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Resources on Army Force Structure and Readiness, 2005 – May, 2015

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Size, Force Mixture and Structure[1]

Since 2005 GAO has released 20 reports on size, force mixture, and structure. These reports have generally found that the Army could better develop accurate cost estimates, detailed plans and definitions, implementation timelines, and goal-based assessments, which would facilitate oversight by the Congress and DOD by providing additional transparency. GAO issued a total of 49 recommendations on cost planning and transparency, planning for equipment and personnel requirements, and conducting performance assessments to help the Army address these issues. DOD has implemented 7 of these recommendations and 19 remain open. See Enclosure 1 for an overview of each report below.

1. *Force Structure: Army's Analyses of Aviation Alternatives*, GAO-15-430R (Washington, D.C.: Apr. 27, 2015). http://www.gao.gov/products/GAO-15-430R
2. *Defense Headquarters: DOD Needs to Reassess Personnel Requirements for the Office of the Secretary of Defense, Joint Staff, and Military Service Secretariats*, GAO-15-10 (Washington, D.C.: Jan. 21, 2015). http://www.gao.gov/products/GAO-15-10
3. *Defense Planning: DOD Needs Specific Measures and Milestones to Gauge Progress of Preparations for Operational Access Challenges,* GAO-14-801 (Washington, D.C: September 10, 2014). http://www.gao.gov/products/GAO-14-801
4. *Active and Reserve Unit Costs: DOD Report to Congress Generally Addressed the Statutory Requirements but Lacks Detail*, GAO-14-711R (Washington, D.C.: July 31, 2014). http://www.gao.gov/products/GAO-14-711R
5. *Army Modular Force Structure: Annual Report Generally Met Requirements, but Challenges in Estimating Costs and Assessing Capability Remain*, GAO-14-294 (Washington, D.C.: Apr. 2014). http://www.gao.gov/products/GAO-14-294
6. *Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process,* GAO-14-76 (Washington, D.C.: Dec. 11, 2013). http://www.gao.gov/products/GAO-14-76
7. *Defense Management: Actions Needed to Ensure National Guard and Reserve Headquarters are Sized to be Efficient,* GAO-14-71 (Washington, D.C.: Nov. 12, 2013). http://www.gao.gov/products/GAO-14-71
8. *Defense Infrastructure: DOD's Excess Capacity Estimating Methods Have Limitations,* GAO-13-535 (Washington, D.C.: June 20, 2013). http://www.gao.gov/products/GAO-13-535
9. *Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers*, GAO-13-183R (Washington, D.C.: Jan. 16, 2013). http://www.gao.gov/products/GAO-13-183R
10. *Force Structure: Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions*, GAO-12-711 (Washington, D.C.: June 2012). http://www.gao.gov/products/GAO-12-711

[1] Considering Combatant Commander requirements, cost efficiency and maximized capabilities between the active and reserve components, active and reserve component ability to respond to homeland defense needs, ability to maintain a base of trained personnel, rotational needs, and risk management

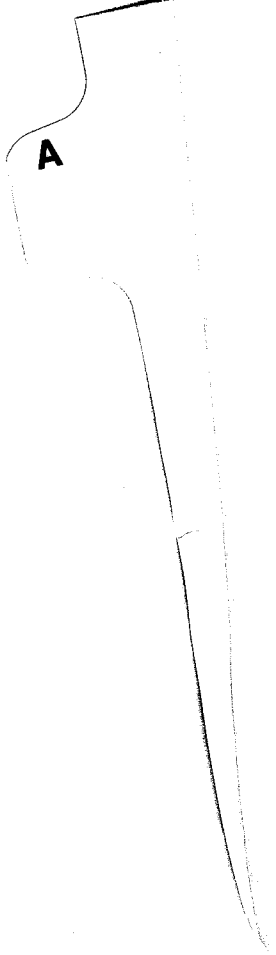
11. *Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring*, GAO-12-527R (Washington, D.C.: Mar. 26, 2012). http://www.gao.gov/products/GAO-12-527R
12. *Force Structure: Assessment of Army Progress in Modular Restructuring, Prepositioned Equipment, and Equipment Reset*, GAO-10-507R (Washington, D.C.: Apr. 26, 2010). http://www.gao.gov/products/GAO-10-507R
13. *Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities*, GAO-09-131 (Washington, D.C.: Nov. 2008). http://www.gao.gov/products/GAO-09-131
14. *Force Structure: Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment, but the Total Cost Is Uncertain*, GAO-08-669T (Washington, D.C.: Apr. 10, 2008). http://www.gao.gov/products/GAO-08-669T
15. *Force Structure: Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan*, GAO-08-354R (Washington, D.C.: Jan. 18, 2008). http://www.gao.gov/products/GAO-08-354R
16. *Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results*, GAO-08-145 (Washington, D.C.: Dec. 2007). http://www.gao.gov/products/GAO-08-145
17. *Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans*, GAO-06-745 (Washington, D.C.: Sep. 2006). http://www.gao.gov/products/GAO-06-745
18. *Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain,* GAO-06-548T (Washington, D.C.: Apr. 4, 2006). http://www.gao.gov/products/GAO-06-548T
19. *Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force*, GAO-05-926 (Washington, D.C.: Sep. 2005). http://www.gao.gov/products/GAO-05-926
20. *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005). http://www.gao.gov/products/GAO-05-443T

Force Generation Policies[2]

Since 2005 GAO has released 8 reports on Army and DOD force generation policies. These reports generally found that increased demand on reserve forces from ongoing operations have degraded military readiness in the reserve component and required a more operational reserve component, and that the Army could better equip and train operational reserve forces by developing defined and detailed force rotation, equipment, and resourcing policies and plans. GAO issued a total of 25 recommendations on developing an implementation plan for the force rotation model, and better defining the end state and associated personnel and equipment requirements of operational reserve forces. DOD has implemented 17 of these recommendations and 0 remain open. See Enclosure 1 for an overview of each report below.

1. *Reserve Forces: Army Needs to Finalize an Implementation Plan and Funding Strategy for Sustaining an Operational Reserve Force*, GAO-09-898 (Washington, D.C.: Sep. 2009). http://www.gao.gov/products/GAO-09-898
2. *Reserve Forces: Army Needs to Reevaluate Its Approach to Training and Mobilizing Reserve Component Forces,* GAO-09-720 (Washington, D.C.: July 2009). http://www.gao.gov/products/GAO-09-720
3. *Military Readiness: Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces*, GAO-08-497T (Washington, D.C.: Feb. 14, 2008). http://www.gao.gov/products/GAO-08-497T
4. *Reserve Forces: Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness*, GAO-07-60 (Washington, D.C.: Jan 2007). http://www.gao.gov/products/GAO-07-60
5. *Reserve Forces: Army National Guard and Army Reserve Readiness for 21st Century Challenges*, GAO-06-1109T (Washington, D.C.: Sep. 21, 2006). http://www.gao.gov/products/GAO-06-1109T
6. *Reserve Forces: Army National Guard's Role, Organization, and Equipment Need to be Reexamined*, GAO-06-170T (Washington, D.C.: Oct. 20, 2005). http://www.gao.gov/products/GAO-06-170T
7. *Reserve Forces: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives*, GAO-06-111 (Washington, D.C.: Oct. 2005). http://www.gao.gov/products/GAO-06-111
8. *Reserve Forces: An Integrated Plan is Needed to Address Army Reserve Personnel and Equipment Shortages*, GAO-05-660 (Washington, D.C.: July 2005). http://www.gao.gov/products/GAO-05-660

[2] Considering readiness, training, equipment, personnel, and reserve component maintenance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Size, Force Mixture and Structure[3]

Force Structure: Army's Analyses of Aviation Alternatives, GAO-15-430R, (Washington, D.C.: Apr. 27, 2015). http://www.gao.gov/products/GAO-15-430R

In this report, GAO (1) compared the assumptions underlying the Army's and the Bureau's respective combat aviation force-structure proposals; (2) evaluated the Army's analyses of the two proposals' respective capacities to meet projected combat requirements; and (3) evaluated the Army's cost analyses and comparison of both proposals. GAO found that the Army and National Guard operated under some shared assumptions in respective proposals, but that they differed on other key planning assumptions. With regard to the Army's analysis of proposals, GAO found that the analysis was based on a reasonable comparative methodology, but that the methodology did not measure performance against modified scenarios that would have applied a different set of demands and conditions. The Army's costs analyses met standards that made them sufficient for comparative use, but GAO found that the cost estimates were not sufficient for determining actual implementation costs.

Defense Headquarters: DOD Needs to Reassess Personnel Requirements for the Office of the Secretary of Defense, Joint Staff, and Military Service Secretariats, GAO-15-10, (Washington, D.C.: Jan. 21, 2015). http://www.gao.gov/products/GAO-15-10

In this report, GAO (1) identified past trends in personnel resources for the Office of the Secretary of Defense (OSD), the Joint Staff, and the services' secretariats, and any plans for reductions; and (2) evaluated the extent to which DOD determines and reassesses personnel requirements for these organizations. GAO found that because of increased responsibility, shifts away from contractors, and institutional reorganizations, authorized military and civilian positions within OSD, the Joint Staff, and the services secretariats increased over the last decade. Though the size of these organizations stabilized or began to decline, DOD had not finalized plans for future reductions. GAO also found that these organizations did not determine their personnel requirements as part of a systematic requirements-determination process, or have procedures to periodically reassess requirements. GAO recommended that DOD (1) conduct a systematic determination of personnel requirements at these headquarters organizations; (2) submit the requirements to Congress with adjustments and recommended modifications to the statutory limits; and 3) periodically reassess personnel requirements within OSD and the military services' secretariats and staff. GAO also suggested that Congress consider using DOD's review of headquarters requirements to reexamine statutory limits.

Defense Planning: DOD Needs Specific Measures and Milestones to Gauge Progress of Preparations for Operational Access Challenges, GAO-14-801 (Washington, D.C: September 10, 2014). http://www.gao.gov/products/GAO-14-801

In this report, GAO (1) described Army and Marine Corps efforts to address operational access challenges and (2) analyzed the extent to which DOD is able to gauge how its efforts support

[3] Considering Combatant Commander requirements, cost efficiency and maximized capabilities between the active and reserve components, active and reserve component ability to respond to homeland defense needs, ability to maintain a base of trained personnel, rotational needs, and risk management

implementation of its concept for future operations in access-denied environments. GAO found that the Army and Marine Corps undertook multiple efforts to address operational access challenges by, for example, incorporating operational access challenges into their wargames and revising their service concepts. Specifically, the Army identified roles they play in overcoming access challenges including logistics and missile defense. However, GAO also found that DOD was unable to gauge the extent to which its efforts to overcome operational access challenges support the implementation of the 2012 Joint Operational Access Concept because DOD's implementation plan did not fully establish specific measures and milestones to gauge progress. GAO recommended that DOD establish specific measures and milestones in future iterations of the JOAC Implementation Plan to Improve DOD's ability to gauge implementation progress.

Active and Reserve Unit Costs: DOD Report to Congress Generally Addressed the Statutory Requirements but Lacks Detail, GAO-14-711R (Washington, D.C.: July 31, 2014). http://www.gao.gov/products/GAO-14-711R

GAO examined the extent to which DOD's report to Congress on costs of units of the reserve and active components of the armed forces addressed the required statutory elements and the report's strengths and potential limitations. GAO found that DOD's report addressed or partially addressed the statutory reporting requirements, but could have included more detailed information to give policymakers better insight into affordability and other active and reserve force-mix issues. Specifically, DOD's report exhibited 4 strengths including providing a basic framework for understanding force mix and the factors that play a role in force-mix decisions, and example units from each service, among other. However, GAO also identified 2 limitations; the report did not address the relative costs of active- and reserve- component units under DOD rotational policy; and the report did not consider or comment on the effectiveness of either active- or reserve- component units when compared to each other.

Army Modular Force Structure: Annual Report Generally Met Requirements, but Challenges in Estimating Costs and Assessing Capability Remain, GAO-14-294 (Washington, D.C.: Apr. 2014). http://www.gao.gov/products/GAO-14-294

In this report GAO (1) evaluated whether the Army addressed the legislative requirements in its modular force report and (2) provided an overview of any challenges that the army faced in its modular forces transformation and described how the Army is addressing these challenges as it implements further changes in its force structure. GAO found that the Army's annual report on its modular force either fully or partially addressed all of the statutory requirements. GAO also found that since 2005 the Army faced challenges creating a results-oriented plan, developing realistic cost estimates, and planning comprehensive assessments. As the Army moved to further reorganize modular units, it made some progress in developing a results-oriented plan, but did not developed cost estimates for military construction, personnel relocation, or training for reorganized units. The Army planned to conduct assessments to measure the extent to which the modular force transformation meets performance goals, but had not identified outcome-oriented metrics to measure progress.

Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process, GAO-14-76 (Washington, D.C.: Dec. 11, 2013). http://www.gao.gov/products/GAO-14-76

This report (1) described the analyses the Army conducted to make its Brigade Combat Team (BCT) decision and (2) evaluated the extent to which the Army had established guidance and processes related to the use of the military value analysis model as a part of its stationing decisions. GAO found that the Army conducted quantitative analyses and obtained community input when determining the installations at which to deactivate 10 BCTs, and considered factors including strategic considerations, military construction costs, and environmental and socioeconomic impacts, among others. However, GAO found that the Army's stationing regulation did not include guidance on community input beyond what may be required for an environmental analysis. GAO also found that though the Army expected to continue using its military value analysis model for major stationing decisions, it had not established guidance and consistent formal processes related to its use. GAO recommended that the Army develop and implement guidance related to when community input should be obtained for stationing decisions, and related to the use of its military value analysis model.

Defense Management: Actions Needed to Ensure National Guard and Reserve Headquarters are Sized to be Efficient, GAO-14-71 (Washington, D.C.: Nov. 12, 2013). http://www.gao.gov/products/GAO-14-71

In this report, GAO (1) discussed trends in funded positions at reserve-component headquarters and (2) evaluated the extent to which DOD has established and implemented processes to efficiently size its reserve-component headquarters. GAO found that because of increased responsibility and a shift away from contractors, the total number of funded positions at the DOD's 75 Army Reserve and Air Force Reserve component headquarters grew about 6 percent overall, but some organizations, such as the National Guard Bureau which grew 17 percent, grew more markedly between fiscal years 2009 and 2013. GAO also found that though DOD had processes in place that were intended to ensure that the number of funded positions at its reserve-component headquarters were set at the minimum level needed for their mission, it had not consistently followed those processes at 68 of the 75 headquarters GAO reviewed, leaving DOD unable to determine if these headquarters were sized to be efficient. GAO recommended that DOD externally validate the National Guard Bureau's personnel requirements and include the Bureau in its annual report to Congress; reassess requirement for the 54 state Joint Force headquarters; and develop schedules for reassessing headquarters overseen by the Army and the Air Force.

Defense Infrastructure: DOD's Excess Capacity Estimating Methods Have Limitations, GAO-13-535 (Washington, D.C.: June 20, 2013). http://www.gao.gov/products/GAO-13-535

In this report, GAO discussed how DOD estimated its excess capacity, outside of the Base Realignment and Closure (BRAC) process. GAO found that DOD used a process to assess excess capacity that included three major steps, but that this process had limitations, which DOD recognized in 1998 and 2004 when it used a similar process. GAO identified limitations including assigning each installation to only one mission category even though most

installations support multiple missions, and different capacity measurements among the services for similar functions, among others.

GAO, *Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers*, GAO-13-183R, (Washington, D.C.: Jan. 16, 2013). http://www.gao.gov/products/GAO-13-183R

In response to a mandate, GAO reviewed the extent to which the Army's annual fiscal year 2012 report addressed statutory reporting requirements. GAO found that the Army did not include required information on the risks associated with, and mitigation strategies for, any shortfalls of key enabler personnel and equipment and a schedule for meeting personnel and equipping needs. Additionally, the Army did not present the information on assessments of the modular forces in a way that demonstrated the extent of progress toward meeting modular force requirements, because the Army did not provide guidance on the content, format, and level of detail required in the report. GAO recommended that the army provide guidance to each office within the Army responsible for providing information to officials compiling the annual report.

GAO, *Force Structure: Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions*, GAO-12-711 (Washington, D.C.: June 2012). http://www.gao.gov/products/GAO-12-711

In this report, GAO examined the extent to which DOD has (1) conducted analysis to support recent overseas posture decisions and (2) developed a process for making posture decisions that align with strategy and consider costs, and assessed two recent posture initiatives including the reduction of U.S. Army force structure in Europe.[4] GAO found that DOD has conducted some analysis to support its decision to reduce U.S. Army forces in Europe based on cost-savings, but that key decisions with regard to cost, including Army cost estimates, were not completed. Therefore the cost savings of the reduction were uncertain. GAO also found that DOD continues to lack comprehensive and consistent cost estimates of initiatives. GAO recommended, among others, that DOD direct the Army to identify and assess options to rotate forces in Europe and their associated costs, including the impacts on future basing in Europe.

GAO, *Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring*, GAO-12-527R, (Washington, D.C.: Mar. 26, 2012). http://www.gao.gov/products/GAO-12-527R

In response to a mandate, GAO reviewed the extent to which the Army's annual fiscal year 2011 report addressed statutory reporting requirements. GAO found that the Army's fiscal year 2011 report addressed the original rather than the amended statutory requirements and therefore only partially addressed requirements. The Army planned to revise and reissue the report to meet amended requirements, but cautioned that the revised report may be incomplete because of pending force size and structure decisions.

[4] In this report, GAO also assessed the forward deployment and permanent stationing of U.S. Navy ships in Rota.

GAO, *Force Structure: Assessment of Army Progress in Modular Restructuring, Prepositioned Equipment, and Equipment Reset*, GAO-10-507R, (Washington, D.C.: Apr. 26, 2010). http://www.gao.gov/products/GAO-10-507R

In this briefing, GAO provided information on (1) the Army's progress completing its modular transformation initiative; (2) the status of Army efforts to reconstitute its prepositioned material stock; and (3) the Army's progress in its efforts to repair, recapitalize, and replace equipment used in current overseas operations. GAO found that the Army made progress in both staffing and equipping modular forces, but expected to face staffing and equipping challenges including shortfalls of specialized personnel and key enabler equipment needed for modular units. The Army developed and conducted assessments of modular support forces, and DOD stated that it was currently conducting a comprehensive assessment of the modular force. The Army expected to replenish and reconstitute all Army Prepositioned Stock by 2015, and as improved tracking of funding for this effort. Additionally, the Army reported it had reset 29 brigades worth of equipment in fiscal year 2009, and improved tracking of reset funding.

GAO, *Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities*, GAO-09-131, (Washington, D.C.: Nov. 2008). http://www.gao.gov/products/GAO-09-131

In this report, GAO assessed the extent to which the Army has (1) developed a plan to link funding with results and (2) evaluated its modular force designs. GAO found that though over 80 percent of planned modular units were expected to be established by the end of 2008, full equipment and staffing levels were not expected to be achieved until 2019, and the Army had not developed a detailed, results-oriented plan with milestones to guide equipping and staffing efforts. In addition, the Army took steps to test aspects of the design and capabilities of modular forces, but had not conducted a comprehensive assessment of modular forces across the full spectrum of combat, for all types of modular units, and with planned equipping and staffing levels. GAO recommended that the Army (1) develop and report to Congress a results-oriented plan, that includes milestones that better link funding to results; (2) complete a plan for developing doctrine for its modular forces, and; (3) better assess the effectiveness of modular forces with authorized levels of equipment and personnel. GAO also requested that Congress consider requiring the Army to include the above information in the report on modularity it already submits to Congress.

GAO, *Force Structure: Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment, but the Total Cost Is Uncertain*, GAO-08-669T, (Washington, D.C.: Apr. 10, 2008). http://www.gao.gov/products/GAO-08-669T

GAO's testimony addressed Army initiatives to equip modular units, expand the Army, reset equipment, and manage and replace prepositioned equipment, specifically (1) the equipment – related costs of these initiatives, and (2) the management challenges facing the Army and the actions needed to improve its implementation of these initiatives. GAO found that the total equipment cost of these initiatives is substantial but uncertain because of the limitations of Army cost estimates. Similarly, the linkage between the Army's funding requests for modular restructuring and equipment requirements is lacking, and that oversight of restructuring

initiatives has been complicated by multiple funding requests that make it difficult for decision makers to understand the Army's full funding needs.

GAO, *Force Structure – Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan*, GAO-08-354R, (Washington, D.C.: Jan. 18, 2008). http://www.gao.gov/products/GAO-08-354R

GAO reviewed the Army's Grow the Force Initiative and the extent to which the Army documented cost estimates. GAO found that the Army's funding plan for the Grow the Force Initiative was not transparent, because the methodology for cost estimates was not documented. Further, the plan was not comprehensive, because ongoing and future changes to force structure that could affect funding were not considered. GAO recommended that the Army provide Congress with additional information the Grow the Force Initiative including the resulting force structure and associated timelines, a revised funding plan, and the methodology for cost estimates.

GAO, *Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results*, GAO-08-145, (Washington, D.C.: Dec. 2007). http://www.gao.gov/products/GAO-08-145

In this report, GAO assessed the extent to which the Army had (1) implemented and established management controls for its modular force, and force expansion initiatives, and (2) assessed its modular unit designs. GAO found that the Army had established 138 of 190 planned modular units but had not established sufficient management controls for funding and implementation of the modular force transition, and that units that had already converted to modular design continued to face equipment and personnel challenges. In addition, the Army did not have an assessment plan for the effectiveness of new modular units across the full spectrum of warfare or metrics to measure progress in achieving the goals of the modular force. GAO recommended that (1) the Army develop a comprehensive strategy and funding plan to improve accountability for staffing and equipping the modular force; (2) the Army develop a plan for assessing modular force designs; and (3) DOD review the Army's strategy, funding plan, and assessment plan. GAO also requested that Congress consider requiring DOD to develop and provide a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat.

GAO, *Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans*, GAO-06-745, (Washington, D.C.: Sep. 2006). http://www.gao.gov/products/GAO-06-745

In this report, GAO assessed (1) the Army's progress and plans for equipping modular combat brigades, (2) progress made and challenges to managing personnel requirements of the modular force, and (3) the extent to which the Army has developed an approach for assessing the results of its modular conversions and the need for further changes to designs or implementation plans. The Army had not met equipping goals for active brigades and had not developed a complete, detailed equipping strategy for its force rotation model. GAO also found that the army faced challenges in achieving modular restructuring without permanently

increasing its active component end strength. Compounding these challenges, the Army did not have a comprehensive and transparent approach to measure progress of modularity against objectives, assess the need for design changes, and monitor implementation. GAO recommended that the Army submit to DOD and Congress (1) a detailed equipping strategy, including risk, (2) a report on the status of personnel initiatives, (3) a comprehensive plan for assessing progress on modularity, and that (4) the Army include a testing plan, including assessments and milestones, for modular restructuring in its Army Campaign Plan, provided to Congress. GAO also requested that Congress consider requiring DOD to provide the above information to Congress.

GAO, *Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain*, GAO-06-548T (Washington, D.C.: Apr. 4, 2006). http://www.gao.gov/products/GAO-06-548T

GAO testified on (1) the Army's cost estimate for restructuring to a modular force, (2) progress and plans for equipping modular combat brigades, (3) progress made and challenges to meeting personnel requirements, and (4) the extent to which the Army has developed an approach for assessing modularity results and the need for further adjusting designs or implementation plans. The Army's cost estimates for modularity had increased from $28 billion in 2004 to $52.5 billion in 2006, and GAO found that the extent to which the Army would achieve expected capabilities within cost estimates and time frames was unclear because of incomplete and insufficient information. The Army was not meeting equipping goals for active modular combat brigades, and had not developed equipping plans for phases of its concurrent force rotation model initiative. GAO also found that the Army faced challenges in reducing overall active component end strength while increasing the size of its modular combat force, including unfilled key positions required by the new modular design. Further, the Army did not have a comprehensive and transparent approach to measure the progress of its modularity initiative.

GAO, *Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force*, GAO-05-926 (Washington, D.C.: Sep. 2005). http://www.gao.gov/products/GAO-05-926

GAO addressed (1) the extent of change in costs and areas of uncertainty that could affect those costs, (2) the Army's plan for funding modularity and factors that may affect affordability, and (3) whether the Army has an adequate approach to track modularity obligations. GAO found that uncertainties in the Army's cost estimates related to force design, equipment, facilities and personnel would likely increase costs for the transition to modularity, and that when combined with cost growth and uncertainties in other related programs, created a risk that modularity would be unaffordable. Further, the Army planned to transition most divisions to modular brigades before support funding became available. Finally, GAO found that the Army could not provide a reliable picture of past spending or future funding needs related to modularity. GAO recommended (1) that the Army provide Congress with detailed costs estimates and plans for modularity on an annual basis with its budget justification until modularity is complete, and (2) that the Army coordinate with the Department of Defense to develop oversight plans for the transition to modularity. GAO also requested that the Congress consider requiring the Secretary of Defense to provide a spending oversight plan for the transition to modularity.

GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005).
http://www.gao.gov/products/GAO-05-443T

In this testimony GAO addressed: (1) the Army's goals and plans for modularity, (2) challenges the Army faces in staffing and equipping its modular combat brigades, (3) key decisions that could affect requirements, and (4) the Army's cost estimates and funding plans. The Army planned to reorganize 10 active divisions by the end of fiscal year 2006, expanding from 33 brigades to 43 modular brigade combat teams, and create new command headquarters by fiscal year 2010. As of March 2005, the Army had completed or was in the process of transitioning to modular brigades in 4 active divisions. GAO found that the Army would likely face challenges in meeting the personnel and equipment needs of the new modular brigade combat teams because of the length of time required to train specialized personnel and insufficient quantities of necessary equipment. Further, GAO found that the Army had not made key decisions affecting personnel and equipment requirements, including the number and design of the new modular brigades. As a result, the Army's cost estimates, which were substantial, were uncertain and incomplete.

GAO-15-430R

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April 27, 2015

Congressional Committees

Force Structure: Army's Analyses of Aviation Alternatives

In anticipation of budget and military end-strength reductions, the Army is undertaking an extensive effort to reduce the size of its force and rebalance its combat aviation capabilities. In October 2013, the Army Chief of Staff approved a force-structure proposal—called the Army Aviation Restructuring Initiative—that would cut approximately 10,700 military positions from the Army's end strength by eliminating active-component and reserve-component units from the Army's force structure.[1] The proposal would enable the Army to divest nearly 800 older and less-capable helicopters from the force, and rebalance combat capabilities across the regular Army, Army National Guard, and Army Reserve. The Army would accomplish this by removing all AH-64 Apache helicopters from the reserve component and increasing the number of AH-64 Apaches in the active component. According to the Army, once implemented the aviation restructuring initiative would save roughly $1 billion annually.[2]

The National Guard Bureau (Bureau), although agreeing with many aspects of the Army's proposal, has opposed the effort to remove the AH-64 Apache helicopters from the Army National Guard. Bureau officials said that in their view the removal of these helicopters will degrade the Army National Guard's role as a combat reserve; establish a precedent for removing other combat capabilities from the Army National Guard; and disrupt Army National Guard units and force structure across 20 states. In January 2014, the Bureau put forward an alternate force-structure proposal that, if implemented, would retain some AH-64 helicopters in the Army National Guard.

Since the Bureau's January 2014 counterproposal, both the Army and the Office of the Secretary of Defense have assessed and compared the Army's proposal and the Bureau's alternative in terms of each proposal's ability to meet anticipated operational demands, and its estimated costs. Bureau officials said that the Bureau does not have the expertise required to assess the performance and costs of its force-structure proposal; however, the Bureau provided input into both analyses. Based on these analyses, the Army stated that implementing the

[1]Positions are requirements for personnel that are documented on the Army's manpower requirements document. These requirements may not be filled by the Army when making resourcing decisions and as a result do not represent actual manpower assigned to Army units.

[2]In December 2014, Congress limited the Army's proposal, by authorizing the Secretary of the Army to transfer not more than 48 AH-64 Apache helicopters from the Army National Guard to the regular Army between October 1, 2015, and March 31, 2016, if the Secretary of Defense certifies in writing to the defense committees that the transfer would not create unacceptable risk to: the strategic depth or regeneration capacities of the Army; and the Army National Guard in its role as a combat reserve. See Pub. L. No. 113-291, § 1712(e) and (f) (2014).

Bureau's force-structure proposal would result in unacceptable operational risk and has sought to move forward with its own restructuring initiative.

The Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 included a provision for GAO to compare the assumptions, cost estimates, and support-personnel implications underlying the Army's aviation force-structure proposal with those underlying the Bureau's alternate proposal.[3] This report (1) compares the assumptions underlying the Army's and the Bureau's respective combat aviation force-structure proposals; (2) evaluates the Army's analyses of the two proposals' respective capacities to meet projected combat requirements; and (3) evaluates the Army's cost analyses and comparison of both proposals. We also identified how the Army's and the Bureau's proposed force structures would affect personnel-support requirements for the Army's combat aviation brigades. We provided a briefing on our preliminary observations to congressional defense committees' staff on February 26, 2015. This report formally transmits the results of our work in response to this mandate (see encl. I).

To compare the assumptions underlying the two force-structure proposals, we identified assumptions by reviewing Department of Defense (DOD), Department of the Army, and Bureau guidance; assessed documentation underlying the force-structure proposals including force-structure documentation, briefing slides, and the Army's demand analysis; and compared the assumptions identified for each force-structure proposal. To evaluate the Army's assessment of the two proposals' abilities to meet future combat demands, we compared the Army's methodology for performing its analysis to generally accepted research standards for study design,[4] and reviewed technical documentation associated with the Army's model including its user manual and the model's verification, validation, and accreditation documentation. Specifically, we used the standards we developed in our prior work that were related to the study design, because our review focused on the assumptions, constraints, and scenarios that the Army used in its analysis. These specific standards require that assumptions and constraints be reasonable, explicitly identified, and consistent, and that scenarios represent a reasonably complete range of conditions. To evaluate the Army's cost analyses and comparison of both proposals, we compared the Army's cost-estimating models and methodology for preparing these analyses to leading practices.[5] We further evaluated the Army's use of these estimates against standards for internal control in the federal government,[6] specifically those standards related to information and communications. Because the Army Chief of Staff approved the aviation restructuring initiative, we also evaluated the Army's estimated costs for implementing its proposal, and its anticipated annual costs, against these criteria. To identify how the Army's and the Bureau's proposed force structures would affect personnel-support

[3]See Pub. L. No. 113-291, § 1057 (2014). Additionally, S. Rep. No. 113-176, at 83 (2014), included a provision for GAO to more broadly review the Army's force-structure decision-making processes, models, and analyses.

[4]GAO, *Defense Transportation: Study Limitations Raise Questions about the Adequacy and Completeness of the Mobility Capabilities Study and Report*, GAO-06-938 (Washington, D.C.: Sept. 20, 2006). In that report, we reviewed research literature and DOD guidance and identified frequently occurring, generally accepted research standards. See GAO-06-938 for more information.

[5]GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: March 2009). The Cost Estimating and Assessment Guide compiles best practices that federal cost-estimating organizations and industry use to develop and maintain reliable cost estimates throughout the life of an acquisition program. See GAO-09-3SP for more information.

[6]See GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

requirements for the Army's combat aviation brigades, we created a data set from the Army's fiscal year 2014 and fiscal year 2020 personnel requirements documents and incorporated composite personnel cost data.[7] We then obtained agreement from the Headquarters, Department of the Army; U.S. Army Reserve; and Army National Guard on the definition for "support," and applied that definition when we calculated and compared the number and associated costs of corresponding positions.[8] We assessed the reliability of the Army's cost and personnel requirements data and cost-estimating models by reviewing documentation associated with the relevant data systems. Specifically, for both types of data, we reviewed Army internal controls, interviewed key officials, and traced certain data elements back to source documentation. We determined the data were reliable for the purposes of our review. For each objective, we interviewed knowledgeable officials to discuss methodologies, to identify relevant factors, and to obtain their perspectives. We met with officials from the Office of the Secretary of Defense; Headquarters, Department of the Army; and the Bureau to obtain oral comments on our preliminary briefing materials, and we incorporated technical comments as appropriate.

We conducted this performance audit from July 2014 to April 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary

The Army and the Bureau agree on those specific assumptions in their force-structure proposals pertaining to military strategy, near-term training resources, the demand for forces, and Army National Guard unit readiness, but disagree on other planning assumptions, such as the Army's budget constraints and how Army National Guard units would be trained, mobilized, and used in combat. For example, both the Army and the Bureau agreed that, prior to deployment for any given mission, Army National Guard soldiers will meet the same training and readiness standards as regular Army soldiers with the same mission. However, the Army and the Bureau disagreed on other assumptions affecting decisions about how to restructure the aviation force. Notably, Army officials said that they anticipate that the Army will continue to face budget pressures and as a result are looking to develop an efficient force structure that maximizes the Army's combat aviation capabilities, whereas Bureau officials told us the Army should not base long-term and irreversible force-structure decisions on short-term funding challenges.

The Army's analyses of the proposals' abilities to meet projected demand for forces is based on a reasonable methodology and is suitable for comparing one proposal against the other, but

[7]We used data from these years because the Army did not begin implementing its proposed restructuring until the end of fiscal year 2014, and fiscal year 2020 is the year by which it is to be completed.

[8]"Support" personnel directly or indirectly sustain combat aviation units excluding flight crews and pilots. To arrive at this definition, we met with Army and Army National Guard officials and generated a list of combat aviation jobs that the officials agreed either directly or indirectly sustain combat aviation units. Using this list, we then filtered required combat aviation positions depicted in Army, Army National Guard, and U.S. Army Reserve documents to determine the military and Full-Time Support personnel-support positions necessary for the 2014 combat aviation structure, and the combat aviation structures under the Army's proposal and the Bureau's proposal in 2020. To determine the costs associated with the 2014 combat aviation structure and proposed fiscal year 2020 combat aviation structures, we used composite rates for active and reserve military positions, respectively, and the rate per Active Guard/Reserve and Military Technician as reported by the Army National Guard.

additional sensitivity analysis could have been beneficial to decision makers. Generally accepted research standards for study design state that credible and well-designed studies identify their assumptions and constraints clearly; consistently apply necessary and reasonable assumptions; and include sensitivity analyses to assess results across a variety of scenarios, among other things.[9] We found that the Army's analysis met several of these design standards, in that the Army used the same assumptions throughout its analysis and based its assumptions for the mobilization and deployment of units on DOD and Army policies. For example, under the assumption that Army National Guard units would be able to complete postmobilization training within 3 months' time, the Army found that both proposals were able to meet more than 90 percent of the anticipated combat demands under DOD's classified planning scenario.[10] In January 2015, the Army completed a sensitivity analysis that used different assumptions than in the Bureau's proposal; specifically, the Army lengthened the postmobilization training time for Army National Guard units to 4 months, to better reflect the time that Army National Guard units historically have used prior to deployment. Under the revised assumptions, the Army found that both its and the Bureau's force-structure proposal experienced shortfalls during the peak period of major combat operations, but the Army's proposal met all demands during final four months of the peak demand period while the Bureau's proposal met 83 percent of the demands.

Although we found this approach suitable for comparing the two proposals with each other under the given scenario, the Army's analysis did not evaluate how the proposals would have performed under modified scenarios that varied the rate at which units would deploy into a major combat operation, or the duration of the major combat operation. This analysis could have provided senior Army leaders with insights on how adaptable the competing proposals would be when confronted with different combat requirements and helped inform their decision making. Bureau officials said that DOD's classified planning scenario assumes the need to deploy a large number of units in a short period and that this assumption favors the active Army. However, Army officials stated that they did not modify the scenario to change deployment rates or durations because they are required to use DOD's approved planning scenario for sizing and shaping the Army's forces. These officials said that by using DOD's planning scenario they were able to assess the proposals against a range of conditions; complete a fair and objective analysis that enabled them to effectively differentiate between the force-structure proposals; and ensure that their analysis would be seen as credible by DOD officials and other stakeholders relying on their analysis. DOD officials confirmed that the Army followed DOD accepted practices for sensitivity analysis within force-structure planning processes.

The Army's cost analyses generally met some leading practices for cost estimating and, as a result, were sufficiently reliable for comparing the costs of its and the Bureau's force-structure proposals; however, the estimates were of limited value for projecting the actual implementation or annual costs of the Army's proposal.[11] Federal standards for internal control identify the need

[9]GAO-06-938.

[10]DOD's Integrated Security Construct–B comprises four mission types (in order of priority): (1) *Defeat / Major Combat Operations*: To defeat a regional adversary in a large-scale multiphased campaign; (2) *Deter*: To prevent acts of aggression in one or more theaters by presenting a potential adversary with a credible threat of unacceptable counteraction by U.S. forces, and/or belief that the cost of the potential adversary's action outweighs the perceived benefits; (3) *Defend / Homeland Defense*: To defend U.S. territory from direct attack by state and nonstate actors and, in the event such defense fails or in the case of natural disasters, come to the assistance of domestic civil authorities in response to a very significant or even catastrophic event; and (4) *Steady State / Foundational Activities*: Activities the Joint Force conducts by rotating forces globally to build security globally, preserve regional stability, deter adversaries, and support allies and partners.

[11]GAO-09-3SP.

for agency decision makers to have relevant, reliable, and timely information that enables them to carry out their responsibilities.[12] The Army compared the annual projected operating costs for its proposal and the Bureau's alternative and found that the proposals would cost $6.75 billion and $6.80 billion annually, respectively. Based on Army acquisition data, DOD estimated the onetime implementation costs of the two proposals, and found that the Bureau's proposal was $220 million to $420 million more expensive than the Army's proposal, because the Bureau proposed acquiring 11 additional AH-64 Apache helicopters.[13] However, the Army subsequently stated that, based on its analysis, the Bureau's proposal would create unacceptable risk to the force, which could be offset by acquiring 115 additional AH-64 Apache helicopters (104 more than in the Bureau's proposal) and associated equipment, for a total onetime cost of $5.52 billion, and an additional $338 million per year to sustain unplanned force structure.[14] We found that the Army's estimates were substantially comprehensive and well documented, and based on historic funding and manning levels. We also found that the Army consistently applied assumptions to each proposal, and that it used agreed-upon programmatic cost estimates for acquiring the most-modern version of the Apache helicopter. However, we found the estimates were limited as a means to project actual costs and cost savings. For example, the Army's annual cost estimates did not reflect uncertainties about personnel, operations, or readiness of individual units, and the implementation cost estimates excluded some operational costs at the battalion and command level. For example, in the U.S. Army Reserve, where one attack reconnaissance battalion has already begun converting to fly UH-60 Blackhawks, officials told us the process of converting a unit will increase pay and allowances, and require unique equipment fielding, aircraft maintenance, training, and other supply costs at the battalion and command level. Army officials told us that their approach to estimating costs was intended to permit a comparison of the two proposals, and not to develop future budgets.

Although both the Army's and the Bureau's proposals require fewer support positions and cost less than the aviation force structure approved by the Army in fiscal year 2013, the Bureau's proposal requires more positions and costs more than the Army's proposal. The Army's proposal requires 1,249 fewer full-time positions in the Reserve component (1,081 fewer Military Technicians and 168 fewer Active Guard/Reserve personnel);[15] 1,108 fewer part-time positions (traditional reservists or guardsmen); and 382 more regular Army personnel than the Bureau's proposal. Additionally, we found that each type of unit requires a different number of full-time or part-time positions to maintain readiness or to become operational. According to the Army's and Bureau's proposals, the number of positions required for each type of unit are the same for regular Army units; however, the number of full-time and part-time positions vary depending on the type of combat aviation brigade to which the unit is assigned. Additional information is included in appendix II of the briefing.

We are not making recommendations in this report.

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[12]GAO/AIMD-00-21.3.1.

[13]The Bureau's proposal also required $150 million in implementation costs to acquire additional Shadow unmanned aircraft.

[14]These costs were not included in the Army's original cost estimate for the Bureau's proposal, and we did not validate the reliability of the annual recurring cost.

[15]Military technicians are civilian employees and Active Guard and Reserve are military personnel who provide services and administrative support to part-time drilling reservists, among other things.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for comment. In written comments provided by the Headquarters, Department of the Army, DOD generally agreed with our findings. These comments are reproduced in enclosure II. The Office of the Secretary of Defense and the National Guard Bureau also provided technical comments, which we incorporated as appropriate.

As we noted in our report, the Army's analyses were reasonable and suitable for comparing the two force-structure proposals. Specifically, the Army's approach to analyzing the proposals' abilities to meet the projected demand for forces followed generally accepted standards, but additional sensitivity analysis could have been beneficial to decision makers. In its comments, DOD stated that it agreed with our assessment that the Army's analyses of the proposals' abilities to meet projected demand for forces were based on a reasonable methodology but it did not directly address whether further analyses would have been beneficial to decision makers. However, the Army reemphasized its conclusion that the analyses demonstrated that the Army's proposal is better able to meet the projected demand for combat aviation under DOD's classified warfighting scenarios.

Additionally, we found that the Army's cost analyses of the two proposals were sufficiently reliable for comparing the costs of the force-structure proposals but were of limited value for projecting or programming the annual or implementation costs of the Army's proposal. DOD concurred with our assessments of the cost analyses while emphasizing that the Army's proposal provides an affordable and acceptable solution to meet current and future aviation requirements.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Director, Cost Analysis and Program Evaluation; the Secretary of the Army; the Chief of Staff of the Army; and the Chief of the National Guard Bureau. The report is also available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3489 or PendletonJ@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report include Kevin O'Neill, Assistant Director; Tracy Barnes; Erin Butkowski; Martin De Alteriis; Abishek Krupanand; Grant Mallie; Ricardo Marquez; Karen Richey; Amie Steele; Cheryl Weissman; and Alex Winograd.

John H. Pendleton
Director, Defense Capabilities and Management

Enclosures-2

List of Committees

The Honorable John McCain
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Thad Cochran
Chairman
The Honorable Richard J. Durbin
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Mac Thornberry
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Rodney Frelinghuysen
Chairman
The Honorable Pete Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representative

GAO

Force Structure: Army's Analyses of Aviation Alternatives

Briefing for Congressional Defense Committees

February 26, 2015 (Updated April 27, 2015)

GAO

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- Scope and Methodology
- Summary
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- Objective 2: Proposals' Capacities to Meet Potential Demand for Forces
- Objective 3: Cost Analyses and Comparative Cost Estimates
- Agency Views
- Appendixes

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Introduction—The Army's Aviation

- The Army operates seven types of helicopters and two types of unmanned aircraft affiliated with the Army's combat aviation force structure (see fig. 1).

Figure 1: Helicopters and Unmanned Aircraft Affiliated with Army Aviation Force Structure

AH-64 Apache

Attack Reconnaissance

UH/HH-60 Blackhawk

Assault, Support, Medevac

CH-47 Chinook

Heavy Lift

LUH-72 Lakota

Security, Support, and Trainer

MQ-1C Gray Eagle

Reconnaissance and Target Acquisition

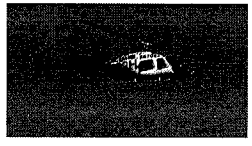
OH-58D Kiowa Warrior

Aerial Reconnaissance

OH-58 A/C Kiowa

Trainer – Supplemental Training Mission

TH-67 Creek



Trainer – Instrument Training Mission

RQ-7B Shadow

Reconnaissance and Target Acquisition

Source: Defense Video and Imagery Distribution System and the Department of the Army. | GAO-15-430R

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Introduction (cont.)—The Army's Approved Combat Aviation Force Structure

- In fiscal year 2013, the Army authorized a combat aviation force that would require 71,000 soldiers; 2,945 attack and assault helicopters (810 AH-64 Apache helicopters and 2,135 UH-60 Blackhawk helicopters) at an estimated cost of $7.9 billion annually—excluding combat operations.
- The Army's authorized force structure included 21 combat aviation brigades (13 in the active component and 8 in the reserve component), and 2 theater aviation commands (in the Army's reserve component). These brigades and commands are made up of subordinate units as described in table 1.

Table 1: Units Subordinate to the Army's Combat Aviation Brigades and Theater Aviation Commands (Authorized in Fiscal Year 2013)

Subordinate unit	Description	Helicopters
Assault Battalion	Provides air assault and air movement capability.	30 UH-60 Blackhawk helicopters
Attack Reconnaissance Squadron	Supports early tactical operations and ground maneuver with reconnaissance, security, and attack.	30 OH-58D Kiowa Warrior helicopters
Attack Reconnaissance Battalion	Supports early tactical operations and ground maneuver with reconnaissance, security, and attack.	24 AH-64 Apache helicopters
General Support Aviation Battalion	Participates in all brigade operations including aerial command and control; heavy lift support; and aeromedical evacuation.	8 UH-60 Blackhawk helicopters, 12 CH-47 Chinook helicopters, 15 HH-60 Blackhawk Medevac helicopters
Aviation Support Battalion	Plans, coordinates, and executes the aviation brigade's sustainment and signal support requirements.	None.
Security and Support Battalion	Supports a variety of federal, state, and homeland security missions.	32 LUH-72 Lakota helicopters

Source: Department of the Army. | GAO-15-430R

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Introduction (cont.)—The Army's Aviation Force Structure Proposal

- In January 2013, the Army started to analyze its aviation force structure to determine how much aviation capability would be needed in 2020. By August 2013, Army officials said that they developed a force-structure proposal that would enable the Army to retain its most-modern and most-capable helicopters. According to Army officials, the Army Chief of Staff approved the Army's proposal in October 2013. The Army's force-structure proposal called for the Army to
  - eliminate nearly 800 aircraft from the Army's planned force structure by divesting three types of older helicopters (OH-58D Kiowa Warrior, OH-58 A/C Kiowa, and TH-67 Creek); and
  - reduce end strength by about 10,700 military positions (about 6,100 regular Army—soldiers that are in the active component when not deployed—and 4,600 reserve component) resulting in a combat aviation force with about 60,000 regular Army and reserve-component positions.
- This proposal also called for significant changes in the allocation of units and helicopters relative to the force structure authorized in fiscal year 2013. Specifically, it would
  - eliminate three active-component combat aviation brigades and—from the reserve component—one theater aviation command and one OH-58D Kiowa Warrior squadron;
  - remove all AH-64 Apache helicopters from the reserve component and increase by 120 the number of AH-64 helicopters authorized for the active component;
  - convert eight Army National Guard and two Army Reserve attack reconnaissance battalions to four Army National Guard and two Army Reserve assault helicopter battalions;[1] and
  - transfer 159 UH-60 Blackhawk helicopters from the active component to the Army National Guard and Army Reserve.

[1]Four of these conversions were for two Army Reserve and two Army National Guard units and were previously directed by the Chief of Staff of the Army in June 2013.

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Introduction (cont.)—The National Guard Bureau's Proposal

- Although National Guard Bureau (Bureau) officials state that they agree with many changes called for under the Army's proposal, the Bureau opposes moving the AH-64 Apache helicopters into the regular Army. The Bureau has stated that doing so will
  - result in operational risk because the Army will have fewer total AH-64 Apache battalions;
  - degrade the Army National Guard's role as a combat reserve and establish precedent for removing other combat capabilities from the Army National Guard; and
  - disrupt Army National Guard units and force structure across 20 states.
- In January 2014, the Bureau put forward an alternate force-structure proposal for the Army's combat aviation units. The Bureau's proposal, which has evolved over time, differs from the Army's in that it
  - reduces end strength by about 8,000 military positions (about 7,000 regular Army and 1,000 reserve component), resulting in a combat aviation force with about 63,000 military positions;
  - retains 120 AH-64 Apache helicopters and six attack reconnaissance battalions in the Army National Guard—two with the full complement of 24 aircraft and four with 18 aircraft;[2] and
  - divests two regular Army attack reconnaissance battalions, 113 UH-60 Blackhawks, and 12 CH-47 Chinook helicopters from the Army's force structure.[3]
- The differences between the proposals are shown in figure 2 and appendix I.

[2]The Bureau's proposal calls for two multicomponent (units made up of regular Army and Army National Guard personnel and equipment) full-spectrum combat aviation brigades that include one fully equipped Army National Guard attack reconnaissance battalion each.

[3]Unlike the Army's proposal, the Bureau's proposal does not include a full-spectrum combat aviation brigade "equipment set" in South Korea. The Bureau does not specify where the helicopters associated with the equipment set's support battalions and assault helicopter battalion would be assigned under its proposal. Consequently, we did not include these helicopters as part of the Bureau's proposal.

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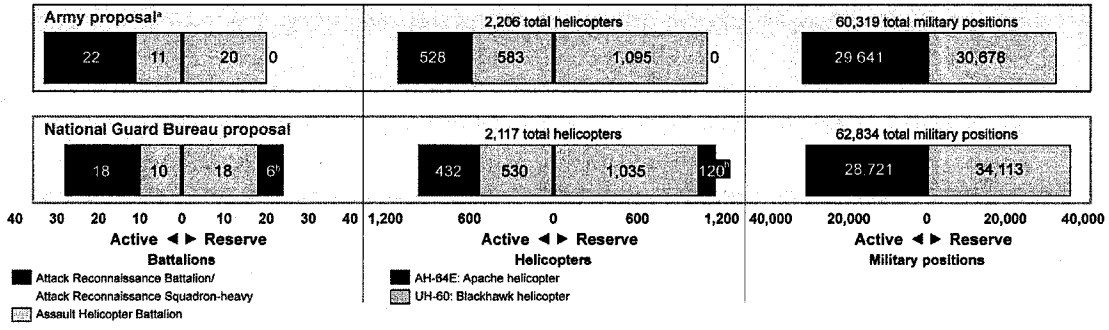
Introduction (cont.)—Differences between the Army's and the National Guard Bureau's Proposals

Figure 2: Differences between the Army's and National Guard Bureau's Proposed Fiscal Year 2020 Force Structures by Battalions, Helicopters, and Military Positions—As of February 2015



Source: GAO analysis of Army data. | GAO-15-430R

[a]The Army's proposal includes an "equipment set" for a combat aviation brigade in South Korea. This equipment set comprises the helicopters associated with a full-spectrum combat aviation brigade and all of its subordinate units, including two attack reconnaissance battalions, one assault helicopter battalion, a general support aviation battalion, and an aviation support battalion. The Bureau's proposal does not include this "equipment set" and does not specify whether the Blackhawk helicopters from the equipment set would be retained in the Army's force structure. Consequently, we did not count those helicopters in figure 2 above.
[b]The Bureau's proposal would include four attack reconnaissance battalions that would be equipped with 18 of the 24 AH-64E Apache helicopters typically assigned to these types of units.

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Introduction (cont.)—Analyses of the Army's and Bureau's Force-Structure Proposals

- In July 2014, the Deputy Secretary for Defense tasked the Director for the Office of the Secretary of Defense's Cost Assessment and Program Evaluation (CAPE) office with leading an analytic team comprised of senior officers and officials from DOD; Headquarters, Department of the Army; and the Bureau. The team was directed to analyze the Army's and Bureau's force structure proposals. Based on this review the team agreed that:
  - The Bureau's proposal would increase Army aviation costs over the Army's proposal by between $90 million and $180 million annually and could increase the up-front costs of implementing the force-structure proposal by nearly $570 million.
  - The Army's proposal would generate up to one-fifth more unit capacity—meaning units that are available to meet mission requirements—than the Bureau's alternate proposal.
  - The Bureau's proposal would require Army National Guard Apache units in multi-component combat aviation brigades to be mobilized during peacetime for one year out of every four to five years—a tempo that exceeds practices over the last decade.
  - The use of multi-component units in the Bureau's proposal presents training risk for operations due to planned training timelines much shorter than those experienced over the last decade.

