

**RECORD VERSION**

**STATEMENT BY**

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Chairman Shaheen, Ranking Member Ayotte, distinguished Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the readiness of your United States Army.

On behalf of our Secretary – the Honorable John McHugh and our Chief of Staff General Ray Odierno, I would also like to take this opportunity to thank you for your support and demonstrated commitment to our Soldiers, Army Civilians, and Families.

This discussion of readiness could not come at a better time. Our battle-tested Army remains the world's best trained, led and equipped land force in the world. However, the Army is currently experiencing severe fiscal challenges which have serious implications to our ability to provide trained and ready forces for the Nation. Here is the reality we face: If the reductions to discretionary caps as outlined in current law are implemented for FY14 through FY21, the Army may not be able to support the current defense strategic guidance and we risk becoming a hollow force.

What do I mean by a hollow force? A hollow force occurs when the three critical areas of end strength, readiness, and modernization are out of balance. If we under-resource any one area, the Army will not be ready when called upon. For example, a large Army that lacks training and modernized equipment is not an Army we would want to send into battle. It might look good on paper, but it would be hollow. Here are just a few examples of how sequestration is impacting the force:

Additional cuts to the Army's budget, of the magnitude associated with sequestration, may drive our active component end strength down below 490,000. If the Army is forced to take additional cuts due to the reduction in the outyear discretionary caps, we would need to reduce further the number of Soldiers out of the Active Component, National Guard, and U.S. Army Reserve.

To meet sequester targets and protect Warfighter funding in FY13, we curtailed collective training for 80 percent of our ground forces for the rest of the fiscal year. This will impact unit basic warfighting skills, induce shortfalls across critical specialties, including aviation, intelligence, engineering, and even our ability to recruit new Soldiers into the Army. For example, we have canceled six Maneuver Combat Training Exercises at the National Training Center and the Joint Readiness Training Center combat training, which impacts the future readiness of our force.

Sequestration will result in impacts to every one of our ten major modernization programs including the Ground Combat Vehicle, the Network and the Joint Light Tactical Vehicle. Potential impacts include delays in fielding and increased unit costs. Given the timing of the FY13 cuts, the uncertainty of how they will be applied in FY14 and the ten year span of reductions, we continue to assess the magnitude of the impacts to all of our programs. It will also create an inability to Reset our equipment employed during years of war. In the third and fourth quarters of FY13, we have canceled the majority of depot maintenance, which will result in the termination of an estimated 5,000 employees, a significant delay in equipment readiness for six divisions and an estimated \$3.36 billion impact to the surrounding communities.

Finally, while the Army will make every effort to protect critical Army Family Programs, they will be unavoidably affected by workforce reductions, cuts to base sustainment funding, the elimination of contracts and the widespread use of Soldiers in base support tasks that detract from training for wartime missions. This could have a negative impact on recruiting and retention, which would degrade readiness. Similarly, our Department of the Army Civilians face the prospect of furloughs which, once implemented, will certainly disrupt thousands of activities and have a negative impact on our missions and morale of the force around the world.

To a limited extent, the impact of spending reductions can be mitigated if funding remains timely and predictable, enabling the Army to plan, resource and manage programs that yield a ready force. The Army will do our utmost to efficiently utilize the resources enacted in the FY13 Consolidated Appropriations and Further Continuing Appropriations Act in the remaining time for this fiscal year.

In the future, the nation will once again call upon the Army to deploy, fight and win in support of vital national interests and the American people will expect the Army to be ready. We must avoid defense cuts that will ultimately have a long-term negative effect on readiness, increase the level of risk to our Soldiers, and cause us to relook whether we can accomplish what is required under the national security strategy.

## **Strategic Context and the Demand for U.S. Landpower**

In addition to the fiscal constraints, we must also account for a second, equally difficult challenge: strategic uncertainty. The U.S. will undoubtedly have interests in a range of conflicts in the years ahead to include deterrence, humanitarian crises, terrorism, regional crises and other potential conflicts. The world we live in is increasingly dangerous and complex. Our charge then is to ensure we maintain a range of options, and that we remain prepared and ready to respond in support of Global Combatant Command requirements.

