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# MILITARY READINESS: IMPLICATIONS FOR OUR STRATEGIC POSTURE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
SECOND SESSION

HEARING HELD
FEBRUARY 14, 2008

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# MILITARY READINESS: IMPLICATIONS FOR OUR STRATEGIC POSTURE

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
*Washington, DC, Thursday, February 14, 2008.*

The committee met, pursuant to call, at 11:30 a.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

## OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Ladies and gentlemen, our hearing will come to order. We meet today to consider the implications of our strategic posture that is created by the state of our military readiness.

Our witnesses today are Michèle Flournoy, the President and Co-Founder of the Center for a New American Security and a former Principal Deputy Assistant Secretary of Defense; Steve Kosiak, the Vice President of Budget Studies at the Center for Strategic and Budgetary Assessments; and Sharon Pickup, a Director of Defense Capabilities Management at the Government Accounting Office. We thank you each for being with us today.

Our military has been at war for over six years. And it is not any secret that this has strained and stressed our armed forces, in particular, the Army and, of course, the Marine Corps. The Navy and the Air Force are also being stretched. And the constant strain of Iraq has meant that our personnel are under stress, our equipment is wearing out, and our brigades have almost no time to train, and then, of course, causes a serious problem.

In the past 30 years, our Nation has been involved in 12 significant military actions, several of which were major conflicts force-on-force, 4 of them to be exact. We expected none of them actually. And yesterday, we heard from the intelligence community on the global security environment.

Our country, our interests, and our allies face a multitude of potential threats all over the world. We have to be ready and capable in the days ahead. And just last week, Admiral Mullen, the chairman of the Joint Chiefs of Staff, sat at this witness table and said that our current strategic risk is significant.

So I am hopeful that our witnesses today can help explain how the current state of readiness affects the strategic posture of our forces around the world. Every member of the Armed Services Committee should understand the level and significance of the strategic risk of an expected contingency arises. What will be the

cost to us in lives as well as in dollars? It is that cost that we question as to whether we are truly prepared to accept.

We must also evaluate the initiatives and programs which the Department of Defense is proposing to address our strategic risk and determine whether they are realistic, and whether their scope and their pace is sufficient to protect national security. It is our task to do our constitutional duty to raise and maintain the military as well as to write the rules and regulations therefore.

I hope that our witnesses today will be able to give us some significant help. And I thank you each for being with us today.

Mr. Hunter.

**STATEMENT OF HON. DUNCAN HUNTER, A REPRESENTATIVE FROM CALIFORNIA, RANKING MEMBER, COMMITTEE ON ARMED SERVICES**

Mr. HUNTER. Thank you, Mr. Chairman, for holding this hearing. I want to join you in thanking our witnesses for being here and having to put up with this crazy schedule that left you at the desk here for a long time before we were able to engage with you.

Thanks for the hearing. I think it is very timely.

Yesterday the committee received testimony from key members of the intelligence community on the current and foreseeable international security environment, including challenges that are increasing in complexity, diversity, and range. So today it is against that backdrop that we further examine the relationship between our military's readiness and our Nation's strategic posture.

And I want to again thank our witnesses for being here. This topic, the relationship between readiness and strategic decision making has been at the crux of robust congressional debate over the last couple of years. And as my good friend, Chairman Skelton, knows, the committee wrestled hard and long during the last Congress to review the range of war fighting and other strategic requirements of the national military strategy to try to determine what future structure and capabilities would be necessary.

Clearly, that exercise highlighted not only the significant equipment, the force structure, and capabilities shortfalls that existed prior to September 11, 2001, but also the challenges facing this Nation trying to rebuild, reset, modernize, transform, and grow our armed forces while actively engaging in combat. Our committee members, and especially those on the Readiness Subcommittee, have engaged regularly in discussions about the impact of ongoing operations on our military personnel and equipment.

Recently we have begun to analyze the President's fiscal year 2009 budget request and restarted dialogue on the potential advantages of spending four percent of GDP, of our gross domestic product, on defense. All these conversations highlight the relationship between the current readiness of our forces and the big picture decisions that will shape their future readiness.

With that said, I think sometimes we lose sight of two important facts, both of which were highlighted by Secretary of Defense Gates in his testimony last week. The first is that the Defense Department readiness efforts are focused at least in the Army on fighting the wars that we are in in both Afghanistan and Iraq. And the

forces that are being sent there are fully trained and are ready when they go.

In fact, some might argue that many of the forces fielded today have the most combat experience of any force in recent memory. They might also argue that it is in large part because of this experience that the military surge is succeeding in Iraq and that our special forces and others are excelling in their missions around the world. Simply put, when compared to other nations and when compared to historical examples, our military men and women today are unrivaled.

In fact, Ms. Flournoy, in her written testimony, today observed that while in Iraq earlier this month she witnessed, "A U.S. military that is the most experienced, adaptive, professional, and capable force this country has ever fielded." These war fighters are trained. They are capable. They are accomplishing their missions.

The other fact that Secretary Gates emphasized last week is that current readiness ratings are not just the result of ongoing operations. While Operations Iraqi Freedom and Enduring Freedom have clearly highlighted the very real readiness challenges our soldiers, sailors, airmen, and Marines face, he argued that we need perspective.

He said, "In the mid-1990's, readiness was considered differently. For example, on equipment, readiness was considered a 65 percent fill. Units that had 65 percent were considered to be in the green. Those counting rules were changed. And so, now readiness is at the 100 percent level for equipment. And so, many of the units are in the red. And they are in the red for specific kinds of missions."

So it seems to me that the goalposts were moved and that contrasting the readiness of current forces to the readiness of past forces is not necessarily an apples-to-apples comparison. I wonder how the readiness ratings of the Army, Navy, Air Force, and Marine Corps of the first Gulf War would fare if held up against today's forces.

In fact, we looked at that once, I believe, with the unit of the 101st Airborne with all of the new equipment that we now have, which is now considered to be standard and the lack of which will give you a poor readiness rating. And looking, as I recall, at one of the units of the 101st Airborne in 2000, it would have, under today's rating system, been very low, although it had enormous combat capability at the time.

Finally, I also wonder how we can best address unique challenges facing the readiness of each military service and how the recently delivered budget request aims at reducing readiness shortfalls. For example, it has become clear that the Air Force and Navy readiness suffer from the burden of aging equipment. Isn't this particular challenge due in part to woefully inadequate defense spending in the 1990's? And what steps are we taking to rectify that shortfall?

And that is, of course, the old shortfall that the former chief of the Army used to refer to as the holes in the yard, the funding holes. Also in recognizing that Army and Marine Corps readiness challenges are primarily personnel related, I wonder how the Grow the Force initiatives will impact the longer term readiness of those

services. What other steps should we take to address these deficiencies?

Also the Army and Marine Corps readiness challenges extend across personnel, training, and equipment areas and are made more difficult to solve by the Grow the Force initiatives. As I see it, we are asking the Army and Marine Corps to tear down and rebuild themselves as fighting forces while at the same time asking them to conduct high operations tempo, difficult missions that are in this Nation's interest.

Our challenge is to understand best the additional steps we should be taking to address those readiness deficiencies. We must also acknowledge the full cost of achieving readiness.

In 2006, this committee inserted $20 billion into the procurement and operations and maintenance accounts to address many shortfalls in our combat forces. We are just today beginning to see gains being made.

Long-term procurement items and the cycling of equipment through depots can't occur overnight. We will not see the benefits of Grow the Force overnight, either. These things take time. And we must remain vigilant to ensure steady progress.

At the end of the day, there is a strong bipartisan support to engage in an open, frank dialogue about the personnel, equipment, and training challenges that comprise our military's readiness. It seems to me that part of the solution should be to provide adequate funding to support efforts to increase force readiness, whether it is the Grow the Force initiatives, key research and development programs or procurement of critical equipment.

In my view, we should begin by spending at least four percent of GDP on defense. And I ask what more should we be thinking about.

So to our distinguished panel, thanks a lot for being with us today.

And, Mr. Chairman, one thing that I think we need to do is this. We have had lots of units move into the theater, especially in Iraq, and come back without major pieces of their equipment. We have had major evolutions of equipment while in Iraq.

For example, the changeover from what I call the soft Humvees to Marine Armor Kit (MAK)-kitted Humvees to up-armored 114s, for example, now to mine resistant ambush protected vehicles (MRAPs). And part of that exercise and that transition has been to have large stables of equipment parked at various areas around Iraq. For example, we discovered some 1,800 MAK-kitted Humvees from the Marine changeover from MAK kits to 114s, I believe at Takatum, 1,800 vehicles, probably with very low mileage on those vehicles, parked there.

Also in talking to members of the Guard and Reserve, there are enormous expenditures of domestic platforms like big trucks, big construction equipment presently in Iraq. And in my estimation, we have a fairly vague accounting for how much we have got.

So I think one thing we ought to do is figure out first before we move out and try to figure out exactly what we need for readiness, let us figure what we have got and let us find out what we have got. And I haven't seen what I would consider to be a complete ac-

counting of the major platforms and the sub-platforms, the less important platforms that are in Iraq and Afghanistan right now.

And the last thing, I think it would be bad for this country if some of these things get lost in the shuffle and we end up seeing major pieces of U.S. military equipment sold for a dime on the dollar in some type of a foreign military sale while you have a corresponding inadequacy in that unit that comes back from the theater without that particular equipment. So let us figure out what we have got, what we need to become ready.

And let us all acknowledge that there is no force in the world that is more ready than when it is totally at rest, when it is totally unused. At that point when it is totally at rest and it is totally in garrison with all of its equipment, we will all stipulate that at that point it has the highest amount of—the highest availability of soldiers, personnel, and equipment than it will ever have.

When you move out into the war fighting theater and you start exercising both the equipment and the personnel, at that point, by definition, your readiness rate and your availability rate goes down. That doesn't mean that you have lost combat capability. And I would argue that our soldiers and our units with the combination of personnel and equipment have never been more combat capable.

Having said that, I think it is important for us to take an inventory of, by golly, what have we got. What do we have right now parked in theater, in Iraq and Afghanistan? Let us get a handle on that. And if possible, I think we ought to match up some of that stuff, especially stuff that was taken from the Guard, which now may be parked in depot in theater and may not be in such a rate of utilization that it has to go through full depot maintenance.

If we can, I think we ought to start looking at marrying up some of that equipment that was left by Guard units when they went over and returned to the U.S. without their equipment, marrying some of that equipment up with units that have a deficiency. And after the dust settles on that exercise, let us see what we need.

So thank you, Mr. Chairman, for the hearing. I look forward to the testimony.

The CHAIRMAN. Thank you very much. Please note there is another vote on. But let us begin and do our very best.

Michèle Flournoy.

**STATEMENT OF MICHÈLE A. FLOURNOY, PRESIDENT AND CO-FOUNDER, CENTER FOR A NEW AMERICAN SECURITY (CNAS)**

Ms. FLOURNOY. Thank you, Mr. Chairman, Mr. Hunter, distinguished members of the committee. Thank you for giving me the opportunity to speak to you today about the readiness of the U.S. military for current and future missions and ways that we can strengthen our strategic posture.

I would like to address both the question of readiness and some practical steps we can take to improve the situation. Since the attacks of September 11th, I think it is fair to say that our military has been performing Herculean tasks to protect and advance our national security. And as Mr. Hunter mentioned, having just spent two weeks in Iraq, I can personally attest to the fact that the military we have today is probably the most experienced, adaptive, professional, and capable force we have ever fielded as a Nation.

But more than six years of continuous, large-scale operations have also taken a toll on these forces. Multiple back-to-back deployments with shorter dwell times between longer tours have put unprecedented strain on military personnel and their families, especially the Army where soldiers are now deploying with 15 months with less than a year or so between tours.

And we can see the results of that in terms of increases in suicide rates, post-traumatic stress disorder (PTSD) cases, alcoholism, divorce, et cetera, huge stresses on the personnel of the force. Given the high tempo of operations and the very harsh operating environment, equipment is also being worn out, lost in battle or damaged almost more quickly than the services can repair or replace it. Army equipment in Iraq and Afghanistan is wearing out almost in some cases nine times the normal rate.

Equipment scarcity has led to the widespread practicing of cross-leveling between units. That means drawing equipment and personnel from one unit to plus it up in another. And that has been particularly acute in the Reserve units, which have only a small portion of their authorized level of equipment at this point.

So far, the good news is that these measures have, as was said before, met the readiness needs of units in theater. But they have also sharply decreased the readiness of our nondeployed units and impeded their ability to train.

Meanwhile, compressed training time between deployments mean that many of our personnel have the time to train only for the operations that are immediately before them, either Iraq or Afghanistan, not for missions over the horizon. Army units are literally racing to get certified for their next deployment. This just-in-time training condition has reduced our readiness for the full spectrum of operations and, you know, for a range of possible contingencies, and has created a larger degree of strategic risk.

While this Congress has rightly authorized an expansion of our Nation's ground forces which should reduce some of the strain and some of the risk, recruiting and retention have become much greater challenges for the services at a time when they actually need to keep more experienced, high-quality warriors in the force. The Army, in particular, has had to take a number of fairly extraordinary measures to meet its recruiting targets since 2005.

It has done things like offering increasing enlistment bonuses to attract what is very much a shrinking population of young Americans who can meet the military standards, only 3 in 10. But it has also taken some potentially worrisome steps, most notably, increasing the number of waivers granted for enlistment by 18 percent.

Right now, one in five accessions has to have a waiver to be accepted into the force and also accepting a larger percentage of people who do not have high school diplomas. The most worrisome figure in my mind is the increase of the use of moral waivers by 160 percent since 2003.

The Army is also beginning to face some retention challenges, particularly as it grows the force and has to retain more noncommissioned officers and officers to fill out a larger structure. While company grade loss rates have remained fairly stable in recent years, there is some cause for concern, particularly the percentage of recent West Point classes that are choosing not to re-

main in service after year five or six. We have lost about half of the class of 2000 and 2001, whereas the historical rate is closer to about 40 percent.

Meanwhile, the number of officers the Army needs has grown by about 8,000 since 2002 with 58 percent of this growth in the grades of captain and major. This has created very significant shortfalls in both of those grades. As the Army expands, it is going to face some real challenges in trying to increase retention, again, to fill out the ranks of a larger force.

So the bottom line here is that the readiness of our military is just barely keeping pace with the demands of current operations. And in the Army, in particular, there is only a minimal number of brigade combat teams (BCTs) that are considered fully ready who are not already deployed. In other words, we don't have an adequate number of ready units in reserve for other possible contingencies.

And the cost of building and regaining readiness are increasing dramatically. In my written statement I laid out 10 steps that we could take to try to increase the supply of forces available and improve readiness conditions.

We really have to step up to the challenge of both enabling our deployed forces to accomplish their assigned mission, but also making sure that we are investing adequately to be sure the military is ready for future contingencies. So the 10 things I would propose in my limited amount of time is first, increase the supply of ground forces. Go ahead and grow the Army, the Marine Corps Special Operations Forces as planned to try to achieve at least a minimum of a one-to-two deployment to dwell time ratio.

But the caveat I would emphasize to you is we have got to make sure that the pace of expansion does not outstrip our ability to recruit the quality of candidates we need for this force. And if we can't recruit the quality we need, we should vary the pace accordingly. We should slow it as necessary to ensure that we maintain the highest quality standards.

Two, adjust force commitments based on conditions on the ground in Iraq and Afghanistan. And as conditions permit over time, seek to increase the dwell time between deployments to reduce the strain on the force and their families.

Number three, over time, very important, try to reestablish a larger reserve of ready ground forces, I would say at least several brigades, to enable rapid response to other potential contingencies that may arise in the future. We don't have that reserve now, and that is one of the things that is creating strategic risk. We need to reestablish it as a matter of urgent priority.

Number four, fully fund our service reset costs as well as investment in the equipment and personnel necessary for a larger force.

Five, continue to assess and enhance our recruiting and retention incentives. And particularly, I would underscore the importance of offering increased educational and professional development opportunities for those who have experienced multiple combat tours.

Six, improve force management. Get it down to the individual level so that individuals who are returning from deployment who end up changing units don't go right back out the door to deployment again without adequate time at home in between.

Seven, very important, we have got to look at the balance between the operational Army and the institutional Army and try to shift more billets, more slots from the institutional Army to the deployable Army so that we have a larger operational pool to deal with and to reduce strain over time.

Eighth, invest in recapitalizing and modernizing the aging fleet of both the Air Force and the Navy. And I think in recent years this has not been given adequate priority.

Nine, expand the variety of service contracts we offer to personnel so that there is—it is easier to move between Reserve duty, active duty, easier to take time out of the military and then come back for qualified personnel.

And finally, although this is a little bit beyond the purview of this committee, it is very important to invest in the deployable operational capacity of our civilian agencies to reduce the burden on the military and increase the chances of mission success.

So, Mr. Chairman, my bottom line is that our Nation's armed forces have gone above and beyond the call of duty in recent years. We owe it to them to give them the resources they need, not only to meet the demands of current missions, but also to be fully ready and prepared for possible contingencies in the future. Thank you very much.

[The prepared statement of Ms. Flournoy can be found in the Appendix on page 35.]

The CHAIRMAN. Thank you very much.

Mr. Kosiak, please.

**STATEMENT OF STEVEN M. KOSIAK, VICE PRESIDENT OF BUDGET STUDIES, CENTER FOR STRATEGIC AND BUDGETARY ASSESSMENTS (CSBA)**

Mr. KOSIAK. I want to thank Chairman Skelton, Congressman Hunter, and the rest of the members of the committee for inviting me to testify here this morning on this very important subject.

The U.S. military has been under enormous strain for the past five plus years beginning especially after 9/11 and, even more so, after the U.S. invasion of Iraq in 2003. In my testimony I want to focus on three key readiness-related elements of the Defense Department's plans. First, reset the issue of reset; second, the issue of force expansion; and third, the longer-term issue of modernizing and transforming the U.S. military. And as requested, I will focus primarily on budgetary aspects of these issues.

