

**STATEMENT OF SECRETARY OF DEFENSE DONALD H. RUMSFELD
FY 2007 POSTURE STATEMENT
BEFORE THE HOUSE ARMED SERVICES COMMITTEE
FEBRUARY 8, 2006**

Mr. Chairman, Members of the Committee.

It is appropriate to note that this is my first appearance before this Committee with General Pete Pace in his new role as Chairman of the Joint Chiefs of Staff. Many of you have come to know General Pace and to appreciate his abilities. He understands that the decisions he helps to make have a profound impact on our men and women in uniform and their families. And he is doing a fine job for our country.

Also with us is the Chief of Staff of the Army, General Pete Schoomaker. Because so many of the key issues involve the Army, we thought it would be useful to have General Schoomaker here to join in responding to your questions.

This is the sixth consecutive year I've appeared before you to discuss the Department's budget. We've met during times of war, and at a time when war seemed unlikely. We've met during periods of national unity, and in the midst of great controversy and debate over the course recent wars have taken. In every instance, the American people expected us to put the defense of this nation before political or parochial concerns. We have tried to do just that in making the tough decisions that our troops merit and that history will remember.

We meet today -- again -- as a nation engaged in what will be a "long war" -- a conflict that has put our military on a path of near continuous change for the past five years. A conflict which also is having the effect of transforming the way our forces fight and defend the nation.

Not long before Pearl Harbor was attacked on December 7, 1941, the United States had a standing army of about 200,000, putting us somewhere below Romania among the world's militaries. Just a few years earlier, American soldiers had been training with wooden rifles.

Almost starting from scratch, America began to field huge armies and stand up an armaments industry that turned out massive fleets of ships, aircraft, tanks and equipment of every kind. After Pearl Harbor, there were many setbacks and false starts -- think of the losses at Kasserine Pass, the bloody landings at Tarawa and Anzio, and the frustrating inability of American tanks to be able to go one on one against German Panzers. Over the following several years, our nation would learn some tough lessons and marshal the forces necessary to eventually triumph over two fascist empires.

When our country was attacked again on September 11th, we found ourselves in another global conflict, though one that had been started years earlier by our enemies. Fortunately, the process of rethinking and reconfiguring our military for such an eventuality was already well under way. Within three months, the Taliban regime and its al Qaeda “guests” were routed in a landlocked country several thousand miles away. And within three years, our military had removed a dangerous and brutal regime from Iraq and helped to stand up a new democratically elected government that is now fighting terrorists instead of harboring them.

This would not have been possible without an historic change in the way our military is arranged and operates.

Consider that when I first assumed this post more than 30 years ago, America’s military establishment was understandably organized, trained and equipped to deter the Soviet Union and to do battle against large armies, navies, and air forces.

When I returned to the Department in 2001, the Armed Forces -- though smaller -- were in many respects still pretty much organized the same way they were during the Cold War.

The President recognized this and charged the Department with making the changes necessary to adapt to the new circumstances and threats of an uncertain era -- an environment where the greatest threats were less likely to come from large armies, navies and air forces, but instead from the evil designs of terrorists and rogue nations.

The urgency of these changes were made all too plain 53 months ago on that mid-September morning, by 19 men carrying tourist visas, boarding passes, and box cutters.

And today, this enemy, though under constant pressure and on the defensive, still intends to bring its cult of murder and suicide to our shores, and our cities -- and to those of our closest allies as well.

This “long war” is the central security issue of our time. The ensuing campaigns in Iraq, Afghanistan and other theaters in the Global War on Terror have added new impetus and urgency to transformation efforts that were already underway in this Department.

This process of continuous change and adaptation is so critical because of the nature of the enemy we face, one that has left little doubt about its intentions.

Last month, Osama bin Laden warned of yet more attacks on America. He has said:

"Let every person ... come forward to fight those Jews and Americans . . . their killing is from the most important duties and most pressing things."

His top lieutenant, Zawahiri, warned us last year:

“Oh, Americans, in New York and Washington and the losses you are having in Afghanistan and Iraq . . . are only the losses of the initial clashes.”

The enemy cannot win any conventional battle, so they challenge us through nontraditional, or asymmetric means, using terror as their weapon of choice. Their goal is to break America’s resolve through the deft use of propaganda and carefully plotted attacks that garner headlines.

They are willing to employ every means -- every lie, every atrocity, and every available technology and means of communication -- to achieve their aims. In a few short years they have become experts at manipulating the global media to both inspire and intimidate. They have media committees and handbooks that advise their operatives when and how to lie -- in

particular to claim torture when captured -- in order to generate coverage and commentary that damages vigorous anti-terrorism efforts. They have multiple web sites that display videos of bombings and beheadings that are shown around the world.

Their priority is to force us to abandon Iraq before that country is ready to defend itself so they can turn it into a base of operation -- as was Afghanistan before 9/11.

