

RECORD VERSION

STATEMENT BY

**THE HONORABLE THOMAS E. WHITE
SECRETARY OF THE ARMY**

BEFORE THE

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**ON THE
FISCAL YEAR 2003 DEFENSE BUDGET REQUEST**

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Mr. Chairman and distinguished members of the Committee, I thank you for this opportunity to report to you today on the United States Army's readiness to provide for our Nation's security today and in the future.

Throughout our Nation's history, The Army has demonstrated that it is America's decisive ground combat force with capabilities sufficiently diverse to cover the full spectrum of operations demanded by the Nation—anytime, anywhere. The essence of The Army remains unchanged—an ethos of service to the Nation, the readiness to fight and win wars decisively, and a willingness to accomplish any mission the American people ask of us.

Today, we are engaged in a global war on terrorism and defense of our homeland. Soldiers, On Point for the Nation, are protecting and promoting American interests around the globe. They are accomplishing these vital missions much as we have for over 226 years with little fanfare or attention. The Army is able to accomplish what is asked by relying on the strength of its Soldiers—active, National Guard, Army Reserve—and civilians, who honorably and proudly answer the calls to duty.

The Army has no illusions about the challenges it faces. It must help win the global war on terrorism and prepare for future wars and conflicts by effectively using the resources you provide us to transform. With the continued support of Congress and the Administration, our Soldiers will continue to do their part to decisively win the global war on terrorism, rapidly transform themselves to fight and win new and different kinds of conflicts, meet our obligations to allies and friends, and maintain

our readiness for the unexpected and unpredictable challenges that may arise.

THE STRATEGIC ENVIRONMENT

The attacks of 11 September provide compelling evidence that the strategic environment remains dangerous and unpredictable. Although we may sense dangerous trends and potential threats, there is little certainty about how these threats may be postured against America or her interests. Uncertainty marks the global war on terrorism, and our Soldiers continue to be involved in smaller-scale contingencies and conflicts. Yet, the potential for large-scale conventional combat operations will continue to lurk just beneath the surface. Victory in battle will require versatile combat formations and agile Soldiers, who can deploy rapidly, undertake a multiplicity of missions, operate continuously over extended distances without large logistics bases, and maneuver with speed and precision to gain positional advantage. Our Soldiers must be capable of prosecuting prompt and sustained land operations across a spectrum of conflict resulting in decisive victory.

THE STRATEGIC FRAMEWORK

The 2001 Quadrennial Defense Review (QDR) established a new strategic framework for the defense of the Nation that struck a balance between near-term readiness and our ability to transform ourselves in order to meet current and future conflicts. The report outlined a new operational concept that gives continued priority to homeland defense, promotes deterrence through forward presence, and asks that we have the ability to conduct both smaller-scale contingencies and large scale, high-intensity combat operations simultaneously.

Our Soldiers can defeat enemy armies, seize and control terrain, and control populations and resources with minimal collateral casualties and damage. They can operate across the spectrum of military operations, whether it is full-scale conventional conflict, fighting terrorists,

or setting the conditions for humanitarian assistance. This multifaceted ground capability enables us to assure our allies and friends, dissuade future military competition, deter threats and coercion, and, when necessary, decisively defeat any adversary.

As The Army continues to work with other departments, agencies, and organizations, emerging requirements that are not fully defined in the 2001 QDR may require additional resourcing, whether technological, logistical, or force structure. Despite ten years of downsizing, The Army has accomplished all assigned missions to a high standard. In short, we are doing more with less, and the strain on the force is real. Our Soldiers continue to give us more in operational readiness than we have resourced.

While we fight and win the global war on terrorism, The Army must prepare itself to handle demanding missions in the future strategic environment. Over two years ago, The Army undertook transforming itself into a force that is more strategically responsive and dominant at every point on the spectrum of military operations. We have gained insight from previous deployments, operations, and exercises, along with leading-edge work in Army Battle Labs, joint and Army warfighting experiments, and wargames. With this insight, The Army embarked on initiatives to assure its dominance in a new contemporary operational environment by deterring and defeating adversaries who rely on surprise, deception, and asymmetric warfare to achieve their objectives against conventional forces. The attacks of 11 September 2001 and our subsequent operations overseas validated The Army's Transformation. If anything, 11 September provided new urgency to our efforts. Thus, we are accelerating Transformation to give our commanders the most advanced capabilities they need to ensure that we have the best led, best equipped, and best trained Soldiers for the emerging global environment. And to mitigate risk as we transform to meet future requirements, we will prioritize among the

imperatives of meeting existing threats, safeguarding our homeland, and winning the war against terrorism.