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Introduction (cont.)—Analyses of the Army's and Bureau's Force-Structure Proposals

- The Army staff analyzed and compared both force-structure proposals' relative abilities to meet future combat requirements and costs. Bureau officials provided input to the Army's analyses, and were kept informed of the Army's progress and results. Bureau officials said that the Bureau did not conduct its own analysis because it does not have the expertise needed to assess the performance and costs of its own force-structure proposal.
- Based on its analysis and the CAPE study team's conclusions, the Army judges that the Bureau's proposal would create unacceptably high risk to the aviation mission and force structure. Specifically, the Army concluded
  - the Bureau's proposal would result in not meeting combatant commander demands, inadequately trained formations, and less capable units; and,
  - mitigating these risks would require procuring additional Apache helicopters and Shadow aircraft (at a cost of $4.4 billion) and sustaining unplanned force structure (costing $338 million per year).

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Objectives

- In 2014, Senate Report 113-176 included a provision for GAO to undertake a broad review of the Army's force-structure decision-making processes, models, and analyses. Additionally, Pub. L. No. 113-291 included a provision for GAO to compare the assumptions, cost estimates, and support personnel implications underlying the Army's aviation force-structure proposal with those underlying the Bureau's alternate proposal.[4] This briefing
  - compares the assumptions underlying the Army's and the Bureau's respective combat aviation force-structure proposals,
  - evaluates the Army's analyses of the two proposals' respective capacities to meet projected combat requirements, and
  - evaluates the Army's cost analyses and comparison of both proposals.
- This briefing also identifies how the Army's and the Bureau's proposed force structures would result in differing support requirements for the Army's Combat Aviation Brigades (presented in app. II).

[4]S. Rep. No. 113-176 at 83 (2014) and The Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, § 1057 (2014).

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Scope and Methodology

- We performed our work at the Headquarters, Department of the Army, U.S. Army Training and Doctrine Command Analysis Center, and the U.S. Army Aviation Center of Excellence because these components were primarily responsible for analyzing the Army's proposal and the Bureau's alternate. We obtained perspectives on the Army's analyses from the National Guard Bureau, and from CAPE. Appendix III summarizes the organizations where we performed fieldwork.
- To address our objectives, we took the following steps:
  - Compared the assumptions identified for each force-structure proposal, and interviewed knowledgeable officials to determine their views of the cause of any differences.
  - Evaluated whether the Army's assessment of the two force-structure proposals' abilities to meet future combat demands was reasonable by comparing its methodology to generally accepted research standards for study design, which we developed in our prior work;[5] reviewing technical documentation associated with the Army's model; and interviewing officials at the Center for Army Analysis and CAPE.

[5]GAO, *Defense Transportation: Study Limitations Raise Questions about the Adequacy and Completeness of the Mobility Capabilities Study and Report*, GAO-06-938 (Washington, D.C.: Sept. 20, 2006). To identify these standards, we reviewed research literature and DOD guidance. We specifically applied the standards relating to study design. See GAO-06-938 for more information.

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Scope and Methodology (cont.)

- We also evaluated the Army's cost analyses of the Army's and Bureau's proposals by comparing the Army's cost-estimating models and methodology for preparing these analyses to leading practices,[6] and evaluating the Army's use of these estimates against standards for internal control in the federal government.[7] Because the Army's proposal has been approved for implementation by the Army Chief of Staff, we also evaluated the Army's cost estimate for implementing its proposal and its anticipated annual costs against these criteria.
- We also created a data set using the Army's fiscal year 2014 and fiscal year 2020 personnel requirements documents for its combat aviation units, as well as composite personnel cost data. We worked with Army and Bureau officials to develop a definition for "support" and applied that definition as part of our analysis. We used data from these years because the Army did not begin implementing its proposed restructuring until the end of fiscal year 2014, and fiscal year 2020 is the year by which it is to be completed. We used the data set to compare the number and associated costs of military and civilian positions needed to support the Army's combat aviation brigades under each proposal.
- We also assessed the reliability of the Army's cost and personnel requirements data and cost-estimating models by reviewing documentation associated with the relevant data systems and interviewing knowledgeable officials. We determined the data were reliable for the purposes of our review.
- We met with officials from the Office of the Secretary of Defense; Headquarters, Department of the Army; and the National Guard Bureau to obtain oral comments on our preliminary briefing materials, and we incorporated their technical comments as appropriate.

[6]GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: March 2009). The methodology outlined in the Cost Estimating and Assessment Guide is a compilation of best practices that federal cost-estimating organizations and industry use to develop and maintain reliable cost estimates throughout the life of an acquisition program. See GAO-09-3SP for more information.

[7]We specifically applied federal standards related to information and communications. See GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

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Summary

- The Army and the Bureau agree on assumptions pertaining to strategy and the potential demand for combat aviation forces, but disagree on other assumptions such as the Army's budget constraints and how Army National Guard units would be trained, mobilized, and used in combat.
- The Army's analyses of the proposals' abilities to meet projected demand for forces were based on a reasonable methodology that met several generally accepted research standards for study design, which require the identification and consistent application of assumptions and the use of sensitivity analysis, but further sensitivity analysis could have been beneficial to decision makers.
  - The Army's analyses were based on DOD's classified planning scenario, and the Army applied many assumptions consistently across both proposals; however, the Army's analyses did not evaluate how varying the classified planning scenario—either by varying the rate at which units would deploy into a major combat operation in the scenario or the duration of the major combat operation—would affect the performance of the proposals.
  - In our view, the Army's analyses were based on a model and methodology that provides a reasonable approach for comparing the Army's and Bureau's force structure proposals, but varying the demand scenario could have been beneficial to decision makers.

GAO

Summary (cont.)

- The Army's cost analyses are based on relevant, sufficiently reliable, and timely estimates that enabled the Army to compare the costs of its and the Bureau's force structure proposals; however, the estimates were of limited value for projecting the actual costs of the Army's proposal.
  - **Operations and Support Costs**: In its analyses, the Army found that there was little difference between the proposals' estimated annual operations and support costs. We found that these estimates were substantially comprehensive and well documented, based on historic funding and manning levels, and that they applied assumptions comparably to each proposal. The estimates were limited because they did not reflect uncertainties about personnel, operations, or readiness of individual units, all of which affect potential costs. Additionally, based on its analyses the Army subsequently stated that additional force structure would need to be created to offset risks created by the Bureau's proposal. The Army estimated that the annual cost of sustaining this additional force structure would be about $338 million. However, this cost was not included in the Army's original estimate, and we did not validate its reliability.
  - **Implementation Costs**: The Army's estimates of the proposals' implementation costs included costs associated with pilot training and aircraft acquisitions, but excluded some battalion and command-level costs. The key difference between the two proposals is how many Apache helicopters would be needed. The Army's proposal calls for 690 Apache helicopters. The Bureau's proposal would require 11 additional Apache helicopters at a cost of at least $220 million. However, the Army stated that the Bureau's proposal would increase risk without acquiring a total of 115 additional helicopters and associated equipment, resulting in a total implementation cost of $5.52 billion for the Bureau's proposal.

GAO

Objective 1: Assumptions Regarding Strategy, Resources, and Component Roles

- The Army and the Bureau agree on assumptions about strategy and the anticipated future demands for combat aviation that underlay their force structure proposals, but differ on other assumptions about how Army National Guard units would be used.
- In summary, Army and Bureau officials
  - agree on the military strategy, anticipated demand for forces, near-term training resources, and Army National Guard readiness requirements (slide 16) and
  - disagree on the availability of resources, as well as on Army National Guard characteristics such as how its units will be trained, utilized, mobilized, and deployed (slide 17).

GAO

Objective 1: Assumptions Regarding Strategy, Resources, and Component Roles (cont.)

The Army and the Bureau agree on the following assumptions:

- **Military Strategy**: The armed forces will need to be able to simultaneously defend the homeland; conduct sustained, distributed counterterrorist operations; and deter aggression and assure allies through forward presence and engagement in multiple regions. If deterrence fails, U.S. forces need to be able to defeat a regional adversary in a large-scale conflict, and deny the objectives of—or impose unacceptable costs on—a second aggressor in another region.
- **Demand for Forces**: The base planning scenario for sizing and shaping the Army's force is Integrated Security Construct—B (Scenario 3), which Army and Bureau officials told us is one of three planning scenarios in DOD's 2014 classified planning guidance.
- **Near-Term Training Resources**: The priority for resourcing in the near term (fiscal years 2016-2019) will be on ensuring the full readiness of forces that expect to deploy and fight upon notification. Those forces include the global response force, and forces deploying next into combat operations. The remainder of the force will be subject to tiered readiness.
- **Readiness**: For any given mission, prior to deployment, the Army National Guard will meet the same training and readiness standards as regular Army soldiers with the same mission. The Army National Guard will be ready and available to operate in peacetime, in wartime, and in support of civil authorities for its assigned mission set, within the context of the Army's cyclical readiness model.

GAO

Objective 1: Assumptions Regarding Strategy, Resources, and Component Roles (cont.)

Table 2: Differing Assumptions between the Army's and National Guard Bureau's Force-Structure Proposals

Category	Army position	National Guard Bureau (Bureau) position
Base budget	Army officials said that they anticipate the Army will continue to face budget pressures.	Bureau officials agree that the Army may continue to face constrained budgets, but stated that the Army should not base long-term force-structure decisions on short-term funding challenges.
Army National Guard training	Army officials stated that the Army may not have sufficient warning, or the resources to provide sufficient premobilization and postmobilization training time, to prepare Army National Guard full-spectrum combat aviation brigades for deployment against major combat operation missions.	Bureau officials stated that Army National Guard full-spectrum combat aviation brigades will be able to meet future mission requirements and deployment timelines given sufficient training resources and adequate notification and noted that historically the Army has been able to provide adequate advance notice.
Army National Guard dwell time	Army officials stated that for planning purposes they assumed that Army National Guard units will follow the Department of Defense's policy of 4 years of dwell time—time between deployments—for each year mobilized during unplanned combat operations.	Bureau officials stated that for planning purposes they assumed Army National Guard units would follow a policy of 2 years of dwell time for each year mobilized during unplanned combat operations.

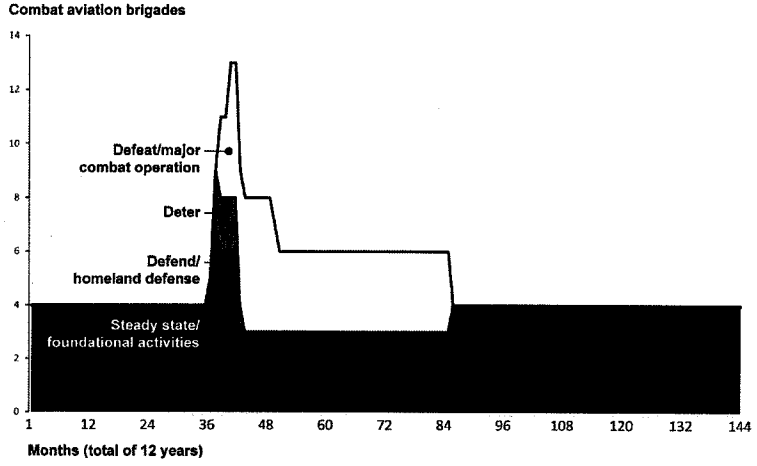
Source: GAO analysis of Army and National Guard Bureau data. | GAO-15-430R

GAO

Objective 2: Proposals' Capacities to Meet Potential Demand for Forces

- In October 2014, the Army analyzed the extent to which its force-structure proposal and the Bureau's alternate proposal would provide enough combat aviation brigades to meet anticipated requirements for a variety of different mission types (see fig. 3). The Army used the Department of Defense's (DOD) classified planning scenario (Integrated Security Construct—B) when assessing the proposals.

Figure 3: Unclassified Depiction of the Projected Demand for Combat Aviation Brigades



Source: U.S. Army Training and Doctrine Command Analysis Center. | GAO-15-430R

Note: According to Army officials, the DOD planning scenario is unclassified unless a specific location is referenced when depicting the scenario. Mission types include the following—
Steady State / Foundational Activities: Activities the Joint Force conducts by rotating forces globally to achieve strategic and operational interests. These include activities to build security globally, preserve regional stability, deter adversaries, and support allies and partners.
Defeat / Major Combat Operations: One of the four missions outlined in the 2012 Strategic Guidance and 2014 Quadrennial Defense Review (defeat an adversary). Specifically, U.S. forces will be prepared to defeat a regional adversary in a large-scale multiphased campaign in order to achieve national and strategic objectives.
Deter: U.S. forces will be able to prevent acts of aggression in one or more theaters. Specifically, "deter" is the prevention of action by the existence of a credible threat of unacceptable counteraction and/or belief that the cost of action outweighs the perceived benefits.
Defend / Homeland Defense: U.S. forces will defend U.S. territory from direct attack by state and nonstate actors. The Army will be positioned to come to the assistance of domestic civil authorities in the event such defense fails or in case of natural disasters, potentially in response to a very significant or even catastrophic event.

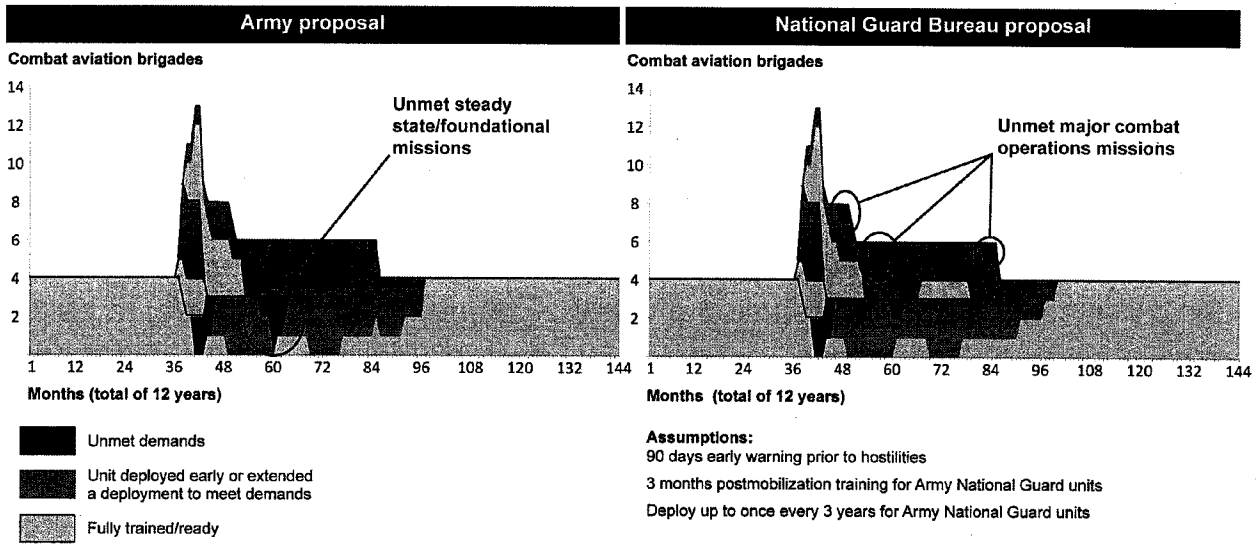
GAO

Objective 2: Proposals' Capacities to Meet Potential Demand for Forces (cont.)

- The Army's October 2014 analysis sought to determine whether the Bureau's proposal could better meet the projected demand for units as compared to the Army's proposal, under assumptions favorable to the Bureau's option. Such assumptions included a 90-day notification prior to major combat operations, successful completion of a 3-month postmobilization training period, and deployments of once every 3 years for Army National Guard units.
- The October 2014 analysis found that under these favorable conditions, the Army's option was better able to meet the modeled demand for units, although both proposals met most mission requirements. The Army's proposal fully met 93 percent of modeled requirements and the Bureau's proposal fully met 91 percent of these requirements, with the Army's proposal better addressing major combat operation requirements and the Bureau's proposal better addressing foundational mission requirements (see fig. 4). However, the Army's analysis did not show potential risks if the favorable assumptions were incorrect.
    - Army officials who completed the analysis said that, in their view, the analytical results did not provide a meaningful basis for choosing between the two force-structure proposals. Bureau officials agreed that the differences between the two proposals were insignificant.
    - However, in making these assumptions, Army officials said that reviews completed by CAPE and RAND Corporation suggest that the postmobilization training period modeled would be infeasible and unrealistic. Specifically, they stated that even with 12-month advanced notice for deployment to lower-risk missions, Army National Guard AH-64 units required between 88 and 118 postmobilization days. Bureau officials disagreed with the Army's assessment and stated that the Army National Guard has met deployment timelines in the past and would continue to do so under its proposal.

Objective 2: Proposals' Capacities to Meet Potential Demand for Forces (cont.)

Figure 4: Modeling Results Comparing Army and National Guard Bureau Proposals (October 2014)



Source: U.S. Army Training and Doctrine Command Analysis Center. | GAO-15-430R

Note: The Army's study prioritizes mission fulfillment as follows (in order of importance and priority):
(1) Major Combat Operations, (2) Deter, (3) Enhanced Protective Posture / Homeland Defense, and then (4) Foundational Activities.

GAO

Objective 2: Proposals' Capacities to Meet Potential Demand for Forces (cont.)

- In January 2015, the Army completed a sensitivity analysis to determine whether their conclusions would vary if the analysis used differing assumptions. Army officials told us that they modeled at least 15 different variations within the context of DOD's classified planning scenario that collectively varied the number of units needed to fill foundational mission requirements, and examined an excursion that included a second major combat operation mission with varying demands for combat aviation brigades.
- The Army also analyzed its proposal relative to the Bureau's original January 2014 proposal and adopted the following assumptions:
  - less warning time (30 days) prior to the beginning of major combat operations,
  - Army National Guard attack reconnaissance battalions would need a longer postmobilization training period (4 months) before they could deploy, and
  - Army National Guard units could deploy up to once every 3 years, which was consistent with the October 2014 analysis.

GAO

Objective 2: Proposals' Capacities to Meet Potential Demand for Forces (cont.)

- This sensitivity analysis found that the Bureau's proposal was less able to meet mission demands than the Army's proposal when modeled using differing assumptions.
  - The Bureau's proposal experienced more shortfalls during the peak period of major combat operations (which officials said are characterized by high-intensity combat).
    - Both options demonstrated shortfalls for the first 5 months of the major combat operations period.
    - However, the Army's proposal met all demands during the final 4 months of the peak demand period while the Bureau's proposal met 83 percent of the demands.
  - The Bureau's proposal also experienced shortfalls during critical postcombat operations that officials said require the Army to relieve units that have been deployed for extensive periods. Specifically:
    - The Army determined that the Bureau's proposal would result in a shortfall of two or more combat aviation brigades during the first 15 months of stability operations 20 percent of the time.
    - In contrast, the model generated this magnitude of a shortfall in the availability of units only 3 percent of the time when using the Army's proposal.

GAO

Objective 2: Proposals' Capacities to Meet Potential Demand for Forces (cont.)

- We found that the Army's analysis is based on a model and methodology that provides a reasonable approach for comparing the Army's and Bureau's force-structure proposals.
  - Generally accepted research standards for study design, which we derived in our prior work,[8] require that credible and well-designed studies clearly identify their assumptions and constraints; ensure that assumptions are necessary, reasonable, and consistently applied; and include sensitivity analyses to assess results across a variety of conditions, among other things.
  - We found that the Army's analysis met several of these design standards in that it
    - varied the level of readiness for each combat aviation brigade within its model,
    - identified assumptions and constraints underlying its analysis,
    - used the same assumptions throughout its analysis when assessing the proposals, and
    - based its assumptions for the mobilization and deployment of units on DOD and Army policies and guidance.
- However, we found that the Army's sensitivity analysis did not evaluate how the proposals would have performed if the Army modified DOD's classified planning scenario to vary (1) the rate at which units deploy into a major combat operation or (2) the duration of the major combat operations mission.

[8]GAO-06-938.

GAO

Objective 2: Proposals' Capacities to Meet Potential Demand for Forces (cont.)

- Army officials stated that they did not complete sensitivity analysis on the rate of deployment of units or the duration of major combat missions because they were directed to use DOD's approved planning scenario for sizing and shaping the Army's forces. These officials said that by using DOD's planning scenario they were able to
  - assess the proposals against a range of conditions;
  - complete a fair and objective analysis that enabled them to effectively differentiate between the force-structure proposals; and
  - ensure that their analysis would be seen as credible by DOD officials and other stakeholders.
- Bureau officials said that DOD's classified planning scenario assumes the need to deploy a large number of units in a short period and that this assumption favors the active Army. However, they noted that the Army has rarely, if ever, been required to meet such an aggressive deployment timeline in the past and, as a result, it may not be appropriate to allocate aviation capabilities based on this assumption.
- Officials from DOD's CAPE and the Center for Army Analysis agreed that the analyses have limitations but noted that in their view the Army's conclusions were correct. However, CAPE officials stated that additional sensitivity analysis would have departed from DOD practices for force structure planning and that the Army followed DOD accepted practices for sensitivity analysis within force structure planning processes.

GAO

Objective 3: Cost Analyses and Comparative Cost Estimates

- In March 2014, the Army estimated and compared the annual projected operating costs of its force-structure proposal and the Bureau's alternate, and found that the proposals would cost $6.75 billion and $6.80 billion, respectively, per year after implementation.
- The Army stated that the Bureau's proposal would leave two Army divisions unable to routinely train with their respective AH-64 battalions. According to the Army, if deployed to war under the Bureau's proposal, these divisions would be insufficiently trained, creating unacceptable risk to the force.
  - To address this risk, Army officials stated that the Army would need to obtain additional force structure, which would cost about $338 million annually to sustain. We did not validate the accuracy of this estimate.
  - Bureau officials told us that they disagree that the Bureau's proposal presents unacceptable risk. They stated that the Bureau's proposal would provide more attack reconnaissance battalions than the Army's original proposal, and that additional force structure would not be needed.
- These estimates are summarized in table 3.

GAO

Objective 3: Cost Analyses and Comparative Cost Estimates (cont.)

Table 3: Comparison of Army and National Guard Bureau Proposals' Estimated Annual Operating Costs upon Implementation (as of March 2014)
Fiscal year 2014 dollars in billions

	Army proposal	National Guard Bureau (Bureau) Proposal
Active-Component Structure		
- Operations and Maintenance	$1.64	$1.58
- Personnel	2.27	2.20
Subtotal, Active-Component Structure	**$3.91**	**$3.78**
Reserve-Component Structure		
- Operations and Maintenance	0.68	0.76
- Personnel	0.61	0.64
- Military Technicians / Supplemental Training	0.30	0.36
Subtotal, Reserve-Component Structure	**$1.59**	**$1.76**
Pilot Training[a]	1.25	1.26
Total Estimate	**$6.75**	**$6.80**
Army-Identified Additional Costs[b]	**$0**	**$0.34**

Source: GAO analysis of Army data. | GAO-15-430R

Note: These cost estimates do not include an additional $0.06 billion per year under each proposal to operate three Light Utility Helicopter (LUH-72) battalions.
[a]The Army's March 2014 pilot training estimate was incomplete, and the Army provided us with an updated estimate, reflected in this table, in February 2015.
[b]The Army has stated that it would need to sustain additional force structure if the Bureau's proposal were implemented in order to mitigate operational risk. We did not evaluate the reliability of this estimate.

GAO

Objective 3: Cost Analyses and Comparative Cost Estimates (cont.)

- The Army also estimated the costs to implement the two proposals, which included the costs of acquiring helicopters and training pilots and crews to fly different aircraft (summarized in table 4). The Army estimated that its proposal would cost about $1 billion to implement, with $0.81 billion in onetime costs to acquire and operate 100 new LUH-72 Lakota aircraft that would replace the TH-67 training helicopter and OH-58 A/C helicopter, which are being retired.
- The Army's proposal would retain 690 AH-64 Apache helicopters; the Bureau's proposal would acquire 11 more Apaches—at a cost of $220 million to $420 million,[9] plus $150 million for additional Shadow aircraft.
  - The Army's proposal includes an unmanned equipment set with 48 Apache helicopters in South Korea; the Bureau's proposal reallocates this equipment set to active Army units that would rotationally deploy to Korea and other locations worldwide.
  - The Army's proposal includes 67 Apache helicopters as part of a logistics and maintenance fleet; whereas the Bureau's proposal includes 57 Apache helicopters.
- Army officials stated that eliminating the equipment set would leave less time for units to train before deployment, which would increase the likelihood that units will be unprepared for an unexpected crisis. They added that reducing the logistics fleet would require the Army to extend its Apache modernization program and increase costs.
- Army officials stated equipping the two additional battalions discussed previously, replenishing the equipment set, and meeting logistical and maintenance requirements would require 115 additional Apache helicopters (104 more than proposed by the Bureau), and associated aircraft, with a resulting total estimate of $5.52 billion.

[9]The Bureau estimate assumes that there will be no additional costs beyond $220 million to acquire the helicopters, based on Army acquisition data. However, the CAPE review team reported the costs to be $420 million, because the Bureau's proposal would acquire aircraft at a lower rate and over an extended schedule.

GAO

Objective 3: Cost Analyses and Comparative Cost Estimates (cont.)

Table 4: Comparison of Estimated Implementation Cost for the Army and National Guard Bureau Proposals (as of December 2014)
Fiscal year 2014 dollars in billions

	Army proposal	National Guard Bureau (Bureau) proposal
Aircraft Acquisition		
- Apache helicopter and Shadow unmanned aircraft[a]	$0	$0.57
- Light utility helicopter[b]	0.81	0.81
Subtotal, Aircraft Acquisition	**$0.81**	**$1.38**
Pilot training[c]	0.17	0.10
Total Estimate	**$0.98**	**$1.48**
Army-Identified Additional Costs[d]	**$0**	**$4.04**

Source: GAO analysis of Office of the Secretary of Defense and Army data. | GAO-15-430R

[a]Estimates based on Army acquisition data. The Bureau's proposal would acquire 11 additional Apache helicopters at an estimated cost of $220 million. Additionally, the Cost Assessment and Program Evaluation group estimates that the program could incur $200 million in added procurement costs due to a lower production rate and an extended schedule. The estimate also includes $150 million to equip 6 RQ-7B Shadow platoons in the Army National Guard.
[b]Directed by the Office of the Secretary of Defense in a revision to the Army's fiscal year 2015 proposed budget submission. Includes about $560 million in onetime procurement and about $250 million in onetime fleet modifications, operations, and sustainment costs.
[c]Includes pilot qualifications on new aircraft and advanced pilot training.
[d]According to the Army, implementing the Bureau's proposal would require 104 additional Apache helicopters (115 new acquisitions in total), at an additional cost of $3.96 billion, and equipment for three additional RQ-7B Shadow platoons (nine platoons in total) at an additional cost of $75 million.

GAO

Objective 3: Cost Analyses and Comparative Cost Estimates (cont.)

- Federal standards for internal control identify the need for agency decision makers to have relevant, reliable, and timely information that enables them to carry out their responsibilities.[10]
- The Army's estimates of annual costs were relevant and sufficiently reliable because the operations, maintenance, and military personnel cost estimates—which constitute the majority of the annual costs associated with the two proposals—reflected key characteristics of high-quality and reliable cost estimates.[11] We found that the estimates were:
  - substantially comprehensive, in that they covered all units affected by each force structure proposal;
  - substantially well documented by describing in detail how they were developed; and
  - based on historical funding and manning levels, with assumptions comparably applied to each proposal.
- The Army's implementation cost estimates were also relevant and sufficiently reliable because the key difference between the two proposals—the cost for additional Apache helicopters—was based on the agreed-upon programmatic cost estimates for acquiring the most-modern version of the helicopter.

[10]GAO/AIMD-00-21.3.1.
[11]GAO-09-3SP.

GAO

Objective 3: Cost Analyses and Comparative Cost Estimates (cont.)

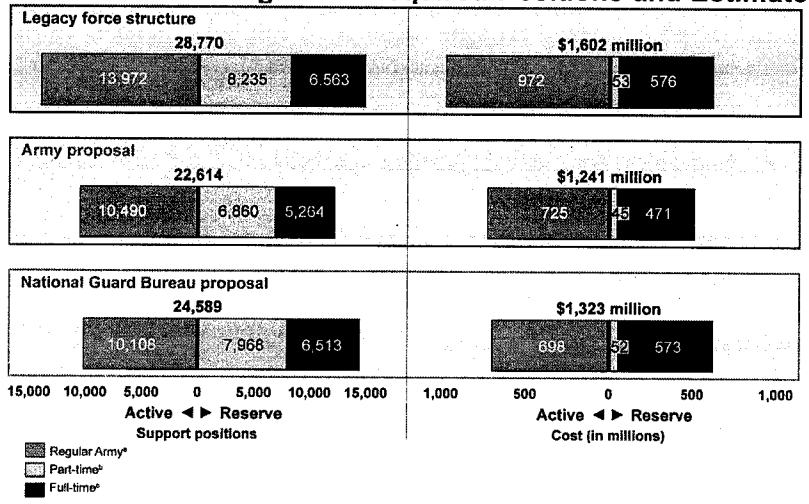
- Although the Army's cost analyses are based on relevant, sufficiently reliable, and timely estimates that compare the costs of the Army's and the Bureau's force-structure proposals, our analysis found that the Army's cost estimates for implementing its proposal excluded some costs. In the U.S. Army Reserve, where one attack reconnaissance battalion has already begun converting to fly UH-60 Blackhawks, officials told us the process of converting a unit will increase costs at the battalion and command level. The officials added that such costs will include pay and allowances, unique equipment fielding, aircraft maintenance, training to increase individual and crew proficiency, and other supply and administrative actions.
- The Army agreed that its cost estimates for implementing the proposals were limited to include the costs associated with pilot training and aircraft acquisitions, and that not all operational costs were covered by its estimate. Officials told us that the Army intends to fund its aviation restructuring effort with $1.46 billion that it reprogrammed through fiscal year 2019 from cancelled OH-58D Kiowa Warrior modernization programs, and other transfers from canceled OH-58D pilot training.
- Army officials added that the reprogramming will make it possible to restructure the aviation force without increasing the Army's overall planned expenditures on aviation through fiscal year 2019. Army officials told us that should the Army be delayed in implementing its force-structure proposal it would incur costs beyond what has been planned for within its budget. To defray these costs, the officials said they would likely be forced to delay critical helicopter modernization programs.

GAO

Appendix II: GAO Analysis of Personnel Support to Combat Aviation Brigades

- The Army's proposal and the National Guard Bureau's proposal will both result in a reduction in the overall number of required support positions, as shown in figure 5.
- We define "support" as personnel that directly or indirectly sustain combat aviation units—excluding flight crews and pilots. This includes mechanics, aviation operations personnel, and unmanned aircraft personnel.

Figure 5: Combat Aviation Brigades—Required Positions and Estimated Cost to Fund



Source: GAO analysis of Army and National Guard Bureau information. | GAO-15-430R

Notes: Some numbers may not sum up due to rounding.
[a]Regular Army refers to soldiers that are assigned to the active component when not deployed.
[b]Part-time refers to soldiers that are members of the Army Reserve or the Army National Guard and serve as either traditional reservists or guardsmen.
[c]Full-time includes full-time military personnel (active Guard/Reserve) and Military Technicians.

GAO

Appendix II: GAO Analysis of Personnel Support to Combat Aviation Brigades (cont.)

Table 5: GAO Analysis of Required Positions and Estimated Cost to Fund Army and National Guard Bureau Force-Structure Proposals (as of February 2015)

		Army proposal		National Guard Bureau Proposal	
		Full-time support positions[a]	Military positions	Full-time support positions[a]	Military positions
Active	Full-Spectrum Combat Aviation Brigade		10,490		10,108
Reserve	Full-Spectrum Combat Aviation Brigade			2,381	2,480
	Expeditionary Combat Aviation Brigade	5,264	6,860	4,131	5,488
	Total number of positions	**5,264**	**17,350**	**6,513**	**18,076**
	Total cost (fiscal year 2014 dollars in millions)[b]	**$471**	**$768**	**$573**	**$749**

Source: GAO analysis of Army and National Guard Bureau data. | GAO-15-430R

Notes: Some numbers may not sum up due to rounding.
[a]All data pertaining to the number of full-time support personnel required for each type of battalion were provided by the Army National Guard.
[b]Cost data for the full-time support positions were reported at $115,601 per active Guard/Reserve and $76,788 per Military Technician by the Army National Guard.

GAO

Appendix III: Fieldwork

Organization	Group
Office of the Secretary of Defense	• Cost Assessment and Program Evaluation
Department of the Army	• Department of the Army Military Operations-Aviation • Deputy Assistant Secretary of the Army—Cost and Economics • Office of the Army Deputy Chief of Staff, Programming • Office of the Army Deputy Chief of Staff, Program Analysis and Evaluation • Office of the Army Deputy Chief of Staff, Operations and Plans • U.S. Army Aviation Center of Excellence • U.S. Army Capabilities Integration Center • U.S. Army Force Management Support Agency • U.S. Army Forces Command • U.S. Army Training and Doctrine Command Analysis Center
National Guard Bureau / Army National Guard	• Support Special Assistant to the Director, Army National Guard Liaison for Aviation Transformation • Army National Guard Aviation • Personnel Programs, Resources and Manpower • Army National Guard, Plans • Army National Guard attack reconnaissance battalion (1-104th)[a] • Force Management Division
U.S. Army Reserve	• Office of the Chief of the Army Reserve • 11th Aviation Command Headquarters • U.S. Army Reserve assault helicopter battalion (8-229th)[a]

Source: GAO. | GAO-15-430R

[a]The two units we visited were chosen based on whether they were undergoing conversion, their deployment history, and their training location. While the information obtained at these units is not generalizable, it enabled us to obtain the perspectives of commanders and servicemembers who may be affected by the two force structure proposals discussed in this report.

Enclosure II: Comments from the Department of Defense.

SECRETARY OF THE ARMY
WASHINGTON

INFO MEMO

04-14-15 13:48 OUT

FOR: DIRECTOR, DEFENSE CAPABILITIES MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE
DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: John M. McHugh, Secretary of the Army

SUBJECT: Army Comments on GAO Draft Report, "FORCE STRUCTURE: Army's Analyses of Aviation Alternatives" dated March 27, 2015 (GAO-15-430R) (GAO Code 351967)

I am pleased to provide the attached approved comments on the subject GAO draft report. Should you have additional questions regarding the Army's position on this matter, please contact the undersigned action officer.

COORDINATION: NONE

Attachment:
As stated

Prepared By: Mr. Kerry Schindler, (703) 693-3160

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-3/5/7
400 ARMY PENTAGON
WASHINGTON, DC 20310-0400

April 10, 2015

Mr. John Pendleton
Director, Defense Capabilities Management
U.S. Government Accountability Office
441 S Street, NW
Washington, DC 20548

Dear Mr. Pendleton,

The Department of Defense acknowledges receipt of the draft report. We concur with your findings that the Army's cost estimates and demand and capability analyses used a reasonable methodology and were suitable for comparing the Army's Aviation Restructure Initiative (ARI) and National Guard Bureau (NGB) proposals. The Department also concurs that the Army's plan is less expensive and better meets mission demands, which is in agreement with three separate reviews directed by then Deputy Secretary of Defense Carter, Acting Deputy Secretary of Defense Fox, and Deputy Secretary of Defense Work.

We also agree with your assessment of two key differences between the Army proposal and National Guard proposal for the congressionally identified tasks of costs and warfighting demand.

Our first area of agreement with the GAO report is that the Army's plan is less expensive than the National Guard plan. While the proponents of the National Guard proposal believe that the Army should not base long-term force structure decisions on current funding challenges, the Army, and OSD, fundamentally disagree that the current fiscal environment is a short-term problem. ARI is an affordable and acceptable solution to meet current and future aviation requirements for the Army under the President's Budget. Furthermore, we believe the National Guard proposal is based upon overly optimistic assumptions and would create unacceptable risk. Such risk would force the Army to expend an additional $4.5 billion in one-time procurement costs and approximately $350 million annually to maintain sufficient airframes to adequately meet the operational demands of today and the future. These additional costs are based on our recent extensive experience deploying Apache units into combat.

The second area of agreement concerns warfighting demand, where your report affirms that the Army's ARI proposal better meets the DoD classified warfighting scenarios. While the NGB states that the OSD-directed classified warfighting scenarios should be set aside in judging the two proposals, the Army is obligated to use the plans directed by our civilian leaders and Combatant Commanders when establishing Army force structure. These leaders, both civilian and military, assessed acceptable risk and approved a National Security Strategy and related DoD planning documents that demand more ready forces to meet no-notice contingencies.

The Army leadership, as well as the leadership of the Department of Defense, agree with your assessment that the Army's Plan for ARI, which includes moving Apaches from the National Guard to the Regular Army, as well as Blackhawks from the Regular Army to the National Guard, is cost-effective, better supports Homeland Defense, and better meets the demands of our classified warfighting scenarios.

We are also providing you with direct input from the Office of Secretary of Defense for Cost Assessment and Program Evaluation (OSD-CAPE) and the Army National Guard.

Sincerely,

Gary H. Cheek
Major General, U.S. Army
Assistant Deputy Chief of Staff, G-3/5/7

(351967)

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GAO-15-10

United States Government Accountability Office

GAO

Report to the Committee on Armed Services, House of Representatives

January 2015

DEFENSE HEADQUARTERS

DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats

January 2015

GAO Highlights

Highlights of GAO-15-10, a report to the Committee on Armed Services, House of Representatives

DEFENSE HEADQUARTERS

DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats

Why GAO Did This Study

Facing budget pressures, DOD is seeking to reduce headquarters activities of OSD, the Joint Staff, and the military services' secretariats and staffs, which primarily perform policy and management functions. GAO was mandated to review personnel resources devoted to these headquarters organizations from fiscal years 2001 through 2013. This report (1) identifies past trends in personnel resources for these organizations and any plans for reductions; and (2) evaluates the extent to which DOD determines and reassesses personnel requirements for the organizations. GAO analyzed data on authorized military and civilian positions and contracted services from fiscal years 2001 through 2013. GAO reviewed DOD's headquarters reductions plans and processes for determining and reassessing personnel requirements.

What GAO Recommends

GAO recommends that DOD (1) conduct a systematic determination of personnel requirements at these headquarters organizations; (2) submit the requirements to Congress with adjustments and recommended modifications to the statutory limits; and (3) periodically reassess personnel requirements within OSD and the military services' secretariats and staffs. Congress should consider using DOD's review of headquarters personnel requirements to reexamine existing statutory limits. DOD partially concurred, stating it will use its existing processes, but will investigate other methods to improve the determination and reporting of requirements. GAO believes the recommendations are still valid, as discussed in the report.

View GAO-15-10. For more information, contact John Pendleton at (202) 512-3489 or pendletonj@gao.gov.

What GAO Found

Over the past decade, authorized military and civilian positions have increased within the Department of Defense (DOD) headquarters organizations GAO reviewed—the Office of the Secretary of Defense (OSD), the Joint Staff, and the Army, Navy, Marine Corps, and Air Force secretariats and staffs—but the size of these organizations has recently leveled off or begun to decline, and DOD's plans for future reductions are not finalized. The increases varied by organization, and DOD officials told GAO that the increases were due to increased mission responsibilities, conversion of functions performed by contracted services to civilian positions, and institutional reorganizations. For example, authorized military and civilian positions for the Army Secretariat and Army Staff increased by 60 percent, from 2,272 in fiscal year 2001 to 3,639 in fiscal year 2013, but levels have declined since their peak of 3,712 authorized positions in fiscal year 2011. In addition to civilian and military personnel, DOD also relies on personnel performing contracted services. Since DOD is still in the process of compiling complete data on personnel performing contracted services, trends in these data could not be identified. In 2013, the Secretary of Defense set a target to reduce DOD components' headquarters budgets by 20 percent through fiscal year 2019, including costs for contracted services, while striving for a similar reduction to military and civilian personnel. However, DOD has not finalized plans to achieve these reductions. DOD was required to report to Congress by June 2014 on efforts to streamline management headquarters, but needed an extension until late summer 2014 for the report due to staff turnover. As of December 2014, DOD's plan had not been issued.

GAO found that DOD headquarters organizations it reviewed do not determine their personnel requirements as part of a systematic requirements-determination process, nor do they have procedures in place to ensure that they periodically reassess these requirements as outlined in DOD and other guidance. Current personnel levels for these headquarters organizations are traceable to statutory limits enacted in the 1980s and 1990s to force efficiencies and reduce duplication. However, these limits have been waived since fiscal year 2002. If the limits were in force in fiscal year 2013, the Army and Navy would exceed them by 17 percent and 74 percent, respectively. Moreover, the limits have little practical utility because of statutory exceptions for certain categories of personnel and because the limits exclude personnel in supporting organizations that perform headquarters-related functions. For example, the organizations that support the Army Secretariat and Army Staff are almost three times as large as the Secretariat and Staff, but personnel who perform headquarters-related functions in these organizations are excluded from the limits. All but one of the organizations GAO reviewed have recognized problems in their existing requirements-determination processes. The OSD, the Navy, and the Marine Corps are taking steps to modify their processes, but their efforts are not yet complete. Without a systematic determination of personnel requirements and periodic reassessment of them, DOD will not be well positioned to proactively identify efficiencies and limit personnel growth within these headquarters organizations. Moreover, until DOD determines personnel requirements, Congress will not have critical information needed to reexamine statutory limits enacted decades ago.

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Abbreviations

DOD Department of Defense
OSD Office of the Secretary of Defense

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GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

January 21, 2015

Chairman
Ranking Member
Committee on Armed Services
House of Representatives

The Department of Defense (DOD) has multiple layers of headquarters management with complex, overlapping relationships among them. Such layers include, but are not limited to, the Office of the Secretary of Defense (OSD), the Joint Staff, and the military services' secretariats and staffs, which are the highest organizations in DOD responsible for managing and overseeing the major elements of the department. Like the rest of the federal government, DOD is operating in a constrained budget environment and is facing difficult decisions about how to allocate its resources to meet its broad and varying mission requirements across the world.[1] One approach the department has pursued in recent years to realize cost savings is to reduce its headquarters staff. In July 2013, the Secretary of Defense directed a 20 percent cut in management headquarters[2] spending throughout the department, to include spending within headquarters organizations such as OSD, the Joint Staff, and the military services' secretariats and military staffs.[3] These cuts, which are to take place regardless of the budget approved by Congress, are, according to the Secretary's guidance, designed to streamline DOD's management of its headquarters through efficiencies and elimination of spending on lower-priority activities. At a time of growing economic and fiscal constraints and changing national security challenges, it is critical

[1]Among other constraints, the Budget Control Act of 2011 established requirements for automatic budget sequestration, setting caps on the levels of DOD spending from fiscal years 2013 to 2021. See Pub. L. No. 112-25 (2011).

[2]Some DOD officials use the terms management headquarters and major DOD headquarters activities interchangeably. For purposes of this report, we also use the terms interchangeably. DOD Instruction 5100.73, *Major DOD Headquarters Activities*, defines major DOD headquarters activities as those headquarters (and the direct support integral to their operation) whose primary mission is to manage or command the programs and operations of DOD, its components, and their major military units, organizations, or agencies.

[3]Deputy Secretary of Defense Memorandum, *20% Headquarters Reductions* (July 31, 2013).

for DOD to ensure that its headquarters organizations meet mission requirements in the most efficient and effective manner possible.

DOD's headquarters organizations have responsibilities that include developing guidance, reviewing performance, allocating resources, and conducting mid-to-long-range budgeting as they oversee, direct, and control subordinate organizations or units. However, accounting for the resources devoted to headquarters has been a long-standing challenge for DOD. In October 1997, as part of our review on the mid-1990s military drawdown, we found that total personnel and costs of defense headquarters were significantly higher than were being reported. Specifically, we found that three-fourths of subordinate organizations excluded from the management headquarters accounting were actually performing management or management support functions, and such accounting masked the true size of DOD's headquarters organizations.[4] Our more recent work has found that DOD's challenges in accounting for headquarters resources have continued. In March 2012, we found that DOD's data on its headquarters personnel lacked the completeness and reliability necessary for use in making efficiency assessments and decisions.[5] Subsequently, in May 2013, we found several weaknesses in DOD's process for sizing its geographic combatant commands, and in June 2014, we found that DOD did not have an accurate accounting of the resources being devoted to management headquarters to use a starting point for tracking reductions to such headquarters.[6] See appendix I for a discussion of our prior work on defense headquarters, related recommendations, and their statuses.

House Report 113-102 mandated GAO to review the military and civilian personnel and contracted services resources devoted to OSD, the Joint Staff, and the military services' secretariats and military staffs from fiscal

[4]GAO, *Defense Headquarters: Total Personnel and Costs Are Significantly Higher Than Reported to Congress*, GAO/NSIAD-98-25 (Washington, D.C.: Oct. 30, 1997).

[5]GAO, *Defense Headquarters: Further Efforts to Examine Resource Needs and Improve Data Could Provide Additional Opportunities for Cost Savings*, GAO-12-345 (Washington, D.C.: Mar. 21, 2012).

[6]GAO, *Defense Headquarters: DOD Needs to Periodically Review and Improve Visibility of Combatant Commands' Resources*, GAO-13-293 (Washington, D.C.: May 15, 2013) and *Defense Headquarters: DOD Needs to Reevaluate Its Approach for Managing Resources Devoted to the Functional Combatant Commands*, GAO-14-39 (Washington, D.C.: June 26, 2014).

year 2001 through fiscal year 2013.[7] This report (1) identifies past trends, if any, in personnel resources devoted to OSD, the Joint Staff, and the secretariats and staffs of the military services and any plans for reductions to these headquarters organizations; and (2) evaluates the extent to which DOD determines and reassesses personnel requirements for these headquarters organizations.

To address the first objective, we identified sources of information within DOD that would provide data on the personnel resources of OSD, the Joint Staff, and the secretariats and staffs for the military services.[8] We focused on these nine organizations—OSD; the Joint Staff; the Offices of the Secretary of the Army and Army Staff; the Office of the Secretary of the Navy and Office of the Chief of Naval Operations; Headquarters, Marine Corps; and the Offices of the Secretary of Air Force and Air Staff—because these components represent some of the highest-level headquarters organizations within DOD and are responsible for overseeing, directing, and controlling subordinate organizations or units. Specifically, we obtained and analyzed available data on authorized military and civilian positions in these headquarters organizations[9] from fiscal years 2001 through 2013.[10] This time frame allowed us to assess trends in resources without including nonwar years prior to fiscal year 2001 and to include the most recent data available, for fiscal year 2013. We obtained and analyzed available data on contracted services performing functions for the organizations within our review for fiscal year 2013, but in some instances these data were not available. DOD is still in the process of compiling complete data on contractor full-time equivalents. Using available data, we also conducted an analysis of trends in headquarters support costs, including the costs for civilian compensation and benefits, at the headquarters organizations in our

[7]See H.R. Rep. No. 113-102 (June 7, 2013) accompanying H.R. 1960, a proposed bill for the National Defense Authorization Act for Fiscal Year 2014.

[8]In addition to OSD, the Joint Staff, and the secretariats and staffs of the military services, other headquarters organizations include portions of the defense agencies, DOD field activities, and the combatant commands, along with their subordinate unified commands and respective service component commands.

[9]For purposes of this report, authorized positions refer to military and civilian positions that have been approved by DOD components for funding for a specific fiscal year.

[10]Some organizations were unable to provide data for the entire period. These exceptions are detailed in app. II.

review for fiscal years 2001 through 2013. See appendixes III through VIII for the results of these analyses.[11] Unless otherwise noted, we reported all costs in nominal dollars.

To identify DOD's plans for reductions to these organizations, we obtained and reviewed guidance and documentation on steps to implement DOD's 20 percent reductions to headquarters budgets starting in fiscal year 2015, the first budget for which DOD was able to include the reductions, such as the department-issued memorandum outlining the reductions and various DOD budget-related documents. We also obtained data, where available, on the number of authorized positions at OSD, the Joint Staff, and the secretariats and staffs for the military services for fiscal year 2013, the most recent fiscal year for which data were available, as well as data on the number of authorized positions deemed by these organizations to be performing headquarters functions and included in DOD's planned headquarters reductions for fiscal years 2015 through 2019, the time frame DOD identified in its reduction plans. We assessed the reliability of the data on authorized military and civilian positions and costs given these and other limitations by interviewing DOD officials about the data they provided to us and analyzing relevant personnel and financial-management documentation. We determined that the data were sufficiently reliable for our purposes of identifying trends in the authorized positions and headquarters support costs, and DOD's plans for reductions to OSD, Joint Staff, and secretariats and staffs for the military services.

To address the second objective, we obtained and reviewed guidance on each of these organizations' processes for determining and reassessing personnel requirements. We also interviewed officials from each of these organizations to determine how their processes are implemented. We then compared the information we obtained on these processes to DOD and military service guidance,[12] as well as to key elements of a personnel

[11]Some organizations were unable to provide data for the entire period. These exceptions are detailed in app. II.

[12]Department of Defense Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005) (hereinafter cited as DODD 1100.4 [Feb. 12, 2005]); Army Regulation 570-4, *Manpower and Equipment Control, Manpower Management* (Feb. 8, 2006); Office of the Chief of Naval Operations Instruction 1000.16K, *Navy Total Force Manpower Policies and Procedures* (Oct. 4, 2011); Air Force Instruction 38-201, *Manpower and Organization, Management of Manpower Requirements and Authorizations* (Jan. 30, 2014); and Marine Corps Order 5311.1D, *Total Force Structure Process* (Feb. 26, 2009).

requirements process. To identify these key elements, we reviewed documents that address leading practices for workforce planning, in particular previous GAO work on effective strategic workforce planning,[13] DOD guidance on manpower management,[14] and workforce planning guidance issued by the Office of Personnel Management.[15] We then synthesized common themes from these documents and summarized these as key elements that should be included in organizations' personnel requirements-determination processes. We also identified a standard on information and communications from internal-control standards for the federal government[16] and compared this standard to the headquarters-related information provided to Congress in the fiscal year 2015 *Defense Manpower Requirements Report*.[17]

We conducted this performance audit from July 2013 to January 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. More details on our objectives, scope, and methodology can be found in appendix II.

[13]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003). To identify strategic workforce planning principles, we reviewed our own guidance, reports, and testimonies on federal agencies' workforce planning and human-capital management efforts, and guidance available through the Internet and leading human-capital periodicals. We also met with officials from organizations with governmentwide responsibilities for or expertise in workforce planning, such as the Office of Personnel Management and the National Academy of Public Administration, to identify additional guidance available and to obtain their recommendations of federal agencies engaged in effective workforce planning. We synthesized information from these meetings, reports, and guidance documents and our own experiences in human-capital management to derive key principles that appeared most important to effective strategic workforce planning. Further details on our methodology for identifying these key principles can be found in GAO-04-39.

