

RECORD VERSION

STATEMENT BY

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FOR THE UNITED STATES ARMY

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Chairman Ortiz, Ranking Member Forbes, distinguished Members of the House Armed Services Committee's Subcommittee on Readiness. I thank you for the opportunity to appear here today to provide a status on the fiscal year 2011 (FY11) Operation & Maintenance (O&M) Funding for the United States Army.

On behalf of our Secretary, the Honorable John McHugh and our Chief of Staff, General George Casey, I would like to take this opportunity to thank you for your continued, strong support and demonstrated commitment to our Soldiers, Army Civilians, and Family members.

As all of you know, it has been a busy time for our Nation's military. We have been at war for the past eight-plus years. With the support of Congress, the forces deployed are the very best manned, equipped, trained and led in the 234-year history of the United States Army.

That said, the prolonged demand and high operational tempo over the course of this two-front war have undeniably put a strain on our people and equipment. Our shared goal must continue to be to restore balance and sustain the high quality of our All-Volunteer Force for the duration of the current fight as well as for future operations.

The United States Army's FY11 Budget Request seeks to achieve the Army's four imperatives: our ability to **sustain** the Army's Soldiers, Families, and Civilians; **prepare** forces for success in the current conflict; **reset** returning units to rebuild the readiness consumed in operations and to prepare for future deployments and contingencies; and **transform** to meet the demands of the 21st century. The intent of this statement is to provide justification for the Army's request for O&M funding (base and OCO) in each of these areas.

The FY11 budget (base and OCO) requests \$107.3 billion in O&M funding – a \$7 billion increase from FY10. O&M is the largest portion of the total budget, at 43.7 percent, and will be used for Soldier and unit training; ground and air vehicle operating costs; depot maintenance; base operations, sustainment, restoration, and modernization; and a 1.4 percent civilian pay raise.

The Army's O&M base account grew by approximately \$3,729M in FY11. \$1,104M of this growth reflects increases in pricing and inflation. The remaining \$2,625M provides funds to restore balance and supports a phased expeditionary cycle for units at various Army Force Generation (ARFORGEN) readiness levels.

The FY11 budget request also migrates \$1B in funding for enduring missions from OCO into the base. This move is largely due to increased home station training resulting from the Operation Iraqi Freedom (OIF) drawdown. Specifically, the request supports readiness through increases in OPTEMPO, Depot Maintenance, Soldier well-being programs, facilities and infrastructure sustainment, training, systems and accountability improvements, and cyber and network security operations.

Sustain our All-Volunteer Force

Sustaining our All-Volunteer Force is our first imperative. The Soldier, as Secretary Gates has said, is our greatest strategic asset. Unfortunately, after eight-plus years of war, we continue to see the high OPTEMPO and prolonged stress and strain on our Force manifested in the increased demand for behavioral health counseling and drug and alcohol counseling; increased divorce rates; and increased numbers of Soldiers temporarily non-deployable from nagging injuries from previous deployments.

The FY11 O&M budget request includes \$1.7 billion to standardize and fund vital Family programs and services to include welfare and recreation; youth services and child care; Survivor Outreach Services; and expanded counseling and rehabilitative opportunities for Soldiers and Family Members.

In particular, the budget request supports the Army's commitment to Soldiers and their Families through initiatives such as the Army Campaign Plan for Health Promotion, Risk Reduction, and Suicide Prevention (ACPHP) and the Global Assessment Tool (GAT) that provides individual feedback on five fitness dimensions. The request also provides increased funding for barracks modernization, and ensures facility Sustainment is funded at 90 percent of the Facility Sustainment Model.

Additionally, in collaboration with the National Institute of Mental Health, the Army began a 5-year, \$50 million seminal study into suicide prevention (funded through RDT&E) that will help inform the ACPHP. The Army also began instituting our Comprehensive Soldier Fitness (CSF) program, an all-inclusive approach that puts mental health on par with physical fitness. By promoting resiliency and life-coping skills, we hope to help our Soldiers, Civilians, and Family Members to better deal with stress and other challenges. By enhancing the quality of life across our Army community, we believe we will see improvement in many other areas of concern, including suicides.

The Army has also initiated a comprehensive sexual assault prevention campaign, the Sexual Harassment/Assault Response Program (SHARP), focused on leaders maintaining a positive command climate, which encourages peer-to-peer intervention in an environment where Soldiers do not tolerate the types of behavior that, left unchecked, could lead to sexual assault.

