy over the past year. The update was necessary to accommodate the continued maturation of Army ARFORGEN plans and concepts, to implement the Army Campaign Plan, to execute DoD mobilization policies and to prepare for the dynamic environment Soldiers and units will face. To accomplish this, we revised the following:

- ★ *Command Relationships*. The U.S. Army Reserve Command (USARC) continues to grow into its new role as a direct reporting unit to Headquarters, Department of the Army (previously USARC was a major subordinate command of U.S. Forces Command). This has resulted in additional responsibility and more direct accountability to Army senior leadership for all matters attendant with providing, maintaining, training, equipping and the readiness of Army Reserve forces.
- ★ *Post Mobilization Training Time*. During the first quarter of FY07, the Secretary of Defense announced a policy to limit involuntary mobilization of Reserve Component members to a maximum of one year, inclusive of post mobilization training. The goal is to provide predictability to Reserve Component Soldiers, their Families and their employers so they can better prepare for recurring mobilizations. This necessitated a streamlining of pre- and post -mobilization training to increase time in theater conducting combat and support operations. Thus far, the Army has supported our request for additional pre-mobilization training time to perform theater specified required

training – 17 days in the fourth year of ARFORGEN. Training performed to standard during pre-mobilization will not be repeated at the mobilization station.

- ★ *Army Reserve Generating Force Transformation.* FY07 was a year for dramatic and fundamental change for training organization, certification and support to the Army Campaign Plan. The Army Reserve became the certifying official for all Army Reserve pre-mobilization training. Upon mobilization the Army continues to validate deployment readiness. Additionally six Institutional Training Divisions were reorganized into a three division structure consisting of initial entry training, the Army school system and battle command staff training. These changes to our generation force resulted in reducing non-deployable headquarters structure, yet we retained essential training capabilities.
- ★ *Regional Training Centers* (RTCs). The Army Reserve began to field the first of four RTCs where units can train Soldiers and leaders on tasks that are too difficult to execute at Army Reserve Centers. On November 1, 2007, Fort Hunter-Liggett, Calif., was established as the first of these centers. Training began later that month with over 100 Army Reserve units scheduled to attend pre-deployment training in 2008. Major training conducted at these centers includes weapons qualifications, convoy operations and live fire. Three additional centers will be established in 2008: Fort Dix, N.J., Fort McCoy, Wis., and a location to be determined in the Southeast. These centers are crucial enablers to reduce post mobilization training time, improve pre-mobilization training and enhance readiness of Army Reserve forces.

Collective Training

- ★ In 2007, the Army Reserve continued to improve pre-mobilization collective training; most visibly through the execution of two Warrior Exercises and the continued refinement of functional exercises. Warrior Exercises are ARFORGEN year three events which focus on collective war-fighting skills in eight-day, continuous-operation, field-training exercises that replicate the process of mobilization, deployment and employment in theater. In FY07, more than 8,000 Army Reserve Soldiers participated in Desert Warrior at Fort Bliss, Texas and Pacific Warrior at Fort Hunter-Liggett, Calif. We also conducted 16 functional exercises to sharpen Soldiers' technical skills in a tactical environment. Functional exercises are ARFORGEN year two events which feature branch specific training in a field environment at the small team level. For instance, the Quartermaster Liquid Logistics Exercise is the prime venue to train Army Reserve petroleum, oil and lubricant and water units. The exercise replicates theater-level petroleum and water operations to include storage, distribution and production.
- ★ Collective medical training at Fort McCoy, Wis., Camp Parks, Calif., and Fort Gordon, Ga., provide Soldiers with hands-on training on the latest theater-specific equipment.

Throughout FY07, as we continued to support a train-alert-deploy model we realized that the Army's current installation inventory was not capable of meeting demand for training to standard Combat Support and Combat Service Support units. Additionally, the Army's Combat Training Center community could neither sufficiently meet the Army Reserve training strategy requirement that all deploying units receive a "Combat Training Center-like" experience, or the new mandate to complete many formally post-mobilization training requirements during pre-mobilization training.

As a result, in addition to the Regional Training Centers, the Army Reserve is developing concepts for Combat Support Training Centers.

- ★ The Combat Support Training Center program will provide the Army and Army Reserve with the ability to design training scenarios, simulate theater operations in a contemporary environment, and provide exercise exit evaluation for the Army Reserve's performance of Combat Support and Combat Service Support missions across the full spectrum of operating environments.

The Ready Response Reserve Units initiative is a pilot program designed to create units capable of meeting short notice requirements from combatant commanders. Test units are manned with volunteer Soldiers who are willing to serve on "part-time active duty" – more than 39 days but less than 365 days per year. This is a key initiative to fill gaps in force structure capabilities. Once this pilot program validates its proof of principle, it can be expanded and synchronized with ARFORGEN to fill gaps in high-demand, low density units. At present, the current pilot directed by the Assistant Secretary of the Army for Manpower and Reserve Affairs, has identified three categories of units to test. These include: Early Entry Operations, Known Surge Operations, and Sustainment Operations; all scheduled to begin October 1, 2008.

