

**STATEMENT BY**

**GENERAL DENNIS J. REIMER  
CHIEF OF STAFF  
UNITED STATES ARMY**

**BEFORE THE**

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Mr. Chairman and members of the Committee.

Thank you for this opportunity to update you on the United States Army's readiness to provide for our Nation's security today and in the future.

In my remarks, I will focus on what has changed since I last testified before you. I also want to review what has not changed – the enduring challenges we face in taking care of people, while keeping the force trained and ready and simultaneously continuing the most fundamental transformation of our land forces since the World War II era.

Before I address where we are today, and where we need to go in the future, I would like to first thank the Congress for the supplemental funding to the Army's fiscal year 1999 budget. Even more importantly, I would like to thank you for bringing the issue of defense readiness to the attention of the American people. Today, America's challenges and opportunities are unprecedented. Getting our investment in defense right will make a tremendous contribution to helping our Nation secure its place in the free and prosperous world we all want. We need a serious discussion on the issues of national security that will help the American people and our Nation's leaders make the right choices - the best choices - for our future. These hearings contribute to that process. So, I thank you again for your concern, for your willingness to take on the tough issues and, above all, for your unswerving commitment to do the right thing for America and the wonderful men and women in uniform who serve this Nation so proudly.

### **What has Changed?**

When I testified before you on September 29, 1998, I indicated that the readiness concerns you have heard from soldiers and commanders in the field are a fair and honest reflection of the conditions that prevail throughout the Army. Army leaders at all levels have been fighting to meet expanding requirements with diminishing resources. Our commanders are struggling to balance operational readiness (supporting training and maintaining equipment) with base operations expenses and maintaining soldiers' quality of life.

I also stated that the concerns about current readiness were not unexpected. They resulted from our deliberate effort to shift resources from current readiness into modernizing the force. During the drawdown years, we assumed the greatest risk in our modernization account. We must now balance our investments and risks in current and future readiness. This is not an easy equation to balance when you have experienced 14 straight years of declining buying power. We do not have the resources to do everything that must be done, so we have to assume risks. When I testified before you in September, I quantified that risk as about \$5 billion, not including requirements for increasing compensation, fixing the retirement system, and funding contingency operations.

In the September hearing, I expressed my concerns about the anecdotal evidence that suggests we will see increasing difficulty in recruiting and retaining a

quality force. We know from the Army's experience with the "hollow Army" of the 1970's that anecdotal evidence always precedes the hard quantifiable data that validates a serious decline in readiness. The danger, however, is that by the time you have firm evidence in hand, the quality of the force will have already been compromised – and by then, turning things around is much more costly in dollars and time.

I specifically shared with you my concerns on retirement benefits. We do not have to wait for people to leave the force to recognize that we cannot keep the world's best soldiers unless we compensate them adequately for their service and sacrifice. Since 1992, satisfaction with retirement benefits fell from 61.8 percent to 39 percent for officers and 44.8 percent to 28.1 percent for enlisted soldiers. The value of the retirements benefit package we have offered soldiers entering the Army since 1986 has declined by 25 percent compared with the previous system. In spite of this, we have met our first-term and mid-career enlisted retention missions. Nonetheless, our soldiers are concerned, which is why it is important to support the Administration's proposal to return to a system of 20-year retirement at 50 percent of base pay.

Nothing could serve more to bolster the confidence of our people than to demonstrate that their military and civilian leadership is concerned about and diligently working to enhance both the readiness and the welfare of the soldiers and families of America's Army. As I argued in September, the right, targeted investments now (providing adequate compensation and maintaining quality of life) would make a powerful, unmistakable statement to our soldiers of our commitment to them. I visited our troops in Germany, Bosnia, and Macedonia over Christmas, and they all expressed their appreciation for the Administration's proposed compensation package announced by the Office of the Secretary of Defense (OSD). Ensuring adequate pay and compensation will contribute immeasurably to ensuring we maintain a quality force in the future. In the simplest terms, it is the equivalent of paying \$19.95 for an oil change now or waiting until there is a catastrophic failure and replacing the whole engine.

After the September hearing, Congress included \$375 million for the Army in the fiscal year 1999 supplemental funding which directly addressed our readiness issues – and the Army put these resources to good use.

