

Military Analysts Call

Tuesday, Jan. 25, 2005

Topic: White House roll-out of DoD \$80 billion supplemental request

Participants: [REDACTED]

Transcriber: Murphy

On background

Good afternoon everybody. This is Dave Evans. I'm with the Com-Rel office at the Pentagon. I'd like to thank you for joining us for the conference call today. I'd like to remind everyone that as we have done in the past, this conference call is, the information is on background, not for attribution, but by way of introduction we have with us today the [REDACTED]

[REDACTED] I'd like to turn over to [REDACTED] now for any comments she may have and then we'll just open the floor for questions and answers. We'll also be running about 20 minutes or so.

[REDACTED] Hello everyone and sorry I haven't had a chance to meet you all. The purpose of this afternoon is just to give you a little bit of background on the supplemental that, it's not yet complete, but OMB and the White House made a statement today concerning the president's pledge and support of the troops and gave some range as to what the size of the supplemental would be. We're not prepared to give you any details yet obviously because it's not finished, but we thought we would just take the opportunity to do that.

Essentially the White House announced that there would be a supplemental of about \$80 billion, \$75 billion of which would be for the Department of Defense for our ongoing operations in the global war on terrorism, specifically Iraq, and Afghanistan as well.

There are three sort of areas I wanted to just cover with you. Obviously this will, as in past supplementals, this will cover the basic war costs – our mil pers cost, our operations tempo, sort of the basic things you've seen in previous supplementals. But in addition, we're going to be asking for some procurement funds for, to cover some wear and tear on equipment and [REDACTED] [REDACTED] can probably give you a little bit of background on the Army's experience and the ground forces' experience out there, but also some funds to improve the Army's capability with respect to modularity and I presume that you all have some background in the importance of that and the importance that initiative and program to reduce the stress on the force.

And then the third piece of it would be funds for Iraqi security and Afghan security forces, which are also very important initiatives. The \$75 billion is in addition to the \$25 billion that the Congress already appropriated for us.

[REDACTED] This is [REDACTED] with the Army. What I think I'd like to say at the outset is we're pretty pleased with the way the process has gone in putting this supplemental together and I think I could probably even speak for all the Services when we went through that. We had the opportunity to lay all our requirements on the table; we came to agreement on what the requirements were; and if there was any debate surrounding any of this, it had to do with the analytics, not the requirement. So we went through a pretty disciplined and deliberate process in order to do that.

I think we in the Army are pretty well satisfied that we can go ahead and take care of our basic operational costs associated with the global war on terrorism, especially those that are resident in the Central Command AOR.

Personnel costs are covered; our operating tempo costs are covered; we believe that we can reset the force within our capacity to execute with the money that's inside this supplemental. A real benefit to us is the procurement portion of this. We're able to build three additional modular brigades with what's inside the supplemental. We can take care of battle losses, and we can take

care of what I would call excessive wear and tear on equipment. We generally have been saying we get about four years worth of wear on a piece of equipment for every year it's deployed, either in Afghanistan or in Iraq.

There's a small amount in there for military construction – mostly in the theater – to take care of housing and tactical equipment shops and support needs that the units have over there. So, at this juncture I think we're in pretty good shape. And when you couple this up with what we have in what I would call the base budget that will go over there too, we ought to be able to get through FY 05 and enter FY 06 in pretty good style.

_____ and as did _____ I went through the very rigorous process associated with development of this supplemental as well. And I'm equally satisfied that not only did we apply rigor to it but the Services were very forthcoming in terms of outlining their requirements going into it. And speaking for the Joint Staff, I think we were satisfied that this budget – or excuse me, this supplemental – was exactly what we need in order to maintain the force as we take this effort further in Iraq and Afghanistan.

Moderator: Let's go ahead and open it up for some questions.

Q: This is Jeff McCausland. Two quick questions. One is, could you quickly say where the additional \$5 billion is going to, (inaudible - \$75 billion?) is going to the Pentagon. And second of all, perhaps if _____ would like to talk a bit about this (inaudible) the procurement and a bit more on the enhanced three additional modularity brigades and the like.

_____ You're talking about the \$5 billion? Seventy-five plus five. The five I think goes to the State Department, but they would have to confirm that. OMB would have to confirm that.

Q: OK.

Moderator (_____?): General, do you want to talk a little about modularity?

_____ If you've been kind of following what we've done inside the Army with respect to what I would really call growing the Army in a modular fashion, what you saw us do through the end of FY 04 is create three additional Brigade Combat Teams on the active component side of the house, taking us from a total of, an original total of really 33 up to 36. We have three more being constructed or underway in FY 05. This supplemental covers those, which will take us up to a total of 39 at the end of this year. And fundamentally what this supplemental covers is any additional personnel costs associated with that modularity build for those three brigades and anything ancillary to it.

We cover our comm electronic systems so we can operate the network command and control top down. The tactical-wheeled vehicles, track systems, combat vehicles, weapons and even missiles have been included in this supplemental request that will move to the Hill sometime in February.

The operation and maintenance slice with that that associates itself with training is good. And I shouldn't leave out the fact that we're also converting to a modular configuration – three brigades out of the National Guard this year. The 30th, which is a heavy brigade out of North Carolina; the 81st, which is another heavy brigade out of Washington; and then the 39th Infantry, which is a brigade out of Arkansas.

So this thing is well underway and we're satisfied at least with our analysis. And if we're right, we've got all the costs associated with that covered.

Q: Bill Nash, Council on Foreign Relations. Can you hear me?

Moderator: Gotcha.

Q: OK. I came in a few minutes late, so if you covered this, I apologize. First question, what is your assumption on Iraq troop levels for the supplemental? Number two, on your expansion from 33 to 39 brigades, what's the troop strength delta within that change of brigade numbers. And finally, is any (MCA?) inside Iraq?