In a letter written by Zawahiri, he spelled out their strategy:

“The first stage: expel the Americans from Iraq. The second stage: establish an Islamic authority. The third stage: extend the jihad.”

And have no doubt: should these fanatics obtain the weapons of mass destruction they actively seek, the survival of our free way of life would be at risk.

The enemy would like to define this war as a conflict between Islam and the West, but it is not. It is, in fact, a war *within* the Muslim world between the overwhelming majority of moderates and a much smaller number of violent extremists. The vast majority of Muslims do not share the violent ideology of al-Qaeda. They have children and families they care about. They hope for a better future for themselves and their countries. They do not want the extremists to win. And many are opposing them at every opportunity.

IRAQ:

We see this dynamic at work in Iraq. On December 15th it was the brave and decent people of Iraq -- Shia, Kurds, Sunnis and others -- who seized the headlines and captured the attention and admiration of the world. Some 12 million Iraqis -- about 70 percent of eligible voters -- and thousands of candidates came together in a remarkably peaceful and orderly election. The jihadists, Baathist holdouts and criminals who dominate the daily news from Iraq were unable to halt yet another important milestone in that country's remarkable transformation.

Consider that compared to the successful provisional elections held last January, nearly four million more Iraqis voted and there were about 80 percent fewer violent attacks. And Sunnis, who had previously boycotted the political process, participated in large numbers, encouraged by their leaders not to make the same mistake again. In the Sunni majority Anbar province, turnout rose from 2 percent in January to 86 percent of registered voters in December.

The marginalization of the terrorists on Election Day last December was due in large part to the growth in the size, confidence and capability of the Iraqi security forces -- increasing from some 120,000 to 220,000 over the course of the year. Already, some 30 U.S. military bases have either been returned to Iraqi control or closed altogether. The 8th Iraqi Army Division recently took over a battle space that is the largest such area transferred to date. So far, this division has seized nearly 5,000 weapons, confiscated more than 1,000 pounds of explosives and detained more than 1,000 suspects.

Consider the progress from the enemy's perspective:

- The terrorists tried to stop Afghanistan's presidential and parliamentary elections -- and they failed;
- They tried to stop the elections for a provisional Iraqi government a year ago -- and they failed;
- They tried to stop the drafting and approval of a new Constitution -- and they failed; and
- They tried to stop elections last December for a permanent democratic government -- and they failed again.

Because of the progress on the security, political and economic fronts, U.S. military commanders recommended, and the President has directed, that the United States reduce its combat strength in Iraq by about two brigades, from 17 to 15. At the same time, the U.S. military will be shifting more to a supporting role, as Iraqi forces take even more of a leading role in securing their own country.

However, as the President has stated, force level decisions will be condition based. They have been and will continue to be determined by an assessment of Iraq's progress on the political, economic, and security fronts.

They will include such factors as:

- The capability and effectiveness of the Iraqi security forces;
- The quality and competence of Iraqi leadership and its organization, particularly in the various ministries; and
- The behavior of neighbors like Syria and Iran, who have been notably unhelpful.

Shortly, the Department will provide to Congress a report, Measuring Stability and Security in Iraq, that will describe the progress being made in these areas in more detail.

It is true that violence, corruption and criminality continue to pose challenges in Iraq. Each has been a part of the fabric of that country for decades and they are unlikely to disappear overnight. But Iraq's liberation and the subsequent political progress have ignited what may turn out to be a momentous shift in the region. One prominent Lebanese politician -- and a periodic critic of the U.S. -- has called Iraq possibly the "start of a new Arab world" and has compared the progress there to the fall of the Berlin Wall.

The people of the United States have contributed and sacrificed a great deal helping to set Iraq on the path to democracy. Our finest young men and women in uniform launched on a mission of liberation and our most outstanding civilian and military leaders represent our nation there today. It is now up to the Iraqis to seize the opportunity and take more responsibility for their own security and their own affairs.

This means assembling a government that respects the interests of all the ethnic and religious groups in the country and, importantly, a competent team with a program to govern from the center, not from the edges.

A word on what has often been referred to as “nation building.” The fact of the matter is that only the Iraqi people can build their nation. All that outsiders can do is help to set the conditions that will give them the opportunity to do so. That has been our goal over the past three years. But it cannot be an effort without end.

A large foreign presence in any country is unnatural. It is a bit like a broken bone -- an anomaly. When there is an anomaly, bony callus grows around the break and eventually remodeling occurs to allow the body to adjust to the abnormal condition. This is what can happen when well-intentioned foreigners arrive on the scene, look at problems, and say, "Let's go fix it for them," and then stay too long. It can cause reactions that are not intended, including dependency, or anger from a feeling of intrusiveness and occupation.

Our objective from the start has been not to create a dependency, but rather to encourage Iraqi independence and capacity by transitioning increasing responsibility to Iraqis -- over time -- to have them take charge of their security and governance of their country.