SOLDIERS—ON POINT FOR THE NATION

Globally, Soldiers offer tangible reassurance to our allies, build trust and confidence, promote regional stability, encourage democratic institutions, and deter conflict. Nothing speaks to the values of America more than Soldiers on the ground providing comfort, aid, and stability at home and abroad. The Army, as part of a joint military team, provides a wide range of options to our leaders and commanders. As we have seen, in today's world we cannot win without the human dimension on the battleground. Whether it be gathering intelligence, challenging an adversary's ability to conceal and seek cover, or protecting innocent civilians, the American Soldier remains the ultimate precision weapon during combat operations, particularly when legitimate targets are interspersed among non-combatants. In the final analysis, it is the Soldier on the ground who demonstrates the resilience of American commitment and provides the needed flexibility to decisively defeat our adversaries.

Since October 2001, Army conventional and special operations forces, as part of the joint force, have participated in Operation ENDURING FREEDOM in the Afghanistan theater of operations. The range of their capabilities was extensive. These highly trained Soldiers worked with local forces to forge a powerful alliance. They designated targets for air strikes, secured airfields, and performed reconnaissance and security missions that facilitated the safe introduction of follow-on forces. Supporting the war effort, they provide security to joint forces, critical facilities, and supply lines, and they receive and prepare both combat and humanitarian supplies for air delivery to Afghanistan. Currently, more than 12,000 Soldiers are deployed—from Egypt to Pakistan, from Kenya to Kazakhstan. And although hostilities in Afghanistan are shifting focus, requirements for ground forces are

growing—they are assuring regional stability in Afghanistan, directing humanitarian assistance and relief operations, securing detainees at Guantanamo Bay, Cuba, and deploying to the Philippines.

At home, The Army continues its long tradition of support to homeland security. Even before 11 September 2001, The Army had 10 trained and certified Weapons of Mass Destruction Civil Support Teams ready to assist civil authorities and had trained 28,000 civilian first responders in 105 cities. Since the attacks, we have mobilized over 25,000 Army National Guard (ARNG) and United States Army Reserve (USAR) Soldiers for federal service here and overseas. Nearly 11,000 Soldiers are on state-controlled duty securing airports, seaports, reservoirs, power plants, the Nation's capital region, and serving at "ground zero" in New York City alongside the United States (U.S.) Army Corps of Engineers. To increase protection for our citizens and reduce vulnerability, we accelerated the safe destruction of the U.S. stockpile of lethal chemical agent and munitions while combating the proliferation of chemical weapons. And continuing a commitment to civil authorities, nearly 500 Soldiers worked Super Bowl XXXVI, and over 5,000 Soldiers are helping ensure the security of the 2002 Winter Olympics in Salt Lake City, Utah.

But, fighting the global war on terrorism in no way diminishes the requirements placed on The Army for support to missions and operations around the world—indeed, it expands it. While The Army remains engaged at home, it is prudently taking action for follow-on operations around the world, to include mobilizing some 2,000 ARNG Soldiers to augment our missions in the European theater. In fact, The Army—active, ARNG, and USAR—has over 124,000 Soldiers and 38,000 civilians stationed in 110 countries. Additionally, on any given day last year some 27,000 Soldiers were deployed to 60 countries for operations and training missions. And it is easy to forget that our Soldiers have been on the ground conducting peacekeeping missions in the Balkans for six years, in

Saudi Arabia and Kuwait for eleven years, and in the Sinai for nineteen years. Our Soldiers have been in Korea and Europe for over 50 years, assuring their peace and stability while, at the same time, providing the Nation with a rapid deployment capability to areas near those theaters of operations, as needed.