[14]DODD 1100.4 (Feb. 12, 2005).

[15]Office of Personnel Management, *Human Capital Assessment and Accountability Framework Practitioners' Guide* (September 2005).

[16]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[17]Department of Defense, *Defense Manpower Requirements Report, Fiscal Year 2015* (June 2014).

Background

DOD Instruction 5100.73, *Major DOD Headquarters Activities*, defines major headquarters activities as those headquarters (and the direct support integral to their operation) whose primary mission is to manage or command the programs and operations of DOD, its components, and their major military units, organizations, or agencies.[18] The instruction provides an official list of the organizations that it covers, including OSD; the Joint Staff; the Offices of the Secretary of the Army and Army Staff; the Office of the Secretary of the Navy and Office of the Chief of Naval Operations; Headquarters, Marine Corps; and the Offices of the Secretary of the Air Force and Air Staff.

These organizations have responsibilities that include developing guidance, reviewing performance, allocating resources, and conducting mid-to-long-range budgeting as they oversee, direct, and control subordinate organizations or units. In addition to OSD, the Joint Staff, and the secretariats and staffs of the military services, other headquarters organizations include portions of the defense agencies, DOD field activities, and the combatant commands, along with their subordinate unified commands and respective service component commands.

Office of the Secretary of Defense and the Joint Staff

OSD is responsible for assisting the Secretary of Defense in carrying out his or her duties and responsibilities for the management of DOD.[19] These include policy development, planning, resource management, and fiscal and program evaluation responsibilities. The staff of OSD comprises military and civilian personnel and contracted services. While military personnel may be assigned to permanent duty in OSD, the Secretary may not establish a military staff organization within OSD.

The Joint Staff is responsible for assisting the Chairman of the Joint Chiefs of Staff, the military advisor to the President, in accomplishing his responsibilities for the unified strategic direction of the combatant forces; their operation under unified command; and their integration into a team of land, naval, and air forces.[20] The Joint Staff is tasked to provide advice

[18]Department of Defense Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007) (incorporating change 2, June 12, 2012) (hereinafter cited as DODI 5100.73 [Dec. 1, 2007]).

[19]10 U.S.C. § 131.

[20]10 U.S C. §§ 151 and 155.

and support to the Chairman and the Joint Chiefs on matters including personnel, intelligence doctrine and architecture, operations and plans, logistics, strategy, policy, communications, cyberspace, joint training and education, and program evaluation. In addition to civilian personnel and contracted services, the Joint Staff comprises military personnel who represent, in approximately equal numbers, the Army, the Navy and Marine Corps, and the Air Force.

Military Departments

The Office of the Secretary of the Army has sole responsibility within the Office of the Secretary and the Army Staff for the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[21] Additionally, there is an Army Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Army. Headquarters functions to be performed by the Army Staff include, among others, recruiting, organizing, training, and equipping of the Army.[22] The staff of the Office of the Secretary of the Army and the Army Staff comprise military and civilian personnel and contracted services.

The Office of the Secretary of the Navy is solely responsible within the Office of the Secretary of the Navy, the Office of the Chief of Naval Operations, and the Headquarters, Marine Corps, for oversight of the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[23] The Office of the Chief of Naval Operations is to provide professional assistance to the Secretary and Chief of Naval Operations in preparing for the employment of the Navy in areas such as: recruiting, organizing, supplying, equipping, and training.[24] The Marine Corps also operates under the authority, direction, and control of the Secretary of the Navy. Headquarters, Marine Corps, consists of the Commandant of the Marine Corps and staff who are to provide assistance in preparing for the employment of the Marine Corps in areas such as recruiting, organizing,

[21] 10 U.S.C. § 3014.

[22] 10 U.S.C. §§ 3031 and 3032.

[23] 10 U.S.C. § 5014.

[24] 10 U.S.C. §§ 5031 and 5032.

supplying, equipping and training.[25] The staffs of Office of the Secretary of the Navy, Office of the Chief of Naval Operations, and Headquarters, Marine Corps, comprise military and civilian personnel and contracted services.

The Office of the Secretary of the Air Force has sole responsibility and oversight for the following functions across the Air Force: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[26] Additionally, there is an Air Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Air Force. The headquarters functions to be performed by the Air Staff include recruiting, organizing, training, and equipping of the Air Force, among others.[27] The staffs of the Office of the Secretary of the Air Force and the Air Staff comprise military and civilian personnel and contracted services.

Authorized Positions at DOD Headquarters Organizations We Reviewed Have Generally Increased since Fiscal Year 2001, and Plans for Future Reductions are Not Finalized

Authorized positions have increased to varying degrees within the headquarters organizations that we reviewed—OSD, the Joint Staff, and the secretariats and staffs for the Army, Navy, and Air Force, as well as Headquarters, Marine Corps. According to DOD officials, the varying increases were generally attributable to increased mission responsibilities for the war and other directed missions such as business transformation, intelligence, cyber, suicide prevention, sexual assault response and prevention, wounded warrior care, family support programs, transition assistance and veterans programs. In addition, DOD officials said DOD-directed conversion and realignment of workload from contracted services to civilian positions, and institutional reorganizations also contributed to the increases. While there has been a net increase in the number of authorized positions in these organizations from fiscal year 2001 through fiscal year 2013, in recent years the number of authorized positions has leveled off or begun to decline, which DOD officials said is primarily due to DOD efficiency efforts. These efforts have included identifying budget and personnel reductions to achieve efficiencies, instituting caps on authorized civilian personnel, and limiting contracted services

[25]10 U.S.C. §§ 5041 and 5042.

[26]10 U.S.C. § 8014.

[27]10 U.S.C. §§ 8031 and 8032.

expenditures. In 2013, the Secretary of Defense set a target for reducing DOD components' total management headquarters budgets by 20 percent for fiscal years 2014 through 2019, including costs for civilian personnel and contracted services, while striving for a goal of 20 percent reductions to authorized military and civilian personnel. However, the department has not finalized its reduction plans.

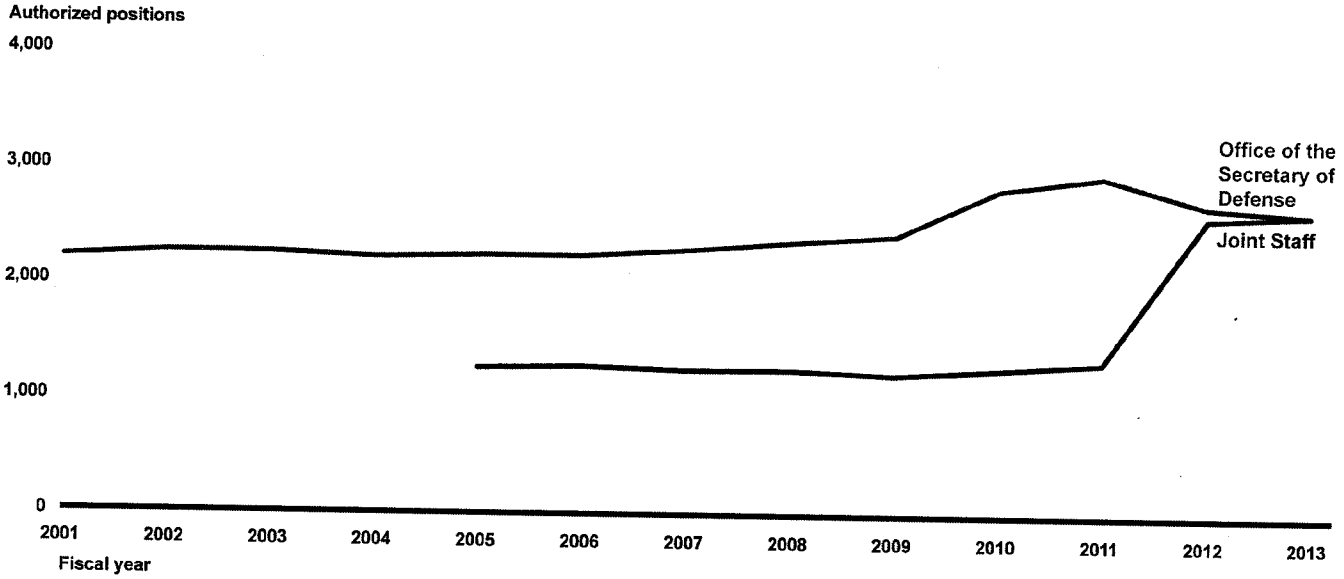
Number of Authorized Positions at OSD and the Joint Staff Increased since 2001, but Levels Have Begun to Decline or Level Off in Recent Years

OSD experienced an overall increase in its authorized military and civilian positions from fiscal years 2001 through 2013, representing a net increase of 20 percent from 2,205 authorized positions in fiscal year 2001 to 2,646 authorized positions in fiscal year 2013.[28] Since fiscal year 2011, OSD's authorized positions have slightly decreased from their peak levels. The number of authorized military and civilian positions within the Joint Staff remained relatively constant since fiscal year 2005, the first year we could obtain reliable data, at about 1,262 authorized positions, with an increase in fiscal year 2012 to 2,599 positions, which Joint Staff officials said was associated with the realignment of duties from U.S. Joint Forces Command after its disestablishment.[29] Both OSD and Joint Staff trends are illustrated in figure 1.

[28]These OSD authorized positions do not include personnel within the defense agencies or DOD field activities, such as the Washington Headquarters Services.

[29]According to Joint Staff officials, the Joint Staff was unable to provide personnel data before fiscal year 2005 because of a change in personnel databases in 2004. For additional information on our data analysis and methodology, see app. II.

Figure 1: Number of Authorized Military and Civilian Positions for the Office of the Secretary of Defense (OSD) and the Joint Staff for Fiscal Years 2001 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: According to Joint Staff officials, the Joint Staff was unable to provide complete data on the number of authorized positions prior to fiscal year 2005 due to a change in databases in 2004. Therefore, changes in the number of authorized positions for the Joint Staff could only be identified for fiscal years 2005 through 2013. This does not include authorized military and civilian positions within the Joint Staff's J-2 Intelligence Directorate. DOD considers this information to be sensitive but unclassified, and we therefore excluded it from this report. According to Joint Staff officials, the increase in authorized positions in fiscal year 2012 is primarily due to the disestablishment of U.S. Joint Forces Command and the realignment of authorized positions from that command to the Joint Staff.

Our analysis showed that the increase in the number of authorized military and civilian positions within OSD since fiscal year 2001 can primarily be attributed to the creation of the Under Secretary of Defense (Intelligence) in fiscal year 2003 and the Office of the Deputy Chief Management Officer in fiscal year 2009.[30] Fiscal years 2010 and 2011 saw additional increases in authorized civilian positions, while the number of authorized military positions within OSD decreased, which OSD

[30]See Pub. L. No. 107-314, § 901(a)(2) (2002), which established the position of Under Secretary of Defense for Intelligence and Pub. L. No. 110-181, § 904 (2008), which established the position of Deputy Chief Management Officer.

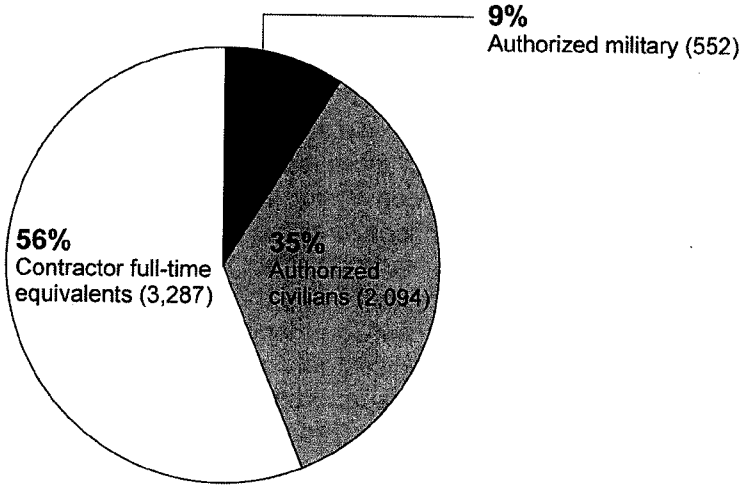
officials attributed to the conversion and realignment of workload from both military positions and contracted services to civilian positions. OSD officials told us that the decrease in authorized positions from its peak in 2011 is primarily attributable to reductions directed by the Secretary of Defense. They indicated that these reductions were to authorized civilian positions that had not yet been filled after being created to convert functions performed by contracted services to civilian positions in the preceding 2 years. For additional information on changes in OSD's personnel and associated costs, see appendix III.

The Joint Staff, excluding the J-2 (Intelligence) Directorate,[31] experienced small changes since fiscal year 2005, before experiencing an increase in authorized military and civilian positions in fiscal year 2012, which Joint Staff officials attributed to the disestablishment of U.S. Joint Forces Command and the realignment of positions to the Joint Staff. From fiscal year 2005 through fiscal year 2010, the number of authorized military and civilian positions within the Joint Staff remained relatively constant, with minor increases in fiscal year 2011 that Joint Staff officials attributed to the conversion and realignment of functions performed by contracted services to civilian positions. Joint Staff officials stated that the sharp increase in authorized military and civilian positions in fiscal year 2012 was caused by the realignment of existing positions from U.S. Joint Forces Command to the Joint Staff, after U.S. Joint Forces Command was disestablished. Some of the positions that were realigned include those supporting the Combatant Commanders Exercise Engagement and Training Transformation program, the North Atlantic Treaty Organization oversight position, the Joint Center for Operational Analysis, the Joint Coalition Warfighting Center, and the Joint Personnel Recovery Agency. As part of the President's budget request for fiscal year 2014, DOD planned to reduce civilian positions at the Joint Staff and the combatant commands by approximately 400 positions over 5 years through fiscal year 2018. As a result, Joint Staff officials stated that they expect the number of authorized positions to further decrease in future fiscal years. For additional information on changes in the Joint Staff's authorized positions and associated costs, see appendix IV.

[31]Data on authorized military and civilian positions within the Joint Staff's J-2 Intelligence Directorate were excluded from this report because DOD considers this information to be sensitive but unclassified.

In addition to authorized military and civilian positions, DOD relies on contracted services to provide a range of headquarters services, such as management support, administration, and information technology support. For example, for DOD's fiscal year 2013 Inventory of Contracted Services, OSD estimated that there were about 3,287 contractor full-time equivalents throughout the organization, which represents about 55 percent of OSD's total workforce in fiscal year 2013, as shown in figure 2.[32]

Figure 2: Percentage of Authorized Military and Civilian Positions and Estimated Contractor Full-Time Equivalents in the Office of the Secretary of Defense (OSD), Fiscal Year 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Contractor full-time equivalents are rounded to the nearest whole number. OSD provided contractor full-time equivalents from DOD's fiscal year 2013 Inventory of Contracted Services and it includes only those contracts managed by Washington Headquarters Services / Acquisition Directorate. In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or

[32]In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO, *Defense Acquisitions: Continued Management Attention Needed to Enhance Use and Review of DOD's Inventory of Contracted Services*, GAO-13-491 (Washington, D.C.: May 23, 2013). We are presenting OSD's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting OSD's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO, *Defense Acquisitions: Continued Management Attention Needed to Enhance Use and Review of DOD's Inventory of Contracted Services*, GAO-13-491 (Washington, D.C.: May 23, 2013). We are presenting OSD's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting OSD's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

Our body of work over the past decade on DOD's contracting activities has noted the need for DOD to obtain better data on its contracted services to enable it to make better-informed management decisions, ensure that department-wide goals and objectives are achieved, and have the resources to achieve desired outcomes.[33] In response to our past work on the need to identify the number of and functions performed by contractors, DOD outlined its intended approach to document contractor full-time equivalents and collect data on the work performed under contracted services in the Enterprise-wide Contractor Manpower Reporting Application, which DOD plans to use to annually report DOD's Inventory of Contract Services to Congress. However, in May 2014, we found that various challenges may hinder DOD's efforts to have an enterprise-wide system and associated process in place to support DOD's fiscal year 2016 Inventory of Contracted Services.[34] While we did not make any recommendations, DOD agreed with our assessment that challenges remain in establishing a common system to collect contractor manpower data. Since DOD is still in the process of compiling complete data on contractor full-time equivalents, trends in these data could not be identified and similar comparisons of estimated contractor full-time equivalents and authorized military and civilian positions could not be conducted for the Joint Staff, Navy Secretariat, Office of the Chief of Naval Operations, Headquarters, Marine Corps, and the Air Force

[33]See GAO, *Defense Contractors: Additional Actions Needed to Facilitate the Use of DOD's Inventory of Contracted Services*, GAO-15-88 (Washington, D.C.: Nov. 19, 2014); GAO, *Defense Acquisitions: Goals and Associated Metrics Needed to Assess Progress in Improving Service Acquisition*, GAO-13-634 (Washington, D.C.: Jun 27, 2013); GAO, *Defense Acquisitions: Update on DOD's Efforts to Implement a Common Contractor Manpower Data System*, GAO-14-491R Washington, D.C.: May 19, 2014); GAO-13-491; *Defense Acquisitions: Further Actions Needed to Improve Accountability for DOD's Inventory of Contracted Services*, GAO-12-357 (Washington, D.C.: Apr. 6, 2012); GAO-12-345; *Defense Acquisitions: Further Action Needed to Better Implement Requirements for Conducting Inventory of Service Contract Activities*, GAO-11-192 (Washington, D.C.: Jan. 14, 2011); and *Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20 (Washington, D.C.: Nov. 9, 2006).

[34]GAO-14-491R.

Secretariat and Staff. The Army provided information on estimated contractor full-time equivalents in the Army Secretariat and Army Staff for fiscal year 2013, which we detail in appendix V. A September 2014 DOD memorandum directed a review of short- and long-term options for collecting contractor manpower data and proposed courses of action. In November 2014, we reported that this memorandum raised questions about whether DOD will continue the Enterprise-wide Contractor Manpower Reporting Application or develop a new system and noted that these uncertainties increase the risk that DOD will be unable to collect statutorily required contractor manpower data.[35] To help facilitate DOD's stated intent to develop a common data collection system, we recommended that the Under Secretary of Defense for Personnel and Readiness approve a plan of action, with timeframes and milestones, for rolling out and supporting a department-wide data collection system as soon as practicable after the review of options is complete.

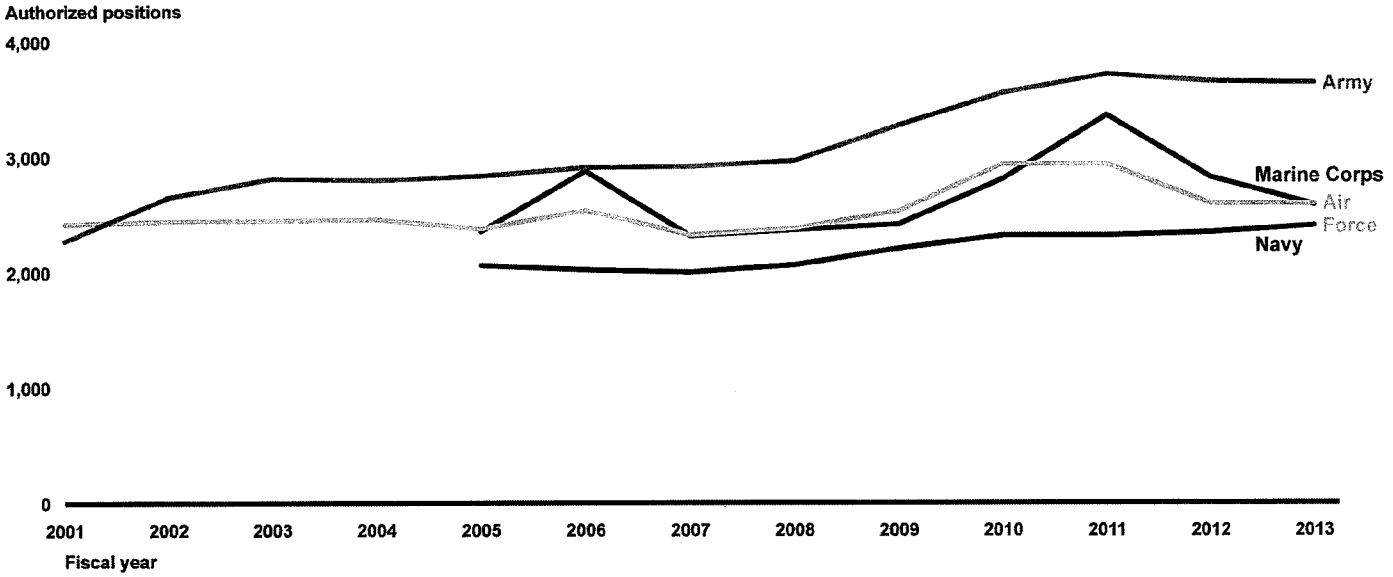
Military Service Secretariats and Staffs Experienced Varied Increases in Authorized Positions since Fiscal Year 2001, and the Increases Have Recently Leveled Off

The military service secretariats and staffs also experienced varied increases in their number of authorized military and civilian positions from fiscal years 2001 through 2013.[36] According to DOD officials, the varying increases are attributed to increased mission responsibilities for the war and other directed missions such as business transformation, sexual assault response and prevention, and cyber. In addition, DOD officials said converting functions performed by contracted services to civilian positions, and the transfer of positions from other organizations also contributed to the increases. However, military service officials said that DOD-wide initiatives and service-specific actions since fiscal year 2010 have generally begun to slow these increases or resulted in declines, as illustrated in figure 3.

[35]GAO-15-88.

[36]Due to changes in personnel management systems, neither the Marine Corps nor the Navy were able to provide data on authorized positions prior to fiscal year 2005.

Figure 3: Number of Authorized Military and Civilian Positions for the Secretariats and Staffs of the Military Services for Fiscal Years 2001 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Data reflect authorized military and civilian positions. Due to changes in personnel management systems, neither the Marine Corps nor the Navy were able to provide data on authorized positions prior to fiscal year 2005.

Authorized military and civilian positions for the Army Secretariat and Army Staff increased by 60 percent from 2,272 in fiscal year 2001 to 3,639 in fiscal year 2013, but levels have begun to decline since their peak of 3,712 authorized positions in fiscal year 2011. According to Army officials, the increases in the number of authorized positions within Headquarters, Department of the Army are attributable to increased mission responsibilities for the war and other directed missions such as business transformation, sexual assault response and prevention, and cyber. In addition, Army officials said efforts to convert functions performed by contracted services to civilian positions also contributed to the increases. For example, the Army's Office of the Deputy Chief of Staff for Operations, Plans, and Training (G-3/5/7) converted 72 contractor full-time equivalents to authorized civilian positions in fiscal years 2010, 2011, 2012, and 2013. According to Army and DOD officials, since fiscal year 2011, the number of authorized positions has remained fairly constant or declined slightly primarily due to direction from the Secretary of Defense to hold authorized civilian positions at or below the fiscal year 2010 levels and to cut positions that had yet to be filled after these positions had been

created by converting contracted services to civilian positions in previous years. Based on data collected by the Army using the Contractor Manpower Reporting Application for use in DOD's Inventory of Contracted Services,[37] the Army estimated that, in addition to authorized military and civilian positions, it had 1,428 contractor full-time equivalents serving in the Army Secretariat and Army Staff in fiscal year 2013. For additional information on changes in the Army's headquarters personnel and associated costs, see appendix V.

Within the Navy Secretariat and Office of the Chief of Naval Operations, the number of authorized military and civilian positions has increased from 2,061 in fiscal year 2005 to 2,402 in fiscal year 2013, with increases in authorized civilian positions, primarily at the Navy Secretariat, driving the overall increase.[38] Navy officials attributed these increases to reorganizations arising from annual internal reviews that moved positions into headquarters functions and conversions of contracted services to civilian positions. For example, the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) converted functions performed by contracted services into 25 civilian full-time equivalents in fiscal year 2011. For additional information on changes in the Navy's headquarters personnel and associated costs, see appendix VI.

Headquarters, Marine Corps, has seen an overall increase in its total number of authorized military and civilian positions from 2,352 in fiscal year 2005 to 2,584 in fiscal year 2013, but there have been variations within those years. For example, some of the increases in the number of authorized positions were attributed by Marine Corps officials to the addition of positions required to establish and operate the National Museum of the Marine Corps, and additional personnel required to

[37]In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011, we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the Inventory of Contracted Services. See GAO-11-192. We are presenting the Army's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting the Army's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

[38]Due to changes in personnel management systems, neither the Marine Corps nor the Navy were able to provide data on authorized positions prior to fiscal year 2005.

support the Foreign Counterintelligence Program and National Intelligence Program. Marine Corps officials also explained that some of the decreases in authorized positions were due to a number of realignments that have transferred civilian positions from Headquarters, Marine Corps, to operational or field support organizations. For additional information on changes in the Marine Corps' headquarters personnel and associated costs, see appendix VII.

Authorized military and civilian positions for the Air Force Secretariat and Air Staff have increased overall from 2,423 in fiscal year 2001 to 2,584 in fiscal year 2013, but they have declined from their peak in fiscal year 2010. An Air Force official stated that the overall increase was driven primarily by the conversion of functions performed by contracted services to civilian positions. The Air Force official also noted that the decrease in the number of authorized positions from its fiscal year 2010 peak is primarily attributable to direction from the Secretary of Defense to hold the number of authorized civilian positions at or below fiscal year 2010 levels and to cut positions that had yet to be filled after these positions had been created by converting functions performed by contracted services to civilian positions in previous years. For additional information on changes in the Air Force's headquarters personnel and associated costs, see appendix VIII.

DOD Plans to Achieve Headquarters Reduction Goals Are Not Finalized

DOD identified planned savings in its fiscal year 2015 budget submission, but it is unclear how the department will achieve those savings or how the reductions will affect the headquarters organizations in our review. In 2013, the Secretary of Defense set a target for reducing the headquarters budgets by 20 percent, to include costs for civilian personnel, contracted services, facilities, information technology, and other costs that support headquarters functions. DOD budget documents project the reductions will yield the department a total savings of about $5.3 billion from fiscal years 2015 through 2019, with most savings coming in 2019; however, specific details of the reductions through fiscal year 2019 were not provided. Moreover, in June 2014, we found that the starting point for the reductions was not clearly defined so it is difficult to assess whether these projected savings reflect meaningful savings when the reductions are a small portion of DOD's budget.[39] DOD was required by Section 904 of the National Defense Authorization Act for Fiscal Year 2014 to report its

[39]GAO-14-439.

efforts to streamline management headquarters in June 2014.[40] However, DOD provided Congress with an interim response stating that, due to the recent turnover of key staff, it would not develop its initial plan on streamlining until the end of summer 2014. As of December 2014, DOD's plan had not been issued.

Officials from the headquarters organizations in this review stated that they are using different processes to identify the 20 percent reductions to their operating budgets. DOD's guidance called for components to achieve a 20 percent reduction to their headquarters operating budgets, while striving for a goal of 20 percent reductions to authorized military and civilian personnel. According to DOD officials, this flexibility allows DOD components to determine the most cost-effective workforce—retaining military and civilian personnel while reducing dollars spent on contracted services. For example, OSD officials stated that the Under Secretaries of Defense were asked to strive for a goal of reducing their operating budgets by 20 percent. However, some OSD senior officials stated that it was unfair to smaller OSD offices, such as General Counsel, Public Affairs, and Legislative Affairs, to take the same reduction as the larger offices, and consequently OSD elected to take larger reductions from the larger offices of OSD Policy; Acquisitions, Technology and Logistics; Intelligence; and Personnel and Readiness. OSD officials added that they are in the process of determining how best to apply the budget reductions, preferably through attrition. Overall, DOD projected the reductions will result in at least $1 billion in savings for OSD's headquarters over a 5-year period, but it is unclear what the size will ultimately be.

The Joint Staff projects reductions of about $450,000 from fiscal year 2015 through fiscal year 2019. Joint Staff officials stated that they plan to reduce the number of authorized positions by about 150 civilian positions (about 14 percent of their fiscal year 2013 authorized civilian positions) and by about 160 military positions (about 11 percent of their fiscal year 2013 authorized military positions).

Specifics about the plans for the military service secretariats and staffs were also in development, as of December 2014. Army officials estimate a reduction of about 560 civilian full-time equivalent positions in the Army

[40]Pub. L. No. 113-66, § 904 (2013).

Secretariat and Army Staff (about 21 percent of fiscal year 2013 authorized civilian positions); however, the officials said that the reductions in military positions will be determined through an Army review of military personnel in time for the fiscal year 2017 budget submission. Additionally, in July 2014, the Secretary of the Army announced plans for an additional review to determine the optimal organization and strength and, subsequently, any adjustment of programmed reductions in Headquarters, Department of the Army, that is to be completed by March 2015. Navy officials stated that the Navy will take 20 percent reductions in both civilian and military personnel, but the exact reductions through fiscal year 2019 would not be available before the issuance of the Section 904 report to Congress. A Marine Corps official stated that after submitting its fiscal year 2015 budget information, the Marine Corps conducted a structural review over a period of 6 to 8 months that identified a larger number of positions in Headquarters, Marine Corps, that should be subject to the reduction. The official further stated that these changes should better position the Marine Corps to more accurately report its headquarters structure for the fiscal year 2016 budget, but added that the actual reductions would likely be different than it originally estimated for fiscal year 2015. The revised Marine Corps data were not available as of January 2015. More specific information was available from the Air Force. In July 2014, the Air Force completed its management headquarters review and notified Congress of its reorganization plans, including a reduction of 300 authorized military and civilian positions (about 12 percent of fiscal year 2013 authorized positions) and a 20 percent reduction to the headquarters operating budgets for the Air Force Secretariat and Air Staff by fiscal year 2019.

DOD Headquarters Organizations in Our Review Do Not Systematically Determine or Periodically Reassess Their Personnel Requirements

The headquarters organizations we reviewed—OSD, the Joint Staff, and the secretariats and staffs for the Army, Navy, and Air Force, and Headquarters, Marine Corps—do not determine their personnel requirements as part of a systematic requirements-determination process, nor do they have procedures in place to ensure that they periodically reassess them as outlined in DOD and other guidance. Current personnel levels for these headquarters organizations are traceable to statutory limits enacted during the 1980s and 1990s to force efficiencies and reduce duplication. However, these limits have been waived since fiscal year 2002 and have little practical utility because of statutory exceptions to certain categories of personnel and because the limits do not include personnel in supporting organizations that perform headquarters-related functions. OSD, the Navy, and the Marine Corps have recognized problems with their existing requirements-determination processes and

are beginning to take steps to modify their processes, but their efforts are not yet complete. Without systematic determinations of personnel requirements and periodic reassessments of them using organizational and workforce analyses, DOD will not be well-positioned to proactively identify efficiencies and limit personnel growth within these headquarters organizations. Moreover, until such requirements are determined, Congress will not have the information needed to reexamine existing statutory limits.

Statutory Limits Placed on Headquarters Sizes Have Been Waived and Are of Limited Utility

Most of the DOD headquarters organizations that we reviewed are subject to statutory limits on the number of authorized personnel, although these limits have been waived since fiscal year 2002 and are of limited utility due to statutory exceptions and exclusions of certain personnel. Congress placed statutory limits on authorized military and civilian personnel for the military departments' secretariats and staffs in 1986, in part, to force a comprehensive management review of duplication and identify effective solutions to existing personnel duplication among the services.[41] In 1996, Congress also established a statutory limit for OSD military and civilian personnel because it was concerned about the growth of OSD personnel despite a declining defense budget and military force structure.[42] The military departments' statutory limits were set at 85 percent of the total number of personnel in the secretariats and military staffs prior to 1986, while the OSD statutory limit represented a 15 percent reduction from 1994 personnel levels. The Joint Staff is not currently subject to a statutory limit.

Although Congress placed statutory limits on the OSD and the military departments' secretariats and military staffs, the President has declared a national emergency each year from fiscal years 2002 to 2014, which had

[41]See Goldwater-Nichols Department of Defense Reorganization Act of 1986, Pub. L. No. 99-433 (1986). Although the act placed statutory limits on the Joint Staff's number of civilian and military personnel, Congress repealed these limits in 1991 to provide the Chairman of the Joint Chiefs of Staff with greater flexibility. Applicable limits to the civilian and military personnel in the military services' secretariats and staffs are codified at sections 3014, 5014, and 8014 of Title 10 of the U.S. Code. As of fiscal year 2009, there are exceptions to the limitations on personnel in some circumstances.

[42]See National Defense Authorization Act of 1996, Pub. L. No. 104-106 § 901(d) (1996). Applicable limits to OSD's major DOD headquarters personnel are codified at 10 U.S.C. § 143. OSD's statutory limit includes its supporting activities and the Washington Headquarters Services, a support organization for OSD.

the effect of waiving the limits for the military departments each year.[43] While the limits have been waived, officials from the Army, Navy, and Air Force stated that they seek to keep their number of authorized military and civilian positions within or close to these limits because the waiver is valid only for 1 year at a time, and they are uncertain whether the waiver will be granted again. However, we found the secretariats and military staffs of the departments of the Army and Navy have totals for fiscal year 2013 that would exceed the existing statutory limits were they in effect. Table 1 shows the statutory limits of the headquarters organizations that we reviewed and the total number of authorized positions they reported in fiscal year 2013, including, where applicable, the percentage by which they vary from the statutory limits.

Table 1: Statutory Limits of Headquarters Organizations Personnel, and Percentage by Which Statutory Limits Would Be Exceeded in Fiscal Year 2013 in the Absence of a Waiver

Headquarters organization	Statutory limit[a]	Year limit was established	Fiscal year 2013 authorization	Percentage variance
Office of the Secretary of Defense (OSD)[b]	3,767	1999	3,135	-16.8%
Office of the Joint Chiefs of Staff	No limit	N/A	N/A	N/A
Army Secretariat and Army Staff	3,105	1986	3,639	+17.2
Navy Secretariat, Office of the Chief of Naval Operations, and Headquarters, Marine Corps	2,866	1986	4,960[c]	+74.0
Air Force Secretariat and Air Staff	2,639	1986	2,594	-1.7

Source: GAO analysis of Department of Defense data and provisions of Title 10, U.S. Code. | GAO-15-10

Notes: N/A = Not applicable

[a]Statutory limits are for authorized civilian and military personnel.

[b]OSD's statutory limit includes its supporting activities, such as the Washington Headquarters Services, a support organization for OSD.

[c]A Navy official stated that the Navy has not reevaluated its source data since statutory limits were first waived in September 2001, and therefore, Title 10 exceptions to this baseline have not been applied. Pub. L. No. 110–417, §1111 (2008), as amended, provided that for fiscal year 2009 and fiscal years thereafter, the baseline personnel limitations for each of these organizations shall not apply to (1) acquisition personnel hired pursuant to the expedited hiring authority provided in section 1705(h) of Title 10, U.S. Code, or otherwise hired with funds in the Department of Defense Acquisition Workforce Development Fund; or (2) personnel hired pursuant to a shortage category designation by the Secretary of Defense or the Director of the Office of Personnel Management. Further, the Secretary of Defense or a Secretary of a military department may adjust the baseline

[43]Unlike the military departments' statutes, the statute on OSD personnel limitations does not allow for a waiver from the limitation in time of war or during a national emergency declared by the President or Congress.

personnel limitations in sections 143, 3014, 5014 and 8014 of title 10, United States Code, for fiscal year 2009 and fiscal years thereafter, to (1) fill a gap in the civilian workforce of the Department of Defense identified by the Secretary of Defense in a strategic human capital plan submitted to Congress in accordance with the requirements of section 115b of such title; or (2) accommodate increases in workload or modify the type of personnel required to accomplish work such as performance of inherently governmental functions, among other purposes. A Navy official stated that Headquarters, Marine Corps has more than 900 authorizations that are assigned to Headquarters, Marine Corps because it is more efficient and less costly than performing these functions at a lower level as other military services do.

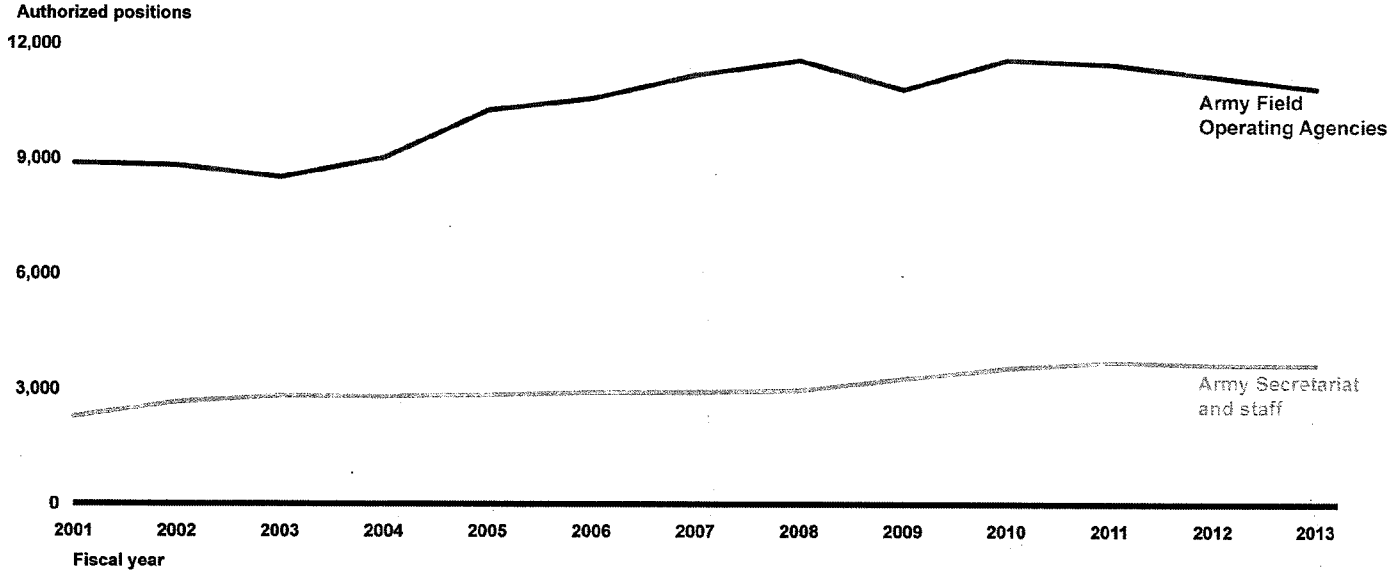
In addition, the numbers of authorized military and civilian positions counted against the statutory limits may not accurately reflect or be inclusive of all personnel supporting the headquarters due to statutory exceptions and the exclusion of certain personnel in support organizations conducting headquarters-related functions. Beginning in fiscal year 2009, Congress provided exceptions to the limitations on personnel for certain categories of acquisition personnel and for those hired pursuant to a shortage category designated by the Secretary of Defense or the Director of the Office of Personnel Management.[44] These exceptions to the limitations on personnel allow DOD to adjust its baseline personnel limitation or exclude certain personnel from the limitation. For example, the Army reported for fiscal year 2015 that it has 1,530 military and civilian personnel that are subject to these exceptions and therefore do not count against its statutory limits.[45] An official in OSD's Office of the Under Secretary for Personnel and Readiness told us that the exceptions that were added to the statutory limits as of fiscal year 2009 make the statutory limits virtually obsolete.

[44]Pub. L. No. 110–417, § 1111 (2008), as amended, provided that for fiscal year 2009 and fiscal years thereafter, the baseline personnel limitations for each of these organizations shall not apply to (1) acquisition personnel hired pursuant to the expedited hiring authority provided in section 1705(h) of Title 10, U.S. Code, or otherwise hired with funds in the Department of Defense Acquisition Workforce Development Fund; or (2) personnel hired pursuant to a shortage category designation by the Secretary of Defense or the Director of the Office of Personnel Management. Further, the Secretary of Defense or a Secretary of a military department may adjust the baseline personnel limitations in sections 143, 3014, 5014 and 8014 of title 10, U.S. Code, for fiscal year 2009 and fiscal years thereafter, to (1) fill a gap in the civilian workforce of the Department of Defense identified by the Secretary of Defense in a strategic human capital plan submitted to Congress in accordance with the requirements of section 115b of such title; or (2) accommodate increases in workload or modify the type of personnel required to accomplish work such as performance of inherently governmental functions, among other purposes.

[45]See Department of Defense, *Defense Manpower Requirements Report, Fiscal Year 2015* (June 2014).

The statutory limits also do not apply to personnel in supporting organizations to the military service secretariats and staffs who do perform headquarters-related functions. For example, the Army and Air Force each have some personnel within their field operating agencies that support their military service secretariats or staffs in accomplishing their mission but which we found are not subject to the statutory limits. Organizations that support the Air Force Secretariat and Air Staff in conducting their mission include, but are not limited to, the U.S. Air Force Cost Analysis Agency, the U.S. Air Force Inspection Agency, the U.S. Air Force Personnel Center, and the U.S. Air Force Audit Agency, and include thousands of personnel. As illustrated in figure 4, in the case of the Army, the organizations and agencies that support the Army Secretariat and Army Staff are almost three times as large as the Secretariat and Staff, and include the U.S. Army Finance Command, the U.S. Army Manpower Analysis Agency, and the U.S. Army Force Management Support Agency, among others.

Figure 4: Number of Authorized Positions for the Army Secretariat and Army Staff versus the Army Field Operating Agencies



Source: GAO analysis of Department of Defense data. | GAO-15-10

By contrast, elements of the Washington Headquarters Services, a support organization for OSD, are included in OSD's statutory limits. This means that some personnel in the Washington Headquarters Services who conduct management headquarters-related functions count toward

OSD's statutory limit.[46] In addition, the applicable statute contains a provision limiting OSD's ability to reassign functions; specifically, that DOD may not reassign functions solely in order to evade the personnel limitations required by the statute.[47] The statutes governing personnel limitations for the military services' secretariats and staffs do not contain similar limitations on the military services' ability to reassign headquarters-related functions elsewhere. Military service officials have explained that the existing statutory limits preclude organizational efficiencies by causing them to move personnel performing headquarters-related functions elsewhere within the department, including the field operating agencies. In addition, DOD officials also stated the statutory limits may have unintended consequences, such as causing DOD to use contracted services to perform headquarters-related tasks when authorized military and civilian personnel are unavailable; this contractor work force is not subject to the statutory limits.

We also found that Headquarters, Marine Corps, plans to revise the number of military and civilian personnel it counts against the statutory limits to exclude certain personnel. Officials in Headquarters, Marine Corps, said that, unlike their counterparts in the other three services, their headquarters is not entirely a management headquarters activity, because it incorporates some nonheadquarters functions for organizational and efficiency reasons, and thus the limits should not apply to those personnel. However, this planned change seems in contradiction with the intent of the statute to establish a limit on personnel within the Navy Secretariat, Office of the Chief of Naval Operations, and Headquarters, Marine Corps. Also, DOD Instruction 5100.73, *Major DOD Headquarters Activities*, states that Headquarters, Marine Corps, is a management headquarters organization in its entirety, which would include all its personnel and operating costs.[48] Marine Corps officials told us that DOD plans to revise DOD Instruction 5100.73 to classify only certain functions within Headquarters, Marine Corps, as management headquarters activities. According to an official, Headquarters, Marine

[46]Other functions within the Washington Headquarters Services, such as the maintenance and utility work provided to defense installations in the Washington, D.C., region, do not count as management headquarters activities and therefore are not counted against OSD's statutory limits.

[47]10 U.S.C. § 143(c).

[48]DODI 5100.73 (Dec. 1, 2007).

Corps,' personnel totals in fiscal year 2013 do not reflect these changes and may account for the large percentage difference between the existing statutory limits and the number of Navy and Marine Corps authorized personnel in fiscal year 2013. An official from the Department of the Navy also noted that they have not reexamined the number of personnel who would fall under the statutory limits since the limit was first waived in September 2001.

According to internal-control standards for the federal government, information should be recorded and communicated to others who need it in a form that enables them to carry out their responsibilities.[49] An organization must have relevant, reliable, and timely communications as well as information needed to achieve the organization's objectives. However, DOD's headquarters reporting mechanism to Congress, the *Defense Manpower Requirements Report*, reflects a lack of key information. This annual report to Congress includes information on the number of military and civilian personnel assigned to major DOD headquarters activities in the preceding fiscal year and estimates of such numbers for the current and subsequent fiscal year, as well as the amount of any adjustment in personnel limits made by the Secretary of Defense or the secretary of a military department.[50] However, in the most recent report for fiscal year 2015, only the Army reports information on the number of baseline personnel within the Army Secretariat and Army Staff that count against the statutory limits, along with the applicable adjustments to the limits. Similar information for OSD, the Air Force Secretariat and Air Staff, the Navy Secretariat, the Office of the Chief of Naval Operations, and Headquarters, Marine Corps, is not included because DOD's reporting guidance does not require this information. Without information to identify what personnel in each organization are being counted against the statutory limits, it will be difficult for Congress to determine whether the existing statutory limits are effective in limiting personnel growth within the department or should be revised to reflect current requirements.

[49]GAO/AIMD-00-21.3.1.

[50]The National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, § 1109 (2009), codified at 10 U.S.C. § 115a, requires DOD to report major headquarters activities annually in the *Defense Manpower Requirements Report*. This annual report to Congress provides DOD's manpower requirements, to include those for military and civilians personnel, as reflected in the President's budget request for the current fiscal year.

DOD Headquarters Organizations in Our Review Have Not Systematically Determined Personnel Requirements

While the organizations we reviewed are currently assessing their personnel requirements—driven by department-wide efforts to reduce management overhead in response to budget constraints—we found that all of the headquarters organizations within our review have not determined their personnel requirements as part of a systematic requirements-determination process. Such systematic personnel-requirements processes are considered a good human-capital practice across government, including DOD, and these processes include certain key elements. Among these elements are that organizations should (1) identify an organization's mission, functions, and tasks; and (2) determine the minimum number and type of personnel—military personnel, civilian personnel, and contracted services[51]—needed to fulfill those missions, functions, and tasks by conducting a workforce analysis.[52] Such a workforce analysis should identify mission-critical competencies as well as gaps and deficiencies, and systematically define the size of the total workforce needed to meet organizational goals. By contrast, the headquarters organizations we reviewed use authorized personnel levels from the previous year as a baseline from which to generate any new requirements,[53] and these personnel levels are ultimately based not on a workforce analysis but on the statutory limits that were established by Congress in the 1980s and 1990s.

According to DOD officials, it is more difficult to determine personnel requirements for OSD, military service secretariats, or military staffs, whose tasks include developing policy or strategy, than it is for military services' major commands or units that have distinct tasks, such as repairing aircraft or conducting ship maintenance. DOD officials stated that headquarters organizations' workload is unpredictable and not only

[51]Both Congress and department guidance call for attainment of a DOD workforce sufficiently sized and comprised of the appropriate mix of military, civilian, and contractor personnel necessary to carry out the mission of the department. See 10 U.S.C. §129a and DOD Directive 1100.4 (Feb. 12, 2005).

[52]We derived key elements of a personnel-requirements determination process from GAO-04-39; from DOD Directive 1100.4; and from workforce planning guidance for the *Human Capital Assessment and Accountability Framework Practitioners' Guide*, which was issued in 2005 by the Office of Personnel Management.

[53]DOD officials from all but one of the headquarters organizations in our review stated that their personnel requirements do not change much from year to year from their existing baseline and that any changes in priorities or requirements are addressed by shifting personnel among internal offices or by offsetting additional personnel with a reduction from other components.

includes traditional policy and oversight responsibilities, but also managing unforeseen events and initiatives, such as the Fort Hood shooting, Secretary of Defense-directed reductions, and responding to congressionally mandated reviews or reports. However, systematically determining personnel requirements for the total force—military personnel, civilian personnel, and contracted services—by conducting a workforce analysis, rather than relying on historic personnel levels and existing statutory limits, would better position these headquarters organizations to respond to unforeseen events and initiatives by allowing them to identify critical mission requirements as well as mitigate risks to the organizations' efficiency and effectiveness. Without such determination of personnel requirements for the total force, DOD headquarters organizations may not be well positioned to identify opportunities for efficiencies and reduce the potential for headquarters-related growth. In addition, submitting these personnel requirements to Congress would provide Congress with key information to determine whether the existing statutory limits on military and civilian personnel are effective in limiting headquarters personnel growth.

DOD Headquarters Organizations in Our Review Do Not Have Procedures in Place to Ensure Periodic Reassessment of Headquarters Personnel Requirements

In addition to not systematically determining their personnel requirements, we also found that the headquarters organizations do not have procedures in place to ensure that they periodically reassess these personnel requirements. This is contrary to guidance from DOD and all of the military services suggesting that they conduct periodic reassessments of their personnel requirements. For example, DOD guidance states that existing policies, procedures, and structures should be periodically evaluated to ensure efficient and effective use of personnel resources, and that assigned missions should be accomplished using the least costly mix of military, civilian and contractor personnel.[54] Moreover, the military services have more specific guidance indicating that personnel requirements should be established at the minimum essential level to accomplish the required workload and should be periodically reviewed.[55] For example, the Air Force states that periodic reviews should occur at least every 2 years.[56] In addition, systematic personnel requirements

[54]DODD 1100.4 (Feb. 12, 2005).

[55]Army Regulation 570-4; Office of the Chief of Naval Operations Instruction 1000.16K; Air Force Instruction 38-201; and Marine Corps Order 5311.1D.

[56]Air Force Instruction 38-201.

processes are considered a good human-capital practice across government, including in DOD. These practices call for organizations to have personnel requirements-determination processes that, among other things, reassess personnel requirements by conducting analysis on a periodic basis to determine the most efficient choices for workforce deployment.[57] These reassessments should include analysis of organizational functions to determine appropriate structure, including identifying any excess organizational layers or redundant operations, and workforce analysis to determine the most effective workloads for efficient functioning. None of the headquarters organizations we reviewed have procedures in place to ensure that they periodically reassess their personnel requirements.[58] This is unlike the military services' major commands or units, for which officials within the military departments stated they do reassess personnel requirements. While Navy officials stated that the Navy may occasionally reassess the requirements for a particular organization within the Secretariat or Office of the Chief of Naval Operations, such reassessments are conducted infrequently and without the benefit of a standardized methodology. Officials at Headquarters, Marine Corps, stated that they are beginning to implement a new requirements-determination process, which requires commanders to conduct an annual analysis to determine their organizations' personnel requirements. However, this process is not expected to be fully implemented until October 2015.

Officials from headquarters organizations that we reviewed said that they do not periodically reassess personnel requirements because their organization's requirements do not change much from year to year and they adjust requirements when new missions or tasks are assigned to their organization. DOD officials also maintained that the process of

[57]We derived key elements of a personnel requirements-determination process from GAO-04-39; from DOD Directive 1100.4; and from workforce planning guidance for the *Human Capital Assessment and Accountability Framework Practitioners' Guide*, which was issued in 2005 by the Office of Personnel Management.