Develop Agile and Adaptive Leaders

Army Reserve Senior Leaders serve in Army Reserve Operational and Functional formations and at all levels of Army Commands throughout the force. They bring a unique blend of civilian acquired skills and honed warrior leader attributes to the fight. The Army Reserve continues to explore avenues to increase the primary war-fighting skills through direct management, development and utilization of our senior leaders from the Active Guard and Reserve (AGR), Troop Program Unit (TPU) and Individual Mobilization Augmentee (IMA) ranks.

- ★ *The Senior Leader Training Program*: The Senior Leader Training Program develops the intellectual and strategic thinking skills senior leaders need to implement, manage and lead change in the Army Reserve. Topics covered include strategic leadership skills, ethical decision making, critical thinking and Army Reserve transformation. The program focuses on general officer and colonel-level leaders with seminars that assist subordinate commanders in working through transformation and organizational change.

- ★ *Pre-Command Courses*: The Army Reserve upgraded brigade and battalion pre-command courses to enhance training to prepare field grade commanders and command sergeant majors to lead Army Reserve Soldiers.

Equipping Soldiers

The Army Reserve is committed to providing our Warrior Citizens with the best, most technologically advanced equipment available when they train and deploy. We are implementing innovative initiatives and programs to support the Army Reserve Training Strategy to concentrate equipment and sustainment capabilities at regional training sites.

During FY07, the Army Reserve was able to mobilize all of its sourced units and elements while meeting pre-mobilization training objectives. The existence of theater provided equipment relieved some pressure on the Army Reserve to find Modular Force compatible equipment for our mobilizing units. However, providing the same equipment for pre-mobilization training has forced the Army Reserve to expend limited resources to move Modular Force compatible equipment between units and training locations. Over 6,700 items were shipped from unit home stations and equipment demobilization sites to pre-mobilization training sites during FY07. We anticipate an approximately 7,000 pieces of equipment to be shipped to pre-mobilization sites in FY08.

The Army Reserve has continued to maintain 90 percent or better availability of its limited inventory for deployment and training through extensive use of overtime and contracting. Much of this success can be attributed to the availability of supplemental funds to contract for support to off-set the shortfall in facilities and manpower and to sustain logistics operations in support of the training and mobilization of "next-deployers."

The continuing shift of pre-mobilization training objectives under the ARFORGEN process not only continues to add pressure to our aging and limited equipment inventory for training, it could impact our response during a domestic emergency or a second foreign or domestic contingency.

Currently programmed funding for equipment procurement will alleviate this concern, but the equipment procured will not be completely delivered until FY16. At that time, our equipment on hand against unit requirements will increase from the current 68 percent to approximately 85 percent. The programmed funding, however, will only cover current shortages in Modular Force equipment.

Another critical factor in maintaining the readiness of our equipment to support pre-mobilization training and deployment are the national level sustainment programs, such as Recapitalization and Depot Maintenance. The Recapitalization program affected only two major Army Reserve systems, the High Mobility Multi-Purpose Vehicle and the Heavy Expanded Mobility Tactical Truck. The Depot Maintenance program, however, provides the opportunity to extend the service life, reduce life-cycle costs and maintain safe operation of older items required to substitute for Modular Force equipment due to equipment shortages in the Army Reserve.

Homeland Defense and Support to Civil Authorities

As the first Title 10 responder to support civil authorities during a domestic emergency, the Army Reserve is in the best position to respond to an attack that occurs in the U.S. Our personnel and equipment are located in 1200 communities across the Nation. As such, the Army Reserve is an important element of the current DoD "Lead, Support, Enable" Strategy for Homeland Defense and Civil Support. U.S. military forces organize, train, and equip to operate in contaminated environments, as well as manage the consequences of chemical, biological, radiological, or nuclear explosion incidents, on a level unmatched by any other single domestic agency or international partner.

The Chemical, Biological, and Radiological Nuclear Explosion Consequence Management Response Force consists of a rotational pool of Active and Reserve units from each of the services. When assigned to this force rotation, these units are kept on short notice to conduct a secondary mission of domestic consequence management should the need arise. Forces for direct response to the effects of an incident deploy when directed by the President or Secretary of Defense.

The Army Reserve is uniquely positioned to support the Army and protect our homeland with experience, knowledge, capability, and competency. During this persistent conflict, the Army Reserve has the capabilities to keep watch at home and to respond to domestic emergencies. The imperative of Prepare will help bring the Army Reserve back into balance by ensuring our Warrior Citizens are prepared to succeed in current and future operational environments.

RESET Our Equipment to Restore Readiness and Depth for Future Operations

To succeed in current and future operations, the Army Reserve must take deliberate steps to ensure that our force is reset as a result of repeated deployments, and our Families and employers are revitalized between their Soldiers' deployments so they too can sustain the continuous state of mobilization their Warrior Citizens now experience. The Reset imperative now focuses on our equipment with the goal of undoing the

accumulated effects of repeated equipment use by repairing, replacing, and recapitalizing our equipment to rebalance the Force.