If America has the patience and the will to see this noble and necessary mission to completion -- and we must -- Iraq can emerge as a nation with a representative government, at peace with its neighbors, and one that can become an ally in the Global War on Terror.

This would be a truly amazing achievement -- one that members of our Armed Forces, their families, and future generations of Americans will be able to look back on, decades from now, with great pride.

PREPARING FOR THE UNEXPECTED:

In this “long war,” the task ahead -- to continue to pursue the enemy, bolster our defenses, and enable our friends and allies to manage their own defense -- requires us to not only meet today's threats, but to plan for tomorrow's uncertainties.

At this time, for example, we are fighting a war against terrorist cells dispersed throughout the world. But we might one day find ourselves facing any of a number of other scenarios as well:

- An anthrax attack in a major American city;
- A rogue missile launched by a hostile regime;
- A friendly government overthrown by Islamic radicals; or
- Loose nuclear weapons falling into unknown hands.

No nation, no matter how powerful, has the resources or capability to defend everywhere, at every time, against every conceivable type of attack. The only way to protect the American people, therefore, is to provide our military with as wide a range of options as possible -- to focus on developing a range of capabilities, rather than preparing to confront any one particular threat.

The way to keep one's balance in a time of war is to consider worst-case scenarios, develop a wide range of tactics, and then plan on being surprised.

The major initiatives that have been underway in the Department over the past five years have been undertaken with this in mind. And, they have been informed by operations in Afghanistan, Iraq, and other locations in the Global War on Terror.

In Iraq, the lessons learned process began on day one. An embedded team of observers at Central Command, along with strategists in the United States, analyzed successes and setbacks each day, with an eye toward the way we train troops, equip forces, and fight wars in the future -- everything from body armor to business practices. Consider one example in an area that has been of concern: up-armored Humvees. In 2001 the entire U.S. Army had 450 up-armored Humvees. Today, it has over 11,000.

The concept of adapting to confront a wider range of threats also informed recent changes to U.S. global posture. We surveyed where U.S. forces were stationed abroad and noted that they were more or less where they had been at the height of the Cold War. So we resolved to re-

position them for diffuse global threats. Instead of keeping armored divisions garrisoned in Germany to protect against a Soviet invasion, for example, we are moving many troops to bases in the U.S. and establishing more flexible -- and less intrusive -- forward operating sites that can assist in moving our forces closer to potential future trouble spots.

The latest Base Realignment and Closure [BRAC] round -- the largest in the Department's history -- is another example. As with the global posture decisions, military and civilian experts made a thorough assessment of DoD's domestic base structure to determine how the Department might eliminate unnecessary duplication and bring the various Services closer together. This in turn should save the taxpayers tens of billions of dollars -- money that can be directed to fighting the war and taking care of the troops and their families.

And this approach -- providing more options and developing a wider range of capabilities -- has governed decisions made in developing both the President's budget and "the Quadrennial Defense Review," or QDR.

The QDR is a broad assessment of what the Department is doing to confront a wide range of threats and offers guideposts for the changes necessary in the decades ahead.

Military and civilian strategists have devoted thousands of hours to:

- War gaming worst-case scenarios;
- Examining new technologies;
- Consulting with military commanders in the field; and
- Applying the lessons learned from operations in Afghanistan and Iraq, disaster relief after Hurricanes Rita and Katrina, and the rescue and humanitarian efforts in the Southeast Asia Tsunami and the Pakistan earthquake.

The QDR is not a budget document, but it has benefited from a change in legislation that allowed this report and the budget to be submitted at the same time. This permitted some

“leading edge” investments suggested in the QDR to be included in the Fiscal Year 2007 budget, with additional changes to be reflected in next year’s budget request.

At \$439.3 billion, the President’s Department of Defense budget for Fiscal Year 2007 represents a 7 percent increase from what was enacted last year, and continues the necessary growth begun in 2001. This is a great deal of money, though at about 3.7 percent of GDP, it represents a much smaller fraction of America’s gross domestic product than when I entered Congress during the Kennedy Administration. As important as the numbers, are the choices we make and the priorities the President has set to fulfill his oath to protect this and future generations of Americans.

SHIFTING OUR WEIGHT:

The word “transformation” has attracted a lot of attention, but in many ways it is more accurate to see this process of continuous analysis and change as a shift of emphasis, or weight, from the practices and assumptions of the past.

We have shifted, for example, from preparing to fight conventional wars -- which we are still prepared to do -- to a greater emphasis on fighting unconventional, or irregular, or asymmetric, wars against terrorist cells or enemy guerrillas. To that end, we are:

- More than doubling the budget since Fiscal Year 2001 for Special Operations Forces and expanding its size and scope to include a new Marine Corps component. The Special Operations Forces will be the largest they have been in over 30 years, representing a 50 percent increase in personnel from 2001 to 2011;
- Increasing skill sets across the force in foreign languages, cultural awareness and information technology; and
- Assigning priority to post-conflict and stability operations in the military’s overall training and doctrine.