[58]The Joint Staff does not periodically reassess its personnel needs because there is no statutory requirement to periodically reassess personnel needs at joint components like the Joint Staff. In May 2013, we recommended that the Chairman of the Joint Chiefs of Staff revise Chairman of the Joint Chiefs of Staff Instruction 1001.01A, which applies to the Joint Staff, to require a comprehensive, periodic evaluation of whether the size and structure of the combatant commands meet assigned missions. However, the Joint Staff did not agree with this recommendation and does not expect to implement it unless directed to do so. See GAO-13-293.

reassessing these personnel requirements would be lengthy and require an increase in personnel to conduct the analysis. Officials also stated that they believe the department's recent efficiency efforts have allowed their organizations to reassess personnel requirements and identify opportunities for efficiencies. For example, officials stated that they conducted comprehensive reviews of their organizations' personnel requirements as part of the effort to identify efficiencies as directed by former Secretary of Defense Robert Gates in 2010, as part of the OSD organizational review conducted by former Secretary of the Air Force Mike Donley in 2013, and most recently as part of Secretary of Defense Chuck Hagel's effort to reduce management headquarters. However, these reviews have generally been ad hoc and done in response to internally driven or directed reductions, rather than as part of the organization's systematic requirements-determination process. Conducting periodic reassessments as part of a systematic requirements-determination process, rather than in response to various DOD-directed efforts, would allow headquarters organizations to proactively identify any excess organizational layers or redundant operations and to inform decision making during any future efficiency efforts and budget reviews. In addition, reassessments of personnel requirements could occur periodically, not necessarily annually, thereby lessening the amount of time and labor that headquarters organizations devote to conducting reassessments. For example, Army guidance states that such reassessments should occur every 2 to 5 years.[59] Without periodic reassessment of personnel requirements for the total force, it will be difficult for the headquarters organizations in our review to be well positioned to effectively identify opportunities for efficiencies and limit personnel growth.

[59]Army Regulation 570-4.

Some Organizations Are Modifying Their Requirements-Determination Processes, but These Efforts Are Not Complete

All but one of the organizations we reviewed have recognized problems with requirements determination and some are beginning to take steps to modify their related processes, but these efforts are not yet complete. For example, OSD conducted a set of studies, directed by the Secretary of Defense in December 2013, aimed at further improving management and administration of personnel. According to OSD officials, the data and insights from these studies will inform DOD-wide business process and system reviews being directed by the Deputy Secretary of Defense.[60] For example, officials stated that an OSD-wide process for determining and reassessing personnel requirements may replace the current process whereby each OSD office sets its personnel requirements individually. OSD officials also stated that the new process, if implemented, might include a standard methodology to help OSD conduct a headquarters workforce analysis and determine and periodically reassess its personnel requirements. DOD did not provide a time frame for implementing the results of the studies and did not confirm whether implementation would include establishment of an OSD-wide personnel requirements-determination process.

In 2013, the Navy commissioned a report that determined that its shore organizations—which include the Navy headquarters organizations that we reviewed—do not have a comprehensive, standardized process for determining personnel requirements.[61] The study found, among other things, that shore organizations often begin determining their requirements without the benefit of a current mission, function, and task statement,[62] and typically only document requirements for functions as currently performed, while not considering future workload changes and other ways to perform functions. Accordingly, the report proposed a

[60]Deputy Secretary of Defense memorandum, *Implementation Guidance for the Business Process and Systems Review* (Aug 8, 2014).

[61]Department of the Navy, *Navy Shore Manpower Requirements Determination Final Report* (revised July 17, 2013).

[62]The Navy's shore personnel requirements, which include requirements for the Navy headquarters organizations within our review, are based on the mission, function, and task statement required of each Navy shore organization. This statement lays out: (1) the organization's mission, which is concise, unclassified general statements of what the organization is to accomplish; (2) the organization's functions, derived from the principal elements of the mission; and (3) the organization's tasks, derived from its mission and accomplished in connection with existing program policy directives or written tasking agreements.

methodology for analyzing workload and determining and assessing personnel requirements. Based on this report, the Navy is conducting its own review of the shore personnel requirements-determination process, with the goal of establishing guidance for use in 2015.

In 2011, the Marine Corps developed a standardized approach, known as the Strategic Total Force Management Planning process, for determining and reassessing headquarters personnel requirements on an annual basis. According to Marine Corps officials and guidance, this process requires commanders to annually assess their organization's mission, analyze its current and future organizational structures, conduct a gap analysis, and develop, execute, and monitor a plan of action to address any gaps. The Marine Corps is currently revising its guidance to reflect this new process, and commanders are not required to develop their requirements and submit an action plan until October 2015. Despite these efforts, none of these processes have been fully implemented or reviewed. Therefore, it is too early to know whether the new processes will reflect the key elements of a personnel requirements-determination process by enabling the organizations to identify missions, systematically determine personnel requirements, and reassess them on a periodic basis using organizational and workforce analysis.

Conclusions

Over the past decade, OSD, the Joint Staff, and the military service secretariats and staffs have grown to manage the increased workload and budgets associated with a military force engaged in conflict around the world. Today, DOD is facing a constrained budget environment and has stated that it needs to reduce the size of its headquarters, to include all components of its workforce–military personnel, civilian personnel, and contracted services. DOD and the military services have undertaken reviews to reduce headquarters but these budget-driven efforts have not been the result of systematic determinations of personnel needs. Statutory limits on these headquarters have been waived since 2002, but these limits would likely be counterproductive today were the waiver dropped, because they were set in the 1980s and 1990s and are inconsistently applied due to statutory exceptions and DOD's exclusion of personnel conducting headquarters-related functions. Specifically, these limits omit personnel in supporting organizations to the military service secretariats and staffs that perform headquarters-related functions. Because of these exceptions and omissions, the statutory limits may be of limited utility in achieving Congress's original aim of stemming the growth of headquarters personnel and reducing duplication of effort. The existing statutory limits encourage the headquarters organizations to

manage the number of military and civilian personnel requirements at or near the limit, according to DOD officials, rather than using a systematic requirements-determination process that establishes the total force that is truly needed and whether any efficiencies can be identified.

Headquarters organizations in our review have not systematically determined how many personnel they need to conduct their missions. While some organizations have begun to take such steps, their plans are not firm and their processes have not been finalized. Unless the organizations conduct systematic analyses of their personnel needs for the total force and establish and implement procedures to ensure that they periodically reassess those requirements, the department will lack assurance that its headquarters are sized appropriately. Looking to the future, systematically determining personnel requirements and conducting periodic reassessments could inform decision making during any future efficiency efforts and support budget formulation. In addition, determining these personnel requirements and submitting the results to Congress as part of DOD's *Defense Manpower Requirements Report* or through separate correspondence, along with any recommendations about adjustments needed to the statutory limits, could form a foundation upon which Congress could reexamine the statutory limits, as appropriate.

Recommendations for Executive Action

To ensure that headquarters organizations are properly sized to meet their assigned missions and use the most cost-effective mix of personnel, and to better position DOD to identify opportunities for more efficient use of resources, we recommend that the Secretary of Defense direct the following three actions:

- conduct a systematic determination of personnel requirements for OSD, the Joint Staff, and the military services' secretariats and staff, which should include analysis of mission, functions, and tasks, and the minimum personnel needed to accomplish those missions, functions, and tasks;

- submit these personnel requirements, including information on the number of personnel within OSD and the military services' secretariats and staffs that count against the statutory limits, along with any applicable adjustments to the statutory limits, in the next *Defense Manpower Requirements Report* to Congress or through separate correspondence, along with any recommendations needed to modify the existing statutory limits; and

- establish and implement procedures to conduct periodic reassessments of personnel requirements within OSD and the military services' secretariats and staffs.

Matter for Congressional Consideration

Congress should consider using the results of DOD's review of headquarters personnel requirements to reexamine the statutory limits. Such an examination could consider whether supporting organizations that perform headquarters functions should be included in statutory limits and whether the statutes on personnel limitations within the military services' secretariats and staffs should be amended to include a prohibition on reassigning headquarters-related functions elsewhere.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In written comments on a draft of this report, DOD partially concurred with the three recommendations and raised concerns regarding what it believes is a lack of appropriate context in the report. DOD's comments are summarized below and reprinted in their entirety in appendix IX.

In its comments, DOD raised concerns that the report lacks perspective when characterizing the department's headquarters staff, stating that it is appropriate for the department to have a complex and multi-layered headquarters structure given the scope of its missions. We agree that DOD is one of the largest and most complex organizations in the world, and make note of its many broad and varied responsibilities in our report. Notwithstanding these complexities, the department itself has repeatedly recognized the need to streamline its headquarters structure. For example, in 2010, the Secretary of Defense expressed concerns about the dramatic growth in DOD's headquarters and support organizations that had occurred since 2001, and initiated a series of efficiency initiatives aimed at stemming this growth. The Secretary of Defense specifically noted the growth in the bureaucracy that supports the military mission, especially the department's military and civilian management layers, and called for an examination of these layers. In addition, in January 2012, the administration released defense strategic guidance that calls for DOD to continue to reduce the cost of doing business, which includes reducing the rate of growth in personnel costs and finding further efficiencies in overhead and headquarters, in its business practices, and in other support activities. Our report discusses some of the department's efficiency-related efforts and thus, we believe it contains appropriate perspective.

DOD also expressed concerns that the report lacks appropriate context when addressing the causes for workforce growth, stating that such growth was in response to rapid mission and workload increases, specific workforce-related initiatives, realignments, streamlining operations, and reducing redundancies and overhead. Our draft report noted some of these causes of headquarters workforce growth, but we have added additional information to the report on other causes, such as increased mission responsibilities for the war and other directed missions such as business transformation, intelligence, cyber, suicide prevention, sexual assault response and prevention, wounded warrior care, family support programs, transition assistance and veterans programs, to provide context and address DOD's concerns.

DOD partially concurred with the first recommendation that the Secretary of Defense direct a systematic determination of the personnel requirements of OSD, the Joint Staff, and the military services' secretariats and staffs, which should include analysis of mission, functions, and tasks, and the minimum personnel needed to accomplish those missions, functions, and tasks. The department noted in its letter that it will continue to use the processes and prioritization that is part of the Planning, Programming, Budgeting, and Execution process, and will also investigate other methods for aligning personnel to missions and priorities. DOD also stated that it is currently conducting Business Process and System Reviews of the OSD Principal Staff Assistants, defense agencies, and DOD field activities to aid in documenting mission responsibilities to resource requirements. However, the department did not provide any details specifying whether any of these actions would include a workforce analysis to systematically determine personnel requirements, rather than continuing to rely on historic personnel levels and existing statutory limits as the basis for those requirements, nor does the department acknowledge the need for such analysis. Moreover, according to DOD's implementation guidance for the Business Process and Systems Review, which we reference in our report, this review is focused on business processes and supporting information technology systems within certain defense headquarters organizations, rather than a systematic determination of personnel requirements for those organizations. DOD also stated in its comments that headquarters staff provide knowledge continuity and subject matter expertise and that a significant portion of their workload is unpredictable. We agree, but believe that headquarters organizations would be better positioned to respond to unforeseen events and initiatives if their personnel requirements were based on workforce analysis, which would allow them to identify critical mission requirements as well as mitigate risks to the

organizations' efficiency and effectiveness while still responding to unpredictable workload. Without a systematic determination of personnel requirements, DOD headquarters organizations may not be well positioned to identify opportunities for efficiencies and reduce the potential for headquarters-related growth.

Several headquarters organizations provided comments on their specific requirements determination processes in connection with this first recommendation. The Army noted that it has an established headquarters requirements determination process in the G-3, supported by the U.S. Army Manpower Analysis Agency. While the Army does have a requirements determination process, we note in our report that this process did not result in the systematic determination of requirements for the Army Secretariat and Staff; rather, the Army headquarters organizations we reviewed use authorized personnel levels from the previous year as a baseline from which to generate any new requirements, and these personnel levels are ultimately based not on a workforce analysis, but on the statutory limits that were established by Congress in the 1980s. In addition, while the Army's requirements determination process does call for reassessments of personnel requirements every 2 to 5 years, Army officials stated that they do not conduct these periodic reassessments of the personnel requirements for the Army headquarters organizations in our review, in part because the U.S. Army Manpower Analysis Agency lacks the authority to initiate such reassessments or enforce their results. In the letter, the Army also noted concerns that a statement in our draft report—namely, that the organizations that support the Army Secretariat and staff are almost three times as large but are excluded from the statutory limits—may be misleading and lack appropriate context. In response to the Army's concerns and to provide additional context, we have clarified the report's language to state that only some personnel in these organizations support their military service secretariats and staffs in accomplishing their mission and are not subject to the statutory limits.

The Marine Corps noted that they conducted a full review of force structure in 2012, which included a Commandant-directed consideration to look at the functions of every headquarters and staff. We state in our report that the Marine Corps and others in the department have previously conducted efficiency-related efforts, which officials believe have allowed their organizations to reassess personnel requirements and identify opportunities for efficiencies. However, these reviews have generally been ad hoc and done in response to internally driven or directed reductions, rather than as part of an organization's systematic

requirements-determination process. Having workforce and organizational analyses as part of a systematic requirements-determination process, rather than in response to DOD-directed efficiency efforts, would allow headquarters organizations to proactively identify any excess organizational layers or redundant operations and inform decision making during future efficiency efforts and budget reviews.

Finally, the Joint Staff stated that it utilizes its existing Joint Manpower Validation Process as a systematic requirements determination process when requesting permanent joint manpower requirements, adding that this process reviews mission drivers, capability gaps, impact assessments, and determines the correct size and characteristics of all new billets. However, as we found in May 2013, this process focuses on requests for additional positions or nominal changes in authorized positions, rather than evaluating whether authorized positions are still needed to support assigned missions.[63] Moreover, we found that personnel levels for the headquarters organizations that we reviewed, including the Joint Staff, are ultimately not based on a workforce analysis that systematically defines the size of the total workforce needed to meet organizational goals. Rather, these organizations use authorized personnel levels from the previous year as a baseline and do not take steps to systematically determine and periodically reassess them. Thus, we continue to believe that DOD should conduct a systematic determination of personnel requirements, including an analysis of missions, functions, and tasks to determine the minimum personnel needed to accomplish those missions, functions, and tasks.

DOD partially concurred with the second recommendation that the Secretary of Defense direct the submission of these personnel requirements, including information on the number of personnel within OSD and the military services' secretariats and staffs that count against the statutory limits, along with any applicable adjustments to the statutory limit, in the next *Defense Manpower Requirements Report* to Congress or through separate correspondence, along with any recommendations needed to modify the existing statutory limits. DOD stated that it has ongoing efforts to refine and improve its reporting capabilities associated with these requirements, noting that the department has to update DOD Instruction 5100.73, *Major DOD Headquarters Activities* before it can

[63]GAO-13-293.

determine personnel requirements that count against the statutory limits. In March 2012, we recommended that DOD revise DOD Instruction 5100.73, *Major DOD Headquarters Activities,* [64] but DOD has not provided an estimate of when this revised Instruction would be finalized. DOD also did not indicate in its letter whether the department would submit personnel requirements that count against the statutory limits in the *Defense Manpower Requirements Report*, as we recommend, once the Instruction is finalized. We believe that submitting these personnel requirements to Congress in this DOD report would provide Congress with key information to determine whether the existing statutory limits on military and civilian personnel are effective in limiting headquarters personnel growth.

In addition, the Marine Corps provided more specific comments in connection with the second recommendation, noting that in 2014 it had reviewed and validated all headquarters down to the individual billet level, identifying billets that should be coded as performing major DOD headquarters activities, resulting in a net increase of reported headquarters structure. The Marine Corps stated they planned to report this information as part of DOD's fiscal year 2016 budget and in the Defense Manpower Requirements Report. Our report specifically notes the review and the Marine Corps effort to more accurately report its headquarters structure for the fiscal year 2016 budget. However, until the department as a whole takes concrete steps to gather reliable information about headquarters requirements, and report this information to Congress, neither the department nor Congress will have the information needed to oversee them.

DOD partially concurred with the third recommendation that the Secretary of Defense direct the establishment and implementation of procedures to conduct periodic reassessments of personnel requirements within OSD and the military service secretariats and staffs. DOD said that it supports the intent of the recommendation, but such periodic reassessments require additional resources and personnel, which would drive an increase in the number of personnel performing major DOD headquarters activities. Specifically, DOD stated it intends to examine the establishment of requirements determination processes across the

[64] In a previous report, we recommended that the department should revise the DOD Instruction on Major DOD Headquarters Activities to improve DOD's ability to identify how many headquarters personnel it has. See GAO-12-345.

department, to include the contractor workforce, but this will require a phased approach across a longer timeframe. However, DOD also did not provide any estimated timeframes for its examination of this process. As we noted in the report, reassessments of personnel requirements could occur periodically, not necessarily annually, thereby lessening the amount of time and labor that headquarters organizations devote to conducting reassessments. Further, until a periodic reassessment of requirements takes place, the department will lack reasonable assurance that its headquarters are sized appropriately for its current missions, particularly in light of the drawdown from Iraq and Afghanistan and its additional mission responsibilities.

In addition, the Marine Corps and the Joint Staff provided specific comments in connection with the third recommendation in DOD's letter. First, the Marine Corps noted that they conduct periodic reviews through the Quadrennial Defense Review and through force structure review boards that shape the Marine Corp to new missions and in response to combatant commander demands. However, these reviews are focused on forces as a whole and not specifically on headquarters. Second, the Joint Staff stated that it has set personnel requirements twice since 2008, and noted that it has taken reductions during various budget- or efficiency-related efforts, such as the Secretary of Defense's 2012 efficiency review and the Secretary of Defense's 20-percent reductions to headquarters budgets, which is ongoing. However, conducting periodic reassessments as part of a systematic requirements-determination process, rather than in response to ad hoc, DOD-directed efficiency efforts, would allow headquarters organizations to proactively identify any excess organizational layers or redundant operations. This, in turn, would prepare the headquarters organizations to better inform decision-making during any future efficiency efforts and budget reviews.

DOD stated that, although it appreciates our inclusion in the report of a matter calling for Congress to consider using the results of DOD's review of personnel requirements to re-examine the statutory limits, it believes any statutory limitations on headquarters personnel place artificial constraints on workforce sizing and shaping, thereby precluding total force management. Therefore, DOD states that it opposes any legislative language that imposes restrictions on the size of the department's workforce. Both the Marine Corps and Joint Staff provided specific comments in regard to GAO's matter for congressional consideration, although these comments were directed toward the specific statutory limits for their organizations, not the GAO matter for congressional consideration itself. As we noted in our report, we believe that the

statutory limits are of limited utility. The intent of this matter is to not to prescribe specific modifications to the statutory limits on headquarters personnel to Congress but rather to suggest that Congress consider making those modifications that it considers most appropriate based on a review of personnel requirements provided by the department.

Finally, the Army also provided input regarding the overall methodology behind the report, noting that tracking contract support of headquarters organizations solely through funding source may skew attempts at general trend analysis because funding source does not always correlate to a function being performed in the headquarters. Our report notes some of the challenges in tracking contract support of headquarters organizations, but to add context and address the Army's concerns, we have modified text in Appendix V, which focuses on the resources of the Headquarters, Department of the Army. Specifically, we have modified Figure 12 to note that, according to Army officials, the costs for contracted services provided from its financial accounting systems may not accurately reflect costs incurred by the headquarters because the accounting systems show the funding for contractors but not necessarily where the contracted work was performed, which is the information displayed in DOD's Inventory of Contracted Services.

DOD also provided technical comments, which we have incorporated, as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Secretaries of the military departments. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3489 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix X.

John H. Pendleton, Director
Defense Capabilities and Management

Appendix I: Prior GAO Work on DOD Headquarters

We have issued several reports since 2012 on defense headquarters and on the department's ability to determine the right number of personnel needed to perform headquarters functions.

- In March 2012, we found that while the Department of Defense (DOD) has taken some steps to examine its headquarters resources for efficiencies, additional opportunities for savings may exist by further consolidating organizations and centralizing functions. We also found that DOD's data on its headquarters personnel lacked the completeness and reliability necessary for use in making efficiency assessments and decisions.[1] In that report, we recommended that the Secretary of Defense direct the Secretaries of the military departments and the heads of the DOD components to continue to examine opportunities to consolidate commands and to centralize administrative and command support services, functions, or programs. Additionally, we recommended that the Secretary of Defense revise DOD Instruction 5100.73, *Major DOD Headquarters Activities*, to include all headquarters organizations; specify how contractors performing headquarters functions will be identified and included in headquarters reporting; clarify how components are to compile the information needed for headquarters-reporting requirements; and establish time frames for implementing actions to improve tracking and reporting of headquarters resources.[2] DOD generally concurred with the findings and recommendations in our March 2012 report. DOD officials have stated that, since 2012, several efforts have been made to consolidate or eliminate commands and to centralize administrative and command support services, functions, or programs. For example, OSD officials said that DOD has begun efforts to assess which headquarters organizations are not currently included in its guiding instruction on headquarters, but as of July 2014, it has not completed its update of the instruction to include these organizations. DOD officials also identified further progress on including contractors performing major DOD headquarters activities in headquarters reporting.

[1]GAO, *Defense Headquarters: Further Efforts to Examine Resource Needs and Improve Data Could Provide Additional Opportunities for Cost Savings*, GAO-12-345 (Washington, D.C.: Mar. 21, 2012).

[2]Department of Defense Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007) (incorporating change 2, June 12, 2012) (hereinafter cited as DODI 5100.73 [Dec. 1, 2007]).

- In May 2013, we found that authorized military and civilian positions at the geographic combatant commands[3]—excluding U.S. Central Command—had increased by about 50 percent from fiscal year 2001 through fiscal year 2012, primarily due to the addition of new organizations, such as the establishment of U.S. Northern Command and U.S. Africa Command, and increased mission requirements for the theater special operations commands.[4] We also found that DOD's process for sizing its combatant commands had several weaknesses, including the absence of a comprehensive, periodic review of the existing size and structure of these commands and inconsistent use of personnel-management systems to identify and track assigned personnel. DOD did not concur with our recommendation that it conduct comprehensive and periodic reviews of the combatant commands' existing size, but we continue to believe that institutionalizing a periodic evaluation of all authorized positions would help to systematically align manpower with missions and add rigor to the requirements process. DOD concurred with our recommendation that it revise its guiding instruction on managing joint personnel requirements—Chairman of the Joint Chiefs of Staff Instruction 1001.01A, *Joint Manpower and Personnel Program*—to require the commands to improve its visibility over all combatant command personnel. DOD has established a new manpower tracking system, the Fourth Estate Manpower Tracking System, that is to track all personnel data, including temporary personnel, and identify specific guidelines and timelines to input/review personnel data. Additionally, DOD concurred with our recommendation to develop and implement a formal process to gather information on authorized manpower and assigned personnel at the service component commands and to revise DOD's Financial Management Regulation. As of September 2014, the process outlined by DOD to gather information on authorized and assigned personnel at the service component commands is the same as the one identified during our prior work. DOD concurred with our recommendation to revise volume 2A,

[3]DOD has nine combatant commands with an assigned geographic region or assigned function. The six geographic commands have defined areas of operation, a distinct regional military focus, and provide unity of command over all the United States forces in a specific region. They are U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command.

[4]GAO, *Defense Headquarters: DOD Needs to Periodically Review and Improve Visibility of Combatant Commands' Resources,* GAO-13-293 (Washington, D.C.: May 15, 2013).

chapter 1 of DOD's Financial Management Regulation 7000.14R to require the military departments, in their annual budget documents for operation and maintenance, to identify the authorized military positions and civilian and contractor full-time equivalents at each combatant command and provide detailed information on funding required by each command for mission and headquarters support, such as civilian pay, contracted services, travel, and supplies. As of September 2014, DOD plans to prepare an exhibit that reflects the funding and full-time equivalent information by combatant command and include it in an update to the DOD Financial Management Regulation prior to preparation of the fiscal year 2016 budget estimate submission.

- In June 2014, we found that DOD's functional combatant commands[5] have shown substantial increases in authorized positions and costs to support headquarters operations since fiscal year 2004, primarily to support recent and emerging missions, including military operations to combat terrorism and the emergence of cyberspace as a warfighting domain.[6] Further, we found that DOD did not have a reliable way to determine the resources devoted to management headquarters as a starting point for DOD's planned 20 percent reduction to headquarters budgets, and thus we concluded that actual savings would be difficult to track. We recommended that DOD reevaluate the decision to focus reductions on management headquarters to ensure meaningful savings and set a clearly defined and consistently applied baseline starting point for the reductions. Further, we recommended that DOD track the reductions against the baselines in order to provide reliable accounting of savings and reporting to Congress. DOD partially concurred with our recommendation to reevaluate its decision to focus reductions on management headquarters, questioning, in part, the recommendation's scope. We agreed that the recommendation has implications beyond the functional combatant commands, which was the scope of our review, but the issue we identified is not limited to these commands. DOD generally concurred with our two other

[5]The three functional commands have unique capabilities and operate in support of DOD's worldwide military missions to meet evolving national security challenges. They are U.S. Special Operations Command, U.S. Strategic Command, and U.S. Transportation Command.

[6]GAO, *Defense Headquarters: DOD Needs to Reevaluate Its Approach for Managing Resources Devoted to the Functional Combatant Commands*, GAO-14-439 (Washington, D.C.: June 26, 2014).

recommendations that it set a clearly defined and consistently applied baseline starting point and track reductions against the baselines. To address these two recommendations, DOD said that it planned to use the Future Years Defense Program[7] data to set the baseline going forward. DOD stated that it was enhancing data elements within a DOD resource database to better identify management headquarters resources to facilitate tracking and reporting across the department.

[7]DOD's Future Years Defense Program is the official document and database summarizing forces and resources associated with DOD programs. It is updated and published at least two times during an annual Planning, Programming, Budgeting, and Execution process to coincide with submission of recommendations from the services and defense agencies to the Secretary concerning how they plan to allocate resources to meet planning and programming guidance, budget estimate submissions, and the President's budget.

Appendix II: Objectives, Scope, and Methodology

House Report 113-102 mandated GAO to review the military, civilian personnel, and contracted services resources devoted to the Office of the Secretary of Defense (OSD), the Joint Staff, and the military departments' secretariats and military staffs from fiscal year 2001 through fiscal year 2013.[1] This report (1) identifies past trends, if any, in personnel resources devoted to OSD, the Joint Staff, and the secretariats and staffs of the military services and any plans for reductions to these headquarters organizations; and (2) evaluates the extent to which the Department of Defense (DOD) determines and reassesses personnel requirements for these headquarters organizations.

To conduct this work and address our objectives, we identified sources of information within DOD that would provide data on the resources devoted to OSD, the Joint Staff, and secretariats and staffs for the military services.[2] To identify trends in personnel resources devoted to OSD, the Joint Staff, and secretariats and staffs for the military services, we obtained and analyzed available data on authorized military and civilian positions, and operation and maintenance obligations, from each of these organizations from fiscal years 2001 through 2013. We focused on these nine organizations—OSD, the Joint Staff; the Offices of the Secretary of the Army and Army Staff; the Office of the Secretary of the Navy and Office of the Chief of Naval Operations; Headquarters, Marine Corps; and the Offices of the Secretary of the Air Force and Air Staff—because these components represent some of the highest headquarters organizations within DOD and are responsible for overseeing, directing, and controlling subordinate organizations or units. The fiscal year 2001 through 2013 time frame allowed us to assess trends in resources without including nonwar years prior to fiscal year 2001 and to include the most recent data available, for fiscal year 2013. We focused our review on authorized positions, as these reflect the approved, funded personnel requirements at each of the organizations. Only OSD, the Army, and the Air Force were able to provide authorized positions for the entire time frame. The Joint Staff was unable to provide personnel data before fiscal year 2005 because of a change in databases in fiscal year 2004. Additionally, the

[1]See H.R. Rep. No. 113-102 (June 7, 2013) accompanying H.R. 1960, a proposed bill for the National Defense Authorization Act for Fiscal Year 2014.

[2]In addition to OSD, the Joint Staff, and the secretariats and staffs of the military departments, other headquarters organizations include portions of the defense agencies, DOD field activities, and the combatant commands, along with their subordinate unified commands and respective service component commands.

Joint Staff J-2 (Intelligence), which receives its personnel and funding from the Defense Intelligence Agency, provided personnel data that it deemed sensitive but unclassified, so we excluded it from this report. The Navy was unable to provide complete personnel data prior to fiscal year 2005 due to a change in personnel management systems used by the Office of the Chief of Naval Operations. Similarly, Headquarters, Marine Corps, was unable to provide personnel data prior to fiscal year 2005 due to a change in personnel management systems. We requested available data on contracted services performing functions for the organizations within our review, but we were only able to obtain and analyze information from OSD and the Army. We compared these data to data we had obtained from OSD and the Army on authorized military and civilian positions. We present DOD data on contracted services for context as a comparison against authorized military and civilian positions. Because we did not use these data to support our findings, conclusions, or recommendations, we did not assess their reliability. DOD is still in the process of compiling complete data on contractor full-time equivalents.

Our review also focused on operation and maintenance obligations—because these obligations reflect the primary costs to support the headquarters operations of OSD, the Joint Staff, and secretariats and staffs for the military services—including the costs for civilian personnel, contracted services, travel, and equipment, among others. Our review excluded obligations of operation and maintenance funding for DOD's overseas contingency operations that were not part of DOD's base budget. Unless otherwise noted, we reported all costs in this report in nominal dollars. Only the Air Force was able to provide historical data for the entire fiscal year 2001 through fiscal year 2013 time frame, so we provided an analysis of trends in operation and maintenance obligations at the individual organizations included in our review for the fiscal years for which data were available. OSD was unable to provide cost data prior to fiscal year 2008 because, per National Archives and Records Administration regulations, it does not maintain financial records older than 6 years and 3 months. The Joint Staff was unable to provide cost data prior to fiscal year 2003 due to a change in financial systems. The Army was unable to provide cost data for fiscal year 2001 in the time frame we requested for inclusion in this report. The Navy Secretariat was able to provide cost data for fiscal years 2001 through 2013. However, the Office of the Chief of Naval Operations was only able to provide cost data for fiscal years 2009 through 2013 because the Office of the Chief of Naval Operations did not exist as an independent budget-submitting office until fiscal year 2009, and it would be difficult to separate out the Office of the Chief of Naval Operations' data from other Navy data prior to

fiscal year 2009 in the Navy's historical data system. Headquarters, Marine Corps, was unable to provide cost data prior to fiscal year 2005 due to a change in financial systems. Our analyses are found in appendixes III through VIII.

The availability of historical data limited our analyses of both authorized military and civilian positions and operation and maintenance obligations for the reasons identified by the individual included organizations. To assess the reliability of the data we collected, we interviewed DOD officials about the data they provided to us and analyzed relevant personnel and financial-management documentation to ensure that the data on authorized military and civilian positions and operation and maintenance obligations were tied to mission and headquarters support. We also incorporated data-reliability questions into our data-collection instruments and compared the multiple data sets received from the included organizations against each other to ensure that there was consistency in the data that they provided. We determined the data were sufficiently reliable for our purposes of identifying trends in the personnel resources and headquarters support costs of OSD, the Joint Staff, and secretariats and staffs for the military services.

To identify DOD's plans for reductions to these headquarters organizations, we obtained and reviewed guidance and documentation on steps to implement DOD's 20 percent reductions to headquarters budgets starting in fiscal year 2015, the first full budget cycle for which DOD was able to include the reductions, such as the department-issued memorandum outlining the reductions and various DOD budget-related documents. We also obtained data, where available, on the number of positions at OSD, the Joint Staff, and the secretariats and staffs for the military services for fiscal year 2013 (the most recent fiscal year for which data were available during our review), as well as the number of positions deemed by these organizations to be performing headquarters functions and included in DOD's planned headquarters reductions for fiscal years 2015 through 2019, the time frame DOD identified in its reduction plans. We assessed the reliability of the personnel and cost data given these and other limitations by interviewing DOD officials about the data they provided to us and analyzing relevant personnel and financial-management documentation. We determined that the data were sufficiently reliable for our purposes of identifying trends in the personnel resources and headquarters support costs, and DOD's plans for reductions to OSD, the Joint Staff, and secretariats and staffs for the military services.

To evaluate the extent to which DOD determines and reassesses personnel requirements for these headquarters organizations, we obtained and reviewed guidance from OSD, the Joint Staff, and the secretariats and staffs for the military services regarding each of their processes for determining and reassessing their respective personnel requirements. For example, we reviewed the Chairman of the Joint Chiefs of Staff Instruction 1001.01A (*Joint Manpower and Personnel Program*); Air Force Instruction 38-201 (*Manpower and Organization, Management of Manpower Requirements and Authorizations*); Army Regulation 570-4 (*Manpower and Equipment Control, Manpower Management*); Office of the Chief of Naval Operations Instruction 1000.16K (Navy Total Force Manpower Policies and Procedures); and Marine Corps Order 5311.1D (*Total Force Structure Process*). We also interviewed officials from each of these organizations to determine how their processes are implemented, the results of any studies that were conducted on these processes, and any changes being made to these processes. We then compared the information we obtained on these processes to key elements called for in DOD Directive 1100.4 (*Guidance for Manpower Management*) and the military services' guidance we had previously obtained; specifically, that personnel requirements should be established at the minimum essential level to accomplish the required workload, and should be periodically reviewed. We also compared this information to key elements of a systematic personnel requirements-determination process, which we obtained from documents that address leading practices for workforce planning. Specifically, we reviewed prior GAO work on effective strategic workforce planning,[3] DODs guidance on manpower management,[4] and workforce planning guidance issued by the

[3]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003). To identify strategic workforce planning principles, we reviewed our own guidance, reports, and testimonies on federal agencies' workforce planning and human-capital management efforts, and guidance available through the Internet and leading human-capital periodicals. We also met with officials from organizations with government-wide responsibilities for or expertise in workforce planning, such as the Office of Personnel Management and the National Academy of Public Administration, to identify additional guidance available and to obtain their recommendations of federal agencies engaged in effective workforce planning. We synthesized information from these meetings, reports, and guidance documents and our own experiences in human-capital management to derive key principles that appeared most important to effective strategic workforce planning.

[4]Department of Defense Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005) (hereinafter cited as DODD 1100.4 [Feb. 12, 2005]).

Office of Personnel Management.[5] We then synthesized common themes from these documents and summarized these as key elements that should be included in organizations' personnel requirements-determination processes, namely, that an organization should have a requirements process that identifies the organization's mission, functions, and tasks; determines the minimum number and type of personnel needed to fulfill those missions, functions, and tasks by conducting a workforce analysis; and reassesses these requirements on a periodic basis to determine the most efficient choices for workforce deployment. We also reviewed DOD Instruction 5100.73 (*Major DOD Headquarters Activities*), which guides the identification and reporting of headquarters information. Finally, we identified a standard on information and communications from internal-control standards for the federal government[6] and compared this standard to the headquarters-related information provided to Congress in the fiscal year 2015 *Defense Manpower Requirements Report*.[7]

We obtained and assessed data on the number of management headquarters personnel in the organizations in our review for fiscal year 2013 and on the Army's field operating agencies for fiscal years 2001 through 2013. We assessed the reliability of the personnel data through interviews with Army officials about the data they provided to us and by conducting data-reliability assessments of the Army personnel data and the information systems that produced them. We determined that the data were sufficiently reliable for our purposes. We also met with OSD and the military services to discuss how these organizations identify these headquarters personnel. Finally, we reviewed the legislative history of the statutory personnel limitations for OSD, the Joint Staff, and the services contained in sections 143, 155, 3014, 5014, and 8014 of Title 10 of the U.S. Code, and discussed these limits with knowledgeable officials in OSD, the Joint Staff, and the military services.

[5]Office of Personnel Management, *Human Capital Assessment and Accountability Framework Practitioners' Guide*, (September 2005).

[6]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[7]Department of Defense, *Defense Manpower Requirements Report, Fiscal Year 2015* (June 2014).

We interviewed officials or, where appropriate, obtained documentation from the organizations listed below:

Office of the Secretary of Defense

- Office of the Director of Administration and Management;
- Office of Cost Assessment and Program Evaluation; and
- Washington Headquarters Services, Financial Management Directorate.

Joint Staff

- Directorate of Management, Comptroller;
- Manpower and Personnel Directorate; and
- Intelligence Directorate.

Department of the Air Force

- A1, Joint and Special Activities Manpower Programming Branch.

Department of the Army

- Assistant Secretary of the Army for Manpower and Reserve Affairs;
- G8, Program Analysis and Evaluation; and
- Business Operations Directorate, Army Office of Business Transformation.

Department of the Navy

- U.S. Navy
  - Assistant Secretary of the Navy for Manpower and Reserve Affairs;
  - Assistant for Administration;
  - Office of the Chief of Naval Operations, Deputy Chief of Naval Operations for Integration of Capabilities and Resources, Programming Division;
  - Office of the Chief of Naval Operations, Manpower Management;
  - Office of the Chief of Naval Operations, Assessment Division; and
  - U.S. Fleet Forces Command.
- Headquarters, U.S. Marine Corps
  - Marine Corps Combat Development Command, Combat Development and Integration / Total Force Structure Division;
  - Budget and Execution Division, Programs and Resources; and
  - Manpower and Reserve Affairs.

We conducted this performance audit from July 2013 to January 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix III: Resources of the Office of the Secretary of Defense (OSD)

OSD is responsible for assisting the Secretary of Defense in carrying out his or her duties and responsibilities for the management of the Department of Defense (DOD).[1] These include policy development, planning, resource management, and fiscal and program evaluation responsibilities. The staff of OSD comprises military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the OSD organization, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 2 shows the organizational structure and composition of OSD for fiscal year 2013, including both authorized military and civilian positions, as well as estimated contractor full-time equivalents.

Table 2: Fiscal Year 2013 Authorized Military and Civilian Positions and Estimated Contractor Full-Time Equivalents within the Office of the Secretary of Defense

Office of the Secretary of Defense (OSD) organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Secretary of Defense immediate office	31	41	**72**	0
Office of the Under Secretary of Defense (Acquisition, Technology and Logistics)	93	481	**574**	2,347.19
Office of the Under Secretary of Defense (Policy)	144	420	**564**	110.89
Office of the Under Secretary of Defense (Comptroller)	6	162	**168**	19.23
Office of the Under Secretary of Defense (Personnel and Readiness)	130	151	**281**	65.34
Office of the Under Secretary of Defense (Intelligence)	27	194	**221**	228.94
Office of the Deputy Chief Management Officer	2	97	**99**	49.71
Director of OSD Cost Assessment and Program Evaluation	30	141	**171**	162.33
Office of General Counsel	3	51	**54**	0
Director of Operational Test and Evaluation	17	88	**105**	0.36
Office of the Assistant Secretary of Defense for Legislative Affairs	13	26	**39**	1.87

[1] 10 U.S.C. § 131.

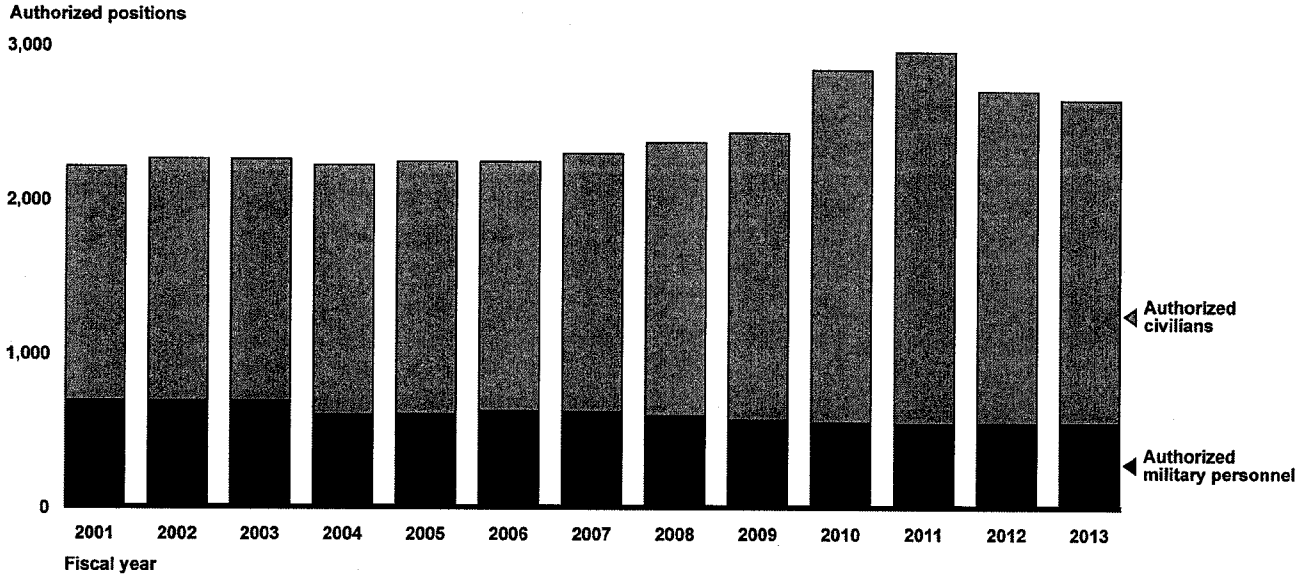
Office of the Secretary of Defense (OSD) organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Office of the Assistant Secretary of Defense for Public Affairs	29	61	**90**	18.46
Office of the Department of Defense (DOD) Chief Information Officer	23	127	**150**	203.02
Office of the Director of Administration and Management	0	39	**39**	24.79
Office of Net Assessment	4	6	**10**	55.06
Assistant to the Secretary of Defense for Intelligence Oversight	0	9	**9**	0.01
Total	**552**	**2,094**	**2,646**	**3,287.2**

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: OSD officials provided contractor full-time equivalents from DOD's fiscal year 2013 Inventory of Contracted Services and included only those contracts managed by Washington Headquarters Services / Acquisition Directorate. In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO, *Defense Acquisitions: Continued Management Attention Needed to Enhance Use and Review of DOD's Inventory of Contracted Services*, GAO-13-491 (Washington, D.C.: May 23, 2013). We are presenting OSD's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting OSD's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

Figure 5 illustrates annual changes in the number of authorized personnel positions since fiscal year 2001. According to DOD officials, both authorized military and civilian positions remained relatively unchanged until fiscal year 2010, when the number of authorized civilians increased mainly due to the conversion of contracted services to civilian positions and the conversion of military to civilian positions. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce.

Figure 5: Authorized Military and Civilian Positions in the Office of the Secretary of Defense (OSD), Fiscal Years 2001 through 2013

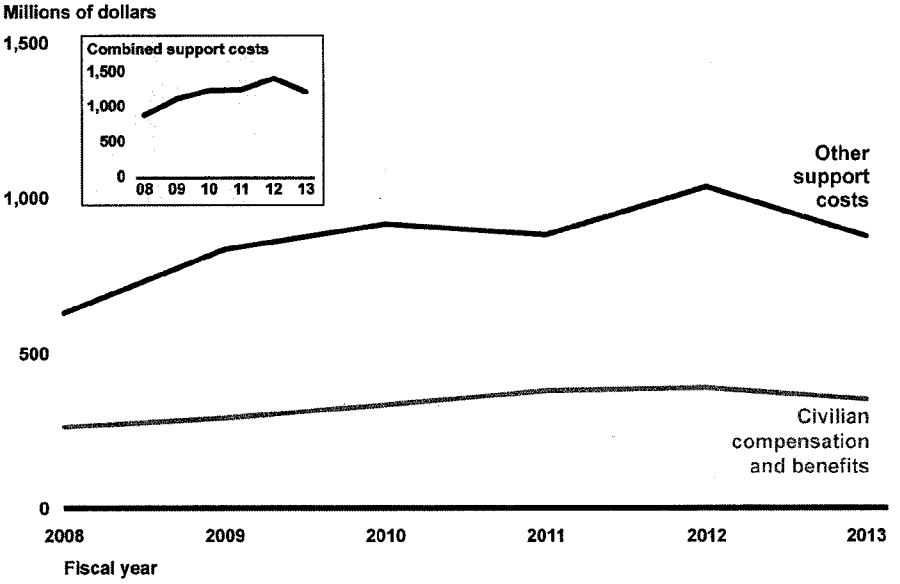


Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at OSD and do not include personnel performing contracted services.

Figure 6 shows the headquarters support costs changes associated with OSD for fiscal year 2008 through fiscal year 2013. Headquarters costs have experienced an overall increase during the 5-year period, primarily due to costs for contracted services, but have recently begun to decline, according to OSD officials, because of sequestration and furloughs.

Figure 6: Office of the Secretary of Defense (OSD) Headquarters Support Costs for Fiscal Years 2008 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations for operation and maintenance funding reported by OSD. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among other costs.

Appendix IV: Resources of the Joint Staff

The Joint Staff is responsible for assisting the Chairman of the Joint Chiefs of Staff, military advisor to the President, in accomplishing his responsibilities for the unified strategic direction of the combatant forces; their operation under unified command; and their integration into a team of land, naval, and air forces.[1] The Joint Staff is tasked to provide advice and support to the Chairman and the Joint Chiefs on matters including personnel, intelligence doctrine and architecture, operations and plans, logistics, strategy, policy, communications, cyberspace, joint training and education, and program evaluation. In addition to civilian personnel and personnel performing contracted services, the Joint Staff comprises military personnel who represent, in approximately equal numbers, the Army, Navy and Marine Corps, and Air Force. This appendix shows how these resources are distributed in the Joint Staff, as well as the changes in these resources from fiscal year 2003 through fiscal year 2013. Table 3 shows the organizational structure and composition of the Joint Staff for fiscal year 2013, including both authorized military and civilian positions.

Table 3: Fiscal Year 2013 Authorized Military and Civilian Positions within the Joint Staff

Joint Staff directorates	Authorized military positions	Authorized civilian positions	Total
Office of the Chairman of the Joint Chiefs of Staff	103	35	**138**
Office of the Director, Joint Staff	13	11	**24**
Directorate of Management	42	139	**181**
J-1: Manpower and Personnel	53	42	**95**
J-2: Intelligence	N/A[a]	N/A[a]	**N/A[a]**
J-3: Operations	364	126	**490**
J-4: Logistics	68	26	**94**
J-5: Strategic Plans and Policy	212	54	**266**
J-6: Command, Control, Communications, Computers/Cyber	142	260	**402**
J-7: Joint Force Development	342	362	**704**
J-8: Force Structure, Resources, and Assessment	116	62	**178**
Total	**1,455**	**1,117**	**2,572**

Source: GAO analysis of Department of Defense data. | GAO-15-10

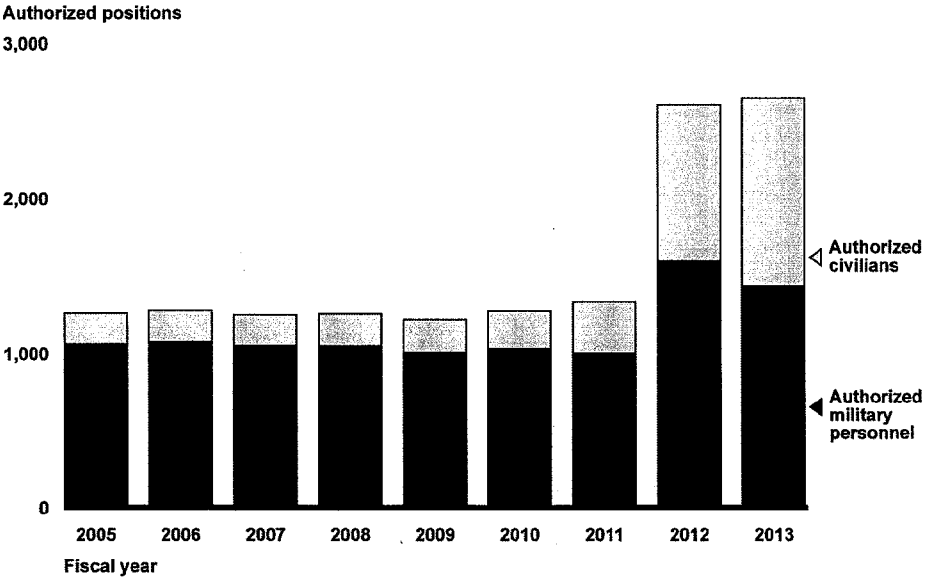
[1] 10 U.S C. §§ 151 and 155.

Note: In addition to the above totals, there are 110 military and civilian positions that were not filled in the Joint Staff and, according to a Joint Staff official, many of these unfilled positions will likely be subjected to the 20 percent headquarters reductions. The Joint Staff was not able to provide data on the number of contractor full-time equivalents within the Joint Staff.

[a]N/A = Not available. Information on the authorized military and civilian positions at the Joint Staff's J-2 (Intelligence Directorate) is sensitive but unclassified, so we excluded it from this report.

Figure 7 illustrates annual changes in the overall number of authorized personnel positions since fiscal year 2005. Both military and civilian positions remained relatively unchanged until fiscal year 2012, when, according to Joint Staff officials, U.S. Joint Forces Command was disestablished and some of its responsibilities and personnel were moved to the Joint Staff. According to documentation and interviews with Joint Staff officials, of those positions acquired by the Joint Staff in fiscal years 2012 and retained in 2013, most of the military positions (415 authorized positions) and civilian positions (690 authorized positions) are stationed at Hampton Roads, Virginia, to manage and support the Combatant Command Exercise Engagement and Training Transformation program reassigned to the Joint Staff when U.S. Joint Forces Command was disestablished.

Figure 7: Authorized Military and Civilian Positions in the Joint Staff, Fiscal Years 2005 through 2013



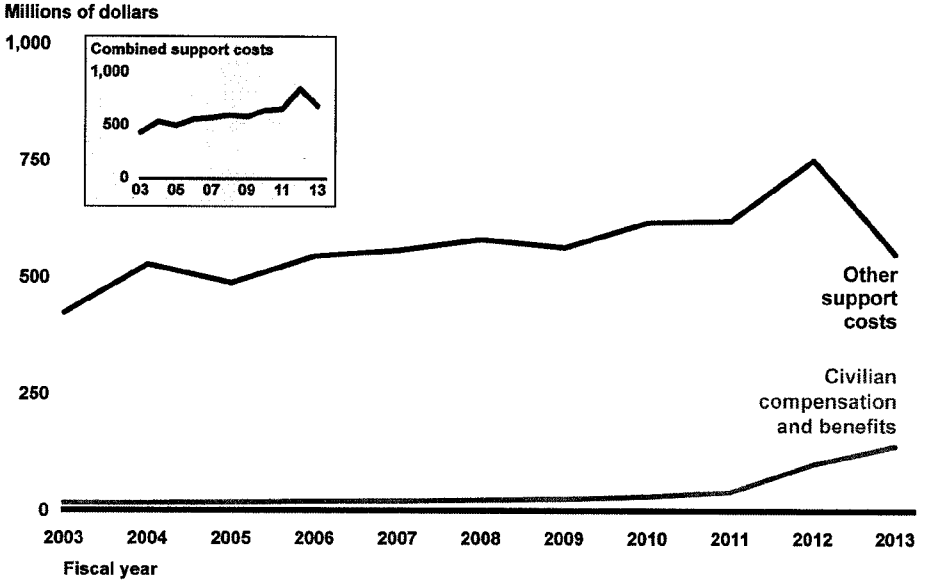
Source: GAO analysis of Department of Defense data. | GAO-15-10

Notes: Authorized military and civilian positions represent approved, funded personnel requirements at the Joint Staff and do not include personnel performing contract services. Information on the

authorized military and civilian positions at the Joint Staff's J-2 (Intelligence Directorate) is sensitive but unclassified, so we excluded it from this report.

