

RECORD VERSION

STATEMENT BY

**GENERAL ERIC K. SHINSEKI
CHIEF OF STAFF
UNITED STATES ARMY**

BEFORE THE

**COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE**

ON THE POSTURE OF THE UNITED STATES ARMY

FIRST SESSION, 108TH CONGRESS

FEBRUARY 25, 2003

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON ARMED SERVICES**

STATEMENT BY

**GENERAL ERIC K. SHINSEKI
CHIEF OF STAFF
UNITED STATES ARMY**

Mr. Chairman and distinguished members of the Committee, thank you for this opportunity to report to you today on the Posture of the United States Army.

America's armed forces are the most powerful in the world. And America's Army remains the most respected landpower to our friends and allies and the most feared ground force to those who would threaten the interests of the United States.

Since before the birth of the Nation, American Soldiers have instilled hope in a noble dream of liberty. They have remained on point for the Nation through nine wars, and the intervals of peace in the years between – defending the Constitution and preserving freedom. Magnificent in their selfless service, long in their sense of duty, and deep in their commitment to honor, Soldiers have kept the United States the land of the free and the home of the brave. This is our legacy. Our Soldiers who serve today preserve it.

In October 1999, we unveiled our vision for the future – “Soldiers, on point for the Nation, transforming this, the most respected army in the world, into a strategically responsive force that is dominant across the full spectrum of operations.” The attacks against our Nation on September 11, 2001, and the ensuing war on terrorism validate The Army's Vision – *People, Readiness, Transformation* – and our efforts to change quickly into a more responsive, deployable, agile, versatile, lethal, survivable, and sustainable force.

While helping to fight the Global War on Terrorism, The Army is in the midst of a profound transformation. Readiness remains our constant imperative – today, tomorrow, and the day after. Transformation, therefore, advances on three broad axes: perpetuating The Army's legacy by maintaining today's readiness and dominance; bridging the operational gap with an Interim Force of

Stryker Brigade Combat Teams; and fielding the Objective Force to fight and win conflicts in the years beyond this decade.

As they have throughout The Army's 227-year history, Soldiers remain the centerpiece of our formations. Versatile and decisive across the full spectrum of joint missions, land forces have demonstrated time and again the quality of their precision in joint operations. Our responsibility is to provide Soldiers with the critical capabilities needed for the tough missions we send them on.

After three and a half years of undiminished support from the Administration and the Congress, and the incredible dedication of Soldiers and Department of the Army civilians, we have begun to deliver The Army Vision. With continued strong support, we will win the war against global terrorism, meet our obligations to our friends and allies, remain ready to prevail over the unpredictable, and transform ourselves for decisive victories on future battlefields.

We have achieved sustainable momentum in Army Transformation; the framework is in place to see the Objective Force fielded, this decade.

THE ARMY – AT WAR AND TRANSFORMING

The United States is at war, and The Army serves the Nation by defending the Constitution and our way of life. It is our nonnegotiable contract with the American people – to fight and win our Nation's wars, decisively.

In the weeks immediately following the attacks of September 11,2001, Special Operations Forces (SOF) infiltrated Afghanistan, penetrated Al Qaida and Taliban strongholds, and leveraged all available long-range, joint fires, enabling the Northern Alliance to begin dismantling the Taliban. By January 2002, U.S. and Allied conventional force reinforcements began to set the stage for Operation Anaconda, where Soldiers, demonstrating courage and determination under the most challenging conditions, defeated Al Qaida at altitude on the escarpments overlooking the Shah-e-kot Valley.

Today, more than 198,000 Soldiers remain deployed and forward stationed in 120 countries around the globe, conducting operations and training with our friends and allies. Decisively engaged in the joint and combined fight against global terrorism, Soldiers are serving with distinction – at home and abroad. Soldiers from both the Active and the Reserve Component have remained “on point” for the Nation in the Balkans for seven years, in Saudi Arabia and Kuwait for 12 years, in the Sinai for 21 years, and in Korea and Europe for over 50 years. At the publication of the Army Posture Statement, there were more than 110,000 Reserve Component Soldiers mobilized for active federal service in support of Operation Noble Eagle and Operation Enduring Freedom. Even as we transform, Soldiers will remain ready to answer the calls of the Nation to defeat well-trained, determined, and dangerous adversaries who miscalculate in taking on the best led, the best-equipped, and the best-trained army in the world.

At war and transforming, The Army is accelerating change to harness the power of new technologies, different organizations, and revitalized leader development initiatives to remain at the head of the line. To accomplish this, Army Transformation advances along three major axes towards attainment of the Objective Force. We selectively recapitalize and modernize today’s capabilities to extend our overmatch in staying ready to defend our homeland, keep the peace in areas important to the Nation, and win the war against global terrorism. Stryker Brigade Combat Teams – our Interim Force – will bridge the current operational gap between our rapidly-deployable light forces and our later-arriving heavy forces, paving the way for the arrival of the Objective Force. By 2010, The Army’s Objective Force – organized, equipped, and trained for ground dominance, cyber-warfare, and space exploitation – will provide the Nation the capabilities it must have to remain the global leader, the strongest economy in the world, and the most respected and feared military force, by our friends and allies and our enemies, respectively.

The surprise attacks against our Nation and Operation Enduring Freedom, in response to those attacks, validated The Army Vision and provided momentum

to our efforts to transform ourselves into an instrument of national power that provides full spectrum operational capabilities that are strategically responsive and capable of decisive victory. In a little over three years, we have begun to realize The Army Vision – *People, Readiness, and Transformation*.

The transforming Army is enriching as a profession and nurturing to families whose sacrifice has borne the readiness of the force for the past 10 years. Our Well-Being initiatives are our commitment to reverse this trend by giving our people the opportunity to become self-reliant; setting them up for personal growth and success; aggressively investing in family housing; and revitalizing Single-Soldier living space in our barracks. Our manning initiatives have filled our line divisions and other early deploying units to dampen the internal turbulence of partially filled formations and help put a measure of predictability back into the lives of our families.

The Army has carefully balanced the risk between remaining ready for today's challenges and preparing for future crises. With unwavering support from the Administration, the Congress, our Soldiers, and Department of the Army Civilians, The Army has made unprecedented progress in its efforts to transform.

We will achieve Initial Operating Capability (IOC) for the first Stryker Brigade Combat Team (SBCT) this summer and demonstrate the increased responsiveness, deployability, agility, verastility, lethality, survivability, and sustainability that SBCTs provide to Combatant Commanders. In a little over three years from initial concept to fielded capability, the SBCTs will allow us to glimpse the potential for acquisition reform in paving the way for delivery of the Objective Force.

We have constructed the framework for achieving the Objective Force this decade: a Transformation Campaign Plan with Roadmap; the Objective Force White Paper; the Operational and Organizational plans for the Objective Force Unit of Action; and the Operational Requirements Document for the Future Combat System of Systems.

Additionally, The Army is poised to fill ground maneuver's most critical battlefield deficiency – armed aerial reconnaissance – with Comanche, a

capable, survivable, and sustainable aircraft that is a cornerstone of the Objective Force.

All along the way, we have tested our concepts in wargames and experiments, checked and rechecked our azimuth to the Objective Force weekly and monthly, and look forward to a successful Future Combat System Milestone B Defense Acquisition Board decision in May of this year.

However, we cannot accelerate Army Transformation without transforming the way The Army does business – from transformation of logistics and acquisition to personnel and installation transformation. Revolutionizing Army business management practices achieves the best value for taxpayers' dollars; conserves limited resources for investment in People, Readiness, and Transformation; enhances management of personnel systems, installations and contracting; and augments our potential to accelerate arrival of the Objective Force. Changing The Army is first about changing the way we think, and better business practices represent practical application of common sense initiatives that best serve The Army and our Nation.

We are proud of our progress. We are grateful for the strong Congressional support that has helped put The Army on its approach march to the Objective Force. The Army 2003 Posture Statement describes our tremendous progress in Transformation – an orchestrated campaign, synchronized with OSD and Joint Transformation, to achieve the Objective Force and keep America's Army the dominant landpower in the world.

THE STRATEGIC ENVIRONMENT – THE REQUIREMENT TO TRANSFORM

During the last two decades of the 20th Century, information-age technologies dramatically changed the political, economic, and military landscapes. Desert Shield, Desert Storm, and operations in Kuwait, Bosnia, and Kosovo illustrated the requirement for transforming our forces to meet the evolving, strategic requirements of our Nation. Survivable and extremely lethal, our heavy forces effectively met the requirements for which they were designed; yet, they were slow to deploy and difficult to sustain. Conversely, our light forces

were rapidly deployable, but they lacked the protection, lethality, and tactical mobility that we seek across the spectrum of military operations. We were successful in winning the Cold War and, as a result, smaller than we had been in 40 years. The Army no longer had the luxury of specialized forces built to confront a single and narrowly defined threat like the Warsaw Pact countries.

Today's challenges are more complex; threats are elusive and unpredictable. The fight against international terrorism has overshadowed, but not eliminated, other potential crises. Tension between India and Pakistan persists; stability between China and Taiwan is tenuous; and concern over North Korea escalates. Threats of transnational terrorism and the proliferation of weapons of mass destruction (WMD) – often financed by organized crime, illicit drug transactions, trafficking in women and children, and the sale of arms – further complicate the security environment. Geopolitical trends such as scarce resources, youth population-spike in underdeveloped countries, aging populations in developed countries, and the growth of mega-cities, among others, presage a future strategic environment of diverse and widely distributed threats.

Fully appreciating the internal and external difficulties that profound change engenders, we assessed the operational challenges of the new century against the capabilities of our Cold War Army, recognized the opportunity to leverage the inherent combat power of the technological revolution, and set a clear path ahead – The Army Vision.

The 2002 National Security Strategy (NSS) reaffirms our military's highest priority – defending the United States. To do this effectively, we assure our allies and friends; dissuade future military competition; deter threats against U.S. interests, allies, and friends; and decisively defeat any adversary, if deterrence fails. The NSS directs the military to transform to a capabilities-based force ready to respond to unpredictable adversaries and security crises. The Objective Force meets these NSS requirements, and Army Transformation will enhance our ability to conduct rapid and precise operations, achieve decisive results at the

time and place of our choosing, and safeguard the Nation's ability to exercise our right of self-defense through preemption, when required.

The 2001 Quadrennial Defense Review describes a capabilities-based approach to defense planning that provides broader military options across the operational spectrum, from pre- to post-conflict operations. The force-sizing construct – 1-4-2-1 – takes into account the number, scope and simultaneity of tasks assigned the military: it sizes the force for defense of the U.S. homeland (1), forward deterrence in four critical regions (4), the conduct of simultaneous warfighting missions in two regions (2) – while preserving the President's option to call for decisive victory in one of those conflicts (1) – and participation in multiple, smaller contingency operations.