In response to the ARFORGEN process, the Army Reserve is building pools of equipment to support the mobilization of Army Reserve units in year five (Available) at strategic deployment Sites, where the equipment is maintained in controlled humidity storage. If no Army Reserve units are mobilized for a contingency, foreign or domestic, the equipment will remain ready for the next cycle. The equipment in the hands of our units will remain with these units, be inducted into national sustainment programs, or redistributed to meet the needs of the Army Reserve units as they enter the Reset/Train phase, or year one.

The Army Reserve does not budget for unplanned requirements. Therefore, should any Army Reserve units be mobilized, supplemental funds will be required to reset the equipment assigned to the mobilized units when they demobilize. These funds will prevent an adverse impact on the Army Reserve's ability to sustain the ARFORGEN process.

A critical enabler for the Army Reserve during Reset is an array of standard Army management information systems, such as the Army Reset Management Tool and supplementary logistics information and management systems developed and fielded by the Army Reserve.

Repair and Replace Equipment

Currently, logistics operations and support for the Reset Program is managed and executed by the Army Materiel Command and the Army Installation Management Command. The FY07 Supplemental budget fully funded the reset of Army Reserve equipment redeployed from Operation Enduring Freedom and Operation Iraqi Freedom. In FY07, the Army Reserve significantly reduced its logistics reset backlog. We recovered, repaired and serviced all redeployed equipment not inducted into national level maintenance by the Reset program. With the shortage of equipment in the Army Reserve, this recovered equipment was immediately transferred from redeployed units to "next deployers" in order to sustain pre-mobilization and pre-deployment training.

In FY07, equipment losses incurred by the Army Reserve during mobilization and deployment were identified to the Army for integration into procurement and redistribution planning. Equipment is programmed for replacement over the next five years. The Reset imperative will contribute to restoring balance to the Army Reserve by reconstituting our equipment to match the operational tempo of this persistent conflict.

TRANSFORM The Army Reserve to Meet the Demands of the 21st Century

Demand for the authorized 205,000 Army Reserve Soldiers continues to verify the value of their contributions to the Total Force. Our transformation to a more effective, integral operational force allows us to meet today's demands and to position the Force for future deployments and contingency operations and commitments at home and abroad. Army Reserve Soldiers, Families and employers continue to be an integral part of this transformation as we form and confirm bonds that support changes in the way we train, equip, resource, and mobilize our Force. The men and women of the Army Reserve are the centerpiece of our transformation. They are the strength of the Army Reserve force and the Nation - as both Soldiers and Citizens.

On January 31, 2008, after releasing two interim reports, The Commission on the National Guard and Reserves submitted its final report to Congress. In it, the Commission concluded, "*The reliance (on the Reserve Components) should grow, even after the demands for forces associated with current operations are reduced.*" The report notes that, "*Their service in the operational force will be required in peacetime, and they will continue to provide a cost-effective means of ensuring that strategic requirements to meet a large wartime threat are also available.....Employing the Reserves in this fashion has proven necessary and effective and they have been relied on in every major military operation since Operation Desert Storm, yet the structural foundations of Reserve Component organization have been changed little to facilitate this employment.*"

Fully integrating with the Active Component and effectively operationalizing the Army Reserve are fundamental to the Transform imperative. The implementation of this imperative will return balance to the Army Reserve as we seek to Grow the Army, modernize, undergo organizational and institutional change and improve communications.

Grow the Army

As the Army Reserve continues to shape our force in preparation to support an era of persistent conflict, the challenge continues to be recruiting enough Soldiers to man units and equip new units with modern equipment compatible with the units and services with whom we integrate and serve. Ready units will enable Soldiers as they train and prepare for deployment. Once activated, these modular units will increase our rotational depth and provide additional flexibility by having units that can be tailored to meet specific mission requirements for the Army.

In FY07, the Army Reserve programmed to make efficiencies and re-integrate 16,000 spaces to build into modular operational units. Additionally, we will also add 1,000 spaces to our Force Structure Allowance. The approximately 17,000 spaces of structure incorporated into our Force will help to mitigate anticipated shortfalls in combat support and combat service support personnel and equipment according to the Total Army Analysis. The Army Reserve resourced force will then be a force structure of 206,000 with an operating force of 145,500, generating force of 48,500 and Trainee, Transient, Holding and Student force of 12,000.

The process of shifting our command and control from generating to operational commands is nearing completion. In the next two fiscal years, we will finalize the disestablishment of the 12 two-star readiness commands and transfer command and control of subordinate units to 11 one and two-star operational and functional commands. This shift enables the Army Reserve to source more operational units from the space savings as a result of reductions in headquarters structure throughout the Army Reserve. Additionally, we will create structure savings as the four two-star Regional Support Commands (RSCs) are established during FY08 to assume the base operations functions in support of more than 1,000 Army Reserve centers throughout the United States. These four RSCs will relieve operational commands of facility/garrison type functions and allow these commands to focus on unit readiness training. The RSCs will be the Army Reserve's link to Installation Management Command to ensure standardization in garrison operations.