First, a few words about reset. In 2006, the Army estimated that they would need something like $13 billion a year to pay for the costs of repairing and replacing equipment destroyed and damaged in Iraq and Afghanistan. It also estimated at that time that they would need something like that amount per year for a couple of years after the wars ended in Iraq and Afghanistan or wound down in order to fully recover their readiness levels.

Since then, the amount of funding provided for reset and for Army procurement has grown dramatically. Assuming that Congress ultimately approves all of the money that has been requested for 2008 in the war supplemental, the Army will have been provided, over about 8 years in these war supplementals, about $100 billion for procurement.

By contrast or by comparison, the Congressional Budget Office estimates that if you add up the value of all of the equipment that the Army has, all of the major equipment that the Army has in theater in Iraq and Afghanistan, you come to a total of about $30 billion. These figures suggest that the Army is receiving, I think, sufficient funds for reset.

That said, I want to be clear. I do think the Army faces some very severe challenges in trying to recover from the operations in Iraq and Afghanistan. One of the biggest problems is sort of related, I think, to industrial base capacity.

We have put in a lot of money into getting equipment back into the field, but it takes a lot of time, sometimes two years between a time a system is taken out to be overhauled and it gets back to the services or from the time money is appropriated and it gets off the assembly line if it is a new piece of equipment. And this is a big problem and has created, I think, very significant problems in terms of readiness, especially for nondeployed units.

A more serious problem even than that, I think, is the problem that the war has created for recruitment and retention for the Army, which has—recruitment, in particular, which has suffered some significant degradation over the past couple of years. And I think this is potentially a very serious long-term problem.

I think we all hope that this is a sort of a temporary blip. But even if it is a blip, it is going to take years and perhaps decades to work its way through the system. And if it is more than a blip, this is a very serious problem that will need to be addressed. And it is partly a budgetary problem. Although I don't think it is primarily a budgetary problem.

The second area I want to comment on are plans to expand the size of the military. The Congressional Budget Office has estimated that expanding the Army and the Marine Corps by the 92,000 troops that have been suggested by the Administration will cost about $108 billion over 5 years and perhaps $10 billion or $15 billion a year thereafter.

If the current plan is carried out as envisioned, we will basically buy additional combat brigade teams for the Army. This will have a relatively modest impact on our ability to carry out long-term, large-scale stability operations, maybe increasing that capability by 15 or 20 percent.

By contrast, the impact could be far greater if we were to use these people to fill out additional new types of units specializing especially on training, equipping, and advising indigenous forces. And this could give us, I think, much greater bang for the buck in terms of our ability to carry out long-term, large-scale stability operations.

The Army argues that it doesn't now and will not, even after the expansion, have enough troops to fill out specialized units, that it has to have all of its units be, what they call, full spectrum capable units. And this essentially means, I think, general purpose forces, which have traditionally been focused on conventional military operations.

It is difficult to see why, especially given the burden of stability operations, we need to really focus on buying additional capability for conventional warfare operations. As such, absent a change in

course by the Army, which would involve, I think, rethinking how they are going to add these additional troops, I think it is far from clear that the investment in additional—the expansion of the Army, in particular, necessarily represents a cost-effective investment for the United States.

The third and last area I want to comment on are the services' modernization plans. Implementing the current plan, the current modernization plans, will require increasing funding for procurement from about $99 billion in this year's budget, in the 2008 budget, in the base budget to about $135 billion or $140 billion a year and sustaining at that level over the long term. That is to actually execute the current long-term modernization plan.

This may be difficult to do, given internal pressures within the Department of Defense (DOD), especially people-related costs, which will be exacerbated by plans to increase the size of the Army and Marine Corps and also by potential downward pressure caused by, among other things, for example, efforts to reduce the deficit in future years. In any event, I think there are some areas of the services' modernization plans where the plans may not be appropriately aligned with what our real requirements are.

Among the most questionable plans is the projected purchase of some 2,500 F–35 Joint Strike Fighters. I think this is going to be a great fighter. Clearly, we need to buy some number of these systems. But do we really need to buy 2,500 of these systems at a price tag that is going to amount to about $300 billion?

The F–35 also doesn't seem quite aligned with—the focus on short-range aviation doesn't seem quite aligned with potential future conflicts where we may have a difficult time getting access to regions, as we had difficult times getting access in the case of both Afghanistan and Iraq.

Next to the F–35 program, the most costly Defense Department modernization program is the Future Combat System, the FCS. This program is estimated by DOD to cost about $160 billion. Other estimates place the cost upwards of $200 billion or even $230 billion.

Unfortunately, I am concerned that the design of the Future Combat System may be focused first and foremost on an ability to defeat conventional kinds of opponents, Republican Guard-type opponents that we defeated decisively in Iraq in 2003. This is perhaps the least likely kind of adversary we are going to face in the future and certainly very different from the kinds of adversaries we are currently facing in Iraq and Afghanistan.

There is also, I think, a danger that the host cost of the future combat system, which is aimed at only equipping about a third of the active duty Army, will make it very difficult to adequately fund other areas of the Army, the other two-thirds of the Army to adequately modernize and maintain readiness of that other two-thirds of the Army. And that other two-thirds is going to be very critical if we do stay in Iraq or Afghanistan or if we get involved in other kinds of stability operations.

With that, I will end my comments and look forward to answering any questions. Thanks.

[The prepared statement of Mr. Kosiak can be found in the Appendix on page 44.]

**STATEMENT OF SHARON L. PICKUP, DIRECTOR, DEFENSE RESOURCES AND BUSINESS TRANSFORMATION ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, ACCOMPANIED BY WILLIAM SOLIS, DIRECTOR, DEFENSE CAPABILITY AND MANAGEMENT, GOVERNMENT ACCOUNTABILITY OFFICE**

Ms. PICKUP. Mr. Chairman, Mr. Hunter, and members of the committee, thank you for the opportunity to be here today to discuss the Government Accountability Office (GAO)'s work on military readiness. I think that my opening remarks would reflect those of the chairman and Mr. Hunter and the other witnesses in terms of the high pace of operations and its effect on the military and also that the military now has a ground force with considerable experience and is battle tested, but also stressed.

Clearly, Congress and this committee, in particular, has been focused on the impact of these commitments on readiness and has taken some decisive action such as establishing a defense material readiness board and requiring roles and missions review. I would also like to add that the Congress has provided unprecedented levels of funding in response to DOD's requests, which have consistently emphasized the need for resources to maintain readiness.

In fiscal year 2007 alone, DOD had about $600 billion in combined available funding to cover base needs and costs of ongoing operations. Just as an aside, I would like to add that while the Department still separates these needs into two sets, we believe the lines are becoming increasingly blurred.

GAO has evaluated military readiness for decades, including personnel and equipment, and training. And my statement today will cover two topics: first, the readiness implications of DOD's continued efforts to support current operations; and second, recommendations that GAO has made which we believe will improve the Department's ability to manage and improve readiness.

It is clear that DOD has overcome difficult challenges in maintaining a high pace of operations. But these commitments have had significant consequences for readiness and that the Department has taken a number of extraordinary measures to support the ongoing rotation, such as increasing the length of deployments and the frequency of Reserve mobilizations. While it has adjusted some of the standards for recruiting and retention, it is unclear what the long-term impact will be, especially with the Growing the Force initiative in terms of the Department's ability to recruit and retain a high-quality force.

Transfer of equipment and prepositioned stocks has effected the availability of items for nondeployed units. And training has been refocused on counterinsurgency missions with little time to train on a fuller range of missions.

And finally, the Department has adopted strategies such as relying more on the Air Force and Navy and contractors to perform some tasks typically handled by ground forces. If current operations continue at the present level of intensity, DOD could face difficulty in balancing these commitments with the need to rebuild and maintain readiness.

On the second point, rebuilding readiness of the ground forces while maintaining current commitments, is clearly a long-term and complex process and will require hundreds of billions of dollars. At

the same time, DOD faces competing demands for resources, given other initiatives to grow, modernize, and transform its forces. There are no quick fixes, but we believe the Department can take measures to advance progress in both the short and long-term.

Given the significant funding implications, it is imperative that DOD take a more strategic approach that promotes transparency and ensures that investments are based on sound plans with measurable goals, validated requirements, and performance measures to gauge progress. This is a long way of saying that DOD must have a solid basis for its funding requests and be able to demonstrate to the Congress and taxpayer what it is getting for the money in terms of improved readiness.

Broadly, we have recommended that DOD develop a near-term plan for improving readiness of ground forces that, among other things, establish specific goals for improving readiness, prioritizes as actions needed to achieve those goals, and outlines an investment strategy to clearly increase certain needs and funding requests. We have also recommended actions in specific areas which are included in my statement.

This concludes my remarks. And I look forward to answering your questions.

[The prepared statement of Ms. Pickup can be found in the Appendix on page 53.]

The CHAIRMAN. Thank you very much. Let me ask you a couple of questions first.

Ms. Flournoy, General McCaffrey testified before the Oversight and Investigations Subcommittee just several days ago. And he stated that 10 percent of the Army recruits should not be in uniform. Do you have any thought regarding the status of those recruits, how good they are or to the contrary?

Ms. FLOURNOY. Well, the figures I had suggested that 1 in 5, so about 20 percent, are receiving some kind of waiver, educational, moral or medical, to enter into the force. I know that the Army has begun tracking what happens to those people once they are in the force in terms of how their performance in various areas measures against the sort of average for the rest of the force. But I think it is very early days, since this is a fairly new practice, the extensive use of waivers. I think it is fairly early days to be judging how this is working.

What I can say is I have talked to a number of commanders who anecdotally have cited concerns. The experience of having to spend more and more of their command time worrying about a certain number of problem children in their units. So I think it is something that it is hard to make an absolute judgment at this early point in time. But it is something that I would encourage you all to start tracking very closely because I think it has the potential to be a quality issue if not managed very carefully.

The CHAIRMAN. Did you say the Army is beginning to track that now?

Ms. FLOURNOY. That is my understanding, yes.

The CHAIRMAN. To your knowledge, will there be a report——

Ms. FLOURNOY. I don't know if there is a report, but I have some data that suggests they are tracking it closely. And I would encourage you to ask to be briefed on that.

The CHAIRMAN. Well then, we can ask the Army when they reach a conclusion thereon.

Let me ask each of you this. The chairman of the Joint Chiefs, Admiral Mullen, and his predecessor, General Pace, assess the current risk—at General Pace's time, the current risk then, in executing the national military strategy, to be significant and increased from the risk assessment of two years. Do you agree, disagree? And tell us your conclusion thereof.

Ms. Flournoy, start with you.

Ms. FLOURNOY. I would agree with that assessment simply because when you look at security environment, there are a number of scenarios where crises could arise and require some kind of U.S. military response. And although it is certainly fair to say that we have ready Air Force and Navy units that would be prepared to respond, there are some contingencies that would require a rapid ground response. And right now, we have very, very limited capacity, given how heavily taxed our units are in Iraq and Afghanistan.

You know, I believe that we need to fully resource the current missions that we have. But I also think that we should acknowledge that we are accepting a significant level of strategic risk in so doing. And it is very important to try to take steps to expand the reserve of ready ground force brigades or mobile units (MUs) that could be available for contingency response because right now, we do not have what we should have as a global power with global interests.

The CHAIRMAN. If you look over the past 30 to 31 years and count the military contingencies that we have had, they have been scattered over the 30, 31 years roughly 2 to 3, 4 years in between, and all of them unexpected. And our challenge is to be ready should one of those come to pass in the near future. And that, of course, is a concern of this committee.

Mr. Kosiak.

Mr. KOSIAK. Well, I guess I would sort of echo what Michèle said. And I don't want to get too far away from my budgetary expertise. But I think it does depend on what kind of scenarios you are looking at.

I think the stress that the Army and Marine Corps are under is enormous. The stress that the Navy and the Air Force are under is substantial, but significantly less. I think if it is a contingency that can be managed with air or naval forces, you know, we are sitting much better.

In the event it does require ground forces, that could depend in part on obviously the size of the operation, but especially the duration of the operation. I think we can scrape together something to, you know, wage a short-term conflict, I think. But I think we have very little capability to certainly expand any kind of long-term conflict somewhere else that is on the ground.

The CHAIRMAN. Thank you.

Ms. Pickup.

Ms. PICKUP. Right. We haven't quantified in any way the risk. And I wouldn't want to underestimate the ability of our military to respond. But clearly, all the different things that DOD is doing to support the current operations can have an effect on our ability to respond.

And I think, you know, in particular, the amount of time that it would take to train forces and to cross-level equipment with the situation that we find ourselves with our prepositioned stocks and to man and deploy units, you know, clearly would be stressful, which is one of the reasons why we have kind of in our recommendations to the Department talked about the need to, you know, start rebuilding and do it in a sound manner that maximizes the funds available to it. But, you know, clearly, in the near-term, the longer the operations go on at the current levels strains our readiness and effects our ability to respond quickly to other events.

The CHAIRMAN. Thank you very much.

Mr. Saxton.

Mr. SAXTON. Well, thank you, Mr. Chairman.

Ms. Flournoy, in your statement you made a number of statements that I would just like to ask you about. The one statement that you made which was troubling I think you may have modified a bit in answer to one of the chairman's questions. You said that since 2006 the Army has met yearly recruiting goals, but it has taken some fairly extraordinary steps to do so, including moral waivers.

But in the answer to your question you said that it is hard to make an absolute judgment on those issues. And I am glad that you modified what you said in your statement because we have looked at this issue at some length, and we have found that in some cases, soldiers with waivers actually do better than soldiers without waivers.

For example, waivered soldiers had a lower loss rate in entry-level performance. The waivered soldiers' loss rate was three percent while the nonwaivered soldiers' loss rate was four-and-a-half percent. They also had lower rates of personal disorder. The waivered soldiers' rate was about .9 percent. The nonwaivered soldiers' rate was 1.1 percent.

The waivered soldiers had lower rates of unsatisfactory performance. Their rate of unsatisfactory performance was about .26 percent. The nonwaivered soldiers' rates was about double that. And I could go on down the list. And then there were some areas where waivered soldiers didn't do as well.

And so, I think it is a bit premature, let us say, to say that the waiver process in itself is inherently flawed because some of the waivers are given for things like one use of marijuana. That would deserve a waiver.

And so, I guess I would just like you to respond. And again, I am glad that you modified your statement by saying it is hard to make an absolute judgment in these cases because of varying results and performance by soldiers with waivers.

Ms. FLOURNOY. Sir, I flagged this as an area to watch because I am aware of the data that you cited. And I think it is a mixed bag. In some cases, these waivered soldiers become, you know, models in the Army. In other cases, they don't, and they show greater difficulty in meeting Army standards.

So I think it is something that we need to watch over time and watch carefully because the hallmark of the force has always been its quality. And as we grow, the biggest challenge is to maintain that quality of a larger force.

So again, I think the jury is out. I think there is some very positive data, but also some data of concern. And we just need to watch it very closely over time.

Mr. SAXTON. Okay, thank you. That is good.

Let me ask you retention goals. In your statement you stated that although the Army continues to meet its overall retention goals, it is beginning to experience serious retention problems in key parts of the force. My information is that the active Army is actually doing quite well in meeting its overall retention goals in all categories.

The Army is actually exceeding its goals in many. The most deployed Army divisions have an exceptionally high reenlistment rate, for example in all categories. And I think you have probably seen the information that back that up.

In the Army National Guard, which measures retention against a specific annual expected attrition of 19.5 percent, the actual annual attrition rate for 1999 was 5.4 percent. For 2006, it was 4.7 percent. And for 2007, it was 4.3 percent. And in the Reserve, which has an expected attrition of 28.6 percent. The actual annual attrition was 6.5 percent in 1999. In 2006, it was 4.9 percent. I am sorry, in 2007, it was 4.9 percent.

Those seem to be pretty good, particularly when taken in the context of your statement, which says that the overall retention goals are beginning to experience serious problems. I don't understand. Maybe you can clear that up.

Ms. FLOURNOY. Yes. In my statement, I acknowledged that the good news is that company-grade loss rates have remained fairly stable, which, I think, is what you are citing. The challenge really comes from the combination of multiple—you know, the high ops tempo, but more importantly, the growth, so that as the force grows, the denominator changes.

You actually have to have a higher than historical retention rate in order to fill out the ranks of company-grade officers and noncommissioned officers (NCOs) in the force. And so, we have to do better on retention than we ever have before in order to have the quality of leadership we need in a larger force.

So I was trying to flag that. At a time when, I think, we are finding it challenging to meet historical rates of retention, we actually have to retain even more to be able to support expansion.

Mr. SAXTON. Unfortunately, I don't have the numbers here for the active Army. But I do have the numbers—or at least some numbers—for the Army Guard and the Army Reserve. And they appear to be doing just what you suggest, doing better than they have historically been expected to do. Would you agree with that?

Ms. FLOURNOY. Well, I would balance that against the very real shortages that we see in both company-grade and majors. Major shortage is at least 17 percent at this point. So I think there is a problem in terms of meeting some of the targets associated with expansion.

Mr. SAXTON. Yes, you made the point in your statement with regard to the West Point class of 2001. Forty-six percent of the West Point class of 2001 and 54 percent of the West Point class of 2000 have already left the Army. Army data is a little bit different. The Army does not dispute that reducing officer attrition is an impor-

tant objective and asserts that an unprecedented effort is underway to accomplish that goal.

Army data shows that the U.S. Military Academy attrition at the end of 5 years is actually 30 percent for classes graduating from 1992 to 2002. And at the 6-year mark, the attrition for classes of 1992 through 2001 is 46 percent. So those numbers are a little different than what you said, I believe, in your testimony.

Ms. FLOURNOY. Yes. I think we have dueling data here, sir. I have a data released by the U.S. Military Academy. And the overall historical average since 1976 is about 40 percent loss, the last 10 classes, 45 percent loss, and then the most recent 2 classes, closer to 50 percent loss. So I think I am happy to get with your staff and compare data to see if we can sort that out.