THE ARMY – SERVING TODAY, BALANCING RISK, MANAGING TRANSFORMATION

Soldiers are the most precise and responsive means to strike and then control enemy centers of gravity on the ground – where people live, work, and govern. American Soldiers are disciplined, professional, and trained for success in diverse missions; they are the foundation of a flexible force that accomplishes its missions in the non-linear battlespace by integrating new, innovative technologies and techniques with current systems and doctrine. Our people adapt under the harshest conditions, whether in the deserts of Kuwait and the Sinai, the mountains and rice paddies of Korea, or the tropics of the Democratic Republic of Timor-Leste.

These demanding commitments mean we must nurture a balance between current and near-term readiness and our Transformation to meet future challenges. The Army has accepted reasonable operational risk in the mid-term in order to fund our Transformation to the Objective Force. To avoid unacceptable risk, we are monitoring closely the current operational situation as we support the Combatant Commanders in the war against terror, conduct homeland defense, and prosecute the long-term effort to defeat transnational threats. We have designed and implemented the Strategic Readiness System

(SRS) to provide a precision, predictive tool with which to monitor The Army and make appropriate adjustments to preserve current readiness. Our surge capacity in the industrial base further reduces current risk by keeping production lines warm and responsive. And our first Stryker Brigade Combat Team will provide the Combatant Commanders with a new capability to further mitigate operational risk – even as we transform to the Objective Force.

REALIZING THE ARMY VISION – PEOPLE, READINESS, AND TRANSFORMATION

In 1999, The Army announced its vision to transform into a more strategically responsive force, dominant across the full spectrum of military operations. The Army Vision addresses three essential components: *People*, *Readiness*, and *Transformation*. Soldiers are the heart of The Army, the centerpiece of our formations, and the foundation of our combat power. Readiness remains our overarching imperative; it is the means by which we execute our nonnegotiable contract with the American people – to fight and win our Nation’s wars, decisively. To preserve readiness while rapidly changing, Transformation advances on three major axes: preserving our Army legacy by maintaining readiness and dominance today; bridging the operational gap with Stryker Brigades – the Interim Force; and fielding the Objective Force this decade to keep The Army dominant in the years beyond this decade.

Realizing The Army Vision requires the concerted effort of the entire Army, across all components – from warfighting to institutional support organizations. The Army published its Transformation Campaign Plan in April 2001 to synchronize and guide this complex undertaking. The November 2001 Objective Force White Paper describes the advanced capabilities and core technologies needed to build the Objective Force. The Army’s June 2002 Army Transformation Roadmap defines Transformation as a continuous process – with specific waypoints – that increases our contributions to the Joint Force while achieving the six Department of Defense (DoD) critical operational goals. The result will be a more strategically responsive and full spectrum dominant force

capable of prompt and sustained land combat operations as a member of the joint force.

In support of the emerging joint operational concepts and architectures, The Army – as the major landpower component – continues to develop ground concepts for a full spectrum, and multidimensional force. These concepts are producing a Joint Force that presents potential enemies with multiple dilemmas across the operational dimensions – complicating their plans, dividing their focus, and increasing their chances of miscalculation.

In future joint operations, Objective Force units will be capable of directing major operations and decisive land campaigns with Army headquarters. Objective Force headquarters at all levels will provide the Joint Force Commander (JFC) with seamless, joint battle command and decision superiority. The modularity and scalability of our Objective Force formations will provide an unprecedented degree of flexibility and adaptability to the Combatant Commander – providing the right force at the right time for decisive outcomes.

PEOPLE – OUR MOST VALUABLE RESOURCE

The Army Vision begins and ends talking about people. People are central to everything else we do in The Army. Platforms and organizations do not defend this Nation; people do. Units do not train, stay ready, grow and develop leadership – they do not sacrifice and take risks on behalf of the Nation. People do. Institutions do not transform; people do. People remain the engine behind all of our magnificent moments as an Army, and the well-being of our people – the human dimension of our Transformation – is inextricably linked to Army readiness.

In our Vision, we recommitted ourselves to doing two things well each and every day – training Soldiers and civilians and growing them into competent, confident, disciplined, and adaptive leaders who succeed in situations of great uncertainty. We are dedicated to preparing our Soldiers to lead joint formations, to enabling our headquarters to command and control joint forces, and to

providing to those joint formations the capabilities only The Army can bring to the fight: the ability to control terrain and populations.

MANNING THE FORCE

The objective of our manning strategy is to ensure we have the right people in the right places to fully capitalize on their warfighting expertise – this is The Army’s commitment to the Nation, Army leaders, Soldiers, and our families. Correctly manning our units is vital to assuring that we fulfill our missions as a strategic element of national policy; it enhances predictability for our people; and it ensures that leaders have the people necessary to perform their assigned tasks. In FY00, we implemented a strategy to man our forces to 100 percent of authorized strength, starting with divisional combat units. The program expanded in FY01 and FY02 to include early deploying units. In FY02, we maintained our manning goals and continued to fill our Divisions, Armored Cavalry Regiments, and selected Early Deploying Units to 100 percent in the aggregate, with a 93 to 95 percent skill and grade-band match. We remain on target to accomplish our long-term goal of filling all Army units to 100 percent of authorized strength.

RECRUITING AND RETAINING THE FORCE

In 1999, The Army missed its recruiting goals for the Active Component (AC) by about 6,300 inductees, and for the Reserve Component by some 10,000. Our recruiting situation was simply unacceptable, and we committed ourselves to decisive steps and reversed that trend.

In FY02, The Active Component achieved 100 percent of its goal in recruiting and retention – for the third consecutive year. The Army exceeded its AC 79,500 enlisted accession target in FY02 and exceeded our aggregate FY02 retention objective of 56,800 Soldiers in all three categories by 1,437. We are poised to make the FY03 accession target of 73,800, and we expect to meet our Active Component FY03 retention target of 57,000. The FY04 accession target is set at 71,500.

The Army Reserve has met mission for the last two years, and its recruiting force is well structured to meet FY04 challenges. The Army Reserve continues to maintain a strong Selected Reserve strength posture at 205,484 as of January 17, 2003, – over 100.2 percent of the FY03 End Strength Objective. Overcoming many recruiting and retention challenges in FY02, the Army National Guard (ARNG) exceeded endstrength mission, accessions were 104.5 percent of goal, and we exceeded reenlistment objectives.

To ensure that we continue to recruit and retain sufficient numbers, we are monitoring the current environment – the global war on terrorism (GWOT) and frequent deployments – to determine impact on morale, unit cohesiveness, combat effectiveness, and support of Well-Being programs that draw quality people to The Army. We continue to examine innovative recruiting and retention initiatives. The challenges we face in FY03 and 04 are two-fold: increase recruiter productivity and recruiting resources necessary to maintain recruiting momentum when the economy becomes more robust. Resourcing recruiting pays dividends well beyond accessions in the year of execution. For example, Army advertising in FY02 influenced not only FY02 accessions, but also potential recruits who will be faced with enlistment decisions in FY03 and beyond.

RESERVE COMPONENT FULL-TIME SUPPORT (FTS)

Today, more than 50 percent of our Soldiers are in the Reserve Component (RC). The GWOT and Homeland Defense are significant undertakings that demand a high level of resourcing. The RC has been key to our success in these operations. To ensure The Army's RC continues to meet ever-increasing demands with trained and ready units, The Army plans to increase Full-Time Support authorizations 2 percent each year through FY12, increasing the FTS from the current level of 69,915 to a level of 83,046. The Army recognizes additional Full-Time Support authorizations as the number one priority of the Army National Guard and Army Reserve leadership.

CIVILIAN COMPONENT

As a comprehensive effort to consolidate, streamline, and more effectively manage the force, The Army has begun an initiative to transform our civilian personnel system. High quality, well-trained civilians are absolutely essential to the readiness of our force and our ability to sustain operations today and in the future. Recruiting, training, and retaining a highly skilled, dedicated civilian workforce is critical in meeting our obligations to the Combatant Commanders and the Nation. Aggressive transformation of our civilian force – in which projections through FY05 indicate a 16 percent annual turnover due to retirements and other losses – will ensure we continue to meet those obligations.

As of FY02, The Army employed 277,786 civilian personnel. To forecast future civilian workforce needs with precision, we developed the Civilian Forecasting System, a sophisticated projection model that predicts future civilian personnel requirements under various scenarios. The Army is working closely with the Office of the Secretary of Defense (OSD) and other federal agencies to demonstrate the power of this system so they can fully leverage its capabilities, as well.

The Civilian Personnel Management System XXI (CPMS XXI) has identified the reforms necessary to hire, train, and grow a civilian component that supports the transforming Army. To achieve this, we have redefined the way civilians are hired, retained, and managed. Mandatory experiential assignments will become the vehicle by which we develop future leaders. CPMS XXI fully responds to current mandates in the President's Management Agenda and incorporates the results of the Army Training and Leader Development Panels. For example, two initiatives for recruiting well-trained civilians are:

- The Army Civilian Training, Education, and Development System – a centrally managed program that accesses and trains civilian interns and grows a resource pool of personnel who can accede to senior professional positions.

- The DoD Appropriations Act for FY02 and FY03 provided Direct Hire Authority for critical, hard-to-fill medical health care occupations and enabled the reduction in average fill-time for these positions to 29 days.

ARMY WELL-BEING

The readiness of The Army is inextricably linked to the well-being of our people, and Army Well-Being is the human dimension of our Transformation. Well-Being responds to the physical, material, mental, and spiritual needs of all Army people – Soldiers, civilians, retirees, veterans, and their families. We recognize the fundamental relationship between Well-Being programs and institutional outcomes such as readiness, retention, and recruiting. To support mission preparedness as well as individual aspirations, Well-Being integrates policies, programs, and human resource issues into a holistic, systematic framework that provides a path to personal growth and success and gives our people the opportunity to become self-reliant. We recruit Soldiers, but we retain families – Well-Being programs help make The Army the right place to raise a family. And when our families are cared for, Soldiers can better focus on their mission – training, fighting, and winning our Nation’s wars, decisively.

Soldiers appreciate the Nation’s devotion to them, and they are grateful for the country’s recognition of their service and sacrifices. Recent improvements to the Montgomery GI Bill, Tricare for Life, Tricare Reform, Retired Pay Reform, the 4.1 percent general pay increase, and additional pay increases in 2003, are all important to Soldiers and their families. These initiatives have helped The Army respond to the well-being needs of our people. Army voluntary education programs improve our combat readiness by expanding Soldier skills, knowledge, and aptitudes to produce confident, competent leaders. Other Well-Being initiatives include:

- Spouse Employment Summit. The Army is developing partnerships with the private sector to enhance employment opportunities for Army spouses and provide improved job portability for them.