Figure 8 shows the changes in headquarters support costs for the Joint Staff for fiscal year 2003 through fiscal year 2013. The increase in overall headquarters support costs from fiscal years 2011 through 2013 was, according to Joint Staff officials, due to the previously mentioned influx of civilian personnel to the Joint Staff from U.S. Joint Forces Command following its disestablishment in fiscal year 2011.

Figure 8: Joint Staff Headquarters Support Costs for Fiscal Years 2003 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations of operation and maintenance funding reported by the Joint Staff, excluding the J-2 (Intelligence Directorate). The personnel within the Joint Staff J-2 are managed and funded by the Defense Intelligence Agency, and those costs are not reflected in the figure. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among other costs.

Appendix V: Resources of the Headquarters, Department of the Army

The Office of the Secretary of the Army has sole responsibility within the Office of the Secretary and the Army Staff for the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[1] Additionally, there is an Army Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Army. Headquarters functions to be performed by the Army Staff include, among others, recruiting, organizing, training, and equipping of the Army.[2] The staff of the Office of the Secretary of the Army and the Army Staff comprise military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Army, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 4 shows the organizational structure and composition of the Army Secretariat and Staff for fiscal year 2013, including both authorized military and civilian positions, as well as estimated contractor full-time equivalents.

Table 4: Fiscal Year 2013 Authorized Military and Civilian Positions and Estimated Contractor Full-Time Equivalents within the Office of the Secretary of the Army and the Office of the Chief of Staff of the Army

Office of the Secretary of the Army organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Immediate Office of the Secretary	20	15	**35**	0
Office of the Deputy Under Secretary	8	22	**30**	0
Office of the Assistant Secretary of the Army (Financial Management and Comptroller)	22	282	**304**	162
Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs)	7	54	**61**	270
Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology)	11	238	**249**	24
Office of the Assistant Secretary of the Army (Installations and Environment)	3	59	**62**	62
Office of the Assistant Secretary of the Army (Civil Works)	2	22	**24**	0
Office of the Administrative Assistant to the Secretary of the Army	3	27	**30**	0

[1]10 U.S.C. § 3014.

[2]10 U.S.C. §§ 3031 and 3032.

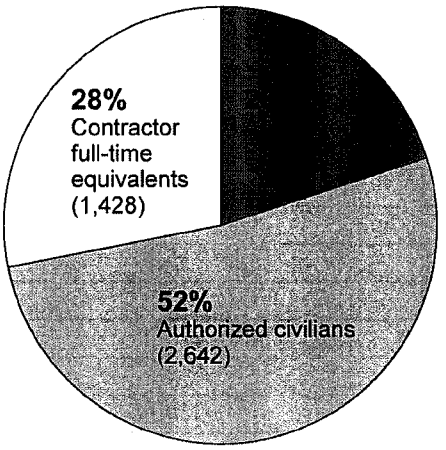
Office of the Secretary of the Army organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Office of the Chief Legislative Liaison	24	58	**82**	0
Office of the Inspector General	5	3	**8**	0
Office of the Chief of Public Affairs	23	54	**77**	28
Office of Small Business Programs	0	9	**9**	3
Office of the Auditor General	1	7	**8**	0
Office of General Counsel	7	43	**50**	0
Office of the Chief Information Officer (CIO/G-6)	29	244	**273**	251
U.S. Army Office of Business Transformation	27	29	**56**	7
Office of the Executive Director, Army National Military Cemeteries	4	0	**4**	N/A
Total	**196**	**1,166**	**1,362**	**807**
Office of the Army Chief of Staff Organizations				
Office of the Chief of Staff	95	108	**203**	11
Office of the Deputy Chief of Staff, G-1	75	243	**318**	210
Office of the Deputy Chief of Staff, G-2	52	235	**287**	100
Office of the Deputy Chief of Staff, G-3/5/7	272	305	**577**	137
Office of the Deputy Chief of Staff, G-4	43	151	**194**	4
Office of the Deputy Chief of Staff, G-8	118	242	**360**	70
Office of the Chief of Chaplains	24	19	**43**	2
Office of the Surgeon General	45	49	**94**	66
Office of the Chief of Engineers	9	3	**12**	1
Office of the Assistant Chief of Staff, Installation Management	20	83	**103**	0
Office of the Judge Advocate General	35	30	**65**	0
Office of the Provost Marshal General	13	8	**21**	20
Total	**801**	**1,476**	**2,277**	**621**

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: The Army provided estimated contractor full-time equivalents from the Army's Contractor Manpower Reporting Application. In May 2013, we found that the data supporting the inventory of contracted services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011 we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the inventory of contracted services. See GAO-11-192. Because the data the Army provided from its Contractor Manpower Reporting Application were not used to support our findings, conclusions, or recommendations, we did not assess their reliability. Rather, we present the data in this appendix for purposes of comparison against authorized military and civilian positions. The Office of the Chief Information Officer and the Office of the Chief of Staff of the Army's G-6 are consolidated organizationally, but located under the Office of the Secretary of the Army.

Based on data collected by the Army using the Contractor Manpower Reporting Application for use in DOD's fiscal year 2013 Inventory of Contracted Services,[3] the Army estimated that, in addition to authorized military and civilian positions, approximately 28 percent of its workforce, or 1,428 contractor full-time equivalents, served in the Army Secretariat and Army Staff in fiscal year 2013, as shown in figure 9.

Figure 9: Percentage of Authorized Military and Civilian Personnel and Estimated Contractor Full-Time Equivalents in the Army Secretariat and Staff, Fiscal Year 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

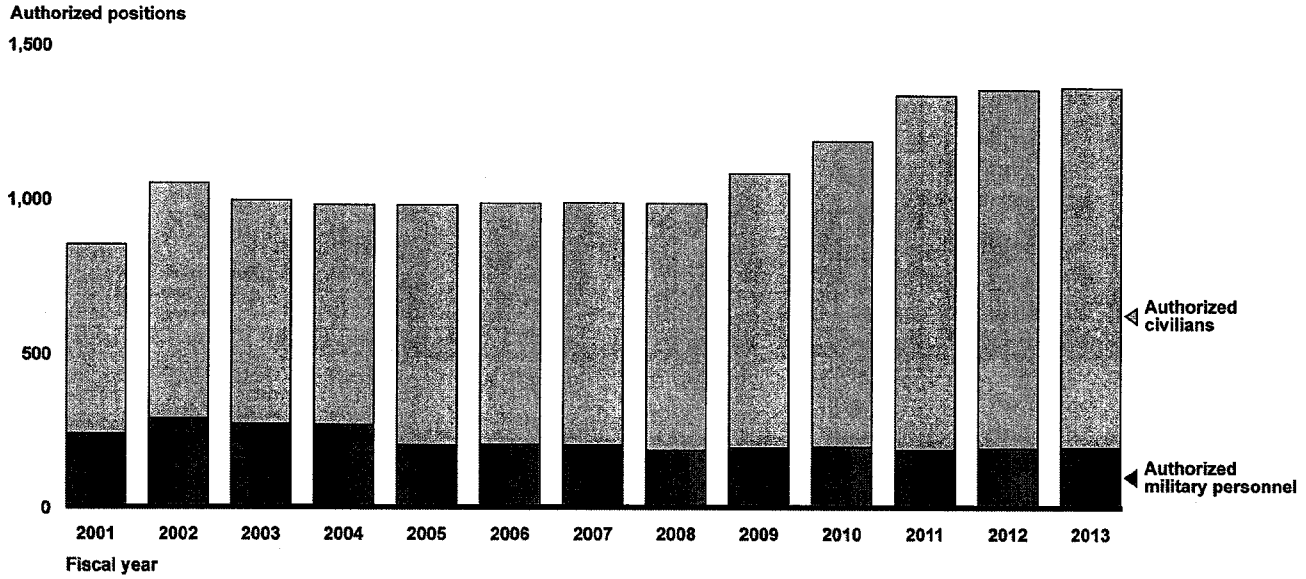
Note: In May 2013, we found that the data supporting the inventory of contracted services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011 we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the inventory of contracted services. See GAO-11-192. Because the data the Army provided from its Contractor Manpower Reporting Application were not used to support our findings, conclusions, or recommendations, we did not independently assess the its accuracy or reliability.

[3]In May 2013, we found that the data supporting the inventory of contracted services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011 we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the inventory of contracted services. See GAO-11-192. Because the data the Army provided from its Contractor Manpower Reporting Application were not used to support our findings, conclusions, or recommendations, we did not independently assess the its accuracy or reliability. Rather, we present the data in this appendix for purposes of comparison against authorized military and civilian positions.

Rather, we present the data in this appendix for purposes of comparison against authorized military and civilian positions.

Figure 10 illustrates annual changes in the number of authorized personnel positions in the Office of the Secretary of the Army since fiscal year 2001. Both military and civilian positions remained relatively unchanged until fiscal year 2009. According to Army officials, the main drivers for the increase in the number of authorized civilians between fiscal years 2001 and 2013 were to support increased missions within Headquarters, Department of the Army, efforts to convert contracted services to civilian positions, and the conversion of military to civilian positions. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce.

Figure 10: Authorized Military and Civilian Positions in the Office of the Secretary of the Army, Fiscal Years 2001 through 2013



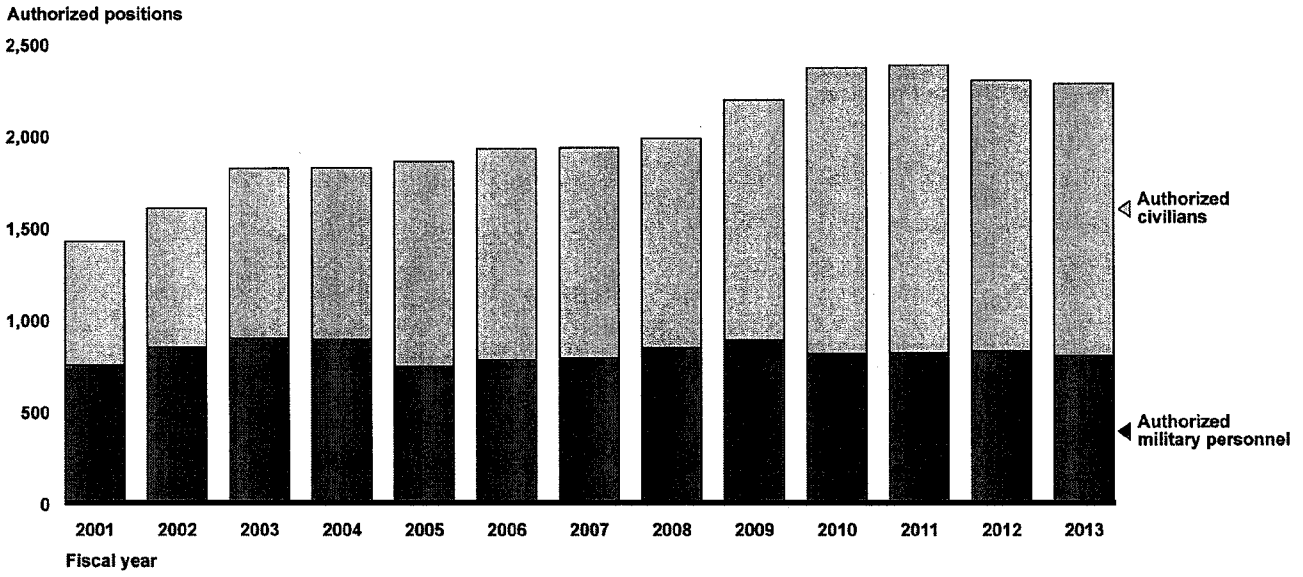
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Secretary of the Army and do not include personnel performing contracted services.

Figure 11 illustrates annual changes in the number of authorized personnel positions the Office of the Chief of Staff of the Army since fiscal year 2001. As shown, authorized military personnel reached a peak in fiscal year 2003, while—according to Army officials—the number of authorized civilians peaked in fiscal year 2011 due to the conversion of

contracted services to civilian positions and the conversion of military to civilian positions. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce. Army and DOD officials stated that, since fiscal year 2011, total authorized positions have gradually decreased due to direction from the Secretary of Defense to hold the number of civilian positions at or below fiscal year 2010 levels and to cut civilian positions that had yet to be filled after they had converted contracted services to civilian positions in previous years.

Figure 11: Authorized Military and Civilian Positions in the Office of the Chief of Staff of the Army, Fiscal Years 2001 through 2013



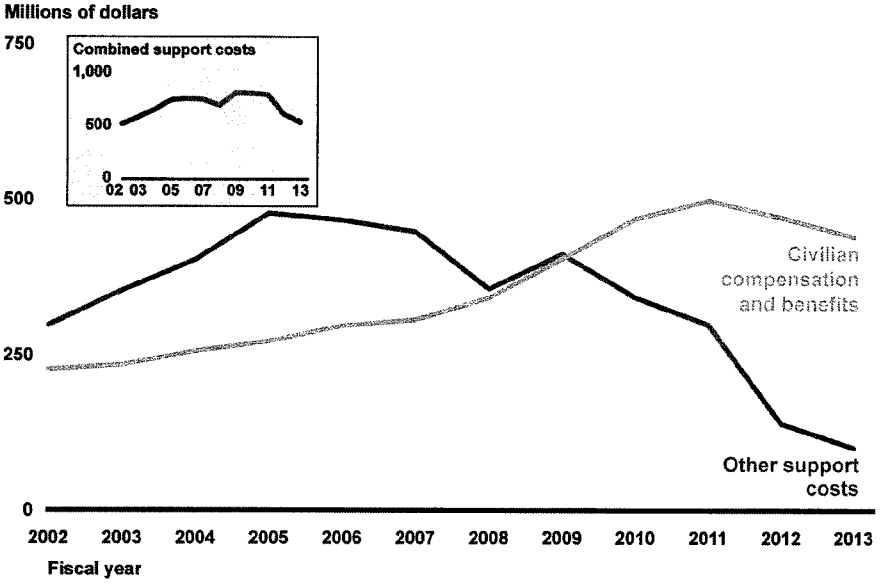
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Chief of Staff of the Army and do not include personnel performing contracted services.

Figure 12 illustrates the changes associated with Army Secretariat and Army Staff headquarters support costs for fiscal year 2002 through fiscal year 2013. According to the data provided by the Army, there has been a slight overall increase in headquarters support costs during the period, but these costs have recently begun to decline. Specifically, overall costs for civilian pay have increased, but have fallen since fiscal year 2011. According to GAO analysis of Army data, this increase in costs aligns with Army efforts to convert contracted services to civilian positions as well as

increased missions within Headquarters, resulting in higher costs for civilian pay, among other factors.

Figure 12: Army Secretariat and Army Staff Headquarters Support Costs for Fiscal Years 2002 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations for operation and maintenance funding reported by Army components. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contracted services, among other costs. Army officials stated that the costs for contracted services provided from its financial accounting systems may not accurately reflect costs incurred by the headquarters because the accounting systems show the funding for contractors but not necessarily where the contracted work was performed, which is the information displayed in DOD's Inventory of Contracted Services. However, the inventory only contains data from fiscal year 2010 to the present, so in order to conduct a more comprehensive comparison, our analysis used the Army's financial accounting systems data because it included the entire fiscal year 2001 through 2013 period and was also the authoritative source for the Army's civilian compensation and benefits data.

Appendix VI: Resources of the Offices of the Secretary of the Navy and Chief of Naval Operations

The Office of the Secretary of the Navy is solely responsible among the Office of the Secretary of the Navy, the Office of the Chief of Naval Operations, and the Headquarters, Marine Corps, for oversight of the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[1] The Office of the Chief of Naval Operations is to provide professional assistance to the Secretary and Chief of Naval Operations in preparing for the employment of the Navy in areas such as: recruiting, organizing, supplying, equipping, and training.[2] The staffs of Office of the Secretary of the Navy and the Office of the Chief of Naval Operations comprise military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Navy, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 5 shows the organizational structure and composition of the Navy Secretariat and Office of the Chief of Naval Operations for fiscal year 2013, including both authorized military and civilian positions.

Table 5: Fiscal Year 2013 Authorized Military and Civilian Positions by Selected Organization within the Offices of the Secretary of the Navy and Chief of Naval Operations

Office of the Secretary of the Navy organizations	Authorized military positions	Authorized civilian positions	Total
Secretary of the Navy	20	24	**44**
Under Secretary of the Navy	2	3	**5**
Assistant Secretary of the Navy (Research, Development, and Acquisition)	23	92	**115**
Assistant Secretary of the Navy (Manpower and Reserve Affairs)	14	28	**42**
Assistant Secretary of the Navy (Financial Management and Comptroller)	30	153	**183**
Assistant Secretary of the Navy (Installations and Environment)	8	25	**33**
General Counsel of the Department of the Navy	3	48	**51**
Chief of Information	32	30	**62**
Chief of Legislative Affairs	34	17	**51**
Auditor General	0	11	**11**
Chief Information Officer	2	40	**42**

[1] 10 U.S.C. § 5014.

[2] 10 U.S.C. §§ 5031 and 5032.

Office of the Secretary of the Navy organizations	Authorized military positions	Authorized civilian positions	Total
Judge Advocate General of the Navy	11	20	**31**
Naval Inspector General	28	39	**67**
Other[a]	81	442	**523**
Total	**288**	**972**	**1,260**
Office of the Chief of Naval Operations functional directorates			
N00—Chief Naval Operations (CNO)	46	6	**52**
N01—Director Navy Staff	40	38	**78**
N09—Vice CNO	12	4	**16**
N093—Surgeon General of the Navy	10	-	**10**
N097—Chief of Chaplains	19	-	**19**
N1—Deputy CNO for Manpower	27	2	**29**
N2/N6—Deputy CNO for Information Dominance	88	59	**147**
N3/N5—Deputy CNO for Operations, Plans, and Strategy	120	24	**144**
N4—Deputy CNO for Fleet Readiness and Logistics	68	95	**163**
N80—Director Programming	42	18	**60**
N81—Director Assessments	58	28	**86**
N83—Director Joint Capabilities and Integration	2	-	**2**
N84—Office of Naval Research	10	5	**15**
N89—Director Special Programs	6	12	**18**
N9—Deputy CNO for Warfare Systems	8	4	**12**
N95—Director Expeditionary Warfare	26	11	**37**
N96—Director Surface Warfare	41	26	**67**
N97—Director Undersea Warfare	33	11	**44**
N98—Director Air Warfare	34	17	**51**
N9I—Director Warfare Integration	15	9	**24**
RPN CNO—Reserve Personnel	42	-	**42**
Total	**747**	**369**	**1,116**

Source: GAO analysis of Department of Defense data. | GAO-15-10

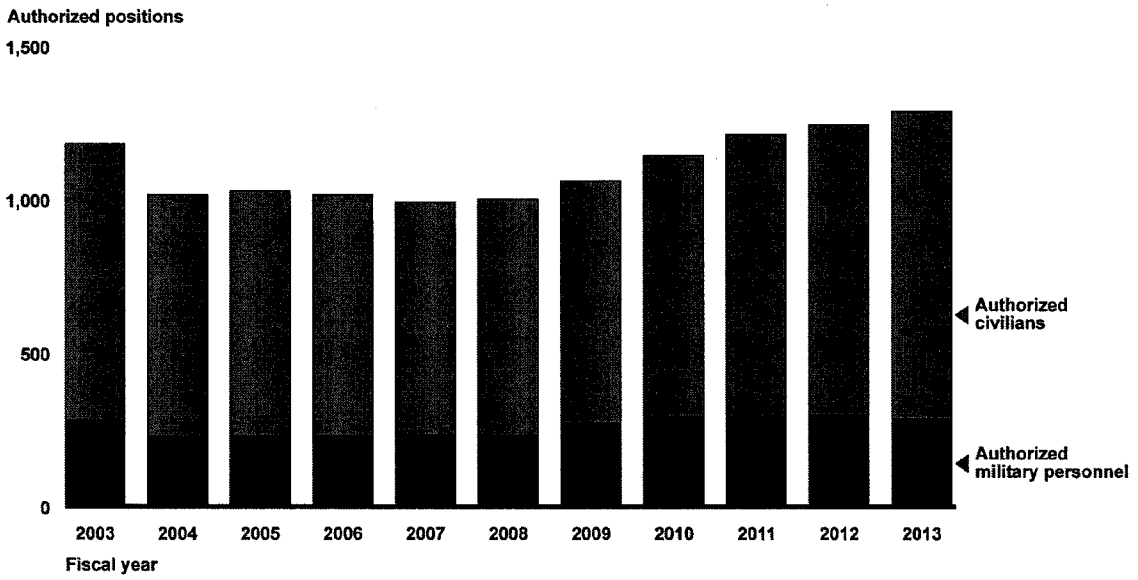
Note: The Navy was not able to provide data on the number of contractor full-time equivalents within the Secretariat or the Office of the Chief of Naval Operations.

[a]"Other" includes the Department of the Navy Assistant for Administration, headquarters elements of the Naval Criminal Investigative Service, the Office of Civilian Human Resources, and the Naval Center for Cost Analysis.

Figure 13 illustrates annual changes in the number of authorized military and civilian positions within the Navy Secretariat since fiscal year 2003. From fiscal years 2003 through 2008, the total number of authorized

positions within the secretariat decreased from fiscal year 2003 to 2004 and remained relatively constant through fiscal year 2008 due to reductions in its baseline budget, recalculation of civilian pay and benefits, and internal reorganizations within the Navy, according to officials within the Navy Secretariat. From fiscal years 2009 through 2013, authorized civilian positions within the Navy Secretariat have steadily increased. Navy Secretariat officials attributed this increase primarily to reorganization of functions across the Department of the Navy that moved positions into the secretariat and the conversion of contracted services to civilian positions.

Figure 13: Authorized Military and Civilian Positions in the Office of the Secretary of the Navy, Fiscal Years 2003 through 2013

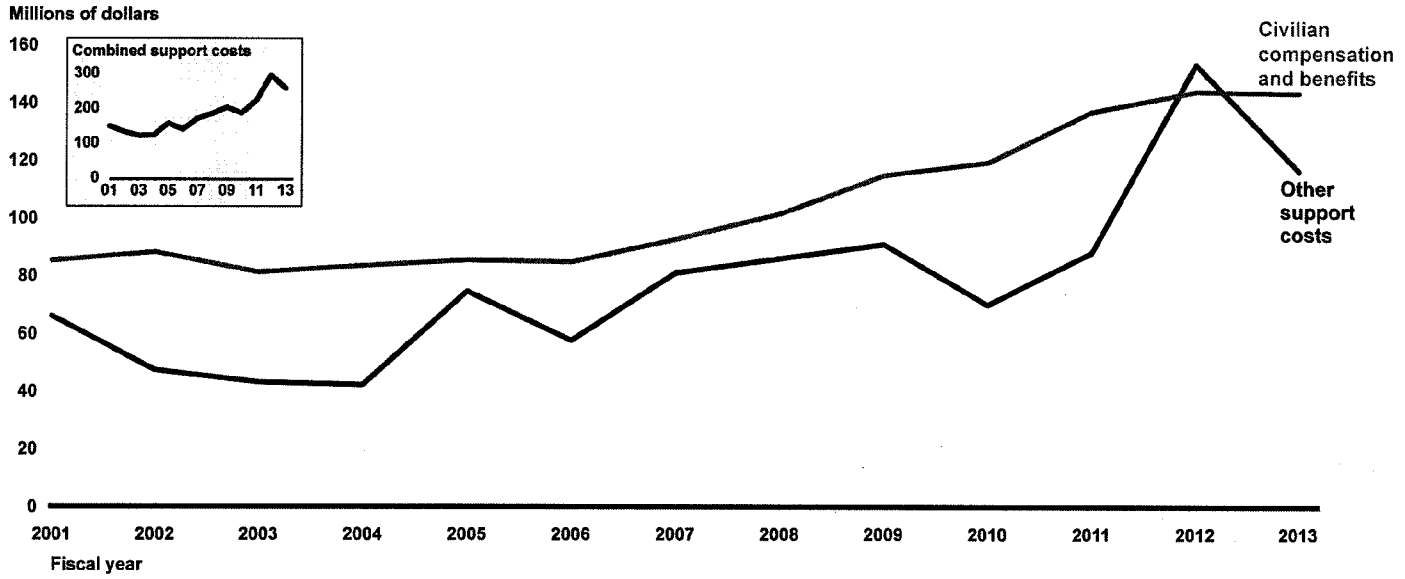


Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Due to a change in personnel management systems, the Navy Secretariat was only able to provide authorized positions back to fiscal year 2003. Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Secretary of the Navy and do not include personnel performing contracted services.

Headquarters support costs for the Navy Secretariat have generally increased from fiscal years 2001 through 2013, as seen in the inset of figure 14. According to Navy officials, significant drivers of this overall increase include continued increases in civilian personnel costs, and additional contracted services costs to support both a 2005 DOD initiative and compliance in fiscal years 2011 and 2012 with congressional direction to improve the auditability of its financial statements.

Figure 14: Office of the Secretary of the Navy Headquarters Support Costs for Fiscal Years 2001 to 2013

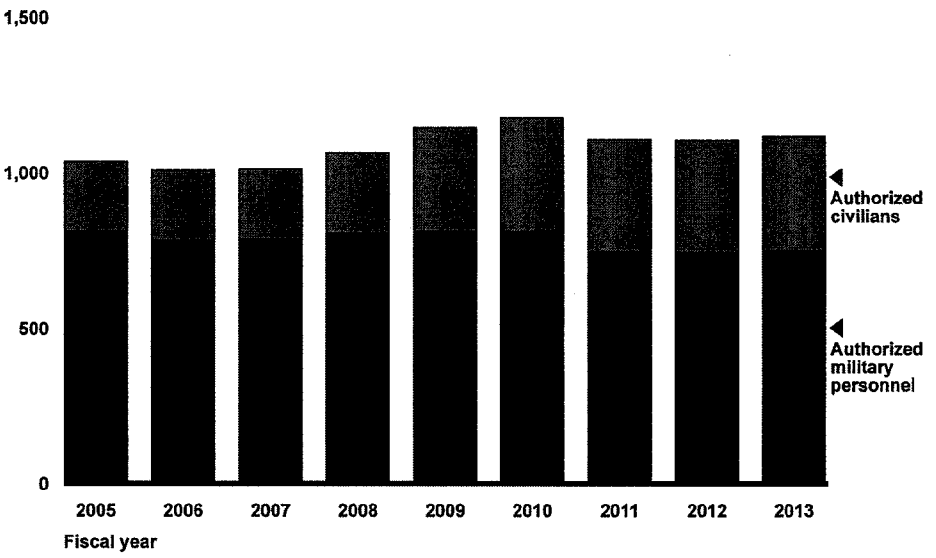


Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among others.

Figure 15 illustrates annual changes in the number of authorized military and civilian positions within the Office of the Chief of Naval Operations since fiscal year 2005. The Office of the Chief of Naval Operations has experienced some increase in authorized civilian positions over that period, which Navy officials attributed to conversion of contracted services to civilian positions and reorganizations of the Office of the Chief of Naval Operations under new Chiefs of Naval Operations. Our analysis shows that much of the overall increase in authorized civilian positions at the Office of the Chief of Naval Operations was offset by decreases in military positions since fiscal year 2010.

Figure 15: Authorized Military and Civilian Positions in the Office of the Chief of Naval Operations, Fiscal Years 2005 through 2013

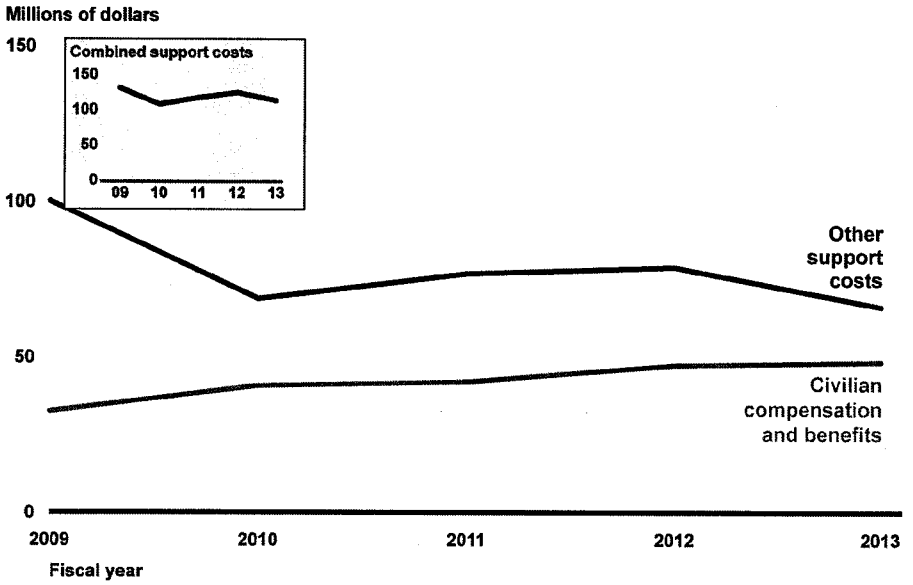


Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Due to a change in personnel management systems, the Office of the Chief of Naval Operations was only able to provide authorized military and civilian positions back to fiscal year 2005. Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Chief of Naval Operations and do not include personnel performing contracted services.

Headquarters support costs for the Office of the Chief of Naval Operations have generally decreased from fiscal years 2009 through 2013, as seen in the inset of figure 16. According to Office of the Chief of Naval Operations' officials, the decrease in costs in fiscal 2010 was the result of the removal of some centrally managed costs from the Office of the Chief of Naval Operations budget in 2010 and efforts to convert contracted services to civilian positions. As seen in figure 16, civilian personnel costs have increased over the period, which Office of the Chief of Naval Operations' officials attributed to the conversion of contracted services to civilian positions and organizational restructuring that moved additional civilian positions to the Office of the Chief of Naval Operations headquarters staff, resulting in higher civilian personnel costs.

Figure 16: Office of the Chief of Naval Operations Headquarters Support Costs for Fiscal Years 2009 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: The Office of the Chief of Naval Operations was only able to provide cost data for fiscal years 2009 through 2013. Officials from the Office of the Chief of Naval Operations told us that it could not extract data for earlier fiscal years because the financial system it uses does not contain data prior to fiscal year 2009 and it would be difficult to separate out the Office of the Chief of Naval Operations' data from other Navy data prior to fiscal year 2009 in the Navy's historical data system. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among others.

Appendix VII: Resources of the Headquarters, U.S. Marine Corps

The Marine Corps also operates under the authority, direction, and control of the Secretary of the Navy. Headquarters, Marine Corps, consists of the Commandant of the Marine Corps and staff who are to provide assistance in preparing for the employment of the Marine Corps in areas such as recruiting, organizing, supplying, equipping, and training.[1] The staff of Headquarters, Marine Corps, comprises military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Marine Corps, as well as the changes in these resources from fiscal year 2005 through fiscal year 2013. Table 6 shows the organizational structure and composition of Headquarters, Marine Corps, for fiscal year 2013, including both authorized military and civilian positions.

Table 6: Fiscal Year 2013 Authorized Military and Civilian Positions within Headquarters, U.S. Marine Corps

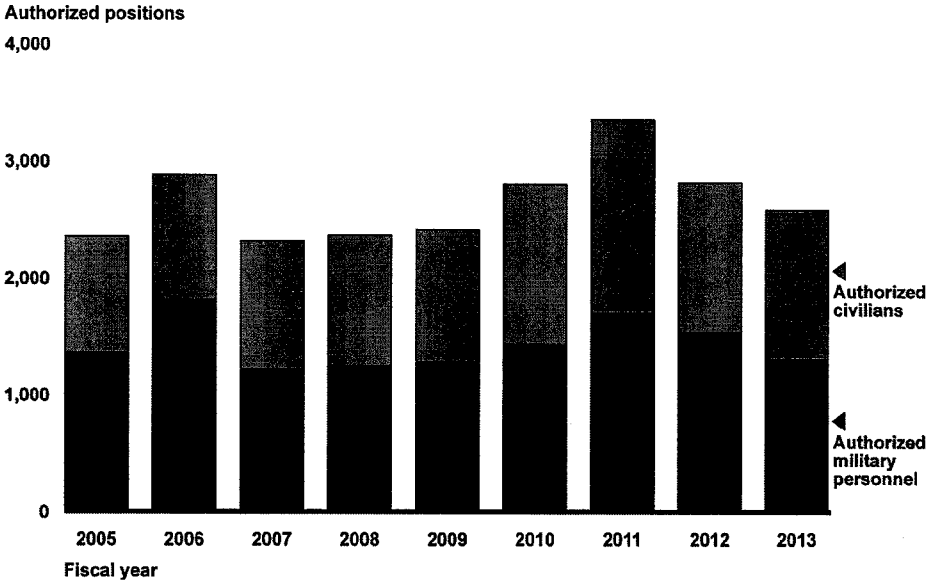
Headquarters, U.S. Marine Corps organizations	Authorized military positions	Authorized civilian positions	Total
Office of Marine Corps Reserves	7	0	**7**
Deputy Commandant, Combat Development and Integration	165	171	**336**
Marine Corps Separate Offices	98	51	**149**
Deputy Commandant, Manpower and Reserve Affairs	399	325	**724**
Director, Administration and Resources	48	195	**243**
Director, Command, Control, Communication, and Computers	39	100	**139**
Deputy Commandant, Installations and Logistics	93	165	**258**
Deputy Commandant, Programs and Resources	69	95	**164**
Deputy Commandant, Plans, Policy and Operations	170	82	**252**
Staff Judge Advocate	38	10	**48**
Deputy Commandant, Aviation	95	12	**107**
Director, Intelligence	31	36	**67**
Director, Public Affairs	26	12	**38**
Director, Safety	8	19	**27**
Inspector General of the Marine Corps	17	8	**25**
Total	**1,303**	**1,281**	**2,584**

Source: GAO analysis of Department of Defense data. | GAO-15-10

[1] 10 U.S.C. §§ 5041 and 5042.

Headquarters, Marine Corps, experienced an increase in its overall number of authorized military and civilian positions from fiscal years 2005 to 2013, as shown in figure 17, but there have been variations within those years. Headquarters, Marine Corps, officials attributed some of the increases in authorized positions to the conversion of military positions to civilian positions, and additional personnel requirements needed to support the Foreign Counterintelligence Program and National Intelligence Program and to stand up and operate the National Museum of the Marine Corps. Headquarters, Marine Corps, officials also explained that some of the decreases in authorized positions were due to a number of organizational realignments that transferred civilian positions from Headquarters, Marine Corps, to operational or field support organizations.

Figure 17: Headquarters, U.S. Marine Corps, Authorized Military and Civilian Positions for Fiscal Years 2005 through 2013



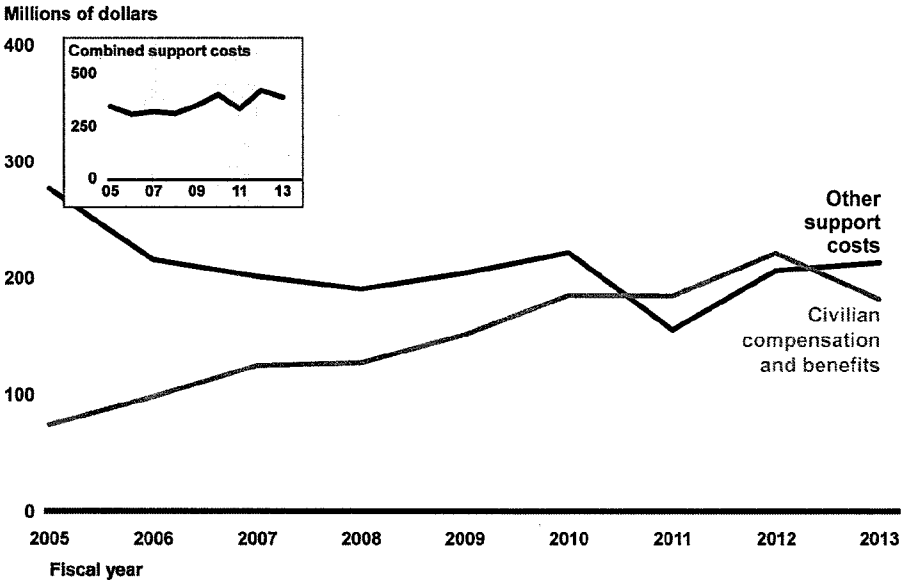
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Due to a change in personnel management systems, Headquarters, Marine Corps, was only able to provide data back to fiscal year 2005. Authorized civilian positions represent positions directly funded by Headquarters, Marine Corps,' operation and maintenance appropriations only, and authorized military positions represent the authorized strength, as reflected on a Headquarters, Marine Corps,' Table of Organization and Equipment (T/O&E), and which have been allocated for funding. This does not include personnel performing contracted services.

From fiscal years 2005 through 2013, the total headquarters support costs for Headquarters, Marine Corps, have slightly increased, as seen in the inset in figure 18, but there has been variation in total costs year-to-

year, and costs are down from their peak in fiscal year 2012. As seen in figure 18, there has been a consistent increase in costs for civilian personnel from fiscal year 2005 through fiscal year 2012, which the Marine Corps attributed to the conversion of military positions to civilian positions, organizational realignments that moved civilian positions to Headquarters, Marine Corps, and recalculation of civilian pay and benefits, all of which increased costs for civilian personnel. From fiscal years 2005 through 2013, other headquarters support costs generally decreased due to transfers and realignment of resources from Headquarters, Marine Corps, to other organizations and operating forces.

Figure 18: Headquarters, Marine Corps, Support Costs for Fiscal Years 2005 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among others.

Appendix VIII: Resources of the Headquarters, Department of the Air Force

The Office of the Secretary of the Air Force has sole responsibility and oversight for the following functions across the Air Force: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[1] Additionally, there is an Air Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Air Force. The headquarters functions to be performed by the Air Staff include recruiting, organizing, training, and equipping of the Air Force, among others.[2] The staffs of Office of the Secretary of the Air Force and the Air Staff comprise military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Air Force, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 7 shows the organizational structure and composition of the Air Force Secretariat and Staff for fiscal year 2013, including both authorized military and civilian positions.

Table 7: Fiscal Year 2013 Authorized Military and Civilian Positions in the Offices of the Secretary of the Air Force and the Air Force Chief of Staff

Office of the Secretary of the Air Force headquarters organizations	Authorized military positions	Authorized civilian positions	Total
Secretary of the Air Force, immediate office	5	5	**10**
Under Secretary of the Air Force (Chief Management Officer)	7	6	**13**
Administrative Staff	7	26	**33**
Office of the Inspector General	20	9	**29**
Office of the Auditor General	1	4	**5**
Office of the Legislative Liaison	22	4	**26**
Office of Public Affairs	31	25	**56**
Office of General Counsel	4	48	**52**
Air Force Small Business Programs	0	6	**6**
Assistant Secretary of the Air Force, Manpower and Reserve Affairs	13	15	**28**
Assistant Secretary of the Air Force, Management and Comptroller	46	139	**185**
Deputy Under Secretary of the Air Force, Space Programs	9	2	**11**
Assistant Secretary of the Air Force, Acquisition	144	119	**263**
Deputy Under Secretary of the Air Force, International Affairs	68	75	**143**

[1]10 U.S.C. § 8014.

[2]10 U.S.C. §§ 8031 and 8032.

Office of the Secretary of the Air Force headquarters organizations	Authorized military positions	Authorized civilian positions	Total
Assistant Secretary of the Air Force, Installations, Environment, and Logistics	8	22	30
Information Dominance and Chief Information Officer (CIOA6)	80	54	134
Total	**465**	**559**	**1,024**
Joint Offices for the Secretary and Chief of Staff			
Secretary of the Air Force and Chief of Staff of the Air Force Executive Action Group	1	0	1
Air Force Strategic Studies Group	5	0	5
Total	**6**	**0**	**6**
Office of the Air Force Chief of Staff Headquarters Organizations			
Chief of Staff of the Air Force, Immediate Office	15	3	18
Office of the Vice Chief of Staff	14	6	20
Office of the Chief of Safety	12	11	23
Air Force Test and Evaluation	13	9	22
Judge Advocate General	34	8	42
U.S. Air Force Scientific Advisory Board	3	0	3
Office of the Chief Scientist	1	1	2
Office of the Surgeon General	48	20	68
Office of the Director of History and Museums Policies and Programs	0	6	6
Office of the Chief of Chaplains	10	2	12
Deputy Chief of Staff, Manpower and Personnel (A-1)	125	144	269
Deputy Chief of Staff, Intelligence, Surveillance, and Reconnaissance (A-2)	137	56	193
Deputy Chief of Staff, Operations, Plans, and Requirements (A-3/A-5)	251	116	367
Deputy Chief of Staff, Logistics, Installations and Mission Support (A-4/7)	152	124	276
Deputy Chief of Staff, Strategic Plans and Programs (A-8)	100	40	140
Studies and Analyses, Assessments and Lessons Learned (A-9)	3	3	6
Assistant Chief of Staff, Strategic Deterrence and Nuclear Integration (A-10)	69	23	92
Total	**987**	**572**	**1,559**

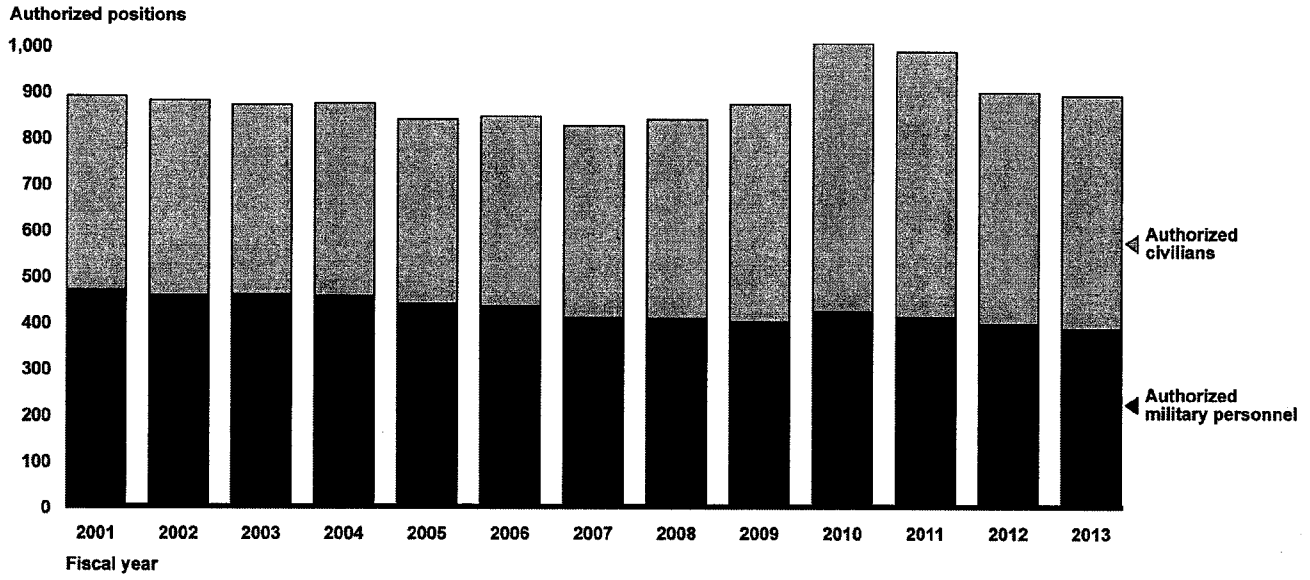
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Joint Offices for the Secretary and Chief of Staff are organizations that support both the Office of the Secretary of the Air Force and the Office of the Air Force Chief of Staff. The Air Force was not able to provide data on the number of contractor full-time equivalents within the Secretariat and Air Staff.

Figure 19 illustrates annual changes in the number of authorized positions in the Office of the Secretary of the Air Force since fiscal year 2001. The number of authorized military and civilian positions remained relatively unchanged until fiscal year 2010 when, according to Air Force officials, the conversion of contracted services to civilian positions and the

conversion of military to civilian positions contributed to the increasing number of authorized civilian personnel. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce. Air Force officials stated that authorized positions within the secretariat have gradually decreased from peak levels reached in fiscal year 2010 due to direction from the Secretary of Defense to hold the number of civilian positions at or below fiscal year 2010 levels and to cut civilian positions that had yet to be filled after they had converted contracted services to civilian positions in previous years.

Figure 19: Authorized Military and Civilian Positions in the Office of the Secretary of the Air Force, Fiscal Years 2001 through 2013



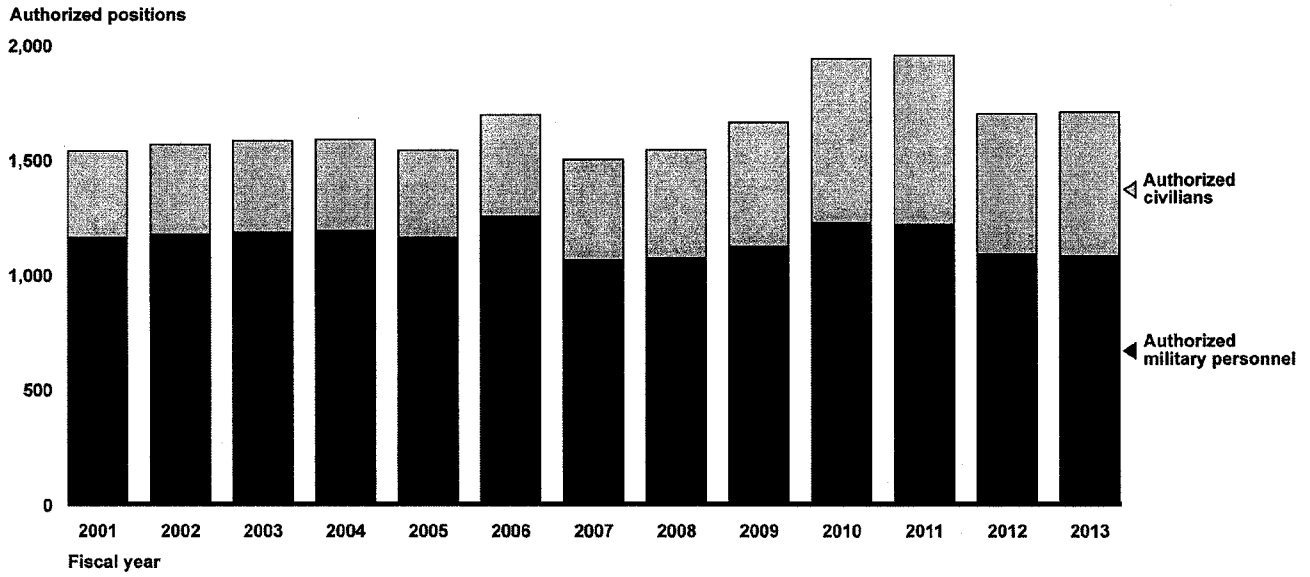
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Secretary of the Air Force and do not include personnel performing contracted services. Additionally, the Office of the Information Dominance and Chief Information Officer (CIOA6) was consolidated and administratively moved from the Air Staff to the Office of the Secretary in fiscal year 2006, but for the purposes of analyzing the personnel trends, we have continued to count that office as part of the Air Staff.

Figure 20 illustrates annual changes in the number of authorized positions in the Office of the Chief of Staff of the Air Force since fiscal year 2001. The total number of authorized military and civilian positions remained relatively stable until fiscal year 2006, when the number of authorized military personnel reached its peak level. Since then, the

number of authorized civilian personnel has generally increased, which an Air Force official said was mainly due to the conversion of contracted services to civilian positions and the conversion of military to civilian positions, although these numbers have begun to decline since fiscal year 2011. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce.

Figure 20: Authorized Military and Civilian Positions in the Office of the Chief of Staff of the Air Force, Fiscal Years 2001 through 2013



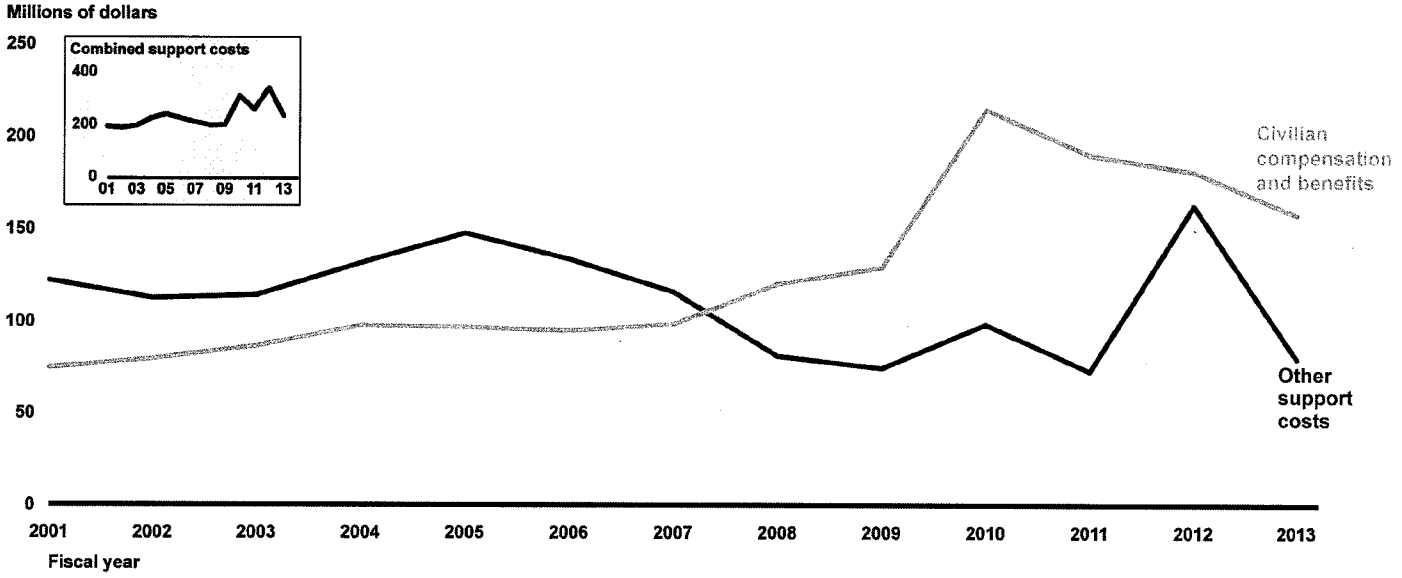
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Chief of Staff of the Air Force and do not include personnel performing contracted services. Additionally, the Office of the Information Dominance & Chief Information Officer (CIOA6) was consolidated and administratively moved from the Air Staff to the Office of the Secretary in fiscal year 2006, but for the purposes of analyzing the personnel trends, we have continued to count that office as part of the Air Staff.

Figure 21 shows the changes associated with Air Force Secretariat and Air Staff headquarters support costs for fiscal year 2001 through fiscal year 2013. According to Air Force officials, the dramatic increase in civilian personnel costs in fiscal year 2010 was driven by the conversion of contracted services to civilian positions, resulting in higher costs for civilian personnel. The subsequent drop in civilian personnel costs was primarily due to restraints placed on the growth in the number of civilian positions by Secretary Gates in fiscal year 2010 and the Budget Control

Act of 2011. According to an Air Force official, the rapid spike in other support costs in fiscal year 2012 was primarily due to the costs for a civil engineering project billed to the Air Force Secretariat and Staff for renovating the Air Force Headquarters space in the Pentagon.