Maintaining a ready Army is not cheap – we realize that. However, the cost of a ready Army is miniscule in comparison to the cost in terms of national treasure and global prestige of committing an unready Army in the future. We are not looking for more readiness than we need or can afford – but we cannot afford, from a national security perspective, an Army that is unable to fight and win the nation’s wars.

### *Support to the Current Fight*

The strategic transition in Afghanistan continues to prove challenging. Building the capacity and self-sufficiency of Afghan forces is critical to the transition. To meet combatant command requirements, the Army provides specifically-focused advisor training for deploying units to advise and assist the Afghan security forces. I am confident in the Army’s role in support of equipment retrograde while concurrently conducting security force assistance and combat operations. Although the operational campaign plan drives the pace of retrograde operations, our goal remains to have all non-enduring equipment out of Afghanistan by the end of 2014.

Although we have the policies, authorities, and processes in place to support retrograde goals, appropriate funding levels are required to maintain operational flexibility during retrograde. The Army faces up to a \$7.8 billion shortfall in emerging warfighter requirements in Operations and Maintenance, Army (OMA) funding within our Overseas Contingency Operations (OCO) account for FY13. This impacts the preparation of units about to deploy, current operations in support of Operation Enduring Freedom (OEF), and our ability to reset equipment and personnel. In order to ensure our Soldiers are prepared, we have paid and will continue to pay operation and

maintenance requirements out of base funding for next deployers when not covered by OCO funds. This erodes necessary funding from our base budget that guarantees our future readiness.

The recently enacted Consolidated and Further Continuing Appropriations Act of 2013 provides the Department of Defense some Transfer Authority to mitigate the risks to readiness; this action does not solve the entirety of the OCO shortfall.

### Current Readiness

The Army's readiness continues to center on supporting Soldiers committed to operations around the world. At no other time in history has our nation committed Soldiers to war for as long. Our battle-tested All-Volunteer Army remains the world's best trained, led and equipped land force in the world. However, sequestration in FY13 has a cascading effect on the readiness of our next-to-deploy forces and the forces behind them in the queue for operational employment. If further reductions are implemented for FY14 through FY21, the Army may not have the resources to support the current defense strategic guidance without assuming greater risk.

As I appear before you today, your Army is a ready and capable force. Our priority is to support the 60,000 Soldiers in Afghanistan and those next to deploy. We will focus on ensuring that they are properly equipped, prepared and ready for the missions they face. We will also continue to provide for high levels of readiness for our forces in Korea. The latest tensions reinforce the importance of maintaining a ready and vigilant deterrence. And we will do our best to prioritize training and equipping for the Army's Global Response Force, which is the nation's rapid response, forcible entry capability for unforeseen contingencies. Finally, the Army is prepared to defend the Homeland and routinely conducts critical Defense Support of Civil Authorities operations.

For the vast majority of the rest of the force – those not scheduled for an Afghanistan rotation, supporting Korea or part of the Global Response Force – we will simply have to curtail, delay or cancel training. This will have a negative effect on both unit and basic warfighting skills and may result in 80% of Brigade Combat Teams (BCTs) funded only to train to squad level proficiency. This level of funding prevents

collective training above squad level. Some specialty skills may be especially hard-hit due to the length of time required to recoup lost skills. This atrophy will begin as soon as the fourth quarter of FY13 and, once underway, the Army will have to redouble its efforts in order to regain rapidly lost readiness.

### Regionally Aligned Forces

In order to elevate the overall level of Army readiness, be more responsive to our geographic combatant commanders and better enable our joint, interagency, intergovernmental and multinational partners, the Army is regionally aligning its forces to provide tailored capabilities. Joint exercises and operations with partners and allies are paramount to Secretary McHugh and General Odierno's vision of the Army's role in protecting American interests at home and abroad. Soldiers who receive regionally-specific training and equipment and participate in regionally-focused missions will effectively contribute to the shaping of the security environments. Adequate resources are required to ensure that as missions evolve and new threats emerge, aligned forces are trained, ready and tailored to support the required mission.

