

STATEMENT BY

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Our Nation has been at war for over six years. Our Army—Active, Guard and Reserve—has been a leader in this war and has been fully engaged in Iraq, Afghanistan, and defending the homeland. We also have provided support, most notably by the Army National Guard and Army Reserve, to civil authorities during domestic emergencies. Today, of the Nation's nearly one million Soldiers, almost 600,000 are serving on active duty and over 250,000 are deployed to nearly 80 countries worldwide.

We live in a world where global terrorism and extremist ideologies threaten our safety and our freedom. As we look to the future, we believe the coming decades are likely to be ones of persistent conflict—protracted confrontation among state, non-state, and individual actors who use violence to achieve their political and ideological ends. In this era of persistent conflict, the Army will continue to have a central role in implementing our national security strategy.

While the Army remains the best led, best trained, and best equipped Army in the world, it is out of balance. The combined effects of an operational tempo that provides insufficient recovery time for personnel, Families, and equipment, a focus on training for counterinsurgency operations to the exclusion of other capabilities, and Reserve Components assigned missions for which they were not originally intended nor adequately resourced, result in our readiness being consumed as fast as we can build it. Therefore, our top priority over the next several years is to restore balance through four imperatives: Sustain, Prepare, Reset, and Transform.

The Army's strength is its Soldiers—and the Families and Army Civilians who support them. The quality of life we provide our Soldiers and their Families must be commensurate with their quality of service. We will ensure that our injured and wounded Warriors, and their Families, receive the care and support they need to reintegrate effectively into the Army or back into society. We never will forget our moral obligation to the Families who have lost a Soldier in service to our Nation.

We are grateful for the support and resources we have received from the Secretary of Defense, the President, and Congress. To fight the wars in Afghanistan and Iraq, transform to meet the evolving challenges of the 21st century, and to regain our balance by 2011, the Army will require the full level of support requested in this year's base budget and Global War on Terror (GWOT) Request.

“The U.S. Army today is a battle-hardened force whose volunteer Soldiers have performed with courage, resourcefulness, and resilience in the most grueling conditions. They’ve done so under the unforgiving glare of the 24-hour news cycle that leaves little room for error, serving in an institution largely organized, trained, and equipped in a different era for a different kind of conflict. And they’ve done all this with a country, a government—and in some cases a defense department—that has not been placed on a war footing.” Secretary of Defense, Honorable Robert M. Gates, October 10, 2007, AUSA Annual Meeting

The Army—Active, Guard and Reserve—exists to protect our Nation from our enemies, defend our vital national interests and provide support to civil authorities in

response to domestic emergencies. Our mission is to provide ready forces and land force capabilities to the Combatant Commanders in support of the National Security Strategy, the National Defense Strategy and the National Military Strategy.

While “what” the Army does for the Nation is enduring, “how” we do it must adapt to meet the changing world security environment. We are in an era of persistent conflict which, when combined with our on-going global engagements, requires us to rebalance our capabilities. We do this remembering that Soldiers, and the Families who support them, are the strength and centerpiece of the Army. And, while our Nation has many strengths, in time of war, **America’s Army is The Strength of the Nation.**

Strategic Context: An Era of Persistent Conflict

Persistent conflict and change characterize the strategic environment. We have looked at the future and expect a future of protracted confrontation among state, non-state, and individual actors who will use violence to achieve political, religious, and other ideological ends. We will confront highly adaptive and intelligent adversaries who will exploit technology, information, and cultural differences to threaten U.S. interests. Operations in the future will be executed in complex environments and will range from peace engagement, to counterinsurgency, to major combat operations. This era of persistent conflict will result in high demand for Army forces and capabilities.

Trends Creating the Conditions for Persistent Conflict

The potential for cascading effects from combinations of events or crises arising from the trends described below compounds the risk and implications for the United States.