Figure 21: Air Force Secretariat and Staff Headquarters Support Costs for Fiscal Years 2001 through 2013



Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations of operation and maintenance funding reported by the Air Force. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among other costs.

Appendix IX: Comments from the Department of Defense

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

READINESS AND
FORCE MANAGEMENT

DEC 15 2014

Mr. John Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Pendleton,

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-15-10, "DEFENSE HEADQUARTERS: DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats" dated October 23, 2014 (GAO Code 351839). The Department appreciates the GAO's work on this engagement, as well as the opportunity to review and comment on this draft report.

The Department is concerned that the GAO's report lacks appropriate perspective when characterizing the complexity and size of its headquarters staffs. The DoD is unrivaled in the breadth and scope of its widely varying missions – no other entity, either in government (foreign or domestic) or private sector corporation, is charged with delivering a mission as broad and far-reaching. Even the largest of global multi-national corporations doesn't touch or directly impact the lives of so many, and in so many different ways. Simply put, the Department does everything from delivering bombs to babies; has a presence above every continent, operates on and under every ocean of the world, and executes capabilities in cyber and outer space. Accordingly, it is not surprising, and actually quite appropriate, that the Department has such a complex and multi-layered headquarters structure.

Additionally, the Department is concerned there is a lack of appropriate context in the report when addressing workforce growth at the headquarters. Growth since 2001 is clearly in response to rapid mission and workload increases, as well as specific initiatives (many directed by Congress) to move to a more appropriate workforce mix of military, civilian, and contracted support. In particular, civilian workforce personnel changes have been the direct result of deliberate initiatives to reduce stress on the force by converting non-military essential jobs from military to civilian performance (either refocusing the military force on military essential operational roles or through more cost effective workforce options than continued military performance); by appropriately, and more cost effectively, realigning workload to civilian performance from contractor support (cutting costs and minimizing the chances that contractors were performing inherently governmental or closely associated tasks); and by adding civilians in specific functional areas, many at the direction of Congress, to support the warfighter and meet strategic requirements that required headquarters policy and oversight (including, but not limited

to such areas as business transformation, intelligence, cyber, family support programs, suicide prevention, sexual assault response and prevention, wounded warrior care, and transition assistance and veteran's programs).

Furthermore, the GAO's characterization of growth in many headquarters organizations does not accurately reflect the fact that much of it is the result of realignments of workload and positions to reflect a more appropriate and cost effective alignment of workforce to workload; a streamlining of operations; and the optimization of mission delivery while reducing redundancies and overhead.

RECOMMENDATION 1: Conduct a systematic determination of baseline military and civilian personnel requirements for OSD, the Joint Staff, and the military service secretariats and staff, which should include analysis of mission, functions, and tasks, and the minimum personnel needed to accomplish those missions, functions, and tasks.

DoD RESPONSE: Partially concur. The Department will continue to use the processes and prioritization that is part of the Planning, Programming, Budgeting, and Execution process and informed by leadership prioritization of missions, functions, and tasks, but will also investigate other methods for documenting and aligning headquarter manpower to missions and Secretary of Defense priorities. Additionally, the Department is currently conducting Business Process and System Reviews of the OSD Principal Staff Assistants, Defense Agencies and DoD Field Activities to aid in documenting mission responsibilities to resource requirements. However, it is important to recognize that headquarters staffs provide knowledge continuity and subject matter expertise to respond to a wide variety of requests for information from (and provide official Departmental positions for) Congressional members and their staffs, with greatly varied volume and periodicity; respond to private and public sector representatives and other interest groups; prepare appointees and educate new administration officials once confirmed; and develop posture and policy in response to rapidly emerging geo-political events. Accordingly, while a good deal of headquarters work can be quantified and qualified to the task level, a very significant portion of that workload is unpredictable, not transactional in nature, and leverages the expertise and knowledge of a highly qualified and professional staff that reflects prioritization and focus areas of the Nation's and Department's most senior leadership. In reviewing the draft report, the following inputs were provided by Components with regard to this recommendation:

- The Army noted that it has a well-established headquarters requirements determination process in the G-3, supported by the U.S. Army Manpower Analysis Agency. The Army also noted its concerns with the GAO's observation that "the organizations that support the Army Secretariat and Army Staff are almost 3 times as large as the Secretariat and Staff, but are excluded from the limits" -- without the appropriate context, the Army is concerned that this statement may be misleading. Although the Army has made the organizational decision to retain a number of organizations as Field Operating Agencies, these organizations (such as Human Resources Command, Civilian Human Resources Agency, and the Judge Advocate General centers) provide support to the entire Army, not just the headquarters.

- The Marine Corps noted that they conducted a full review of force structure in 2012 and a Commandant-directed consideration was to look "at the functions of every headquarters and staff," to "consider burden sharing among major headquarters" and to "align staff capacity to headquarters responsibility." The Marine Corps will also comply with guidance to reduce the funding associated with management headquarters activities and strive to achieve a 20-percent reduction in personnel assigned to management headquarters activities.
- The Joint Staff already utilizes the Joint Manpower Validation Process as a systematic determination process when requesting permanent joint manpower requirements. This process reviews mission drivers, capability gaps, impact assessments, and determines the correct size and characteristics (military/civilian, rank/grade and service/skill mix) of all new billets.

RECOMMENDATION 2: Submit these baseline military and civilian personnel requirements, including information on the number of baseline personnel within OSD and the military service secretariat and staffs that count against the statutory limits, along with any applicable adjustments to the statutory limit, in the next Defense Manpower Requirements Report to Congress or through separate correspondence, along with any recommendations needed to modify the existing statutory limits.

DoD RESPONSE: Partially concur. The Department currently submits data on its headquarters personnel via the Defense Manpower Requirements Report and will also be submitting data as required by section 904 of the National Defense Authorization Act for Fiscal Year 2014, Public Law 113-66. The Department has ongoing efforts to refine and improve its reporting capabilities associated with these requirements. Determining the baseline requirement requires updating DoD Instruction (DoDI) 5100.73 to identify current Major DoD Headquarters Activities (MHA), and within each agency/command determining MHA elements, a process the Department is beginning to undertake. In reviewing the draft report, the following input was provided by a Component with regard to this recommendation:

- The Marine Corps noted that in 2014 they methodically reviewed and validated all headquarters down to the individual billet level. This review applied the definitions from DoD Instruction (DoDI) 5100.73 to identify billets that should be coded as performing MHA and resulted in a net increase of reported MHA structure. The Marine Corps will report the revised MHA numbers in conjunction with the FY16 budget to inform Congress via the budget exhibits and the Defense Manpower Requirements Report of the baseline military personnel requirements.

RECOMMENDATION 3: Establish and implement procedures to conduct periodic re-assessments of baseline military and civilian personnel requirements within the Office of the Secretary of Defense and the military service secretariats and staffs.

DoD RESPONSE: Partially concur. Periodic re-assessments like those recommended require additional resources and manpower allocation, which could actually drive an increase in MHAs. While the Department supports the intent of the GAO's recommendation, in the current fiscal environment, and in light of the specific 20-percent reduction to these headquarters activities, the Department believes that establishing a new

standardized manpower requirements determination process in the near term would be problematic. Specifically, the Department intends to examine the establishment of an Office of the Secretary of Defense military and civilian manpower requirements determination process in the future, but expansion of this process to include the contract workforce and across the Department will need to be accomplished using a phased approach across a longer-term timeframe.
In reviewing the draft report, the following inputs were provided by Components with regard to this recommendation:

- The Marine Corps noted they conduct such periodic reviews through the Quadrennial Defense Review and through force structure review boards that shape the Marine Corps to new missions and in response to Combatant Commander demands, balanced with available budgets.
- The Joint Staff has been "baselined" twice since 2008. In addition, reductions were taken during the Program Budget Review (PBR) 2012 Secretary of Defense Efficiency review, PBR 2014 Civilian Reduction drill, and PBR 2015 Secretary of Defense 20 Percent Reductions. Additionally, manpower requests based on new or expanding missions must come through the Joint Manpower Validation Program for rightsizing. Any periodic review must be a mission review (J3/J4/J5). If the Secretary of Defense approves divestiture of a mission, J1 will work to reduce the associated manpower.

MATTER FOR CONGRESSIONAL CONSIDERATION: Congress should consider using the results of DoD's review of baseline military and civilian headquarters personnel requirements to re-examine the statutory limits. Such an examination could consider whether supporting organizations that perform headquarters functions should be included in statutory limits and whether the statutes on personnel limitations within the military services secretariats and staffs should be amended to include a prohibition on reassigning headquarters-related functions elsewhere.

DoD RESPONSE: The Department appreciates the GAO's recommendation that the current statutory limitations be re-examined by the Congress, especially in light of the significant mission increases since 2001, many mandated by Congress, that require significant policy and oversight at the headquarters levels in order to be effectively implemented. However, the Department believes the statutory limitations on headquarters personnel (as well as overall sizes of Defense Agencies and DoD Field Activities) in sections 143, 194, 3014, 5014, and 8014 of title 10, United States Code (U.S.C.), as well as section 601 of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, Public Law 99-433, place artificial constraints on workforce sizing and shaping. These artificial constraints preclude effective and appropriate Total Force Management as required under section 129a of title 10, U.S.C., and could be viewed as inconsistent with the spirit and intent of section 129 of title 10, U.S.C., and annual appropriations language, most recently section 8012, Division C, of the Consolidated Appropriations Act, 2014 (Public Law 113-76). Accordingly, the Department opposes any legislative language that imposes restrictions on the size of the Department's workforce or limits our ability to manage an effective and efficient total workforce mix. The Department's sourcing of work to military, government civilian, or the private sector (contracted services) must be consistent with workload requirements,

funding availability, readiness, and management needs, as well as applicable laws and policy.

In reviewing the draft report, the following inputs were provided by Components with regard to this recommendation:

- The Marine Corps noted that they do not use the same tiered or echelon approach to major headquarters that larger services use to reduce management span of control. While this consolidation is efficient for manpower, space requirements, and funding it does penalize the Marine Corps for major headquarters personnel counts conducted for compliance to section 5014 of title 10, U.S.C.. The Marine Corps' current structure allows for the most economic and efficient size of the headquarters staff while meeting the intent of section 5014 of title 10, U.S.C., and compliance with DoDI 5100.73. The Marine Corps will work with the Department of the Navy and the Secretariat to review and submit legislative proposals, as needed, to modify the existing statutory limits.
- As the report states, "The 1986 Goldwater-Nichols Act placed statutory limits on the Joint Staffs number of civilians and military personnel, Congress repealed these limits in 1991 to provide the Chairman of the Joint Chiefs of Staff with greater flexibility." For the last decade, the overall number of military and civilian personnel authorized for the Joint Staff has remained steady, before experiencing a sharp increase due to the realignment of existing positions from U.S. Joint Forces Command to the Joint Staff. Outside of that increase, the Joint Staff has remained steady with minimal increases in overall manpower. The 1991 repeal should remain in place.

In reviewing the draft report, the Army also provided input regarding the overall methodology behind the report. Specifically, the Army noted that tracking contract support of headquarters organizations solely through funding source may skew attempts at general trend analysis. Since funding source does not always correlate to a function being performed in the headquarters, this must be taken into account when reviewing headquarters functions.

Should you have any questions, please contact the primary action officer for this engagement, Mr. Thomas Hessel (703-697-3402 or thomas.j.hessel.civ@mail.mil).

Sincerely,

Rich Robbins
Director, Total Force Planning & Requirements

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Appendix X: GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, Richard K. Geiger (Assistant Director), Tracy Barnes, Gabrielle A. Carrington, Neil Feldman, David Keefer, Carol D. Petersen, Bethann E. Ritter Snyder, Michael Silver, Amie Steele, and Cheryl Weissman made key contributions to this report.

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GAO-14-801

United States Government Accountability Office

GAO

Report to Congressional Committees

September 2014

DEFENSE PLANNING

DOD Needs Specific Measures and Milestones to Gauge Progress of Preparations for Operational Access Challenges

GAO-14-801

September 2014

GAO Highlights

Highlights of GAO-14-801, a report to congressional committees

DEFENSE PLANNING

DOD Needs Specific Measures and Milestones to Gauge Progress of Preparations for Operational Access Challenges

Why GAO Did This Study

According to DOD, its ability to deploy military forces from the United States to a conflict area is being increasingly challenged as potential adversaries pursue capabilities designed to deny access. Access can be denied by either preventing an opposing force from entering an operational area or limiting an opposing force's freedom of action within an operational area. DOD has a joint concept that broadly describes how DOD will operate effectively in such access-denied environments. DOD's initial efforts have emphasized the roles of the Air Force and Navy.

GAO was mandated to review the role of the Army and Marine Corps in access-denied areas. This report (1) describes Army and Marine Corps efforts to address operational access challenges and (2) analyzes the extent to which DOD is able to gauge how its efforts support implementation of its concept for future operations in access-denied environments. GAO analyzed DOD, Army, and Marine Corps concepts; reports on service-level exercises; DOD policy and guidance on concept implementation; and documents specifically related to the joint concept. GAO also interviewed cognizant DOD officials.

What GAO Recommends

GAO recommends that DOD establish specific measures and milestones in future iterations of the JOAC Implementation Plan to improve DOD's ability to gauge implementation progress. DOD agreed with the importance of assessing the plan and said it is developing measures and milestones and will continue to refine these tracking tools in the future.

View GAO-14-801. For more information, contact John Pendleton at (202) 512-3489 or pendletonj@gao.gov .

What GAO Found

The Army and Marine Corps are undertaking multiple efforts to address operational access challenges—challenges that impede a military force's ability to enter and conduct operations in an area—that impact a broad range of their existing missions. For example, they are incorporating operational access challenges into their wargames and revising their service concepts, which inform their assessments of capability needs, gaps, and solutions. In addition, the Army and the Marine Corps have identified important roles they play in overcoming operational access challenges and are examining ways to carry them out in access-denied environments, including

- engagement activities—improving access conditions through such activities as multinational exercises, prepositioning supplies, and forward presence, and
- entry operations—deploying forces onto foreign territory to conduct missions such as eliminating land-based threats to access.

In addition, the Army has identified areas specific to its role, including

- logistics—sustaining forces despite increased vulnerabilities from access threats and challenges associated with new operational approaches, and
- missile defense—providing defense against increasingly accurate, lethal, and available ballistic and cruise missiles.

The Department of Defense (DOD) is unable to gauge the extent to which its efforts to overcome operational access challenges support the implementation of the 2012 *Joint Operational Access Concept* (JOAC). The JOAC describes how the department will operate effectively in future operating environments with access challenges and is intended to guide the development of capabilities for the joint force of 2020. The Joint Staff is leading a multiyear DOD-wide effort, initiated in June 2013, to coordinate, oversee, and assess the department's implementation of the JOAC. DOD plans to issue the first iteration of the JOAC Implementation Plan in 2014 and to assess and update the plan annually. The draft plan focuses on the highest-priority JOAC-required capabilities and identifies related actions, but does not fully establish specific measures and milestones to gauge progress. While DOD has stated its intent to assess progress in the future, its current planning lacks specific details about the measures it will employ and the milestones it will use to gauge that progress. Until DOD establishes specific measures and milestones in future iterations of its implementation plan, the department will not be able to gauge implementation progress and assess whether efforts by the joint force, to include the Army and the Marine Corps, will achieve DOD's goals in desired time frames. As a result, DOD may lack assurance that efforts, including those currently being undertaken by the Army and the Marine Corps to address areas such as engagement activities, entry operations, logistics, and expeditionary missile defense, will fully align with the JOAC.

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Abbreviations

A2/AD	anti-access/area denial
CENTCOM	U.S. Central Command
CJCSI	Chairman of the Joint Chiefs of Staff Instruction
DOD	Department of Defense
DODD	Department of Defense Directive
JOAC	*Joint Operational Access Concept*
PACOM	U.S. Pacific Command
QDR	Quadrennial Defense Review

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GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

September 10, 2014

Congressional Committees

For decades, the Department of Defense's (DOD) ability to deploy military forces from the United States to a conflict area went essentially unopposed. For example, U.S. and coalition forces flowed into the Persian Gulf area unhindered for 6 months in the buildup to Operation Desert Storm in 1990 and 1991. However, this global reach is being increasingly challenged with potential adversaries now pursuing anti-access/area denial (A2/AD) strategies and capabilities designed to either prevent an opposing force from entering an operational area (anti-access) or limit an opposing force's freedom of action within an operational area (area denial), according to DOD. For instance, potential adversaries could challenge DOD's ability to deploy military forces by using ballistic and cruise missiles to prevent U.S. forces from getting to an operational area by attacking U.S. bases, ships, and logistics hubs. Similarly, potential adversaries could use mines and guided rockets to limit U.S. freedom of action once U.S. forces are in an area. DOD is increasingly focusing on A2/AD challenges and issued the *Joint Operational Access Concept* (JOAC) in 2012,[1] which broadly describes how it will operate effectively in an A2/AD environment to support development of the joint force of 2020, as described by the 2012 Defense Strategic Guidance.[2]

We issued two classified reports in 2013 focused on the A2/AD capabilities of Iran and China and DOD's ability to overcome them. A House Armed Services Committee report accompanying the National Defense Authorization Act for Fiscal Year 2014 noted that DOD's initial efforts to prepare for A2/AD challenges emphasized the roles of the Air Force and Navy in countering A2/AD challenges, while less attention has

[1]Joint Chiefs of Staff, *Joint Operational Access Concept* (JOAC) (Washington, D.C.: Jan. 17, 2012). Within DOD, joint concepts link strategic guidance to the development and employment of future joint force capabilities. A primary purpose of concepts is to propose new approaches for current or future challenges and provide guidance for future force development. Concepts, which are developed and refined through things such as wargames, studies, and exercises, serve as a basis for determining requirements for the future force and informing capability assessments and resource decisions.

[2]Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense,* (Washington, D.C.: January 2012). In this report, we refer to this guidance as the 2012 Defense Strategic Guidance.

been given to the roles of the Army and Marine Corps.[3] Further, the committee's report mandated us to review the role of the Army and Marine Corps in access-denied environments. This report (1) describes Army and Marine Corps efforts to address operational access challenges and (2) analyzes the extent to which DOD is able to gauge how its efforts support implementation of its concept for future operations in an access-denied environment.

To describe Army and Marine Corps efforts to address operational access challenges, we reviewed and analyzed documents from both services. These included the *Army Capstone Concept*, *the Army Operating Concept* (draft), and the *Marine Corps' Expeditionary Force 21–Forward and Ready: Now and in the Future*; reports and briefings on service-level wargames and exercises; studies and reviews of possible future operations in A2/AD environments conducted or sponsored by DOD; and other documents describing ideas or initiatives for how Army and Marine Corps forces might overcome A2/AD challenges.

To analyze the extent to which DOD is able to gauge how its efforts support implementation of its concept for future operations in an access-denied environment, we reviewed and analyzed DOD strategic guidance, including the 2012 Defense Strategic Guidance and the 2014 Quadrennial Defense Review,[4] and joint concepts that discuss the implications of operations in A2/AD environments, such as the *Joint Operational Access Concept*, the *Air-Sea Battle Concept*, and the *Joint Concept for Entry Operations*. We also reviewed and analyzed DOD's policies and guidance on concept implementation and its specific plans for implementation of the JOAC, including the Joint Operational Access Implementation Terms of Reference and a draft of the implementation plan being developed by DOD during the time of our review. We used criteria based on DOD guidance for concept implementation, DOD's JOAC implementation guidance, standards for internal control in the

[3]See H. Rep. No. 113-102 (June 7, 2013) accompanying H.R. 1960, a bill for the National Defense Authorization Act for Fiscal Year 2014.

[4]Section 118 of Title 10 of the United States Code requires the Secretary of Defense to conduct a comprehensive examination of the national defense strategy, force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program and policies of the United States, every 4 years, with a view toward determining and expressing the nation's defense strategy and establishing a defense program for the next 20 years.

federal government, and best practices for developing project schedules to assess DOD's implementation plan for the JOAC.[5]

For both objectives, we interviewed DOD officials to gain a better understanding of how DOD and the services are taking steps to address operations in A2/AD environments and the extent to which DOD is positioned to integrate those efforts into its DOD-wide implementation of its concept for future operations in A2/AD environments. Specifically, we interviewed officials from the Office of the Under Secretary of Defense for Policy; Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics; Air Sea Battle Office; Joint Staff; Army Capabilities Integration Command; Marine Corps Combat Development Command; and Army officials with logistics and missile defense expertise. On the basis of discussions with DOD officials, we also met with officials from U.S. Pacific Command, U.S. Central Command, U.S. Special Operations Command, and U.S. Transportation Command.

We conducted this performance audit from July 2013 to September 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[5]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: Nov. 1, 1999), and *Schedule Assessment Guide: Best Practices for Project Schedules*, GAO-12-120G (exposure draft), (Washington, D.C.: May 2012). The GAO *Schedule Assessment Guide* provides 10 best practices to help managers and auditors ensure that the program schedule is reliable and evaluate the economy, efficiency, and effectiveness of government programs. The 10 best practices, developed with help from experts from the scheduling community, further develop the concepts introduced in our *Cost Estimating and Assessment Guide*. See GAO, *Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-093SP (Washington, D.C: Mar. 2, 2009).

Background

Future Operational Environment Includes Increasing A2/AD Challenges

Future A2/AD challenges are part of a security environment that will be characterized by increasing complexity, uncertainty, and rapid change, according to DOD. Further, national security challenges will continue to arise from ongoing concerns such as violent extremism, the proliferation of weapons of mass destruction, resource competition, and the rise of modern competitor states, among others. These concerns, according to DOD, combined with the proliferation of advanced technologies; the increasing importance of space and cyberspace; and the ubiquity of digital networks, including social media, will make the future security environment less predictable, more complex, and potentially more dangerous than it is today.

The JOAC notes that challenges to operational access are not new but that three trends promise to significantly complicate DOD's ability to establish operational access.[6] According to the JOAC, the three trends are

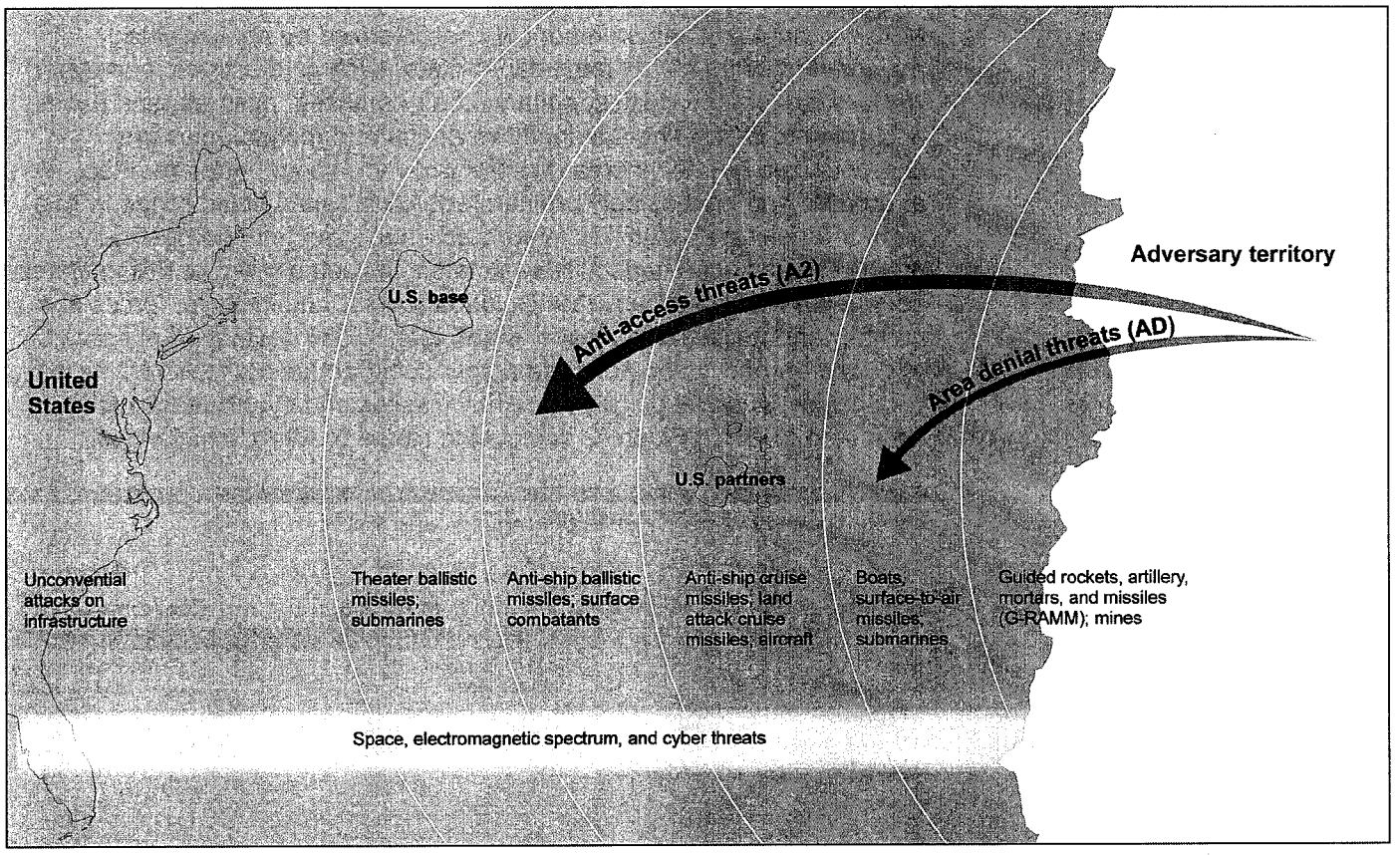
- *Technology Improvement and Proliferation:* The first important trend is the dramatic improvement and proliferation of weapons and other technologies capable of denying access or freedom of action within an operational area. Specifically, an increasing number of state and nonstate actors are developing or obtaining weapons of increasing range and accuracy.
- *Space and Cyberspace Emergence*: The second and related trend is the emergence of space and cyberspace as increasingly important and contested domains. According to the JOAC, the U.S. military will continue to derive great benefit from its space and cyberspace capabilities, but potential adversaries understand that and are increasingly targeting those capabilities. Operating in the space and cyberspace domains is also attractive to potential adversaries because actions in those domains are often difficult to attribute.
- *Posture Changes:* The third trend is that the change in U.S. overseas defense posture complicates the U.S. ability to obtain operational

[6]The JOAC defines operational access as the ability to project military force into an operational area with sufficient freedom of action to accomplish the mission. In this report, we use operational access challenges to refer to both anti-access and area denial.

access. Specifically, DOD has reduced the number of overseas facilities and number of deployed forces, meaning that future operations will likely require it to deploy over longer distances.

According to the JOAC, the effect of these three trends is that potential adversaries who may have once perceived that they could not stop U.S. forces from deploying into an operational area are now adopting A2/AD strategies. Figure 1 provides examples of anti-access and area denial capabilities.

Figure 1: Examples of Anti-Access and Area Denial Capabilities



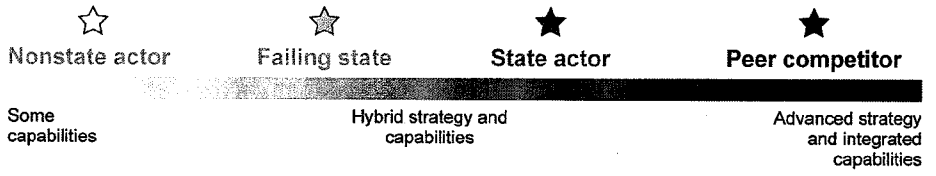
Source: GAO analysis of Department of Defense information. | GAO-14-801

Note: Notional map.

The JOAC describes A2/AD challenges in the context of an adversary's strategy rather than a list of technical capabilities that need to be overcome. In general, the intent of an adversary that adopts an A2/AD strategy is to convince and, if necessary and possible, compel the United States to keep out of its affairs. At the most sophisticated level, an A2/AD strategy is not a sequential series of actions using specific military capabilities but rather an integrated and adaptive campaign using all levers of national power and influence before, during, and after any actual military conflict. Critical elements of an A2/AD strategy include keeping U.S. forces as far away as possible and imposing steeper costs on the United States than it is willing to bear.

Militarily, an A2/AD environment is characterized by sophisticated adversaries using asymmetric capabilities, such as electronic and cyber warfare, space capabilities, advanced air defenses, missiles, and mines, according to DOD. The advanced weapons and technologies are characterized by their increasing precision and range, and are often affordable and increasingly proliferated. Adversaries could range from a high-end peer state that has integrated a wide range of domestically produced advanced capabilities to states, including failed or failing states, adopting a hybrid strategy that includes regular and irregular forces and a number of sophisticated weapons and technology developed at home or acquired abroad. Even nonstate actors could obtain some A2/AD capabilities, such as guided anti-ship missiles and cyber attack tools, according to DOD. Figure 2 depicts the range of A2/AD challenges.

Figure 2: Range of Anti-Access/Area Denial Challenges



Source: GAO analysis of Department of Defense information. | GAO-14-801

Note: Not to scale.

DOD Strategic Guidance and Recent Joint Concepts Focus on Operational Access

DOD has increasingly focused over the past few years on the operational access challenges it may face in the future, although it has recognized A2/AD challenges for well over a decade. For example, *projecting and sustaining U.S. forces in distant A2/AD environments and defeating A2/AD threats* was one of six operational goals identified in the 2001 Quadrennial Defense Review (QDR). However, DOD's focus over the

subsequent decade was on operations in Afghanistan and Iraq. As those operations began to wind down, DOD began to reemphasize the need to be able to overcome challenges to operational access.

The 2012 Defense Strategic Guidance was intended to transition the department from an emphasis on current operations to preparing for future challenges, including helping guide decisions regarding the size and shape of the future force in a more fiscally constrained environment.[7] In the guidance, the Secretary of Defense established *projecting power despite A2/AD challenges* as 1 of 10 primary DOD missions, noting that countries such as Iran and China will continue to pursue capabilities such as electronic and cyber warfare and ballistic and cruise missiles to counter U.S. power projection capabilities and limit the operational access of U.S. forces. Other primary missions, such as operating effectively in cyberspace and space, deterring and defeating aggression, and providing a stabilizing presence, are also relevant to overcoming A2/AD challenges.

The 2014 QDR maintains the emphasis on overcoming A2/AD challenges. It builds on the 2012 Defense Strategic Guidance and continues DOD's transition to focusing on future challenges during a time of fiscal uncertainty. The QDR states that DOD must be prepared for a full range of conflicts, including against state powers with advanced A2/AD capabilities. Further, two of the QDR's three strategic pillars—*build security globally* and *project power and win decisively*—emphasize the importance of being able to project power and overcome challenges to access. The 2014 QDR also stresses that innovation will be paramount across all of DOD's activities in order to best address the increasingly complex operational environment.

The Chairman of the Joint Chiefs of Staff has also issued guidance in the past 2 years that emphasizes the importance of overcoming access challenges. *The Capstone Concept for Joint Operations: Joint Force 2020* is the foundational concept document that describes the Chairman's vision for how the joint force will defend the nation against a wide range of security challenges and helps establish force development priorities.[8]

[7]DOD, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (Washington, D.C.: January 2012). In this report, we refer to this guidance as the 2012 Defense Strategic Guidance.

[8]Joint Chiefs of Staff, *Capstone Concept for Joint Operations: Joint Force 2020* (Washington, D.C.: Sept. 10, 2012).

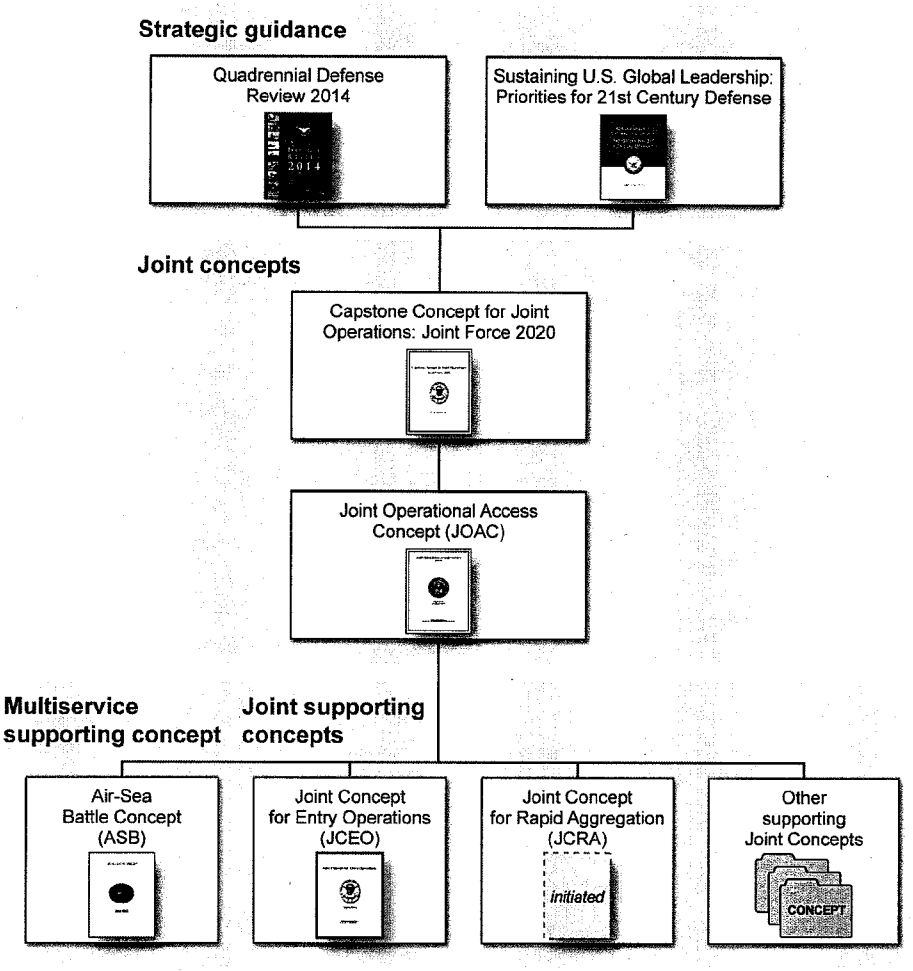
Among these priorities is developing capabilities to defeat A2/AD threats, which as noted above is the specific focus of the JOAC.

The JOAC includes a list of 30 required capabilities that are essential to the implementation of the concept (see app. I). It further states that this list is neither complete nor prioritized but provides a baseline for further analysis and concept development. DOD also has a number of supporting concepts to the JOAC that provide further detail on specific aspects of operations in A2/AD environments. The first of these supporting concepts is the *Air-Sea Battle Concept*, which is focused on overcoming the longer-range and advanced anti-access challenges.[9] At the direction of the Secretary of Defense, the Departments of the Navy and Air Force developed this multiservice concept focused on gaining and maintaining freedom of action in the global commons, that is, the areas of air, sea, space, and cyberspace that belong to no one state.[10] In April 2014, the Chairman of the Joint Chiefs of Staff issued the *Joint Concept for Entry Operations*, a supporting concept to JOAC focused on how forces will enter onto foreign territory and immediately conduct operations in the face of adversaries with increasingly effective area-denial strategies and capabilities. There are a number of other existing concepts, as well as concepts that are being developed, that support the JOAC (see fig. 3).

[9]DOD, *Air-Sea Battle Concept* (Washington, D.C.: June 2, 2011).

[10]The Air-Sea Battle Concept is a multiservice supporting concept, rather than a joint supporting concept. The Air-Sea Battle Office was created in November 2011 by the Navy and the Air Force—later expanded to include the Army and Marine Corps, pursuant to an August 2012 joint memorandum—in order to implement the Air-Sea Battle Concept.

Figure 3: Strategic Guidance and Concepts That Address Operational Access Challenges



Source: GAO analysis of Department of Defense information. | GAO-14-801

Note: Department of Defense (DOD) concepts propose new approaches for current or future challenges and provide guidance for future force development.

Army and Marine Corps Are Undertaking Efforts to Prepare for Operational Access Challenges

The Army and Marine Corps are undertaking multiple efforts to address operational access challenges, which impact a broad range of their existing missions. In light of the rapidly changing operational environment, the Army and Marine Corps are reviewing how they will need to carry out their roles and functions in part by revising their service concepts and by conducting wargames that incorporate such challenges. Further, the Army and Marine Corps have identified several areas where they have important roles in overcoming access challenges, including engagement activities and entry operations, as well as logistics and missile defense for the Army.[11] The services are beginning to take steps to change how they carry out these roles.

Army and Marine Corps Are Incorporating Operational Access Challenges into Service Concepts and Wargames

The Army and the Marine Corps have begun examining the impact of operational access challenges on existing missions by revising their concepts and incorporating such challenges into their wargames. For example, the Army is revising the *Army Operating Concept*, which generally describes how an Army commander will operate in future environments that include A2/AD challenges, and identifies required capabilities in land operations. Given future operational challenges, the draft concept states that Army forces need to be agile, responsive, adaptive, and regionally engaged across the globe, and be able to conduct distributed operations. These distributed operations would involve Army elements arriving from numerous directions and domains to distributed locations in a joint operations area. According to the draft concept, this operational approach, also discussed in the JOAC, could help to overcome A2/AD challenges because the Army forces would be more spread out and thus more difficult to target and defend against. Once completed, the *Army Operating Concept* is to provide guidance for the Army's development of supporting functional concepts, which

[11]Department of Defense Directive (DODD) 5100.01, *Functions of the Department of Defense and its Major Components*, (Dec. 21, 2010) (hereinafter cited as DODD 5100.01 [Dec. 21, 2010]) states that all of the services have responsibilities to organize, train, and equip forces for offensive and defensive cyberspace operations. It also states that the Army has responsibility to provide support for space operations to enhance joint campaigns in coordination with the other military services. The JOAC identifies the emergence of space and cyberspace as increasingly important and contested domains. In this report, we do not include discussion of these issues largely because of classification concerns. For additional information on some of the unclassified cyber challenges, see GAO, *Defense Department Cyber Efforts: DOD Faces Challenges in Its Cyber Activities*, GAO-11-75 (Washington, D.C.: July 25, 2011).

eventually inform Army assessments of capability needs, gaps, and solutions.

The Marine Corps has also incorporated consideration of A2/AD challenges into *Expeditionary Force 21*, its capstone concept, which provides guidance for how the Marine Corps will be organized, trained, and equipped to fulfill its assigned responsibilities over the next 10 years.[12] Published in March 2014, the concept identifies the JOAC as an input and is consistent with many of its themes, including the importance of distributed operations. *Expeditionary Force 21* identifies a number of challenges to Marine Corps operations caused by A2/AD threats and proposes a number of potential solutions for how the service will overcome them, including operating from amphibious ships farther from shore and using dispersed formations. According to Marine Corps officials, the service is also developing a number of supporting concepts, including some with the Navy that will further explore proposed approaches for overcoming A2/AD challenges. These officials stated that eventually this will inform Marine Corps assessments of capability needs, gaps, and solutions. The officials added that while the capstone concept has been issued and the associated analysis and innovation is under way, developing the full range of capabilities envisioned will be a long-term endeavor.

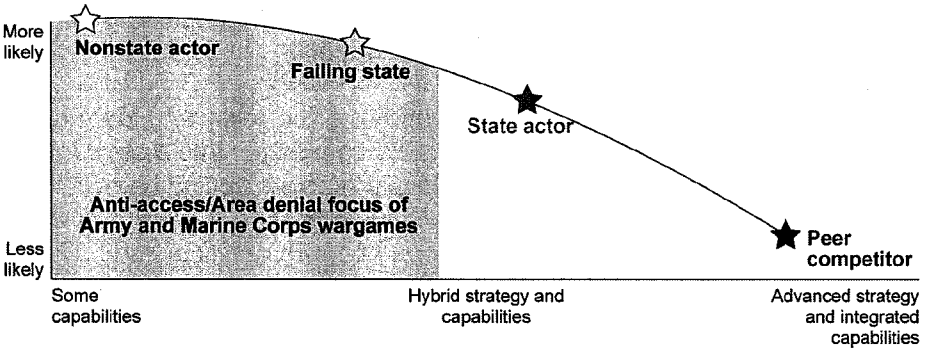
In addition, the Army and Marine Corps are incorporating operational access challenges into their wargames. Services conduct wargames for multiple reasons, including mission rehearsal, concept analysis, and doctrine validation. The Army's Unified Quest wargames explore a broad range of future conflicts and have included A2/AD scenarios. For example, the scenario for Unified Quest 2013 was set in the 2030-2040 time frame with fictional adversaries adopting hybrid warfighting approaches that used a mix of A2/AD capabilities, including integrated air defenses, cyber warfare, and anti-ship cruise missiles. The wargame explored new operating concepts, including how to effectively fight with dispersed forces. The Marine Corps' Expeditionary Warrior wargames have also included A2/AD challenges. For example, Expeditionary Warrior 2012 was set in 2024 in a fictional country where state and

[12]*Expeditionary Force 21* fits within the naval strategy as described by *A Cooperative Strategy for 21st Century Seapower*—U.S. Navy, U.S. Marine Corps, and U.S. Coast Guard, *A Cooperative Strategy for 21st Century Seapower* (Washington, D.C.: October 2007).

nonstate adversaries were armed with A2/AD capabilities, including cyber warfare, ballistic missiles, anti-ship cruise missiles, integrated air defense systems, mines, and submarines. The Marine Corps used this wargame, in part, to explore integration with special operations, cyber, and other joint forces.

Although they have functions important to overcoming the range of A2/AD challenges, the Army and Marine Corps have focused their wargames on A2/AD challenges from states and failed or failing states with less-advanced A2/AD capabilities. A primary reason for this approach, according to Army and Marine Corps officials, is that ground forces are likely to have a larger role in failed and failing state scenarios as compared with their roles in scenarios involving a peer or near-peer competitor. Further, such conflicts are more likely than a conflict with a peer competitor (see fig. 4). The officials added that the Army and Marine Corps participate in Navy and Air Force wargames that examine the A2/AD challenges posed by peer competitors.

Figure 4: Focus of Army and Marine Corps Wargame Scenarios



Source: GAO analysis of Department of Defense information. | GAO-14-801

Note: Not to scale.

Army and Marine Corps Have Identified Important Roles in Overcoming Operational Access Challenges and Are Beginning to Take Steps to Change How They Carry Out These Roles

The Army and the Marine Corps have identified several areas where they have important roles in overcoming operational access challenges. According to Army and Marine Corps officials, A2/AD challenges impact a broad range of their existing missions but do not create new ones.[13] While A2/AD challenges impact many missions, primary missions include the engagement activities and entry operations of both services, as well as logistics and missile defense for the Army. The services are beginning to take steps to change how they carry out these missions. Some of these efforts are expected to stretch well into the next decade and beyond.

Engagement Activities

The Army and the Marine Corps play a primary role in establishing access through their engagement activities and are using these opportunities to help address A2/AD challenges, according to DOD officials. The JOAC emphasizes that success in overcoming A2/AD challenges in combat often depends on activities prior to conflict that help gain and maintain access and identifies three required capabilities for such activities.[14] According to the JOAC, such activities include multinational exercises, basing and support agreements, improving overseas facilities, prepositioning supplies, and forward-deploying forces. These types of activities help shape favorable access conditions. For example, engagement activities such as combined training or exercises, or improving a host-nation's infrastructure, help maintain and develop good relationships with and improve the capabilities of allies and partners that then may be called upon in the event of a crisis. Also, officials from the U.S. Pacific Command (PACOM) and the U.S. Central Command (CENTCOM) emphasized the importance of engagement activities in gaining and maintaining access and stated that continued forward presence of U.S. forces in their regions may help deter potential adversaries and reassure allies and partners by signaling U.S. commitment to that region.[15] Moreover, DOD officials stated that having

[13]Public law and DOD guidance identify the roles and functions of the services, including the Army and the Marine Corps, see United States Code, Title 10, section 3062 for the Army and section 5063 for the Marine Corps, and DODD 5100.01 (Dec. 21, 2010).

[14]See app. I, capability numbers 28, 29, and 30.

[15]DOD has nine combatant commands with an assigned geographic region or assigned function. The six geographic commands, which have defined areas of operation and have a distinct regional military focus, are U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command. The three functional commands, which have unique capabilities and operate worldwide, are U.S. Special Operations Command, U.S. Strategic Command, and U.S. Transportation Command.

Army and Marine Corps forces forward deployed conducting engagement activities helps with access challenges because these forces are already in theater and can respond more quickly if a crisis occurs than they could if they had to deploy from the United States.

Both the Army and Marine Corps are developing new approaches to their engagement activities to help shape favorable access conditions. For example, the Army is testing a new operational approach in 2014, called Pacific Pathways, that changes the way the Army supplies forces for engagement activities. Rather than sending a number of small units that each conduct a single activity for a short period of time, under Pacific Pathways the Army will send a fully-equipped, combat-trained, 700-soldier battalion-sized force to participate in two or three regional exercises over the course of 90 days. Soldiers and their equipment would travel by air and sea between engagements. Similarly, the Marine Corps is also taking steps to enhance engagement activities and provide forward presence. The Marine Corps is planning on having one-third of its forces forward deployed. As part of this effort, the Marine Corps is returning to the practice of rotational deployments, where units based in the United States deploy to Japan or Australia for 6 months to train, engage allies and partners in the region, and provide forward presence. According to DOD officials, these approaches allow the forces to better fulfill their respective missions while providing the combatant commanders with more options for their employment.

In addition, officials from CENTCOM, PACOM, and U.S. Special Operations Command told us they are increasingly incorporating engagement activities into their planning efforts. Moreover, the JOAC states that combatant commanders will need to coordinate these efforts with other U.S. agencies that are also conducting engagement activities. In February 2013, we testified that as DOD continues to emphasize engagement activities, to include building partner capacity, the need for efficient and effective coordination with foreign partners and within the U.S. government has become more important, in part because of fiscal challenges, which can be exacerbated by overlapping or ineffective efforts.[16]

[16]GAO, *Building Partner Capacity: Key Practices to Effectively Manage Department of Defense Efforts to Promote Security Cooperation*, GAO-13-335T (Washington, D.C.: Feb. 14, 2013). This testimony summarized the results of a body of work we have conducted on DOD's efforts in this area.

Entry Operations

The Army and the Marine Corps both play a primary role in conducting entry operations in an A2/AD environment, according to DOD. Entry operations are the projection and immediate employment of military forces from the sea or through the air onto foreign territory to accomplish assigned missions.[17] The JOAC states that maintaining or expanding operational access may require entry of Army or Marine Corps forces into hostile territory to accomplish missions, such as eliminating land-based threats or initiating sustained land operations, and identifies the ability to conduct forcible entry operations as a required capability.

The Army has conducted several studies, exercises, and wargames that examine entry operations in an A2/AD environment and concluded, among other things, that it must be able to deploy decisive force much more rapidly. The Army identified a number of areas requiring improvement, including enhancing engagement with friends and allies, increasing the ability to deploy small units, reducing logistics demands, and greatly advancing technologies such as vertical lift, lighter yet survivable vehicles, missile defenses, and command and control. Moreover, for Army airborne units, the Army has identified the need for capabilities such as weapon systems and vehicles that can be air-dropped in a location and provide forces with long-range, precision firepower; mobility across a range of terrain; and protection, among other things.[18] It has further outlined an approach intended to achieve some improvements by 2025 and to have significantly improved forces in the 2040 time frame.

The Marine Corps is also examining how to conduct entry operations in an A2/AD environment. According to the Marine Corps, the joint force has become brittle and risk averse because of its reliance on a small number of very advanced and expensive weapons systems that are increasingly vulnerable to A2/AD capabilities. A key force priority for overcoming A2/AD challenges is resilience, according to PACOM officials. To increase resilience, the Marine Corps is developing the idea of using a greater number of highly mobile capabilities on expeditionary advanced bases—small, temporary, austere, and distributed bases that can be established for a variety of purposes. For example, the Marine Corps

[17] *Joint Concept for Entry Operations* working definition of entry operations.

[18] The Army refers to these capabilities as mobile protected firepower and enhanced mobility for airborne infantry.

could use land-based anti-ship missiles on small mobile platforms to control sea-lanes. However, according to the Marine Corps, pursuing this idea would require it to obtain new missile capabilities as well as more flexible supply and command and control systems than are currently in place. Additionally, the Marine Corps is examining operating short-takeoff/vertical-landing-capable joint strike fighters from small distributed bases; however, according to the Marine Corps, it has not yet determined the supportability requirements for this aircraft in austere environments. The Marine Corps is aware of such challenges and is in the early stages of addressing them. It has not yet completed the concepts and follow-on analyses needed to support the implementation of these ideas, according to Marine Corps officials.

Logistics

The Army has a fundamental role in providing logistics support in an A2/AD environment, according to DOD, and the JOAC states that increased threats and operational demands of future operations in such environments may present challenges for logistics.[19] Specifically, the JOAC states that logistics hubs and networks may be increasingly vulnerable to attack by adversaries with A2/AD capabilities, such as cyber, counterspace, and ballistic missiles. Further, one of DOD's and the Army's approaches to conducting operations in an A2/AD environment is to use multiple smaller units operating independently, but supporting such units is more logistically demanding. The JOAC identifies three required capabilities for logistics, but also notes that new logistics concepts are needed to explore the challenges to logistics in an A2/AD environment and to help define required capabilities. Also, a study examining the impacts of the JOAC on joint logistics echoed this need.[20] According to

[19]Our prior body of work has also identified challenges associated with logistics. Specifically, DOD's management of its supply chain has been included in GAO's biennial high-risk report since 1990. While DOD has demonstrated top leadership support and has directed time and resources for improving supply chain management, several long-standing problems have not yet been resolved. These problems relate to DOD's ability to manage its inventory, to maintain visibility over its materiel and assets, and to assess the overall effectiveness of its supply chain across the department. GAO, *High-Risk Series: An Update*, GAO-13-283 (Washington, D.C.: Feb. 14, 2013).

[20]U.S. Transportation Command, *Future Deployment and Distribution Assessment: Joint Operational Access Concept*, A-5CFB2F1 (Sept. 25, 2012).

officials from the Joint Staff and the Army, they have begun revising the *Joint Concept for Logistics*, in part, to include A2/AD challenges.[21]

In addition, the Army is examining how it might address A2/AD challenges related to logistics. One way that the Army is proposing to mitigate the problem of increased demands on logistics is to focus efforts on decreasing the Army's and the joint force's demand for items such as fuel, water, and ammunition. For example, the Army's *Functional Concept for Sustainment*, issued in October 2010, states that during operations in Iraq, 22 percent of all convoys into the theater per year were for fuel. The concept states that technological advances are needed to reduce the fuel demand for vehicles and energy production, among other things. In addition, the Army is exploring unmanned distribution of supplies in theater to help provide timely sustainment and reduce the exposure of soldiers to potential threats. A 2013 Army Unified Quest wargame report stated that while this technology could provide benefits, additional study is needed to understand how and when automated systems should be used, as well as the costs, such as those for maintenance, that would be involved.