- In base operations (BASOPS), \$284.5 million was added. These additional resources will address a serious shortcoming. As in past years, we have resourced training to the level necessary to ensure our soldiers will never be put in harm's way without being adequately trained and ready. In order to do that, however, and still maintain the absolute minimum modernization program, we were only able to fund the operation of our installations (BASOPS) at 84 percent of requirements. This level of funding, however, has proven insufficient to run our bases in a way that provides our soldiers and families with an adequate quality of life. As a result, our commanders had been forced to migrate funds from training accounts to base support, thus placing unacceptable risk on near-term readiness for some units. The fiscal year 1999 supplemental allowed us to increase BASOPS to 91 percent of requirements. These

additional resources will reduce the risk of the migration of funds from training to BASOPS, which will help protect both training and quality of life – and that will enhance readiness.

- Another \$50 million was applied to augment training funds for the Army National Guard. This support is vital. Fifty-four percent of the Army is in the Reserve components. The Army cannot accomplish all its diverse and demanding missions without drawing on the unique capabilities and attributes of all our forces. Reserve component readiness is a critical issue for today's Army, and these funds will help increase the level of training we can resource for the Army National Guard.

- The supplemental also provided \$30 million for depot maintenance. Our maintenance and war reserve accounts are not sufficiently robust to meet all our requirements. This funding will improve readiness by helping ensure that we have the equipment we need to train and execute our day-to-day missions around the world.

- Finally, an additional \$13 million went to recruiting initiatives. Sustaining vigorous recruiting programs is fundamental to maintaining a quality force and that directly impacts on readiness. The post-Cold War placed heavy demands upon a smaller Army. Deployments, pace of operations, and requirements for a wide variety of diverse missions required us to form new headquarters and more frequently rely upon Cold War "lower priority" units. The net result was that we had too many undermanned and unmanned squads and crews and critical shortages in officer and noncommissioned officer positions. To compensate, we were required to move soldiers to match requirements and this only added to the fast pace of operations, particularly for our leaders. We have worked very hard over the last few years to restructure our force and to close the gap between the number of soldiers authorized and the positions we have to fill. All this effort, however, will be undermined if we cannot recruit sufficient numbers of quality soldiers. Today, the Army faces stiff competition for quality people. We, the other services, and the private sector are all competing for a small, but highly desirable part of the work force. This challenge is best illustrated by the fact that the cost of recruiting each individual soldier has doubled since 1986 from \$ 5,300 to more than \$10,000 today. The boost in recruiting funding provided by the supplemental will help a great deal.

While the fiscal year 1999 supplemental funds for readiness were important, they did not meet all our most pressing requirements. Significant funding issues remain, and many of the key readiness trends we watch are still heading in the wrong direction. For example, the Army is already 2,400 recruits short of our recruiting objectives for fiscal year 1999. Although the first quarter of each year is historically tough, I know from talking to our recruiters that they are facing another extremely challenging year and success is far from ordained. Faced with continued recruiting challenges, the inability to adequately fund all our most pressing needs, and other pressures, I cannot say with total confidence that we have adequately addressed all our serious readiness issues.

The fiscal year 1999 supplemental, while helpful and appreciated, does not meet our total requirements, and our readiness challenge cannot be properly addressed with a one-year solution. That is why we have worked closely with the President and his staff to put together an fiscal year 2000 budget and outyear plan that provides substantial funding increases for our critical readiness accounts. This budget and outyear plan will build on the progress begun with the fiscal year 1999 supplemental.

The past few months have also demonstrated that, while the Army continues to face significant challenges, the requirements for land forces remain greater than ever. This past fall in the passage of a few weeks, the front pages and evening broadcasts across America illustrated well why we continue to need trained and ready ground forces. They showed a military simultaneously coping with a wide variety of strategic challenges:

- The President standing with U.S. soldiers in South Korea, reminding us that a North Korea undeterred, if she choose to, could seriously threaten Asia's peace and security;
- Soldiers in Bosnia and Macedonia, working, on the ground, seeking to preserve stability and prevent a regional crisis;
- Across Central America, U.S. soldiers joining in an international effort, responding to the devastation left in the wake of Hurricane Mitch; and
- In Southwest Asia, a continuing requirement for military force, including a "near full-time presence" of American soldiers keeping the pressure on Saddam Hussein.