Globalization and Technology

Increased global connectivity and technological advances will continue to drive global prosperity—yet they also will underscore disparities, such as in standards of living, and provide the means to export terror and extremism around the world. Globalization accelerates the redistribution of wealth, prosperity, and power, expanding the “have” and “have not” conditions that can foster conflict. The scale of this problem is evident in the projection that 2.8 billion people are expected to be living below the poverty line by 2025. While advances in technology are benefiting people all over the world, extremists are exploiting that same technology to manipulate perceptions, export terror, and recruit the people who feel disenfranchised or threatened by its effects.

Radicalism

Extremist ideologies and separatist movements will continue to have an anti-western and anti-U.S. orientation. Radical and religious extremist groups, separatists, and organizations that support them are attractive to those who feel victimized or threatened by the cultural and economic impacts of globalization. The threats posed by Sunni Salafist extremists, like Al-Qaeda, as well as Shia extremists with Iranian backing, represent a major strategic challenge.

Population Growth

The likelihood of instability will increase as populations of several less-developed countries will almost double in size by 2020 – most notably in Africa, the Middle East, and South and Southeast Asia. The “youth bulge” created by this growth will be vulnerable to anti-government and radical ideologies and will threaten government stability. This situation will be especially true in urban areas in which populations have more than doubled over the last 50 years.

By 2025, urban areas with concentrations of poverty will contain almost 60 percent of the world’s population.

Resource Competition

Competition for water, energy, goods, services, and food to meet the needs of growing populations will increase the potential for conflict. Demand for water is projected to double every 20 years. By 2015, 40 percent of the world’s population will live in “water-stressed” countries. By 2025, global energy demands are expected to increase by 40 percent, threatening supplies to poor and developing nations.

Climate Change and Natural Disasters

Climate change and other projected trends will compound already difficult conditions in many developing countries. These trends will increase the likelihood of humanitarian crises, the potential for epidemic diseases, and regionally destabilizing population migrations. Desertification is occurring at nearly 50-70 thousand square

miles per year. Today more than 15 million people are dying annually from communicable diseases. The number of people dying each year could grow exponentially with increases in population density and natural disasters.

Proliferation of Weapons of Mass Destruction

The diffusion and increasing availability of technology increases the potential of catastrophic nuclear, biological, and chemical attacks. Many of the more than 1,100 terrorist groups and organizations are actively seeking weapons of mass destruction.

Safe Havens

States that are unable or unwilling to exercise control within their borders create the potential for global and regional groups to organize and export terror. Territories under the control of renegade elements or separatist factions will challenge central government authority, potentially creating a base from which to launch broader security threats. The trends that fuel persistent conflict characterize the strategic environment now and into the future and will require integration of all elements of our national power (diplomatic, informational, economic, and military) to achieve our national objectives. The implication for the Army is the need to be modernized, expeditionary and campaign capable, and prepared to operate across the full spectrum of conflict.

Challenges of Providing Forces with the Right Capabilities

The Army recruits, organizes, trains, and equips Soldiers who operate as members of Joint, interagency, and multinational teams. The Army also provides

logistics and other support to enable our Joint and interagency partners to accomplish their missions, as well as support civil authorities in times of national emergencies. Responding to the strategic environment and the national security strategy that flows from it, we are building an expeditionary and campaign quality Army. Our expeditionary Army is capable of deploying rapidly into any operational environment, conducting operations with modular forces anywhere in the world, and sustaining operations as long as necessary to accomplish the mission. To fulfill the requirements of today's missions, including the defense of the homeland and support to civil authorities, approximately 591,000 Soldiers are on active duty (currently 518,000 Active Component, 52,000 Army National Guard, and 21,000 Army Reserve). Forty-two percent (251,000) of our Soldiers are deployed or forward-stationed in 80 countries around the world. Additionally, more than 237,000 Army Civilians are performing a variety of missions vital to America's national defense. Of these, more than 4,500 are forward deployed in support of our Soldiers.