Missile Defense

Another primary Army contribution to overcoming A2/AD challenges is providing active missile defenses, according to DOD. The JOAC notes that the increasing accuracy, lethality, and proliferation of ballistic and cruise missiles are a key A2/AD challenge. Further, such capabilities are attractive to potential adversaries because they are cost imposing: that is, defenses against ballistic and cruise missiles tend to be more costly than the missiles themselves. According to DOD, adversaries will use ballistic and cruise missiles to counter U.S. power projection capabilities by attacking forward bases, naval forces, and logistics support and command and control capabilities. The JOAC therefore identifies expeditionary missile defense as a required capability for overcoming access challenges.

Land-based missile defense is a core Army function and a main element of DOD's force structure, according to DOD. Although the JOAC does not

[21]Joint Staff, *Joint Concept for Logistics*, (Washington, D.C.: Aug. 6, 2010). The 2010 *Joint Concept for Logistics* describes a vision of what logistics support needs to look like in the 2016-2028 time frame across the basic categories of military activities, such as combat, security, engagement, and relief and reconstruction activities. According to Joint Staff officials, the published version does not consider A2/AD challenges.

provide a clear definition of what constitutes expeditionary missile defense, several characteristics of the Army's missile defense force structure indicate that they do not meet this required capability, including the following:

- Mobility/supportability—The JOAC emphasizes the need for smaller and highly mobile systems requiring little support. Current Army missile defenses are transportable but lack strategic and tactical mobility, according to the Army. They also have large logistical requirements.[22]
- Capacity—According to DOD, demand for missile defenses, including those provided by the Army, exceeds capacity. Missiles are the core of adversary A2/AD capabilities, and growing adversary missile inventories and improving capabilities will exacerbate capacity issues.[23]
- Cost—According to DOD, current missile defenses are very expensive. By pursuing increasingly advanced missiles, adversaries are able to impose costs on the United States.

Army and Army-sponsored reviews recognize some of these difficulties and have recommended that more attention be paid to other, less costly technologies that can protect against large numbers of missiles, such as directed energy weapons and railguns.[24] DOD's Strategic Capabilities Office is working with the Navy and others to develop a railgun that can provide cost-effective land-based ballistic and cruise missile defense

[22]In April 2014, we reported that the Army and the Missile Defense Agency had not yet determined the long-term support strategy for the Terminal High-Altitude Area Defense. The 2014 QDR identifies the Terminal High-Altitude Area Defense as a major component of the Army's force structure in 2019. See GAO, *Ballistic Missile Defense: Actions Needed to Address Implementation Issues and Estimate Long-Term Costs for European Capabilities*, GAO-14-314 (Washington, D.C.: Apr. 11, 2014).

[23]In January 2011, we reported that DOD had not established key operational performance metrics that would provide the combatant commands with needed visibility into the operational capabilities and limitations of the ballistic missile defense system they intend to employ. See GAO, *Ballistic Missile Defense: DOD Needs to Address Planning and Implementation Challenges for Future Capabilities in Europe*, GAO-11-220 (Washington, D.C.: Jan. 26, 2011).

[24]Directed energy weapons use a beam of concentrated electromagnetic energy or atomic or subatomic particles to incapacitate, damage, or destroy enemy equipment, facilities, or personnel. An electromagnetic railgun is a long-range weapon that fires a projectile using electricity instead of chemical propellants.

capability.[25] They are also investigating how DOD could combine railgun projectiles with sensors and existing guns, including Army artillery, to shoot down cruise missiles. These alternatives could provide high-capacity, cost-effective missile defense capabilities, but they have not yet matured into programs, according to the Strategic Capabilities Office. According to the Army, power generation, storage, and mobility issues associated with directed energy weapons and railguns will be resolved in the 2040 time frame.

DOD Is in the Early Stages of Developing the JOAC Implementation Plan, but Has Not Fully Established Specific Measures and Milestones to Assess Progress

DOD is developing an implementation plan for the JOAC in order to bring coherence to the department's many simultaneous efforts to overcome A2/AD challenges but has not fully established measures and milestones to gauge progress.[26] The Joint Staff is leading a multiyear DOD-wide effort to coordinate, oversee, and assess the department's implementation of the JOAC. DOD is planning to issue the first iteration of the plan in 2014 and intends to assess and update the plan annually. However, the draft 2014 JOAC Implementation Plan is limited in scope and does not fully establish the specific measures and milestones DOD needs to allow decision makers to assess the progress the department is making, including the contributions of the Army and the Marine Corps.

DOD Is in the Early Stages of Developing the Joint Operational Access Concept Implementation Plan

The Joint Staff is leading a multiyear DOD-wide effort, initiated in June 2013, to coordinate, oversee, and assess the department's implementation of the JOAC. In order for DOD to fulfill its mission to *project power despite A2/AD challenges*, the 2012 Defense Strategic Guidance requires DOD to implement the JOAC. In addition, DOD guidance on concept development requires DOD to develop and execute implementation plans for joint concepts and to assess their

[25]The Strategic Capabilities Office was established in August 2012 by the Under Secretary of Defense for Acquisition, Technology, and Logistics in order to provide cost-effective, strategic alternatives to shape and counter emerging threats by leveraging existing concepts, systems, and technologies in unique and innovative ways.

[26]For purposes of this report, we use the term "JOAC Implementation Plan," however, DOD refers to the implementation plan for the JOAC as the "Joint Operational Access Implementation Plan." Officials use this term because the plan will cover the JOAC and other supporting concepts, such as the *Joint Concept for Entry Operations*.

implementation.[27] The guidance was issued in November 2013 and the JOAC is the first joint concept to be implemented under the new guidance, according to DOD officials. They further stated that the emphasis on implementation is a significant and positive change to the guidance but will be challenging to execute.

In accordance with this guidance, DOD is planning to issue the first iteration of the JOAC Implementation Plan in August 2014 and intends to assess and update the plan annually.[28] Previously, DOD did not have a single place where it was tracking and coordinating its efforts to address A2/AD challenges, including those of the Army and Marine Corps, even though the JOAC notes that addressing A2/AD challenges requires closer integration between services than ever before. The draft 2014 JOAC Implementation Plan states that it is intended to provide coherence by integrating, overseeing, communicating, and assessing the various efforts being taken across DOD to create the capabilities required to overcome A2/AD challenges.[29]

A working group, led by the Joint Staff and with representatives from stakeholders across the department, including the services and combatant commands, drafted the 2014 implementation plan. The development of the implementation plan was coordinated through the Joint Staff to ensure it was consistent with established processes, such as the Chairman's Capability Gap Assessment, according to Joint Staff

[27]Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3010.02D, *Guidance for Development and Implementation of Joint Concepts*, (Washington, D.C.: Nov. 22, 2013).

[28]The first iteration of the implementation plan—the 2014 plan—remains in draft as of July 2014.

[29]The JOAC Implementation Plan has four specific purposes: (1) develop a comprehensive, DOD understanding of ongoing JOAC implementation activities, (2) identify opportunities for joint collaboration to solve potential shortfalls in development efforts or eliminate duplicative activities, (3) establish a set of prioritized and approved recommendations for implementation of materiel and nonmateriel solutions in order to increase focus and integrate efforts to address critical challenges, and (4) provide comprehensive assessments to military decision makers on progress toward the development of required capabilities.

officials.[30] These officials stated that the intent was to leverage existing force development processes to gather information about current and planned activities that contributed to the implementation of the JOAC. They further noted that the JOAC implementation process may eventually address not only capability issues but also capacity issues, which officials from the Army, Marine Corps, and the combatant commands we spoke with noted were critical in terms of overcoming A2/AD challenges.

Because of the large scope of the JOAC and to help familiarize stakeholders with a new process, Joint Staff officials stated that the working group decided to focus the first iteration of the plan on 10 required capabilities that it determined to be the highest priority rather than including all 30 JOAC-required capabilities.[31] Once those capabilities were identified, officials said that working group members, including those from the Army and Marine Corps, reviewed ongoing and planned activities from their respective organizations that they believed would align with the implementation of 1 or more of the 10 prioritized capabilities.

Joint Staff officials said that they also conducted a supplemental review of published planning documents to identify any further relevant planned implementation actions. These efforts resulted in an execution matrix containing 165 discrete implementation actions that include nonmateriel solutions, such as changes in doctrine and testing concepts in wargames or experiments, as well as materiel solutions, such as buying a piece of equipment. According to the draft plan, approximately 88 percent of the actions were nonmateriel. Each action included a recommended timeline

[30]The Capability Gap Assessment is a Joint Staff process that examines identified capability gaps and shortfalls in the current force from various perspectives, groups together "like" gaps, assesses ongoing efforts to close or mitigate capability gaps, and recommends solutions to close or mitigate capability gaps. The result of the assessment is a list, for Joint Requirements Oversight Council approval, of capability gaps and recommended solutions for mitigation.

[31]The JOAC identifies 30 required capabilities as essential to the implementation of the concept (see app. I). While the 30 capabilities are unclassified, when they are ordered in terms of priority, they become classified. Thus, the 10 capabilities that were considered the highest priority for the department are classified. The working group identified the 10 priorities by comparing DOD's current list of prioritized gaps in the Chairman's Capability Gap Assessment with the list of JOAC capabilities. The working group also included a special topic in the annual Chairman's Joint Assessment that asked the services, combatant commanders, and other DOD organizations to identify the highest-priority JOAC-required capabilities.

for completion determined by the organization responsible for the action that could span several years. Thus, for each capability, multiple organizations are simultaneously undertaking implementation actions with various timelines for completion. Joint Staff officials stated that the execution matrix revealed that DOD was already taking many actions addressing the 10 prioritized capabilities.

Officials noted that the 165 implementation actions do not constitute the full effort required to complete implementation of these 10 required capabilities, and future iterations of the execution matrix will be updated as required based on analyses to identify additional discrete implementation actions. In addition, future iterations of the JOAC Implementation Plan will also include the other JOAC-required capabilities as well as required capabilities from other joint concepts that support the JOAC, according to Joint Staff officials.[32]

Draft Implementation Plan Does Not Have Fully Established Specific Measures and Milestones to Assess Progress

The draft 2014 JOAC Implementation Plan does not fully establish the specific measures and milestones DOD needs to allow decision makers to assess the progress the department is making, including the contributions of the Army and the Marine Corps. DOD guidance requires that all joint concepts have an implementation plan that includes measures and milestones that allow decision makers to gauge implementation progress.[33] Further, a stated purpose of the plan is to measure progress toward the development of a joint force able to project power despite A2/AD challenges. Internal control standards in the federal government also call for agencies to provide reasonable assurance to decision makers that their objectives are being achieved and that decision makers have reliable data to determine whether they are meeting goals and using resources effectively and efficiently.[34] Moreover, GAO's

[32]Currently, there are two supporting concepts, the Joint Concept for Entry Operations and the Air-Sea Battle Concept. Officials stated that there are several other supporting concepts that are being drafted, such as the Joint Concept for Rapid Aggregation. However, there are no current plans to include the Air-Sea Battle Concept in the implementation plan for the JOAC. While the Air-Sea Battle Concept is considered to be a supporting concept to the JOAC, it was issued before the JOAC, and the Air Sea Battle Office has developed its own implementation plan for the former. Joint Staff and Air Sea Battle Office officials stated that the two implementation plans may merge in the future.

[33]CJCSI 3010.02D.

[34]GAO/AIMD-00-21.3.1

Schedule Assessment Guide states that milestones and measures are essential for tracking an organization's progress toward achieving intermediate and long-term goals, and helping to identify critical phases of the project and the essential activities needed to be completed within given time frames.[35]

The draft JOAC Implementation Plan identifies four stages at which the working group is to assess implementation.

- *Implementation Actions.* The working group is to assess the progress made in implementing the discrete materiel and nonmateriel actions in the execution matrix.
- *Required Capabilities.* The working group is to assess progress in implementing each JOAC-required capability based on the progress made on completing the implementation actions relevant to that capability.
- *Operational Objectives.* The Implementation Plan organizes the required capabilities into four operational objectives—the broad goals a commander must achieve in order to project power despite A2/AD challenges.[36] The working group is to assess progress in implementing each operational objective based on the progress of the required capabilities aligned under each objective.
- *End State.* The working group is to assess progress in reaching the JOAC end state based on the implementation progress of the four operational objectives.

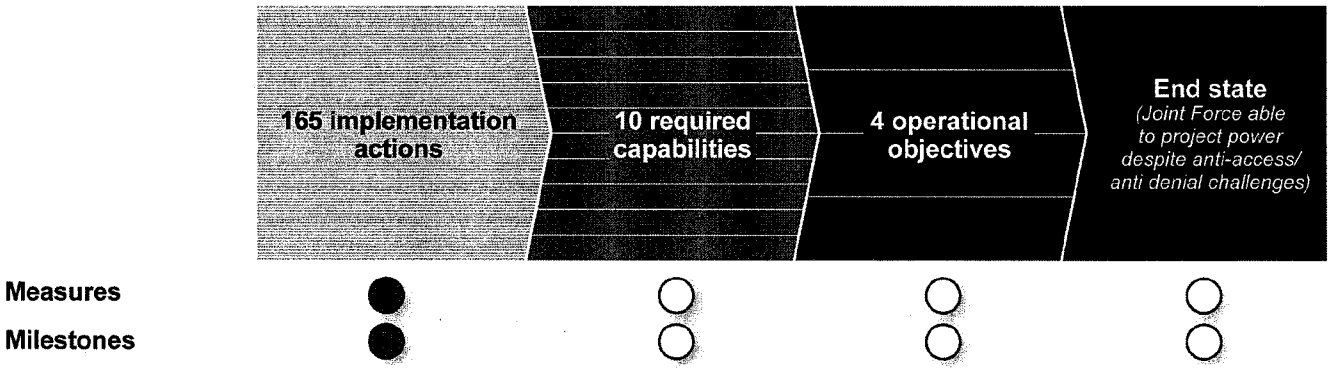
The draft 2014 JOAC Implementation Plan includes measures and milestones for the 165 identified implementation actions but not for the other three implementation stages. Specifically, the 165 actions will be assessed as being either complete or not yet complete, according to Joint

[35]GAO-12-120G

[36]The four operational objectives are to (1) gain and maintain cooperative regional advantage; (2) aggregate the force; (3) disrupt, destroy, and defeat A2/AD; and (4) conduct sustained operations. These operational objectives are similar to the first four phases of war—Phase 0 (shape), Phase 1 (deter), Phase 2 (seize initiative), and Phase 3 (dominate). Joint Staff officials stated that they did not use these phases because a commander may need to take action to address each objective simultaneously or in varying order. See Chairman, Joint Chiefs of Staff, Joint Publication 5-0, *Joint Operational Planning* (Washington, D.C.: Aug. 11, 2011).

Staff officials. However, Joint Staff officials stated the working group has not yet developed the necessary measures to gauge the extent to which required capabilities, operational objectives, or the end state have been implemented. For example, the working group has not yet developed measures for how the completion of an implementation action affects the completion of the required capability to which it is tied. In other words, the aggregate of the implementation actions will show how much work has been completed—i.e., the number of actions—but it will not show how much work remains to be completed to fully implement the required capability. Thus, even if DOD completed all 165 implementation actions identified in the first plan, it currently would not be able to determine the progress in implementing the 10 required capabilities. Figure 5 shows the stages at which the draft 2014 JOAC Implementation Plan has measures and milestones.

Figure 5: Draft 2014 Joint Operational Access Concept Implementation Plan Measures and Milestones



Source: GAO analysis of Department of Defense information. | GAO-14-801

Similarly, the draft 2014 JOAC Implementation Plan does not fully identify milestones for all four implementation stages. Specifically, the plan identifies milestones for the 165 implementation actions, but not for required capabilities, operational objectives, and the end state. Moreover, the 2014 plan does not indicate if or when milestones will be established. For example, the implementation plan does not identify when the required capability for expeditionary missile defense should be completed, and Army officials told us that plans for developing this high-priority capability may take decades. Additionally, the plan does not identify milestones for

implementing the operational objective related to engagement activities, which, as noted previously, is an area in which the Army and Marine Corps play primary roles.

Joint Staff officials emphasized that the 2014 JOAC Implementation Plan is the first of many iterations and was intended only to provide visibility of ongoing activities relevant to the top 10 JOAC-required capabilities. Joint Staff officials stated that they intend to include ways to assess overall implementation progress in future iterations of the plan. Specifically, the draft 2014 Implementation Plan states that the working group will establish a process to aggregate implementation actions in such a way as to allow it to gauge progress at the required capability, operational objective, and end state stages. However, the draft plan provides no detail about how or when this will be accomplished.

While DOD has stated its intent to assess progress in the future, its current planning lacks specifics about the measures it will employ and how it will set milestones to gauge that progress. Consequently, the draft 2014 plan is not fully consistent with DOD guidance, as well as federal internal control standards and GAO's *Schedule Assessment Guide*, that emphasize the importance of tracking an organization's progress toward achieving its goals. Without establishing specific measures and milestones in future iterations of the JOAC Implementation Plan, DOD will not be able to gauge JOAC implementation progress and assess whether efforts by the joint force, to include the Army and the Marine Corps, will achieve DOD's goals in desired time frames in the near and long terms. Specifically, if DOD does not have a means to assess implementation progress, it may lack assurance that Army and Marine Corps efforts to address areas such as engagement activities, entry operations, logistics support, and expeditionary missile defense fully align with the JOAC. Moreover, without an effective implementation plan that allows decision makers to track progress over time, DOD will not have the assurance that it will be able to provide commanders with the forces they need to overcome A2/AD challenges envisioned to be faced by the joint force of 2020.

Conclusions

The proliferation of relatively low-cost advanced technologies and the emergence of space and cyberspace as contested domains, along with the change in U.S. overseas defense posture, present DOD with a future operational environment that no longer includes the unimpeded operational access DOD has enjoyed for decades. As potential adversaries develop strategies aimed at preventing the U.S. military from

arriving at the fight and complicating its freedom of action once there, DOD's planning has shifted to focus on how to maintain its ability to project power into operational areas. While DOD may have initially emphasized the role of the Air Force and Navy in overcoming A2/AD challenges, the Army and the Marine Corps also have primary roles to play and are beginning to address these challenges.

DOD's effort to develop an implementation plan is a significant step and provides the foundation for a roadmap to move the JOAC from concept to implementation. However, since it does not yet include specific measures and milestones that would allow DOD to gauge JOAC implementation progress, it is not yet clear the extent to which efforts across the department to address A2/AD challenges, including those of the Army and Marine Corps, support JOAC implementation, or whether current efforts align with JOAC implementation time frames. Given that some of the department's efforts to address JOAC-required capabilities, such as the Army's work on missile defense, may take many years, a means to assess progress is essential. Specifically, fully establishing measures and milestones would clarify what additional steps the Army and Marine Corps may need to take to align their current efforts to address A2/AD challenges—including with respect to their key roles in engagement activities, entry operations, logistics support, and missile defense—with the required capabilities in the JOAC. Until future iterations of the JOAC Implementation Plan contain specific measures and milestones to gauge progress, DOD may find it difficult to judge whether it is on target to meet its overall goal of ensuring the joint force of 2020 can operate effectively in an A2/AD environment.

Recommendation for Executive Action

To improve DOD's ability to assess *Joint Operational Access Concept* implementation, including the contribution of the Army and the Marine Corps, we recommend that the Secretary of Defense direct the Joint Staff, in coordination with the Army, the Marine Corps, and other members of the working group, to establish specific measures and milestones in future iterations of the JOAC Implementation Plan to gauge how individual implementation actions contribute in the near and long terms to achieving the required capabilities, operational objectives, and end state envisioned by the department.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. DOD provided written comments, which are summarized below and reprinted in appendix II. In its written comments, DOD partially concurred with the report's recommendation to establish specific measures and milestones in future iterations of the JOAC Implementation Plan to gauge how individual implementation actions contribute in the near and long term to achieving the required capabilities, operational objectives, and end state envisioned by the department.

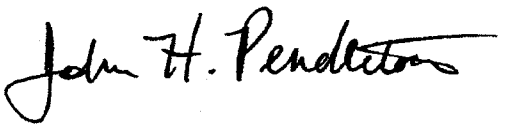
In its comments, the department stated that it had previously recognized the need to assess JOAC implementation progress and that it had already begun to develop specific measures and milestones and would incorporate them into annual updates of the JOAC Implementation Plan. We noted in the report that DOD intended to include ways to assess overall implementation progress in future iterations of the implementation plan but that the draft 2014 plan did not fully establish specific measures and milestones to assess progress or provide detail for how progress would be assessed or when this would be accomplished. As also noted in the report, it is important that specific measures and milestones move beyond being able to assess progress of individual implementation actions and expand to allow the department to gauge JOAC implementation progress and assess whether efforts by the joint force, to include the Army and the Marine Corps, will achieve DOD's goals in desired time frames in the near and long terms. In doing so, DOD will be better positioned to judge whether it is on target to meet its overall goal of ensuring the joint force of 2020 can operate effectively in an A2/AD environment.

DOD also provided technical comments, which we have incorporated as appropriate.

We are sending copies of this report to appropriate congressional committees, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Secretary of the Army, and the Commandant of the Marine Corps. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3489 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

John H. Pendleton



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Appendix I: Joint Operational Access Concept Required Capabilities

The *Joint Operational Access Concept* (JOAC) identifies 30 capabilities considered essential to the implementation of the concept and what the future joint force will need to gain operational access in an opposed environment. According to the JOAC, the list of required capabilities is neither complete nor prioritized but provides a baseline for further analysis and concept development. The JOAC organizes the required capabilities in eight categories as described below.

Command and Control

1. The ability to maintain reliable connectivity and interoperability among major warfighting headquarters and supported/supporting forces while en route.
2. The ability to perform effective command and control in a degraded and/or austere communications environment.
3. The ability to create sharable, user-defined operating pictures from a common database to provide situational awareness (including friendly, enemy, and neutral situations) across the domains.
4. The ability to integrate cross-domain operations, to include at lower echelons, with the full integration of space and cyberspace operations.
5. The ability to employ mission command to enable subordinate commanders to act independently in consonance with the higher commander's intent and effect the necessary cross-domain integration laterally at the required echelon.

Intelligence

6. The ability of operational forces to detect and respond to hostile computer network attack in an opposed access situation.
7. The ability to conduct timely and accurate cross-domain all-source intelligence fusion in an opposed access situation.
8. The ability to develop all categories of intelligence in any necessary domain in the context of opposed access.

Fires

9. The ability to locate, target, and suppress or neutralize hostile anti-access and area denial capabilities in complex terrain with the necessary range, precision, responsiveness, and reversible and permanent effects while limiting collateral damage.
10. The ability to leverage cross-domain cueing to detect and engage in-depth to delay, disrupt, or destroy enemy systems.

	11. The ability to conduct electronic attack and computer network attack against hostile anti-access/area denial capabilities.
	12. The ability to interdict enemy forces and materiel deploying to an operational area.
Movement and Maneuver	13. The ability to conduct and support operational maneuver over strategic distances along multiple axes of advance by air and sea.
	14. The ability to "maneuver" in cyberspace to gain entry into hostile digital networks.
	15. The ability to conduct en route command and control, mission planning and rehearsal, and assembly of deploying forces, to include linking up of personnel and prepositioned equipment.
	16. The ability to conduct forcible entry operations, from raids and other limited-objective operations to the initiation of sustained land operations.
	17. The ability to mask the approach of joint maneuver elements to enable those forces to penetrate sophisticated anti-access systems and close within striking range with acceptable risk.
Protection	18. The ability to defeat enemy targeting systems, including their precision firing capabilities.
	19. The ability to provide expeditionary missile defense to counter the increased precision, lethality, and range of enemy anti-access/area denial systems.
	20. The ability to protect and, if necessary, reconstitute bases and other infrastructure required to project military force, to include points of origin, ports of embarkation and debarkation, and intermediate staging bases.
	21. The ability to protect forces and supplies deploying by sea and air.
	22. The ability to protect friendly space forces while disrupting enemy space operations.
	23. The ability to conduct cyber defense in the context of opposed access.
Sustainment	24. The ability to deploy, employ, and sustain forces via a global network of fixed and mobile bases, to include seabasing.

25. The ability to quickly and flexibly establish nonstandard support mechanisms, such as the use of commercial providers and facilities.
26. The ability to plan, manage, and integrate contractor support in the context of operations to gain operational access in the face of armed resistance.

Information

27. The ability to inform and influence selected audiences to facilitate operational access before, during, and after hostilities.

Engagement

28. The ability to develop relationships and partnership goals and to share capabilities and capacities to ensure access and advance long-term regional stability.
29. The ability to secure basing, navigation, and overflight rights and support agreements from regional partners.
30. The ability to provide training, supplies, equipment, and other assistance to regional partners to improve their access capabilities.

Appendix II: Comments from the Department of Defense

OFFICE OF THE UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2000

POLICY

Mr. John H. Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G. Street, NW
Washington, DC 20548

Dear Mr. Pendleton:

This is the Department of Defense response to the Government Accountability Office (GAO) draft report GAO-14-801, "DOD Needs Specific Measures and Milestones to Gauge Progress of Preparations for Operational Access Challenges," dated September 2014 (GAO Code 351833). The Department partially concurs with the recommendation in the report (see Enclosure A for details). The GAO report indicates, and the Department agrees, that it is important to assess the progress of the Joint Operational Access Concept Implementation Plan. The Department notes that it had already begun developing specific measures and milestones within the Implementation Plan, as recommended by the GAO, and will continue to refine these tracking tools in the future.

The Department appreciates the opportunity to respond to your draft report. We look forward to your continued cooperation and dialogue toward improving ongoing and future work to prepare for operational access challenges. Should you have any questions, please contact Col Bill Vivian, (703) 697-4001, william.h.vivian.mil@mail.mil.

Sincerely,

Robert M. Scher
Acting Deputy Under Secretary of Defense for
Strategy, Plans, and Forces

GAO DRAFT REPORT DATED JULY 31, 2014
GAO-14-801 (GAO CODE 351833)

"DEFENSE PLANNING: DOD NEEDS SPECIFIC MEASURES AND MILESTONES TO GAUGE PROGRESS OF PREPARATIONS FOR OPERATIONAL ACCESS CHALLENGES"

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION: The GAO recommends the following: "To improve DoD's ability to assess Joint Operational Access implementation, including the contribution of the Army and the Marine Corps, we recommend that the Secretary of Defense direct the Joint Staff, in coordination with the Army, the Marine Corps, and other members of the working group, to establish specific measures and milestones in future iterations of the JOAC Implementation Plan to gauge how individual implementation actions contribute in the near and long term to achieving the required capabilities, operational objectives, and end state envisioned by the department."

DoD RESPONSE: The Department partially concurs with the GAO recommendation. As GAO notes in the report, DoD's effort to develop an implementation plan is a significant step and provides the foundation for executing the JOAC concept. The GAO helpfully observed that implementation would be aided by specific measures and milestones. The Department, in line with the GAO recommendations, had previously recognized the need to assess progress as the concept is implemented and consequently, had already begun to develop specific measures and milestones to track this progress that will be incorporated in annual updates to the JOAC Implementation Plan.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

John H. Pendleton, (202) 512-3489 or pendletonj@gao.gov

Staff Acknowledgments

In addition to the contact named above, Patricia Lentini, Assistant Director; Margaret Morgan, Assistant Director; Carolynn Cavanaugh; Colin Chambers; Nicolaas Cornelisse; Amie Steele; and Erik Wilkins-McKee made key contributions to this report.

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GAO-14-11R

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July 31, 2014

Congressional Committees

Active and Reserve Unit Costs: DOD Report to Congress Generally Addressed the Statutory Requirements but Lacks Detail

During the past decade, the Department of Defense (DOD) has had to rely heavily upon its reserve components—the Army National Guard, Army Reserve, Air Force Reserve, Air National Guard, Marine Corps Reserve, and Navy Reserve—to meet operational requirements. The extended use of, and high demand for, reserve-component forces for operations over the past 11 years has meant that their role evolved from serving primarily as a strategic reserve, used to supplement active-duty forces, to being used operationally in ongoing rotational deployments. Facing a reduction in demand from the drawdown of operations in Afghanistan and Iraq and anticipated budget constraints, DOD has proposed reducing the military end strength of both the active and reserve components. The President's fiscal year 2015 budget submission for DOD recommended reducing active duty Army end strength to between 440,000 to 450,000 soldiers,[1] Army National Guard end strength to 335,000 soldiers, and Army Reserve end strength to 195,000 soldiers. However, the defense strategic guidance,[2] issued in January 2012, states that such reductions must be balanced with preparation for future challenges and protection of the broad range of U.S. national security interests. One key to achieving this balance is determining the most appropriate and cost-effective mix of active and reserve forces within the total force.

The National Defense Authorization Act for Fiscal Year 2012, Section 1080A,[3] required the Secretary of Defense to submit to the congressional defense committees a report describing the costs of units of the reserve and active components of the armed forces and required DOD to include certain statutory elements, including the following:

1. An analysis of the costs of a sample of deployable units of the active components of the Armed Forces and the costs of a sample of similar deployable units of the reserve components of the Armed Forces. Units of the active components and reserve components shall be treated as similar if such units have the same table of organization and equipment or, as applicable, the same size, structure, personnel, or deployed mission.

[1]Department of Defense, *United States Department of Defense Fiscal Year 2015 Budget Request Overview* (March 2014).

[2]Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (January 2012).

[3]Pub. L. No.112-81, §1080A (2011). DOD was mandated to submit its report 180 days after enactment of the National Defense Authorization Act for Fiscal Year 2012 or by June 28, 2012. DOD submitted its report to Congress December 20, 2013.

2. An assessment of the advisability of retaining, decreasing, or increasing the number and capability mix of units and end strengths of the reserve components of the Armed Forces within the total force structure of the Armed Forces.

3. The current and most likely anticipated demands for military capabilities in support of the National Military Strategy, including the capability and deployment timeline requirements of the contingency plans of the combatant commands.

4. Authorities available to access the reserve components of the Armed Forces for Federal missions.

5. Personnel, equipment, and training readiness, and the cost to sustain, mobilize, achieve required pre-deployment readiness levels, and deploy active component units and reserve component units.

The Fiscal Year 2012 National Defense Authorization Act further mandated GAO to submit to the congressional defense committees an evaluation of DOD's report.[4] We examined the extent to which DOD's report addressed the required statutory elements and the report's strengths and potential limitations. We provided a briefing on our results to the congressional defense committees' staffs on June 18, 2014. This report formally transmits the results of our work in response to this mandate (see enclosure).

To assess the extent to which DOD's report addressed the statutory requirements, we used a scorecard methodology in which two analysts independently assessed the extent to which the report's content addressed, partially addressed, or did not address each of the required elements.[5] To inform our analysis, we met with officials from Office of the Director, Cost Assessment and Program Evaluation (CAPE); Office of the Assistant Secretary of Defense (Reserve Affairs); National Guard Bureau; Air Force; Army; and Navy to discuss the process by which the report content was developed. When we found instances where DOD's report partially addressed or did not address the statutory requirements, we met with DOD officials to obtain their perspectives on the possible reasons for the omission and the potential effects on force-structure planning. To determine the report's strengths and potential limitations, we identified alternative approaches for analyzing active and reserve force structure and compared these approaches with DOD's report. To identify alternative approaches, we conducted a literature review and interviewed agency officials and external experts. We used an expert referral sampling approach to determine the most relevant studies and experts to include in our analysis.[6] The studies we reviewed included related DOD reports, such as the *Comprehensive Review of the Future Role of the Reserve Component*; external studies, such as RAND's *Assessing the Army's Active/Reserve Force Mix (FOUO)*; RAND's *Costs of Flying Units in Air*

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[4] DOD, *Unit Cost and Readiness for the Active and Reserve Components of the Armed Forces* (December 2013).

[5] We defined our scoring methodology as follows: *Addressed*: A statutory reporting requirement was scored as addressed when DOD's report explicitly addressed all parts of the individual requirement. *Partially addressed*: A statutory reporting requirement was scored as partially addressed when DOD's report explicitly addressed at least one or more parts of the requirement but not all parts. *Not addressed*: A statutory reporting requirement was scored as not addressed when DOD's report did not explicitly address any part of the required statutory element.

[6] An expert referral sample includes an initial list of experts, each of whom is asked for referrals to additional people, who are then interviewed and asked for referrals, and so on. We repeated this process until the same studies and experts were consistently being identified. Because this is a nongeneralizable sample, our review cannot be used to make inferences about the full range of expert analysis on force structure cost alternatives. We also did not validate the findings and recommendations of these studies.

Force Active and Reserve Components; Institute for Defense Analyses' *Analyzing the Costs of Alternative Army Active/Reserve Force Mixes*; National Commission on the Structure of the Air Force's *Report to the President and Congress of the United States*; and prior GAO work.[7] We also met with Army and Air Force officials to discuss how the principles described in DOD's report are applied in their active and reserve force-mix decision making process. We focused this work on the Army and Air Force because their reserve components are large in proportion to their active components, unlike the Navy and Marine Corps.

We conducted this performance audit from February 2014 to July 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, DOD's report addressed or partially addressed the statutory reporting requirements, but could have included more detailed information to give policymakers better insight into affordability and other active and reserve force-mix issues. DOD's report addressed two elements by including a cost analysis of one similar, deployable active and reserve unit for each of the armed services, and by identifying all of the major Title 10 U.S. Code statutes available to access the reserve component for federal missions. However, DOD's report partially addressed other statutory elements; for example, DOD's report did not include detail about the specific capabilities that are in demand today, nor did it specifically identify the most likely anticipated demands for military capabilities in the future. Table 1 summarizes the results of our analysis.

[7]See in particular GAO, *Human Capital: Opportunities Exist to Further Improve DOD's Methodology for Estimating the Costs of Its Workforces,* GAO-13-792 (Washington, D.C.: Sept. 25, 2013); and *Reserve Forces: Army Needs to Reevaluate Its Approach to Training and Mobilizing Reserve Component Forces*, GAO-09-720 (Washington, D.C.: July 17, 2009).

Table 1: GAO's Assessment of DOD's Report Addressing Statutory Requirements

Element	GAO assessment	Assessment summary
1	Addressed	The report includes a yearly average cost analysis of one similar, deployable active and reserve unit for the Army, Air Force, Navy, and Marine Corps.
2	Partially addressed	DOD's report discusses the active- and reserve-component capability mix across a variety of mission areas in the services and provides a rationale for the mix. The report does not explicitly discuss the advisability of retaining, decreasing, or increasing the size or capability mix of the reserve component.
3	Partially addressed	DOD's report addresses the current and most likely anticipated demands for military capabilities in broad terms. The report does not include detail about the specific capabilities that are in demand today and does not specifically identify the most likely anticipated demands for military capabilities or identify the capability and deployment timeline requirements of the contingency plans of the combatant commands.
4	Addressed	The report identifies all of the major Title 10 U.S. Code statutes available to access the reserve component for federal missions and states the intended utilization requirements as provided by law for each.
5	Partially addressed	The report identifies the costs to sustain and the incremental costs to achieve predeployment readiness for the sample of active- and reserve-component units in the aggregate and identifies what portion of the costs to sustain are attributable to personnel. The report does not include the cost to deploy active- and reserve-component units, nor does it include equipment costs in its unit-cost calculations.

Source: GAO analysis. | GAO-14-711R

Note: *Addressed*: A statutory reporting requirement was scored as addressed when DOD's report explicitly addressed all parts of the individual requirement; *Partially addressed*: A statutory reporting requirement was scored as partially addressed when DOD's report explicitly addressed at least one or more parts of the requirement but not all parts.

In addition, we found that DOD's report exhibited four strengths. First, the report provides a basic framework for understanding force mix and identifies the factors that play a key role in force-mix decisions. Next, it includes a comparable, relevant example unit from each service in its respective active and reserve unit-cost analysis, and the Army, Air Force, and Marine Corps examples are considered pacing units, or units that critically impact the service's primary mission or the wartime tasks within the service's operational domain. Third, the report uses a "burdened personnel cost" that includes noncompensation costs, such as health care and family housing, in order to more fully illustrate defense-related active and reserve personnel costs. DOD officials told us that the burdened cost they developed included the most readily available and agreed-upon cost elements for making force-mix cost comparisons. Finally, DOD reached consensus among the services and other stakeholders regarding the conclusions and data in the report, which DOD officials told us was a strength of the report given the significant differences among how the different services use their reserve components.

We also identified two limitations of the report:

- First, the report does not address the relative costs of active- and reserve-component units to achieve a similar operational capacity, or ability to meet a given level of demand, under DOD rotational policy. Individual reserve-component units are generally less costly than similar active-component units but, due to DOD rotational policy, more than one reserve-component unit is needed to achieve the same output as a single active-component unit.

Therefore, in some cases, using reserve units to achieve the same operational capacity over time may be more costly than using active units.

- Second, the report does not consider or comment on the effectiveness of either active- or reserve-component units when compared to each other. DOD officials told us that there are differences across the services in the way that reserve-component units are employed, so it would be difficult to generalize about their relative effectiveness. The officials told us that it is a generally accepted principle that in most cases, similar active and reserve units should have comparable levels of effectiveness after completing sufficient training; however, they added that data for measuring active- and reserve-unit effectiveness are limited and inconsistently collected. Because the report does not include a discussion of active- and reserve-unit effectiveness, the extent to which the unit-cost comparisons presented in the report can be used to inform force-mix decisions is limited.

We are not making recommendations in this report.

Agency Comments

DOD reviewed a draft of this report but did not provide formal agency comments. DOD did provide technical comments, and we incorporated those changes where appropriate.

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We are sending copies of this report to the appropriate congressional committees and to the Secretary of Defense. The report is also available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3489 or PendletonJ@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report include Kevin O'Neill, Assistant Director; Shawn Arbogast; Tracy Barnes; Timothy Carr; Pat Donahue; Mary Pitts; Terry Richardson; and Cheryl Weissman.

John H. Pendleton
Director
Defense Capabilities and Management

Enclosure

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Enclosure

Active and Reserve Unit Costs

DOD Report to Congress Generally Addressed the Statutory Requirements but Lacks Detail

Briefing for Congressional Defense Committees

June 2014

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- Background
- Addressing Statutory Requirements
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GAO

Introduction

- During the past decade, the Department of Defense (DOD) has had to rely heavily upon its reserve components—the Army National Guard, the Army Reserve, the Air Force Reserve, the Air National Guard, the Marine Corps Reserve, and Navy Reserve—to meet operational requirements.
- The extended use of, and high demand for, reserve-component forces for operations over the past 11 years has meant that their role has evolved from serving primarily as a strategic reserve, used to supplement active-duty forces, to being used operationally in ongoing rotational deployments.
- Facing a reduction in demand from the drawdown of operations in Afghanistan and Iraq and anticipated budget constraints, DOD has proposed reducing the military end strength of both the active and reserve components. However, the defense strategic guidance,[1] issued in January 2012, states that such reductions must be balanced with preparation for future challenges and protection of the broad range of U.S. national security interests.
- One key to achieving this balance is determining the most appropriate and cost-effective mix of active and reserve forces within the total force.

[1]Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (January 2012).

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Introduction (cont.): National Defense Authorization Act Requirement

The National Defense Authorization Act for Fiscal Year 2012, Section 1080A, required the Secretary of Defense to submit to the congressional defense committees a report describing the costs of units of the reserve and active components of the armed forces and required DOD to include certain statutory elements, as shown in table 1:

Table 1: Required Statutory Elements for DOD Report to Congress on Active and Reserve Unit Costs

Element 1	Element 2	Element 3	Element 4	Element 5
An analysis of the costs of a sample of deployable units of the active components of the Armed Forces and the costs of a sample of similar deployable units of the reserve components of the Armed Forces. Units of the active components and reserve components shall be treated as similar if such units have the same table of organization and equipment or, as applicable, the same size, structure, personnel, or deployed mission.	*An assessment of the advisability of retaining, decreasing, or increasing the number and capability mix of units and end strengths of the reserve components of the Armed Forces within the total force structure of the Armed Forces.*	*The current and most likely anticipated demands for military capabilities in support of the National Military Strategy, including the capability and deployment timeline requirements of the contingency plans of the combatant commands.*	*Authorities available to access the reserve components of the Armed Forces for Federal missions.*	*Personnel, equipment, and training readiness, and the cost to sustain, mobilize, achieve required predeployment readiness levels, and deploy active component units and reserve component units.*

Source: Pub. L. No.112-81, §1080A (2011). | GAO-14-711R

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Introduction (cont.): DOD's Report

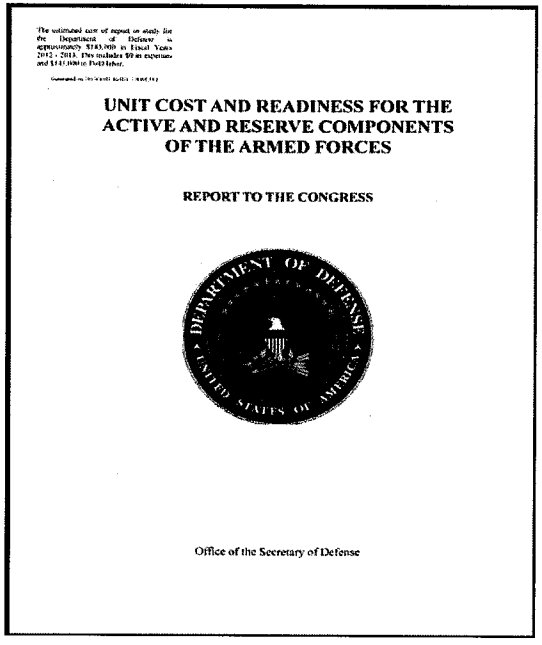
DOD's report, submitted to Congress in December 2013, consists of two main sections:

- Active and Reserve Component Mix: Describes how DOD determines the right mix of its active and reserve forces and the factors that DOD considers in force-mix decisions.
- Cost: Compares individual and unit costs for active-component and reserve-component units.
  - Provides individual cost comparisons for active and reserve members using three different pay grades as examples (O-5, E-7, and E-4).
  - Provides unit-cost comparisons using one unit from each service that is similar in both the active and reserve component as examples.

DOD's report lays out three overall conclusions:

- Cost is one factor among many in force-mix decisions. Mission accomplishment is paramount, so mission-related factors are typically given priority. Cost can be useful in situations where the mission-related factors do not point to a clear choice.
- When not in use, reserve-component personnel are about 15 percent the cost of active-component personnel. When used, reserve-component personnel are 80 to 95 percent the cost of active-component personnel.
- Active and reserve unit costs vary widely based on unit type.

Figure 1: Department of Defense (DOD) Report on Unit Cost and Readiness for the Active and Reserve Components



UNIT COST AND READINESS FOR THE ACTIVE AND RESERVE COMPONENTS OF THE ARMED FORCES

REPORT TO THE CONGRESS

Office of the Secretary of Defense

Source: DOD. | GAO-14-711R

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Objective

The National Defense Authorization Act for Fiscal Year 2012 further mandated GAO to submit to the congressional defense committees an evaluation of the DOD report.

Our specific objective is to examine the following question:

To what extent does DOD's report address the required statutory elements, and what are the report's strengths and potential limitations?

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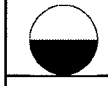
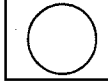
Scope and Methodology

- To assess the extent to which DOD's report addressed the statutory requirements, we use a scorecard methodology in which two analysts independently assessed the extent to which the report's content addressed each one of the requirements (see figure 2 for our scoring methodology).

Figure 2: GAO Scoring Methodology

	Addressed: A statutory reporting requirement was scored as addressed when the Department of Defense's (DOD) report explicitly addressed all parts of the individual requirement.
	*Partially addressed*: A statutory reporting requirement was scored as partially addressed when DOD's report explicitly addressed at least one part of the requirement but not all parts.
	*Not addressed*: A statutory reporting requirement was scored as not addressed when DOD's report did not explicitly address any part of the required statutory element.

Source: GAO. | GAO-14-711R

- To inform our analysis, we met with officials from Office of the Director, Cost Assessment and Program Evaluation (CAPE); Office of the Assistant Secretary of Defense (Reserve Affairs); National Guard Bureau; Air Force; Army; and Navy to discuss the process by which the report content was developed.
- When we found instances where DOD's report partially addressed or did not address the statutory requirements, we met with DOD officials to obtain their perspective on the possible reasons for the omission and the potential effects on force-structure planning.

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Scope and Methodology (cont.)

- To determine the report's strengths and potential limitations, we identified alternative approaches for analyzing active and reserve force structure and compared these approaches with DOD's report.
- To identify alternative approaches, we conducted a literature review and interviewed agency officials and external experts. We used an expert referral sampling approach to determine the most relevant studies and experts to include in our analysis.
  - An expert referral sample includes an initial list of experts, each of whom is asked for referrals to additional people, who are then interviewed and asked for referrals, and so on. We repeated this process until the same studies and experts were consistently being identified.
- The studies we reviewed included the following:
  - related DOD reports, such as *Comprehensive Review of the Future Role of the Reserve Component*;
  - external studies, such as RAND's *Assessing the Army's Active/Reserve Force Mix (FOUO)*; RAND's *Costs of Flying Units in Air Force Active and Reserve* Components; Institute for Defense Analyses' *Analyzing the Costs of Alternative Army Active/Reserve Force Mixes*; and National Commission on the Structure of the Air Force's *Report to the President and Congress of the United States*; and
  - prior GAO work, such as GAO-13-792[2] and GAO-09-720.[3]

[2]GAO, *Opportunities Exist to Further Improve DOD's Methodology for Estimating the Costs of Its Workforces*, GAO-13-792 (Washington, D.C.: Sept. 25, 2013).
[3]GAO, *Army Needs to Reevaluate Its Approach to Training and Mobilizing Reserve Component Forces*, GAO-09-720 (Washington, D.C.: July 17, 2009).

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Scope and Methodology (cont.)

- Because this is a nongeneralizable sample, our review cannot be used to make inferences about the full range of expert analysis on force-structure cost alternatives.
- We also did not validate the findings and recommendations of these studies.

- We also met with Army and Air Force officials to discuss how the principles described in DOD's report are applied in their active and reserve force-mix decision making process.
  - We focused this work on the Army and Air Force because their reserve components are large in proportion to their active components, unlike the Navy and Marine Corps.
- We reviewed our methodology and preliminary findings contained in this draft with the DOD official responsible for preparing DOD's report.
  - The official agreed that our methodology was reasonable.
  - We incorporated technical comments as appropriate.

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Summary of Findings

Addressing Statutory Requirements

- DOD's report addressed or partially addressed the statutory requirements but could have included more detailed information to give policymakers better insight into affordability and other active and reserve force-mix issues (figure 3).

Figure 3: Summary of GAO's Assessment of the Department of Defense (DOD) Report: Addressing Statutory Requirements

Element	GAO assessment	Summary
1	●	The report includes a yearly average cost analysis of one similar, deployable active and reserve unit for the Air Force, Army, Marines Corps, and Navy.
2	◒	DOD's report discusses the active- and reserve-component capability mix across a variety of mission areas in the services and provides a rationale for the mix. The report does not explicitly discuss the advisability of retaining, decreasing, or increasing the size or capability mix of the reserve component.
3	◒	DOD's report addresses the current and most likely anticipated demands for military capabilities in broad terms. The report does not include detail about the specific capabilities that are in demand today and does not specifically identify the most likely anticipated demands for military capabilities or identify the capability and deployment timeline requirements of the contingency plans of the combatant commands.
4	●	The report identifies all of the major Title 10 U.S. Code statutes available to access the reserve component for federal missions and states the intended utilization requirements as provided by law for each.
5	◒	The report identifies the costs to sustain and the incremental costs to achieve predeployment readiness for the sample active- and reserve-component units in the aggregate and identifies what portion of the costs to sustain are attributable to personnel. The report does not include the cost to deploy active- and reserve-component units. The report also does not include equipment costs in its unit-cost calculations.

Source: GAO analysis of DOD's report. | GAO-14-711R

● Addressed ◒ Partially addressed ○ Not addressed

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Summary of Findings (cont.)

Strengths and Potential Limitations

- Among its strengths, DOD's report was effective in discussing personnel and unit costs, the factors that play a key role in active and reserve force-mix decisions, and the services' current force structure.
  - For example, the report develops a "burdened personnel cost" that includes noncompensation costs, such as health care and family housing, in order to more fully illustrate defense-related active and reserve personnel costs.
  - Using this burdened personnel cost, the report concludes that reserve-component personnel cost less than active-component personnel, even when in use.

- However, in addition to the partially addressed reporting elements, we identified other potential limitations.
  - The report does not address the relative costs for active- and reserve-component units to achieve a similar operational capacity and does not address whether active- and reserve-component units are equally effective in performing the same mission.
  - Because of these potential limitations, the extent to which the unit-cost comparisons presented in the report can be used to inform force-mix decisions is limited.

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Background

- A significant number of armed forces personnel are in the reserve component, as shown in table 2.

Table 2: Fiscal Year 2014 Authorized Active and Reserve End Strength, by Service

	Air Force	Army	Marine Corps	Navy
Active	327,600	520,000	190,200	323,600
Reserve (All)	175,800	559,200	39,600	59,100
National Guard	105,400	354,200	—	—
Reserves	70,400	205,000	39,600	59,100

Source: Public Law 113-66, Sec. 401, 411. | GAO-14-711R

- The President's fiscal year 2015 budget submission for DOD recommended reducing active-duty Army end strength to between 440,000 to 450,000 soldiers, Army National Guard end strength to 335,000 soldiers, and Army Reserve end strength to 195,000 soldiers.
- Although active-duty service members are full-time—365 days per year—military personnel, reserve-component members in drill status are required to train for at least 1 weekend a month plus 2 additional weeks per year, for a minimum total of 39 days of training a year. The actual number of days an individual reserve-component member serves per year will vary based on skill, unit type, and service readiness goals.
- When routine operational deployments are needed, DOD's rotational policy states that the rotational goal for the active component is no more than 1 year of deployment in every 3-year period. The goal for the reserve component is no more than 1 year of mobilization in every 6-year period. These goals, known as deploy-to-dwell or mobilization-to-dwell ratios, are typically written as 1:2 (active) and 1:5 (reserve) and can vary depending on operational demands.

GAO

Addressing Statutory Requirements

Figure 4: GAO's Assessment of Statutory Element 1

Department of Defense (DOD) Report on Unit Cost and Readiness for the Active and Reserve Components	GAO Assessment
What DOD Reported	
The report includes a yearly average cost analysis of one similar, deployable active and reserve unit for the Air Force, Army, Marine Corps, and Navy. The units selected for comparison either have similar tables of organization and equipment, structure, personnel, or deployed mission, or are the same size. In addition, the report presents unit-cost data, notes differences between the active and reserve unit costs, and provides information about the incremental costs associated with the deployment of the active- and reserve-component example units.	●
What GAO Found	
We determined that this element was addressed, as the report includes a comparison of similar unit types in the active and reserve components. DOD could have provided a larger sample of units, which would have improved the depth and quality of its analysis. DOD officials told us that including more unit examples would have provided additional support for the report's conclusion that unit costs vary widely based on unit type. DOD considered including more sample units in the analysis, but decided to include one example unit from each service branch for two reasons: (1) DOD wanted to represent each service equitably in the report by depicting the same number of unit comparisons for each service; and (2) the services varied in their abilities to provide useful cost comparisons between active and reserve units. For example, the Army had existing models that could provide unit-cost data for a variety of comparable active and reserve unit types, but the other services did not have models that could readily generate this information. Each service was responsible for developing the unit-cost example used to illustrate its respective costs in the report; therefore, to treat them equitably without imposing a data-collection burden, DOD decided that using one example unit from each service was an appropriate way to illustrate the unit cost and readiness process. However, without a representative sample from each of the services, the extent to which conclusions about unit costs can be generalized to the larger population of units is unclear.	