THE ARMY VISION: PEOPLE, READINESS, AND TRANSFORMATION

On 12 October 1999, The Army articulated its Vision that defined how The Army would meet the Nation's requirements now and into the 21st Century. The Vision is comprised of three interdependent components—People, Readiness, and Transformation. It provides direction and structure for prioritizing resources to ensure The Army remains the most dominant and intimidating ground force in the world to deter those who would contemplate threatening the interests of America. Ultimately, it is about risk management, striking a balance between readiness today and preparedness for tomorrow. It is about having overmatching capabilities while simultaneously reducing our vulnerabilities in order to dominate those who would threaten our interests—now and in the future. It is about examining where we are now and where we need to be, and it is about achieving decisive victory—anywhere, anytime, against any opposition.

People

People—Soldiers, civilians, retirees, veterans, and their families—are The Army. People are central to everything we do in The Army. Institutions do not transform; people do. Platforms and organizations do not defend our Nation; people do. Units do not train, they do not stay ready, they do not grow and develop leadership, they do not sacrifice, and they do not take risks on behalf of the Nation; people do. We must adequately man our force, provide for the well being of our Soldiers and their families, and develop leaders for the future so that The Army

continues to be a professionally and personally rewarding experience. Soldiers will always be the centerpiece of our formations. They are our sons and daughters. We are committed to recruiting and retaining the best people and giving them the finest tools to do their job so that they remain the world's best army.

· ***Manning the Force***

Current and future military operations depend on an Army with the flexibility to respond quickly in order to rapidly meet changing operational requirements. The Army has approached its manpower challenge in a variety of ways. In fiscal year (FY) 2000, we implemented a personnel strategy to man units at 100 percent. Starting with divisional combat units, the program expanded in FY2001 and FY2002 to include early deploying units. The Army is currently assessing its ability to fill remaining units by the end of FY2004. The ARNG and USAR now make up more than 50 percent of The Army's force structure. Ongoing and expanded reserve integration initiatives—to include Full Time Support—have increased reserve readiness and increased their ability to rapidly transition from a peacetime to a wartime posture.

A new advertising campaign in 2001—*An Army of One*—raised the awareness and interest levels of potential Soldiers. The Army achieved 100 percent of its goal for all components in recruiting and retention for the second year in a row. And to ensure that we recruit and retain sufficient quality personnel, we continue to examine innovative recruiting and retention programs.

· ***Well-Being***

Army readiness is inextricably linked to the well being of our People. Our success depends on the whole team—Soldiers, civilians, retirees, and their families—all of whom serve the Nation. The term *well being* is not a synonym with "quality of life," but rather an expansion of the concept that integrates and incorporates existing quality of life initiatives

and programs. Well being takes a multifaceted approach. We are working with the Office of the Secretary of Defense to improve TRICARE in order to provide better medical care for Soldiers, families, and retirees and to continue to close the compensation gap between Soldiers and the civilian sector. Our Soldiers appreciate, more than you realize, your support this past year for pay increases of at least 5 percent and the 3.6 percent for the civilians who support them. Targeted pay increases for highly skilled enlisted Soldiers and mid-grade officers, the online electronic Army University education program, and upgraded single-soldier barracks and residential communities further support and aid in maintaining the Well-Being of Soldiers willing to put their lives at risk for our national interests. In turn, the attention to a Soldier's well being helps The Army recruit and retain the best people. Our Soldiers ask little in return, but they judge their Nation's commitment to them by how well it takes care of them and their families. It is a commitment we must honor.

· ***Leader Development***

Civilian and military leaders are the linchpin of Transformation. The leaders and Soldiers who will implement the new warfighting doctrine must be adaptive and self-aware, capable of independent operations separated from friendly elements for days at a time, exercising initiative within their commander's intent to rapidly exploit opportunities as they present themselves on the battlefield. Leaders must be intuitive and capable of rapid tactical decision-making, and all Soldiers must master the information and weapons systems technologies in order to leverage their full potential. But new technologies and new kinds of warfare will demand a new kind of leader. As part of our transformation process, The Army is taking a comprehensive look at the way we develop officers, warrant officers and non-commissioned officers through the Army Training and Leader Development Panels to review and assess issues and provide recommendations on how to produce The Army's future leaders. We have

expanded these reviews to include Army civilians in anticipation of the need to replace the increasing number who will become retirement eligible after FY2003. The Army must have top-notch military and civilian people at all levels in order to meet the global, economic, and technological challenges of the future.

