

RECORD VERSION

STATEMENT BY

**THE HONORABLE JOHN M. MCHUGH
SECRETARY OF THE ARMY**

AND

**GENERAL RAYMOND T. ODIERNO
CHIEF OF STAFF, ARMY**

BEFORE THE

**COMMISSION ON THE FUTURE OF
THE UNITED STATES ARMY**

MAY 19, 2015

RECORD VERSION

Introduction

Members of the Commission, first and foremost, thank you for agreeing to be a part of this vitally important effort. As we have learned over the last several years, you are undertaking one of the most complicated, complex and compelling tasks in the history of our Army; but, one which is absolutely critical, not only for the future of America's land power, but also for the very protection of our Nation. As you all know, from your extensive experiences in national security affairs, we face an unprecedented and unpredictable global environment that has morphed over the last year in dangerous and truly unforeseen ways. Now more than ever, we need a force that provides the capabilities necessary to execute the missions that we know are coming, as well as the versatility, agility and depth to effectively handle contingencies we cannot predict.

As you will see below, for a force to be this responsive, it requires an Army—not just an Active Army, not just a Reserve Army—but a Total Army, one which emphasizes, integrates and capitalizes upon the unique skills and attributes of each Component. For as we have learned so well over nearly 14 years of war, we need every Component to effectively win our Nation's wars and protect America's interests. From the rapidly deployable Active Army formations and the critical skills found in our USAR enablers, to the vitally important dual combat and state support roles of the Army National Guard, only the entire Army can meet the needs of our Nation. Simply put, we cannot win without the unique abilities of the Total Army.

Accordingly, as you will see over the course of your work, we have painstakingly analyzed war plans; Combatant Commander needs; Active and Reserve Component capabilities; modernization efforts; and readiness requirements to develop a force structure that we believe will field highly lethal, adaptable and agile formations having the right size, readiness and equipment—all within appropriate budgetary constraints.

This required hard decisions that affected every post, camp and station, as well as thousands of our Soldiers, Civilians and their Families. It also directly impacted nearly all of our industry partners. It has required critical innovations in force structure, equipment and operating concepts. From the number and types of Brigade Combat Teams to the vital Aviation Restructure Initiative, we must have support for these essential reforms to build the balanced force that we can afford and the effective force the American people deserve.

The Strategic Environment: Your Army in an Unstable, Dangerous and Volatile World

The demand for Army forces is well above what was originally expected three years ago and continues to dramatically rise as our geopolitical environment becomes increasingly volatile. This unpredictability has led to one of the most dangerous times in the history of our Nation, as the velocity of instability stemming from greater state, hybrid and non-state threats, as well as a myriad of humanitarian and assistance missions, requires your Total Army to be fully engaged in multiple, strategically imperative operations around the globe. We are preventing conflict and shaping security environments while simultaneously building increased partner capacity, responding to regional security challenges, reassuring our Allies, providing humanitarian support and relief, supporting civil authorities, and disrupting transnational threat networks. Moreover, we continue to support our partners in Afghanistan, as they fight Taliban and other insurgent groups; and we have even returned to Iraq to advise and assist Iraqi Security Forces, as they battle the Islamic State of Iraq and the Levant.

RECORD VERSION

We have rotational forces throughout other parts of the Middle East, where terrorism continues to spread and destabilize the region. We also have a rotational brigade on the Korean Peninsula, and we have an Armored Brigade rotating into Europe; with other forces deployed to Poland, Estonia, Latvia, and Lithuania, and additional requirements forthcoming to counter Russian aggression and further assure our European allies. Additionally, your Army stands beside our Allies who have recently been shaken by terrorist attacks throughout Europe. Across the Pacific, thousands of Soldiers are supporting operations in Thailand, the Philippines, Malaysia, Australia, Indonesia, and Korea.

We are updating and establishing new Army Activity Sets in the Pacific and in Europe that will support Joint, Interorganizational, and Multinational exercises. Around the world, we are training with Allies and Partners to help them develop professional and capable armies; and at home we are supporting civil authorities, while defending our critical networks against cyber attacks.

With each of these diverse missions, units rely on tailored teams of experts, logistics capabilities, transportation, intelligence, and communications support from across our Total Army. Each Component is absolutely critical to our ability to meet demands around the world. Your Total Army remains fully engaged with nearly 143,000 Soldiers committed, deployed, or forward-stationed conducting five named operations on six continents in nearly 150 countries, with elements of every Division Headquarters employed. Moreover, we have over 17,500 Reserve Component Soldiers mobilized or on current orders.

Each day, however, the world grows ever more complex and the problems we face more difficult. We no longer live in a world where the Army has the luxury of time and distance to respond to threats facing our Nation. We face a diverse range of opponents operating across multiple domains and seams—enemies that are rapidly changing and adapting in response to our defense posture.

As we draw down, we are ever mindful that your Army remains engaged in multiple conflicts around the world, and that our adversaries remain determined to exploit any gaps. As the Commission examines the future size and organization of the Army, it is imperative that you consider the world as it exists today. Simply put, the unpredictable nature of the geopolitical environment demands that we retain sufficiently trained, ready and equipped forces to conduct the full range of military operations, from humanitarian assistance and stability operations to full scale war. As discussed below, we have developed the right force mix that maximizes the abilities of each Component; modernizes the force in an affordable manner; and, assuming we receive adequate funding, ensures the right level of readiness to meet current and unpredictable future threats.

The Total Army—A Sum Far Greater than Its Parts

The Total Army—Active, Guard, and Reserve—is one of the Nation's greatest strengths. To win, this integrated force must provide complementary capabilities that enable us to remain globally responsive, regionally engaged and protective of the Homeland. Accordingly, as we considered the future of the Army, we recognized the strengths and challenges of the three Components, as each is organized and must be employed differently. Accordingly, we have developed a force structure that can leverage the strengths and compensate for the challenges inherent in each—leading to a far stronger Total Army.

RECORD VERSION

The Role of the Active Army. Today's Active Army must be a highly ready, responsive force, which has both the ability and time to hone complex combined arms maneuver skills across multiple domains. This level of readiness is developed and maintained through multiple combat training center rotations coupled with robust home station training from the individual to the brigade level. Active Army formations are designed to be tailorable and scalable to deliver combined arms capabilities throughout the full spectrum of military operations. They consistently train with other units and formations to ensure adaptability, interoperability and seamless integration into Joint, Interorganizational, and Multinational teams. Locally, in support of civil authorities, Active Army organizations can also be used in coordination with FEMA for emergency response purposes.

The Role of the Reserve Components. Over more than a decade of war, the Army has learned repeatedly that we cannot win without the necessary and unique capabilities of the Army National Guard and Reserve. This remains true even more so today, as we continue to drawdown and face an unprecedented and unstable geopolitical environment.