To ensure Reserve Component Soldiers and their Families receive the same level of support and assistance, the United States Army Reserve established Army Strong Community Centers to support geographically-dispersed Soldiers and Families. Together with Army National Guard Family Assistance Centers and Soldier and Family Assistance Centers on active duty installations, these centers provide help to Soldiers' Families near their homes.

Prepare our Force

The FY11 O&M budget request funds manning, equipping, and training goals for the current operational environments. Today, we are continuing to transform the Army to a rotational model – the Army Force Generation (ARFORGEN). This model represents the core process for generating trained, ready, and cohesive units on a sustained and rotational basis – to meet current and future strategic demands.

The ARFORGEN process includes three force pools—Reset, Train-Ready, and Available. Each of the three force pools contains a versatile force package, available at varying time intervals based on its readiness level. The ARFORGEN process increases predictability for Soldiers, Families, employers, and communities, and enables our RC to remain an integral element of the operational force while providing the Nation with the strategic depth (i.e., those non-deployed units which are two to three years from commitment) and operational flexibility to meet unexpected contingencies.

Manning

The Army is currently implementing the Active Army temporary end-strength increase of up to 22,000 Soldiers approved by the Secretary of Defense in July 2009.

Eight-plus years of sustained combat operations have increased non-deployable rates in our units. These increasing non-deployable rates (from 11 percent in 2007 to 13 percent in 2009) require us to continue to overfill our deploying units. The Soldiers needed to overfill those deploying units come largely from resetting units, thus reducing individuals' dwell time and the strength of these and other affected units across the Army.

The temporary end-strength increase is substantially augmenting the enlisted fill of our Reset forces enabling more effective ARFORGEN-based manning, equipping and training processes required to get future deployers ready, thereby improving the overall readiness of our Army.

The decision was made to temporarily increase the Army end-strength by 15,000 Soldiers by the end of fiscal year 2010. This was to assist in improving fill of deploying units while mitigating the elimination of Stop Loss. We added 5,000 Soldiers in fiscal year 2009, and will add an additional 10,000 individuals in fiscal year 2010. The resulting Army end-strength will be 562,400 Soldiers.

The Army is assessing the need for an additional 7,000 Soldier growth for fiscal year 2011. This would bring us to the total 22,000 increase. The decision on whether or not to add the additional 7,000 growth is pending confirmation of our immediate demand, the pace of the drawdown from Iraq, and the requirement for forces in Afghanistan.

If the decision is made to add the additional 7,000 Soldiers, growth could be complete by end of 2nd quarter, FY2011. We would hold at that end-strength for the requisite 12 months before beginning the 18-month drawdown. Regardless of the decision on the 7,000 Soldier growth we

plan to return to the pre-increase end-strength level of 547,400 by the end of FY 2013.

Equipping

The Army greatly appreciates the tremendous support Congress has provided for our equipping needs, which has allowed deployed Soldiers and Army units to have the equipment needed to accomplish their missions. Because of your interest and support, today the American Soldier is the best equipped combatant in the world. Whatever the mission, from disaster relief in Haiti, to counter insurgency operations in Iraq and Afghanistan, Army Soldiers and units have the latest and most capable military equipment in the world.

Training

Training is a critical part of Army readiness, and the FY11 budget request reflects our focus to improve home station training, maintain capabilities at the Combat Training Centers (CTC), and continue building the Modular Army in order to set the conditions to achieve balance as future unit dwell times increase.

Fiscal year 2011 base OPTEMPO funding supports increased ground miles and increased flying hours. For the Active component, it funds ground OPTEMPO from 545 miles in FY10 to 583 miles in FY11. It funds Air OPTEMPO from 12.0 hours per crew month in FY10 to 12.3 hours in FY11.

The FY11 budget also increases available training range days from 184 funded in the FY 10 budget to 216 of 242 required training days and provides additional operations capability for the Training Support Centers that maintain and manage the Training Aids, Devices, Simulations and Simulators (TADSS).

The FY 2011 O&M base budget request funds a total of 24 rotations through the Army's Combined Arms Training Centers (CTCs) and two Exportable Training Capability (ETC) events. The CTCs are in the initial phase to transition to Full Spectrum Operations (FSO); we plan to conduct a pilot FSO rotation in FY11.

Funding for Army Military and Civilian Leader Development programs remains constant in FY11. The Army sustains support for all the Army Leader Development Strategy initiatives. The Army projects increased enrollment in Professional Military Education programs as dwell time increases in FY12. We will increase resources to reduce the backlog created by years of insufficient dwell time.