### Future Force Generation

Army Force Generation (ARFORGEN) put the Army on a rotational readiness cycle, which enabled us to provide cohesive units to combatant commanders for the enduring missions in Iraq and Afghanistan. We adjusted the training, equipping and manning of our units to suit the requirements of emerging missions. Over the past several years as we have transitioned from Iraq and prepare to do the same in Afghanistan, the Army is applying lessons learned to develop an ARFORGEN model that reflects the current defense strategy and future missions.

The Army is in the final stages of modifying it's the ARFORGEN model and realigning our institutional systems. The new model will prioritize training for the future complex environment with a focus on combined arms maneuver. Combined arms maneuver training is essential after a prolonged period of focus on counterinsurgency operations and remains key and essential to Army capability. The Future Force Generation model intends to apply scarce resources and project manpower at the correct time and place to minimize risk, ensure readiness and specifically identify those

capabilities critical to meeting strategic requirements. The Army can only focus resources on those units deployed, deploying or with critical contingency response missions.

### Total Army Force Policy

The Army is committed to both the Army Total Force Policy as approved by the Secretary of the Army and the Chief of Staff of the Army and to the proper force mix to support the National Security Strategy. Our Total Army Force derives from the integration of Active, Reserve and National Guard capabilities. The past 12 years of war have resulted in many experienced Army National Guard and Army Reserve formations which proved effective in combat, especially in Combat Support and Combat Service Support roles.

Now, after 12 years of persistent conflict, the Army must tailor its Force Generation requirements and deployments to meet the new budget realities and ensure we provide the optimal force required by the Combatant Commanders in support of the National Defense Strategy. To shape the force requires extensive analysis consisting of cost modeling and war gaming informed by our combat experiences to match specific timelines and readiness-capability levels.

For war plans and other demands that need more immediate, responsive forces for complex, combined arms maneuver, we rely on Active Component (AC) Brigade Combat Teams and a mix of AC and RC enablers. For requirements that do not have the same immediacy or high difficulty from a collective training level, we rely on the RC for much of that capability. The added time provides the opportunity to invest additional money and training time to increase a RC unit's capability prior to deployment. Therefore, most RC forces are not kept at the same level of capability because they are not needed as quickly; this optimizes cost for the nation.

All three components have important and distinct functions and have to be manned, trained and equipped appropriately to meet those demands.

### **Essential Investments: People and Equipment**

The Army of 2013 is the most experienced force in a half century and is immeasurably stronger than the Army of 2001. Not since the 1950s has the Army had a

cadre of NCOs and officers with an equivalent depth of combat experience. However, our nation has been at this crossroads before. In the late 1940's, the early 1970's and early 1990s, the decision to draw down the Army resulted in a hollow force. In the latter two cases, the hollowness wasn't exposed in a war – but cost the nation billions of dollars to return the Army to a readiness posture necessary to meet the security strategy of the time. In the first case, the Korean War exposed an Army that was unready by any measurable standard. The result was the unnecessary loss of life – and the near loss of the war. As the Army draws down this time, it is imperative that we do so in a way that preserves human capital and modernization to acceptable standards.

### *Soldiers, Families and Army Civilians*

We are focused on the many challenges and opportunities resulting from combat deployments. These include preserving and sustaining the health of the force—addressing issues, to include behavioral health injuries, suicide, the disability evaluation system and transition services. The reality is the demand on our people and equipment has been tremendous. We are taking the steps necessary to address the full range of health and discipline issues to include strengthening Soldiers' resiliency and coping skills through our Ready and Resilient Campaign that guides the full range of our support efforts. This campaign will aim to change and modify Army culture over the long term and we remain committed to helping Soldiers and Families better deal with the stressors and challenges they face in the current operational environment. Soldiers and their Families deserve a quality of life commensurate with their service.