The increasing demands of Combatant Commands, coupled with ongoing reductions to the Active Component, increase our reliance on the Reserve and National Guard. The Active Component has lost over 21% of its 2011 end-strength, making the Reserve Component larger than the Active Component.¹ We are the only service with more Reserve Component than Regular forces. However, the Active Component has continually sourced approximately 70-80% of Combatant Commanders' requirements over the last decade with the Reserve Components providing 20-30%. As we consider the long-term structure of the Total Army, it is imperative that we arrive at the appropriate force mix between the Active Army, Army National Guard, and Army Reserve based on the "demand signal" for Army Forces. This assessment must closely examine such factors as readiness in relation to complexity; "gated" collective training requirements; costs of particular support structures; and, a sustained ability to operationally access the National Guard and Army Reserve for global commitments. We believe that the force mix of the 980K force (450K Regular Army, 335K Army National Guard, and 195K US Army Reserve) is the right balance and the absolute minimum structure necessary to meet our current security requirements, although at significant risk.

Army National Guard. The Army National Guard (ARNG) provides depth to the operational force, and due to its primarily part-time status, must be kept in a lower level of readiness with a focus on small unit and individual skills training. With appropriate warning and post-mobilization training, they can achieve collective readiness levels over time depending on the complexity of the mission. It is a state-based force that is highly responsive to local mobilization requirements. The National Guard also operates at the small unit construct that leverages local communities for both requirements, and is also prepared to support critical federal and state missions. The ARNG's core competencies are a balance of combat arms and key enabling forces. It consists of units requiring complex equipment and non-transferable civilian skills, as well as gated training requirements for maintaining combined arms integration. However, ARNG units have difficulty routinely maintaining high levels of collective readiness, which, as a consequence, requires much greater funding to employ them.

Army Reserve. Like the Army National Guard, the Army Reserve is kept in a lower level of readiness, with a focus on small unit and individual skills training. Also like the National Guard, Reservists may be used, in coordination with FEMA, to respond to local emergencies. The Reserve

¹ As of April 2015, Active Component comprised of 46% of the Total Army, while the Reserve Component comprised 54% of the Total Army.

RECORD VERSION

is unique in that its structural core competencies are as enabling and sustainment forces, with the bulk of support to Echelon Above Division (EAD) and Echelon Above Corps (EAC).

Today's Army Reserve has a regional construct that is more effective in getting highly specialized people matched to organizations. Unlike the National Guard, the Army Reserve is a federal force that has a single chain of command. Although a federal force, they can be used by the States for emergency purposes with appropriate coordination and approvals. Like the National Guard, Army Reserve forces are also challenged by regional dispersion when assembling for collective training. Nevertheless, it fills a very important role in closing the gap between the organizing principles of the Active Army (nationally based) and the National Guard (state based).

Complementary Components. Today, we need each Component in our Total Army to be complementary. They have never been interchangeable, nor should they. In assembling the right mix of the three Components, our force structure must be able to meet both federal and state needs. In the Active Army, we must maintain a high state of readiness to provide immediate Global Response, as well as a high degree of competence for the complexities associated with Joint Combined Arms Maneuver. The Reserve Component maintains lower states of readiness, but retains Soldier and small unit expertise in specific skill sets that can be drawn upon to immediately address local needs; and with enough warning and mobilization, federal needs. Today, they are located in 54 States and Territories for National Guard and 56 States and Territories for Army Reserve, whereas the Active Component maintains a sizeable presence in just 23 States.

The Reserve Component is suited for more immediate response to local emergencies such as disaster response – where the Guard and Army Reserve provide distinct capabilities. The Active Component is a concentrated response force suited for immediate deployment to global contingencies. Both provide operational and strategic depth to their unique roles, thus making it truly complementary, not interchangeable. In the last 14 years, we have increasingly made the Reserve Component more deployable with investments in equipment, people and training.

The National Guard plays an important role in the Title 10 missions for Defense Support to Civil Authorities and Homeland Defense, providing state support to state authorities during emergencies. But when the response is Federal in nature, then the Department of Defense, with NORTHCOM in the lead, utilizes all assets within DoD—Army, Navy, Air Force, Marine—Active Guard, and Reserve. Our US Army Reserves are as accessible in an emergency as is the National Guard.

We rely on each Component in the Total Army to meet the many challenges we face. We need to build a Total Army able to meet the missions needed by war plans (and to mitigate fiscal pressures) by achieving the right mix of forces. Over the last 14 years, the operational use of the Reserve Component provided the necessary strategic flexibility and operational depth to sustain operations in Iraq and Afghanistan. We need a scalable, flexible Reserve that provides the increased depth required to respond to strategic uncertainty. As we rebuild our Total Army, we need: a capability to mix between Components, enduring operational access to the Reserve Force to ensure successful execution of operations, and the ability of the Active and Reserve Components to work together on contingency or planned bases so that we can maximize both Active Component sustained readiness and USAR/ARNG capabilities.

It is also important to define the types of military skills best suited in the Reserve Component. In determining force mix, Reserve Component formations should be focused on the strength of their

RECORD VERSION

civilian skills. One of their enduring strengths is that less military training is needed when their military duties aligns with their civilian jobs. These critical civilian skills brought by the Reserve Component have proven invaluable over the last fourteen years of war.

Our Soldiers are Combat Warriors. Formation types and Components do not dictate or imply degrees of importance of the combat ethos across the Total Army. We can attest to the bravery and complexity found in every formation. So as we look at force mix, we need to focus on the ability to train; on joint and combined arms integration; on alignment with civilian skills for reserve Components; on cost effectiveness; and we must attain proficiency at aggregated levels of the organization. Above and below company level is a crucial distinction and we must never confuse “costs less” with “as effective.” It is also important to not allow attitudes of what is and is not a “combat” formation to impact our decision making, as all of our Soldiers and formations are crucial to our warfighting capability and capacity.

Our Soldiers in each Component represent a cross-section of Americans who have come from communities all around the country. The difference between the Active and Reserve formations has to do with how we organize and train those formations. This is a key takeaway. Soldiers are Soldiers; but formations in the different Components are organized and trained differently, leading to different degrees of collective training mission effectiveness. We expect more complex organizations to undergo “gated” collective training where Soldiers attain proficiency at the individual level and refine and integrate those capabilities progressively into the next higher level—from the squad, platoon, company, battalion, and up to complex joint combined arms maneuver formations.

Simply put, the difference between the Active and Reserve formations is in how we organize, train, and employ our formations. To optimize our effectiveness for the Nation, we must capitalize on each Component’s unique capabilities, availability and strengths. This is a vitally important point as the Commission analyzes the structure of the future force.