Our current focus is on preparing forces and building readiness for counterinsurgency operations in Iraq and Afghanistan. Despite this current and critical mission, the Army also must be ready to provide the Combatant Commanders with the forces and capabilities they need for operations anywhere around the world, ranging from peace-time military engagement to major combat operations. Examples of Army capabilities and recent or ongoing operations other than combat include the following:

- Supporting the defense of South Korea, Japan, and many other friends, allies, and partners
- Conducting peacekeeping operations in the Sinai Peninsula and the Balkans

- Conducting multi-national exercises that reflect our longstanding commitments to alliances
- Continuing engagements with foreign militaries to build partnerships and preserve coalitions by training and advising their military forces
- Participating, most notably by the Army National Guard, in securing our borders and conducting operations to counter the flow of illegal drugs
- Supporting civil authorities in responding to domestic emergencies, including natural disasters and threats at home and abroad
- Supporting interagency and multi-national partnerships with technical expertise, providing critical support after natural disasters, and promoting regional stability
- Supporting operations to protect against weapons of mass destruction and block their proliferation

It is vital that our Army ensures that units and Soldiers have the right capabilities to accomplish the wide variety of operations that we will conduct in the 21st century. Continuous modernization is the key to enhancing our capabilities and maintaining a technological advantage over any enemy we face. We never want to send our Soldiers into a fair fight.

Future Combat Systems (FCS) are the core of our modernization effort and will provide our Soldiers an unparalleled understanding of their operational environment, increased precision and lethality, and enhanced survivability. These improved capabilities cannot be achieved by upgrading current vehicles and systems. FCS will use a combination of new manned and unmanned air and ground vehicles, connected by robust networks, to allow Soldiers to operate more effectively in the complex threat

environments of the 21st century. Maintaining our technological edge over potential adversaries, providing better protection, and giving our Soldiers significantly improved capabilities to accomplish their mission are the reasons for FCS. FCS capabilities currently are being tested at Fort Bliss, Texas. They are proving themselves valuable in the current fight and are being fielded to our Soldiers in Iraq. FCS and their capabilities will continue to be integrated into the force over the next 20 years.

Two Critical Challenges: Restoring Balance and Funding

An Army Out of Balance

Today's Army is out of balance. The current demand for our forces in Iraq and Afghanistan exceeds the sustainable supply and limits our ability to provide ready forces for other contingencies. While our Reserve Components (RC) are performing magnificently, many RC units have found themselves assigned missions for which they were not originally intended nor adequately resourced. Current operational requirements for forces and insufficient time between deployments require a focus on counterinsurgency training and equipping to the detriment of preparedness for the full range of military missions.

We are unable to provide a sustainable tempo of deployments for our Soldiers and Families. Soldiers, Families, support systems, and equipment are stretched and stressed by the demands of lengthy and repeated deployments, with insufficient recovery time. Equipment used repeatedly in harsh environments is wearing out more rapidly than programmed. Army support systems, designed for the pre-9/11 peacetime Army, are straining under the accumulation of stress from six years at war. Overall, our

readiness is being consumed as fast as we build it. If unaddressed, this lack of balance poses a significant risk to the All-Volunteer Force and degrades the Army's ability to make a timely response to other contingencies.

Restoring Balance

We are committed to restoring balance to preserve our All-Volunteer Force, restore necessary depth and breadth to Army capabilities, and build essential capacity for the future. Our plan will mitigate near-term risk and restore balance by 2011 through four imperatives: Sustain, Prepare, Reset and Transform.

Sustain

To sustain our Soldiers, Families, and Army Civilians in an era of persistent conflict we must maintain the quality and viability of the All-Volunteer Force and the many capabilities it provides to the Nation. Sustain ensures our Soldiers and their Families have the quality of life they deserve and that we recruit and sustain a high quality force.