Ultimately, our goal is to sustain the high quality of our All-Volunteer Force—Active, Guard and Reserve—in order to defend the United States and its interests. This we will do while re-shaping our Force to prepare for a wider range of contingencies in the complex and unpredictable environments we find ourselves in today and for the foreseeable future. We also recognize we must accomplish all of these various tasks with significantly fewer resources and less people.

Throughout the past 12 years, Army Families and Department of the Army Civilians have likewise served and sacrificed. I note with pride for the profession of arms that children of Soldiers have grown up to serve in our ranks as well. In spite of the



heavy demands placed on them, our Force is remarkably resilient. As a Brigade Commander, Deputy Commanding General and Division Commander in combat, I can attest to the expertise and maturity of the Soldiers, and junior and senior leaders I've been honored to serve with, who routinely adapt to complete any mission given them. This resilience is evident in the current strength of the All Volunteer Force with high re-enlistment rates and the quality of Soldiers recruited. It is evident in the increasing numbers of Soldiers that voice concerns over their behavioral health with confidence that their chain of command and our medical system will stand by them.

### Equipment Reset

Equipment Reset is defined as actions taken to restore equipment to an acceptable level of readiness through a combination of repair, replacement, recapitalization and transition. Reset is a vital means for maintaining Army equipment readiness in order to sustain a force that is ready for any contingency. In order to return the force to required readiness levels, funding must continue as long as we have forces deployed and for 3 years after the last piece of equipment returns from Afghanistan to ensure readiness for the future. The analysis of retrograde timelines, capacity at industrial facilities, carry-over work and Reset actions to date supports the need for Reset funds for 3 years after the last piece of equipment leaves theater.

A fully-funded Reset program ensures that equipment worn by prolonged use in harsh environments is returned to a fully ready state, mitigating the effects of delayed desert damage. In the forecast for FY13, the Army expects to Reset (repair) approximately ~100K items at its industrial facilities, in addition to over ~600K pieces of equipment on site where units are stationed (including over 400 aircraft). However, FY13 budget reductions have already forced the cancellation of significant amounts of depot maintenance which will delay repairs and upgrades. Due to sequestration, we have lowered our level of maintenance for ground equipment from 10/20 standards to fully mission capable maintenance standards and additional safety standards.

### Modernization

A key part of the Army's current and future readiness is our equipment modernization strategy. The Secretary of the Army and Chief of Staff, Army recently

published an updated modernization strategy that focuses our efforts on empowering our Soldiers and small unit formations, while maintaining the capacity to deter and defeat potential adversaries by: 1) identifying achievable requirements; applying best practices in acquisition and sustainment; seeking incremental improvements; and harnessing network enabled capabilities *to solve near-term capability gaps*, while 2) investing in military-unique revolutionary and evolutionary technologies *to solve future capability gaps*.

The centerpiece of our equipment modernization program is the Soldier and the Squad. Our investment plan provides our small units with a range of equipment including individual and crew-served weapons, next generation optics and night vision devices, body armor and advanced individual protection equipment, providing lethality and force protection to the Soldier on the ground. Tactical overmatch will be facilitated by a suite of small-unit systems including unmanned aircraft systems, ground based robots, counter-IED devices, and the latest surveillance systems.

To deliver the Network capabilities to the Soldier, we will continue to invest in Warfighter Information Network-Tactical (WIN-T); Distributed Common Ground System-Army (DCGS-A); the Family of Networked Tactical Radios; Nett Warrior; and Joint Battle Command-Platform (JBC-P). Finally, we will provide increased lethality and mobility, while optimizing survivability through the use of incremental improvements and mature technologies in developing the Ground Combat Vehicle, the Joint Light Tactical Vehicle, Armored Multi-Purpose Vehicle and Paladin Integrated Management Artillery system and upgrading our aviation fleet.