Developing Our Force—Guidance, Analysis, Prudence

As the Commission moves forward, you should be aware of the painstaking analysis and the extensive guidance that was used to develop the Total Army. As you will see, at every step, we made prudent choices based on current and anticipated threats, capabilities and funding.

Historic Funding and Focus. In support of combat operations, the Army’s budget nearly doubled as we restructured, modularized and modernized the entire force, especially our National Guard and Reserve. To meet our Combatant Commanders’ operational requirements, we grew the Active Army from 489,500 to 570,000 Soldiers and the Army National Guard from 350,000 to 358,000 Soldiers. We also significantly increased the full-time support of our National Guard from 45,555 to 59,270 personnel (30%) and our Reserve from 19,278 to 24,672 personnel (28%). We increased these full-time support personnel to facilitate building and sustaining unit readiness required to meet rotational demands.

With sufficient lead time, we transformed our strategic reserve into our operational reserve. We needed the National Guard and Reserves to increase readiness so we built the structure (1st Army) that enabled the rotational mobilization, training, and deployment of their forces. We also optimized the Army for known demands in Afghanistan and Iraq, with emphasis on predictability and rotational readiness. We equipped and modernized the Reserve Component to match their Active Component counterparts. We included National Guard combat formations in our ARFORGEN process to include Combat Training Center rotations. From 2001 to 2011, the Army budget grew

RECORD VERSION

from \$79B to \$138B (74%). We increased the National Guard budget from \$6.9B to \$16.1B (132%) and the Reserve budget from \$4.7B to \$8.2B (73.8%) to address shortfalls in individual and unit training, medical and dental readiness, and other areas that were inhibiting our ability to achieve and sustain required readiness levels. Additionally, Overseas Contingency Operations funding received during this time period also facilitated the Army in meeting the increased demands of two simultaneous theaters of war.

Today, some frame the choice of maintaining the Reserve Component as either an operational or strategic reserve. That is a false choice. This is not a matter of “one or the other”; instead it is a continuum that leverages the capacity and flexibility of our Reserve Component. We have to be able to “dial up” and “dial down” specific capabilities and capacities of the Reserve Component into an operational reserve based upon the needs of the Nation and on funding available.

As you consider the shape of the current and future force, it is important to understand how the Total Army of today was built. Over the past five years, the Army absorbed several budget reductions while simultaneously conducting operations overseas and rebalancing the force to the wider array of missions called for in the defense strategy. From FY12 to FY21, DOD will take approximately \$900 billion in reductions with the Army share of those reductions being approximately \$265 billion.² Given that personnel constitute about half of the Army’s budget, reductions in end strength and force structure were and are unavoidable. Our goal remains to properly balance end strength, readiness and modernization across our Total Army. To achieve these levels of spending reductions while still fulfilling the strategic demands for a ready and modern Army, an integrated Total Army approach is required.

In developing our plan to size and shape the Total Army, we first followed the guidance of our civilian leadership. The Department of Defense directed the Army not to size for large, prolonged stability operations, which equates to taking risk in our depth and endurance. This is characterized by later arriving forces, most notably our large National Guard combat formations, such as divisions, brigade combat teams, field artillery brigades, and aviation brigades. As we began building our FY 15 budget, the Secretary of Defense specifically directed the Services not to retain force structure at the expense of readiness to avoid a “hollow force.” We recognized that immediately reducing Defense budgets as a result of sequestration-level funding would adversely affect readiness and modernization over the next 4-5 years, but Services were directed to develop balanced budgets that permitted the restoration of desired levels of readiness and modernization by Fiscal Year 2021.

As we implemented Secretary of Defense Guidance, the Army Senior Leadership provided additional directives to senior commanders and force planners. Specifically, we ordered them to first focus on fulfilling the needs of Combatant Commanders to the greatest extent possible within reduced resource levels, and to disproportionately and responsibly reduce our Active forces as low as possible before considering modest reductions in our Guard and Reserve forces. In doing so, we would be able to achieve a needed balance among and within the Components in terms of end strength, readiness and modernization. Next, we directed the protection of critical investments in Science and Technology; Soldier and Family programs; and Professional Development. We accepted near-term

² Consistent with the funding caps specified in the Budget Control Act of 2011, the FY 13 Budget proposed \$487 billion in DOD funding reductions over 10 years, of which the Army’s share was an estimated \$170 billion. In addition, sequestration was triggered in 2013, forcing an additional \$37 billion reduction in FY 13 and threatening a further total reduction in DOD funding of approximately \$375 billion through FY 21, with the Army’s portion estimated at \$95 billion.

RECORD VERSION

risk in readiness and modernization only until personnel reductions freed funds to achieve balance. We wanted to preserve capabilities and capacity to implement the defense strategy to the best of our ability within available funding – best value, least risk. In doing so, we disproportionately cut Active forces, and sought to maintain balance among all three Components. Additionally, we specifically retained sufficient National Guard capacity to support our Governors. Together, our efforts were designed to be the best “buy back” plan to achieve a baseline of 450K/335K/195K as one Army team. Moreover, we used this guidance as we developed a budget to meet these operational and force structure requirements within our top-line resource constraints.

To address budget shortfalls, the Army and the Office of the Secretary of Defense conducted a transparent, open and highly collaborative budget formulation. These force structure and aviation restructure decision processes included representation of all Components at all levels and incorporated elements of their input. Additionally, the National Guard Bureau (NGB) represented the views of the Adjutants General in all deliberations; and at the request of NGB, Army leadership engaged State Adjutants General on budget, force structure, and aviation restructure plans on numerous occasions beginning in August 2013. We offered every Governor a brief on our initiatives; 27 accepted and were briefed.

The 2013 Strategic Choices and Management Review, the 2014 Quadrennial Defense Review and the FY 2015 Program Budget Review gave us the opportunity to take a hard look at how best to size and organize our Army. We considered the unique attributes, characteristics and complementary nature of the three Components. This Total Army plan established the structural conditions to ensure our National Guard forces met state responsibilities, while ensuring adequate Active forces to meet ongoing operational demands that require presence, forward stationing, and in some cases, no notice deployments. This plan allowed both the National Guard and Army Reserve to continue providing relevant forces to implement the defense strategy domestically and overseas.

Our plan reflects the continued commitment and sacrifice of Soldiers from every Component of our Army. No one is fully satisfied with the final outcome. However, our funding levels today and tomorrow will not allow us to have everything we may require. We must make tough but necessary choices in order to balance end strength, readiness, and modernization across the Total Army, and our plan does just that.

Key Goals: Balancing Strategic Demand, Unit Readiness, and Costs

The Total Army force mix must support war plans. Our Total Army plan is designed to balance the demand for Army capabilities with unit readiness and affordability.