- Spouse Orientation and Leader Development (SOLD). SOLD connects Army spouses and enhances their opportunity to serve as valued leaders who contribute to the readiness and future of The Army and our Nation.
- Army University Access Online. eArmyU offers Soldiers access to a variety of on-line, post-secondary programs and related educational services. www.eArmyU.com is a comprehensive web-portal widely accessible to Soldiers, including those in Afghanistan, Bosnia, and Kuwait.
- In-State Tuition. To level the playing field for access to education opportunities, The Army is working to encourage states to grant in-state status for military personnel and families at public colleges and universities in their Soldier's state of legal residence and state of assignment.
- High School Senior Stabilization. This policy enhances predictability by allowing families to request stabilization at their sponsor's current duty location if they have a child who will graduate from high school during that year.
- Secondary Education Transition Study (SETS) Memorandum of Agreement (MOA). Facilitated by The Army, this agreement among participating school superintendents is their commitment to partner and improve high school transitions for DoD children. Currently, over 110 school superintendents have signed the SETS MOA.

LEADER DEVELOPMENT – TRAINING SOLDIERS AND CIVILIANS, AND GROWING LEADERS

The Army is a profession – the Profession of Arms. Conducting decisive ground combat operations in defense of the United States and its interests is a core competency of this profession. The development of each member of The Army is the foundation of lifelong devotion to duty – while in uniform and upon returning to the civilian sector.

By its nature, our profession is extraordinarily complex and dangerous. The American people entrust The Army with the sacred responsibility to apply lethal force in defense of U.S interests. As such, the Profession of Arms must remain firmly grounded in constitutional values and must constantly change and grow to preserve its competitive advantage in an evolving strategic environment. At all levels, our leaders – military and civilian – must apply their professional knowledge in increasingly varied and unique situations that are characteristic of today's strategic environment. Ultimately, we must grow professional Army leaders who provide wise and discerning military judgments founded on long experience and proven professional expertise. This capacity is developed only through a lifetime of education and dedicated service – in peace and in war.

Soldiers serve the Nation with the full realization that their duty may require them to make the supreme sacrifice for others among their ranks. Soldiers fighting the war on terrorism today, those who will fight our future wars, and those who have fought in our past wars are professional warfighters and a precious national asset. To ensure we remain the greatest landpower in the world defending the greatest country in the world, The Army and the Nation rely upon their unique and hard-earned experiences and skills. To develop the operational skills required to defend the Nation, training must remain our number one priority.

The evolving strategic environment, the gravity of our responsibilities, and the broad range of tasks The Army performs require us to review and periodically update the way we educate, train, and grow professional warfighters. The Army's strategic responsibilities to the Nation and Combatant Commanders now embrace a wider range of missions. Those missions present our leaders with even greater challenges than previously experienced. Therefore, leader development is the lifeblood of the profession. It is the deliberate, progressive, and continuous process that trains and grows Soldiers and civilians into competent, confident, self-aware, and decisive leaders prepared for the challenges of the 21st Century in combined arms, joint, multinational, and interagency operations.

In June 2000, we convened the Army Training and Leader Development Panel (ATLDP). The ATLDP's purpose is to identify skill sets required of Objective Force Soldier and civilian leaders. Further, ATLDP assesses the ability of current training and leader development systems and policies to enhance these required skills. In May 2001, The Army Training and Leader Development Panel Phase I (Officer Study) identified seven strategic imperatives and generated 89 recommendations. With those, we validated the requirement to transform our Officer Education System (OES) – from the Officer Basic Course through the Command and General Staff Officer Course. Additionally, the panel reconfirmed the value of Joint Professional Military Education II (JPME II) in preparing our leaders for joint assignments. The most significant product of the officer ATLDP is our OES Transformation.

ATLDP Phase I (Officer Study) identified three high-payoff institutional training and education initiatives for lieutenants, captains, and majors. The first of these is the Basic Officer Leader Course (BOLC). BOLC will provide a tough, standardized, graduate-level, small-unit leadership experience for newly commissioned officers. The second of these initiatives is the Combined Arms Staff Course for staff officers, and the Combined Arms Battle Command Course for company commanders. Both courses will capitalize on advanced distributed learning and intensive resident training methods. The third initiative, Intermediate Level Education (ILE), will provide all majors with the same common core of operational instruction, and it will provide additional educational opportunities that are tailored to the officer's specific career field, branch, or functional area. Beyond ILE, Army officers continue to attend Joint or Senior Service Colleges to develop leader skills and knowledge appropriate to the operational and strategic levels of the profession.

Completed in May 2002, the ATLDP Phase II (NCO Study) resulted in 78 findings and recommendations extending across six imperatives – Army culture, NCO Education Systems (NCOES), training, systems approach to training, training and leader development model, and lifelong learning. Among others, the ATLDP Phase II recommended building new training and leader development

tools for NCOs to replace current methods, as required. The ATLDP Phase III (Warrant Officer Study) culminated with 63 recommendations extending across four crucial imperatives. Recommendations included clarifying the warrant officer's unique role in The Army and improving the Warrant Officer Education System to ensure timely training and promotion. The Civilian Training and Leader Development Panel (Phase IV) study results are complete, and we are forming the Implementation Process Action Team (I-PAT). I-PAT will identify actions The Army must take to increase the professional development of our civilian workforce. At the senior leader level, The Army initiated the Army Strategic Leadership Course (ASLC). The program is aimed at teaching principles of strategic leadership, with emphasis on visioning, campaign planning, leading change, and Transformation. To date, we have completed twelve of the foundation courses and three alumni courses, training the majority of The Army's general officers.

READINESS – WINNING OUR NATION'S WARS

HOMELAND SECURITY (HLS)

Defending our Nation – abroad and at home – against foreign and domestic threats is fundamental to The Army's legacy, and our warfighting focus provides capabilities relevant to HLS requirements. HLS missions range from traditional warfighting competencies that defeat external threats to the non-combat tasks associated with supporting civil authorities in domestic contingencies. Operation Noble Eagle mobilized over 16,000 Army National Guard Soldiers to protect critical infrastructure. These Soldiers assisted the Department of Transportation in securing our Nation's airports while also playing a vital role in securing our Nation's borders. The Army is moving forward to provide one Civil Support Team to each state, as required by the National Defense Authorization Act for FY03. The Civil Support Teams support Incident Commanders and identify Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) agents and substances, assess current and projected

consequences, advise on response measures, and assist with appropriate requests for additional support. To date, OSD has certified 30 of 32 teams, and The Army is working to establish additional teams. Collectively, the certified teams have performed 890 operational missions since September 11, 2001. The Army remains committed to HLS, dedicating Active Component (AC) and Reserve Component (RC) staffs to focus on training, doctrine, planning, and execution of DoD missions in support of civil authorities.

MISSILE DEFENSE

Robust Missile Defense is a vital warfighting requirement that protects both our homeland and our deployed forces. Missile Defense includes far more than a reactive capability to shoot down missiles in their reentry phase. Missile Defense requires a coherent system of sensors; battle command; weapons systems; and active, passive, proactive, and reactive operational concepts, all aimed at destroying enemy missiles – not only during their reentry phases. Missile Defense must also be able to destroy enemy missiles on the ground, before they launch or during their boost phase once launched. Missile Defense is inherently a joint capability to which The Army is a major contributor.

The Army is deploying and employing Ground Mobile Defense assets to contribute to this warfighting capability, accelerating the fielding of the Patriot Advanced Capability 3 (PAC3) system, and developing directed energy weapons that will bring new defense measures to The Army and the Nation. We are postured to assume control of the Medium Extended Air Defense System (MEADS) program in FY03 and intend to begin fielding by FY12.

MEADS is a transformational program of Objective Force quality and a significant improvement on Patriot's capabilities. It will be more mobile and more deployable (C-130 capable) than Patriot and cover a 360-degree radius to Patriot's 120 degrees. It will be effective against low radar, cross section cruise missile targets; and require only 30 percent of Patriot's manpower. And MEADS will be more accurate and more sustainable than Patriot.

CHEMICAL DEMILITARIZATION

In Section 1412 of Public Law 99-145, Congress directed the DoD to destroy the United States' chemical weapons stockpile. In turn, the Secretary of Defense delegated management of all chemical munitions disposal to the Department of the Army. On November 29, 2000, the Johnston Atoll Chemical Agent Disposal System, using incineration-based technology, completely destroyed the last stockpiles stored at the Atoll, and closure operations began in January 2001. The Tooele Chemical Agent Disposal Facility has incinerated 44 percent of the chemical agents and 81 percent of the munitions stored there. Disposal operations at these two sites destroyed 30 percent of the total U.S. chemical weapons stockpiles. Construction of incineration facilities at Anniston, Alabama; Umatilla, Oregon; and Pine Bluff, Arkansas, is complete. Systemization activities are on-going at Aberdeen, Anniston, Umatilla, and Pine Bluff. The plan to accelerate the disposal of bulk agents using a neutralization process at Aberdeen, Maryland, and Newport, Indiana, has been approved. Anniston and Aberdeen are scheduled to start destruction in second quarter FY03, and Newport is scheduled to begin in first quarter FY04.

To comply with treaty agreements and the Congressional mandate, we must complete the destruction of these weapons by 2007. The treaty allows for a one time, five-year extension to this deadline. With continued funding and minimal schedule changes, we will safely destroy the U.S. stockpile of lethal chemical agents and munitions at eight existing CONUS sites.

TRAINING THE FORCE

In October 2002, The Army released *Field Manual (FM) 7-0, Training the Force*. Synchronized with other field manuals and publications being updated to respond to changes in Army, joint, multinational, and interagency operations, *FM 7-0* is the capstone doctrinal manual for Army training and leader development. It provides the developmental methodology for training and growing competent,

confident Soldiers, and it addresses both current and future Objective Force training requirements.

We are transforming the way we fight future wars, and The Army is participating fully in a DoD-sponsored program to transform how forces train to fight. This effort involves four major initiatives: building upon existing service interoperability training; linking component and joint command staff planning and execution; enhancing existing joint training exercises to address joint interoperability; and studying the requirement for dedicated joint training environments for functional warfighting and complex joint tasks. The Army is scheduled to host the first joint National Training Center (NTC) event at Fort Irwin, California, in May 2003. During June 2003, the U.S. Army Forces Command will execute the second joint NTC event – JCS exercise Roving Sands.

During the late 1990s, funding for the recapitalization and modernization of The Army's Combat Training Centers was reduced, eroding their capability to support their critical missions. Additionally, the Multiple Integrated Laser Engagement System equipment and current force instrumentation systems have become difficult to maintain. The Army's Combat Training Center modernization program will ensure that our premier training areas (NTC at Fort Irwin, Combat Maneuver Training Center in Germany, the Joint Readiness Training Center (JRTC) at Fort Polk, and the Deep Attack Center of Excellence near Gila Bend, Arizona) are modernized to provide high quality, realistic, full-spectrum joint training. To address these problems, The Army will invest nearly \$700 million over the next six years to modernize these training centers.