We have also shifted from simply de-conflicting the branches of the Armed Services -- essentially keeping them out of each others way on the battlefield -- to more fully integrating the Services in ways that complement and leverage each service's strengths.

Consider the opening phase of Operation Enduring Freedom -- where Special Forces linked up with CIA operatives and local fighters, called in air strikes from Navy jets and supply drops from Air Force cargo planes. This jointness continued and increased not just in Iraq, but in virtually everything the Department does -- whether training, logistics, and administration -- at home and abroad.

Not just our military, but our government, is shifting from reacting to crises -- as has been the case for much of our country's history -- to preventive action to keep problems from becoming crises, and crises from becoming conflicts. For example, the military has undertaken security and development missions in places such as the Horn of Africa to try to keep them from becoming a new haven for terrorist activity -- such as Afghanistan became during the 1990s.

One of the most important shifts underway is the role and importance of intelligence. The U.S. military has long excelled at engaging targets once they have been identified. In the future we must better ascertain where the enemy is going next, rather than where the enemy was -- to be able to "find" and "fix," as well as be able to "finish." This means upgrading U.S. intelligence capabilities -- both human and technological -- and more effectively linking intelligence to operations in real time in the field.

We are also shifting from the typically American impulse to try to do everything ourselves to helping partners and allies develop their own capacity to better govern and defend themselves. This is particularly important in a Global War on Terror where many of our nation's most dangerous enemies exist within the borders of countries with whom we are *not* at war. This shift is at the heart of the effort in Iraq and Afghanistan, as well as smaller-scale train and equip missions in places like the Republic of Georgia and The Philippines.

It is abundantly clear that these kinds of complex and unconventional conflicts cannot be the task of any one country, or any one department. Within the Executive Branch, we are seeking ways to work more closely and seamlessly with partners in the Departments of State, Justice, Treasury, Homeland Security and the Central Intelligence Agency. This means overcoming the legacy of industrial age practices and habits inherited from the Cold War. The Department will seek new, and more flexible authorities in budget, finance, acquisition and personnel.

There are many other important shifts in our posture and thinking:

- From a peacetime tempo to a wartime sense of urgency;
- From operating in an era of certainty to one of surprise;
- From avoiding risk to managing and balancing risk;
- From confronting other nation states to confronting decentralized terrorists networks;
- From garrison forces defending fixed frontiers to expeditionary forces that can be deployed anywhere;
- From having the bulk of personnel in the institutional military -- the so-called “tail” -- to moving troops to the operational side that deploys and fights -- the “teeth”; and
- From separating people and information in vertical “stove pipes” to sharing data and coordinating operations across organizations, services and agencies.

Another thing that has become clear in recent years is that raw numbers and mass do not necessarily equate with capability. Technological advances, including dramatic improvements in satellite communications, information technology, and precision weaponry have allowed our military to generate considerably more combat capability with the same or, in some cases, fewer numbers of troops and weapons systems. These advances in the ability to deliver precision firepower quickly and over great distances, have major implications for the way we think about deterrence and defense.

NAVY:

Consider that until recently three out of every four ships in the U.S. Navy were not deployable at any given moment because of long maintenance and training cycles -- the product of a peacetime culture and mindset.

Today, the percentage of the fleet routinely at sea has increased by more than 50 percent. The Navy can rapidly deploy six Carrier Strike Groups within 30 days and surge up to two additional Groups within 90 days.

By applying advanced research and development, innovative maintenance and training, and a variety of cost savings initiatives, Navy leaders have changed the way our fleet operates and deploys.

The Navy has increased its capacity and readiness in a variety of ways, including:

- Swapping crews by flying them to ships, rather than bringing ships all the way back home and then all the way back to the theater;
- Investing in more spare parts to significantly reduce maintenance down time; and
- Keeping manning at high readiness levels throughout the fleet at all times.

As a result, our ships and Sailors are better-equipped, better trained and more capable -- and are able to strike more targets with precision in far less time. As late as 1997, the airplanes aboard a single carrier could engage about 200 targets per day. In the opening phase of Operation Iraqi Freedom, this capability rose to over 600 targets per day.

AIR FORCE:

We see a similar dynamic at work in the Air Force. Today, one B-2 bomber on one sortie can drop 80 different satellite guided bombs on 80 different target points. During Operation Desert Storm this would have required multiple aircraft on multiple missions. Despite the fact that the

first Gulf War was widely associated with the video footage of “smart bombs” hitting their targets, over 90 percent of the munitions dropped in that war were conventional “dumb” bombs.