Demand and Readiness. A cornerstone of our plan is an understanding that different units and capabilities require vastly different amounts of time to become trained and ready, with factors such as warning time, assigned mission, and location in the ARFORGEN cycle being key considerations. However, there is no single answer to how long it takes a unit to achieve readiness. For example, combat enablers are units that provide important leverage to the fight and are in high demand. They are often employed in small unit packages; require less integration for combined arms maneuver; and often have highly transferable civilian skills. Alternatively, more highly technical combined arms maneuver units must pass through a series of training gates and collective training events that prepare them for deployment or mobilization, and those formations cannot easily leverage the civilian skill sets of our Reserve Soldiers.

RECORD VERSION

Soldiers in Reserve Component units have skill sets transferable from their civilian jobs; they often do not require high cost equipment; and they do not require large efforts at combined arms integration. However, the converse is also true: Soldiers in Active Army units require high cost and complex equipment and sustained combined arms integration. Therefore, given dynamic unit readiness requirements, the biggest challenge across the Total Army is to sustain readiness of the force despite budget constraints, drawing down, and the velocity of instability increasing around the world.

We must look at the actual costs associated with our force structure and force mix decisions. The Reserve Component is cheaper but with significant caveats. It is only true in units where collective training and combined arms integration requirements are minimal. So dollar-for-dollar, we must consider the effectiveness and readiness of specific units and functions as we design our force mix in a time of fiscal austerity.

Force Mix Effectiveness. It is imperative that we consider force effectiveness and availability when assessing the value returned from costs expended to maintain specific types of units. Reserve Component units with highly-technical systems and “gated” collective training requirements are unable to be as effective as Active Component units. Compared to continuous training opportunities at the individual and unit level, USAR and ARNG units receive a minimum of 39 days of training annually. Even when Reserve Component units participate in Combat Training Centers (CTC) rotations that culminate in a higher level of training with additional training days, that training is not sustainable once units demobilize and disperse. Our Army must be able to rapidly deploy, fight, and sustain itself; a smaller Total Army demands increased sustained readiness, especially in maneuver units.

The future operating environment will require increased flexibility and agility in our formations. They must be able to rapidly deploy, fight, self-sustain, and win against complex state and non-state threats in austere environments and rugged terrain. Readiness levels are determined primarily by the need to support requirements of Combatant Commanders and by overall budget authorities to train, man, equip, and sustain Army units. We must consider various statutes and regulations proscribing our ability to access, mobilize, train, deploy, employ, off-ramp, and cycle our Guard and Reserve forces. We focus our highest readiness on those units that most likely will be the earliest deployers during crisis response. These units are not solely Active forces. Numerous National Guard and Reserve units, especially critical enablers, are part of this mix. Additionally, in determining readiness levels, we must keep in balance the need for National Guard forces to respond in a crisis and execute their State responsibilities.

Our training levels for the various Components are directly related to desired readiness levels. Home Station Training (HST) along with culminating events at CTCs serve as the primary tools the Army uses to reach necessary collective training levels for our units. A typical Active BCT will conduct a CTC rotation every two years and reach brigade level proficiency at the end of that training. They will have the ability to rapidly respond to crisis. A National Guard BCT, however, will conduct a CTC rotation every 7-10 years with the goal of reaching company level proficiency. This disparity in CTC rotations is critical when determining the effectiveness of units to achieve their gated training requirements, as well as for key leader development. Therefore, ARNG BCTs require significant post-mobilization training. This has been exacerbated by the fact that in operations and mobilizations since 2001, they trained for a variety of missions which did not include Joint Combined Arms Maneuver tasks.

RECORD VERSION

The duration of this additional training for National Guard BCTs is dependent on several factors, including pre-mobilization readiness and the complexity of the assigned missions. Experience shows us that high end war fighting capabilities require greater collective training to achieve combat proficiency. Due to the geographic dispersion of most National Guard BCTs and the limited opportunity for collective-level combined arms training, they require greater post-mobilization collective training time to reach necessary deployment readiness levels. This process also substantially increases their overall costs. Additionally, the time required to prepare an ARNG BCT—or in the case of our Aviation Restructuring Initiative, the Apache Battalions—is significantly greater than sixty days.

RAND has recently completed a study that demonstrates the cost-effectiveness of different types of formations across the three Components. This is important because we cannot and should not rely on generalities in determining the effectiveness of different force mixes.³ For example, the RAND analysis shows that it required almost 300 days to prepare an ARNG Apache Battalion to deploy for security force missions, missions that are less complex than Joint Combined Arms Maneuver.

Similarly, the RAND findings also concluded that National Guard BCT preparation times depended on the nature of the mission. Units deploying to counterinsurgency missions took longer than those deploying as security forces or trainers. There was “essentially no historical data indicating the amount of time it takes to prepare and rapidly deploy an RC combat brigade for brigade-level combined arms maneuver—not just since 2008 but going back more than 50 years.” Looking at non-combined arms maneuver missions, the findings revealed that counter-insurgency missions required 165 days of preparation, security force missions required 118 days, and advising/assisting required 127 days. Post-mobilization preparation times for RC combat brigades preparing for integrated brigade-level combined arms maneuver, which is the most complex and challenging mission set for an Army maneuver brigade, “would likely exceed the preparation times for counterinsurgency missions.” In short, the factors that make RC BCTs cheaper, on average, than AC units also tend to make them less ready for rapid deployment in a crisis.

RAND’s analysis also showed that cost differences between AC and RC units are not uniform across the board. There is a net cost benefit of an RC military police combat Support Company compared to its AC counterpart than there is between RC AH-64 attack helicopter battalions. The AC unit has higher O&S costs in part because it trains more during the year, but the equipment costs are the same. Only the RC unit has mobilization costs; although these costs apply only to the period when the unit is mobilized or preparing for mobilization. Also in some cases, two RC units are needed to match the output of one AC unit. Specifically for the military police combat support company, if not mobilized, they cost about 63 percent of an AC unit; if they are mobilized, they cost about 92 percent of an AC unit. However, the case changes for units with high equipping and training costs, such as an AH-64 attack helicopter battalion. When compared to the same equal output basis as the military police combat support companies, two RC AH-64 battalions cost 107 percent as much as an AC unit when not mobilized; and 126 percent if mobilized.

For our aviation brigades, the requirement to conduct reconnaissance and surveillance and air ground integration requires sustained collective training that is much greater than just maintaining

³ Joshua Klimas, Richard E. Darilek, Caroline Baxter, James Dryden, Thomas F. Lippiatt, Laurie L. McDonald, J. Michael Polich, Jerry M. Sollinger, & Stephen Watts, “Assessing the Army’s Active-Reserve Component Force Mix,” RAND, February 2014.

RECORD VERSION

individual pilot or crew proficiency. The collective training between manned and unmanned systems, along with coordination with ground forces in order to deliver accurate and effective fires, is critical to building combined arms capabilities. This manned and unmanned teaming makes getting through these gated training events even more complex.