OPTEMPO

In accordance with Congressional directives, The Army developed a new methodology to prepare budget requests that accurately reflect Operations and Maintenance requirements. In the report submitted in July 2002, The Army outlined updated processes that ensure consistency in reporting of tank miles and reflect requirements and execution with more precision. Management

controls initiated in FY01 to prevent migration of OPTEMPO funds to other areas were highly successful and remain in effect.

The Army's combined arms training strategy determines the resourcing requirements to maintain the combat readiness of our forces. For the Active Component, The Army requires 800 ground OPTEMPO miles per year for the M1 Abrams tank and corresponding training support; the Active Component flying hour program requires an average of 14.5 live flying hours per aircrew each month. Both Army National Guard and the Army Reserve aircrew training strategies require 9.0 hours per crew each month. The ARNG ground OPTEMPO requirement is a composite average of 174 miles in FY04, and the Army Reserve (USAR) ground OPTEMPO requirement is 200 tank-equivalent miles in FY04.

While this describes The Army's training strategy, actual execution levels from unit to unit have varied depending upon factors such as on-going operations, safety of flight messages, and adequate manning of combat formations. To this end, The Army has fully funded its AC ground OPTEMPO requirement, while its AC flying program is funded to its historical execution level of 13.1 flying hours. The RC air and ground OPTEMPO are similarly funded to their execution levels, rather than their requirement. Although The Army has not always been able to execute the training strategy, we have taken steps to have all units execute the prescribed training strategy in FY03, FY04, and beyond.

FORCE PROTECTION AND ANTI-TERRORISM

Force protection consists of those actions to prevent or mitigate hostile actions against Department of Defense personnel and includes family members, resources, facilities, and critical information. In the war on terrorism, the area of operations extends from Afghanistan to the East Coast and across the United States. Naturally, Force Protection and Antiterrorism measures have increased across Army installations in the Continental United States (CONUS) and overseas.

Findings from the Cole Commission, the Downing Report on the Khobar Towers bombing, and Army directives to restrict access to installations have all led to thorough assessments by the Department of the Army Inspector General, the Deputy Chief of Staff for Operations, and commanders. Our efforts focus on improved force protection policy and doctrine; more rigorous training and exercises; improved threat reporting and coordination with national intelligence and law enforcement agencies; enhanced detection and deterrence capabilities for Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) threats; increased capabilities and protection for access control; and expanded assessments of Major Commands (MACOM) and installation force protection programs. Both operational and installation environments rely upon secure, networked information infrastructure to execute daily enterprise-wide processes and decision-making, so the parameters of force protection include contemporary and evolving cyber threats, as well.

The Army's Information Systems Security Program (ISSP) secures The Army's portion of the Global Information Grid, secures the digitized force, and supports information superiority and network security defense-in-depth initiatives. ISSP provides the capability to detect system intrusions and alterations and react to information warfare attacks in a measured and coordinated manner. To the greatest extent possible, it protects warfighters' secure communications – from the sustaining base to the foxhole.

Soldiers, Active and Reserve, are heavily engaged in force protection and anti-terrorism missions. Soldiers guard military installations, nuclear power plants, dams and power generation facilities; tunnels, bridges, and rail stations; and emergency operations centers. During the 2002 Winter Olympics in Salt Lake City, Utah, nearly 1,500 ARNG Soldiers provided security, and Soldiers guarded key infrastructure sites during Super Bowl XXXVII in January 2003. Over 12,500 Reserve Component Soldiers are currently mobilized for Operation Noble Eagle to fulfill Force Protection requirements, and in February 2003, over 8,000 Army National Guard Soldiers will support Air Force security requirements – a requirement that could reach 9,500 Soldiers. Security of detention facilities

and detainees at Guantanamo Bay Detention – a long-term detainee mission – requires approximately 1500 Army personnel, 50 percent of whom are Military Police. Army Reserve Internment and Resettlement battalions on 6-month rotations impact military police availability to CONUS Force Protection requirements.

SUSTAINMENT

The Army is revolutionizing its logistics process. One initiative, the Single Stock Fund (SSF), redirected more than \$540 million worth of secondary items from stocks to satisfy customer demands between May 2000 – SSF inception – and November 2002. During that same period, we redistributed more than \$218 million worth of secondary items from the authorized stockage levels to meet higher priority readiness requirements. By extending national visibility of stockage locations and capitalizing inventories into the Army Working Capital Fund, we reduced customer wait time by an average of 18.5 percent. The SSF will continue to reduce inventory requirements and generate even more savings for The Army by creating greater flexibility for the management of inventories.

Another initiative, the National Maintenance Program (NMP), enhances weapon system readiness, reliability, and availability rates by bringing Army Class IX repair parts to a single national standard. Ultimately, increased reliability will reduce overall weapon system Operating and Support cost. Additionally, the NMP centralizes the management and control of Army maintenance activities for components and end items. NMP will produce appropriately sized Army maintenance capacity that still meets total maintenance requirements.

STRATEGIC READINESS REPORTING

The National Defense Authorization Act for FY99 requires the Secretary of Defense to implement a comprehensive readiness reporting system that objectively measures readiness to support the NSS. The Army's Strategic

Readiness System (SRS) responds to and provides a baseline in achieving this critical initiative.

SRS is a precision readiness measurement tool that provides Army leadership with accurate, objective, predictive, and actionable readiness information to dramatically enhance resource management toward one end – strategic readiness to defend the United States. The Army Scorecard – a product of SRS – will integrate readiness data from the business arena and the operating, generating, and sustaining forces of both the Active and Reserve Component. Army Scorecard methodology focuses on four critical areas: *People* – investing in Soldiers and their families; *Readiness* – maintaining the support capability to the Combatant Commanders' operational requirements; *Transformation* – transforming The Army into the Objective Force; and application of sound business practices.

SRS markedly improves how we measure readiness. It gathers timely information with precision and expands the scope of the data considered. We are further developing this system to leverage leading indicators and predict trends – solving problems that affect readiness *before* they become problems, from well-being to weapons platforms. SRS will help enable The Army preserve readiness to support Combatant Commanders, invest in Soldiers and their families, identify and adopt sound business practices, and transform The Army to the Objective Force.

INSTALLATIONS

Army installations are our Nation's power projection platforms, and they provide critical training support to The Army and other members of the joint team. Additionally, Soldiers, families, and civilians live and work on Army installations. The quality of our infrastructure directly affects the readiness of The Army and the well-being of our Soldiers, families, and civilians.

The Army has traditionally accepted substantial risk in infrastructure to maintain its current warfighting readiness. However, a decade of chronic under funding has led to a condition in which over 50 percent of our facilities and

infrastructure are in such poor condition that commanders rated them as “adversely affecting mission requirements.” Our facilities maintenance must improve. Over the past two years, with the help of the Administration and Congress, The Army has begun to rectify this situation with significant increases in funding and innovative business practices. These efforts have been dramatically successful as we continue to correct a problem that was 10 years in the making. Thus, in an effort to prevent future degradation of our facilities, The Army has increased its funding for facilities sustainment to 93 percent of requirement beginning in FY04.

TRANSFORMATION OF INSTALLATION MANAGEMENT (TIM)

Recognizing the requirement to enhance support to commanders, the Secretary of the Army directed the reorganization of The Army's management structure. On October 1, 2002, The Army placed the management of Army installations under the Installation Management Agency (IMA). IMA is a new field-operating agency of the Assistant Chief of Staff for Installation Management (ACSIM). Its mission is to provide equitable, efficient, and effective management of Army installations worldwide to support readiness; enable the well-being of Soldiers, civilians and family members; improve infrastructure; and preserve the environment. This new management approach eliminates the migration of base operations funds to other operational accounts below the HQDA level. It also enables the development of multi-functional installations to support evolving force structure and Army Transformation needs. The Army is poised to capitalize on opportunities TIM gives us to provide excellence in installations.

Two programs that significantly increase the well-being of our Soldiers and their families are the Barracks and the Family Housing programs. The Army established the Barracks Upgrade Program (BUP) in the late 1990's to improve single Soldiers' housing conditions. Through 2002, we have upgraded or funded-for-upgrade 70 percent of our permanent party barracks to Soldier suites that consist of two single bedrooms with a shared bath and common area. The Army will continue the BUP until all permanent party barracks achieve this standard.

With the strong support of Congress, The Army established the Residential Communities Initiative (RCI) for our families. This program capitalizes on commercial expertise and private capital to perform a non-core function for The Army – family housing management. The program provides greater value to The Army by eliminating the housing deficit at our first eleven sites, while leveraging a \$209 million Army investment into \$4.1 billion of initial private development. The Army's privatization program began with four pilot projects and will expand to 18 active projects by the end of FY03. Pending OSD and Congressional approval, 28 projects are planned through 2006 that will impact over 72,000 housing units or 80 percent of Army Family Housing in the United States. By the end of 2007, we will have the programs and projects in place to meet the OSD goal of eliminating inadequate family housing. We will accomplish this goal through RCI and increased Army investment in family housing Military Construction (MILCON) at non-privatized installations. The Reserve Component (RC) enhances RCI through real property exchange authority that is only available to the RC. This legislative authority allows the exchange of RC owned property with public or private entities and has a tremendous potential to improve future Reserve Component infrastructure at no governmental cost.

The Army has also aggressively reduced its financial burden and physical footprint by disposing of 34 percent of its facilities from a 1990 high of 116 billion square feet. The Army anticipates that the Congressional FY05 Base Realignment and Closure (BRAC) authority will permit additional appropriate reductions. BRAC will enable The Army to dispose of excess infrastructure and realign the remaining facilities with the requirements of the transforming Army and the Objective Force. BRAC will also allow The Army to re-allocate resources from closed or realigned installations to other high priority requirements.

The Army continues to improve its utilities infrastructure by divesting itself of non-core utility systems' operation and maintenance through privatization. As of December 2002, we had privatized 64 of the 351 systems in the program, and we have an additional 104 presently under negotiation.

As part of our Army Knowledge Management (AKM) – described later in more detail – we are modernizing our Installation Information Infrastructure – *infostructure* – to support a network centric, knowledge-based Army. The Installation Information Infrastructure Modernization Program (I3MP) executes a multi-year, \$3.2 billion program for upgrades to optical fiber and copper cable, installation of advanced digital equipment, and upgrades to Defense Global Information Grid gateways. This program will ensure worldwide, high-speed data connectivity at Army installations. To date, we have completed 22 of 95 CONUS installations and initiated upgrades at four installations outside of the continental United States (OCONUS). We plan to complete I3MP in 2009.