It is important to note, however, that the Air Force fleet is aging. It is not uncommon for pilots today to find themselves flying planes that are older than they are. In particular, the tanker fleet averages 46 years in service. An aging fleet means increased maintenance costs and flight restrictions. It is important that we recapitalize the fleet to retain America’s air dominance and strategic lift capacity.

ARMY:

Our nation’s oldest military service is undergoing a remarkable transformation -- from being a peacetime Army preparing for a major conventional war against another large military, to a consistently more agile and deployable force capable of taking on -- and sustaining -- a full range of missions around the globe.

These operations have placed demands on men and women wearing the Army uniform and their families. Despite having over 1 million total troops in the Army’s active and reserve components -- and over 2.4 million in the military overall -- the deployments to Afghanistan and Iraq of a relatively small portion of that total -- currently less than 14 percent of the Army and less than 8 percent of the total military -- have produced stress on selected parts of the force.

The Army leadership under Secretary Fran Harvey and Army Chief of Staff General Pete Schoomaker took a hard look at this and identified that the real issue was not the total number of people in uniform, but rather the outdated way the force was organized. In particular, there needed to be an increase in the size of what’s called “Operational Army” -- the available pool of soldiers and deployable units with the skills and capabilities required for today’s missions.

The centerpiece of the Army reorganization plan is a shift away from a structure based on large divisions -- the “building block” of the Army since World War I -- into an active and reserve force configured into 70 more capable combat brigades and over 200 support brigades -- all fully manned and fully equipped. The “modular” brigade combat teams can deploy quickly with enough firepower, logistics and administrative support to operate on their own. They will be modernized with the Future Combat Systems -- a network of weapons and sensors. The result of these reforms is that a relatively small increase in the size of the Army has produced a dramatic increase -- about 30 percent -- in the amount of its deployable combat power.

With this restructuring, the Army should be able to maintain, when necessary, a force generation cycle of two years at home station for every year an active duty combat brigade is available to deploy abroad. For the Reserve Component, the deployment ratio should be five years at home to one year deployed if needed.

The Army is also in the process of realigning some 44,000 personnel spaces across the Active, Guard and Reserve elements to have more troops with the skill sets in highest demand. For example, Reserve and National Guard soldiers who are infantry, military police, civil affairs, and engineers have been in high demand during the Global War on Terror -- while those in field artillery, air defense and armor units less so. In addition, 12,000 soldiers formerly assigned to jobs -- mostly administrative and facilities support -- that could be performed by civilians -- are being brought into the operational part of the force.

These “rebalancing” steps are producing a 50 percent increase in infantry capabilities, with similar increases in military police, civil affairs, intelligence, and other critical skills. By enlarging the pool of available people with the needed skills and training, individual soldiers can expect to deploy and mobilize less often, for shorter periods of time, and with more notice and predictability.

Changes to the U.S. global force posture will also bring home 170,000 active duty troops and families home to bases in the United States. Therefore, instead of being rotated every two to three years to new postings, soldiers will be able to remain with units for up to seven years. In

addition to building greater unit cohesion, this system should greatly reduce the strain on families from moving households and changing schools.

These changes are already resulting in a larger “Operational Army” -- by some 40,000 soldiers by the end of the next fiscal year -- with more cohesive and combat-ready formations, a more predictable career path for soldiers and their families, and more troops available with the skills needed to fight the challenges we can expect to face.

I want to comment on several issues that have been raised about the health of the United States Army.

First, some ask, what is the current state of the U.S. Army?

We have the most agile, most skilled, and most expeditionary Army in history. Those who use words like “broken army” are wrong.

Consider:

- A “broken Army” would not be exceeding its re-enlistment goals by large margins, the highest that they’ve been for five years. The 3rd Infantry Division, for example, which recently returned from its second Iraq deployment in three years, met over 130 percent of its retention target;
- A “broken” Army would not have met its recruiting goals the last eight months despite the strong U.S. job market and the known -- and well publicized -- dangers and sacrifices of military life. In fact, the number of recruits who signed an enlistment contract is 25 percent higher than last year.

General Schoomaker points out that he remembers what a “broken” Army looks like when he was a young officer. The Vietnam War had just ended, the All-Volunteer force was in its infancy, and though we had many fine soldiers and officers, the force was also troubled by multiple problems. The difference between that Army and the professional and motivated force we have today could not be more dramatic.

Many of the criticisms and dire predictions about the Army have come from people who may be well-intentioned, but who nonetheless are proceeding from outdated and inaccurate information.

Today's Army has demonstrated its capability not in garrisons, or in training exercises, or through statistical readiness formulas, but in the crucible of combat.

Think about the many rapid, complex and dangerous operations that the Army now undertakes on a regular basis in Iraq, Afghanistan and around the globe. They have made the extraordinary so routine that it is sometimes hard for people to notice just how much has changed, and just how good they have become.

A second question that is being asked is: Is the Army "cutting" the size of the Army Guard and Reserve?