Simply put, as overall end strength declines, the necessity to sustain readiness becomes an even greater imperative. This will also result in increasing demand for our Guard and Reserve forces. Combatant Commander requirements to help shape their theaters will continue to grow, especially in Europe and Asia-Pacific, so it is highly likely that operational unit readiness will be fully consumed and dwell times reduced. We have already suffered in our overall readiness because of reduced funding under sequestration in FY 2013. In order to ensure all Components have the necessary dollars to fund training and sustain readiness, it is critical to balance end strength and force structure reductions across the Total Army, while achieving the most efficient force mix.

Affordability. As noted above, we must look at the actual costs associated with our force structure and force mix decisions. There is a long standing myth that the Reserve Component is cheaper. This is only true in units where collective training and combined arms integration requirements are minimal. So dollar for dollar, we must consider the effectiveness and readiness of specific units and functions as we design the force mix in a time of fiscal austerity. We must always consider the effectiveness of the force when assessing the value returned from costs expended to maintain the readiness of certain capabilities. Reserve Component units with highly-technical systems and “gated” collective training requirements are unable to be as ready for rapidly unfolding contingencies as quickly as Active Component units.

Given the current structural framework of our Reserve Components, we are not cost effective due to geographic dispersion, the pace of change of technology that impacts combined arms maneuver, and the unsustainable costs associated with the full-time support program.

Hidden Costs. In dollar for dollar analysis, there are hidden costs associated within the Guard and Reserve. Each year, the Active Component uses approximately 4.4% of its Total Obligation Authority (TOA) (\$4.7B annually) for direct support to the Reserve Component. Additionally, the Reserve Component costs are increasing. In FY21 in the current POM, U.S. Army Reserve TOA will grow by 12.7% and the Army National Guard budget will grow by 27.8% over the FY01 levels as a share of the Army’s TOA. These hidden costs are distributed throughout the force in the form of support to the Reserve Component. In terms of support of Equipment Costs, \$2.74 billion per year of new equipment comes from the Active Army Equipment budget to fund the Reserve Component Equipment requirements. Operation and Maintenance Requirements costs include:

- \$350 million per year for Specialized Skill Training for the Reserve Component Soldiers to attend courses such as HAZMAT, Food Service Specialist, Composite Risk Management Basic Course, and Introduction to Ammunition.
- \$320 million per year in Flight Training for the Reserve Component to attend pilot training.
- \$246 million per year for UH-60 Recap to provide Reserve Component funds needed for upgrades on the ARNG UH-60 Blackhawks.
- \$190 million per year in Equipment Repair for the Reserve Component to repair their equipment.

RECORD VERSION

Costs of Readiness. Training costs for the Reserve Component are absorbed in the Active Component training base. The associated costs fall predominantly on the Regular Army, which devotes a large portion of capacity and costs to supporting Reserve Component Soldiers. The generating force requires Regular Army soldiers who are steeped in their craft. Additionally, upon mobilization, the Reserve Component requires greater post-mobilization training time due to geographic dispersion to bring up unit readiness, especially for levels needed for highly complex equipment and systems.

These costs are not comparable to the Active Component, because low-density and high demand organizations, especially with highly complex and expensive equipment in the Active Army, can take advantage of their full time nature and higher BOG-to-Dwell turn (ABCTs, Apache). There are also additional costs associated with the authority across state lines. For the Army National Guard, even with coordination through the National Guard Bureau, many factors inhibit collective training and hinder sustained readiness. For specialized units such as UH-60 battalions that are dispersed across several states, command authority is strained, as commanders in one state have little or no authority over their units in neighboring states. Therefore, the unit must rely on irregular and inefficient training events to attain marginal readiness levels. Therefore, keeping more structure in our Reserve Components than is necessary actually drains readiness from the Total Army.

Costs of Full Time Support. The current structure and allocation of the Full Time Support program is costly and does not provide a cost-effective boost to readiness. The significant costs associated with this program are actually cannibalizing Reserve Component readiness during a time of fiscal stringency. We currently have 84,000 full-time support (FTS) personnel in the USAR and ARNG. This is comprised of 60,000 FTS personnel in the Guard, including 16,000 at 54 State and Joint Force Headquarters; and 24,000 FTS personnel in the Reserve. Additionally, we grew the AGR program by 28% during the two wars in part to compensate for the loss of the Title 11 AC/RC program; in order to enable a regeneration capacity in the Regular Army, as well as providing active duty expertise to the Reserve Components. As we relook the use of our Reserve Component as an operational reserve, these support structures must be reassessed.

Full-time Support in aggregate for the ARNG and USAR is expected to grow from the FY01 levels by 16.7% by FY21. We need to consider ways to bring this back into balance. This means relooking the return of AC/RC and considering the 2012 Punaro Report findings about the use of the Reserve Component through a mix of Active Duty Operational Support (ADOS)⁴ and 12304b authority support and utilization.⁵ It would be a more prudent and effective use of our scarce readiness dollars to reduce the Full Time Support program and move those funds into ADOS and 12304b. Proponents of the current Full Time Support program would argue for its cost-effectiveness. But in 2007-2009, when we maximized the use of the Reserve Component, they had fewer Full Time Support personnel than they have today. Perhaps the 2005 level of Full Time Support, augmented during contingency operations by ADOS, is a better proxy for the actual requirement.

⁴ Definitions found in Policy for Management of Reserve Component Soldiers on Active Duty for Operational Support and Full-Time National Guard Duty for Operational Support, Available at <http://www.armyg1.army.mil/MilitaryPersonnel/Hyperlinks/Adobe%20Files/ASAMRA%20Memo%20dtd%2020080221.pdf>

⁵ Strategic Choices and the Reserve Components, Available at http://rfpb.defense.gov/Portals/67/Documents/RFPB_memo_SecDef_re_SCMR_and_QDR_FINAL.pdf

RECORD VERSION

Today, these Full Time Support Reservists no longer have a civilian job, but instead work full time for the National Guard and USAR. While they provide a foundational level of readiness, they do not provide collective or individual training. Also, they do not allow us to leverage the strength of our Reserve Component, which is the link to their civilian skill set. There are, however, two other programs that allow us more flexible access to the part-time force of the RC—ADOS and 12304b. We need to examine whether the Army should move away from the full-time support model, that locks in manpower to specific individuals at specific locations (a model that resembles an active formation), toward an ADOS/12304b model, which allows us to target resources across the entire Reserve Component for specific needs and periods of time.