In June 2001, The Army published the most significant reshaping of Army warfighting doctrine since 1982. Field Manual 3-0, *Operations*, emphasizes The Army's ability to apply decisive force through network-centric capabilities and shows just how dramatically The Army must transform itself to fight both differently and more effectively. This doctrine will assist in the development of a new force—the Objective Force—that maximizes the technological advantages of equipment, leader development, and evolutionary warfighting concepts. The Objective Force will demand a generation of leaders who know how to think, not what to think.

Readiness

At its most fundamental level, war is a brutal contest of wills. Winning decisively means dominating the enemy. To be dominant, we must be not only organized, manned, and equipped, but also fully trained. Today, The Army is ready for its assigned missions, but sustained support from the Nation, Congress, and the Administration is required to ensure that we maintain our readiness. To do so requires that we pay attention to training, installations, force protection and readiness reporting.

· *Unit Training*

Tough, demanding training which is supported by an infrastructure that allows us to train, sustain, and deploy is essential to readiness. History has taught us and we have learned that, in the end, armies fight the way they train. The Army is committed to fully executing our training strategy—the higher the quality of training, the better the leaders and warfighters we produce. The result is an increased state of readiness to

serve our Nation. To this end, we must fully modernize training ranges, combat training centers, and training aids, devices, simulators, and simulations to provide adequate and challenging training. The Army has funded the integration of virtual and constructive training capabilities to achieve realism and cost effectiveness.

As we move to greater network-centric warfare capability, our forces will operate with even greater dispersion, and maintaining sufficient maneuver areas for training these extended formations will become even more critical. Thus, The Army is implementing a sustainable program to manage the lifecycle of training and testing ranges by integrating operational needs, land management, explosives safety, and environmental stewardship. This program will ensure the continuing viability of training ranges by addressing the multiple aspects of encroachment: endangered species and critical habitats, unexploded ordnance and munitions, spectrum encroachment, airspace restrictions, air quality, noise, and urban growth. As we transform to a future force with new systems, organizational structures, and new doctrine to achieve full spectrum operational capability, our training enablers and infrastructure, along with realistic and relevant training venues, must be funded to match the timelines we have established to field a highly trained Soldier—one whose unit is poised to fight new and different kinds of conflicts while maintaining traditional warfighting skills.

· ***Installations***

Installations provide homes, family and training support, and power projection platforms for The Army. They are the bases where Soldiers live, train, and from which they launch on their missions. Worldwide, we have physical plants worth over \$220 billion. For too many years, The Army has under funded long-term facilities maintenance in order to fully fund combat readiness and contingency operations; thus, we now have first-class Soldiers living and working in third-class facilities. Commanders

currently rate two-thirds of their infrastructure condition so poor that it significantly impacts mission accomplishment and morale. The major investment in Sustainment, Restoration, and Modernization (SRM) in FY2002 will help improve only the most critical conditions in our crumbling infrastructure. Over the next five years, SRM shortfalls will continue to approximate \$3 billion annually as a result of our aging facilities. Exacerbating this situation is the fact that The Army has more facility infrastructure than we need. The cost of operating and sustaining these facilities directly competes with funding our warfighting capability. The realignment or closure of excess facilities will free funds for installations and bring the recapitalization rate closer to the Department of Defense's goal of 67 years by 2010. The Army is divesting itself of mothballed facilities and examining privatization alternatives. For example, we are capitalizing on the success of the Residential Communities Initiatives by expanding the program to 24 projects to more efficiently and effectively manage installations. Encompassing over 63,000 family housing units, the program allows the private sector to remodel, build, and manage housing on Army bases in order to provide the quality housing our Soldiers and their families deserve. In FY2003, we will institute a centralized installation management organization that will improve our facilities and infrastructure through consistent funding and standards that promote the equitable delivery of base operation services and achieve efficiencies through corporate practices and regionalization.

· ***Force Protection***

The missions and training we assign Soldiers are not without risks, and Soldiers must be able to live, train, and work in safe, secure environments. We minimize risks by proactively protecting our force. For example, we reevaluated force protection security programs and adjusted over \$800 million in FY2003 to further support controlled access to installations, in-transit security, counter-terrorism training improvements, information assurance, situational awareness, crisis response, and force

protection command and control. An additional \$1.8 billion is required for further force protection and security program requirements generated in the wake of the attacks on America.