TRANSFORMATION – CHANGING THE WAY WE FIGHT

The Army is fundamentally changing the way we fight and creating a force more responsive to the strategic requirements of the Nation. We are building a joint precision maneuver capability that can enter a theater at the time and place of our choosing, maneuver at will to gain positional advantage, deliver precise joint fires and, if necessary, close with and destroy the enemy.

The Objective Force is an army designed from the bottom up around a single, networked, integrated C4ISR architecture that will link us to joint, interagency, and multi-national forces. It will be a rapidly deployable, mounted formation, seamlessly integrated into the joint force and capable of delivering decisive victory across the spectrum of military operations. Consolidated, streamlined branches and military operational specialties comprised of professional warfighters will be poised to transition rapidly from disaster relief to high-end warfighting operations.

The Objective Force and its Future Combat System of Systems will leverage and deliver with precision the combat power of joint and strategic assets. It is a capabilities-based force that rapidly responds to the requirements of the strategic environment in which our Soldiers will be the most strategically relevant and decisively capable landpower – no matter the mission, no matter the threats, no matter the risks.

In the final analysis, The Army's combat power does not wear tracks or wheels – it wears boots. No platform or weapon system can match a Soldier's situational curiosity and awareness. It is the Soldiers' ability to discern and to think, their ingenuity and resourcefulness, their endurance and perseverance, and their plain grit that make them the most reliable precision weapon in our inventory. Soldiers remain the centerpiece of our formations.

To help guide our Transformation efforts, The Army leverages lessons-learned from extensive experimentation and wargaming. We are working to harness the power of knowledge, the benefits of science and technology, and innovative business solutions to transform both the Operational and Institutional

Army into the Objective Force. The Army's annual Title 10 Wargames provide critical insights for developing the Objective Force. Likewise, results from joint experiments – Millennium Challenge '02 and other service Title 10 Wargames like Global Engagement, Navy Global, and Expeditionary Warrior, to name a few – also inform these efforts.

The Army is fully committed to joint experimentation as a means to examine and assess Objective Force contributions to the strategic, operational, and tactical levels of joint warfare. The Army has established a joint / Army Concept Development and Experimentation (CD&E) Task Force to ensure that Army CD&E efforts are synchronized with joint CD&E. This task force makes certain that joint experiment lessons-learned inform the design and development of the Objective Force. This year, The Army's Title 10 Wargame – co-hosted by Commander, Joint Forces Command – will focus on the Joint Force that will fight the next battle. Linked to Joint Forces Command's Pinnacle Impact 03 experiment, it will be conducted within the context of a future 1-4-2-1 global scenario and the emerging Joint Operations Concept. The Army is committed to these efforts, and in this budget we have nearly doubled last year's funding of these exercises.

Joint, interagency, multinational, and Army warfighting experiments provide invaluable opportunities for The Army to experiment with innovative approaches to warfighting and to test new tactics, techniques, procedures, organizations, processes, and technology. In Millennium Challenge 2002, the largest joint experiment in U.S. history, The Army demonstrated four vital capabilities it brings to the joint fight:

- the ability to attain and maintain information superiority (knowledge)
- the ability to conduct decisive maneuver to enable dominant joint maneuver
- the ability to defeat the opposition in an anti-access environment through rapid entry and employment capabilities
- the ability to support and sustain rapid combat power efficiently by reducing the operational and tactical logistics footprint

To evaluate the effectiveness of the Stryker Brigade Combat Team (SBCT) concepts for battalion and company operations in a Joint Force, The Army employed a SBCT unit during Millennium Challenge. Less than four weeks after Stryker vehicles were delivered to the first unit at Fort Lewis, the unit demonstrated rapid air and sealift deployability and integrated into the exercise well. Additionally, when given a mission on short notice to support a Marine Corps unit in ground operations, the SBCT unit demonstrated its agility and versatility.

BALANCING RISK AS WE MANAGE CHANGE

Balancing risk is integral to Army Transformation. To maintain current readiness while we transform, we are managing operational risk: risk in current readiness for near-term conflicts with future risk – the ability to develop new capabilities and operational concepts that will dissuade or defeat mid- to long-term military challenges. The Army has accepted risk in selective modernization and recapitalization, and we continue to assess these risks as we balance current readiness, the well-being of our people, Transformation, the war on terrorism, and new operational commitments. Since 1999, The Army has terminated 29 programs and restructured 20 others for a total savings of \$12.8 billion. These funds were reallocated to resource the Stryker Brigades and essential Objective Force research and development.

In Program Budget 2004 and its associated Five-Year Defense Plan (FYDP), The Army has generated an additional \$22 billion of savings by terminating 24 additional systems and reducing or restructuring 24 other systems. To accelerate achieving the Objective Force capabilities and mitigating operational risk, The Army reinvested these savings in the development of transformational capabilities in these and other programs:

- Future Combat System - \$13.5 billion
- Precision Munitions - \$3.2 billion
- Sensors and Communications - \$2.3 billion
- Science and Technology - \$1.1 billion

- Missile and Air Defense - \$1.1 billion

The operational risk associated with the decreased funding for certain current programs is acceptable as long as we field Stryker Brigades on schedule and accelerate the fielding of the Objective Force for arrival, this decade. We will continue to reassess the risk associated with system reductions and related organizational changes against operational requirements and the strategic environment.

AN INFORMATION ENABLED ARMY

Achieving the full spectrum dominance of the Objective Force requires changing the way we fight. Changing the way we fight requires a holistic transformation of Logistics, Personnel, Installation Management, Acquisition, Aviation, business practices – every aspect of The Army must transform. The Objective Force requires innovative changes and out-of-the-box ingenuity in the way we take care of our people and manage the information and material that enhances their readiness and answers their needs – both personal and professional, at home and in the short sword warfight at foxhole level. Simply put, we cannot achieve the Objective Force capabilities without leveraging the full potential of the technological advances that our Nation’s industrial base and science and technology communities are developing. The Army has consolidated management of Information Technologies (IT) into a single effort – Army Knowledge Management (AKM). AKM capitalizes on IT resources unique to our Nation and harnesses them for Transformation, for The Army, and for the Combatant Commanders.

Information management is critical to achieving The Army Vision, and Army Knowledge Management supports Transformation through the development and implementation of a network-centric, knowledge-based Army architecture interoperable with the joint system. AKM will accelerate the Detect-Decide-Deliver planning processes and enable warfighters to see the adversary first – before our forces are detected; *understand* the Common Relevant Operating Picture first; *act* against adversaries first; and *finish* the warfight with

decisive victories – *see first, understand first, act first, finish decisively*. AKM will provide knowledge at the point of decision for all leaders – from the factory to the foxhole.

Enabling collaborative mission planning and execution among widely dispersed locations around the globe, Army Knowledge Management will provide a rapid and seamless flow and exchange of actionable information and knowledge. The Network-centric operations that AKM enables will decrease our logistic footprint and enhance sustainability of the Objective Force through multi-nodal distribution networks – reaching forward to the theater and back to installations. Advanced information technologies will dramatically enhance Battle Command. Command, Control, Communications, and Computer (C4) decision tools seamlessly linked to Intelligence, Surveillance, and Reconnaissance (ISR) assets produce a radically improved Common Relevant Operating Picture (CROP) and enable Battle Command.

AKM will dramatically enhance the warfighter's ability to distribute, process, fuse, and correlate unprecedented amounts of actionable data into information – securely, reliably, and quickly enough to enable leaders to synchronize and mass effects for decisive results. Network-centric operations enable information awareness, information access, and information delivery.

The Army Knowledge Enterprise (AKE) construct describes The Army's process to enable improved strategic and tactical information distribution and collaboration. In short, AKE leverages the ingenuity and resourcefulness of our people in shaping the environment to achieve dominance and helps leaders achieve decision superiority and mission efficiencies.

Integration and refinement of existing Army networks is the first step in achieving a network-centric, information-enabled force that creates efficiencies and provides secure, reliable, actionable information communications. To this end, The Army activated the Network Enterprise Technology Command (NETCOM). NETCOM is The Army's single authority assigned to operate, manage, and defend The Army's information infrastructure. NETCOM has assumed technical control of all Army networks – Active, Guard, and Reserve.

This new policy allows NETCOM to evaluate any system, application, or piece of equipment that touches The Army Networks. NETCOM will improve the capacity, performance, and security of our networks at every level.

Among others, one tangible product of NETCOM is the consolidation and removal of redundant servers across The Army. This example of better business practice will harvest significant savings in resources – both dollars and managers – while increasing the effectiveness of the network. Since the first quarter FY02, we have reduced the number of servers Army-wide by 16 percent – 311 in the National Capitol Region alone.

Army Knowledge Online (AKO) begins to allow The Army to decentralize the management of information. AKO is The Army's secure, web-based, internet service that leverages The Army's intellectual capital to better organize, train, equip, and maintain our force. It gives our people a means to collaborate, to improve their situational awareness, and to access their personnel data. Already, hard-copy processes that formerly took days and weeks can now be accomplished almost instantly – from pay to personnel actions to assignments, to name a few. And AKO is just an early glimpse of the potential capabilities of a Network-centric, knowledge based organization that harnesses the potential of the global infostructure.

OPERATIONAL ARMY

THE OBJECTIVE FORCE

The Army is actively engaged in global operations supporting Combatant Commanders today, but it is our obligation to prepare for the future, as well. The Objective Force is The Army's future full-spectrum force that will be organized, manned, equipped and trained to be more strategically responsive, deployable, agile, versatile, lethal, survivable and sustainable than we are today – across the full spectrum of military operations as an integral member of a cohesive joint team.

The Nation will continue to face adaptive, asymmetric threats that capitalize on the power of information. To dominate and maintain superiority

over these emerging challenges, The Army is changing the way we fight – a paradigm shift more significant than the 20th Century's introduction of the tank and the helicopter. The Army is changing from sequential and linear operations to distributed and simultaneous operations. The Objective Force – characterized by networks of people enabled with systems that provide actionable information and decision superiority – will dissuade, deter or decisively defeat our adversaries anytime, anyplace, and anywhere.

The Objective Force will consist of command structures scaled to meet Joint Force Commander requirements and modular combined-arms units tailored according to each situation. Objective Force integrated, mobile, air-ground teams will conduct mounted and dismounted operations and employ both manned and unmanned platforms to achieve decisive victories. Capable of forcible entry and operations in austere environments to address the spectrum of military operations – from humanitarian assistance to warfighting – the Objective Force will conduct simultaneous combat and stability operations and master transitions between phases of operations. It will be an offensively oriented, multi-dimensional force enabled by advanced information technologies that give Soldiers real-time intelligence and actionable information.