Goals for Sustain:

- Offer dynamic incentives that attract quality recruits to meet our recruiting objectives for 2008 and beyond
- Provide improved quality of life and enhanced incentives to meet our retention objectives for 2008 and beyond
- Continue to improve the quality of life for Army Families by implementing the Army Family Covenant and other programs that: standardize services, increase

the accessibility and quality of health care, improve housing and installation facilities, provide excellence in schools and youth services, and expand spousal education and employment opportunities

- Continue to improve care for Wounded Warriors and Warriors in Transition through a patient-centered health care system, Soldier and Family Assistance Centers, and improved Warrior Transition Unit facilities
- Continue to support Families of our fallen with sustained assistance that honors the service of their Soldiers

Prepare

To prepare our Soldiers, units, and equipment we must maintain a high level of readiness for the current operational environments, especially in Iraq and Afghanistan.

Goals for Prepare:

- Continue to adapt and enhance the rigor of institutional, individual, and operational training to enable Soldiers to succeed in complex 21st century security environments
- Train Soldiers and units to conduct full spectrum operations with improved training ranges to operate as part of a Joint, interagency, or multi-national force
- Provide Soldiers the best equipment through the Rapid Fielding Initiative, the Rapid Equipping Force, and modernization efforts
- Partner with private industry to rapidly develop and field equipment needed on today's battlefield

- Continue to improve the Army Force Generation (ARFORGEN) process which increases the readiness of the operating force over time by generating recurring periods of availability of trained, ready, and cohesive units

Reset

To reset our force we must prepare our Soldiers, units, and equipment for future deployments and other contingencies.

Goals for Reset:

- Develop an Army-wide reset program that repairs, replaces, and recapitalizes equipment that our Soldiers need
- Retrain our Soldiers to accomplish the full spectrum of missions they will be expected to accomplish
- Revitalize our Soldiers and Families through implementation and full resourcing of the Soldier Family Action Plan (SFAP) and our warrior care and transition programs

Transform

To transform our force, we must continuously improve our ability to meet the needs of the Combatant Commanders in a changing security environment.

Goals for Transform:

- Help balance our force and increase capacity to provide sufficient forces for the full range and duration of current operations and future contingencies by growing as quickly as possible

- Upgrade and modernize to remain an agile and globally responsive force with Future Combat Systems (FCS) as the core of our modernization effort
- Continue organizational change through modularity and rebalancing to become more deployable, tailorable, and versatile
- Improve expeditionary contracting and financial and management controls
- Continue to adapt institutions and the processes, policies, and procedures, including business practices, to more effectively and efficiently support an expeditionary Army at war
- Complete the transition of the RC to an operational reserve and change the way we train, equip, resource, and mobilize RC units
- Integrate Grow the Army initiative, Base Realignment and Closure (BRAC), Global Defense Posture Realignment, and the operation of installations and facilities to increase readiness, improve efficiency, and improve the quality of life for our Soldiers, Families, and Army Civilians
- Develop agile and adaptive leaders who can operate effectively in Joint, interagency, intergovernmental, and multi-national environments

Compelling Needs for Sustain, Prepare, Reset, and Transform

To achieve balance through the four imperatives, the Army will require sustained, timely, and predictable base budget and GWOT funding. The Army's compelling needs for FY09 are:

Support and Fund:

- Recruiting and retention incentives and benefits to enable Active and Reserve Components to meet end-strength objectives and achieve Army standards for recruit quality
- Quality of life programs to sustain our Soldiers' and Army Civilians' commitment to serve and the continued support of our Army Families
- Programs to help our wounded, ill, and injured Warriors in Transition to return to duty or to civilian life
- BRAC and military construction to execute the Army's global repositioning plan
- Operations and maintenance for air and ground operations, depot maintenance, base operations, and space and missile defense capabilities
- Leader training and development to make Soldiers culturally astute and better able to integrate and complement the other elements of national power (diplomatic, informational, and economic)
- Efforts to develop technical and procedural solutions to defeat the threat of improvised explosive devices
- The Rapid Equipping Force (REF)
- Equipment repair, replacement, and recapitalization programs
- Retraining Soldiers to execute their new and future missions
- Programs to revitalize our Soldiers and Families as they reintegrate after deployments
- End-strength growth of approximately 74,000 by 2010.