· ***Readiness Reporting***

Measuring readiness requires accuracy, objectivity, and uniformity. The Army is transforming its current readiness reporting system to achieve greater responsiveness and clarity on unit and installation status. The Strategic Readiness System (SRS) will provide senior leaders with an accurate and complete near real time picture representative of the entire Army (operating forces, institutional forces, and infrastructure). The SRS will be a predictive management tool capable of linking costs to readiness so resources can be effectively applied to near- and far-term requirements. A prototype SRS is being evaluated at selected installations, and its development will continue to ensure compliance with congressionally directed readiness reporting.

Transformation

Transformation is first and foremost about changing the way we fight in order to win our Nation's wars—decisively. The 21st Century strategic environment and the implications of emerging technologies necessitate Army Transformation. The global war on terrorism reinforces the need for a transformed Army that is more strategically responsive, deployable, lethal, agile, versatile, survivable, and sustainable than current forces.

Technology will enable our Soldiers to see the battlefield in ways not possible before. *See First* enables leaders and Soldiers to gain a greater situational awareness of themselves, their opponents, and the battle space on which they move and fight. Superior awareness enables us to *Understand First*, to assess and decide on solutions to the tactical and operational problems at hand faster than our opponents—to gain decision superiority over our opponents. Networked units are able to *Act*

First, to seize and retain the initiative, moving out of contact with the enemy to attack his sources of strength or key vulnerabilities at a time and place of our choosing. The Army uses precision fires—whether delivered by joint platforms or Soldiers firing direct fire weapons—to defeat the enemy as rapidly and decisively as possible. Army units will be capable of transitioning seamlessly from stability operations to combat operations and back again, given the requirements of the contingency. And when we attack, we destroy the enemy and *Finish Decisively*.

The Army is taking a holistic approach to Transformation, implementing change across its doctrine, training, leader development, organization, materiel, and soldier systems, as well as across all of its components. Transformation will result in a different Army, not just a modernized version of the current Army. Combining the best characteristics of our current forces, The Army will possess the lethality and speed of the heavy force, the rapid deployment mentality and toughness of our light forces, and the unmatched precision and close combat capabilities of our special operations forces—adopting a common warrior culture across the entire force. Transformation will field the best-trained, most combat effective, most lethal Soldier in the world.

True Transformation takes advantage of new approaches to operational concepts and capabilities and blends old and new technologies and innovative organizations that efficiently anticipate new or emerging opportunities. Transformation will provide versatile forces that have a decisive margin of advantage over potential adversaries and fulfill the Nation's full spectrum requirements. Transformed ground forces will dominate maneuver on the battlefield to gain positional advantage over the enemy with overwhelming speed while enhancing the capabilities of the joint force. This approach will contribute to the early termination of the conflict on terms favorable to the United States and its allies. Transformation will exploit network-centric capabilities to enable rapidly deployable and sustainable Army forces to quickly and precisely strike

fixed and mobile targets throughout the depth and breadth of the battlefield.

Transformation consists of three interrelated elements—the Objective Force, the Interim Force, and the Legacy Force. We will develop concepts and technologies for the Objective Force while fielding an Interim Force to meet the near-term requirement to bridge the operational gap between our heavy and light forces. The third element of Transformation is the modernization and recapitalization of existing platforms within our current force—the Legacy Force—to provide these platforms with the enhanced capabilities available through the application of information technologies. Several important initiatives that should produce even greater advances in 2002 are the production, testing, and delivery of the Interim Force vehicle early this year, and the development of mature technologies to achieve Objective Force capabilities.

Digitization concepts tested and proved with the Legacy Force are being refined in the Interim Force and will be applied to the Objective Force. These efforts, along with planned training and testing and joint exercises—such as the U.S. Joint Forces Command’s “Millennium Challenge 2002”—will enable The Army to stay ahead of current and future adversaries by providing the Nation and its Soldiers with unmatched advanced capabilities. To achieve additional momentum, we will carefully concentrate research and development and acquisition funding on our most critical systems and programs.