The answer is no. The Army is not cutting the Army National Guard or Reserves. That rumor is false.

At the present time the Army National Guard is authorized by law to reach 350,000 soldiers. It is currently manned at approximately 333,000. The Army Reserve is authorized to reach 205,000 troops. It currently has 188,000.

The Army's plan is to fund the Guard and Reserve at their actual current troop strength. In addition, the Department is prepared to increase funding should the Army National Guard or the Army Reserves actually grow past their current levels. Each component will retain the same number of total brigades -- 106 for the Guard, 58 for the Reserves -- as they have today. And the reorganization underway will ultimately result in a force that is more agile, fully manned, fully equipped, and with capabilities that will greatly aid its homeland security missions.

A little background on what exactly is underway. In the past, the Army Reserve and National Guard served as a strategic reserve, to be called on once in a generation or a lifetime for a major

war. As a result, they received relatively low priority for funding. Many units may have existed “on paper” but they were not fully manned and lacked sufficient training and equipment.

Today, the Army National Guard and the Army Reserve are shifting to an *operational* reserve, to be able to play a key role in homeland security, as required, as well as in support of the Global War on Terror.

America has come to rely much more on the Army’s Reserve Components than before. In keeping with these new requirements, the Army, over the past two years, has initiated a series of changes -- and made additional proposals in this budget -- to the way its Reserve Components are arranged, manned and operated -- changes that arguably should have started a decade ago.

This shift has also been reflected in the Department’s budget priorities. This administration has increased spending on the Guard and Reserves by over 50 percent since 2001, and the Army proposes spending \$21 billion on *new* equipment and modernization for the Guard through Fiscal Year 2011.

Some changes have had a positive impact already, as demands put on the Guard and Reserve have actually decreased in recent months. Some 160,000 reserve component soldiers were mobilized and deployed last year versus roughly 110,000 today.

Some ask why these changes are being made now, at a time of war?

Well, change is hard at any time, but the changes are essential *because* we are at war. Indeed, I would suggest that the recent demands on the force -- and the threats our country faces in the Global War on Terror -- have made these long overdue changes even more urgently needed. And this is an historic opportunity to get it right.

But how, some are asking, will this affect the Guard's ability to respond to an emergency or natural disaster at home?

The Army's proposal does not change the total number of brigades in the Guard, but it does adjust the mix of units in a way that better suits the Guard's unique roles and responsibilities.

Specifically, six combat brigades are being converted to six support brigades. These support units include assets such as military police, engineers and civil affairs -- specialties that are increasingly necessary for homeland defense or to respond to natural disasters.

The new concept of fully funded, fully manned and fully equipped Guard brigades -- particularly support units -- is a development that state and local officials should welcome. By any measure, they will be a vast improvement over the under-manned, and under-equipped Guard and Reserve units of the past decade.

Guard Equipment and Readiness:

Some also ask, if there will be a cut in support for equipment for the National Guard. And why the Guard is leaving some of the equipment in Iraq, rather than returning it immediately to units here at home.

First, it is important to remember that the challenge of properly equipping the Army did not start with this war. The Army leadership estimates that they began the Global War on Terror in 2001 with a \$56 billion shortfall across all components of the Army -- shortages were particularly acute in the Reserves Components.

In years past, there was uneven quality and readiness between different states and different units across the Guard. This was particularly the case with combat brigades. Of the 34 combat brigades, only 15 -- less than half -- were labeled "enhanced," meaning that they were supposed to receive the highest priority for training and resources.

But because of these inherited deficiencies, the Army had to cross level people and equipment across the Guard to make deploying units whole -- including the so-called “enhanced” brigades.

Once a deployment is completed, it makes little sense to expend enormous resources to repeatedly move heavy equipment back and forth from the Middle East. This is particularly the case for items like up-armored Humvees, tanks, or Bradley Fighting Vehicles that have relatively little use at home, but are needed in theater.

Significantly, these deployments and redeployments offer a needed opportunity to reset the Guard units with the skills and equipment the Army will need in the future, instead of simply resetting them with what they had had in the past.

Under the Army’s proposal, instead of having 15 Guard combat brigades considered, but not really “enhanced,” there will be 28 brigade combat teams that will, in fact, for the first time, be *fully* manned, trained and equipped -- just like their active duty counterparts.

The process of fully transforming the Army -- active and reserve component alike -- will not be all fixed or finished in this or the next fiscal year. It is a process that involves resetting dozens of units and adjusting the specialties and assignments of tens of thousands of soldiers. It is an enormous task and a tough challenge, one that General Schoomaker has compared to tuning an engine while the car is moving.

At any given time a close observer could drop a plumb line in the process and identify any number of deficiencies. That is to be expected.

But as one considers the changes taking place in the Army, it is important to view what is happening not in terms of the immediate moment, but where things are heading -- and the US Army is heading toward a properly funded Guard and Reserve fully capable of protecting America at home and abroad.