Mr. SAXTON. We appreciate that. Let me just ask you one final question with regard to high school diplomas. In your statement you said that in fiscal year 2007, only 79 percent of the recruits had high school diplomas. I was wondering if you included in that 79 percent the National Guard Youth Challenge Program General Educational Development (GED) certificates, which we continue to be hopeful will hold up as a level of accomplishment that will permit people to be gainfully retained, recruited and retained in the Army.

Ms. FLOURNOY. Sir, I believe that figure is for active duty, but I can double-check that for you.

Mr. SAXTON. Right. My understanding of your statement was that 79 percent of the recruits had high school diplomas.

Ms. FLOURNOY. Right.

Mr. SAXTON. And do you question whether or not the National Guard Youth Challenge Program GED is an appropriate level of accomplishment and achievement which we would require to join the Army?

Ms. FLOURNOY. Well, I was simply noting that the—I think the historical standard has been 90 percent with a high school diploma. And I think it is important to try to continue to meet that goal.

Mr. SAXTON. So you don't have an opinion on the National Guard Youth Challenge Program?

Ms. FLOURNOY. No, I don't. I haven't looked at it closely.

Mr. SAXTON. Thank you, Mr. Chairman.

Ms. FLOURNOY. Thank you.

Mr. ORTIZ [presiding]. Thank you so much for joining us this morning. You know, the readiness challenges faced by the United States military, especially the ground forces are extremely concerning on many different levels. My good friend, Representative Abercrombie, and I have a resolution that speaks to the declining readiness of the ground forces and acknowledges the strategic risk that the United States has in assuming because of the shortfalls that we have—we have introduced House Resolution 834.

Unfortunately, with continuous operations in Iraq and the Department's inability to offset readiness decline, the time it will take to restore military readiness gets longer and longer every day. At this point, over what timeframe is it realistic to expect that those challenges could be fully addressed? Maybe you can give us a little what you think as to how long it will take to really fully address that issue.

Ms. PICKUP. Well, I don't know that I would be comfortable saying in years. But, you know, I mean, it is obviously a long-term and complex prospect. And I think in the near-term as long as the current operations are sustained at the current pace and intensity, rebuilding readiness while engaging in those commitments is just going to be difficult.

But I do think, as I said in my opening remarks, that the Department has some things that it can do, one of which is to come up with a plan as to, given the funding that it receives on an annual basis and then if there are supplemental fundings, to establish some goals as to which part of the force and at what level they want to increase and improve readiness over time. Because right now I think what we see is very difficult to equate the funding to any, you know, tangible outcome as far as improved readiness.

And I think with the Grow the Force initiatives and the modularity, I mean, clearly, you are actually talking in the long term to have more people and units to train and equip. So I think that is a long-term prospect as well. But in the short term I think it is quite reasonable for the Congress to expect the Department to be able to say in the next two to five years this is what our plan is and this is what our goal is, to get more units at the higher levels of readiness.

Mr. ORTIZ. Anybody else that would like to respond to that question?

Mr. KOSIAK. I would add a little to that. I guess there are three parts to it. One is it is hard to know how long it will take to recover when we are not likely to simply end the operations in Iraq and Afghanistan. So they are likely to continue at some level. So it is sort of going to be an ongoing process, I think, of trying to, you know, build up readiness.

I would say in the case of equipment, in many cases—I think I mentioned in my statement, you know, it takes two years to get a piece of equipment, you know, from the time it is appropriated, funding is appropriated for it to get it into the hands of servicemembers. So I think at a minimum, even when you are done, there is going to be a lag of a couple of years before the services get all their equipment.

And then beyond that, I think the personnel issue is a more serious, potentially long-term issue in terms of recovering because, you know, obviously some members of the military are only there for a few years. Some are there for 20 years, some for more.

But I think that is also a very complicated issue, as Congressman Saxton and Michèle pointed out. It is hard to know just how serious the problems are in that area. But I think it is an area that, you know, potentially—and that is the reason you really want to look at it so closely and you want to track things so closely because that is potentially sort of the longest term kind of problem area to recover from.

Mr. ORTIZ. You know, we have seen that the Department has initiated some initiatives, such as the Grow the Force and reset. I was just wondering whether that is adequate enough to fully address the seriousness. You know, because we are going through a lot of—it is a big ball of wax when we look at the prepositioning stock. Then we have grown the force by at least 70,000 soldiers. And

when you don't have the equipment, how are you going to train them?

Because it has come to our knowledge that in many instances maybe a year ago some of the soldiers did not have the equipment to go fight a war until they arrived in Kuwait. So, you know, and to build the equipment takes several years. You don't just say you need, you know, 40 Humvees or 50 tanks and you are going to get them the next day. It takes time. And some of that equipment has been damaged.

Do you think that those initiatives are adequate to fully address the needs that we encounter today?

Ms. PICKUP. Well, I am going to have my colleague, Bill Solis, come up to address some of the specific prepositioning and equipment issues that you are asking about. But I do think it is important to note that the Department itself has some pretty significant and lengthy timelines in terms of some of their reset and prepositioning plans. And I also think that some of our other work suggests that while they do have strategies, it is not really clear to what extent, particularly with equipment, that their strategies are addressing the near-term versus the long-term needs.

And one last thing in terms of the training area, we have said that because of the focus on counterinsurgency that they do need to look at some near-term potential adjustments that they can make to start incorporating more full spectrum training into the curriculum. But I will have Mr. Solis address some of the more specifics about equipment.

Mr. ORTIZ. Sure. Go ahead.

Ms. FLOURNOY. Sir, if I may just add to that, I think in addition to the Grow the Force initiative and the reset and the modernization investment, there are some force management things that I think should be looked at in terms of whether we can shift the balance even further between the institutional Army, meaning the nondeployed Army, and the deployable part, the operational part of the Army. I think it is worth looking carefully at whether more of the Army could be made deployable and whether we can get force management to actually identify additional individuals who could deploy that haven't deployed yet.

I have heard many anecdotal examples of people who are dying to get to the fight and have trouble getting there because of how they are coded or their certain Military Occupational Specialty (MOS) or what have you. So I think the force management issue is another area that we might help in the short term.

Mr. SOLIS. I would just offer in terms of the prepositioned equipment issues, the recent work that we have just completed for the committee indicates that the reset of prepositioned equipment will not occur, at least until 2015, and that is with the download of APS–3 and the reset of APS–5. So it is going to take some time.

I think the estimate is somewhere between $10 billion to $12 billion to do that, although it is not really clear if that number—what that really covers because it is not clear in the budget estimates. But that is one example in terms of answering the question how long is this going to take.

I think in reset—what we heard—now, some of this is presurge—it would cost the Army somewhere between $10 billion to

$12 billion, $13 billion a year for reset for up to 2 years after end of operations. But again, I am not sure if that number still holds or if, given things like the surge or other commitments or the amount of time that passes, if that number will go up. But clearly, it is going to take more time after the, you know, operations substantially end in Iraq and Afghanistan.

Mr. ORTIZ. Thank you so much. And another question would be, you know, whether we are utilizing our depot facilities to do some of this work. But I don't want to take all the time.

Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman. And excuse me for having to break out of this very important hearing a couple of times.

Let me ask you if you folks have any idea on how we get a good handle on precisely what we have in theater, both the stuff that is what you might consider war fighting equipment and the stuff that is support in nature.

I talked to some of our Reserve folks last night and yesterday, and they talked about enormous expenditures purchasing things like freightliner trucks which are now over in theater. I think we have got lots of dirt-moving equipment, things that could be used by the Guard and Reserve back here in their domestic capacity when the governor puts his hat on and moves the Guard out to perform homeland missions, domestic missions.

I think the first thing we have got to do is figure out what we have got. And do you have any ideas on how we would structure this inventory-taking, if you will? And first, do you think we should do it?

Ms. FLOURNOY. Sir, I actually think it is a very important idea, and it is something we should do, both to know what we can bring home as part of resetting the force, what it would be better just to leave, and what we might want to cascade to the Iraqis as we build the institution of their army and their police forces. I would be loathe to add that burden to the operational force right now in terms of what they are trying to do. But it might be possible to task the individual services to send teams over to do that assessment for you.

Mr. HUNTER. Okay. Okay.

Mr. KOSIAK. Sir, I absolutely believe that is a great idea, and I think it should be done. I think, I believe, and I am not absolutely sure, but I believe the Army G–4 has undertaken something like this. So I think that would be a starting point to see what exactly they have done to try to get a handle around all the equipment that is not only in theater, but back here in the states. But I do think that is an absolutely good thing to do before we go about looking at what we need to buy for the future in terms of equipping the troops, not only back here, but for other conflicts.

Mr. HUNTER. Well, I have sure talked to lots of folks that came back and didn't bring their stuff back and largely because they said, hey, we will keep it here, and other people may need it when they get here.

One of the members of this blue ribbon panel on the National Guard recommended the—he said, you know, here we have got this domestic system where we barcode everything, and you have got these vast inventories that are instantly retrievable in terms of

numbers and what you have got. Do we barcode our equipment in the services and the Guard? Do you know if we have any kind of a barcode system?

Mr. KOSIAK. There is a unique identifier code, but once it goes into the pool of theater provided equipment I am not sure exactly how they account for that over there.

Mr. HUNTER. Okay. Okay.

Thank you, Mr. Chairman.

The CHAIRMAN [presiding]. Dr. Snyder.

Dr. SNYDER. Thank you, Mr. Chairman.

The title of this hearing today is military readiness implications for our strategic posture and just make two or three comments and then get you all's response to that, will be all I will do. But ultimately will we be better off as a country when we in the Congress are having a hearing, perhaps joint hearings, called—rather than call it military readiness implications for our strategic posture we call it national security implications or national security readiness implications for our strategic posture?

I note, Ms. Flournoy, number 10 on your list was you said—I think your words were "this is perhaps beyond the purview," were your words. But number 10 on your list was increase the deployable operational capacity of civilian agencies to reduce the burden on the U.S. military and increase the chances of mission success.

And then this study by RAND—not the RAND study that has been in the paper the last few days, but one called, "War By Other Means." And in their section on investment priorities, they talk about the additional money that they think it will take to do counterinsurgency. And they get up in the range of $20 billion to $30 billion additionally to do the kind of counterinsurgency that we ought to do.

But a substantial amount of it is not going for additional military readiness. It has to do with other kinds of capacity. So I would like you all to respond to the question. Are we perhaps asking the wrong question? Should we be having a more expansive question when we talk about our national security readiness?

And we will begin with you, Ms. Flournoy.

Ms. FLOURNOY. I do think we should think more broadly in terms of the whole of government readiness, you know, for not only current operations, but future operations. Many of the—I would say, the majority—of the tasks that are critical to success in either Afghanistan, Iraq or just about any other operation you can imagine in the future are going to be fundamentally nonmilitary in nature. They are going to be economic, political, governance-related, and so forth.

And right now what we are seeing is the absence of deployable operational civilian capacity as having two very detrimental effects on our military. One is they are experiencing tremendous mission creep as they have to undertake tasks for which, you know, really belong to—should belong to someone else.

And two, it impairs our exit strategy as it becomes very difficult to achieve the nonsecurity-related goals that would enable our ultimate transition out. So I think looking more broadly, as you sug-

gest, at the national security requirements and readiness for future operations would be a very useful thing to do.

Dr. SNYDER. Mr. Kosiak.

Ms. PICKUP. The only thing I would add to that, too, is—and I agree. You have to look at both. You have to look at the impact on our military. But you have to look at the broader issue. And I think this is where the committee and the Congress have been going with requiring the roles and missions review.

And, you know, the question is how much more can our military handle and what should it take on, and what adjustments does it have to make in its own force structure if there are certain things that it will take on, such as stability operations. And as Michèle mentioned, you know, the participation of the military in, not only the transition teams, but the provincial reconstruction teams and some of the economic development, et cetera, I mean, that just raises the broader question as to, from an interagency perspective, you know, what should the Department handle vis a vis the other agencies. So I think it is a very good question.

Mr. KOSIAK. Yes, I would agree. It is, I think, a very good idea to look at in a sort of broader definition of national security. And I think in budgetary terms, of course, you have a significant amount of money going to the Department of Defense, you have a significant amount of money going to international affairs areas, and you have a significant amount going to homeland security.

And those are all obviously important areas. And then sort of thinking in budgetary terms, you want to, you know, understand how much you are spending in each of those areas and what the cost and benefits of each of those areas are.

Also, there is a lot of overlap. I mean, DOD is involved in all of those. DOD is involved obviously in Iraq and Afghanistan and those kinds of operations. But they are heavily involved in homeland security and would be, certainly, if we had any kind of weapons of mass destruction used here. And they are also involved heavily in a lot of important areas in sort of executing our foreign policy and foreign assistance. So I think that would be great.

Dr. SNYDER. Ms. Flournoy's statement there about increasing the operational capacity of civilian agencies also leaves off the question of the whole issue of interagency relationships, just having a deployable capacity doesn't mean that you will actually get the job done or that they will get there in a timely fashion or do what you want them to do in the way that you want them to do in terms of working with other agencies.

Thank you, Mr. Chairman.

The CHAIRMAN. Randy Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

And thank all of you for being here. I am going to talk quickly because I only have a limited amount of time. But I think sometimes we get so far down in the weeds that we lose sight of the overall landscape.

I remember a few years ago I walked in on a conversation with two friends of mine. And one of them was talking about a baseball team, and he was talking about how terrible the second baseman was, how bad the pitchers were, the weakness of the left field or how bad their batting was. And I looked to my other friend. I said

who is he talking about. And he rolled his eyes, and he said he is talking about the team that just won the World Series.

And I think as I look, Ms. Flournoy, at your statement, one of the big things we need to keep in mind is—and I am assuming this is still correct because it is dated today's date. But you said having just gotten back from two weeks in Iraq that you had the privilege of witnessing a U.S. military that is the most experienced, adaptive, professional, and capable force this country has ever fielded.

And I assume that we all know they are more experienced. But I would assume that that means they are a more adaptive, more professional, more capable force than they were in 2000?

Ms. FLOURNOY. I would say because of the incredible operational experience they have had, yes.

Mr. FORBES. More adaptive, professional, and capable force than 2003?

Ms. FLOURNOY. As I said, I think the most—probably more than——

Mr. FORBES. More than 2005?

Ms. FLOURNOY. In terms of the operational force, yes.

Mr. FORBES. So then basically the force we have today is more adaptive, professional, and capable than they were in 2000, 2003, 2005. You also say in your testimony—you say the bottom line of these most recent findings is that while the Reserve component is intended for use in overseas operations and homeland defense, it is not fully manned, trained or equipped to perform these missions. The gap in Reserve readiness creates a significant and little-noticed vulnerability in both disaster response and readiness for operations abroad.

Can you tell me if the Reserve component was fully manned, trained, and equipped for the missions you describe on September 10, 2001 or, for that matter, any time prior to 2000?

Ms. FLOURNOY. I think the Reserve component has been chronically under-resourced. But I think the degree of its under-resourcing is particularly acute now. I think the contrast I was trying to draw, sir——

Mr. FORBES. And you can put whatever you want in writing. I have just got five minutes. You have got to talk quick.

Ms. FLOURNOY. Okay, I am sorry.

Mr. FORBES. Can you answer my question? Were they at September 10, 2001 or any time prior to 2000—were they fully manned, trained, and equipped for the missions you describe?

Ms. FLOURNOY. No.

Mr. FORBES. They were not? So we had, in your opinion, then a vulnerability in both disaster response and readiness for operations abroad in September of 2001 as well.

Ms. FLOURNOY. Yes, we did. And it has gotten worse.

Mr. FORBES. Okay.

Mr. Kosiak, I would like to ask you a question now. If you can answer it today, fine. If you can't, if you would get back to us.

Based on your experience, can you tell us what it would cost today to create and sustain an Army, a Navy, and an Air Force that are all C–1 fully resourced and ready across the board to support the national military strategy?

Mr. KOSIAK. Well, I think I certainly couldn't really answer that. I think the Congressional Budget Office has done some work in that area looking at plans over the next 10 or 20 years. Their estimate, I think, to actually execute the current plan, which includes modernization as well as readiness-related areas, you would have to probably increase spending on the order of $50 billion a year more. So you would have a steady state budget that would be $50 billion higher than what we are currently projecting, something of that magnitude.

Mr. FORBES. $50 billion if you were going to reach that goal?

Mr. KOSIAK. Correct.

Mr. FORBES. Now, back to the question I asked Ms. Flournoy, if you were listening there. If we made the choice as a nation to fully man, train, and equip our Reserve component at C–1 levels, current C–1 levels the way we measure them today, what would that cost? And would we, in fact, even be able to sustain a C–1 Reserve component? Wouldn't our Reservists have to be in every weekend to train if they were to maintain a C–1 level? What is your thoughts?

Mr. KOSIAK. I am not really suited to answer that question, I am afraid.

Mr. FORBES. So you don't have any estimates of cost on——

Mr. KOSIAK. No.

Mr. FORBES. Okay, good.

Mr. Chairman, I yield back.

The CHAIRMAN. Ms. Flournoy, you stated that the Reserve forces are worse today than they were? Mr. Forbes asked you about the initial date.

Ms. FLOURNOY. I think what I would like to highlight is the degree of equipment shortage and the degree of personnel shortage is, to my knowledge, higher now than it has been in recent memory because of the extent to which we have used the Guard and Reserve components in operations and the extent to which we have under-resourced them budgetarily.

The CHAIRMAN. Ms. Gillibrand.

Mrs. GILLIBRAND. Thank you, Mr. Chairman.

Thank you all for your testimony. I want to go back to the issue that we began to address of the Reserve components. What recommendations do you have for how we can strengthen them. Particularly I am concerned about recruitment and retention because you cited some statistics in your testimony about the reduction in recruitment and retention.