#### *Army Organic Industrial Base (AOIB)*

During time of war, the Army requires the Organic Industrial Base to repair and manufacture equipment as quickly and efficiently as possible to ensure it is available to train and support next deployers as well as those deployed. The AOIB Depots and Arsenal's surged to double, and in some cases, triple our pre-war output. As the AOIB transitions from wartime production to peacetime requirements, we must ensure it remains effective, efficient, and capable of meeting future Army contingency requirements. Last year, the Army published an updated AOIB Strategic Plan to help us

make informed decisions on these issues. This plan provides the strategy and management framework needed to ensure that the AOIB remains viable, effective, and efficient. The current fiscal uncertainty could drastically impact our strategy and threatens retaining an Army Organic Industrial Base that is a modern, reliable, cost effective, and highly responsive enterprise which meets both wartime and peacetime requirements, while maintaining the ability to surge during contingency operations.

Canceled maintenance repairs will remain reversible; however, the work that is not accomplished before the end of the fiscal year will result in increased carryover. Deferring maintenance could also cause production gaps in the industrial base and supply chain requiring 2-3 years to recover. These gaps greatly impact equipment readiness, industrial partnerships, and sub-vendors supporting the supply chain.

Given our budget uncertainty, we must ensure that we are using appropriated resources legally, effectively, and efficiently. Our audit readiness efforts focus on our responsibility to be good stewards of the funds appropriated to us. We are making great progress in audit readiness, to include, implementing auditable enterprise-wide resources planning systems. In addition to improving systems and controls, compliance is monitored via a Commander's Checklist. As our funding decreases, it is critical that we improve the effective and efficient use of funds, so that readiness is properly resourced.

### **Where we Need Congress' Help**

Critical to our success will be Congress' continued support of operations ongoing in theater. As we learned in Iraq, the costs associated with transition and retrograde, to include closing bases and transferring equipment, are not directly proportional to unit redeployment. In many cases, as our forces leave, costs will increase. Our need to Reset does not end when troops leave the theater of operations. In fact, it will likely continue for three years after our troops return home to ensure equipment readiness is restored for future contingencies. Reset is an inherent cost of war.

The lack of predictability in recent budget cycles and continuing uncertainty about the outyear reductions associated with sequestration-related provisions adds significant stress on our ability to mitigate cuts. The Army will certainly do its part to mitigate the

effects of the sequestration, but to be clear, we are now facing dramatic cuts to personnel, readiness, and its modernization processes and programs.

Our Chief of Staff General Odierno has said, “We cannot take the readiness of our force for granted. We cannot send our Soldiers into combat unprepared. If we don’t have the resources to ensure their readiness, our Soldiers will be the ones who pay the price. It is inconceivable to me that we will put this burden on the shoulders of those who have sacrificed so much during nearly twelve years at war.”

## **Conclusion**

With Congress’ support, we have built a remarkable force that has performed magnificently under a sustained high operations tempo for the past 12 years of war. It is better trained and equipped and our young leaders are better prepared than at any other time in history. Your Army, together with our Joint partners, will continue to serve as a rampart against the compounding risks inherent in an uncertain and rapidly changing world. Leaders throughout our Army remain focused on effectively addressing current challenges, particularly with respect to fiscal demands and health of the Force, while also determining the needs of the Force for the future.

Until recent years, the Army's view of readiness has focused on the application of resources at the unit level to produce ready forces. The Army is expanding our view of Service Readiness beyond the traditional aggregation of tactical to include metrics and indicators that enable a strategic assessment of the total force and nominate a strategic action to mitigate future impacts. This process will allow us to see ourselves in a more holistic manner. Our strategic view will include past trends and current status, analyzed to project impacts of current resourcing decisions on our production of ready forces in future years.

The Army understands the fiscal landscape and is committed to doing its part to limit expenditures. While we recognize there will be tough choices and necessary sacrifices in the days ahead, we also recognize that we must do so responsibly in order to ensure that what remains is a force capable of successfully meeting our national security requirements. Whatever its size, our Army must remain highly-trained, equipped and ready to meet the needs of the national defense strategy. Maintaining

credibility based on capacity, readiness and modernization is essential to averting miscalculations by potential adversaries. Our Nation can accept nothing less.

Chairman Shaheen, Ranking Member Ayotte and members of the subcommittee, I thank you again for your steadfast and generous support of the outstanding men and women of the United States Army, our Army Civilians and their Families.