That is something every American concerned about our nation's security, as well as the well being of our "citizen soldiers," should welcome and support.

Army End Strength:

Nonetheless, many continue to ask, given the pace of deployments and the stress of the force, shouldn't the size of the active Army be increased?

The answer is that we *have* already increased the size of the active Army by some 12,000, under the emergency authorities granted by the Congress, with plans to go up by a total of 30,000 if required. More important, we have increased the size of the warfighting Army -- the teeth -- and reduced the size of the institutional Army -- the tail -- in ways that do not require an increase in statutory end strength.

At issue is whether there should be a *permanent* increase in the statutory end strength -- meaning that the U.S. Army would be required by law to maintain tens of thousands of additional troops on the payrolls -- regardless of whether the Army leadership thinks that is necessary or desirable -- and in the face of the enormous cost that that would build into future budgets at the expense of needed procurement and quality of life for the troops. We do not think that necessary or wise at this time.

PROTECTING THE FORCE:

Protecting our troops in combat theaters continues to be the top priority of this Department. We face a thinking and adaptive enemy. The military is aggressively developing new equipment, technologies and procedures to counter the threats from Improved Explosive Devices and other methods employed by the terrorists to attack Coalition troops.

Last year, over 4,400 new, Level 1, factory-built, up-armored Humvees, and over 16,000 add-on armor kits were fielded by the Army in Iraq and Afghanistan.

Almost 700,000 sets of interceptor body armor have been fielded since the beginning of the war, and over 170,000 sets of additional protection for shoulder and upper-arm areas have also been sent to the combat theaters in Iraq and Afghanistan. This protection is the best available in the world, and has saved a great many lives. The Army's goal is 201,000 -- one for every servicemember and civilian in the CENTCOM area of operations.

HEALTH COSTS:

The pattern of imposing new programs and costs on the military -- without considering the unintended consequences -- is most evident in the area of health care. And, we all are on notice of this growing problem that threatens the Department's ability to fund its other priorities, and therefore future U.S. military capabilities.

As with the changes underway in the Army, there has been a good deal of confusion and misstatement about what the Department is proposing in regard to health care.

Let me be clear: the United States military provides -- and will continue to provide -- the best possible care for those who have served our country. But the reality is that the way the current health care system is funded is not sustainable. Mainly as a result of benefits added by Congress, often without hearings, the Department's health care costs have almost doubled over the past five years -- from \$19 billion in 2001 to \$37 billion in Fiscal Year 2006 [\$39 billion in Fiscal Year 2007]. This year's proposed shipbuilding budget, by comparison, is \$11 billion.

Using a conservative projection, these health care costs will likely reach \$64 billion in Fiscal year 2015, an estimated 12 percent of the total Department budget. By comparison, health costs were 4.5 percent of the Department's budget back in 1990.

Because the health coverage offered by the Department is so comprehensive, many private employers are dropping their employer coverage for military retirees and directing their employees to rely on TRICARE instead. In fact, some state governments have passed rules that encourage their employees who are military retirees to use TRICARE and not their state health care systems. In effect, the military is increasingly subsidizing the health care costs of

private corporations, organizations, and state and local governments. This is a classic example of good intentions leading to unintended, unwelcome, and expensive consequences. Today nearly 60 percent of the Defense health spending is for retirees, and those costs are projected to keep rising.

To place the health benefit program on a sound fiscal basis for the long term, the Department is proposing to rebalance the share of costs between individuals and the government to approach the levels TRICARE had when the program was initiated by Congress in 1995. Further, we propose that cost shares be indexed so they will be adjusted annually for inflation.

To provide context, in 1995, beneficiaries paid 27 percent of their total health care costs. Today, because there has been no change in TRICARE annual premiums for 11 years, beneficiaries currently pay not 27 percent, but just 12 percent of costs. The proposed plan would ask retirees to pay somewhat more in premiums and for certain co-payments. However, even after adjustments, TRICARE would still be more generous than the best private employer plans. For a single retired junior enlisted serviceman, the average price increase for Prime enrollment fees would equate to 26 cents per day by Fiscal Year 2008, according to one study. For a retired officer's family the change would amount to \$2.58 per day.

We also want to explore for new, innovative benefit alternatives such as health savings accounts, which are currently available to other government employees.

A few points should be underscored. Active duty troops and their families -- people who rely on military hospitals as their sole provider of health care -- will not be affected, except for minimal changes to pharmacy co-payments. Those retirees over age 65 in TRICARE for life are not affected, except for minimal changes to pharmacy co-payments. And no one will be forced to leave TRICARE. Further, it should be noted that 82 percent of those who would be affected by these modest changes are employed by the private sector and will have the ability to choose among other available plans.