Well, let me go backwards, Bill. One, MCA inside Iraq. Yes there is. It will provide for shifting of forces into other forward operating bases out of the facilities that they currently reside in, and anything ancillary to that by way of infrastructural support. The other piece that you had is as we go ahead and transition from our start point of 33 active component Brigade Combat Teams to six additional, taking us to 39 by the end of FY 05. The personnel delta associated with that meets what's inside of the National Defense Authorization Act – about 502 point 4,000 in total. (502,400?) So the elements just associated with those three additional brigades, somewhat less than 20,000.

Q: And the assumption on troop levels?

Assumption on troop levels. I think you already know what we have over there right now.

Yes, it was 150,000 (?)

Crosstalk.

Kind of a matter of public record, about 154,00 sitting over there right now. If you want to know what the RC/AC mix is, it's about 60 percent on the active...

Bill Nash (Q): No, my question is did you have any major change in that troop level as you put the supplemental for the rest of the year.

No, the only adjustment we made inside the supplemental is where we extended two brigades and then two battalions out of the 82nd for a period of 90 days, and that was in fact covered.

Bill Nash (Q): Ok. Got it. Thank you.

Moderator (Mr. Whitman): Other questions?

Q: Gentlemen, Jed Babbin, American Spectator. One of the things that we're going to be asked first I think is how long is this going to last? Thinking a lot of folks are going to say, well, they're going to come back in five months or four months and ask for another \$80 billion. What do you see playing out for the year?

Well, I mean I think we plan that this will cover us for the fiscal year. We obviously don't know everything at this point but we're certainly expecting that this will last through the fiscal year.

Q: This is Jeff McCausland. Follow-up on Bill Nash's question. So I guess it's right that we're going to make the increase to an overall end strength of the Army active 502,000 – is that going to be a – do we see that as a permanent increase in end strength? And second of all, if I've got this right, assumptions for the supplemental was pretty steady state at 150,000 deployed in Iraq for the balance of this calendar year. Have I got this right?

You're fairly close. You know, putting permanence with end strength is a little difficult, and maybe I can illustrate here a little bit. Congress can change the law at any time they feel like

and of course, the Armed Services Committees determine what our end strength cap will be or our floor.

If you think about, in the past, when General (Gordon) Sullivan was the chief of staff in '91 when he came on board, our end strength was 735,000. Four years later, when General (Dennis) Reimer came on board, our end strength was 525,000. Four years later, when General (Eric) Shinseki came on board, our end strength was 480,000. Now that General (Peter) Schoomaker is on the board it's at 502,(000). And so, in that short span of a few years, there's nothing permanent associated with any end strength inside the Army would be my claim.

That's probably a good way to express it, and frankly, the purpose of the supplemental was to maintain the end strength required to make the modularity adjustments that we're making with the forces. And we think we've done that. So I think the question of permanence is probably not even on the table. Right now, we're making the necessary adjustments that the Army needs to make the modular change that has been approved.

Q: This is John Garrett (sp). The notion of the use say four times normal on equipment. Some pretty poignant life-cycle implications there. I wonder if you could expend a little bit about on, you know, generally what the fix is. Is it parts, is it intermediate and depot maintenance, new gear, all of the above? And kind of what rough order of magnitude is the price tag for all that out of the total supplemental?

Let me talk to use first of all, and how we accommodate stress on the force is what I'd say. The way that we've gotten after this, there's a couple of ways to go ahead and reset this set of equipment. One, we pull it out of there, perform a good inspection on it, and move it to depot. If the depot repair cost is greater than our 80 percent new-buy cost, we'll make the alternate decision, and then go after a new buy. If it's less than or equal to 80 percent of the new buy, we'll let it move on through the depot. When it moves through the depot, we take it through there such that depending on what the metric is for measuring the goodness of that system, we take it either to zero miles or zero hours, which we call recapitalization.

For some of the equipment that has a very robust frame chassis and all the rest of the business, we're really bringing things up to what some of you may recall 10/20 standard, and then go ahead and take care of any delayed desert damage that's associated with that. And that's generally the way that we've gotten after it.

The dollar figure. I think when we deliver this supplemental request to the Hill you can take a look at it inside our piece of paper at that time.

Voice (?): The short answer to your question is all of the above. It's operational, intermediate as well as depot-level repair as needed.

Q: Thank you.

Q: Yes, Don Sheppard. Realizing that this is for all Services a supplemental, and realizing that the Army clearly is the most stressed over there, were any of the funds taken from the other Services – the Air Force, the Navy or the Marines – and moved to the Army and then this is on top of that? Could you, that will be an obvious question.

Voice (): No, I wouldn't characterize it that way at all. I think...

Voice: This is the Army talking, and I would say that we haven't received anything from anybody else. Recall that this is a supplemental, so we're really entering this from a zero-based standpoint, and there's no trading back and forth between the Services. We laid our requirements on the table, did the analytics against the requirement, came to an agreement on what we should

do, it matched up with what we needed and I don't think there was any tradeoffs between the Services in terms of pushing dollars around.

██████████ No, not at all. In fact, there was clear recognition when we came to the table to discuss this supplemental that the Army and the Marine Corps are on the ground in Iraq and Afghanistan and bearing the brunt of what the supplemental is intended to cover. But all the Services presented their requirements at the table and those were the requirements that were mulled though until we finally finalized this supplemental amount.

Don Sheppard (Q): Thank you.

Moderator (Mr. Whitman): Are there any other questions? All right, with that, then we want to thank everybody for tuning in today and hopefully this has been helpful to you.

Q: Very helpful.

Q: Thank you.

██████████ Thank you very much.

(end)