The Objective Force will arrive in theater combat capable – deployment will be synonymous with employment. The Objective Force will be strategically responsive and rapidly deployable on the U.S Air Force family of inter-theater and intra-theater aircraft. An Objective Force Unit of Action (UA) will deploy on approximately one-third the number of aircraft required to deploy a heavy brigade combat team today. It will be operationally deployable and capable of operational maneuver over strategic distances by air, land, or sea. Soldiers will overcome anti-access and area denial strategies and environments through precision maneuver and decision superiority.

Equipped with new systems designed to meet the needs of The Army's future fighting formations, the Objective Force will be a networked system of systems. This system of systems includes Soldiers equipped with the Land Warrior system; a family of 18 integrated, synchronized, manned and unmanned

Future Combat Systems (FCS); and critical complementary systems such as the Comanche and the Future Tactical Truck System. The components of the FCS are being synchronously developed and fielded as a complete family to achieve the warfighting capabilities the Nation requires to defeat adaptive, asymmetric conventional and unconventional adversaries.

Soldiers are the centerpiece of The Army's formation – not equipment. And Soldiers of the Objective Force will leverage dominant knowledge to gain decision superiority over any adversary. They will seamlessly integrate Objective Force capabilities with the capabilities of joint forces, Special Operations Forces, other federal agencies, and multinational forces. The Objective Force Soldiers will enable the United States to achieve its national security goals in a crisis, rather than simply inflict punitive strikes on an adversary. Employing FCS capabilities in formations called Units of Action (UA) and Units of Employment (UE), Objective Force Soldiers will provide campaign quality staying power – that means precision fire and maneuver to control terrain, people, and resources, without having to resort to indiscriminate collateral damage. The Land Warrior system will integrate individual Soldiers in the network while providing them increased protection and lethality. And FCS will give Soldiers the capability to destroy any adversary in any weather and environment with smaller calibers, greater precision, more devastating target effects, and at longer-ranges than available today.

Joint C4ISR – a network-centric information architecture nested within the Global Information Grid – will connect the Objective Force's system of systems. Capitalizing on the synergistic power of the information network enterprise, every Objective Force Soldier and platform will be capable of sensing and engaging the enemy while maintaining situational awareness of friendly forces. Advanced information technologies and C4ISR decision tools and assets will enhance the Common Relevant Operating Picture (CROP). The Objective Force will identify, locate, and engage critical targets with lethal or non-lethal affects and assess battle damage on those targets. The joint C4ISR linkages will enable the attack of targets with whatever joint or Army assets are available for immediate

employment, whether the force is in contact or out of contact. Similarly, enhanced situational awareness will facilitate multi-layered active and passive defense measures – including both offensive and defensive counter air against air and non-air breathing, manned and unmanned aerial vehicles.

The CROP and Network centric operations will enhance sustainability of the Objective Force through multi-nodal distribution networks that reach forward to the area of operations or reach back to the Home Station Operations Center. Increased reliability through equipment design and commonality among the FCS family of systems will enhance sustainability while reducing logistics demands. Advanced technologies will enable robust Objective Force operations while shrinking the logistics footprint and lift requirements of deployed forces.

The FCS is a transformational approach to meeting this Nation's requirements for the Objective Force. We designed and will field the FCS family in a carefully balanced manner to avoid optimizing a component at the expense of sub-optimizing the overarching capabilities of Objective and joint forces. The acquisition and requirements development processes are being updated to accommodate the Department of Defense's (DoD) direction to field a networked system of systems rapidly through spiral development and an open architecture that allows maturing technological insertions as they occur.

The Army embraces the ongoing DoD and Joint Staff Capabilities and Acquisition processes reform efforts to achieve revolutionary capabilities in the fielding of a new generation of equipment. This collaborative DoD and JCS effort enables The Army to design new information-age capable organizations holistically, use evolutionary acquisition strategies to equip those organizations, and see the Objective Force fielded before the end of this decade.

SCIENCE AND TECHNOLOGY – MOVING TOWARD THE TRANSFORMED ARMY

Preempting our adversaries' technological surprises over the past three years, Army Science and Technology investments are already providing America's Army with sustained overmatch in all materiel systems. And The Army

has increased and focused its Science and Technology (S&T) investments. We are demonstrating the enabling joint interoperable technologies essential for Objective Force capabilities and accelerating their arrival. Our S&T program is pursuing a wide spectrum of technologies for unmanned air and ground systems that will expand the range of joint warfighting capabilities, reduce risk to Soldiers, and reduce the logistics footprint of the force. Realizing the full potential of unmanned systems requires technological development in sensors that improve navigation and mission performance, in intelligent systems for semi-autonomous or autonomous operation, in networked communications for manned-unmanned teaming, and in human-robotic interfaces, among many others.

The Defense Advanced Research Projects Agency (DARPA) and Army partnership contracted for a Lead Systems Integrator (LSI) to accelerate the transition of FCS to the System Development and Demonstration (SDD) Phase, with a Milestone B decision in May 2003. The Army is on track to achieve first unit equipped in 2008 and an initial operating capability of one Objective Force Unit of Action (UA) in 2010. To accelerate development and in partnership DARPA, the focus on key transformation technologies for the FCS has been narrowed to the systems with the most promise. Our highest priority S&T efforts remain technological advances for the Future Combat System (FCS).

The Army will field FCS as a family of systems built on information age technologies embedded in manned and unmanned air and ground platforms. Integral to joint fires, the family of systems will integrate long-range air- and ground-based sensors with long-range cannon and missile precision munitions. The family of systems will also provide increased joint capabilities to conduct battle command, reconnaissance, mounted combat operations, dismounted combat operations, medical treatment and evacuation, and maintenance and recovery. To provide decisive lethality, FCS will employ networked, precision and loitering attack munitions fired from modular, easily transportable containers. Finally, FCS will leverage embedded, real-time interactive, virtual, distributed, collaborative, joint simulations for training and mission rehearsal.

ENABLING THE OBJECTIVE FORCE SOLDIER

Eighteen systems, both manned and unmanned; the Objective Force Soldier; and C4ISR, together, comprise the Future Combat System. Manned and unmanned reconnaissance capabilities are part of the FCS Family of Systems' interdependent networked air- and ground-based maneuver, maneuver support, and sustainment systems.

There are 10 Unmanned Systems: Unmanned Aerial Vehicles (UAV) Classes 1, 2, 3, and 4; Unmanned Ground Vehicles (UGV) – the Multifunction Utility / Logistics and Equipment (MULE), the Armed Robotic Vehicle (ARV), and the Small (manpackable) Unmanned Ground Vehicle (MUGV); Unattended Ground Sensors (UGS); and Unattended Munitions – the Non-Line-of-Sight (NLOS) Launch System (LS) and Intelligent Munitions Systems (IMS).

There are 8 manned systems: the Infantry Carrier Vehicle (ICV); Command and Control Vehicle (C2V); Reconnaissance and Surveillance Vehicle (RSV); Line-of-Sight, Beyond-Line-of-Sight Mounted Combat System (LOS / BLOS MCS); NLOS- Mortar; Medical Vehicle (MV); the FCS Recovery and Maintenance Vehicle (FRMV); and the Non-Line-of-Sight (NLOS) Cannon.

Decisive warfighting is about fires and maneuver: fires enable maneuver, and maneuver enables fires. Joint and organic close, supporting, indirect fires destroy the enemy, suppress the enemy's capabilities, protect our forces and enable ground units to maneuver. The ICV, the Unattended Munitions NLOS-LS, IMS, C2V, MCS, NLOS-Mortar, and NLOS Cannon are important elements of the FCS that will enable the Objective Force to conduct distributed and simultaneous joint combat operations. With joint fires, the NLOS cannon is critical to support and protect our land forces in hostile environments. NLOS-LS NetFires is a platform-independent family of missiles with precision attack and loitering capability. Both Precision Guided Mortar Munitions and Excalibur precision cannon munitions will enhance organic maneuver fires. A new, joint fire support, battle command and fire support architecture will allow rapid engagement of targets by any Army or joint asset.

For over 227 years, Soldiers have remained the centerpiece of our formations. The Land Warrior program – another key S&T initiative – responds to this legacy and enhances our Soldiers combat power generation capability. The Land Warrior program will develop a lightweight, low observable, enhanced-armor protection, fighting ensemble for the individual Objective Force Soldier. Through networked connectivity to the FCS-equipped, maneuver Unit of Action, Land Warrior Soldiers will enable revolutionary lethality, mobility, survivability, and sustainability for the individual warfighter while reducing logistics demands.

Future Combat Systems are networked in the joint C4ISR architecture – including networked communications, networked options, sensors, battle command systems, training, and both manned and unmanned reconnaissance and surveillance capabilities. These networked systems will dramatically enhance situational awareness and understanding and operational level synchronization well beyond today's standards. Improved C4ISR capabilities will enable network-centric Objective Force operations. The results of the investments will allow leaders to capitalize on sensor and processing technology to see, understand, and shape the battlespace before the enemy can react – increasing combat force effectiveness and survivability. The S&T program will develop and demonstrate real-time, continuous situational understanding by integrating data from manned and unmanned air- and ground-based sensors.

S&T investments in military logistics are an important enabler for the Objective Force. We are placing our emphasis on sustainment's big drivers – fuel, ammunition, maintenance, and water – to dramatically reduce our logistics footprint and lift requirements in these areas. Key technologies include on-board water generation, real-time logistics command and control processes and distribution management, enhanced multi-purpose munitions and packaging, efficient propulsion and power technologies, real-time diagnostics and prognostics, and Micro-Electro Mechanical Systems (MEMS).

TRANSFORMATIONAL SYSTEMS

Several transformational systems were under development prior to announcement of The Army Vision in October 1999. The Army has completed an extensive analysis to identify those systems that complement FCS and the Objective Force system of systems.

The Comanche Helicopter is the centerpiece of the Aviation Modernization Plan (AMP) and represents the first new system to reach Initial Operational Capability (IOC) within The Army's Objective Force. Comanche is our armed reconnaissance platform with attack capabilities. It will leverage the situational awareness and situational curiosity of a scout augmented with revolutionary, state-of-the-art Intelligence, Surveillance, and Reconnaissance (ISR) technologies. Comanche supports vertical and horizontal maneuver as an integral part of network centric operations and extends human eyes and decision-making beyond the ground maneuver force. Utilizing stealth technologies, it will network with all joint C4ISR and joint weapons systems. Comanche will leverage maximum effect of future standoff precision weapon systems such as the Common Missile and allow us to maneuver ground formations based upon full knowledge of the situation. Augmented with armed or unarmed Unmanned Aerial Vehicles (UAVs), Comanche will fill ground maneuver's most critical battlefield deficiency – armed aerial reconnaissance – with a capable, survivable, and sustainable aircraft. The Comanche program is already well on its way to giving The Army a capability pivotal to transforming the way we will fight.