The plan being proposed, though undeniably necessary and offered with the best interests of the men and women in uniform in mind, has led to predictable concern. But it is worth repeating: the way the current system is funded is simply not sustainable. Indeed, if current trends continue, health funding pressures will soon cut into budgets for training, equipment, and a range of other investments vital to winning the War on Terror and maintaining the quality of life for our troops and their families.

The Chairman, and the Joint Chiefs of Staff and I, unanimously urge the Congress to join in taking the necessary steps to ensure that we sustain a superior health benefit for the Armed Forces, their families, and all retirees, and to ensure needed future U.S. military capability and a strong national defense.

HELP FOR WOUNDED TROOPS:

One health care program underway is the newly created support center for severely injured troops and their families. This center augments efforts already underway in the service branches, and has helped thousands of people during a difficult period in their lives.

The Department remains committed to helping those who have risked their lives for their country in every way possible. I never fail to come away enormously impressed and inspired when I meet with the wounded and their courageous families. They are truly remarkable examples of American patriotism and resilience.

IMAGINING THE FUTURE:

Mr. Chairman, the leadership of the Department will be describing a process of continuous change in everything from the way we fight wars to the way we manage personnel. Where, one might ask, is this heading?

Imagine:

- A colonel proficient in Arabic whose knowledge of city management equals his skills in marksmanship;
- A commander with the flexibility in tactics and options that President Roosevelt entrusted to General Eisenhower;
- A self-sustaining brigade that surges rapidly from the U.S. to a forward operating facility in Central Asia to work with newly trained allies against terrorist cells that threaten a new democracy;
- A sea-based combat ship with the ability to insert and change its combat payload depending on its mission.

As we imagine that soldier, that commander, that brigade, that facility, and that ship -- we have a notion of what America's transformed armed forces might well look like in the years ahead. Changes that will be essential to defeating a range of enemies -- changes essential to keeping our nation safe.

In discussing the budget and the QDR, the tendency will be to talk about a lot of numbers -- numbers of troops, numbers of weapons platforms, and the like.

But I want to conclude by talking about a different metric that crossed my desk a few months ago. That number is 371 -- the total number of Silver Stars and Service Crosses that have been awarded since September 11th to our nation's Soldiers, Sailors, Airmen and Marines.

And were it not for the exacting standards the military has for these awards, I suspect the numbers would be much higher, given the superb performance of our troops in places like Fallujah, Ramadi, Kandahar and other grueling battlefields in the Global War on Terror.

In a conversation about the war a few weeks ago, I was asked "Where are the heroes?" There are a great many heroes. And they are doing exactly what needs to be done to keep our country

safe and to preserve freedom for our children and their children. We all could do a better job -- media and military alike -- in telling their stories.

Let me briefly highlight just one. Suran Sar was born in Cambodia and came to this country at the age of 15, after most of his family was killed by the Khmer Rouge. He became an American citizen and later volunteered to become an American soldier. He fought in the first Gulf War, rose to the rank of Master Sergeant in the Special Forces, and was deployed to Afghanistan after September 11th.

On March 2, 2005, his team of 12 landed in their Black Hawk helicopters to inspect some suspicious-looking buildings on a snow capped mountain. They immediately came under fire, and Sergeant Sar chased after one of the gunman. He was hit in the head by an enemy bullet, but kept fighting to help the rest of his team that was still pinned down. They ultimately routed the terrorists, seized several weapons, and secured the site.

For his actions on that day he received the Silver Star, the Army's third highest medal for bravery. He would later tell a reporter:

"I kind of feel ashamed to accept such a prestigious award because I feel all I'm doing is something that I love to do ... fighting to serve my country and protecting my guys."

Sergeant Sar is but one of thousands of remarkable people who make up our country's Armed Forces. Some of their accomplishments are known beyond the immediate circle of family and comrades, but most are not.

They are volunteers who could be doing something much easier, safer, and better compensated, but they step forward each year to raise their hand and say, "Send me." They do so fully aware of the risks and are justifiably proud of the noble history they are making.

They have done everything asked of them -- and done it with resilience and courage. We owe it to them -- and the country they have sworn to protect -- to provide the resources, the capabilities and the innovative institutional culture that will not only win today's wars, but also best position them to win America's wars in the decades ahead.

Thank you for your support of the men and women who wear our nation's uniform. I look forward to working with this Committee as our nation engages in a "long war." I am reminded of what President Eisenhower once said about another long struggle -- the Cold War -- comments that seem to have resonance today.

"We face a hostile ideology -- global in scope. . . ruthless in purpose, and insidious in method. . . to meet it successfully we must carry forward steadily, surely, and without complaint the burdens of a prolonged and complex struggle - with liberty the stake."

Mr. Chairman, just as we did during the Cold War -- what President Kennedy called a "long twilight struggle" -- we will persevere in this "long war" we face today. And with the help of the Congress, we will provide our country with the security it needs and deserves in this new century.

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