· ***The Objective Force***

The end result of Transformation is a new, more effective, and more efficient Army with a new fighting structure—the Objective Force. The Army will field the Objective Force this decade. It will provide our Nation with an increased range of options for crisis response, engagement, or sustained land force operations. Instead of the linear sequential operations of the past, the Objective Force will fight in a

distributed and non-contiguous manner. Objective Force units will be highly responsive, deploy rapidly because of reduced platform weight and smaller logistical footprints, and arrive early to a crisis to dissuade or deter conflict. These forces will be capable of vertical maneuver and defeating enemy anti-access strategies by descending upon multiple points of entry. With superior situational awareness, Objective Force Soldiers will identify and attack critical enemy capabilities and key vulnerabilities throughout the depth of the battle space. For optimum success, we will harmonize our Transformation efforts with similar efforts by other Services, business and industry, and our science and technology partners.

By focusing much of its spending in Science and Technology, The Army will create a new family of ground systems called the Future Combat Systems (FCS). This networked system-of-systems—a key to fielding the Objective Force—will allow leaders and Soldiers to harness the power of digitized information systems. And the FCS will allow commanders to bring a substantial, perhaps even exponential, increase in combat capabilities to the joint force without a large logistics footprint. Newer technologies will be inserted into the FCS as they become ready.

We owe our Soldiers the best tools and equipment so they are not put at risk by obsolete or aging combat support systems. The Comanche helicopter, the Objective Force Warrior system, and Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) initiatives are integral components of the network-centric operations of the Objective Force. They are the infrastructure that allows Soldiers to do what they do best—fight and win our Nation's wars. Comanche will provide an armed aerial reconnaissance capability critical for gathering intelligence for coordinated attacks against targets of opportunity. The Objective Force Warrior system will provide quantum improvements over our current soldier systems in weight, signature, information exchange capabilities, ballistics

tolerance, and chemical, biological, and environmental protection for our individual Soldiers on the battlefield.

Terrestrial systems alone will not enable full spectrum dominance. Space is a vertical extension of the battlefield and a key enabler and force multiplier for land force operations. Objective Force commanders will access and integrate the full spectrum of C4ISR and Information Operations capabilities, to include national agencies, strategic and operational units, tactical organizations, and joint or multinational forces. In short, commanders will draw upon a wide array of capabilities that enable not just overwhelming force projection, but the ability to out-think our adversaries.

Transporting and sustaining the Objective Force will require capabilities that are cost effective, that adhere to rapid deployment timelines, and that have a smaller logistical footprint over longer distances without jeopardizing readiness. Materiel readiness will be maintained at reduced costs by increasing inventory visibility, eliminating artificial ownership barriers and integrating automated systems.

· ***The Interim Force***

The Interim Force is a transition force that bridges the near-term capability gap between our heavy and light forces. It will combine the best characteristics of the current Army forces—heavy, light, and special operations forces. Organized into Interim Brigade Combat Teams (IBCTs), it will leverage today's technology with selected capabilities of the Legacy Force to serve as a link to the Objective Force. Most importantly, the Interim Force—a combat ready force—will allow exploration of new operational concepts relevant to the Objective Force. The Army will field at least six of these new, more responsive brigade combat teams. These units comprise an Interim Force that will strengthen deterrence and expand options for the field commanders. Over the past two years, we have organized two brigades at Fort Lewis, Washington, and additional

IBCTs are programmed for Alaska, Louisiana, Hawaii, and Pennsylvania. Leaders and Soldiers of the IBCTs at Fort Lewis, Washington, along with an Army coordination cell, have been working closely with all supporting agencies to develop wide-ranging iterative solutions to doctrine, training, logistics, organizations, material, and soldier systems required to field the Interim Force. The first IBCT has completed brigade and battalion level headquarters training with the Army's Battle Command Training Program and company level maneuver live fire training across the spectrum of conflict. The IBCT is training extensively for restrictive and urban terrain, and the force has used special operations training techniques and procedures for the development of night and urban fighting techniques. Training of the Interim Force is proving that the practice of combining heavy, light, and special operations cultures results in a more adaptable and capable leader or Soldier. The Army has learned from experimentation that technology such as digitization allows the integration of intelligence data with tactical and operational information and gives our leaders and Soldiers the ability to seize and retain the initiative, build momentum quickly, and win decisively. The Army is accelerating the development and fielding of the Interim Force and studying the viability of fielding an additional interim capability in the European area.