- Army modernization programs including Future Combat Systems, aviation, Patriot PAC-3, LandWarNet, intelligence, logistics automation, and other advanced technologies
- Planned modular transformations in 2009 - two Brigade Combat Teams and 13 support brigades
- Transformation of the Reserve Components to an operational reserve

“America’s ground forces have borne the brunt of underfunding in the past and the bulk of the costs-both human and material-of the wars of the present. By one count, investment in Army equipment and other essentials was underfunded by more than \$50 Billion before we invaded Iraq. By another estimate, the Army’s share of total defense investments between 1990 and 2005 was about 15 percent. So resources are needed not only to recoup from the losses of war, but to make up for the shortfalls of the past and to invest in the capabilities of the future.” - Secretary of the Defense, Honorable Robert M. Gates, October 10, 2007, AUSA Annual Meeting

Funding Challenges

Recruiting and retaining the most combat-experienced Army in our Nation’s history require predictable and sustained funding. Sustaining this high-quality and professional All-Volunteer Force will not be possible without investing in and supporting our quality of life efforts and providing competitive pay and benefits. As a manpower-intensive organization, we will continue to spend the bulk of our funds to sustain people

and maintain vital infrastructure, but we also must maintain investment in equipment and technology required for future readiness.

To support our Soldiers, the centerpiece of the Army, we must rebuild and recapitalize our equipment including vehicles and weapons systems, maintain readiness for current operational demands, and build readiness for future challenges. It takes years beyond the end of hostilities to complete rebuilding and recapitalizing equipment. The fact that the number of vehicles and weapon systems currently in Army depots are sufficient to equip five Brigade Combat Teams and one Combat Aviation Brigade demonstrates the importance of timely recapitalization and reconditioning.

The Fiscal Year 2009 President's Budget

The FY09 President's Budget requests \$140.7 Billion for the Army. This request and the amounts in the Global War on Terror (GWOT) Request are necessary to support current operations, fight the wars in Iraq and Afghanistan, sustain the All-Volunteer Force, and prepare for future threats to the Nation. This year the President approved accelerating the end-strength of the Army's Active Component to 547,000 and the Army National Guard to 358,200 by 2010.

The Army Reserve will increase in size to 206,000 by 2013. This most significant increase in the FY09 budget is the result of permanent end-strength increases of 44,300 Soldiers in two components: 43,000 in the Active Component and over 1,300 in the Army National Guard. The Army's FY09 budget includes \$15.1 Billion for all the costs associated with Grow the Army, which is an increase of \$7.4 Billion over the costs of this initiative in FY08. This growth will enhance combat capabilities, help meet global

force demand, and reduce stress on deployable personnel. Amounts requested by major appropriation category in the FY09 President's Budget as well as the change from the amounts enacted in FY08 are:

Military Personnel

The FY09 budget requests \$51.8 Billion, a \$5.5 Billion increase from FY08. This includes \$4 Billion for Grow the Army, an increase of \$3.4 Billion over FY08. This amount also funds pay, benefits, and associated personnel costs for 1,090,000 Soldiers: 532,400 Active, 352,600 Army National Guard, and 205,000 Army Reserve. The GWOT Request will fund special pays and incentives and the mobilization of Reserve Component Soldiers.

Operation and Maintenance

The FY09 budget requests \$40.2 Billion, a \$3.6 Billion increase from FY08. This includes \$2.6 Billion for Grow the Army, an increase of \$1.9 Billion from FY08. The increase funds training and sustainment of Army forces and includes the maintenance of equipment and facilities. The GWOT Request will fund the day-to-day cost of the war, training to prepare units for deployment, and the reset of forces returning from deployment.