Several other transformational systems will empower the Objective Force with the knowledge dominance and battle command to provide decision superiority across the spectrum of operations. The Warfighter Information Network-Tactical (WIN-T) System, Medium Extended Air Defense System (MEADS), the Joint Tactical Radio System (JTRS), and The Army Airborne Command and Control System (A2C2S) will enable Objective Force joint C4ISR capabilities. These programs will provide the tactical enterprise level networks

that will ensure seamless, secure, digital connectivity between the Objective, Interim, and today's forces. The Distributed Common Ground System–Army (DCGS-A) architecture provides Army network-centric ISR connectivity from national agencies to joint systems to Objective Force Units of Action as part of the integrated Department of Defense DCGS architecture. DCGS-A will enable interoperable tasking, processing, and exploitation capabilities. The Aerial Common Sensor brings improved signal intelligence collection and precision geolocation capabilities, as well as imagery intelligence (IMINT) and measurement and signals (MASINT) sensor packages. Another system, Prophet, uses communications intelligence to depict the battlespace and further enhance situational awareness. These C4ISR systems greatly enhance the Objective Force's ability to gain actionable information superiority and decision dominance over all adversaries and expand the range of options for the joint force Combatant Commanders.

Transformational systems will provide the Objective Force with strategic and tactical maneuver capabilities. The Theater Support Vessel will support rapid intra-theater lift requirements, provide the capability to conduct operational maneuver and repositioning, and enable units to conduct enroute mission planning and rehearsal. The Future Tactical Truck System will have commonality with FCS and will support the Objective Force by enabling command, control, and transportation of cargo, equipment, and personnel. And the Tactical Electric Power (TEP) generators will provide power to Objective Force units where fixed power grids are not available.

Transformational systems provide the Objective Force with other important capabilities, as well. Chemical, Biological, Radiological, Nuclear and Explosive (CBRNE) effects systems support the Objective Force across the spectrum of military operations and improve capabilities to conduct Homeland Security activities. Engineer, civil affairs, and psychological operations vehicles will enable mobility and enhance civil affairs and PSYOPs capabilities. The Up-Armored High Mobility Multi-purpose Wheeled Vehicle (HMMWV) will improve Objective Force Soldier survivability and lethality. The Multi-Mission Radar will

provide the capability to detect and track aircraft, artillery, and other projectiles, then queue appropriate weapons systems and airspace synchronization systems. The High Mobility Artillery Rocket System (HIMARS) is a lighter weight, more deployable multiple rocket launcher capability that will integrate into the joint fires network.

BRIDGING THE CAPABILITIES GAP –STRYKER BRIGADE COMBAT TEAMS

Announcing our intent to field an Interim Force in October 1999, The Army responded to a capabilities gap between its lethal, survivable, but slow-to-deploy heavy forces and its rapidly deployable light forces that lack the protection, lethality, and tactical mobility that we seek. Just two-and-a-half years later in 2002, The Army began fielding the first Stryker Brigade Combat Team to bridge that gap. In 2003 – less than four years after the announcement – we are on track to achieve IOC with the first SBCT at Fort Lewis, Washington. Stryker Brigades will provide the Combatant Commander vastly increased operational and tactical flexibility to execute fast-paced, distributed, non-contiguous operations.

Stryker Brigade Combat Teams respond to Combatant Commander requirements across the spectrum of military operations. Optimized for combat in complex and urban terrain, the Stryker Brigades will be decisive in other major combat operations, as well. The SBCT Reconnaissance, Surveillance, and Target Acquisition (RSTA) Squadron provides both organic human intelligence capabilities and UAVs embedded at the brigade level. Its military intelligence and signal companies – working through a digitally enabled battle command bridge – leverage theater and national assets to create an information-enabled force. SBCTs will use this enhanced joint C4ISR capability to revolutionize combat paradigms from “*make contact, develop the situation, maneuver the forces*” to “*understand the situation, maneuver the forces, make contact at the time and place of your own choosing, and finish decisively.*”

Moreover, leveraging platform commonality, enhancing logistics practices and enablers, and reorganizing logistics formations, the SBCT is vastly more

deployable and sustainable than our heavy forces, while significantly increasing combat power generating capabilities. Augmented for sustained operations, the SBCT requires 37 percent fewer CSS personnel than a digitized heavy brigade. While capitalizing on these advantages, developing and available technologies allow us to mass effects – rather than massing formations – and create a robust, reliable capability to conduct operational maneuver over strategic distances.

Finally, SBCTs provide an invaluable means of spearheading Transformation. The SBCT trains junior officers and noncommissioned officers – tomorrow’s commanders and command sergeants major – in the tactics, techniques, and procedures that will inform employment of the Objective Force.

The Army has resourced six Stryker Brigade Combat Teams to contribute to fulfilling the 1-4-2-1 defense construct and national security requirements; however, at this time, the Secretary of Defense has only authorized the procurement of the first four brigades. The Army will provide the Secretary of Defense with a plan for Stryker Brigades 5 and 6.

Fielding of the SBCTs affects the entire Army: Active and Reserve Components; heavy and light forces; CONUS and OCONUS. And current fielding timelines will enhance the Nation’s ability to fight and win the GWOT and conduct major combat operations. The transformation of four Active Component brigades to SBCTs provides a rotational base with three of the SBCTs focused on the Pacific theater. One of the two SBCTs fielded at Fort Lewis will be forward-based in Europe not later than 2007. The Stryker Cavalry Regiment will support the XVIII Airborne Corps’ critical need for robust, armed reconnaissance. The conversion of a Reserve Component brigade to an SBCT will enhance our strategic reserve and support the GWOT, Smaller Scale Contingencies, and Homeland Defense missions. Additionally, SBCT stationing provides rapid, strategic responsiveness through power projection platforms capable of supporting four critical regions described in the 1-4-2-1 defense construct. The first SBCT will attain Initial Operational Capability in the summer of 2003.

PRESERVING THE ARMY'S LEGACY

Today's force guarantees The Army's near-term warfighting readiness to fight and win our Nation's wars, decisively. Because The Army bypassed a procurement generation, The Army's Combat Support and Combat Service Support systems now exceed their 20-year expected life cycle, and 75 percent of our critical combat systems exceed their expected half-life cycle. To maintain operational readiness while preserving resources for Transformation, The Army is recapitalizing and selectively modernizing a portion of the current force. The modernization program addresses the critical issue of AC and RC interoperability and serves as a bridge to mesh these two components seamlessly. In general, The Army *increased* funding for programs that are *clearly transformational* and support the Defense transformation goals, *sustained* funding for high priority systems that will transition to the Objective Force, and *reduced* funding for systems not essential to Army Transformation. The Army remains committed to its 17-system recapitalization program, but we have reduced the prioritized recapitalization program from three-and-one-third divisions to two divisions.

Army Special Operations Forces are an indispensable part of The Army and will continue to provide unique capabilities to the Joint Force and Land Component Commanders. In response to the increasing requirement for Special Operations Forces in support of joint campaign plans, The Army has validated and resourced growth in its SOF structure. The recent initiatives will transfer 1,788 manpower spaces to Major Force Program-11 beginning in FY03. Since the commencement of Army Special Operations Forces operations in support of the GWOT, the U.S. Army has provided over \$1.4 billion in new equipment to enhance Special Operations Forces firepower, communications, and ground and air mobility.

The Army will remain the largest user of space-based capabilities among the Services. Army space assets are providing tangible support to the war on terrorism and Operation Enduring Freedom – they ensure Army and Joint Force Commanders optimize communications, satellite intelligence, global positioning

system, imagery, weather, missile warning, and other space-based capabilities in every aspect of planning and operations. We are working diligently with the joint and interagency space community to ensure that Army and joint space systems continue to provide their essential capabilities now and for the Objective Force.

AVIATION TRANSFORMATION AND RESTRUCTURING

Aviation Transformation further demonstrates The Army's hard choices in balancing risk to resource Transformation. Our interim plan – now in progress – lowers operating and sustainment costs while posturing aviation for arrival of the Objective Force by 2010. Apache modernization is an integral part of the Army Aviation Transformation Plan. The AH-64D Longbow heavy attack team will enhance domination of the maneuver battlespace and provide the ground commander with a versatile, long-range weapon system against a range of fixed and moving targets. The UH-60 Blackhawk continues to be the assault workhorse of Army Aviation, executing over 40 percent of The Army's annual flying hours. We are extending the life of the UH-60 while providing it with capabilities required of the future battlespace. Similarly, The Army is fully committed to the CH-47F Chinook program. Its heavy-lift capability is invaluable to transforming The Army. As we restructure and standardize attack and lift formations across the force, we will also adjust the stationing and alignment of Reserve Component aviation units to mitigate the near-term risk.

Army National Guard Aviation comprises almost 50 percent of The Army's aviation force and is one of the Nation's most valuable assets both for wartime and for peacetime missions. Essential for successful execution of the Nation's military strategy, the ARNG currently has aviation units deployed in Afghanistan, Kuwait, Bosnia, Europe, and Saudi Arabia, as well as Central and South America.

ARMY NATIONAL GUARD RESTRUCTURING INITIATIVE (ARNGRI)

ARNGRI seeks to transform a sizeable portion of ARNG combat structure into more deployable, flexible fighting forces to support Army requirements at

home and abroad. ARNGRI will introduce two new organizations into the force structure: Mobile Light Brigades and Multi-Functional Divisions. These organizations will provide full spectrum capabilities in support of Combatant Commanders. The Mobile Light Brigades will operate as a subordinate unit to the Multi-Functional Divisions, which will also contain two combat support / combat service support brigades and be capable of supporting either major combat or homeland security operations.

ARMY RESERVE TRANSFORMATION INITIATIVES

By providing responsive force generating capability and technically trained individuals, the USAR facilitates our capability to conduct extended campaigns in multiple theaters and to sustain joint operations. Army Reserve initiatives ensure the USAR is missioned, organized, and equipped to provide interoperability across the full spectrum of military operations. Transformational organizations include experimentation forces and information operations, joint augmentation, network security, and interagency units.

The Readiness Command Restructuring initiative and Federal Reserve Restructuring Initiative will help the USAR fulfill these new mission requirements. These initiatives lend greater flexibility to efforts that enhance responsiveness to America's foreign and domestic protection needs. Regional Readiness Commands will focus on individual and unit readiness, leader development, training and growth which will demand a new personnel system that achieves holistic life-cycle management for Army Reserve Soldiers.

INSTITUTIONAL ARMY

TRANSFORMING THE WAY WE DO BUSINESS

We have made great strides in revolutionizing our business management practices by starting at the very top. Last year, we realigned our headquarters by reorganizing and realigning responsibilities of the Secretariat and the Army Staff – streamlining coordination, tasking, and decision-making – resulting in a more responsive and efficient organization. This initiative allowed us to eliminate

unnecessary functions and redistribute 585 manpower spaces to accomplish core competencies.