Modernize

As a result of historically low levels of modern equipment, the Army Reserve still faces equipping challenges, even though no Army Reserve unit deploys without a full complement of compatible or interoperable deployable equipment. In support of our transformation to an operational force, the Army has committed to spending approximately $5 Billion in new equipment procurements for Army Reserve deploying Soldiers and next deploying units in scheduled equipment deliveries between July 2007 and June 2010. These deliveries represent some of the Army's most modern systems – such as the biological integrated and detection systems, armored security vehicles and various models of tactical wheeled vehicles.

In FY07 the Army Reserve fielded the joint biological detection system, the self-powered biological warfare agent detection and identification instrument suite, the all-terrain lifter Army system, and various communications equipment and individual weapon systems. The Army Reserve is also gaining aviation capability with the delivery of six of 36 HH 60 MEDEVAC helicopters identified in the Army Campaign Plan and 12 AH-64D Longbow Apache helicopters as part of the attack helicopter conversion program.

The centerpiece of Army transformation as well as the biggest acquisition challenge is the Future Combat Systems (FCS). FCS will link a new generation of 14 manned and unmanned ground vehicles, air vehicles, sensors, and munitions. The architectural platforms within each of the individual systems will be designed simultaneously; and will ensure compatibility and interoperability of combat support and combat service support with the combat forces.

The Army is modularizing all of its formations -- in both the Active and Reserve Components -- representing a net increase of new modern equipment required in all components and allowing the Army to retire several obsolete equipment systems. Modularity seeks to make independent, deployable organizations at the lowest levels possible. Decentralizing logistics support means recreating that capability at unit level. Cooks, mechanics, drivers, equipment operators and warehouse personnel, once concentrated above platoon, company and battalion level are now required to support

independent modular units. This also increases the requirements for equipment, including: trucks, kitchen trailers, materiel handling equipment, computers as well as logistics information and management systems. These are items which often are already in short supply within the Army Reserve. Modularity has put increased stress on a limited inventory of Modular Force and Modular Force compatible equipment available to the Army Reserve.

Organizational Change

Transformation is changing the way logistics support and operations are conducted by the Army Reserve. Command and control and responsibility for unit logistics readiness are being transferred from the Regional Readiness Commands to Operational and Functional Commands, such as the 377th Theater Sustainment Command in New Orleans, La. Four regional support commands will provide logistics support for pre-mobilization training and domestic operations. The operation of Army Reserve maintenance and storage facilities, such as area maintenance support activities, equipment concentration sites and strategic deployment sites, will become the responsibility of the regional commands. Critical enablers include renovated or new facilities and the required logistics information and management technologies for effectively and efficiently managing logistics readiness and operations.

The Army Reserve has a strategic commitment to fulfill the vision of the Army Campaign Plan and by 2013 will have built 77 brigade force equivalents to include 12 multi-functional support brigades (nine sustainment brigades and three maneuver enhancement brigades) and 53 functional support brigades (three Army field support brigades, one chemical brigade, four engineer brigades, three military police brigades, three petroleum, oil, lubricant brigades, one signal brigade, ten medical brigades, two information operations brigades, one theater aviation brigade and 25 regional support groups); eight civil affairs brigades and two psychological operations groups.

- ★ *Base Realignment and Closure Execution:* BRAC 2005 has effectively "flattened" the hierarchy that characterized the Army Reserve force structure during the Cold War. As we convert to operational commands, we currently have five regional support groups with projected gains of two information operations groups, one combat support brigade, two sustainment brigades, one Army field support brigade and seven expeditionary support commands. BRAC represents significant cost efficiencies to the American taxpayer via the Army Reserve; its mandate is to improve the support we provide Soldiers.

Institutional Change

Our transformation to an operational force cannot succeed without institutional change to adapt processes, policies and procedures to meet the realities of current and future needs. A critical aspect of institutional change is our business transformation initiative which challenges the Army Reserve to transform our business methods and culture to apply the best civilian business practices to increase effectiveness and efficiency.

Our Business Transformation Office, established in April 2006 at the U.S. Army Reserve Command, reviews all business processes for waste, inefficiency and duplication and assures best business practices. One of the most effective business improvement methodologies the Army Reserve has adapted from the business world is Lean Six Sigma; a business methodology to define and analyze opportunities and to measure, improve and control performance. In order to maximize the unique skills and certifications Army Reserve Soldiers have that are not normally resident within the Active Component, we have identified over 50 Army Reserve Soldiers highly qualified in Lean Six Sigma methodologies as a result of their civilian occupations. Utilization of civilian acquired skills instead of relying solely on contractors provides a cost avoidance of approximately $3.5 Million.

Additional best business practice oversight is conducted by the Army Reserve Internal Review Program to evaluate risk; assess internal controls; improve quality, economy, and efficiency; and to foster stewardship. In FY07, more than 350 internal reviews resulted in monetary benefits of over $34 Million.