Procurement

The FY09 budget requests \$24.6 Billion, a \$2 Billion increase from FY08. This includes \$4.2 Billion for Grow the Army, an increase of \$100 Million from FY08. This

increase continues procurement of weapons systems for the Army to include the Non-Line of Sight Cannon, an FCS-designed system. The GWOT Request will fund procurement of weapon systems to improve force readiness and replace battle losses and the reset of forces returning from deployment.

Research, Development, Test, and Evaluation

The FY09 budget requests \$10.5 Billion, approximately the same amount requested last year, but a \$1.5 Billion decrease in the amount appropriated in FY08. The FY09 request reflects a \$100 Million decrease to the FCS Research, Development, Test, and Evaluation as the programs transition to procurement.

Construction, Base Realignment and Closure (BRAC), and Army Family Housing

The FY09 budget requests \$11.4 Billion, a \$1.8 Billion increase from FY08. This includes \$4.3 Billion for Grow the Army, an increase of \$1.9 Billion from FY08. The increase funds the construction of facilities to support the growth and re-stationing of Army Forces. The GWOT Request will fund construction in and around the Iraq and Afghanistan theaters of operation.

Other Accounts

The Army executes the Chemical Agents and Munitions Destruction Program. Funding for this account is stable at \$1.6 Billion in FY08 and FY09. The Army also has fiscal responsibility for the Iraq Security Forces Fund (ISFF), Afghanistan Security Forces Fund (ASFF), and Joint Improvised Explosive Device Defeat Organization (JIEDDO)

appropriations. The Army budgets for recurring sustainment costs of JIEDDO with FY09 at \$500 Million, an increase of \$400 Million from FY08. The GWOT Request will fund JIEDDO initiatives. The ISFF and ASFF are funded entirely through the GWOT Request.

Restoring Fiscal Balance

Timely and full funding of the Army's FY09 request of \$140.7 Billion will ensure the Army is ready to meet the needs of the Nation and continue the process of putting us back in balance. However, it is important to note that over the last six years, the Army has received increasing proportions of its funding through supplemental and GWOT appropriations. This recurring reliance on GWOT funds and a natural overlap between base and GWOT programs means that the Army's base budget does not fully cover the cost of both current and future readiness requirements. Because the GWOT planning horizon is compressed and the timing and amount of funding is unpredictable, some base programs would be at risk if supplemental funding is precipitously reduced or delayed. An orderly restoration of the balance between base and GWOT requirements is essential to maintain Army capabilities for future contingencies.

Our goals are to be good stewards of the resources we are provided by Congress and to free human and financial resources for higher priority operational needs. Through the use of innovations such as Lean Six Sigma we are improving support to our people while reducing waste and inefficiencies. Integral to achieving our goals is the development of an Army-wide cost-management culture in which leaders better understand the full cost of the capabilities they use and provide and incorporate

cost considerations into their planning and decision-making. This approach will enable us to achieve readiness and performance objectives more efficiently. Concurrently, we are strengthening our financial and management controls to improve contracting in expeditionary operations and ensure full compliance with the law and regulations.

Our goal to improve long-term sustainability will be achieved through effective stewardship of human, financial, and natural resources. Some examples of our ongoing initiatives include:

- Adjusting our national and global footprint to improve efficiency and sustainability
- Transforming installations, depots, arsenals, and the information network that connects them to become more effective, energy efficient, and environmentally conscious
- Transforming the Army's training, structure, systems, and processes to better sustain and prepare the force
- Adapting our activities to protect the environment
- Our accomplishments over the past year further illustrate our commitment to improving efficiency and effectiveness throughout the Army.