These headlines reflected different dangers, on different parts of the globe, but together they represent the kind of world we face today. They demonstrate the ongoing, diverse requirements for substantial, trained, and ready ground forces to meet all our country's needs. These events are typical of the requirements that have increased the tempo of Army operations so significantly since the end of the Cold War. Our Nation's strategic requirements and global leadership demand continuous, meaningful engagement in world affairs – and military forces that can match America's global commitments.

Recent events are not only a powerful reminder of why we need land forces, but they again remind us of the importance of prompt funding for unprogrammed contingency operations. As I pointed out when I testified before you in September, in the short-term, until supplemental funding is provided, we drain funds appropriated for training, maintenance, and readiness in order to fund contingency operations. When supplemental funding is delayed until late in the year of execution, we simply run out of time to conduct all the deferred activities, and that has a direct impact on readiness.

In summary, I would say the last few months have been busy ones for America's Army. Behind all this activity, you find outstanding young men and women serving the Nation with distinction. I recently returned from Bosnia where I spent Christmas with the soldiers of the 1<sup>st</sup> Cavalry Division. They are dedicated and talented, superbly led, and well-prepared for the missions they have been assigned. Their morale is high. They are doing a tremendous job. They are proof positive that we still have the best Army in the world. But as I reported to you in September, because of the readiness challenges we face today, the fabric of this magnificent Army is currently stretched very thin. However, I am hopeful with respect to the future based on the fiscal year 2000 budget and outyear defense spending plan.

### **What has not changed?**

What has not changed is that we still face the same challenges I described to you both in testimony last year during preparations for the fiscal year 1999 budget and in my September appearance before this committee. These challenges cannot be solved in one budget or one year. They require long-term investments to match our Nation's long-term strategic needs. We must ensure that the linkage between our strategy and how we resource our forces remains strong and clear.

Today, we have a good strategy, a strategy that has made a difference, a strategy that has made this a better and safer world. The contributions of our soldiers are seen on the faces of the people in Bosnia. Much remains to be done, but fear and anger are starting to give way to joy and laughter. I believe our strategy is the right strategy for the uncertain future we face. This strategy, however, does not come without significant costs. We raise, train, and field forces to meet the requirements of our strategy. That is a demanding task because our strategy places a premium on readiness to conduct a broad range of missions. And, we must provide the trained and ready forces our Nation needs everyday while, at the same time, changing to prepare for future challenges. In the real world there are no "time-outs" so that we can prepare for the future. We must be able to evolve the force and be ever ready to place our soldiers in harm's way with the absolute confidence that we have done everything required to prepare them for the job. This strategy requires a total Army - Active, Guard, and Reserve - approach. We must be ready to:

- “Shape” the international environment with our forward presence forces, our support to NATO and Partnership for Peace, and our military to military contacts around the world;
- “Respond” at home and abroad to the full spectrum of military missions from homeland defense and support to domestic authorities to major regional conflicts overseas; and
- “Prepare” now to deal with future challenges. We must continue to modernize the force, recapitalize our aging fleet of equipment, and pursue key experimental, research, and development efforts. We must fund the key enablers that will allow the Army to continue to change at the right pace so that we can ensure the readiness of the next generation of American soldiers.

In short, we must provide for both current and future readiness while sustaining a quality of life for our soldiers and families. There is no secret to our success - it is people. We must attract and retain them in sufficient quantities.

As we turn our focus to the year ahead, I want to continue to emphasize that if we do not get our investments right, we put the strategy at risk and with it our capability to be a global leader.

- We must fund contingency operations promptly, giving commanders in the field adequate and dependable resources so that they can make the best and most efficient use of the assets they have available.
- We must continue to provide the right balance of investments in both current and future readiness – and make a commitment to fund for the long term, ensuring the service consistent, appropriate levels of funding for the years ahead.
- Finally, and most importantly, we must take care of soldiers and their families.

We must ensure they receive adequate compensation, housing, medical care, and retirement benefits.

These are not easy tasks. They require leadership – leadership from all of us. Each year takes us one step closer to the future. We must work together to make the next step the right step along our Nation’s path to the future. That is why your support for the increase in defense spending announced by the President is critical. With Congress’ favorable consideration of the fiscal year 2000 budget, I am confident America’s Army will remain the best Army in the world.

I look forward to discussing these issues with you in these hearings and in the upcoming hearings on the Army’s fiscal year 2000 budget.