And Mr. Chairman had asked a number of us under the leadership of Congressman Cooper to work on a roles and missions panel to begin to think about these issues, think outside the box, make some suggested recommendations about areas to review. And one of the areas that we discussed for the Reserve component was to increase recruitment by offering some flexibility in terms of whether new members would prefer to be stateside mission only or take on foreign missions as a recruitment tool that would be non-binding. So obviously if we needed them all in theater abroad, they could all be sent abroad.

In your opinion, would that increase retention and recruitment? Also, a second suggestion that was discussed was whether or not

we could train the Reserve components to be stabilization forces because they have some traditional training in terms of rebuilding efforts. They have a skill set unique to the National Guard and Reserve, some being engineers, some being plumbers, some being transportation specialists and having those unique backgrounds of being in the private sector.

Do you think it would be possible to look to the Reserve component, particularly the Guard as a stability force, both for natural disasters, terrorist attacks here at home, but also for rebuilding forces when we need them abroad? Because your initial testimony was about engaging the civil agencies. This might be another place to look to create a stronger force, greater readiness, greater recruitment and retention down the road. And I just want your thoughts if that is something worth discussing or you see some problems in that area.

Ms. FLOURNOY. Thank you. Let me start with your last point. I do think we can make better use of our Reservists in terms of looking for critical civilian skills that reside in the Reserves when we are conducting stability operations, counterinsurgency, and so forth. I am actually the wife of a Reservist who is mobilized mainly for his civilian skills to be deployed in support of Afghanistan.

So I think we could do a better job of that. Although I would advise against restricting the mission of the National Guard or any part of the Reserves to only stabilization because I think they play important roles across the spectrum.

In terms of your idea of recruiting——

Mrs. GILLIBRAND. But would you expand it, not necessarily restrict it, but expand it to make sure that they could do all of the various new missions? Because you were talking earlier about how the missions of all our active duty and Reserve components have been expanded under the current operations required for Afghanistan and Iraq.

Ms. FLOURNOY. Yes.

Mrs. GILLIBRAND. So I am not really talking about reducing it at all. I would keep them having—have their military readiness for combat but adding to that the specialized training to be a real force that can do stability operations and rebuilding if necessary if we find ourselves in this kind of situation again.

Ms. FLOURNOY. I think greater attention to preparation and training for the full range of missions, including stability operations in terms of the irregular warfare part of the spectrum—I think that would be a positive thing.

In terms of recruitment, I will just preface this by—I haven't looked at this closely, but my concern about the idea of recruiting separately for sort of a domestic Guard versus an overseas is that you might undermine—I mean, you might actually get an overwhelming response for the domestic side and actually undercut your ability to effectively recruit for overseas missions or vice versa. It also presents some fairly significant force management challenges in terms of managing individuals who have different preferences within the same unit and maintaining unit cohesion.

So I am not sure exactly how that would work. But I think two of the areas that Congress can take definite action on is bringing the Reserves up to their authorized level of equipment in terms of

fully funding them and personnel and also looking at the variety of contracts.

Right now we have got this sort of weekend warrior model and the active duty model. And I think there is ample room to create levels of service and commitments in that middle range that would allow us to get more out of our Reserve component in support of current demands.

The CHAIRMAN. Thank you. Before I call Mrs. Davis, what about the readiness of our National Guard to assist in natural disasters?

Ms. FLOURNOY. Sir, my understanding is that, you know, the issue there is for units that have left equipment overseas that is somewhat constraining their readiness to respond to some contingencies at home. It is not universal, but some units it is a problem.

The CHAIRMAN. Mrs. Davis.

Mrs. DAVIS OF CALIFORNIA. Thank you very much. And I am sorry I missed your testimony. But if I could try and just pick up from a few of the other thoughts and a few of your brief remarks, Ms. Flournoy. You cite the need for mid-level officers and the need for incentives. And part of that, I think, we would greatly support because it speaks to the need for more education, more dwell time, more think time that is really needed for people to be the great officers that we hope for in this country.

And I am wondering how that then really jives with the need that we have to keep people engaged in an active way. How do you think we best do that? Is that through greater end strength? Is that through allowing us to have people take that time off in order to do that?

Ms. FLOURNOY. Again, I think it is a very important issue. I think the way to create that additional flextime is to grow the overall size of the force, but particularly the operational part of the force.

I think it would be very interesting to try to do a survey of people who are choosing to get out as to why they are choosing to get out because my anecdotal information suggests that a lot of these people love the service, love serving their country, would love to stay in, but they just, after deployment three or deployment four, they just need a little bit of a break. They need a year to go to school. They need a year to see their family, and then they are willing to go at it again.

So that is anecdotal information. But I think if we grow the force, and particularly move more of the institutional force into the operational force, grow the size of the pool for deployment, we would hopefully over time create more of the flextime that would allow us to do a better job of retaining the best quality officers.

Ms. PICKUP. And I guess what I would add to that is that these operations have also given us some more information on this reliance on the other services as well. And, you know, one of the things that we have recommended is that DOD have better data on these strategies that they have used to, in particular, rely on the Air Force and the Navy to perform some of the tasks formally handled by ground force missions—ground forces and also to evaluate the impact and the feasibility of either continuing those strategies or modifying those strategies.

And I guess it is a long way of saying it is looking at joint sourcing solutions as well because there have been some experiences gained in that manner. So that might be something to look toward the future. And the fact of the matter is the reason why they have had to rely on the Air Force and Navy is because exactly what you were talking about.

There are certain areas where folks have been repeatedly deployed because of their specialty skills. And it has placed more stress on them.

Mrs. DAVIS OF CALIFORNIA. Yes. Do you see being able to expand that? And I know several of my colleagues have talked about the interagency reform, the ideas that we have been trying to put forth to help us go beyond the military solutions. And I am wondering do you see a way of conjointly training for missions that would have the military capability, but in many ways, reaching out to civilians who, in fact, want to have the opportunity to serve in a fashion but are not in the service or are not in the military. Are we missing something in not being able to deal with that in a much more creative fashion?

Ms. FLOURNOY. Yes. I think we are missing an opportunity. And again, just coming out of Iraq, I saw many, many military officers doing jobs that I would have thought should be done by civilian experts. But they were doing them—and power to them, and thank God to them. But, you know, they were doing it because there was nobody else to do it.

There was not adequate capacity, and they were stepping up to the plate and doing governance and doing rule of law and doing negotiations between parties because they were the only ones there. So I think augmenting our military with effective civilian capacity could be a huge benefit to the Nation.

Mrs. DAVIS OF CALIFORNIA. Do any of you see doing that in a more formal fashion? I mean, civilian academies—we obviously have schools that have great conflict resolution programs and whatever. But I am just thinking of the ideas that have been put forth that really would create those kind of academies that would bring in more civilian personnel, the kind of folks who might work for nongovernmental agencies but, you know, don't.

Ms. PICKUP. Well, I guess the only thing I would add is that I think it needs to start with a fundamental reassessment of the roles and missions and, you know, what the role of the military is and what exactly should the military be doing versus the other agencies. And then from there you can decide what the mechanisms are and what the educational requirements are and what the coordination mechanisms are to reflect those roles and missions.

Mrs. DAVIS OF CALIFORNIA. Thank you.

The CHAIRMAN. Thank you.

Mr. Murphy.

Mr. MURPHY. Thank you, Mr. Chairman.

Thank you, panel, for testifying today. I know my neighbors were called to other hearings and other votes.

I would just like to mention that we all know that our servicemen and women in Iraq and Afghanistan are doing a fantastic job. And in many of their cases, they are doing actually civil affair jobs,

so-called nation building, some of which aren't really trained to do that. But they do their job without complaining.

When I visited Afghanistan last year and asked some of the troops about their experiences, one said to me, "Sir, we are here. Where the hell is everybody else." He wanted to know why his soldiers were doing the civil and political jobs that are really the responsibility of the U.S. Agency for International Development (USAID) and the State Department.

Ms. Flournoy, one of your recommendations is that to increase the deployable operational capacity of civilian agencies to reduce the burden on the U.S. military, increase the chances of mission success. I agree. I think the question for the group is how. So I will ask the panel quickly.

Our Army is at a breaking point because of repeated deployments to Iraq. So what can we do to get the rest of our government off the sidelines right now so that our troops can focus on being the war fighters and not the nation builders? Thank you.

Ms. FLOURNOY. I would start by saying I think there are three or four components. The first is billets. We don't have enough civilian spaces, if you will. We need more civilian personnel in government. I think we need to create a civilian reserve, and I think we need to enhance our ability to contract civilian personnel with the required specialties.

Second, incentives—right now the incentive structure in our various agencies does not necessarily reward or promote operational experience or preparation therefore. So I think creating incentive structures that say if you want to make senior executive service, you have got to be, you know, doing operational things——

And the final thing is the education and training. We don't invest in the professional development of our civilians the way we do in our military. We need to create a serious professional development program if we are going to grow the kind of civilians that can do the integrating function for operations as complex as Afghanistan or Iraq.

Ms. PICKUP. One other thing I would add to that—and we have some work going on, for example, on these provincial reconstruction teams which are, in some cases, a shared responsibility between the military and State and AID. And I think one of the things that we are looking at is whether there needs to be any policies and procedural changes from a personnel standpoint to incentivize and to, you know, kind of change the rules of engagement for civilians overseas in the foreign service——

Because, you know, the military obviously has an obligation to be mobilized and deployed. Whereas the rules governing civilians in combat environments are not quite the same obligations.

Mr. MURPHY. I think a follow-up that I would have is that under the incentives, the system doesn't reward operational experience. Can you expound on that?

Ms. FLOURNOY. Well, if you take, for example, within the State Department, the kinds of embassy assignments that historically have gotten you promotions have been in the capitals of major allies, not necessarily in conflict zones. Nor have we focused on the sort of operational skill sets.

A lot of our diplomats—their training has been focused on representing the United States and reporting back on what they see in whatever embassy they are as opposed to the sort of nitty gritty negotiation, conflict resolution, political type of skills. So I think that there is room for creating a cadre of people who are really focused on operational issues and who are signing up for careers of going to multiple operations over time.

And we should reward that. And we should incentivize it appropriately. And we just don't do that today within the State Department or USAID or any other civilian agency.

Mr. MURPHY. And does that type of change have to be mandated by Congress? Or does it have to just be—it sounds like a different culture is needed. But how do we make that change become a reality?

Ms. FLOURNOY. I think the incentive changes could be done at the leadership level in the departments. But the resources are needed—Congress needs to provide the necessary resources to support both the expansion of the number of people, their training and professional development and so forth.

I think if the agencies fail to change that incentive, you have the precedent of something like Goldwater-Nichols where you make a legislative change that fundamentally changes an incentive.

The CHAIRMAN. I thank the gentleman.

Mr. Solis, may I ask you a question? I assume the GAO has looked at the training of our forces. Am I correct?

Mr. SOLIS. That is correct.

The CHAIRMAN. Do our Army brigades receive enough training to be able to undertake a combined arms operations against a conventional military right now?

Mr. SOLIS. Well, I think if you look at what we used to do—for example, we had rotations to the National Training Center to do maneuver operations. We had the Joint Readiness Training Center (JRTC) where we did operations for our light infantry.

Those rotations are not—we are not doing the same level of that kind of thing anymore. Most of the time when we come back for the training, it is to get ready to go back to do the counterinsurgency type. So I think in terms of those kinds of things, we are not doing the heavy maneuver-type of operations or training that we did in the past.

The CHAIRMAN. Those skills are perishable, am I correct?

Mr. SOLIS. Yes.

The CHAIRMAN. In your opinion, how long would it take to restore that capability, Mr. Solis?

Mr. SOLIS. I think, you know, it depends in terms of the intensity. For example, it is what you are training for. Some of this would occur at home station in small, company-level exercises. You would begin to do that as well as the graduate-level exercise, as I mentioned, in the National Training Center.

So it takes time. I mean, it takes time to do a lot of these different things in terms of the different missions. The one thing I would add—and I would think that needs to be discussed at some point is how many more missions can the military do in terms of the types of missions, not only the high-end, but the stability oper-

ations, which General Casey has now said is going to be a core mission, the reconstruction-type things.

There is a lot of things that are being put on the plate of the military right now, particularly the Army. So I think when you start putting all those things together, it creates a lot of time constraints on the ability to train in any circumstance.

The CHAIRMAN. As was brought out in the discussion with Mr. Murphy a few moments ago, the other agencies have not lived up to their billing in assisting and so much has fallen on the backs of the military. Am I correct in Afghanistan and Iraq?

Mr. SOLIS. That is correct. And another thing that I think this committee may want to look into and we allude to in the testimony is the use of contractors in deployed locations in contingency operations. Today in Iraq and Afghanistan, I believe we have almost 200,000 contractors that are supporting DOD alone.

And that is not just with Logistics Civil Augmentation Program (LOGCAP). That is with linguist intel officers, unmanned aerial vehicle (UAV) operators, a whole host of folks who are providing support to the military. And the question becomes from a strategic piece into the future well, how will the reliance upon contractors, particularly for operations, be looked at, particularly in the war plans and operational plans and will they be there when we need them.

The CHAIRMAN. I have no further requests for a time. So, ladies and gentlemen, we really appreciate your being with us. It has been very helpful. It is an area that our committee intends to continue working on. It is the right thing to do, plus it is our constitutional duty. So we appreciate it so much.

The meeting is adjourned. Thank you.

[Whereupon, at 1:04 p.m., the committee was adjourned.]

# A P P E N D I X

February 14, 2008

## PREPARED STATEMENTS SUBMITTED FOR THE RECORD

FEBRUARY 14, 2008

CONGRESSIONAL TESTIMONY

**Strengthening the Readiness of the U.S. Military**
Prepared Statement of Michèle A. Flournoy

Center for a New American Security

**February 14, 2008**
**House Armed Services Committee**

Mr. Chairman and distinguished members of the Committee, thank you for giving me the opportunity to speak with you today about the readiness of the U.S. military and what can be done to strengthen our strategic posture. It is an honor to be here.

I would like to address the readiness of our armed forces for both current and future missions and recommend some steps we can take to strengthen the United States' strategic posture over time.

Since the attacks of September 11th, 2001, the U.S. military has performed Herculean feats to protect and advance our national security. In Afghanistan, Iraq, and elsewhere around the world, they have conducted operations to defeat terrorism, counter insurgency, build the capacity of partners and restore security and stability. Having just returned from two weeks in Iraq, I had the privilege of witnessing a U.S. military that is the most experienced, adaptive, professional and capable force this country has ever fielded.

But more than six years of continuous, large-scale operations have also taken their toll on the armed services, their families, and their equipment. Multiple, back-to-back deployments with shorter dwell times at home and longer times away have put unprecedented strain on our military personnel. Near-continuous equipment use in-theater has meant that aircraft, vehicles, and even communications tools are staying in the fight instead of returning home with their units. Given the high tempo of operations and the harsh operating environments, equipment is being worn out, lost in battle, or damaged almost more quickly than the services can repair or replace it. And while this Congress wisely authorized an expansion of our nation's ground forces, recruiting and retention have become greater challenges for the services at a time when they need to attract and keep a larger number of high quality warriors.

At the same time, the United States must prepare for a broad range of future contingencies, from sustained, small-unit irregular warfare missions to military-to-military training and advising missions to high-end warfare against regional powers armed with weapons of mass destruction and other asymmetric means. Yet compressed training times between deployments mean that many of our enlisted personnel and officers have the time to train only for the missions immediately before them—in Iraq and Afghanistan—and not for the missions over the horizon. These just-in-time training conditions have created a degree of strategic risk, which the

Chairman of the Joint Chiefs of Staff noted in his recent posture statement. As we at the Center for a New American Security wrote in our June, 2007 report on the ground forces, the United States is a global power with global interests, and we need our armed forces to be ready to respond whenever and wherever our strategic interests might be threatened. The absence of an adequate strategic reserve of ready ground forces must be addressed on an urgent basis.

**U.S. Military Readiness Today**

Readiness is the winning combination of personnel, equipment, and training in adequate quantity and quality for each unit. Each of these components of readiness has been under sustained and increasing stress over the past several years. For the ground forces, the readiness picture is largely—although not solely—centered on personnel while the Navy and the Air Force's readiness challenges derive primarily from aging equipment. The Army continues to experience the greatest strain and the greatest recruitment challenges.

*Stresses on Personnel*

Due to the high demand for troops in Iraq and Afghanistan, Army and Marine Corps personnel are spending more time deployed than either they or their respective services planned. Dwell time for the Army is now less than a one-to-one ratio, with 15 month deployments matched by only 12 months at home. The Marine Corps rotates units into and out of theatre on seven-month schedules. Numerous conversations with soldiers in Iraq suggested that while their commitment to the mission remains extremely high, the extension of tours beyond a year has had a negative impact on their morale and their families.

The Chairman of the Joint Chiefs of Staff stated before the Senate Armed Services Committee last week that the nation cannot sustain today's operational tempos at current force levels. Getting back to a one-to-one ratio between time deployed and time at home in the short term and eventually a one-to-two ratio would require either an increase in troop supply or a decrease in troop demand. As we "unsurge" back down to 15 brigades in Iraq, we can expect to see deployments shortened to one year for Army units. Growing the size of the Army and the Marine Corps will also help to reduce the strain, but it will take time to recruit, train and field the additional personnel.

Meanwhile, there are signs that the stress of repeated deployments is taking a human toll,

especially on the Army. The year 2006 saw the highest suicide rate in the Army since 1980, and that number jumped another 20% in 2007.[1] We also know that repeated tours in Iraq increase a soldier's likelihood of developing post-traumatic stress disorder, and indeed, cases of PTSD have risen dramatically.[2] The rates of alcohol abuse, divorce, desertion, and AWOLs among Army personnel are all increasing.