The Army Reserve, like the Active Army, is also concerned about problems in Army contracting, and we are, therefore committed to improving our contracting operations across the Army Reserve. Our plan to implement improvement initiatives maintains that Acquisition Planning is critical for this effort to succeed. World class acquisitions don't just happen – they are planned! Planning is the most pivotal activity the Army Reserve must perform in the acquisition process to ensure we get what we want, when we need it, for the most cost-effective, value-added, economical price.

In the military, we are trained to plan for combat. When planning for and conducting combat operations, we focus on the enemy by knowing the enemy, developing plans to keep the enemy foremost in mind, and strategizing war-games that allow us to enhance or adjust the plan once enemy contact is made. As a vital component to the Active Army, the Army Reserve must approach acquisition planning the same way we approach planning for a military campaign. For an acquisition, cost overruns, schedule/delivery delays and performance shortfalls are our enemy. We will develop our acquisition plan via market research, and finally, war-game the acquisition from start to finish applying the Acquisition Planning Process and involving our supporting contracting professionals in every step of the process to ensure contract operations best practices and use of resources.

Communications

The geographic dispersion of the Army Reserve makes communications and information technology (voice, data and video) services the primary means of conducting command and control, managing mobilization timelines, facilitating training data exchange and providing Army Reserve "reach back" capabilities to support the combatant commander and the war fighter. As the Army Reserve transforms to adapt to the emerging modular force structure the Command, Control, Communications, Computers/Information Technology infrastructure supporting the mission must also adapt and expand mobile services to those modular forces.

Over the past two years, we have successfully consolidated information technology services including network operations, authentication, security/protection, email and critical application hosting, which have resulted in significant improvements in terms of systems availability and reliability. In coordination with the Army, the Army Reserve is executing a strategy for network convergence which will provide more robust access and service to Army Reserve mobile forces world-wide, and thereby tremendously improve the availability and security of these systems and application data.

At both organizational and unit levels, the ability to communicate via secure video teleconferencing and secure Internet communication are paramount for deploying forces. Services directly affected by mission changes include expanded bandwidth to relieve network traffic saturation; force protection and home-station command operations for locations within the continental U.S.; secure audio and video connectivity; and support for ongoing reach-back operations providing logistics and personnel support and satellite operations.

Progressive change as outlined in the Transform imperative is essential for the Army Reserve to improve capabilities and to ensure our ability to regain balance as an operational federal force.

Ready for the Next 100 Years

The Army Reserve will require considerable resources and several years to optimize structure and build capacity for the future. Our plan to mitigate near-term risk and regain balance by 2011 centers on the four imperatives described in this report: *Sustain, Prepare, Reset,* and *Transform.* Recent decisions by the President, the Secretary of Defense, and Congress have accelerated the growth of the Total Force, increased the Army's access to the Reserve Component, and generated momentum needed to restore balance for the Army and the Army Reserve. Due to current operational demands, however, an imbalance exists between our supply of forces and capabilities and the combatant commanders' requirements for them. To enhance readiness for current operational demands and future challenges, we require sustained, predictable funding and operational timelines under ARFORGEN for the foreseeable future.

Although we have adapted our training for counterinsurgency operations in Iraq and Afghanistan, we must rebuild readiness across the Army Reserve to succeed throughout this persistent conflict. Funding for the Army Reserve not only affects equipment readiness, but also Soldier readiness for current and future peacetime military engagements and major combat operations.

SUSTAIN ARMY RESERVE SOLDIERS, THEIR FAMILIES AND THEIR EMPLOYERS

Failure to provide the resources necessary to sustain Army Reserve Soldiers, their Families and their employers jeopardizes the ability for the Army Reserve to respond when the Nation calls. The Army Reserve has been able to manage the risk of mission failure thus far because we have not faced a major contingency operation in conjunction with support to Operation Enduring Freedom and Operation Iraqi Freedom. Such a contingency, especially one in the continental U.S., would compromise the ability of the Army Reserve to train and supply the force for deploying missions. To mitigate this risk we continue a two pronged approach: 1) provide Soldiers, their Families, and their employers the resources, programs and services they deserve and the Army requires, to ensure readiness and sustain the All-Volunteer Force, and 2) to procure modern equipment, appropriate facilities and the full-time support personnel necessary to train the force and maintain equipment.

Failure to motivate our current and future Warrior Citizens to serve their Nation, to take care of our Soldiers, their Families and employers will adversely impact our ability to transform to an operational force.

PREPARE THE ARMY RESERVE FOR SUCCESS IN THE CURRENT CONFLICT

Without an immediate and continuing investment in procuring training dollars and sustaining enough Modular Force equipment to completely equip the Army Reserve, the ability to meet pre-mobilization training and mobilization objectives under the ARFORGEN process will be put at risk. Training on obsolete equipment is ineffective and wasteful. Failure to fund the maintenance now, (including parts, full-time personnel, and storage facilities) of new equipment will be more expensive in the long run. To mitigate this risk, we continue to fund the training resource model, including full-time personnel and the best available equipment. Additionally, we need to fund and fully integrate Army Reserve logistics information technology to sustain future Army requirements.