The Total Army Analysis: Right Forces, Right Equipment, Right Training at the Right Price

The decisions we have made to balance force size, readiness, and modernization were based not only on the broad guidance above, but also upon the detailed, deliberate and comprehensive Total Army Analysis (TAA) process, which links strategy to force structure, and determines the appropriate force mix by Component. As discussed below, this iterative process has led to critical initiatives regarding the number and types of brigades necessary to meet the Defense Strategic Guidance as well as absolutely essential aviation restructuring efforts.

The TAA examines the qualitative and quantitative perspectives using two phases:

- Phase 1 Capability Demand Analysis – determine demand by DoD approved scenarios;
- Phase 2 Resourcing Analysis – determine the Phase 1 demand that we can afford to develop and sustain and determine the force mix by Component

In developing the current force through the TAA process, we have taken disproportionate cuts from the Active Component that was needed to keep the Total Force in balance. Decisions across the force were intended to best leverage the Total Force by balancing Active and Reserve Component Readiness. We assessed that from 2003 to the present, the Army National Guard provided 37 Brigade Combat Teams in rotational support of Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). The operational depth provided by the National Guard enabled the Total Army to sustain the longest period of enduring combat operations in the Nation's history. The operational use of the Reserve was decisive to our operations.

There is an enduring need for the employment of the Reserve Component as an operational reserve in a manner that enhances Total Army efforts. In FY 13, Total Army support to Global Security Cooperation (SC) provided over 60,000 Soldiers to over 5,000 SC events. We can maximize the Total Army through continued utilization of the Reserve Components for operational use against long-term, predictable requirements (Kosovo, Sinai, Guantanamo). However, the command structure of those forces may need to be revisited and better designed to quickly integrate with elements of the Active Component as part of Joint, Interorganizational, and Multinational teams. The Army Operating Concept envisions the expansion of these sorts of missions as we build the Force of 2025 and beyond. Likewise, we can maximize Total Army full-spectrum focus by utilizing the scalability of the Reserve Component to selectively mobilize elements or individuals to meet surge requirements and mitigate overuse/over extension of the Active Component.

In planning for future force development, we have done analysis on the types of BCTs we have now and what the right mix is of light, medium, and heavy units that we need going forward. We currently have 60 BCTs, down from 72 in FY13. The Active Component has 15 IBCTs, 8 SBCTs, and

RECORD VERSION

9 ABCTs – 32 total BCTs; and the Reserve Component has 20 IBCTs, 1 SBCT, and 7 ABCTs – 28 total BCTs.

Although demand is not decreasing and many of our initial planning assumptions have not proved accurate, fiscal realities rendered the Army's current position unaffordable, so debate converged on two force-structure levels: an Army of 980K (450K AC) with 52 BCTs, or an Army of 920K (420K AC) with 46 BCTs. Our analysis shows that an Army equipped with 52 BCTs could execute a strategy of Defend/Defeat/Deter with considerable to high risks depending on several conditions in the strategic environment. However, an Army equipped with 46 BCTs would not possess that same capacity and would fail to meet necessary demands. This analysis showed that in an era of fiscal austerity, the Army should organize at 980K end strength with at least 52 BCTs. At a Force mix of 450K/335K/195K, we will have 52 BCTs [8 less than FY15]. As we develop this force mix, we must also consider keeping additional Brigade structures in the Active Component and pair them with specific Guard units. With the changes in the security environment over the last two years, specifically in Europe and the Middle East, we would suggest that the appropriate force structure is 1,000,045 (490K AC, 350K ARNG, and 205K USAR).

We must also consider focused investments in people rather than in structure. One of the inherent strengths of the Reserve Component is its people—our Citizen Soldiers. We need to look at ways to reduce structure in the Reserve Component, thus saving equipment and facility costs, and preserving our most precious resource: our Soldiers. One way to create this solution is to establish a TTHS account within current end strength.⁶ The TTHS Account will enable the entire Reserve Component to identify and take appropriate actions to fix those Soldiers who are non-deployable for a variety of reasons before a unit must be mobilized and leave valuable Soldiers behind. This establishes a manpower accounting practice that enhances readiness. For example, at 335K, the ARNG would reduce structure to about 315K; USAR at 195K end strength could reduce structure to 180K. This same principle has been applied to the Regular Army.

The Aviation Restructure Initiative

Recent dialogue about our force structure initiatives focuses almost exclusively on decisions about what we are doing with our current assets, particularly Aviation assets in the National Guard. However, it is even more important for us to consider the costs of the status quo and the costs of alternatives that will be imposed on the future force, and that will impact our ability to meet future operational demands. Funding alternatives and the status quo can be achieved if directed, but such funding will come at a significant long-term cost to modernization. These unnecessary costs endanger our ability to deliver the necessary overmatch to operate in future environments. In balancing readiness, end strength, and modernization, we have made difficult choices across our entire force based upon actions to mitigate risks. We considered many options and chose those that maximize the performance, availability, and capacity of existing assets in a manner that enables the Army to meet current demand and reinvest the savings dividend into needed modernization efforts required for the future force.

⁶ The intent is for the Trainees, Transients, Holders and Students (TTHS) account to be the management tool the USAR uses to account for all officers, enlisted, and warrant officers in resident schooling (over 139 days); currently in troop program units (TPU) who are educationally unqualified for the position they encumber; or have a medical problem that precludes them from being deployable.

RECORD VERSION

The Army's Aviation Restructure Initiative (ARI) is more than any one capability or airframe - it's about looking at the larger national defense requirements in a time of fiscal constraint to find the best possible solution for operating and maintaining the Total force. It includes a long-term transformation of capabilities like the Grey Eagle UAV; manned-unmanned pairing; divesting airframes; modernizing the existing fleet; transition training for pilots; and maintaining the critical military industrial base. The only way to meet the rising demands of the future is to look at the entire Aviation structure and making needed changes based on clear, unambiguous analysis.

We simply cannot afford to maintain our current aviation structure and still sustain modernization, while providing trained and ready Aviation units across all three Components. It is not feasible, prudent or effective. Accordingly, we have conducted a comprehensive review of our strategy and developed an innovative concept to restructure our aviation fleet to address these issues. We considered operational commitments, readiness levels, future requirements, and costs. Army leadership listened carefully to National Guard concerns over this plan, especially the desire of the National Guard to maintain aviation brigades and the LUH-72s. The Aviation Restructure Initiative (ARI) allows us to eliminate obsolete airframes, sustain a modernized fleet, and reduce overall sustainment costs while maintaining all aviation brigades in the reserve Component. However, we will eliminate three full aviation brigades in the active Component.