While all four services have met their recruiting targets in recent years, they have had to take some rather extraordinary measures to do so. Each service has relied increasingly on enlistment bonuses to attract the shrinking portion of young Americans (only 3 in 10) who meet the educational, medical and moral standards for military service, including $13,000 Initial Enlistment Bonuses for the Air Force and a $40,000 enlistment bonus for Naval Special Warfare and Special Operations recruits.[3] The Army has faced the greatest challenge in recruiting. Since missing its 2005 recruiting target by a margin of 8%, the Army has taken a number of steps to bolster its accessions and meet its annual targets. However, some of these have proven worrisome, most notably increasing the number of waivers granted for enlistment by 18% (1 in 5 accessions now requires a waiver) and accepting a larger percentage of recruits who lack high school diplomas. The number of moral waivers (for things like criminal history) increased 160 percent since 2003.

The Army is also facing some serious retention challenges as it sustains an unusually high operational tempo while simultaneously converting to modularity and growing its force. While company grade loss rates have remained fairly stable in recent years, there are some worrisome signs. Approximately half the officers from the West Point classes of 2000 and 2001 have left the Army, with many citing the strain of multiple, back-to-back deployments as a top reason for retirement. Meanwhile, the number of officers the Army needs has grown by 8,000 since 2002, with 58% of this growth in the ranks of captain and major. A particular gap for the Army is at the level of majors, where 17% of spots are empty. As the Army expands, it will need to retain a higher percentage of its experienced officers to lead the force. To decrease the historical loss rate of company grade officers, the Army is offering unprecedented incentives to those who agree to extend for 3 years, including choice of one's post or branch/functional area, attendance at a military school or language training, attendance at a fully funded graduate degree program,

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[1] *Associated Press, "Army Suicides up 20 percent in 2007, Report Says." 31 January, 2008. http://www.cnn.com/2008/HEALTH/01/31/army.suicides.ap/*
[2] *Ann Scott Tyson, "Repeat Iraq Tours Raise Risk of PTSD, Army Finds." The Washington Post, 20 December, 2006.*
[3] *Senate Committee on Armed Services Subcommittee on Personnel, Oversight Hearing on Military Recruiting, 31 January, 2008. Testimony of Brigadier General Suzanne M. Vautrinot, USAF, and Rear Admiral Joseph F. Kilkenny, USN http://armed-services.senate.gov/e_witnesslist.cfm?id=3083*

or receipt of a $35,000 critical skills retention bonus.

When the Army's rotation and retention figures are compared to those of the Air Force, whose 120-day rotation cycles help to ensure personnel stability and retention, it is possible to imagine the relief shorter deployments and longer dwell times could provide to the nation's ground forces.

*Compressed, Narrowed Training*

Shorter dwell times and longer deployments for the ground forces in particular have compressed the time available for unit training. While the Army and the Marine Corps report that all units deploying to Iraq and Afghanistan are ready for their missions, the compressed time for training reduces opportunities to prepare for the full spectrum of operations. The Marine Corps has reported that it is so narrowly focused on skill sets required for Operations Enduring Freedom and Iraqi Freedom that its ability to provide forces trained for other contingencies and mission sets is limited. For example, Marine Corps Commandant General Conway has stated that the Corps is only training for the terrain of Iraq and Afghanistan, leaving them under-prepared to take on missions in other environments.[4]

With a 12-month dwell time that is compounded by personnel turnover, institutional education requirements, and equipment either returning from or deploying to theater, Army units are racing to get certified for their next deployment. While home-station training and exercises at the major training centers are evolving, the ability for units to train for the full spectrum of operations is limited by time. This same compressed timeline is leading to the overall stresses on the force.

*Aging and Worn-Out Equipment*

A large proportion of Service equipment suffers from loss in battle, damage, and extreme wear and tear. Equipment scarcity has lead to the widespread practice of cross-leveling: taking equipment (and personnel) from returning units to fill out those about to deploy. Some 30% of the Marine Corps' equipment is engaged overseas and does not rotate out of theatre with units. The Marines and the Army have also drawn increasingly from pre-positioned stock around the world. So far, these measures have met readiness needs in theatre, but they have also decreased readiness for non-deployed units and impeded their ability to train on individual and collective tasks. Even those deployed are at increasing risk that the equipment they have becomes unusable: Army equipment in Iraq and Afghanistan is wearing out at almost nine times the

[4] *General James T. Conway, Commandant, United States Marine Corps, Statement on Marine Corps Posture before the House Armed Services Committee, March 1, 2007.*

normal rate.

The problem of aging equipment is most acute for the Air Force, whose aircraft average more than 24 years of age. As one example, the Air Force is flying 5O-year old KC-135Es that rolled off the assembly line as early as December 1957. The Service has been conducting combat operations in the Gulf for 17 years, patrolling the desert skies and now providing the wartime logistics lifeline to the battlefield. The same seventeen years have seen underinvestment in modernzation and recapitalization of the tanker fleet—a financial burden that snowballs with every year. The long-term readiness of the Air Force is declining while fleet age and cost per flying hour (CPFH) are rising. More than one in ten of approximately 5,800 aircraft inventory is currently grounded or restricted due to safety concerns such as structural issues, cracks, and other deficiencies. Only two in three aircraft are ready for flight today.

*The Reserve Component: Unique Challenges*

Recently, the Commission on the National Guard and Reserves released its findings, many of which deserve emphasis in any consideration of military readiness.[5] The Reserves comprise 37% of the Total Force and their battle rhythm has accelerated enormously since operations in Afghanistan began in 2001. Each of the National Guard's 34 combat brigades has been deployed to Operations Enduring Freedom or Iraqi Freedom, and 600,000 selected reservists have been activated. I can personally attest to the dedication of deployed National Guardsmen, who put themselves in harm's way to protect our group in Iraq.

Cross-leveling is especially acute for the reserve units, which do not possess equipment at authorized levels. The Army National Guard lacks 43.5% of its authorized equipment, while the Army Reserve does not have 33.5% of its authorized levels. The Commission found that spending on the National Guard and Reserves "has not kept pace with the large increases in operational commitments,"[6] making it unlikely that the Reserve Component will be able to eliminate its equipment shortfalls any time soon. Additionally, a dramatic shortage of personnel—including 10,000 company-grade officers—has meant that the Reserve Component has had to borrow people from other units along with equipment.

The bottom line of these most recent findings is that while the Reserve Component is intended for use in overseas operations and homeland defense, it is not fully manned, trained, or

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[5] *Final Report of the Commission on the National Guard and Reserves, "Tranforming the National Guard and Reserves into a 21st-Century Operational Force." January 31, 2008.*
[6] *Ibid, pg. 74*

equipped to perform these missions. The gap in reserve readiness creates a significant and little-noticed vulnerability in both domestic disaster response and readiness for operations abroad.

*The Bottom Line*

The readiness of the U.S. military is just barely keeping pace with current operations. In the Army, the only BCTs considered fully ready are those that are deployed or are about to deploy. The fight to recruit and keep personnel, and the need to repair and modernize equipment also means that building and regaining readiness is becoming increasingly costly. The Army is spending hundreds of millions of dollars a year on advertising designed to attract recruits.[7] Meanwhile, it has estimated that it will need between $12 and $13 billion per year to replace lost, damaged and worn equipment for the duration of the war in Iraq and beyond. The Marine Corps requested nearly $12 billion for reset in FY2007. Bringing the National Guard's equipment stock up to even 75% of authorized levels will take $22 billion over the next five years. In the current budgetary environment, services are also struggling to balance resources between reconstituting current stocks and modernizing for the future.

Army Chief of Staff General George Casey testified before this committee last September that Army readiness is being consumed as fast as it is being built. He went on to say, "We are consumed with meeting the demands of the current fight and are unable to provide ready forces as rapidly as necessary for other potential contingencies."[8] His statement remains true today.

**Recommendations to Strengthen Readiness and Our Strategic Posture**

Our Army and Marine Corps units in combat are as ready as is humanly possible, but making them so is putting enormous strain on everybody else who is not deployed. There are two basic ways to fix this problem: increase the supply of forces available or decrease the operational demand. As a nation, we must find a way to balance operational and strategic risk such that we enable our deployed forces to accomplish their assigned missions while also ensuring that our military is prepared for future contingencies. The recommendations below are offered in the spirit of bringing us closer to that objective.

1. Increase the supply of ground forces: Grow the Army, Marine Corps and Special Operations Forces to planned levels to achieve a minimum1:2 deployment to dwell time

[7] *Gordon Lubold, "To Keep Recruiting Up, U.S. Military Spends More," Christian Science Monitor, 12 April, 2007.*
[8] *General George Casey, Chief of Staff of the Army, before the House Armed Services Committee, September 2007*

ratio, but ensure the pace of expansion does not outstrip our ability to recruit and retain the highest quality personnel. Quality should drive the pace of recruitment. If the Services cannot recruit enough people who meet their quality standards, the pace of expansion should be slowed.

2. Adjust force commitments based on conditions on the ground in Iraq and Afghanistan, not on artificial timelines. As conditions permit, seek to increase dwell time between deployments to reduce strain on personnel and their families and allow more full-spectrum training.

3. Over time, seek to reestablish a larger ready reserve of ground forces to enable rapid U.S. response to other contingencies.

4. Fully fund service reset costs as well as the equipment and personnel requirements associated with growing the force.

5. Continue to assess and enhance both recruiting and retention incentives, including increased educational and professional development opportunities for those who have completed multiple combat tours.

6. Improve force management to ensure that individuals who are reassigned from a returning unit to a soon-to-deploy unit are given adequate time between tours.

7. Shift more of the Army's personnel slots from the institutional force to the operational force. Increase the percentage of the Army that is deployable.

8. Invest in recapitalizing and modernizing aging Air Force and Navy fleets to ensure readiness for future missions.

9. Expand the variety of service contracts to enable easier movement between the active and reserve components as well as a return to service after a period spent outside the military.

10. Increase the deployable operational capacity of civilian agencies to reduce the burden on the US military and increase the chances of mission success.

CONGRESSIONAL TESTIMONY

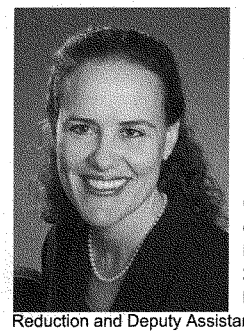
**Strengthening the Readiness of the U.S. Military**
Prepared Statement of Michèle A. Flournoy

Center for a New American Security

Our nation's armed forces have gone above and beyond the call of duty in recent years, withstanding unprecedented strain while fighting two wars. We must continue to give them the resources they need and the reinforcements they deserve to succeed in their missions, protect our vital interests, and prepare for the challenges of the future.

**Michèle A. Flournoy**
President & Co-Founder

CNAS BIOGRAPHY



Michèle Flournoy was appointed President of the Center for a New American Security (CNAS) in January 2007. Prior to co-founding CNAS, she was a Senior Adviser at the Center for Strategic and International Studies, where she worked on a broad range of defense policy and international security issues. Previously, she was a distinguished research professor at the Institute for National Strategic Studies at the National Defense University (NDU), where she founded and led the university's Quadrennial Defense Review (QDR) working group, which was chartered by the chairman of the Joint Chiefs of Staff to develop intellectual capital in preparation for the Department of Defense's 2001 QDR. Prior to joining NDU, she was dual-hatted as Principal Deputy Assistant Secretary of Defense for Strategy and Threat Reduction and Deputy Assistant Secretary of Defense for Strategy. In that capacity, she oversaw three policy offices in the Office of the Secretary of Defense: Strategy; Requirements, Plans, and Counterproliferation; and Russia, Ukraine, and Eurasian Affairs. Ms. Flournoy was awarded the Secretary of Defense Medal for Outstanding Public Service in 1996, the Department of Defense Medal for Distinguished Public Service in 1998, and the Chairman of the Joint Chiefs of Staff's Joint Distinguished Civilian Service Award in 2000. She is a member of the Aspen Strategy Group, the Council on Foreign Relations, the International Institute of Strategic Studies, and the Executive Board of Women in International Security. She is a former member of the Defense Policy Board and the Defense Science Board Task Force on Transformation. In addition to several edited volumes and reports, she has authored dozens of articles on international security issues. Ms. Flournoy holds a B.A. in social studies from Harvard University and an M.Litt. in international relations from Balliol College, Oxford University, where she was a Newton-Tatum scholar.

Center for Strategic
and Budgetary
Assessments

TESTIMONY

# Military Readiness: Cost-Effectiveness of US Plans for Reset, Force Expansion and Weapons Modernization

**Testimony**

**United States House of Representatives**

**Committee on Armed Services**

**Steven M. Kosiak**

**Vice President, Budget Studies**
**Center for Strategic and Budgetary Assessments**

**February 14, 2008**

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Mr. Chairman and members of the committee, it is an honor to appear before you today to discuss the US military's state of readiness and the country's strategic posture. The US military, and the US Army and Marine Corps in particular, have been under enormous stress since the initiation of Operation Enduring Freedom in 2001 and, especially, since the US invasion of Iraq in 2003. Therefore, I applaud the committee's decision to hold a hearing on military readiness at this time. As requested, I will focus on the budgetary aspects of these issues.

The Department of Defense's (DoD's) plans to recover from the ongoing military operations in Iraq and Afghanistan and ensure the Services' long-term readiness, comprise three main elements: reset (or "reconstitution"); force expansion; and force modernization. In my testimony today, I will discuss each of these components.

In brief, I conclude the following:

- Although it is difficult to determine precisely what the Services' requirements are, they appear to have received (or be receiving) funds sufficient, or perhaps in excess, of those needed to repair or replace all of the equipment that has been destroyed or worn out in Iraq and Afghanistan. Funding for reset also appears to have gone a long way toward eliminating equipment shortfalls for the Army and Marine Corps that pre-date our involvement in these conflicts. Given the large amounts of funding that have been provided for reset to date, it is unclear whether if or when, US forces are withdrawn (or largely withdrawn) from Iraq, it will be necessary—as the Services have argued—to continue, for several additional years, to provide funding for reset. No matter how much money is provided for reset, it will be at least several years before all of the new and refurbished equipment will be delivered and fielded with the Services—and, thus, material readiness fully restored.

- The rational for expanding the Army and Marine Corps is that it will improve the ability of the US military to sustain large-scale, long-term stability operations. However, this expansion will be costly in budgetary terms and may be achievable only if the Services are willing to accept some reduction in personnel quality. Moreover, because the Army plans to use the additional troops to man general purpose brigade combat teams (BCTs), rather than units designed for irregular warfare and building partner capacity (e.g., training, equipping and advising indigenous forces), the expansion—which would increase the number for active duty BCTs by six, or 14 percent—is likely to provide only a modest improvement in the Service's ability to sustain stability operations. Put differently, although the purported justification for the expansion is the need to grow the Service's capacity for stability operations, as currently envisioned, the expansion is focused much more on increasing the Army's conventional capabilities—where it already appears to have excess capacity—than its ability to sustain large-scale, long-term stability operations. As such, it is questionable whether the proposed expansion of the US military represents a cost-effective investment.

- The Services argue that implementing their modernization plans will greatly improve the military's ability to respond to the range of challenges outlined in the 2006 Quadrennial Defense Review (QDR)—including conventional and irregular warfare, the possible rise of a peer competitor, and the threat posed by weapons of mass destruction (WMD). Like the planned expansion of the Army and Marine Corps, the Services' modernization plans are very costly. Estimates by the Congressional Budget Office (CBO) suggest that implementing the current plan could require increasing procurement funding in DoD's base budget (i.e., excluding war costs) to some $135 billion (in FY 2008 dollars) annually over the long term. It may be difficult to sustain this level of funding given other upward pressures *within* the DoD budget (e.g., personnel costs associated with the expansion of the Army and Marine Corps) and potential downward pressures *on* the DoD topline (e.g., future deficit reduction efforts). Moreover, in some cases, such as fighter programs and the Future Combat System (FCS), the Services' plans may not be focused on the right kinds of challenges. In other words, here too, there appears to be something of a disconnect between the Services' very costly plans and actual requirements.

I will spend the remainder of my time today discussing each of these areas, and my conclusions, in more detail.

**Reset—the Cost of Restoring Readiness**

To date, Congress has provided about $691 billion to cover the cost of the wars in Iraq and Afghanistan, as well as some homeland security activities, including some $645 billion in DoD funding. The costs incurred as a result of the military operations in Iraq and Afghanistan are driven by a wide range of factors, including the activation of reserve personnel, higher consumption rates for fuel, spare parts and other supplies, transportation and sustainment requirements, and increases in equipment wear and tear. For the most part, the funding required to cover these costs has been provided, more or less, on a pay-as-you-go basis. However, in the case of equipment replacement and repair, some of the costs incurred in these wars have been deferred.

Initially, the administration included very little funding in its supplemental requests to cover the cost of repairing and replacing equipment worn out or destroyed in Iraq and Afghanistan. In part, the decision to initially forgo such funding seems to have been driven by the assumption that these military operations, especially in Iraq, would be of short duration. In 2006 the Army—the service most heavily engaged in military operations—estimated that it needed some $13 billion a year to cover reset (or "reconstitution") costs incurred as a result of the wars in Iraq and Afghanistan. It also estimated that it would continue to require funding of this magnitude for at least two years after military operations had ended, in order to fully recover from these wars. This suggested that the Army alone might need roughly

an additional $30 billion in reset funding after the conflicts have ended, or at least wound down to much smaller operations.