RESET THE ARMY RESERVE TO REBUILD FOR FUTURE CONTINGENCIES

Shortfalls to repairing and replacing our equipment directly impair unit readiness. Lack of retraining and revitalizing our Soldiers directly impacts personnel readiness (to include Soldier's Families and their employers). Simply put, failure to fully fund resetting the force, to include equipment and people, hinders our ability to perform our Title 10 responsibilities. To mitigate risk during reset we will bring all of our current resources to bear on the problem. We will consolidate repair operations whenever and wherever feasible. We will consolidate training activities where we can. Program support is critical in order to correct equipment shortages incurred as a result of the operational tempo our equipment has endured during this persistent conflict.

TRANSFORM THE ARMY RESERVE TO MEET THE DEMANDS OF THE 21ST CENTURY

By increasing the depth and breadth of its overall capacity, Army Reserve transformation is improving the Army Reserve's ability to execute and support protracted operational requirements. Sustained resources to continue this

transformation will improve the readiness of non-deployed Army Reserve forces, reduce stress on Army Reserve Soldiers, their Families and employers and improve the readiness of Army Reserve equipment and facilities.

Failure to support Army Reserve transformation compromises the Army's ability to develop relevant capabilities to respond to current and future operations. To mitigate this risk the Army Reserve must continue to receive full funding of its budget request and retain flexibility to manage the force.

THE NEXT 100 YEARS

The Army Reserve is a community-based, All-Volunteer federal force. As the Commission on the National Guard and Reserves recently concluded, "*There is no reasonable alternative to the nation's continued reliance on the Reserve.*" To ensure that our force of skill-rich Warrior Citizens remains relevant requires a significant investment from our Nation. Sustaining the Army Reserve requires resources to fund issues such as quality of life, restructuring initiatives, and the ability to provide competitive pay and benefits for our Soldiers. Recruiting and retaining our Warrior Citizens involves support from our communities, Families and employers.

During our first 100 years, the Army Reserve repeatedly provided the most cost-effective federal force to the Nation. To remain a value-added, skill-rich Force that is the strength of the Nation requires your support to the Army Reserve now and in the future. We remain committed as a Force that is Army Strong!

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

APRIL 3, 2008

QUESTIONS SUBMITTED BY MR. ABERCROMBIE

Mr. ABERCROMBIE. I know you have mentioned 2019 and so on, but in comparison to the projected budgets, what additional funding requirements for the Army Reserve equipment do you see in fiscal year 2009 and beyond, and how much of this funding could the Reserve actually spend in 2009?

General STULTZ. In FY09, the Army Reserve is projected to receive $1.4B in the Army base budget & request of $.5B in the supplemental. We need what's currently programmed in the base budget and supplemental. The additional funding requirements are approximately $414M to cover the Top 10 critical equipment items on our FY09 1–N List. We would obligate all of this funding in FY09.

The Army Reserve has 66% of its authorized equipment on-hand. The Army has programmed $1.4B in the FY09 base budget and $502M in the FY09 Supplemental request for new equipment procurement for the Army Reserve. With current equipment dollar value on-hand and projected programmed funding of $7.9B in the FY08 to FY13 POM and the $7.25B in other equipment procurement programs (Supplementals/GWOT Funding, Cong Adds, NGREA, etc . . .) the Army Reserve is currently short approximately $6.85B in new equipment procurement. The Department of Army projects for the Army Reserve a $2.2B for Critical Unfunded Requirement by the end of FY2013. At current projected funding levels and if funding for new equipment procurement averages approximately $1.3B per year and the Army does not decrement or divert funding, the Army Reserve is projected to be at 100% equipment on-hand in FY2019.

The Army has never distributed a 100% of its new equipment procurement funding to the Army Reserve. Historically, new equipment procurement funding for the Army Reserve is used as bill payers for the Active component. Therefore, it is not feasible to expect the Army Reserve will be at 100% equipment on-hand by FY2019.

Mr. ABERCROMBIE. The average non deployed unit has about 61% of its authorized equipment needed to conduct training, participate in future deployments and respond to domestic missions. The Department of the Army has a plan to adequately address the equipping shortfall but not until 2019. Is this timeline sufficient and what risks are inherited in this plan of resolving this most critical issue so late?

General VAUGHN. In order to train effectively, support the current warfight, surge when called upon, and provide a robust domestic response—in other words, to fully support the National Military Strategy—it is absolutely critical that the ARNG be equipped to 100% of its requirement. Until full equipping and modernization levels are reached, the Nation will continue to assume risks such as 1) decreased readiness, 2) inadequate training of units until arrival at a mobilization station (which results in reduced Boots-on-the-Ground time and increased quantity and frequency of deployments), 3) limits our ability to effectively surge to support operations in Iraq, Afghanistan, or elsewhere, 4) longer response timelines for domestic missions, and 5) costly and disruptive cross-leveling of equipment between and among ARNG units. The Army's goal is to fully equip all Brigade Combat Teams by 2015 and the remainder of the force by 2019. Although the industrial base is capable of equipping the force much sooner, these goals were established based on current and anticipated financial constraints.