ARI is part of long-term plan to adjust and align current capabilities in a manner that enables modernization. To date, we have already divested the Army's oldest or non-deployable helicopters, the fleet of OH-58A/C, Kiowa Warriors, and TH-67s. One of 9 OH-58D Squadrons has been deactivated with 4 more occurring in FY16 and 3 Squadrons converting to AH-64 Battalions. 135 of 368 OH-58D aircraft have been divested as we replace the OH-58Ds in the Active Component with AH-64 Apaches in the Active force and in the National Guard; and OH-58D training has stopped. In our analysis of alternatives, we compared the Kiowa Warrior to other available aircraft, and determined that the AH-64 "E" Apache helicopter with the Modern Target Acquisition and Designation System (MTADS), teamed with unmanned aerial systems (UAS), is the overwhelmingly preferred choice to fill the armed aerial scout role. Teaming the AH-64E with UAS further expands the aerial scout capabilities. To date, we have fielded 81 of the 167 Grey Eagle UAS to fill this role and have completed fielding in 6 units with 2 others in progress. The Army will also transfer nearly all Active Army LUH-72 Lakota helicopters (81 in total with procurement of up to 100 additional) to the United States Army Aviation Center of Excellence at Fort Rucker, Alabama, to reduce costs of training. These complementary, interconnected actions enable us to incrementally modernize the aviation capabilities in a manner that maintains this critical balance. Each change, delay, and deviation impacts our ability to balance and best use the funding available for modernization as we shape and equip our future force.

Under our plan, the disproportionate reductions, as in end strength, come from the Active Component: 86% of the total reduction of aircraft (687 of 798) will come out of the Active Component compared with 14% of aircraft (111 of 798) from the Guard and Reserve Components. The Active Army's overall helicopter fleet will decline by about 23%, while the Army National Guard's fleet of helicopters will decline by approximately 8%. We have already made the decision to eliminate three entire aviation brigades from the Active Component while we sustain all aviation brigades in the Reserve Components. The National Guard will retain all LUH-72s and CH-47s and gain additional UH60s to accomplish state missions while giving up their AH-64s in order for the Army to meet critical wartime demand and mission requirements. It is also important to note that the Apache has no state-level mission. We will transfer 111 UH-60s from the Active Army to the National Guard to preserve the Army's utility and combat assault capability in the Reserve Component while also enhancing the

RECORD VERSION

lift capacity immediately available to Governors. The UH-60L/M transfer will also accelerate the Guard's fleet modernization by about 5 years. The National Guard is not losing combat aircraft; in fact, their fleet will be more modernized and combat capable than at any other time.

In sum, ARI results in modernized Army Aviation across the Total Army; it fixes Army pilot training capacity and quality; and it better meets the operational demands for Army Aviation at home and abroad for the foreseeable future. We have done the detailed analysis and others have also analyzed the impacts, decisions, and requirements associated with ARI. These organizations and a brief summary of their finding include:

- US Army Training and Doctrine Analysis Center (TRAC)
 - Concluded with a “High Degree of Confidence” that the ARI force outperformed other alternative options.
- OSD Tiger Team – CAPE and CAPE Independent Cost Assessment [dated 11 May 2015]
 - The Deputy Secretary of Defense took these findings and briefed the Council of Governors on the detailed analysis behind ARI. Many governors share a concern that changes to allocated capabilities to National Guard units will impact the dual-use Federal resources that States have grown to rely upon for internal contingencies. The OSD analysis confirmed that ARI reallocation best meets national defense requirements while ensuring that National Guard units have necessary equipment able to support Civil Authorities when directed.
 - Determined that ARI manages a higher demand with a smaller fleet, with less risk at the least cost.
 - Guard counterproposal provides more crews in partially equipped units with greater tempo and training risk.
 - CAPE found that the Army's projections for cost savings and avoidance were valid.
- RAND ARI and RAND AC/RC Force Mix Costing [dated September 2014 and February 2014, respectively].
 - Concluded that the ARI development process was transparent, collaborative, and under rigorous analysis considering potential alternatives.
 - Previous RAND studies also found that Apaches are more cost-effective in the Regular Army than in the Reserve Component.
 - Found that force mix decisions must account for differences in the capabilities that Active and Reserve Components provide, as well as differences in what they cost.
- GAO Assessment [dated 1 May 2015]
 - Concluded Army's cost estimates and demand and capability analysis used a reasonable methodology and was suitable for comparing ARI and Guard proposals.
 - GAO confirmed ARI is less expensive and better meets mission demands.

The findings are clear. The resulting Active and Reserve Component aviation force mix as a result of an ARI delivers better and more capable formations able to respond to contingencies at home and abroad. With our plan, we achieve a leaner, more efficient and capable force that balances operational capability and flexibility across the Total Army. Overall, this plan will generate a total savings of about \$12.7 billion. Moving the Apaches to the Regular Army from the National Guard is essential to maintaining our Total Army capability and capacity. We acknowledge that this decision causes consternation within the National Guard. But all of the analysis—that conducted by the Army, RAND, OSD, and GAO—has confirmed that moving the Apaches is best for the Nation.

RECORD VERSION

Sequestration: The Enemy at Home

Although we know that only Congress can correct the devastating impacts of sequestration to our programs, readiness and modernization efforts, it is important, as you begin your work, to understand the long-term impacts of these flawed, indiscriminate, and draconian budget cuts. A return to sequestration-level funding would require the Army to size and equip the force based on what we can afford rather than what we need. It would directly increase the risk that we will not have enough Soldiers or will be forced to send Soldiers into harm's way that are not properly trained and equipped. As discussed below, if the reductions from sequestration occur, the Army will be at grave risk of being unable to fully execute Defense Strategic Guidance requirements.

In FY14, we operated with almost \$10B less in funding than in FY12, which is a major reduction. The 2014 budget, with the support of Congress, provided us some relief while enabling us to reinvest in readiness. But in FY15, we have significantly less funding than we executed in 2014 and frankly we are going to be challenged to maintain the readiness of our force. Any readiness we do generate in FY15 is coming at the expense of our long-term modernization and sustainment. Future reductions devastate the delicate balance between end strength, readiness, and modernization. Although the 2014 Bipartisan Budget Agreement and Overseas Contingency Operations (OCO) funding provided some welcome relief in FY14 and FY15, sequestration has debilitated readiness and severely reduced modernization and manpower. The Army has in effect mortgaged its future to buy back partial readiness today.

The Army is preparing to drawdown to 450K AC, 335K ARNG, and 195K USAR. But if sequestration returns, Total Army end strength will fall an additional 60K to 920K (420K AC; 315K ARNG; 185K USAR) by FY20. The impacts of these reductions will be spread across the Total Army. These are not cuts we want to make, but cuts we are compelled to make. The impacts of continued sequestration will endure for at least a decade. Readiness is not something that we can just fund piecemeal—once in a while and year to year. It has to be funded consistently over time. If not, it is fleeting, and it goes away. As we approach 2016, we cannot take end strength out any faster without impacting our ability to conduct operations already committed. The Army will only be able to meet priority Global Force Management missions, and must rely on OCO funding to maintain any additional readiness for emergent needs.