Since the Army first stated that it would need this additional funding for reset, the level of resources provided to the Service to cover equipment replacement and wear and tear costs has increased dramatically. This trend is reflected, in part, in the increasing amount of procurement funding that has been provided for the Army in recent supplemental appropriations. That funding has grown from about $15 billion in 2006 to some $25 billion in FY 2007. And the administration's 2008 supplemental request included nearly $46 billion in Army procurement funding. Altogether, assuming Congress eventually approves the full request for FY 2008 war funding, the Army will have been provided a total of about $100 billion in procurement funding in these war-related measures since FY 2001. By comparison, CBO estimates that the total value of the Army's inventory of major weapon systems (combat vehicles and helicopters) and trucks deployed in Iraq and Afghanistan amounts to some $30 billion, and that these systems account for about 80 percent of the total value of all of the Army's equipment in theater.[1]

The level of funding provided for procurement and reset (which are overlapping, but not synonymous, categories) has also increased for the other Services. In FY 2005, DoD as a whole received $21 billion in procurement funding in emergency appropriations. That figure grew to $42 billion in FY 2007. And the FY 2008 supplemental request included about $64 billion in procurement funding. Likewise, altogether DoD received some $19 billion to cover reset costs in FY 2006. In FY 2007, the level of funding for reset reached $38 billion. And the request for 2008 included another $38 billion for reset. Part of the reason for this increase in funding is the Services' expanding notion of what reset encompasses. Reset now means far more than simply bringing the military back—in terms of equipment availability and readiness—to where it was prior to the beginning OEF or the invasion of Iraq. Rather, reset involves bringing the Services, and especially the Army, up to where they believe they need to be based, in part, on the lessons learned over the past several years. According to CBO, through FY 2007, more than 40 percent of the funds provided for Army reset have been used for upgrading weapon systems, or buying new equipment to eliminate long-standing gaps in the Army's equipment inventories (e.g., shortfalls in Army trucks).[2]

The Services will continue to incur additional replacement and repair costs so long as US forces remain heavily engaged in Iraq and Afghanistan. However, given the level of resources provided (or requested and currently pending before Congress) for procurement and reset over the past several years, it is unclear whether the Army, or the other Services, would still require a further two-years of reset funding once the US military has re-deployed, or largely re-deployed, its forces out of Iraq. It is also

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[1] Frances M. Lussier, *Replacing and Repairing Equipment Used in Iraq and Afghanistan: The Army's Reset Program* (Washington, DC: CBO, September 2007), p. 22.
[2] Ibid., p. ix.

important to note that, no matter how much money is provided for reset, it will be at least several years before all of the new and refurbished equipment is delivered and fielded with the Services—and, thus, material readiness fully restored.

**Expanding the Army and Marine Corps**

Last year, the Bush Administration announced plans to increase the permanent active duty end strength of the Army and Marine Corps to, respectively, 547,000 and 202,000 troops. These represent increases of 65,000 and 27,000 troops from the previously authorized permanent end strengths of the Services. Under this plan, the number of Army Reserve and National Guard personnel would also be increased by about 9,200.

The Army plans to use these additional personnel to field 6 additional Brigade Combat Teams (BCTs), ultimately increasing the total number of active duty BCTs by about 14 percent, from 42 to 48 (with a further 28 BCTs in the reserves). Assuming the Army would seek to maintain a ratio of total-to-deployed BCTs of about 3-to-1 (its long-term goal), the addition of these six BCTs would increase by two the number BCTs that could be deployed, on a steady-state basis, in stability operations. Including the impact of the additional Marine Corps personnel, the planned expansion of the two Services might be sufficient to increase the number of BCT equivalents that could be sustained in such operations to three. By comparison, over the past five years, the Army and Marine Corps (combined) have typically maintained some 18-20 BCT equivalents in Iraq and Afghanistan. These figures suggest that the planned expansion of these two Services will increase the number of BCT equivalents that can be deployed in stability operations, on a steady state basis, only relatively modestly—by some 15-20 percent.

Alternatively, rather than being used to increase the number of BCTs deployed abroad, the additional BCTs could be used to expand the size of the Service's rotation base. This would allow them to sustain the same number of BCTs overseas, while increasing the amount of time units could spend at home in between deployments. But again, given the relatively small increase in the number of BCTs provided as a result of the proposed expansion, the impact might be relatively modest.

At the same time, there are significant costs associated with the proposed expansion of the Army and Marine Corps. CBO has estimated that funding this expansion will cost about $108 billion through FY 2013.[3] And once completed, it is likely that supporting these additional troops will, over the long term, require further funding of some $15 billion a year.

[3] Peter R. Orszag, "Estimated Cost of the Administration's Proposal to Increase the Army's and Marine Corp's Personnel Levels," Letter to Honorable Carl Levin, Chairman, Senate Armed Services Committee, April 16, 2007.

The Army appears to have suffered at least a modest reduction in personnel quality over the past several years. Among other things, in FY 2006 and FY 2007, the number of Army active duty recruits with high school degrees declined to about 81 and 79 percent, respectively (vice DoD's goal of 90 percent). Likewise, the jump in promotion rates among mid-level officers in recent years suggests some decline in quality among the officer corps. If the additional end strength is used to permit shorter and less frequent overseas deployments, the proposed expansion could improve the prospects that the Services will meet their recruitment and retention goals. However, it may be more likely that the planned expansion, by increasing the number of personnel that must be recruited and/or retained, will exacerbate the Army's already very serious challenges in this area. As a result, once the proposed expansion is completed, the Army could well end up with an Army that is larger but, person-for-person and unit-for-unit, of at least somewhat lower quality.

The wisdom and cost-effectiveness of the planned expansion of the Army are also called into question by the Army's intention to use the additional personnel to provide more BCTs rather than specialized units that might provide much greater "bang for the buck," in terms of expanding the Army's capacity to sustain large-scale stability operations. As noted earlier, if used simply to provide additional BCTs, the planned expansion of the Army will provide only a relatively modest increase in the size of the deployments it can sustain, on a steady-state basis, in stability operations—or, alternatively, a similarly modest reduction in PERSTEMPO, with no increase in the size of the deployment.

By contrast, the impact of the planned expansion of the Army's ability to support large-scale stability operations would likely be far greater if the Army were to dedicate the additional personnel to specialized irregular warfare units and, perhaps most importantly, units designed to help build partner capacity with indigenous forces—i.e., units designed to train, equip and advise those forces.[4] The Army argues that it is not and will not (even after its expansion) be large enough to have forces dedicated to any particular warfare area—and that, therefore, essentially all of its forces must be "full-spectrum capable." Unfortunately, this appears to be a euphemism for "general purpose" forces, which have traditionally been focused on conventional warfare.

Moreover, it is difficult to see why, for the foreseeable future, the Army would need 48 active and 28 reserve "full-spectrum" BCTs capable of conducting conventional military operations. In the 1990s, DoD planning assumed that 20-21 combat brigades would be needed to conduct a single major theater war. And coalition forces carried out the initial, conventional phase of Operation Iraqi Freedom (OIF) with the equivalent of only 15 combat brigades, including 12 US (Army and Marine Corps) and 3 British brigades.

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[4] For a discussion of how the US Army might be organized to better focus on these mission, see Andrew F. Krepinevich, "The Future of US Ground Forces: Challenges and Requirements," testimony before the Committee on Armed Services, US Senate, April 17, 2007, pp. 13-21.

In short, under the current approach, we seem to be investing in a very costly expansion of our ground forces that is much more focused on improving our conventional military capabilities—where we may well have excess capacity—than our ability to sustain large-scale, long-term stability operations. This should be troubling, since the perceived need to improve our capacity for stability operations is clearly what has driven the administration and Congress to support an expansion of the Army and the Marine Corps. Absent a change of course by the Army, it is far from clear that the proposed expansion of that Service, at least, represents a cost-effective investment.

The wisdom and cost-effectiveness of the proposed expansion of US ground forces will also depend, in part, on how quickly and substantially the US military is able to reduce its deployments in stability operations and, particularly, in Iraq. It is possible that by the time the planned expansion of the Army and Marine Corps is completed, the need for additional troops will have diminished significantly, or perhaps even disappeared altogether. In this case, the United States could find itself, at a cost of some $100 billion over the next five years and $15 billion a year thereafter, paying for a capability it was never able to use fully and may no longer need. On the other hand, the additional troops—especially if organized into units specializing in irregular warfare and related missions—could prove very valuable if the US military remains heavily engaged in Iraq, needs to increase its presence in Afghanistan, or becomes involved in large-scale stability operations somewhere else.

**Modernizing US Forces (Ready for What?)**

Current plans call for developing and procuring a broad range of new weapon systems over the next several decades. Among other things, those plans include the acquisition of the F-35 fighter, new tanker aircraft, the FCS, new helicopters, the DDG-1000 destroyer, the Littoral Combat Ship (LCS), more Virginia-class attack submarines, and a new class of aircraft carrier, the CVN-21. The Services argue that if implemented these modernization programs will greatly improve the US military's ability to respond to the range of near- and long-term challenges outlined in the 2006 Quadrennial Defense Review (QDR). These challenges include conventional warfare, but, according to the QDR, are increasingly focused on irregular warfare (e.g., large-scale stability operations), the rise of a peer or near-peer competitor (e.g., China), and the threat posed by WMD.

Even more so than in the case of the planned expansion of the Army and Marine Corps, however, implementing the Services' modernization plans will prove very costly. The FY 2008 DoD base budget includes some $99 billion for weapons procurement. Estimates provided by CBO suggest that—assuming that weapons programs experience the same kind of cost growth that they have historically—fully implementing the Services' existing long-term modernization plans will require increasing annual funding

for procurement to some $135 billion over roughly the next five years, and sustaining it at that level over the next two decades.[5]

It will likely prove very difficult to achieve and sustain such high levels of funding for procurement given other pressures within the DoD budget—especially rising "people costs." Because of steady increases in military pay and health care costs, and the dramatic expansion of some benefits for military retirees (initiated beginning in the late 1990s), military personnel costs have grown substantially and consistently over the past decade. Even absent the planned expansion of the Army and Marine Corps, personnel costs would likely grow substantially over the next decade and beyond. The decision to expand the Army and Marine Corps will, however, exacerbate this cost growth and almost certainly increase the pressures to scale back the Services' modernization plans in order to help cover those costs.

It is, of course, possible that instead of cutting the level of funding provided for procurement in future years, a future administration and Congress will increase the DoD topline enough to accommodate both the planned expansion of the Army and Marine Corps and the Services' existing modernization plans. Doing so may, however, be difficult given the need to address the long-term deficit problem confronting the country and, especially, the rising costs (for Social Security and, especially, Medicare and Medicaid) associated with the retirement of the baby boomer generation.

In any event, it is far from clear that the Services' current modernization plans are actually focused on the most serious and likely challenges, including those identified in the 2006 QDR. Among the most questionable plans is the projected purchase of 2,443 F-35 Joint Strike Fighters (JSF) over the next several decades. Although it certainly makes sense to buy some number of these aircraft, the current plan—estimated to cost about $300 billion—may be excessive. The focus on relatively short-range tactical fighters also seems at odds with recent experience in Afghanistan, Iraq and elsewhere, which suggests that in the future the US military may often have difficulty securing access to forward air bases.

Moreover, the decision to forego cuts in short-range fighter capabilities calls into serious doubt DoD's commitment to fielding a new bomber beginning in 2018, as projected in current plans. Because of the high cost of the F-35 program it may prove difficult for DoD to find sufficient funding to develop (let alone procure and field) a new bomber in this time frame.

Next to the F-35 program, the most costly DoD modernization program is the Army's FCS program. Through this program, the Army plans to develop a family of 14 combat vehicles and other systems, including UAVs and sensors. The Army claims that the FCS will dramatically improve the Service's combat capabilities—in both conventional and irregular warfare. However, the program has

[5] CSBA estimate derived from CBO data. Adam Talaber, *Long-Term Implications of Current Defense Plans: Summary Update for Fiscal Year 2008* (Washington, DC: CBO, December 2007), p. 14.

experienced significant cost growth and schedule delays in recent years. And despite the fact that total program costs are now expected to reach some $160 billion or more, the Army has acknowledged that the program will only produce enough hardware to equip about one-third of the Army's 48 planned BCTs. Worse yet, notwithstanding Army claims to the contrary, the design of the FCS appears to focused first and foremost on the ability to defeat a Republican Guard (i.e., heavily mechanized) type of enemy—perhaps the type of adversary it is least likely to confront over the next several decades.

Although it may prove necessary to provide additional resources to DoD to help cover the costs of its modernization plans in coming years, it may also be possible to lower the projected cost of those plans by, to some extent, scaling back certain programs like the F-35 and the FCS—and focusing on modernization programs that seem more closely aligned with the most critical present and future challenges.

**Summary**

According to DoD, the long-term readiness of the US military depends largely on three elements: reset, force structure expansion and weapons modernization. From a budgetary standpoint, all three of these elements will prove costly. However, the bill for the first of these, although substantial, has already been largely paid. By contrast, the cost of the other two elements—which are likely, in the end, to be much higher—are, for the most part, yet to be paid. Indeed, we have only just begun absorbing the costs associated with expanding the Army and Marine Corps, and carrying out the Services' long-term modernization plans.

Unfortunately, finding the funding to fully cover these large and growing costs is likely to be difficult. The US defense budget—including DoD's base budget—has undergone a decade of sustained and substantial growth. But given the projected growth in the size of the deficit and the existence of other, competing federal budgetary priorities, it seems unlikely that this buildup will continue much longer—at least at anything like the rate of the recent past. In this environment it is especially critical that the administration and Congress make sure that plans to expand and modernize the military are closely focused on addressing the most important military challenges confronting the United States. Unfortunately, as discussed in this testimony, there is reason to believe that those plans do not, in some important cases, meet that test. As such, unless changes are made to those plans, they may not represent cost-effective or affordable investments.

Thank you for the opportunity to speak to you today. I look forward to answering any questions.

United States Government Accountability Office

GAO

Testimony
Before the Armed Services Committee
House of Representatives

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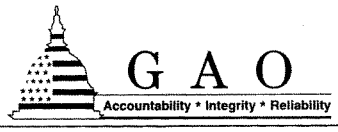
# MILITARY READINESS

# Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces

Statement of Sharon L. Pickup, Director
Defense Capabilities and Management




GAO-08-497T

February 14, 2008

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# Highlights

Highlights of GAO-08-497T, a testimony before the Armed Services Committee, House of Representatives

# MILITARY READINESS

## Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces

### Why GAO Did This Study

U.S. military forces, and ground forces in particular, have operated at a high pace since the attacks of September 11, 2001, including to support ongoing operations in Iraq and Afghanistan. Between 2001 and July 2007, approximately 931,000 U.S. Army and Marine Corps servicemembers deployed for overseas military operations, including about 312,000 National Guard or Reserve members.

To support ongoing military operations and related activities, Congress has appropriated billions of dollars since 2001, and through September 2007, the Department of Defense (DOD) has reported obligating about $492.2 billion to cover these expenses, of which a large portion are related to readiness. In addition, DOD's annual appropriation, now totaling about $480 billion for fiscal year 2008, includes funds to cover readiness needs.

GAO was asked to testify on (1) the readiness implications of DOD's efforts to support ongoing operations; and (2) GAO's prior recommendations related to these issues, including specific actions that GAO believes would enhance DOD's ability to manage and improve readiness.

This statement is based on reports and testimonies published from fiscal years 2003 through 2008. GAO's work was conducted in accordance with generally accepted government auditing standards.

To view the full product click on GAO-08-497T.For more information, contact Sharon L. Pickup, 202-512-9619, pickups@gao.gov.

### What GAO Found

While DOD has overcome difficult challenges in maintaining a high pace of operations over the past 6 years and U.S. forces have gained considerable combat experience, our work has shown that extended operations in Iraq and elsewhere have had significant consequences for military readiness, particularly with regard to the Army and Marine Corps. To meet mission requirements specific to Iraq and Afghanistan, the department has taken steps to increase the availability of personnel and equipment for deploying units, and to refocus their training on assigned missions. For example, to maintain force levels in theater, DOD has increased the length of deployments and frequency of mobilizations, but it is unclear whether these adjustments will affect recruiting and retention. The Army and Marine Corps have also transferred equipment from nondeploying units and prepositioned stocks to support deploying units, affecting the availability of items for nondeployed units to meet other demands. In addition, they have refocused training such that units train extensively for counterinsurgency missions, with little time available to train for a fuller range of missions. Finally, DOD has adopted strategies, such as relying more on Navy and Air Force personnel and contractors to perform some tasks formerly handled by Army or Marine Corps personnel. If current operations continue at the present level of intensity, DOD could face difficulty in balancing these commitments with the need to rebuild and maintain readiness.

Over the past several years, GAO has reported on a range of issues related to military readiness and made numerous recommendations to enhance DOD's ability to manage and improve readiness. Given the change in the security environment since September 11, 2001, and demands on U.S. military forces in Iraq and Afghanistan, rebuilding readiness will be a long-term and complex effort. However, GAO believes DOD can take measures that will advance progress in both the short and long terms. A common theme is the need for DOD to take a more strategic decision-making approach to ensure programs and investments are based on plans with measurable goals, validated requirements, prioritized resource needs, and performance measures to gauge progress. Overall, GAO recommended that DOD develop a near-term plan for improving the readiness of ground forces that, among other things, establishes specific goals for improving unit readiness, prioritizes actions needed to achieve those goals, and outlines an investment strategy to clearly link resource needs and funding requests. GAO also made recommendations in several specific readiness-related areas, including that DOD develop equipping strategies to target shortages of items required to equip units preparing for deployment, and DOD adjust its training strategies to include a plan to support full-spectrum training. DOD agreed with some recommendations, but has yet to fully implement them. For others, particularly when GAO recommended that DOD develop more robust plans linked to resources, DOD believed its current efforts were sufficient. GAO continues to believe such plans are needed.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss issues related to military readiness in light of the high pace of military operations since the attacks of September 11, 2001, and, in particular, the significant demand on U.S. forces to support ongoing operations in Iraq and Afghanistan. For the last 7 years, the Department of Defense (DOD) has supported a wide range of operations and activities in support of the administration's strategy to combat terrorism on a global basis, requiring many units and personnel to deploy for multiple tours of duty, and in some cases to remain for extended tours. As a result, the military now has a ground force that has gained considerable experience and is battle-tested but also stressed by the current pace of operations. As of July 2007, approximately 931,000 U.S. Army and Marine Corps servicemembers had deployed for overseas military operations since 2001, including about 312,000 National Guard or Reserve members.