The Army continues to increase investment in Language Qualification Training and Cultural Awareness Training. Additional funding includes increased Mobile Language Training Teams to support the Language Proficiency Enhancement Program in support of ARFORGEN, and funding for Language Training Detachments and for the Afghanistan/Pakistan Hands Program.

The FY11 budget request funds increases in officer training and accessions. The commissioning mission increases from 5,100 in FY10 to 5,350 in FY11. The request also funds an 11.3 percent increase in enlisted and officer specialized skills training.

Reset

Overseas Contingency Operations (OCO) Reset funding has sustained the Army and maintained our operational readiness for the past 8 years. The FY11 O&M OCO budget request includes \$7.8 billion to Reset Army equipment.

Reset is an essential element of readiness and restoring balance to the Army for known requirements. It is part of the cost of war, and it prepares our Soldiers and their equipment for an unpredictable future and evolving threats. Reset is a necessary process that must continue not only as long as we have forces deployed, but an additional two to three years after major deployments end to ensure future equipment readiness.

Reset is especially challenging given the extraordinary wear on vehicles, aircraft, and equipment in the harsh environments our forces operate in today. Coarse sand, fine dust, extreme temperatures, and high OPTEMPO erode sophisticated mechanical and electronic systems at altitudes and loads which near the edge of the aircraft design capabilities. Our rotary wing fleet, for example, operates up to six times non-combat usage levels.

Over the past year, our depot-level Maintenance Reset workload exceeded ~100,000 items of equipment; and, we expect to sustain this pace for as long as we have substantial forces deployed.

Reset timelines are directly related to the pace of the Iraq drawdown, operational decisions such as the OEF plus-up, available capacity within our industrial base (labor and physical plant capacities and long lead-time parts) and the availability and timing of funding. Given current projections, we would expect our requirements to decrease in the outyears as we complete the retrograde and Reset of equipment from Iraq.

Army Prepositioned Stocks

Army Prepositioned Stocks (APS) have repeatedly—most recently in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF)—fulfilled their primary purpose of enhancing the Army's strategic

agility. In order to restore balance to the Army's strategic readiness posture, it is necessary to "Reset" these war reserve stocks.

The FY 11 budget request funds APS at \$400.7M, an increase of \$120.9M. This funding will make available three Large Medium Speed Roll-on/Roll-off (LMSR) ships associated with APS Afloat that are currently in reduced operating status. These ships will carry one Sustainment Brigade with a Combat Support Hospital and an Infantry Brigade Combat Team. Additionally, the O&M funding requested in FY11 will partially reconstitute Prepositioned Stocks in Southwest Asia (APS-5); fund reconstitution and Care of Supplies In Storage (COSIS) for an Infantry Battalion with a motorized augmentation set in Afghanistan; and, fund COSIS for existing afloat APS stocks.

Transforming our Force

The Army is continuously evolving our capabilities to meet current and future strategic demands. We recognize that we must ensure our Nation has the capability and range of military options to meet the evolving challenges we face in the 21st century. As Army Chief of Staff, General George W. Casey, Jr. has stated, *"We need an Army that is a versatile mix of tailorable and networked organizations, operating on a rotational cycle, to provide a sustained flow of trained and ready forces for full spectrum operations and to hedge against unexpected contingencies – at a tempo that is predictable and sustainable for our all-volunteer force."*

The centerpiece of our efforts is the shift to a modular construct focused at the brigade level, thus creating a more deployable, adaptable, and versatile force. This ongoing transformation has greatly enhanced the Army's ability to respond to any situation, quickly and effectively. However, the degree of impact continues to vary, for example, between

Brigade Combat Teams (BCTs), “enablers,” the Reserve components, and individual Soldiers.

The FY11 budget request supports increases to integrated management systems for Army Business Operations, enhancing communications systems, personnel systems, and financial readiness. It also funds increases in cyber and network security to enhance computer network defense and protect our information systems from unauthorized access and use.

Overseas Contingency Operations (OCO) request

O&M also represents the largest portion of the OCO request, \$63.4 billion or 62 percent, and will fund the day-to-day costs of the war, training to prepare units for deployment, force protection, in-theater maintenance and repair, drawdown of equipment from Iraq, and the Reset of Army Prepositioned Stocks and equipment returning from deployment. The OCO portion of the request also includes \$628M for the training and sustainment of the temporary wartime increase in personnel – an increase of \$242M from FY10.