Mr. ABERCROMBIE. What mechanisms are in place to ensure that when Congress provides additional funding for Army National Guard and Army Reserve equipment that the Army actually follows through on executing the funding and providing the equipment? Are additional tracking mechanisms necessary to provide proper oversight?

General VAUGHN. The Army leadership is fully committed to equipping the entire force to include the Army National Guard (ARNG) and has demonstrated this commitment by fencing ARNG funding through FY13. As a result, the ARNG is currently receiving equipment at an unprecedented rate. However, Army procurement and distribution processes and associated automation systems do not currently allow delivered equipment to be traced back to its funding source. Therefore, while we are seeing significant improvement in ARNG equipment inventory levels over time, we cannot with any accuracy determine whether the ARNG is receiving all the equipment intended for it by Congress.

Understandably, the Army has in some cases redirected equipment intended for the ARNG to support other priorities such as deployed or deploying units. There is an established process for staffing such actions among the stakeholders and for documenting associated payback plans. The problem is that, due to lack of transparency, it is possible for equipment to be redirected, intentionally or unintentionally, without the knowledge of all stakeholders.

Ideally, Department of the Army (DA) processes and systems would be modified to allow full transparency and visibility of funding and procured equipment to all stakeholders. The DA G–8 has made great progress toward this goal in recent years, but additional work is needed to integrate G–8 systems with those of the Army Budget Office and the Assistant Secretary of the Army for Acquisition, Logistics, and Technology. The use of the National Guard and Reserve Equipment Appropriation (NGREA) has afforded ARNG full control, visibility, and accountability of appropriated funds for equipment. This mechanism eliminates the need for any additional oversight until DA processes and automation systems can be improved.

Mr. ABERCROMBIE. How does the Guard distribute equipment for units? Are there state or regional priorities? If so, what are they and what is the process for determining these priorities?

General VAUGHN. The Army National Guard (ARNG) G–3 establishes the ARNG equipment distribution priorities based on guidance from the Director, Army National Guard. These priorities are similar to those outlined in the Army's Resources Prioritization List or "ARPL" and are summarized as follows: 1) Units expected to deploy in the near term, 2) Hurricane States, 3) Units expected to deploy in the far term, and 4) all other units. This list is currently being reviewed to determine if units in Reset should be identified as a separate category and included as such.

Mr. ABERCROMBIE. Lieutenant General Stultz and Lieutenant General Vaughn, what percentage of your equipping budget is funded through supplemental and what percentage is funded through base appropriations?

General VAUGHN. In FY05, the Army National Guard (ARNG) began to receive Supplemental funding for equipment procurement. During the FY05 to FY08 period, total supplemental funding was $11.7 Billion and accounted for 50% of the total ARNG equipment budget. Meanwhile, the base budget included $7.9 Billion and accounted for 34% of the total. A combination of Grow-The-Army (GTA) and National Guard and Reserve Appropriation (NGREA) funding comprised the remaining 16%.

Mr. ABERCROMBIE. Lieutenant General Stultz and Lieutenant General Vaughn, what percentage of your equipping budget is funded through supplementals and what percentage is funded through base appropriations?

General STULTZ. [See information below.]

FY07: Base: 50%, Supplemental: 50%
FY08: Base: 38%, Supplemental: 62%
FY09: Base: 0%, Supplemental: 100%

Source	FY07		FY08		FY09	
	Funds ($K)	Percent of Total Budget	Funds ($K)	Percent of Total Budget	Funds ($K)	Percent of Total Budget
Base Budget	$1,702	50%	$1,007	38%	$1,355	100%
Supplemental Funding	$1,678	50%	$1,624	62%	$0	0%
USAR Total	$3,380	100%	$2,631	100%	$1,355	100%

*Projected funds based on PBR 09–13 and FY09 supplemental request which has yet to be submitted to Congress.

Mr. ABERCROMBIE. Lieutenant General Stultz and Lieutenant General Vaughn, when a reserve component (RC) unit is mobilized and assumes title 10 responsibilities, the service's active component (AC) is responsible for providing resources to the RC unit. DOD Directive 1225.6 requires the active component to payback all RC equipment that was permanently transferred or loaned to the active component to fill an AC equipment requirement. What is the status of payback requirements?

General STULTZ. As of May 2008, Headquarters, Department of the Army has validated 23,227 items of equipment for DoDD 1225.6 Payback to the Army Reserve. To date, over 45% of those items have been paid back. An additional 40% will be paid back by January 2010. The remaining 15% of the equipment will have payback plans developed at Army Equipping and Re-Use Conference in July 2008.

Mr. ABERCROMBIE. Lieutenant General Stultz and Lieutenant General Vaughn, when a reserve component (RC) unit is mobilized and assumes title 10 responsibilities, the service's active component (AC) is responsible for providing resources to the RC unit. DOD Directive 1225.6 requires the active component to payback all RC equipment that was permanently transferred or loaned to the active component to fill an AC equipment requirement. What is the status of payback requirements?