In the past several months, DOD's senior leaders have publicly expressed concerns about the high demands on U.S. forces and the impact on military readiness, particularly for ground forces. While testifying last week that our military is capable of responding to all threats to our vital national interests, the Chairman of the Joint Chiefs of Staff expressed concern about the toll of the current pace of operations. Congress, and this committee in particular, has also voiced concerns and taken specific actions to give greater attention to readiness, including establishing a Defense Material Readiness Board to identify equipment and supply shortfalls and solutions for addressing them, and requiring DOD to develop a plan for rebuilding readiness. Further, it has also provided unprecedented levels of taxpayer money in response to the department's funding requests, which have consistently emphasized the need for resources to maintain readiness. More specifically, to support ongoing military operations and related activities, Congress has appropriated hundreds of billions of dollars since 2001, and through September 2007, DOD has reported obligating about $492.2 billion to cover these expenses. In addition, DOD also has received its annual appropriation, which totals about $480 billion for fiscal year 2008.

As you requested, my testimony will focus on the impact of current operations and the challenges DOD faces in rebuilding readiness, particularly for ground forces. Specifically, I will address (1) the readiness implications of DOD's efforts to support ongoing operations; and 2) GAO's prior recommendations related to these issues, including specific actions

we believe would enhance DOD's ability to manage and improve readiness.

My statement is based on reports and testimonies published from fiscal years 2003 through 2008. These reports are listed at the end of this testimony and include reviews of mobilization policies, DOD's equipping and reset strategies, prepositioned equipment, military training, and the use of contractors, as well as general reports on readiness and Iraq. We conducted our work in accordance with generally accepted government auditing standards.

## Summary

While DOD has overcome difficult challenges in maintaining a high pace of operations over the past 6 years and U.S. forces have gained considerable combat experience, our work has shown that extended operations in Iraq and elsewhere have had significant consequences for military readiness, particularly with regard to the Army and Marine Corps. To meet mission requirements specific to Iraq and Afghanistan, the department has taken steps to increase the availability of personnel and equipment for deploying units, and to refocus their training on assigned missions. For example, to maintain force levels in theater, DOD has increased the length of deployments and frequency of mobilizations, but it is unclear whether these adjustments will affect recruiting and retention. The Army and Marine Corps have also transferred equipment from nondeploying units and prepositioned stocks to support deploying units, affecting the availability of items for nondeployed units to meet other demands. In addition, they have refocused training such that units train extensively for counterinsurgency missions, with little time available to train for a fuller range of missions. Finally, DOD has adopted strategies, such as relying more on Navy and Air Force personnel and contractors to perform some tasks formerly handled by Army or Marine Corps personnel. If current operations continue at the present level of intensity, DOD could face difficulty in balancing these commitments with the need to rebuild and maintain readiness.

Over the past several years, we have reported and testified on a range of issues related to military readiness and made multiple recommendations aimed at enhancing DOD's ability to manage and improve readiness. Given the change in the security environment since September 11, 2001, and related increases in demands on our military forces as well as the high level of commitment to ongoing operations, rebuilding readiness of U.S. ground forces is a long-term prospect. In addition, the department faces competing demands for resources given other broad-based initiatives to

grow, modernize, and transform its forces, and therefore will need to carefully validate needs and assess trade-offs. While there are no quick fixes to these issues, the department has measures it can take that will advance progress in both the short and long term. A common theme in our work has been the need for DOD to take a strategic approach to decision making that promotes transparency, and ensures that programs and investments are based on sound plans with measurable goals, validated requirements, prioritized resource needs, and performance measures to gauge progress. Overall, we have recommended that DOD develop a near-term plan for improving the readiness of the ground forces that, among other things, establishes specific goals for improving unit readiness, prioritizes actions needed to achieve those goals, and outlines an investment strategy to clearly link resource needs and DOD's funding requests. We have also recommended actions in each of the specific areas I will be discussing today. DOD agreed with some recommendations, but has yet to fully implement them. For others, particularly when we recommended that DOD develop more robust plans linked to resources, DOD believed its current efforts were sufficient. We continue to believe such plans are needed.

## Ongoing Operations Have Challenged DOD's Ability to Sustain Readiness of Ground Forces, Particularly for Nondeployed Forces

To meet the challenges of ongoing operations in Iraq and Afghanistan, DOD has taken steps to increase the availability of personnel and equipment for units deploying to Iraq and Afghanistan, particularly with regard to the Army and Marine Corps. Among other things, DOD has adjusted rotation goals, and employed strategies such as to retrain units to perform missions other than those they were designed to perform. It has also transferred equipment from nondeployed units and prepositioned stocks to support deployed units. The Army and Marine Corps have refocused training to prepare deploying units for counterinsurgency missions. DOD has also relied more on Navy and Air Force personnel and contractors to help perform tasks normally handled by Army or Marine Corps personnel. Using these measures, DOD has been able to continue to support ongoing operations, but not without consequences for readiness. In the short term, ground forces are limited in their ability to train for other missions and nondeployed forces are experiencing shortages of resources. The long-term implications of DOD's actions, such as the impact of increasing deployment times on recruiting and retention, are unclear.

## DOD Has Adjusted Policies to Increase Availability of Personnel, but Long-Term Implications Are Unclear

For the past several years, DOD has continually rotated forces in and out of Iraq and Afghanistan to maintain required force levels. While DOD's goals generally call for active component personnel to be deployed for 1 of every 3 years and reserve component personnel involuntarily mobilized 1 of 6 years, many have been mobilized and deployed more frequently. Additionally, ongoing operations have created particularly high demand for certain ranks and occupational specialties. For example, officers and senior noncommissioned officers are in particularly high demand due to increased requirements within deployed headquarters organizations and new requirements for transition teams, which train Iraqi and Afghan forces. Several support force occupations such as engineering, civil affairs, transportation, and military police have also been in high demand.

Since September 11, 2001, DOD has made a number of adjustments to its personnel policies, including those related to length of service obligations, length of deployments, frequency of reserve component mobilizations, and the use of volunteers. While these measures have helped to increase the availability of personnel in the short term, the long-term impacts of many of these adjustments are uncertain. For example, the Army has successively increased the length of deployments in Iraq—from 6 to 12 and eventually to 15 months. Also, the services have, at various times, used "stop-loss" policies, which prevent personnel from leaving the service, and DOD has made changes to reserve component mobilization policies. In the latter case, DOD modified its policy, which had previously limited the cumulative amount of time that reserve component servicemembers could be involuntarily called to active duty for the Global War on Terrorism. Under DOD's new policy, which went into effect in January 2007, there are no cumulative limits on these involuntary mobilizations, but DOD has set goals to limit the mobilizations to 12 months and to have 5 years between these Global War on Terrorism involuntary mobilizations. DOD has also stated that in the short term it will not be able to meet its goal for 5 years between rotations. By making these adjustments, DOD has made additional personnel available for deployment, thus helping to meet short-term mission requirements in Iraq and Afghanistan. However, it is unclear whether longer deployments or more frequent involuntary mobilizations or other adjustments will affect recruiting and retention.

In the near term, the Army and Marine Corps have taken a number of steps to meet operational requirements and mitigate the stress on their forces. Such actions include deploying units from branches with lower operational tempos in place of units from branches with higher operational tempos after conducting some additional training for the units. For example, after retraining units, the Army has used active component

field artillery units for convoy escort, security, and gun truck missions and has used active and reserve component quartermaster units to provide long-haul bulk fuel support in Iraq.

## Equipment Shortages Affect Availability of Items for Nondeployed Units

As we have reported, ongoing military operations in Iraq and Afghanistan combined with harsh combat and environmental conditions are inflicting heavy wear and tear on equipment items that, in some cases, are more than 20 years old. In response to the sustained operations in Iraq and Afghanistan, the Army and Marine Corps developed programs to reset (repair or replace) equipment to return damaged equipment to combat-ready status for current and future operations. We also have reported that while the Army and Marine Corps continue to meet mission requirements and report high readiness rates for deployed units, nondeployed units have reported a decrease in reported readiness rates, in part due to equipment shortages. Some units preparing for deployment have reported shortages of equipment on hand as well as specific equipment item shortfalls that affect their ability to carry out their missions. The Army Chief of Staff has testified that the Army has had to take equipment from nondeployed units in order to provide it to deployed units. The Marine Corps has also made trade-offs between preparing units to deploy to Iraq and Afghanistan and other unit training. In addition, the Army National Guard and Army Reserve have transferred large quantities of equipment to deploying units, which has contributed to equipment shortages in nondeployed units. As a result, state officials have expressed concerns about their National Guard's equipment that would be used for domestic requirements.

## Services Have Adjusted Training to Focus Primarily on Counterinsurgency Tasks

To meet current mission requirements, the services, especially the Army and the Marine Corps, have focused unit training on counterinsurgency tasks. Given limitations in training time, and the current focus on preparing for upcoming, scheduled deployments, nondeployed troops are spending less training time on their core tasks than in the past. Our analysis of Army unit training plans and discussions with training officials indicate that unit commanders' training plans have focused solely on preparing for their unit's assigned mission instead of moving progressively from preparing for core missions to training for full-spectrum operations. Since February 2004, all combat training rotations conducted at the Army's National Training Center have been mission rehearsal exercises to prepare units for deployments, primarily to Iraq and Afghanistan. As a result, units are not necessarily developing and maintaining the skills for a fuller range of missions. For instance, units do not receive full-spectrum operations training such as combined arms maneuver and high-intensity combat. In

addition, the Army has changed the location of some training. According to Army officials, the National Training Center has provided home station mission rehearsal exercises at three Army installations, but these exercises were less robust and on a smaller scale than those conducted at the center. Army leaders have noted that the limited time between deployments has prevented their units from completing the full-spectrum training that the units were designed and organized to perform. The Chief of Staff of the Army recently stated that units need 18 months between deployments to be able to conduct their entire full-spectrum mission training. While the Chairman of the Joint Chiefs of Staff expressed concerns about the impact of the current operational tempo on full-spectrum training during his testimony last week, he also noted that the military is capable of responding to all threats to our vital national interests.

## Offloading of Prepositioned Equipment Could Affect DOD's Ability to Meet Other Demands

The Army's decision to remove equipment from its prepositioned ships impacts its ability to fill equipment shortages in nondeployed units and could impact DOD's ability to meet other demands if new demands were to cause requirements to rise above current levels to new peaks. The Army's decision to accelerate the creation of two additional brigade combat teams by removing equipment from prepositioned ships in December 2006 helps the Army to move toward its deployment rotation goals. However, the lack of prepositioned equipment means that deploying units will either have to deploy with their own equipment or wait for other equipment to be assembled and transported to their deployment location. Either of these options could slow deployment response times.

The most recent DOD end-to-end mobility analysis found that the mobility system could continue to sustain the current (post 9/11) tempo of operations with acceptable risk. The study found that when fully mobilized and augmented by the Civil Reserve Air Fleet and the Voluntary Intermodal Sealift Agreement ships, the United States has sufficient capability to support national objectives during a peak demand period with acceptable risk. The study highlighted the need for DOD to continue actions to reset and reconstitute prepositioned assets. However, some prepositioned stocks have been depleted. Since portions of the Army's prepositioned equipment are no longer available, transportation requirements may increase and risk levels may increase, which could increase timelines for delivery of personnel and equipment.

## DOD Is Also Relying on Other Services to Help Accomplish Some Missions Typically Handled by Ground Forces

Shortly after September 11, 2001, the Army's pace of operations was relatively low, and it was generally able to meet combatant commander requirements with its cadre of active duty and reserve component personnel. For example, in the aftermath of September 11, 2001, the President, through the Secretary of Defense and the state governors, used Army National Guard forces to fill security roles both at Air Force bases and domestic civilian airports. Today, with the Army no longer able to meet the deployment rotation goals for its active and National Guard and Reserve forces due to the pace of overseas operations, DOD is increasingly turning to the Navy and the Air Force to help meet requirements for skills typically performed by ground forces.

The Navy and Air Force are filling many of these traditional Army ground force requirements with personnel who possess similar skills to the Army personnel they are replacing. According to Air Force and Navy testimony before this committee in July 2007, some examples of the personnel with similar skills included engineers, security forces, chaplains, and public affairs, intelligence, medical, communications, logistics, and explosive ordnance disposal personnel. The Navy and Air Force are also contributing personnel to meet emerging requirements for transition teams to train Iraqi and Afghan forces. Regardless of whether they are filling new requirements or just operating in a different environment with familiar sets of skills, Navy and Air Force personnel undergo additional training prior to deploying for these nontraditional assignments. While we have not verified the numbers, according to the July 2007 testimonies, the Air Force and Navy deployments in support of nontraditional missions had grown significantly since 2004 and at the time of the testimonies the Air Force reported that it had approximately 6,000 personnel filling nontraditional positions in the Central Command area of responsibility, while the Navy reported that it had over 10,000 augmentees making significant contributions to the Global War on Terror. Finally, the Air Force testimony noted that many personnel who deployed for these nontraditional missions came from stressed career fields—security force, transportation, air traffic control, civil engineering, and explosive ordnance disposal—that were not meeting DOD's active force goal of limiting deployments to 1 in every 3 years.

## DOD's Reliance on Contractors Has Reached Unprecedented Levels

The U.S. military has long used contractors to provide supplies and services to deployed U.S. forces; however, the scale of contractor support in Iraq is far greater than in previous military operations, such as Operation Desert Shield/Desert Storm and in the Balkans. Moreover, DOD's reliance on contractors continues to grow. In December 2006, the Army estimated that almost 60,000 contractor employees supported

ongoing military operations in Southwest Asia. In October 2007, DOD estimated the number of DOD contractors in Iraq to be about 129,000. By way of contrast, an estimated 9,200 contractor personnel supported military operations in the 1991 Gulf War. In Iraq, contractors provide deployed U.S. forces with an almost endless array of services and support, including communication services; interpreters who accompany military patrols; base operations support (e.g., food and housing); maintenance services for both weapon systems and tactical and nontactical vehicles; intelligence analysis; warehouse and supply operations; and security services to protect installations, convoys, and DOD personnel. Factors that have contributed to this increase include reductions in the size of the military, an increase in the number of operations and missions undertaken, a lack of organic military capabilities, and DOD's use of increasingly sophisticated weapons systems.

DOD has long recognized that contractors are necessary to successfully meet current and future requirements. In 1990, DOD issued guidance that requires DOD components to determine which contracts provide essential services and gives commanders three options if they cannot obtain reasonable assurance of continuation of essential services by a contractor: they can obtain military, DOD civilian, or host-nation personnel to perform services; they can prepare a contingency plan for obtaining essential services; or they can accept the risk attendant with a disruption of services during a crisis situation.[1] While our 2003 report found that DOD has not taken steps to implement the 1990 guidance, DOD officials informed us that DOD has awarded a contract to deploy planners to the combatant commands. According to the DOD officials, the planners will focus on the contractor support portions of the operational plans, including requirements for contractor services. In addition, the planners will streamline the process through which the combatant commander can request requirements definition, contingency contracting, or program management support. DOD officials report that, as of February 7, 2008, eight planners have been deployed. Without firm contingency plans in place or a clear understanding of the potential consequences of not having the essential service available, the risks associated with meeting future requirements increase.

[1] Department of Defense Instruction 3020.37, Continuation of Essential DOD Contractor Services During Crises, Nov. 6, 1990 (Change 1, Jan. 26, 1996).

## Actions Based on Transparency, Sound Plans, and Measurable Outcomes Are Needed to Guide DOD's Efforts to Rebuild Readiness of Ground Forces

Given the change in the security environment since September 11, 2001, and related increases in demands on our military forces as well as the ongoing high level of commitment to ongoing operations, rebuilding readiness of U.S. ground forces is a long-term prospect. In addition, the department faces competing demands for resources given other broad-based initiatives to grow, modernize, and transform its forces, and therefore will need to carefully validate needs and assess trade-offs. While there are no quick fixes to these issues, we believe the department has measures it can take that will advance progress in both the short and long terms. Over the past several years, we have reported and testified on a range of issues related to military readiness and made multiple recommendations aimed at enhancing DOD's ability to manage and improve military readiness.

### To Rebuild Readiness While Modernizing and Transforming Force Capabilities, DOD's Plans Require a Substantial Commitment of Resources

DOD faces significant challenges in rebuilding readiness while it remains engaged in ongoing operations. At the same time, it has undertaken initiatives to increase the size of U.S. ground forces, and modernize and transform force capabilities, particularly in the Army. Although the cost to rebuild the U.S. ground forces is uncertain, it will likely require billions of dollars and take years to complete. For example, once operations end, the Army has estimated it will take $12 billion to $13 billion a year for at least 2 years to repair, replace, and rebuild its equipment used for operations in Iraq. Similarly, the Marine Corps has estimated it will cost about $2 billion to $3 billion to reset its equipment. Furthermore, current plans to grow, modernize, and transform the force will require hundreds of billions of dollars for the foreseeable future. Although the Army estimated in 2004 that it could largely equip and staff modular units by spending $52.5 billion through fiscal year 2011, the Army now believes it will require additional funding through fiscal year 2017 to fully equip its units. In addition, we found that the Army's $70 billion funding plan to increase its end strength by over 74,200 lacks transparency and may be understated because some costs were excluded and some factors are still evolving that could potentially affect this funding plan. We have also reported that the costs of the Army's Future Combat System are likely to grow. While the Army has only slightly changed its cost estimate of $160.7 billion since last year, independent cost estimates put costs at between $203 billion and nearly $234 billion. While our testimony today is focused on the readiness of the Army and Marine Corps, we recognize that DOD is continuing to deal with determining the requirements, size, and readiness of the Air Force and Navy and that Congress is engaged with that debate. The Air Force for example, is dealing with balancing the requirements and funding for strategic and intratheater lift as well as its needs for aerial refueling

aircraft, tactical aircraft, and a new bomber fleet. The Navy is also reviewing its requirements and plans to modernize its fleet. Meeting these requirements will involve both new acquisitions as well upgrades to existing fleets, which will cost billions of dollars.