Army Accomplishments

- Initiated the Army Medical Action Plan to improve medical care for our Wounded Warriors
- Initiated the Soldier Family Action Plan bringing to life the Army Family Covenant

- Initiated Soldier Family Assistance Centers throughout the Army to provide a single point of entry for Families and Wounded Warriors for health-care and related issues
- Recognized with the prestigious Malcolm Baldrige Award; the Army Armament, Research and Development Engineering Center is the only organization in the federal government to have received this honor
- Recognized for world-class excellence in manufacturing, the Army Materiel Command's depots and arsenals earned 12 Shingo public sector awards
- Formed the Army Contracting Task Force to review current contracting operations and then immediately began implementing improvements
- Converted approximately 10,000 military positions to civilian positions through the end of FY07
- Privatized more than 4,000 homes, bringing the total to over 75,000 homes that are privately managed
- Reduced energy consumption on our installations through FY07, achieving levels down 8.4 percent since 2003 and 28.9 percent since 1985
- Reset 123,000 pieces of equipment, including 1,700 tracked vehicles, 15,000 wheeled vehicles, 550 aircraft, and 7,400 generators
- Improved property accountability by providing Army wide visibility of 3.4 billion items valued in excess of \$230 Billion
- Destroyed over 15,000 tons of chemical agent contained in 1.8 million chemical munitions and containers

- Moved 10 million square feet of unit cargo in support of the GWOT and humanitarian aid missions
- Merged the Joint Network Node program into the Warfighter Information Network-Tactical, resulting in better integration and cost savings
- Began fielding Mine Resistant Ambush Protected (MRAP) vehicles to units in Iraq
- Established the Army Evaluation Task Force and fielded first 'spin-outs' from FCS
- Developed the Automated Reset Management Tool to provide a collaborative integrated tool for equipment reset planning and execution of the Army Force Generation process
- Increased the rigor in training new Soldiers by requiring graduates of basic training to be Combat Lifesaver certified
- Fielded Human Terrain Teams to assist commanders in gaining objective knowledge of a population's social groups, interests and beliefs
- Employed National Guard Soldiers worldwide who aided in seizing nearly 4,000 vehicles, approximately a million pounds of marijuana, and roughly 600,000 pounds of cocaine
- While we are proud of these accomplishments, we continue to identify and pursue additional ways to improve our stewardship, efficiency, and effectiveness throughout the Army.

Preserving the Strength of the Nation

The Army has been at war for over six years. Our Soldiers have demonstrated valor, endured countless hardships, and made great sacrifices. Over 3,000 Soldiers have died and many more have been wounded. The awards our Soldiers have earned reflect their accomplishments and bravery on the battlefield. Our Army Families have stood shoulder to shoulder with their Soldiers throughout these challenging times.

Our examination of the current and future security environments confirms the need to restore balance and build readiness across all components of the Army as quickly as possible. Four imperatives—Sustain, Prepare, Reset, and Transform—frame how the Army will restore balance by 2011 and begin to build readiness for the future. To accomplish our plan, we will continue to require timely and predictable resources and support.

The Army will remain central to successfully achieving U.S. national security objectives, particularly in an era in which operations will be waged increasingly among people in urban environments. As the decisive ground component of the Joint and interagency teams, the Army operates across the full spectrum of conflict to protect our national interests and affirm our Nation's commitment to friends, allies, and partners worldwide. Our goal is a more agile, responsive, campaign-quality and expeditionary Army with modern networks, surveillance sensors, precision weapons, and platforms that are lighter, less logistics dependent, and less manpower intensive.

As we restore balance and build readiness for the future, we continue to invest in our centerpiece—Soldiers—and the Families that support them. Of the million Soldiers in uniform, over half of them are married, with more than 700,000 children. The Army

Family Covenant, the Soldier Family Action Plan, and the Army Medical Action Plan are examples of our commitment to caring for our Soldiers, Families, and Army Civilians in these challenging times. With the continued support from the Secretary of Defense, the President, and Congress for our legislative and financial needs, the Army will restore balance, build the readiness necessary in an era of persistent conflict, and remain **The Strength of the Nation.**