The FY11 OCO request for O&M appropriations is \$3.2 billion higher than the FY10 request (\$63.4B versus \$60.2B). Although the overall deployed force structure will be lower in FY11, the request reflects a full year of OEF operations at the increased force structure level and with significantly higher costs for transportation, in-theater maintenance, and support of new and expanded base camps in Afghanistan.

FY 2011 Budget Risks

Budget risk Army-wide is projected to be minimal if the \$245.6 billion is appropriated as requested. The Army continues to identify, manage and mitigate risks resulting from changes in assumptions

underlying the FY11 budget build, past budget builds, or any unforeseen events. Risk has been identified in the following areas:

Sustained Demand

Since September 11, 2001, all deploying Army units are trained, led, and equipped to the highest levels prior to deployment. However, due to sustained demand, Army units are achieving this deployment readiness closer and closer to their arrival dates in theater.

OCO Funding

The Army continues to rely on OCO funding to meet the full scope of training and sustainment of our forces.

Personnel

Mobilization Assumptions include: no significant new missions; Iraq draw down will proceed on time, and end year at less than 50K end-strength; Afghanistan surge will proceed on time and not increase beyond the planned level; and, Active Duty Operational Support (ADOS) requirement for the Reserve Component will continue to decrease parallel to Iraq draw down.

Training

The Army continues to accept moderate risk in the base funding of unit training for all components; training at the CTCs due to the execution of Mission Readiness Exercises for deploying units; and funding of the Training Support Systems operations while units remain deployed.

Primary risks are in the acceleration of the drawdown in forces ahead of planned timeline; and the availability of OCO to support pre-deployment training for all components and readiness certification and validation during pre- and post-mobilization for the Reserve Components.

Base Operations Support

Base Operations Support (BOS) resources the Army's installation services worldwide, ensuring an environment in which Soldiers and Families can thrive, and provides a structure that supports a campaign quality, expeditionary Army. The FY11 budget request funds BOS programs at \$9.1 billion across all components, an increase from FY2010 of \$241M. The budget request funds new Army Senior Leadership Initiatives (SLI) to support Soldier/Family well-being at garrison/installation level, to include ACPHP, SHARP; and Contract Security Guards in Europe previously funded with OCO now funded in base.

Although the Army has taken risk in BOS, the Army's Installation Management Command (IMCOM) continues to work closely with each installation to ensure its essential BOS needs are met. Earlier this month, the Secretary of the Army and the Chief of Staff, Army, announced the Army's plan to increase BOS funding by \$500M in FY10.

Additionally, the Army will conduct a comprehensive mid-year review of all BOS accounts to ensure adequate funding is maintained to meet the Army's priorities through the remainder of the fiscal year. The Army's senior leaders anticipate working closely with Congress to make the necessary modifications to the Army's FY11 request as they relate to BOS needs across our installations. In the meantime, we are continuing to look for efficiencies and best practices in the use of BOS funds. You can be assured we will not shortchange Soldiers and their Families in the process.

Unknown Risk

We recognize that much of the risk we assume depends on minimal projected reductions in demand and corresponding savings; and the absence of unplanned events or a resurgence of tensions in 'hot spots'

around the world. If such unforeseen events occur, we will have to make the necessary adjustments, to include reallocation of resources.

However, based on the current situation and known risks, we are confident the FY11 O&M budget request, if appropriated in full, would improve the overall readiness of our Force by ensuring the Army is able to properly care for, train, equip and support our Soldiers, Civilians, and Family Members around the world.

Conclusion

These continue to be challenging times for our Nation and for our military. With the support of Congress, we have deployed the best manned, equipped, trained, and led forces in the history of the United States Army over the past eight-plus years. However, the fact remains that we have asked a great deal from our Soldiers, Civilians, and their Families.

Looking ahead, the Army must continue to sustain our All-Volunteer Force, modernize, adapt our institutions, and transform Soldier and Leader development. We must ensure we have a trained and ready Force that is well-prepared, expeditionary, versatile, lethal, sustainable, and able to adapt to any situation.

I assure the members of this committee – the Army’s senior leaders are focused and working hard to address these challenges and to determine the needs of the Force for the future.

Chairman, members of the sub-committee, I thank you again for your continued and generous support of the outstanding men and women of the United States Army and their Families. I look forward to your questions.