## Recommended Actions to Improve Strategic Decision Making and Address Specific Readiness Concerns

A common theme in our work has been the need for DOD to take a more strategic approach to decision making that promotes transparency and ensures that programs and investments are based on sound plans with measurable goals, validated requirements, prioritized resource needs, and performance measures to gauge progress against the established goals. Due to the magnitude of current operational commitments and the readiness concerns related to the ground forces, we believe decision makers need to take a strategic approach in assessing current conditions and determining how best to rebuild the readiness of the Army and Marine Corps. As a result, in July 2007, we recommended that DOD develop near-term plans for improving the readiness of its active and reserve component ground forces, and specify the number of ground force units they plan to maintain at specific levels of readiness as well as the time frames for achieving these goals. Because significant resources will be needed to provide the personnel, equipment, and training necessary to restore and maintain readiness, and because DOD is competing for resources in an increasingly fiscally constrained environment, we also recommended that the plans contain specific investment priorities, prioritized actions that the services believe are needed to achieve the plans' readiness goals and time frames, and measures to gauge progress in improving force readiness. Such plans would be helpful to guide decision makers in considering difficult trade-offs when determining funding needs and making resource decisions.

We have also recommended that DOD and the services take specific actions in a number of areas I have discussed today. These recommendations are contained in the products listed at the end of my statement. In summary

- The services need to collect and maintain comprehensive data on the various strategies they use to meet personnel and unit requirements for ongoing operations and determine the impact of these strategies on the nondeployed force.
- The Army needs to develop planning and funding estimates for staffing and equipping the modular force as well as assess its modular force.
- The Army needs to provide to Congress transparent information on its plan to increase the force size, including data on the force structure to be

created by this initiative, implementation timelines, cost estimates, and a funding plan.

- DOD needs to identify mission essential services provided by contractors and include them in planning, and also develop doctrine to help the services manage contractors supporting deployed forces.
- The Army needs to revise and adjust its training strategy to include a plan to support full-spectrum training during extended operations, and clarify the capacity needed to support the modular force.
- DOD must develop a strategy and plans for managing near-term risks and management challenges related to its prepositioning programs.
- DOD must improve its methodology for analyzing mobility capabilities requirements to include development of models and data, an explanation of the impact of limitations on study results, and metrics in determining capabilities.

DOD agreed with some recommendations, but has yet to fully implement them. For others, particularly when we recommended that DOD develop more robust plans linked to resources, DOD believed its current efforts were sufficient. We continue to believe such plans are needed.

Given the challenges facing the department, we believe these actions will enhance DOD's ability to validate requirements, develop plans and funding needs, identify investment priorities and trade-offs, and ultimately to embark on a sustainable path to rebuild readiness and move forward with plans to modernize and transform force capabilities. In the absence of a strategic approach based on sound plans and measurable outcomes, neither Congress nor the department can be assured that it will have the information it needs to make informed investment decisions and to ensure that it is maximizing the use of taxpayer dollars in both the short and long terms.

Mr. Chairman and Members of the Committee, this concludes my statement. I would be pleased to respond to any question you or other Members of the Committee or Subcommittee may have.

For questions regarding this testimony, please call Sharon L. Pickup at (202) 512-9619 or pickups@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

# Related GAO Products

*Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future Operations.* GAO-08-436T. Washington, D.C.: January 24, 2008.

*Force Structure: Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan.* GAO-08-354R. Washington, D.C.: January 18, 2008.

*Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results.* GAO-08-145. Washington, D.C.: December 14, 2007.

*Defense Logistics: Army and Marine Corps Cannot Be Assured That Equipment Reset Strategies Will Sustain Equipment Availability While Meeting Ongoing Operational Requirements.* GAO-07-814. Washington, D.C.: September 19, 2007.

*Military Training: Actions Needed to More Fully Develop the Army's Strategy for Training Modular Brigades and Address Implementation Challenges.* GAO-07-936. Washington, D.C.: August 6, 2007.

*Military Personnel: DOD Lacks Reliable Personnel Tempo Data and Needs Quality Controls to Improve Data Accuracy.* GAO-07-780. Washington, D.C.: July 17, 2007.

*Defense Acquisitions: Key Decisions to Be Made on Future Combat System.* GAO-07-376. Washington, D.C.: March 15, 2007.

*Defense Logistics: Improved Oversight and Increased Coordination Needed to Ensure Viability of the Army's Prepositioning Strategy.* GAO-07-144. Washington, D.C.: February 15, 2007.

*Defense Logistics: Preliminary Observations on the Army's Implementation of Its Equipment Reset Strategies.* GAO-07-439T. Washington, D.C.: January 31, 2007.

*Reserve Forces: Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness.* GAO-07-60. Washington, D.C.: January 26, 2007.

*Securing, Stabilizing, and Rebuilding Iraq: Key Issues for Congressional Oversight.* GAO-07-308SP. Washington, D.C.: January 9, 2007.

Defense Transportation: Study Limitations Raise Questions about the Adequacy and Completeness of the Mobility Capabilities Study and Report. GAO-06-938. Washington, D.C.: September 20, 2006.

*Defense Logistics: Preliminary Observations on Equipment Reset Challenges and Issues for the Army and Marine Corps.* GAO-06-604T. Washington, D.C.: March 30, 2006.

*Defense Logistics: Better Management and Oversight of Prepositioning Programs Needed to Reduce Risk and Improve Future Programs.* GAO-05-427. Washington, D.C.: September 6, 2005.

*Military Personnel: DOD Needs to Address Long-term Reserve Force Availability and Related Mobilization and Demobilization Issues.* GAO-04-1031. Washington, D.C.: September 15, 2004.

*Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD's Plans.* GAO-03-695. Washington, D.C.: June 24, 2003.

*Military Personnel: DOD Actions Needed to Improve the Efficiency of Mobilizations for Reserve Forces.* GAO-03-921. Washington, D.C.: August 21, 2003.

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## QUESTIONS SUBMITTED BY MEMBERS POST HEARING

FEBRUARY 14, 2008

## QUESTIONS SUBMITTED BY MR. CUMMINGS

Mr. CUMMINGS. The suicide rate among active-duty soldiers in 2007 is at the highest level ever experienced since the Army started keeping record of suicide statistics amongst our troops. The Marine Corps have also seen a slight increase of suicides during 2007 with a rate of 17.5 per 100,000. a) During your research and study did you see any efforts or reports at the Department of Defense that capture suicide statistics and trends for all military Services, to include Reservists and National Guardsmen and family members? b) What efforts at the DOD level are in place to provide a complete Department-wide analysis of these high suicide rates? In addition how much is the Defense budget is dedicated to decreasing the suicide rate?

Ms. FLOURNOY. I received your question and appreciate your close attention to the readiness challenges of the U.S. military, especially the ground forces. The active involvement of the Congress in these issues is vital to improving the health of the armed forces and to guarding against strategic risk to the nation. I look forward to doing what I can to continue to support your efforts.

Regarding your question about the suicide rates among active-duty soldiers in 2007, I have not seen any DOD reports, but the Army does appear to be tracking those trend lines. My own statements about the rise in suicide rates come from conversations with colleagues in the office of the Army Chief of Staff and from recent press reports. If I do learn more about DOD reporting on suicide trends in the Army, I will contact your staff to share what I learn.

Mr. CUMMINGS. In October 2007 "A Comprehensive Strategy for 21st Century Seapower" was introduced at the International Sea Power Symposium as the new Maritime Strategy. The strategy called for combined operations of the United States Navy, Marine Corps, and Coast Guard to act across the full range of military operations to secure the United States from direct attack; secure strategic access and retain global freedom of action; while strengthening existing and emerging alliances. Throughout your research were you able to take a look at this proposed strategy in regards to readiness taking in consideration the United States Navy, Marine Corps and Coast Guards unique missions and current operational tempo, personnel, and equipment statistics?

Ms. FLOURNOY. I am familiar with the new maritime strategy, but I have not assessed its implications for the readiness of the U.S. Navy, U.S. Marine Corps, or U.S. Coast Guard in detail. However, I understand that many of the engagement ventures described in the strategy would be conducted as part of steady-state activities under the normal rotation cycles of the services.

Mr. CUMMINGS. The current Defense Budget request includes $389 million or $246 million above previously enacted funds, to launch the new Africa Command initiative. Particularly, funds will be utilize to, 1) strengthen the U.S. security cooperation with African countries; 2) train and equip our partners; 3) improve health, education, and economic development; and 4) promote peace and stability. As you are aware, Africa Command officially attained its initial operation capability as of October 1, 2007 and is scheduled to achieve full operation capability a little less than a year from now—on October 1, 2008. To achieve this targeted goal, a number of issues relevant to the location of the headquarters, composition and overall apprehensiveness by some key leaders within the continent of Africa must be resolved. What is your opinion of how great of a strain the development of AFRICOM will place on our current military, especially given that the President has requested nearly $389 million for FY09 funding for this initiative?

Mr. KOSIAK. It is difficult to assess how significant a strain the development of AFRICOM will be for the U.S. military. Much will depend on how the command operates and the range of activities it becomes involved in. In the context of at $518 billion FY 2009 request for the Department of Defense (DOD), $389 million for AFRICOM should be manageable. On the other hand, given the extent to which the Services are currently overstretched with operations in Iraq and Afghanistan, one needs to be cautious about any expansion of U.S. military commitments.

Mr. CUMMINGS. My question is in regards to the recruitment and retention of minority officers and the Department of Defense's efforts to increase the demographics of Flag Officers across the DOD. Secretary Gates stated in his testimony before this

committee last week that the FY2009 base budget provides $15.5 billion to increase the active Army's end strength 532,400 and grow the Marine Corps' end strength to 194,000. First, do you believe that this funding is enough to really increase the force to these levels and thereby, improve readiness? Second, do you believe that a portion of the funding should be targeted toward the recruitment and retention of minority officers given that the current levels are dangerously low?

Mr. KOSIAK. I believe that $15.5 billion should be roughly adequate to fund the planned increase in Army and Marine Corps end strength. This figure is close to the estimates of those costs provided by the Congressional Budget Office (CBO). Given the recent decline in recruitment rates for African Americans in particular, which have—since the beginning of the All Volunteer Force (AVF)—traditionally figured especially prominently in the Army's ability to sustain a high quality force, it may be appropriate to target additional funding to recruiting and retaining African American and other minority personnel.

Mr. CUMMINGS. What impact is the use of individual augmentees and in-lieu of forces having on individual and unit readiness? And how does the Department of Defense's strategic plan resolve these issues in the short term and long term?

Ms. PICKUP. While DOD has established metrics to formally report unit readiness, it does not formally report individual readiness. Nonetheless, CENTCOM's demands for individual augmentees and in-lieu of forces have created challenges for individuals from across the force. Leaders and personnel from selected high demand occupations—engineers, explosive ordnance disposal, security forces, intelligence, and others—have experienced high deployment rates, with many personnel deployed at rates above DOD's deployment goals. These goals generally call for active forces to spend twice as much time at home as deployed and for reserve component forces to spend five times as much time at home as mobilized. CENTCOM's demands for individual augmentees and in-lieu of forces have had a mixed impact on unit readiness. CENTCOM's high demand for leaders to fill individual augmentee and other requirements, such as transition teams, have left fewer of these key personnel available to fill units that are not deployed to the CENTCOM area of operations. Shortages in personnel, including leaders, reduce units' readiness levels. However, because deployed units generally have higher readiness levels than non-deployed units, the high deployment rates in the communities that are deploying in-lieu of units may actually cause readiness rates to increase within those communities. To our knowledge, DOD does not have a strategic plan that specifically addresses these issues.

Mr. CUMMINGS. On January 31st the Commission on the National Guard and Reserve issued its final report and cited substantial shortcomings, notably in equipment, training, and personnel of the reserve components. The report also noted that the U.S. military is not prepared for a catastrophic attack on the country, and NG forces do not have the equipment or training they need in order to do their job. Fewer Army National Guard units are combat-ready today than were nearly a year ago when the Commission on the National Guard and Reserves determined that 88 percent of the units were not prepared. What plans are being considered in the future of the reserve components readiness posture and ensuring their ability to respond to a major Weapons of Mass Destruction attack on our nation?

Ms. PICKUP. The reserve components of the Army—the Army National Guard and the Army Reserve—have borne a heavy burden in continuing to support the ongoing high operational tempo. Because the Army's reserve components were considered primarily later-deploying forces, they were maintained at lower levels of readiness for combat than their active counterparts. However, to support operational requirements with ready units, the reserve components transferred personnel and equipment to deploying units, which left fewer personnel and less equipment with non-deployed forces to train for future missions and for the National Guard units to use for their state missions, such as responding to natural disasters. The Army has taken steps, such as providing additional equipment directly to deploying units to ensure that they are equipped for their missions, although in some cases units are provided certain equipment items only while they are in the theater of operations. The Army has stated its intent to equip Guard and reserve forces to a readiness level similar to that of active Army units in the future. However, the timeframe for equipping Guard units has been delayed by 8 years from initial estimates to 2019, and costs have not been fully defined. In addition, the Army has a number of initiatives, including growing the force and prepositioning equipment, that will compete for funding over the period.

As we have reported, how ready the nation is to respond to a large scale, multi-state incident, such as an attack involving weapons of mass destruction is not clear because the multiple state and federal agencies that would be involved in responding have not yet completed and integrated their plans. This planning is the first

step toward identifying the types and quantities of personnel and equipment that would be needed to respond to such an event. The Department of Homeland Security, which is the lead federal agency responsible for preventing, preparing for, and responding to a wide range of major domestic disasters and other emergencies, conducts strategic level planning. DHS does not conduct detailed operational planning that identifies specific types and quantities of personnel and equipment needed to respond relying instead on the states or other federal agencies such as DOD to identify specific requirements. The recent National Planning annex to Homeland Security Presidential Directive 8 requires DHS and other federal agencies to conduct much more detailed operational planning as well as integrate their combined planning efforts. If this effort is consistently and diligently pursued, the key federal agencies, particularly DHS and DOD, may begin to have a much better understanding of the requirements necessary to respond to an incident involving a weapon of mass destruction (WMD) in the United States. In its 2005 Strategy for Homeland Defense and Civil Support, the Department of Defense has stated that it will be prepared to provide forces and capabilities in support of domestic chemical, biological, radiological, nuclear and high yield explosive (CBRNE) consequence management, with an emphasis on preparing for multiple, simultaneous mass casualty incidents. DOD has created some specialized capability for CBRNE response, such as

- a dedicated command and control element (currently the Joint Task Force—Civil Support);
- National Guard Weapons of Mass Destruction Civil Support Teams and CBRNE Enhanced Response Force Packages;
- and an active component CBRNE Consequence Management Response Force (CCMRF).

However, these forces are only meant to provide an initial response to a CBRNE incident. Further, DOD has not fully resourced the CCMRF, and DOD plans to rely on dual-capable forces for the domestic CBRNE consequence management mission, just as it does for missions of support to civil authorities for natural disasters.

The National Guard Bureau has initiatives under way to enhance the capability of the National Guard to respond to some types of mass destruction attacks. For example, in addition to the establishment of 55 22-person WMD Civil Support Teams, the National Guard Bureau established 17 CBRNE enhanced response force packages, which are designed to locate and extract victims from a contaminated environment, perform mass casualty/patient decontamination, and provide medical treatment in response to one of these events. The National Guard Bureau is also in the final stage of defining and identifying resourcing for temporarily covering the CCMRF requirements, which are expected to include more than 15,000 personnel trained and equipped for a response to a domestic WMD attack. However, it is not clear to what extent DOD will fund these initiatives or the level of preparedness DOD funding will achieve.

The 2008 National Defense Authorization Act directed DOD to include reports on the National Guard's readiness to perform tasks required to support civil authorities during events envisioned by the National Response Plan in its quarterly reports on personnel and unit readiness. However, until DOD issues these reports, the readiness posture of National Guard for domestic missions, including readiness to respond to a major weapons of mass destruction attack, will remain unclear.

Mr. CUMMINGS. What actions are being taken to protect the funding and budget of the operational forces to meet their readiness requirements for security of our homeland?

Ms. PICKUP. As stated above, with a few exceptions, it is DOD's policy to rely on dual capable forces to support homeland missions, and it has dedicated few forces specifically for this mission. For example, the 55 National Guard CSTs are dedicated solely to the mission of assisting civil authorities in responding to WMD incidents in the United States. While the National Guard CBRNE Enhanced Response Force Packages are designed to meet the domestic response mission, they are composed of units and personnel who may be activated and deployed as part of overseas missions. This is also the case with the larger CBRNE consequence management response force (CCMRF). This means that the readiness of these forces will be subject to DOD's warfighting priorities. U.S. Northern Command, which is responsible for DOD's homeland defense and civil support missions in the continental United States, has very few actual forces assigned to it. As a result, the command must rely on the same pool of dual-capable forces that can be tasked with other DOD missions. The CBRNE consequence management response force (CCMRF) is intended to be an active component force to provide assistance to civil authorities in the event of one or more weapons of mass destruction incidents. However, due to the scope

and pace of ongoing operations overseas, DOD has been unsuccessful in fully activating these units. There remains a significant amount of confusion about how these units will be fully manned and equipped. In the short term, the use of National Guard units to fill the requirements raises funding concerns and questions about whether state or federal authorities would exercise command and control during a CCMRF response. In the long term, it is not clear how DOD intends to fully source the CCMRF with active duty units.

With the exception of the CSTs, there are therefore very few funds "protected" in terms of being dedicated solely to homeland missions. However, the fiscal year 2008 National Defense Authorization Act requires DOD to develop a plan for funding military-unique capabilities for civil support.[1] The act calls for the Secretary of Defense to develop and implement a plan, in coordination with the Secretaries of the military departments and the Chairman of the Joint Chiefs of Staff, for providing funds and resources necessary to develop and maintain, among other things, the military-unique capabilities needed to be provided by the DOD to support civil authorities in an incident of national significance or a catastrophic incident. However, while this may help DOD gain a better understanding of its civil support requirements and the capabilities it needs to maintain to meet them, none of these provisions requires DOD to establish and fund capabilities that would be dedicated solely to the homeland mission.

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[1] Pub. L. No. 110–181, § 1815 (2008).