As previously discussed, The Army has addressed the management of its installations, personnel systems, and contracting in its Transformation of Installation Management (TIM). We are aggressively pursuing efforts to outsource non-core functions. The Army will reap substantial dividends in efficiency and effectiveness through these strategic realignments of human and physical capital.

PERSONNEL TRANSFORMATION

The Secretary of the Army's key management initiative is personnel transformation. Its goal is to modernize and integrate human resource programs, policies, processes, and systems into a multi-component force that includes civilians and contractors. We will evaluate our processes and implement the most efficient program, policies, and organizations to support the Objective Force.

The centerpiece of Personnel Transformation is a comprehensive effort focused on a potential Army-wide implementation of unit manning and unit rotation. We are aggressively examining the feasibility of a unit manning and rotation system that would better support the new national defense strategy, improve cohesion and combat readiness within the operational Army, provide highly cohesive well-trained units to Combatant Commanders, and improve well-being for families by providing greater stability and predictability in assignments. The Army currently uses unit rotations in support of operational missions in the Balkans, Sinai, and Afghanistan. The Army is studying the use of unit rotations for other locations and in the war on terrorism. Units would know of these rotations well in advance, providing families with greater predictability and enabling focused preparation, both of which contribute to increased combat readiness of the unit.

Unit manning seeks to synchronize the life cycle of a unit with the life cycle of the Soldier within that unit. All Soldiers and leaders would be stabilized,

resulting in a significant increase in cohesion and combat readiness over our present individual replacement system. Such a system has significant second and third order effects across the force – training and leader development, recruiting and retention, unit readiness levels, and total Army endstrength, among others. All of these are being studied intensively, and we anticipate senior Army leadership decisions on unit manning and unit rotation in July 2003.

THIRD WAVE

Because we operate in an environment in which there are increasing demands for military capabilities – the Secretary of the Army’s Third Wave initiative seeks to ensure that we are achieving the best value possible for our taxpayers’ dollars.

There are three phases to the Third Wave process. First, we determined what activities were core or non-core to The Army’s mission. In the second phase, we are validating the breakout between core and non-core functions by determining if any non-core functions should be exempted. This phase has an anticipated completion date of mid- to late February 2003. Upon completion, The Army leadership will notify Congress of the results of this phase. In the third phase, key Army leaders will assess appropriate plans to execute non-core functions, select the best means to proceed, and develop implementation plans. At this time, we do not know how many of the 214,000 jobs identified as potentially non-core functions in Phase I will be included in implementation plans. Although implementation plans will target execution in fiscal years 2005-2009, some implementation plans may be delayed beyond that period.

The implementation of competitive sourcing of non-core functions will adhere to OMB Circular A-76 and related statutory provisions. Exceptions to the requirement for public-private competition are limited, such as where 10 or fewer civilian employees perform the function or where legal restrictions against using the A-76 process apply to the function. To lower costs for taxpayers and improve program performance to citizens, OMB has undertaken major revisions to the

processes and practices in OMB Circular A-76 to improve the public-private competition process.

ACQUISITION TRANSFORMATION

The Army is leading the way in acquisition reform within DoD's broad transformation of defense acquisition policies and procedures. The Army's FCS program may prove to be the largest DoD acquisition effort that fully embraces the concepts of evolutionary acquisition and spiral development – leveraging the potential of rapid advancement within individual technologies by allowing for changes within programs as technologies mature.

The FCS program is evolutionary in its design and incorporates periodic blocked improvements within its 19 systems – the Objective Force Soldier and 18 manned and unmanned systems. Within these 19 systems are 540 spirally developing technologies. The Army's use of a Lead System Integrator (LSI) enables a "best of the best" approach to selection from competing industry efforts. Our unprecedented partnership with DARPA ensures the FCS effort leverages that agency's DoD-wide perspective and resources to produce the best capability and value for the Joint Force.

The Army continues to revise its acquisition policies and applicable regulatory guidance. On October 3, 2001, The Army approved an acquisition reorganization that transferred control of all acquisition program management to the Army Acquisition Executive (AAE) and eliminated duplication of effort in two major Army commands. Effective October 2002, twelve Program Executive Officers (PEO) report to the Army Acquisition Executive, and their subordinate PEOs assumed management of all Army acquisition programs, regardless of Acquisition Category. The plan ensures that there is only one chain of authority for acquisition programs within The Army. In addition, the plan clearly holds Program Managers responsible and accountable for the life cycle management of their assigned programs.

We have also transformed the way we conduct business through the organization of the Army Contracting Agency (ACA) that realigns our previously

decentralized installation and information technology contracting processes into one organization. Responsible for all contracts over \$500,000 and tasked to eliminate redundant contracts, ACA leverages Army-wide requirements to achieve economies of scale. ACA supports Army Transformation efforts by aligning all base support contracting into a single organization that best supports installation management transformation. All of these initiatives use information technology to leverage enterprise-wide buying capabilities. Additionally, ACA will act as the single coordinating element and form the base from which to deploy contingency-contracting, operational support to the warfighting commands. The Army Contracting Agency and other contracting activities will continue to support small business awards in the outstanding manner it did in FY02.

LOGISTICS TRANSFORMATION

We cannot transform The Army without a transformation in logistics. We must incorporate the logistician's view into the design of our systems even before we begin to build platforms. Collaboration between the acquisition and logistics communities will give the Objective Force the rapid deployability and sustainability we demand – by design – without compromising warfighting capability.

Designing the right logistics architecture – systems, business processes, enterprise, for example – is fundamental to success. The Army's Logistics Transformation will focus on creating an overarching corporate logistics enterprise that employs industries' best business practices. Within this enterprise, The Army established three principal goals for Logistics Transformation: enhance strategic mobility and deployability; optimize the logistics footprint; and reduce the cost of logistics support without reducing readiness or warfighting capability.

The Army's mobility and deployability goals for the Objective Force are to deploy a combat brigade within 96 hours after lift off, a division on the ground in 120 hours, and a five-division corps in theater in 30 days. To achieve this strategic responsiveness, the Army Strategic Mobility Program (ASMP) serves as

a catalyst to bring about force projection changes both in The Army's and in our Sister Services' lift programs. Platforms like the Intra-Theater Support Vessel (TSV) and Inter-Theater Shallow Draft High Speed Sealift (SDHSS) provide transformational capabilities for operational and strategic maneuver and sustainment of Army formations.

Because strategic air and sealift cannot meet deployment requirements, Army Prepositioned Stocks (APS) ashore and afloat continue to be a critical component of Army power projection. The Army is currently participating in a joint-led Worldwide Prepositioning Study to determine if location, mix, and capabilities in existing stocks of combat, combat support, and combat service support require adjustments to meet the Defense Strategy more effectively.

The Objective Force requires The Army to optimize its logistics footprint to produce a smaller, more agile, responsive, and flexible sustainment organization. To achieve this goal, we will leverage technology and innovative sustainment concepts. The Army is already developing and integrating key enablers to provide a transformed, corporate logistics enterprise. Some of these enablers include embedded diagnostics and prognostics, tactical logistics data digitization (TLDD), serial number tracking, and the Global Combat Service Support – Army (GCSS-A) system that utilizes a commercial Enterprise Resource Planning (ERP) solution. The ERP approach changes The Army's logistics automation systems strategy from one of custom code development for unique Army requirements to adoption of a commercial off-the-shelf (COTS) product.

The selective use of the Logistics Civil Augmentation Program (LOGCAP) to augment military logistics force structure provides commanders with the flexibility to reallocate manpower, resources, and materiel by adding contractors to the equation of logistics support. In addition to providing services and some supply support, these contractors can quickly deploy to establish base camps, receive and process Soldiers as they begin arriving in theater, and reverse the process when Soldiers go home.

Current initiatives that help reduce costs without reducing readiness or warfighting capability include the National Maintenance Program and the Single

Stock Fund (SSF). As previously discussed, programs provide two basic building blocks for a revolutionary change in logistics business practices.

ADVANCED MEDICAL TECHNOLOGY

Congress designated The Army as the lead agent for DoD vaccine, drug, and development programs for medical countermeasures to battlefield threats. This includes vaccines against naturally occurring infectious diseases of military significance, combat casualty care, military operational medicine, and telemedicine research. The program also funds Food and Drug Administration requirements for technology transition to advanced development.

The medical force provides the requisite medical intervention and care for the Joint Force deployed around the globe. With its Medical Reengineering Initiative (MRI), The Army Medical Department has transformed 28 percent of its Corps, and echelon above Corps, force structure to an organizational structure that promotes scalability through easily tailored, capabilities-based packages. These packages result in improved tactical mobility, reduced footprint, and increased modularity for flexible task organization. MRI supports both the current forces and the Stryker Brigades, and is the bridge to the Objective Medical Force. We have implemented innovative strategies make the most efficient use of our budget. Medical modernization, which includes the acquisition of current medical equipment and technology, is partially funded within MRI units.

BUSINESS INITIATIVES COUNCIL

In June 2001, the Secretary of Defense established the Department of Defense Business Initiatives Council (DoD BIC). The DoD BIC's goal is to improve business operations and processes by identifying and implementing initiatives that expand capabilities, improve efficiency and effectiveness, and create resource savings in time, money, or manpower.

The Army has aggressively explored ways to improve its internal business practices, and has established The Army BIC, under the leadership of the Secretary and the G-8. Effective November 13, 2002, the Secretary of the Army

has approved a total of 35 initiatives under The Army BIC. Subsequently, The Army submitted a number of the initiatives through the formal DoD BIC process for implementation across the Services and other DoD activities. The BIC process has helped to create a culture of innovation and inter-service cooperation. The superb level of cooperation across the military departments, the Joint Staff and OSD has made this possible.

A COMMITMENT TO THE FUTURE

With the continued strong support of the Administration, the Congress, our Soldiers, and our Department of the Army civilians, and the greatest industrial base and science and technology communities in the world, The Army will field the Objective Force – this decade.

By 2010, we will have fielded the first operationally capable Objective Force unit equipped with the Future Combat Systems. Our Stryker Brigade Combat Teams will be providing to Combatant Commanders capabilities not currently available – enhanced strategic responsiveness and the ability to operate in a distributed, non-linear battlespace. Through selective recapitalization and modernization of systems that enable our Soldiers to preserve our legacy today, we will have sustained a decisive-win capability at a high state of readiness as an integral part of the Joint Force. And we will have significantly improved the well-being of our people and sustainment of Army infrastructure.

We remain committed to our legacy – preserving America’s freedoms. In peace and in war, The Army’s Soldiers serve the Nation with unmatched courage, indomitable will, pride, and plain grit – as they have for over 227 years. Soldiers will continue to fight and win the Nation’s wars, decisively – it is our sacred duty and our non-negotiable contract with the American people.