Under sequestration, sustainment readiness remains extremely reliant on OCO funding to mitigate risk to the program. In FY13, the Army deferred \$323.3M in Depot Maintenance and was only recently funded through the Army's FY15 OCO submission. The Army must also accept additional risk by a two-year deferral of the emplacement of the Southwest Asia Army Prepositioned Stocks (APS) Fires and Sustainment brigades, which is an important element of the Army's revised APS strategy. The rolling sequestration impacts on readiness thus handcuff our strategic flexibility. Additionally, OCO has been the preferred funding for Combatant Commanders requirements using the Reserve Component because the non-OCO funded missions are extremely expensive and cost prohibitive for base funded missions of long duration or large numbers.

The Bipartisan Budget Act allowed us to buy back some training readiness in 2014 and increased funding for some training support system enabling capabilities. In FY14, the Army completed nineteen rotations at the Combat Training Centers (CTCs), including six rotations for deploying brigade combat teams (BCTs) and thirteen decisive action training rotations (twelve Active Component and one Reserve Component BCTs). We restored two of four cancelled Combat Training Center (CTC) Rotations. But due to sequestration, the Army cancelled two Reserve

RECORD VERSION

Component rotations. Comparatively, even though we received some relief from sequestration in FY14 and FY15, just a third of our BCTs are trained in their core mission capabilities in Decisive Action and Unified Land Operations. Reducing CTCs erodes the capacity of our formations from conducting Combined Arms Maneuver. CTCs are the culmination of a comprehensive training and readiness cycle for our BCTs, enabling them to deploy worldwide at a moment's notice.

Although the Army attempts to mitigate the impacts on training readiness, we must continue to implement the Contingency Force model of FY15 in order to maintain readiness for the 24 of 60 BCTs that will receive sufficient funding to conduct training at CTCs and home station. The remaining 36 BCTs will be limited to minimum Individual/Crew/Squad resourcing levels through sufficient Training Support Systems (TSS). In short, sequestration forces the Army to ration readiness. But regardless of funding levels, we have committed to keeping Combat Training Centers a priority. That means our home station training goes unfunded except for brigades going to CTCs.

At the Soldier level, Institutional Training will also take a significant reduction that will take years to recover. Already strained, the Army will further reduce Specialized Skill Training by 85,007 seats (65% drop) and fund only the most critical courses resulting in 47,659 seats funded out of 199,212 seats (23.9%). Furthermore, this causes a training backlog that will take years to reduce, hindering units' abilities to train and adversely affecting unit readiness. Ultimately, this further reduces the Army's ability to meet Combatant Commander needs for critical capabilities and skills.

The Army has already undertaken significant cost cutting efforts and reduced personnel and equipment requirements during the first two years of sequestration. In the triad of impacts from sequestration, Army modernization suffers the most. Modernization accounts have been reduced by 25% and every program affected; maintenance deferred; and the defense industrial base is increasingly skeptical about investing in future innovative systems needed to make the force more agile and adaptive. As part of the balancing process, the Army has already made difficult choices in ending the Armed Aerial Scout, Unmanned Ground Vehicle upgrades, the Mounted Soldier System, and Ground Combat Vehicle program. Under sequestration, planned upgrades to our current systems, such as UH-60 Blackhawk, Abrams, Bradley, and Stryker would be reduced or slowed (e.g. Stryker DVH upgrades will cease) leaving our Soldiers more vulnerable, especially if deploying as part of a smaller force where technology optimizes Soldier performance and capabilities. Over 270 acquisitions and modernization programs have already been impacted by sequestration, and more than 137 additional programs may also be affected under continued sequestration.

Under sequestration level funding, the Army is unable to protect upgrades and procurements on top of an already depleted capital investments portfolio. These modernization disruptions will stop development and production in critical programs that enable a smaller force to accomplish diverse missions. The Army will have to stop the 4th Double-V Hull Brigade conversion; slow the Patriot system upgrade; halt the procurement of one new MQ-1C Gray Eagle Company and the accelerated fielding of another, both of which are needed to address the increased UAV demand in Syria and Iraq; delay the Aerial Intelligence Surveillance and Reconnaissance 2020 strategy by several years; reduce and extend the Active Electronically Scanned Array (AESA) radar development; and delay development of Radar-on-the-Network for Patriot and THAAD-integration until FY22, which is a vital capability protecting our homeland from missile threats.

RECORD VERSION

Conclusion

We face difficult challenges as we confront the dual pressures of increasing regional instability around the globe and rising fiscal constraints. In the face of these challenges, the Army continues to be open and transparent with the American public and our National leaders about our intent, rationale, and plan for the future of our Total Army. We have continued to work with and explain our plan in person to Governors and Adjutant Generals. As we work with the other Services, between the three Components, and with national leaders, we all understand that fiscal constraints require hard choices based in facts and studied analysis.

We are implementing a plan that disproportionately reduces Active ground and aviation forces, and includes modest reductions to our National Guard and Reserve. National Guard and Reserves must be a part of the reductions; excluding them will mean increasing reductions in the Active Component; and in degradations to Total Army readiness and modernization, thereby increasing the risk to the Army's ability to carry out the defense strategy.

We have done the detailed analysis over the last five years needed to guide the future of the Army. We know that this Commission understands the enormity of the problems we face. Today's Total Army reflects our focused efforts to implement operationally effective decisions within budgetary constraints. We have attempted to close gaps in communication and coordination across the Total Army to remain transparent throughout the process. Our goal is to reduce costs, identify efficiencies, and eliminate redundancies while ensuring that our Total Army is able to meet global and domestic demands, both now and in the years ahead. Each of our Components is distinct and each is essential. They provide complimentary capabilities to one another, which we ask that you affirm in your final report.

We are developing a leaner, smaller Army that remains the most highly-trained and professional All-Volunteer land force in the world; one that is uniquely organized with the capability and capacity to provide expeditionary, decisive land power to the Joint Force, and that is ready to perform the range of military operations in support of Combatant Commanders to defend the Nation and its interests at home and abroad, both today and against emerging threats.

We know the importance of all three Components; our plan is designed to provide the best Total Army for our Nation. Our Army is getting smaller and we must be more ready in the Active, the National Guard, and Army Reserve to respond to future threats. This proposal allows us to balance end strength, readiness and modernization for all of our Components and sustain our valuable Guard and Reserve forces as a ready and capable operational reserve.

In each Component – Active, Guard, and Reserve – our Soldiers have served honorably with distinction and have fought bravely and tenaciously on battlefields to defend our country. Their service and sacrifice is something we must never forget. Therefore, it is incumbent on us to ensure they are organized, trained, and equipped to answer the Nation's call at home and abroad whenever and wherever they are needed. Our recommendation delivers the best Total Army that will allow them to do just that.