· ***Legacy Force***

As The Army transforms, the Legacy Force—our current force—will remain ready to provide the Nation with the warfighting capability needed to keep America strong and free. Through selective modernization and recapitalization, the Legacy Force allows The Army to meet today's challenges and provides the time and flexibility to get Transformation right. Effectively managing risk without sacrificing readiness, The Army is focusing resources on systems and units that are essential to both sustaining near-term readiness and fielding the Objective Force while taking prudent risk with the remainder of the force. Recapitalization

rebuilds or selectively upgrades existing weapons systems and tactical vehicles, while modernization develops and procures new systems with improved warfighting capabilities. The Army has identified 17 systems—its Prioritized Recapitalization Program—and fully funded them in selected units. Among these systems are the AH-64 Apache, UH-60 Black Hawk, and CH-47 Chinook helicopters; the M1 Abrams tank; the M2 Bradley fighting vehicle; and the Patriot Advanced Capability-3 missile defense upgrade. Modernization provides the linkage to facilitate the fielding of the Interim and Objective Forces. The Crusader self-propelled howitzer will provide combat overmatch to our commanders until at least 2032 and serve as a technology carrier to the Objective Force. Recent restructuring initiatives have reduced Crusader's strategic lift requirements by 50 percent. Technology improvements have increased its range by 33 percent, increased the sustained rate of fire by a factor of 10, and utilizing robotics, reduced crew requirements by 33 percent. Modernized M1A2SEP tanks and M2A3 Bradley fighting vehicles are capable of the same situational awareness as the Interim Force, thus enabling Soldiers and leaders to learn network-centric warfare on existing chassis. The advantage these information technologies provide our current force further enhance its warfighting capability. Army Aviation modernization efforts will reduce our helicopter inventory by 25 percent and retain only three types of helicopters in service, and the savings in training and logistics will be used to support the recapitalization of our remaining fleet. As part of its Legacy Force strategy, The Army terminated an additional 18 systems and restructured 12 in this budget cycle.

· ***Revitalizing The Army***

Transformation applies to what we do, as well as how we do it. We are working with the business community to accelerate change across the entire Army, promote cooperation, share information, gain greater control over resource management, and adopt better business practices by

eliminating functions or activities that no longer provide value. This initiative seeks to focus constrained resources on achieving excellence in areas that contribute directly to warfighting. Transformation of our business practices cannot wait, and we have started at the highest levels.

The Army is restructuring the Army Secretariat and Army Staff to create a more unified headquarters for the conduct of enhanced policy, planning, and resource management activities. The goal is to transform the headquarters into a streamlined, integrated staff more responsive to rapidly changing operational and institutional missions and to push more resources out to the field units. This will streamline the flow of information and speed decision-making. The unified headquarters will seek greater integration of the reserve components into key staff positions to better accommodate issues and concerns. To minimize turbulence in the workforce, we will reinvest manpower savings in other Army priorities. Realignment initiatives already underway will help us meet the congressionally mandated 15 percent reduction in headquarters staffs. With congressional support, The Army will apply these methodologies to the entire force.

A COMMITMENT TO THE FUTURE

The Army, like the American people, remains committed to preserving freedom. As we have for over 226 years, we will continue to win our Nation's wars. Contrary to the expectations of some, the post-Cold War period has not seen a reduction in the demands placed on Soldiers on the ground. In fact, in the years since the fall of the Soviet Union, the international security environment has underscored the importance of ongoing commitments and highlighted new requirements for The Army. These increased demands have intensified the competition for resources and reduced needed investments in people, systems, platforms, and research and development. Unless redressed, risks incurred from this resources shortfall could undermine The Army's ability to satisfy

national security requirements. At the same time, the war on terrorism, the requirement to secure the homeland, and the need to maintain readiness for possible near-term contingencies have validated the need for a new kind of Army—a capabilities-based ground force that can fight and win battles across the full spectrum of military operations. We are accelerating Army Transformation to achieve these capabilities. The Army cannot predict what other changes the future will bring, but what will not change is the need for our Nation to have the best trained, best led and best equipped Soldiers on the ground, deployed rapidly at precisely the right time, the right place, and with the right support structure as part of a joint military team.

Mr. Chairman and distinguished members of the Committee, I thank you once again for this opportunity to report to you today on the state of your Army. I look forward to discussing these issues with you.