General VAUGHN. Equipment diversions have been necessary to support the global war on terror and have provided the impetus for the Army to adjust its equipping strategy for the Army National Guard (ARNG) as an operational force. When equipping a deploying unit, a State/Territory will cross-level within the State and then the ARNG will direct State-to-State transfers. Since the start of the war, over 130,000 items have been directed to be cross-leveled between States/Territories for the ARNG.

Equipment diversions from the ARNG to another component occurred primarily at the beginning of the war. The ARNG is working with the Army to maintain accountability of ARNG equipment that has become SBE (Stay Behind Equipment)/TPE (Theater Provided Equipment) and to develop return or replacement plans in accordance with DOD Directive 1225.6.

Since the SBE/TPE directives began for Operation Iraqi Freedom and Operation Enduring Freedom, the ARNG has been directed to leave over $3.0 billion worth of equipment. States and Territories reported battle losses and washouts valued at another $329 million. To date the Army has approved the replacement of equipment valued at $310 million and is working on replacement plans for equipment valued at another $467 million. Congress has funded an additional $1.7 billion for Reserve Component equipment replacement under the FY07 Supplemental. Meanwhile, equipment diversions from the ARNG to another component have been reduced significantly in the past year and additional payback requirements are not being generated.

The result of SBE/TPE and cross leveling has been a reduction of equipment on hand, primarily in trucks, radios, crew-served weapons and night vision devices. This cross-leveling to meet mobilization requirements has readiness implications and presents a challenge for the ARNG.

QUESTIONS SUBMITTED BY MR. SPRATT

Mr. SPRATT. Lieutenant General Stultz and Lieutenant General Vaughn, Lieutenant General Stultz testified that the Army Reserve would require approximately $6.8 billion from FY2013 through FY2017 to address equipment shortfalls and improve readiness levels. Lieutenant General Speakes, the Army's G–8, has reportedly recognized that $2.4 billion will be necessary to fund major end use equipment for the Army Reserve during that period. Lieutenant General Speakes also reportedly identified $7.9 billion in major end use equipment funding will be needed for the Army National Guard from FY2013 through FY2017. What would the corresponding full equipment funding requirement be for the Army National Guard during that period? What assumptions were made in identifying each of these projected funding requirements?

General STULTZ. For the period FY2013 through FY2017, the Army G–8 has identified a $9.9 billion . requirement to equip the Army National Guard (ARNG) to 100 percent of their Modified Table of Organization and Equipment (MTOE) requirements. The $7.9 billion identified represents the required funding to bring the ARNG to 100 percent on Critical Dual-Use (CDU) equipment. The $7.9 billion CDU requirement is a subset of the $9.9 Billion MTOE requirement. These figures assume full support of the President's Budget Request for FY2009-2013 and FY2008/2009 global war on terror requests. However, we also recognize that the requirements will continue to change due to organizational changes in force structure and modernization of equipment.

Mr. SPRATT. Lieutenant General Stultz and Lieutenant General Vaughn, Lieutenant General Stultz testified that the Army Reserve would require approximately $6.8 billion from FY2013 through FY2017 to address equipment shortfalls and improve readiness levels. Lieutenant General Speakes, the Army's G–8, has reportedly recognized that $2.4 billion will be necessary to fund major end use equipment for the Army Reserve during that period. Lieutenant General Speakes also reportedly identified $7.9 billion in major end use equipment funding will be needed for the Army National Guard from FY2013 through FY2017. What would the corresponding full equipment funding requirement be for the Army National Guard during that period? What assumptions were made in identifying each of these projected funding requirements?

General VAUGHN. With regard to Army National Guard (ARNG) equipment, it is our understanding that LTG Speakes, Army G8, is actually tracking both a $7.9 Billion and a $9.9 Billion figure. The former represents the post-FY 2013 funding that would be required to bring the ARNG's Critical Dual-Use equipment to 100% and the latter represents the post-FY 2013 funding required to bring ARNG equipping levels to 100% for all equipment items. The $7.9 Billion and $9.9 Billion figures assume no growth in projected requirements, no additional force structure changes, no battle losses, and no further obsolescence of the current force.

QUESTIONS SUBMITTED BY MR. WILSON

Mr. WILSON. Another concern that I had, we went through a period with the Humvees and up-arming of Humvees, and now the providing of MRAPs. Last month when I had the opportunity to visit with our units in Afghanistan, and we went by MRAP through Asadabad, I was really impressed by the MRAPs. But I am concerned there have been reports of delay in delivery. But what is the status on MRAPs in theater?

General STULTZ. The MRAP program is one of the highest priorities of the Department of Defense acquisition program. To meet the demand, the government accelerated production to maximum capacity by adding additional vehicle variants (there are several producers) to meet CENTCOM requirements faster.

The Army's interim Joint Requirement Oversight Council (JROC) validated requirement (although not documented) is twelve thousands vehicles. The Bulk of MRAP vehicles have been fielded in Iraq and a few in Afghanistan and a CONUS mobile training capability to support deploying units.

MRAP is a theater provided asset (not authorized on any MTOE structure). Distribution to Army forces (regardless of component) is based on mission and location. It is expected due to its capability that deployed Army Reserve units will be recipients' in theater for some of the MRAPs.

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