Source: GAO analysis of DOD's report. | GAO-14-711R

● Addressed ◒ Partially addressed ○ Not addressed

Addressing Statutory Requirements (cont.)

Figure 5: GAO's Assessment of Statutory Element 2

Department of Defense (DOD) Report on Unit Cost and Readiness for the Active and Reserve Components *Element 2: An assessment of the advisability of retaining, decreasing, or increasing the number and capability mix of units and end strengths of the reserve components of the Armed Forces within the total force of the Armed Forces*	GAO Assessment
What DOD Reported DOD's report discusses and provides a rationale for the programmed future active and reserve component capability mix across a variety of mission areas in the services at the time of the President's fiscal year 2013 budget submission. The report discusses why certain mission duties are better suited to an active or reserve unit and quantifies the reserve presence in the largest mission areas for each service type. The report states that mission duties that are most appropriate for the active component are those that involve collective training for large capital-intensive units, unpredictable or frequent deployments, or perishable military skills that degrade if not used regularly, such as special operations forces. In the Army, combat maneuver units are predominantly in the active component because they require a level of readiness that cannot be maintained in the reserve component because of their extensive large-unit training demands. According to the report, activities that are most appropriate for the reserve component are those involving individual or small-unit skills, those that are predictable, do not require forward stationing, or those that are transferrable to or from civilian life. In the Army, the majority of such units—including engineers, military police, transportation, and medical—are in the reserve components.	◒
What GAO Found We determined that this element was partially addressed, as the report does not explicitly discuss the advisability of retaining, decreasing, or increasing the size or capability mix of the reserve component. DOD officials agreed with our assessment but stated that analyzing the advisability of retaining, decreasing, or increasing the size or capability mix of the reserve component would have been redundant to DOD's budget process. Officials stated that, when preparing the annual budget request, the services and DOD assess the advisability of increasing, decreasing, or retaining the number and capability mix of units and end strengths of the reserve component. Therefore, according to DOD, the budget estimate represents DOD's best estimate of the appropriate active - and reserve-component mix. However, DOD's report does not convey this rationale to the reader, or otherwise comment on the advisability of adjusting the reserve-component force structure. Because it does not discuss or analyze potential changes to the size and capability mix of the reserve component, the report does not inform the reader about the tradeoffs and choices involved in active and reserve force-mix decision making and does not inform the reader about the effect of changes in the active and reserve force mix on the overall capability or effectiveness of the military.	

Source: GAO analysis of DOD's report. | GAO-14-711R

● Addressed ◒ Partially addressed ○ Not addressed

GAO

Addressing Statutory Requirements (cont.)

Figure 6: GAO's Assessment of Statutory Element 3

Department of Defense (DOD) Report on Unit Costs and Readiness for the Active and Reserve Components: Element 3: [illegible]	GAO Assessment
What DOD Reported	
DOD's report addresses the current and most likely anticipated demands for military capabilities in broad terms. The report states that the defense strategic guidance requires "a force large enough to deny the objectives of, or impose unacceptable costs on, an opportunistic aggressor in a second region while forces are committed to large-scale operations in another region." The report addresses the capability requirements of the combatant commands in similarly broad terms. It describes the types of demand for military capabilities for which the services plan and asserts that these are the capability requirements. These include: forward presence, homeland defense, surge, and postsurge or stability operations.	◒
What GAO Found	
We determined that this element was partially addressed, as the report does not include detail about the specific capabilities that are in demand today, and does not specifically identify the most likely anticipated demands for military capabilities or identify the capability and deployment timeline requirements of the contingency plans of the combatant commands. In addition, the report does not specifically identify how demand for military capabilities is expected to change in the future. DOD officials told us that they did not include such details because they wanted the report to focus on active and reserve force-mix factors and cost. Additionally, according to DOD officials, during the period the report was being written, the services had not reached consensus on how to implement the new defense strategic guidance, which was issued in January 2012. They also told us that including information about current and anticipated capability demands would have required a classified annex which, according to the officials, would have detracted from the overall message of the report and its focus on force-mix decision making. However, the statutory reporting requirements did not preclude DOD from including a classified annex, if such was needed to complete the report. Because it offers limited detail about current demands and does not address future demands for military capabilities, the report cannot inform decision makers about the effect that changes in the active and reserve force mix might have on the military's ability to meet ongoing and future demands.	

Source: GAO analysis of DOD's report. | GAO-14-711R

● Addressed ◒ Partially addressed ○ Not addressed

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Addressing Statutory Requirements (cont.)

Figure 7: GAO's Assessment of Statutory Element 4

Department of Defense (DOD) Report on Unit Cost and Readiness for the Active and Reserve Components *Element 4: Authorities available to access reserve components of the Armed Forces for federal missions*	GAO Assessment
What DOD Reported	●
The report identifies all of the major Title 10 U.S. Code statutes available to access the reserve component for federal missions and states the intended utilization requirements as provided by law for each. For example, 10 U.S.C. 12302, *Involuntary recall requiring Presidential Declaration of National Emergency*, is a partial mobilization authority designed to augment the active component in support of an external threat to national security or a domestic emergency. This authority was used to provide reserve-component forces during a number of recent military operations, including in Iraq and Afghanistan. According to the report, the size and duration of the military force required determine which statute best applies.	
What GAO Found	
We determined that this element was addressed in that the report identifies and thoroughly describes all of the relevant authorities available to access the reserve components. Based on our review, the report provides more detail than required by the statute, including information about how the authorities relate to one another, their intended uses and limitations, and a graphical description of the seven major Title 10 U.S.C statutes.	

Source: GAO analysis of DOD's report. | GAO-14-711R

● Addressed ◒ Partially addressed ○ Not addressed

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Addressing Statutory Requirements (cont.)

Figure 8: GAO's Assessment of Statutory Element 5

Department of Defense (DOD) Report on Unit Cost and Readiness for the Active and Reserve Components *Element 5: Personnel, equipment, and training readiness, and the cost to sustain, mobilize, achieve required predeployment readiness levels, and deploy active component units and reserve component units.*	GAO Assessment
What DOD Reported	
The report identifies the cost to sustain and the incremental cost to achieve predeployment readiness for the sample active- and reserve-component units in the aggregate and identifies what portion of the costs to sustain are attributable to personnel. For example, the Marine Corps estimated the cost to man and train an active infantry battalion at over $60 million, with an incremental cost to prepare to deploy of about $4 million. By comparison, the Marine Corps estimated the cost to man and train a reserve infantry battalion in drill status at $13 million, with an incremental cost to prepare to deploy at $30 million after it had been activated. The report provided similar comparisons for Army, Air Force, and Navy units.	◒
What GAO Found	
We determined that this element was partially addressed, as the report does not include the cost to deploy active- and reserve-component units. The report also does not include equipment costs in its unit cost calculations. Regarding the cost to deploy units, the report considered two scenarios—the average cost to sustain readiness in a unit for 1 year and the incremental costs for predeployment preparations. DOD officials told us that reserve component mobilization costs are included in the cost of predeployment preparations. The officials added that, because active- and reserve-component units require different amounts of training or maintain different levels of readiness, the costs of active- and reserve-component units in each scenario are materially different. However, according to DOD, the cost to deploy similar types of active- and reserve-component units would generally be the same. With respect to equipment costs, DOD officials told us that when considered on a unit by unit basis, equipping costs are roughly identical for active and reserve units and therefore add little to the discussion of marginal active and reserve units costs. In addition, Army and DOD officials told us that properly allocating equipment costs to the active and reserve component would include accounting for depreciation and other complicating factors and was too complex to present concisely in the report. However, under current DOD utilization policy, equipment costs do become relevant when the services are required to sustain rotational output over long periods of time. Under the 1:2 deploy-to-dwell and 1:5 mobilization-to-dwell goals set by the Secretary of Defense in 2007, it takes more than one reserve unit—and therefore more equipment sets—to achieve the same operational output as is achieved by a comparable active unit. Excluding equipment costs limits the utility of the report because it cannot be used to compare the costs of active and reserve units in rotational use.	

Source: GAO analysis of DOD's report. | GAO-14-711R

● Addressed ◒ Partially addressed ○ Not addressed

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Report Strengths

We identified four overall strengths of the report:

1. **Active and reserve force mix:** The report provides a basic framework for understanding force mix and identifies four factors that play a key role in force-mix decisions: (1) sourcing for continuous operations, (2) mission predictability and frequency, (3) responsiveness of the force, and (4) retention and sustainment. The report explains how the services' current force structure reflects these factors and gives examples in each service branch of active- and reserve-component composition by mission area.
    - For example, tactical airlift units have a large presence in the Air Force reserve component because they include individual or small-unit skills with close civilian parallels and can be quickly mobilized for surge and other operations from locations in the continental United States.

2. **Unit cost:** Each service was able to select a comparable, relevant example unit to use in its respective active- and reserve-unit cost comparison (table 3). The Air Force, Army, and Marine Corps examples are considered pacing units, or units that critically affect the services' primary mission or the wartime tasks within the services' operational domain.

Table 3: Unit Cost Examples by Service

Service	Example unit	Reason for selection
Air Force	F-16 Squadron	Unit has significant reserve presence in tactical Air Force
Army	Infantry Brigade Combat Team	Key combat maneuver unit
Marine Corps	Infantry Battalion	Key combat maneuver unit
Navy	Mobile Construction Battalion	Best option with comparable unit in active and reserve

Source: DOD, *Unit Cost and Readiness for the Active and Reserve Components of the Armed Forces* (Dec. 20, 2013). | GAO-14-711R

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Report Strengths (cont.)

3. **Personnel cost:** The services agreed to use a "burdened personnel cost" in the report, which goes beyond basic composite pay and includes noncompensation costs such as health care and family housing. Using this burdened cost—illustrated with an airman example at three different pay grades—the report demonstrates the cost differences between active and reserve servicemembers. DOD officials told us that they included the most readily available and agreed-upon cost elements in their burdened cost examples.
   - With this approach, DOD concludes that reserve-component personnel generally cost less than active-component personnel, even when in use. For example, according to DOD, a reserve-component servicemember on active duty for a year costs about 80 to 95 percent as much as an active-component servicemember, depending on rank, service branch, and the extent to which all compensation costs are included in the calculation.

4. **DOD consensus:** DOD officials told us that a key strength of the report is that they were able to reach a consensus among the services, Air National Guard, Army National Guard, National Guard Bureau, Army Reserve, Joint Staff, CAPE, and the Office of the Assistant Secretary of Defense (Reserve Affairs) regarding the conclusions and data in the report.
   - According to CAPE, two principles guided the development of the report. First, statements and conclusions in the report needed to be supportable and verifiable with data. Second, findings and conclusions in the report needed to be general enough to be applicable to the services and DOD broadly.
   - Because there are significant differences in how the services use the reserve component, achieving even limited consensus around these issues is an achievement, according to DOD officials.

GAO

Report Potential Limitations

In addition to statutory elements that were partially addressed, we identified two additional potential limitations.

1. The report does not address the relative costs of active- and reserve-component units to achieve a similar operational capacity, or ability to meet a given level of demand, under DOD rotational policy.
   - Reserve-component units are generally less costly than similar active-component units. However, due to DOD rotational policy, it takes more than one reserve-component unit to achieve the same output as a single active-component unit. Therefore, in some cases, using reserve units operationally may be more costly than using active units.
   - Although concurring with the report, the Secretary of the Army commented that the omission of an analysis of relative operational capacity in DOD's report could lead a reader to the inaccurate conclusion that a reserve-component unit can achieve the same level of output as a similar active-component unit for less cost.
   - DOD's report was conducted using a single unit as the level of analysis. By not highlighting the issue of capacity, DOD may be oversimplifying the active and reserve unit-cost comparison. There are alternative approaches to unit-cost analysis, such as those undertaken by RAND and Institute for Defense Analyses, that do consider capacity. DOD officials are aware of these approaches and told us that they each have strengths and potential limitations.

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Report Potential Limitations (cont.)

2. The report does not address the question of whether active- and reserve-component units are equally effective at performing the same mission.
   - The report does not consider or comment on the effectiveness of either active- or reserve-component units when compared to each other, in part because the report does not specify whether the active- and reserve-unit examples presented in the report are typically employed for the same types of missions.
   - DOD officials told us that there are differences across the services in the way the reserve-component units are employed and so it would be difficult to generalize about their relative effectiveness.
   - The officials told us that it is a generally accepted principle that in most cases, similar active and reserve units should have comparable levels of effectiveness after completing sufficient training. However, according to DOD officials, data for measuring active- and reserve-unit effectiveness is limited and inconsistently collected.
   - Because the report does not address potential differences in effectiveness between active- and reserve-component units, the extent to which the unit-cost comparisons presented in the report can be used to inform force-mix decisions is limited.

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Concluding Observations

- DOD's report explains how cost and other factors such as mission predictability are used in determining active and reserve force mix. Although the report generally addressed the statutory reporting requirements, more detailed information may have benefitted the congressional defense committees as they examine DOD's force-structure proposals during their authorization and appropriation deliberations.

- By not addressing the advisability of retaining, decreasing, or increasing the number of and capability mix of the reserve component, or providing details on the relative capacity or effectiveness of active and reserve units, the report does not provide Congress with an analytically rigorous approach for considering the trade-offs and choices involved in force-mix decision making.

- A more thorough and detailed report could have promoted greater understanding of DOD's force-structure proposals within Congress, and a better-informed consideration of alternatives for executing the nation's defense strategy.

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Report to Congressional Committees

April 2014

ARMY MODULAR FORCE STRUCTURE

Annual Report Generally Met Requirements, but Challenges in Estimating Costs and Assessing Capability Remain

GAO-14-294

April 2014

GAO Highlights

Highlights of GAO-14-294, a report to congressional committees

ARMY MODULAR FORCE STRUCTURE

Annual Report Generally Met Requirements, but Challenges in Estimating Costs and Assessing Capability Remain

Why GAO Did This Study

The Army considers its modular force transformation, which began in 2004, to be its most extensive restructuring since World War II. The Army expanded the number of deployable units and incorporated advanced equipment and specialized personnel, but removed a maneuver battalion from its brigades. Throughout the transformation, GAO reported, testified, and made recommendations on associated challenges the Army faced. In 2013, the Army stated it had completed its transformation and submitted its last required report to Congress on its modular progress. It also announced plans to restore a maneuver battalion to most brigades.

Congress mandated that GAO report annually on the Army's modular force. For this report, GAO (1) evaluates whether the Army addressed the legislative requirements in its modular force report and (2) provides an overview of any challenges that the Army faced in its modular force transformation and describes how the Army is addressing these challenges as it implements further changes in its force structure. GAO analyzed the Army's report against the legislative requirements, reviewed key Army reports, and spoke to Army officials.

What GAO Recommends

GAO is not making new recommendations, but this analysis provides additional support for past recommendations to develop realistic cost estimates and to create a comprehensive assessment plan to measure achievement of desired benefits. In oral comments on a draft of this report, the Army concurred with the report.

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What GAO Found

The Army's annual report on its modular force either fully or partially addressed all of the requirements mandated by law. GAO's analysis showed that of the 14 legislative requirements, the report fully addressed 9 and partially addressed 5. The requirements that were fully addressed included an assessment of the modular force capabilities and the status of doctrine for the modular force, among others. Some of the requirements that were partially addressed included information related to risks and mitigation strategies associated with shortfalls; scheduling for repairing, recapitalizing, and replacing equipment; and itemizing information by active-duty and reserve components. The 2013 report provided more thorough information to congressional decision makers on the Army's progress in its modular force transformation than previous reports.

GAO's body of work since 2005 on the Army's modular restructuring found that the Army faced challenges in creating a results-oriented plan, developing realistic cost estimates, and planning comprehensive assessments. GAO made 20 recommendations from 2005 through 2008 to help address these challenges; the Army generally agreed with 18 of the recommendations but so far has implemented only 3. As the Army plans to restructure its modular force it has made some progress in creating a results-oriented plan, but more work remains in developing realistic cost estimates and planning comprehensive assessments.

- *Creating a results-oriented plan.* As the Army plans further changes to its modular force design, it has taken initial steps to create a results-oriented plan by developing a timeline with associated tasks and milestones. When the Army began its modular force transformation it did not create a plan with clear milestones to guide its efforts to fully staff and equip the modular force. By incorporating lessons identified in GAO's prior work as it makes further changes, the Army has established a baseline against which to measure performance and may provide decision makers the ability to mitigate any potential problems that may arise.
- *Developing realistic cost estimates.* From 2005 through 2013, the Army did not create realistic cost estimates or provide a reliable accounting of past spending or future funding needs for implementing its modular force transformation. As the Army plans further changes to its modular force design, it has not developed cost estimates for military construction, personnel relocation, or training for the reorganized units. GAO continues to believe that realistic cost estimates would better position the Army to weigh competing priorities in a fiscally constrained environment and provide Congress with the information needed to evaluate funding requests.
- *Planning comprehensive assessments.* Since 2004, the Army has made many changes to its modular design based on limited assessments, but it has not completed a comprehensive assessment plan to measure the extent that its modular force transformation is meeting performance goals. As the Army continues to make changes to its modular design, the Army plans to conduct assessments but has not identified outcome-oriented metrics to measure progress. If the Army created a comprehensive assessment plan, it could help decision makers identify capability gaps and mitigate risks.

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Abbreviation

DOD Department of Defense

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Congressional Committees

The Army considers its modular force transformation, which began in 2004, to be the most extensive restructuring that it has undertaken since World War II. The Army's primary goals in creating modular (i.e., standardized) forces were to expand the number of brigades in order to meet operational requirements and increase the flexibility of its forces. In creating its new modular force, Army leaders made a controversial decision to organize the modular force under a two-battalion brigade combat team formation, moving away from the traditional three-battalion brigades. Although generally smaller than the brigades they replaced, modular brigade combat teams were expected to maintain combat effectiveness equal to or better than the previous division brigades by using specialized equipment and specialist personnel called "key enablers." For example, modular brigade combat teams included embedded combat support functions, such as military intelligence, reconnaissance, and logistics. Throughout the Army's transition to the modular design, we reported and testified on the Army's management of its modular transformation and made 20 recommendations intended to help the Army improve management controls, enhance transparency, and reduce the risk associated with modularity costs. In 2013, the Army stated that its transition to a modular force was completed and, due to decreasing financial resources and increasing ambiguity regarding future missions, announced plans to modify its modular brigade combat team designs to include more engineering capabilities and restore a third maneuver battalion to most brigades.[1]

The John Warner National Defense Authorization Act for Fiscal Year 2007,[2] as amended by the Ike Skelton National Defense Authorization Act for Fiscal Year 2011,[3] mandated the Army to report annually on its progress in fulfilling the requirements for key enablers of modular units

[1]Brigade combat teams outside of the continental United States in Hawaii, Alaska, and Italy will not receive a third maneuver battalion. Also, Stryker brigade combat teams already have a third maneuver battalion and will not receive an additional battalion.

[2]Pub. L. No. 109-364, § 323 (2006).

[3]Pub. L. No. 111-383, § 332 (2011).

and in repairing, recapitalizing, and replacing items used in support of overseas contingency operations. The law required the Army's report to include, among other things, a comparison of the authorized and on-hand levels of key enabler equipment, an identification of the risks associated with shortfalls of equipment and personnel, and mitigation strategies for addressing those risks. In addition, the law required that the Army's report include an assessment of modular force capabilities, the status of the development of doctrine on the modular force, and comments from both the National Guard and Army Reserve on all the legislative requirements. Also, the law mandated us to review the report and to provide information and any recommendations deemed to be appropriate in light of our review. In September 2013, the Army issued its fiscal year 2013 report, which is the last required report on the progress of the modular force. In our report, we (1) evaluate whether the Army addressed the legislative requirements in its modular force report and (2) provide an overview of any challenges that the Army faced in its modular force transformation and describe how the Army is addressing these challenges as it implements further changes to its force structure.

To determine the extent to which the Army addressed the legislative requirements in its modular force report, three GAO analysts independently reviewed the Army's fiscal year 2013 report, comparing it with each element required by the law and determining whether each required reporting element was included. In the case of any conflicting determinations, a fourth GAO analyst adjudicated the difference. To gain a full understanding of the elements included in the annual report and to discuss the methodology used for collecting information and reporting on the Army's progress toward modular restructuring, we met with Army officials knowledgeable about compiling information for the report, including individuals from the Department of the Army, Army Training and Doctrine Command, Army Reserve, and Army National Guard. We also reviewed related documentation used to compile the report, including a Director of the Army Staff memorandum to complete the fiscal year 2013 modular report and the list of key enabler personnel and equipment required to be included in the report. Additionally, we reviewed the Army's fiscal year 2012 report on progress in fulfilling modularity requirements to compare it with the fiscal year 2013 report and to determine the extent of progress made in fulfilling modularity requirements between fiscal years 2012 and 2013.

For the overview of the challenges related to the Army's modular force transformation and how the Army is addressing these challenges, we reviewed our prior testimonies and reports on modularity. To determine

how the Army is addressing these challenges, we reviewed whether the Army implemented recommendations made in prior GAO reports evaluating the Army modular force structure. We reviewed documents regarding the Army's changes to its modular force design, including an analysis supporting the decision to add a third maneuver battalion to most brigades and the Army Structure Memorandum for fiscal years 2014 to 2019. We also interviewed Army officials from the Department of the Army and Army Training and Doctrine Command to obtain information on challenges or lessons learned from the Army's modular force transformation, as well as how those lessons learned are being applied to ongoing efforts to modify the force structure. More details about our scope and methodology are included in appendix I.

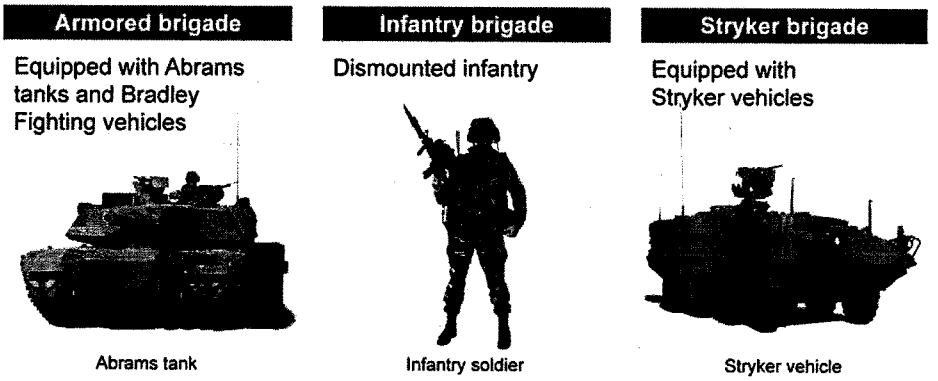
We conducted this performance audit from September 2013 to April 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Army's modular force transformation affected the Army's combat units and the related command and support organizations in both the active and reserve components. The Army's objective in redesigning its force structure was to create more units to meet operational needs and be more flexible in deploying independently while maintaining combat capabilities of division-based brigades. According to the Army, having more combat brigades with specialized equipment and specialist personnel would increase combat capability and add value for combatant commanders. To increase the flexibility of units, the Army standardized brigade combat teams in one of three designs—armored brigade, infantry brigade, or Stryker brigade (see fig. 1). The Army's new modular units were designed, equipped, and staffed differently than the units they replaced, and thus the transformation required many changes, such as new equipment and facilities, a different mix of skills and occupational specialties among Army personnel, and significant changes to training and doctrine. A key change was the reduction in the number of maneuver battalions within the modular units from three battalions per brigade under the division-based organization to two battalions for most brigade combat teams. Critics of the decision to have only two battalions raised concerns about whether the new structure would maintain as much combat capability as the division-based battalion. However, the Army expected to

increase the modular brigade combat teams' capability through specialized equipment and personnel, called "key enablers."

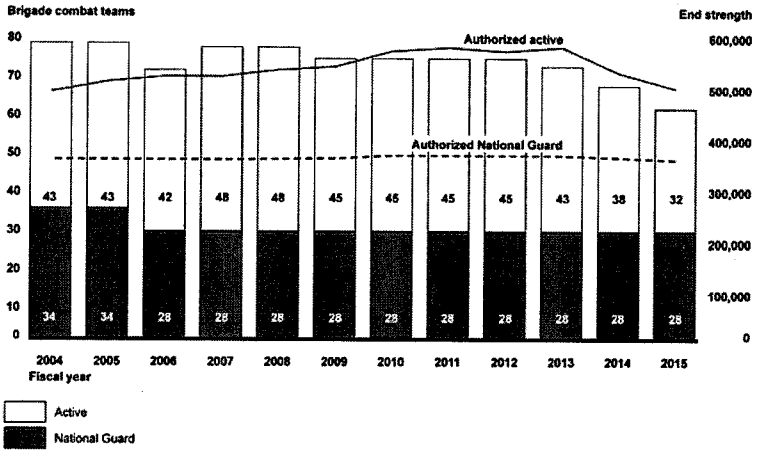
Figure 1: Standard Armored, Infantry, and Stryker Brigades



Source: GAO analysis of Army data; National War College and U.S. Army (photos).

Since 2004, when the Army introduced its modular restructuring initiative, the Army has made multiple adjustments to its original plans for restructuring its operational force. The Army's initial restructuring plan called for 77 modular brigade combat teams—43 active-duty brigade combat teams and 34 National Guard brigades. As of fiscal year 2013, the Army had 71 brigade combat teams, consisting of 43 active-duty brigade combat teams and 28 National Guard brigades. In 2013, the Army announced plans for another change in the structure of the modular force related to the need to reduce the active-duty component from 570,000 to 490,000 soldiers by fiscal year 2015. As figure 2 shows, the Army plans to reduce the number of active-duty brigade combat teams from a high of 45 teams to 32 teams by fiscal year 2015. The number of National Guard brigades would remain at 28, bringing the total of brigade combat teams to 60. In addition to the reduction in the numbers of brigade combat teams, the Army plans to refine the designs of the remaining brigades to add engineering and artillery capabilities, as well as increase the number of maneuver battalions from two to three for most brigade combat teams. According to the Army, the modifications to the modular force would enable it to preserve operational capability and flexibility, while reducing the number of soldiers in the active-duty component.

Figure 2: Planned Active-Duty and National Guard Brigade Combat Teams and Authorized End Strength, Fiscal Years 2004 through 2015



Source: GAO analysis of Army data and *National Defense Authorization Act*.

Note: Although for fiscal years 2007 and 2008 the chart lists 48 planned active-duty brigade combat teams, the Army only formed 45 active-duty brigade combat teams.

Our body of work on the Army's modular force transformation includes seven reports and three testimonies. The related work is listed at the end of this report. Based on our work, we made several recommendations to the Secretary of Defense and to the Army intended to improve the information on the Army's transition to a modular design that the Army provided to decision makers in Congress. Because of the magnitude of the Army's transformation plans and concerns about their affordability, we initially conducted work under the Comptroller General's statutory authority and examined both the force structure and cost implications of the Army's transformation into a modular force. Subsequently, Congress enacted requirements that the Army submit an annual report on its progress on its modular force transformation and that we review the Army's report. According to the Army, the transition to the modular force structure, which began in 2004, was completed by the end of fiscal year 2013. The National Defense Authorization Act for Fiscal Year 2014 repealed the requirement for the Army and GAO to prepare annual reports about the Army's modular force restructuring.[4]

[4]Pub. L. No. 113-66, § 332.

Army's Modular Report Generally Met Legislative Requirements

The Army's annual report on its modular force generally met legislative requirements by providing information that either fully or partially addressed each of the requirements.[5] Our analysis showed that of the 14 legislative requirements, the report fully addressed 9 and partially addressed 5. The fully addressed requirements included information related to the status of key enabler personnel and equipment, an assessment of the modular force capabilities, and the status of doctrine for the modular force, among others. The partially addressed requirements included risks associated with shortfalls; mitigation strategies for shortfalls; scheduling for repairing, recapitalizing, and replacing equipment; itemizing information by active-duty and reserve components; and comments by the National Guard and Army Reserve regarding key enabler personnel and equipment. By fully or partially addressing the requirements, the Army's 2013 report provided more thorough information to congressional decision makers on the Army's progress in its modular force transformation than previous reports.

Army officials gave several reasons why the report did not fully address some of these requirements. For example, the Army's report discussed mitigation strategies for personnel shortfalls but not for all equipment shortfalls. According to Army officials, the Army mitigated risk by providing equipment to the next deploying units. In other cases, the Army chose not to mitigate equipment shortfalls due to the costs involved or because the specific equipment item no longer met the needs of the modular force. Additionally, the Army did not fully report on a schedule for the repair of equipment because, according to Army officials, the number of battle losses and the related amount of wear and tear on equipment returning from overseas operations was unpredictable.[6] However, the Army provided some general information about its repair schedule for fiscal years 2013 and 2014, such as when the Army expects to begin

[5]Section 323(c) of the John Warner National Defense Authorization Act for Fiscal Year 2007 as amended by Section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011.

[6]Although according to Army officials battle losses may be unpredictable and affect their ability to prioritize equipment for reset, Army Regulation 750-1, *Army Materiel Maintenance Policy*, describes how the Army is to prioritize maintenance and repairs. We previously reported that, in 2010, the Army took steps to synchronize national depot-level reset efforts and, in 2011, the Army issued a priority list for the reset of equipment. For additional information, see GAO, *Warfighter Support: Army Has Taken Steps to Improve Reset Process, but More Complete Reporting of Equipment and Future Costs Is Needed*, GAO-12-133 (Washington, D.C.: May 15, 2012).

addressing postcombat equipment repairs. In addition, according to officials the report did not itemize information by component because the report included a separate section with comments from the reserve components. However, the comments by the reserve components did not include all required information, such as identifying risks and mitigation strategies associated with equipment shortfalls. Table 1 summarizes our assessment of the extent to which the Army's annual modular force report included each of the legislative requirements.

Table 1: GAO Assessment of the Extent to Which the Army's Annual Report Addressed the Legislative Requirements on Modularity Progress

Legislative requirements and GAO comments	Our assessment
(1) Does the report describe the Army's progress in fulfilling the requirements for key enabler[7] equipment of modular units? **Comments:** The Army's report included the required information on the progress made in fulfilling requirements for key enabler equipment. The report specifically described 10 systems from the fiscal year 2014 budget request that the Army deemed are critical to success in operations. The report included two appendixes listing key enabler equipment, funding requests associated with the equipment, and specific line item numbers for the listed equipment. The report also included an appendix that provided details about key enabler equipment on hand, procurements, and shortages between fiscal year 2015 and fiscal year 2018, which allows the Army to observe a trend and provides information on progress made.	Addressed
(2) Does the report describe the Army's progress in repairing, recapitalizing, and replacing equipment and materiel used in support of overseas contingency operations, and associated sustainment? **Comments:** The report included information on the repairing, recapitalizing, and replacing of equipment and identifies reset funding obligations for fiscal years 2011, 2012, and 2013. The report included an appendix that lists the quantities of equipment expected to be repaired, recapitalized, and replaced in fiscal year 2013 based on contingency operations. The report also noted that in fiscal year 2013, the Army would repair approximately 70,000 items through depot reset and 275,000 items through special repair teams; according to the report, this would restore readiness to 23 brigades and supporting elements.	Addressed
(3) Is information in the report itemized by active-duty and reserve components? **Comments**: The appendixes in the report are itemized by active-duty and reserve components, but the major sections of the report on key enabler equipment and personnel do not itemize the information. According to Army officials, the report mostly covered the active-duty component, although the introduction and equipment sections covered both the active-duty and reserve components. Army officials stated that they did not itemize the information because the report included a separate section with comments from the reserve component. Although the report includes a section with comments from the reserve component, this section does not cover the same information detailed in the sections on key enabler equipment and personnel for the active-duty component.	Addressed in part

[7]The legislation defines "key enabler" as follows: The term 'key enabler', in the case of equipment or personnel, means equipment or personnel, as the case may be, that make a modular force or unit as capable or more capable than the non-modular force or unit it replaced, including the following: (A) Equipment such as tactical and high frequency radio, tactical wheeled vehicles, battle command systems, unmanned aerial vehicles, all-source analysis systems, analysis and control elements, fire support sensor systems, firefinder radar, joint network nodes, long-range advanced scout surveillance systems, Trojan Spirit systems (or any successor system), and any other equipment items identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced and (B) Personnel in specialties needed to operate or support the equipment specified in above and personnel in specialties relating to civil affairs, communication and information systems operation, explosive ordinance disposal, military intelligence, psychological operations, and any other personnel specialties identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced.

Legislative requirements and GAO comments	Our assessment
(4) Does the report include an assessment of the Army's key enabler equipment and personnel? **Comments:** The report assessed both the Army's key enabler equipment and personnel. The appendixes in the report included assessments on the levels of key enablers. For example, the report provided information on 10 equipment systems that according to the Army are critical to success in operations. The Army included as key enabler equipment and personnel all line item numbers and military occupational specialties as defined in our prior work.[8]	Addressed
(5) Does the assessment referred to in requirement 4 include a comparison of the authorized level of key enabler equipment, the level of key enabler equipment on hand, and planned purchases of key enabler equipment as set out in the future years defense program for fiscal year 2013? **Comments:** The Army's report showed the levels of authorized, on hand, and future procurement of key enabler equipment projected through the future years defense program for 2018 based on existing inventory.	Addressed
(6) Does the report include a comparison of the authorized and actual personnel levels for personnel having key enabler specialties with the requirements for such specialties? **Comments**: An appendix in the report showed authorized and assigned levels of key enabler personnel.	Addressed
(7) Does the report include an identification of any shortfalls indicated by the comparisons described in requirements 5 and 6? **Comments:** The report identified shortfalls for both key enabler equipment and personnel. For example, the report highlighted noteworthy shortfalls in specific personnel categories for the active-duty component including field artillery firefinder radar operators, counterintelligence agents, cryptologic network warfare specialists, psychological operations specialists, and civil affairs specialists.	Addressed
(8) Does the report include an assessment of the number and type of key enabler equipment the Army projects it will have on hand by the end of the future years defense program that will require repair, recapitalization, or replacement by the end of the time covered by the future years defense program (including repair, recapitalization, or replacement resulting from use in overseas contingency operations)? **Comments:** An appendix of the report included quantities of key enabler equipment expected to be repaired, replaced, and recapitalized in fiscal year 2013 based on overseas contingency operations requirements.	Addressed
(9) If the assessment in requirement 4 and including the items in requirements 5-8 identifies shortfalls with the future years defense program, does the report identify the risks associated with such shortfalls? **Comments:** The report described some of the risks associated with key enabler equipment, but it did not describe risks associated with key enabler personnel shortfalls. For example, the report identified the risk that aviation units might lack high-frequency capability due to an equipment shortfall of specific radios. Although the report did not describe risks associated with personnel shortfalls, according to Army officials there were two identifiable risks. First, for some military occupational specialties, the soldiers had a shorter time at home and rotated more quickly back into combat. Second, there is a risk of future shortfalls in higher-ranking officers because there is a current shortage of younger officers. Army officials did not explain why these risks were not included in the report.	Addressed in part

[8]GAO, *Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities*, GAO-09-131 (Washington, D.C.: Nov. 14, 2008).

Legislative requirements and GAO comments	Our assessment
(10) If shortfalls discussed in requirement 9 exist, does the report identify mitigation strategies? **Comments:** The report described mitigation strategies for shortfalls on key enabler personnel but not for key enabler equipment. The report identified how the Army is mitigating the shortfalls for the active-duty component through efforts such as increased accessions, increased training base output, and adjustments to promotion rate targets. However, although the report listed 83 shortfalls for key enabler equipment, only 4 of the 83 shortfalls listed mitigation plans and those 4 plans were not specific. For example, for shortfalls in aircraft-unmanned aerial systems, the mitigation plan stated that the Army has already fielded the system. The Army noted that the mandated reduction of 80,000 soldiers by fiscal year 2015 and the reductions in the numbers of battalions would mean fewer requirements for equipment, which would decrease the difference between equipment need and the amount available. In addition, according to Army officials, during periods of high deployments the Army mitigated equipment shortfall risks by giving equipment from returning units to deploying units. Moreover, according to an Army official in some cases the Army deliberately chose not to mitigate equipment shortfalls for particular items due to the costs involved or because the equipment was outdated and no longer met the needs of the modular force. Army officials did not explain why specific equipment mitigation strategies were not included in the report.	Addressed in part
(11) Does the report include a schedule to accomplish the fulfillment of requirements for key enabler equipment and repair, recapitalization, and replacement of equipment and materiel used in support of overseas contingency operations, and associated sustainment? **Comments:** The report included general information but did not include a schedule for repair, recapitalization, and replacement of equipment. According to the report, the Army could not accurately forecast a schedule because the schedule is driven by battle losses and not part of projecting normal attrition. However, the Army did include some general information about its repair schedule, such as identifying the amount of equipment repairs to be completed in fiscal year 2013 and the post-combat equipment repairs to begin in fiscal year 2014. Although Army officials asserted that battle losses may be unpredictable and affect their ability to prioritize equipment for reset, the Army Materiel Maintenance Policy describes how the Army is to prioritize maintenance and repairs. We previously reported that, in 2010, the Army took steps to synchronize national depot-level reset efforts and, in 2011, the Army issued a priority list for the reset of equipment. Although the Army did not fully calculate a schedule, according to officials, the Army tried to shorten repair time by sending reset and repair teams to the troops rather than sending the equipment to a repair depot and then back to the troops. The report noted that to ensure future readiness the Army requires reset funding during deployments and for 3 years after equipment leaves the theater. Due to sequestration, the Army deferred approximately $500 million in funding for the Army's depot reset program to future fiscal years, which affects operational readiness.	Addressed in part
(12) Does the report include the results of Army assessments of modular force capabilities, including lessons learned from existing modular units and modifications to modularity? **Comments:** The report identified some of the centers that assessed force structure and force capabilities such as the Center for Army Lessons Learned, Army Training and Doctrine Command's Army Capabilities Integration Center, and Army Training and Doctrine Command's Analysis Center. The report included five key emerging changes to the modular force operational concepts, doctrine, and organizational designs based on the analytical efforts of these centers.	Addressed

Legislative requirements and GAO comments	Our assessment
(13) Does the report include a description of the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight? **Comments:** The report identified the Army Training and Doctrine Command's efforts to refocus and reorganize doctrinal publications to provide a more logical flow of doctrine to the force and to categorize content, resulting in Doctrine 2015. The report noted that the change would create a concise, relevant, and accessible doctrine for the force. According to Army officials, Doctrine 2015 encompasses all modularity initiatives, but the recent change to reorganize the brigades from two to three maneuver battalions will require further updates to the doctrine. As of August 2013, the Army published 15 Army Doctrine Publications, 15 Army Doctrine Reference Publications, and 11 Field Manuals of Doctrine 2015. Additionally, the Army was developing 35 Field Manuals, which lay out Army tactics and procedures.	Addressed
(14) Does the report include comments of the Chief of the National Guard Bureau and the Chief of the Army Reserve on each of the preceding requirements? **Comments:** The report included comments received from both the Chief of the Army Reserve and the Director of the Army National Guard.[9] The comments, however, did not address all of the preceding requirements of the report. For example, while the Army Reserve identified shortfalls in key enabler personnel categories, it did not address risks or mitigation strategies. Although the report did not describe mitigation strategies associated with personnel shortfalls, according to Army Reserve officials, the Army Reserve mitigated shortfalls through recruitment of the individual ready reserves.[10] Similarly, the Army National Guard identified that its equipment on hand is at 88 percent of authorized requirements, but did not comment on the shortfalls and the risks associated with the shortfalls. Although information was not included in the report, according to Army National Guard officials, the Army National Guard mitigates equipment shortfalls by receiving older equipment rather than newly developed and more modernized equipment.	Addressed in part

Source: GAO.

By fully or partially addressing each of the legislative requirements, the Army's fiscal year 2013 report on its modular force improved on its fiscal year 2012 report, which we reported did not address all of the legislative requirements.[11] In our review of the Army's fiscal year 2012 report, we

[9]Army officials told us that they included the comments of the Director of the Army National Guard rather than the Chief of the National Guard Bureau because the National Guard Bureau is a coordinating organization that includes both the Army National Guard and the Air National Guard, while the Army National Guard has the responsibility of training and equipping Army National Guard Forces.

[10]The Individual Ready Reserve is a subcategory of the Ready Reserve of the Army Reserve. Members of the Individual Ready Reserve include individuals who were previously trained during periods of active service, but have not completed their service obligations; individuals who have completed their service obligation and voluntarily retain their reserve status; and personnel who have not completed basic training. Most of these members are not assigned to organized units, do not attend weekend or annual training, and do not receive pay unless they are called to active duty.

[11]GAO, *Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers*, GAO-13-183R (Washington, D.C.: Jan. 16, 2013).

reported that Army officials responsible for providing information on the modular force progress were not given sufficient guidance to ensure the completeness of its report. We recommended that the Army provide guidance on the level and type of detail needed for each office within the Army responsible for providing information on the Army's progress in meeting modularity requirements. In preparing the fiscal year 2013 report, the Army implemented our recommendation to provide guidance to Army officials to ensure the completeness of its report. The Director of the Army Staff sent a memorandum in March 2013 to Army staff that outlined the coordination process for preparing the fiscal year 2013 report, identifying each office responsible for providing information for the report. In addition, Army officials coordinating the report held meetings with each office early in the process to ensure they complied with the mandated language. Additionally, the Army provided the offices with a list of the key enabler items to report on rather than letting the offices interpret what to report. By implementing our recommendation, the Army's fiscal year 2013 modularity report generally met legislative requirements and provided congressional decision makers with additional information on the Army's progress in its modular force restructuring.

Lessons Learned from Modular Restructuring Provide Opportunities in Future Restructuring

The Army has completed its transition to modular brigade combat team designs, but it has not addressed the key challenges of creating a results-oriented plan, creating realistic cost estimates, and planning comprehensive assessments that we identified in our work since 2005. In our prior reports between 2005 and 2008 on the Army's modular transformation, we made 20 recommendations intended to help the Army address these challenges. The Army generally agreed with 18 of those recommendations, but it has so far implemented only 3 of them.[12] The Army has begun to create a results-oriented plan, but more work remains to create realistic cost estimates and plan comprehensive assessments. As the Army continues to make changes to the structure of its modular brigade combat team—including adding a maneuver battalion to the infantry and armored brigade combat teams—it has the opportunity to

[12]In general, we track recommendations for 4 years following a report's publication. From 2005 to 2008, we made 20 recommendations regarding the Army's modular force structure. We tracked each recommendation for 4 years and closed them as either implemented or not implemented. The Army concurred with 9 recommendations, partially concurred with 9 recommendations, and nonconcurred with 2 recommendations.

incorporate lessons learned and reduce the risk of repeating mistakes from its recent experience in changing its force structure.

Army Has Made Some Progress Creating a Results-Oriented Plan, Including Taking Initial Steps in Ongoing Restructuring

Summary of GAO Recommendations to Army on Creating a Results-Oriented Plan

In order to improve the Army's focus on the relationship between key enabler investments and results and the completeness of the information that the Army provides Congress, between 2005 and 2008 we made four recommendations regarding creating a results-oriented plan. Our recommendations were rooted in key practices that we have identified for assisting organizational transformations, suggesting agencies can be more results-oriented by focusing on a key set of principles and priorities at the outset of the transformation as well as setting implementation goals to show progress from the beginning of the transformation.[13] Our recommendations to the Army included developing a plan to identify authorized and projected personnel and equipment levels as well as an assessment of the risks associated with any shortfalls. The Army generally agreed with three of the recommendations and ultimately implemented two of them. For example, the Army concurred with but did not implement our 2006 recommendation to provide the Secretary of Defense and Congress with details about the Army's equipping strategy; when we reiterated a similar recommendation in 2008, the Army implemented it by providing more detailed information on its progress in providing the modular force with key personnel and equipment enablers. For a full list of our past recommendations and their implementation status regarding creating a results-oriented plan for the Army's modular force transformation, see appendix II.

[13]GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

GAO's Prior Work Found That the Army Did Not Have Adequate Plans to Staff and Equip Modular Forces

Our work since 2005 found that the Army began its modular transition without creating a results-oriented plan with clear milestones to provide units with specially trained personnel and specialized equipment. In 2005 and 2006, we reported that the Army began its modular transformation without creating a staffing plan that considered the size and composition of the modular force. For example, in 2005 we testified that the Army had begun its modular transformation without deciding on the number of brigade combat teams or finalizing the design of supporting units.[14] Without finalized designs or key decisions, the Army did not have a complete understanding of the personnel needed to achieve its goals. As a result, the Army could not assure decision makers when modular units would have the required key enabler staff in place to restore readiness, and it experienced cost growth and timeline slippage in its efforts to transform to a modular and more capable force. In 2006, we testified[15] and reported[16] that the Army did not plan to fill some key intelligence positions required by its new modular force structure. Without continued and significant progress in meeting personnel requirements, the Army had to accept increased risk in its ability to support its combat forces, and it ultimately sought support for an increase in overall personnel from the Department of Defense (DOD) and Congress.

Additionally, in 2005 and 2006 we reported that the Army did not develop an equipping plan to provide modular units the required quantities of key enabler equipment considered critical for the transformation. For example, in 2005 we testified that although the Army had some of its key enabler equipment on hand at the start of its modular transformation, the amount of equipment provided to brigade combat teams was well below the levels tested by the Army Training and Doctrine Command.[17] As a result, officials from two divisions that we visited expressed concern over their soldiers' ability to train and become proficient with some of this high-tech equipment because the equipment was not available in sufficient

[14]GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces,* GAO-05-443T (Washington, D.C.: Mar. 16, 2005).

[15]GAO, *Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain*, GAO-06-548T (Washington, D.C.: Apr. 4, 2006).

[16]GAO, *Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans,* GAO-06-745 (Washington, D.C.: Sept. 6, 2006).

[17]GAO-05-443T.

numbers. In 2006, we similarly testified that although active modular combat brigades were receiving considerable quantities of equipment, they initially lacked required quantities of items such as communications systems that were key for providing the enhanced intelligence, situational awareness, and network capabilities needed to help match the combat power of the Army's former brigade structure.[18] At that time, the Army's modular combat brigade conversion schedule outpaced the planned acquisition or funding for some equipment requirements, and the Army had not defined specific equipping plans for brigades. By not completing development of its equipping strategy, the Secretary of Defense and Congress were not in a good position to assess the Army's equipment requirements and the level of risk associated with the Army's plans.

Moreover, in 2008 we reported that although the Army had established over 80 percent of its modular units, it did not have a results-oriented plan with clear milestones in place to guide efforts to staff and equip those new units.[19] The Army extended its estimates of how long it would take to equip the modular force from 2011 to 2019, but it provided few details about interim steps. While the Army projected that it would have enough personnel and equipment in the aggregate, its projections relied on uncertain assumptions related to meeting recruiting and retention goals as well as restoring equipment used in current operations. For example, the Army centered its equipping strategy on the Future Combat System, a longer-term transformation effort that comprised 14 integrated weapon systems and an advanced information network. The Army expected brigade combat teams equipped with the Future Combat System to provide significant warfighting capabilities to DOD's overall joint military operations. However, in 2009, after 6 years and an estimated $18 billion invested, DOD canceled the Future Combat System acquisition program and instead identified alternate plans to modernize equipment. The cancelation of the Future Combat System presented setbacks to the equipping of the modular force. Without a results-oriented plan for equipment and staffing with realistic milestones, the Army could not assure decision makers when modular units would have the required equipment and staff in place to restore readiness.

[18]GAO-06-548T.

[19]GAO-09-131.

Army Is Taking Initial Steps to Plan for Ongoing Restructuring

In 2013, when the Army announced plans to change its modular force designs and add a third battalion to most brigade combat teams, it incorporated some lessons we identified in our prior work and took some initial steps to create a results-oriented plan to guide implementation of the changes. The Army based decisions on which units to inactivate on quantitative and qualitative analyses and developed a timeline for the changes, with associated tasks and milestones. For example, as we reported in December 2013, the Army established a planning team for the brigade combat team reorganization to assess factors such as strategic considerations, military construction costs, and proximity to embarkation points, among others, and to develop stationing options for decision makers.[20] Furthermore, the Army has developed a plan to reduce risk to the readiness of the force during this reorganization by providing equipment, personnel, and training resources to units currently deployed or deploying for operations or contingencies and then to seven brigade combat teams that will maintain a high level of readiness for 18 to 24 months. According to Army officials, these seven teams will remain at the highest level of readiness in order to support any planned or unexpected operations while the remaining brigade combat teams undergo their reorganizations and accept a risk of low readiness to respond to potential contingencies.

Moreover, the Army Structure memorandum for 2015 through 2019 documented interim steps in reorganizing the Army modular force structure.[21] For example, the Army identified inactivation and reorganization dates as well as changes to the tables of equipment for the brigade combat teams. Additionally, once the Army identified which units would be inactivated or reorganized, officials developed an online tracking system that provides information such as when the reorganization and associated training will occur and what tasks each reorganized unit will have to complete. According to an Army official, senior leaders—including three-star generals and the Chief of Staff of the Army—reviewed the online system to track progress in implementing planned changes. However, the Army has not always been able to implement its plans to

[20]GAO, *Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process*, GAO-14-76 (Washington, D.C.: Dec. 11, 2013).

[21]Army Director of Force Management, *Army Structure (ARSTRUC) Memorandum 15-19, Version 1301* (Washington, D.C.: Sept. 5, 2013) and *Addendum 1 to Army Structure (ARSTRUC) Memorandum 15-19, Version 1403* (Washington, D.C.: Oct. 4, 2013).

achieve its goals. For example, the Army was not able to fulfill plans for some key enabler equipment such as through its Future Combat System program that were deemed critical to achieving the combat effectiveness of the modular brigade combat teams. The Army could face risks in implementing current plans without sustaining attention and following through on its plans for changes to the modular force design. By creating a results-oriented plan for the inactivations and reorganizations, the Army has established a baseline against which to measure performance. If the Army follows through its initial steps to create a results-oriented plan for changes to the modular force design, it would help to provide senior officials and Congress the ability to identify and mitigate any potential problems that may arise.

Army Did Not Develop Realistic Cost Estimates Associated with Its Modular Force Transformation, and Costs and Savings of Ongoing Restructuring Are Not Clear

Summary of GAO Recommendations to Army on Developing Realistic Cost Estimates

In order to improve information available to decision makers on the cost of the Army's plan for its modular force transformation, between 2005 and 2008 we made 10 recommendations regarding creating a realistic cost estimate. In the John Warner National Defense Authorization Act for Fiscal Year 2007, Congress specifically required the Army to report on a complete itemization of the amount of funds expended to date on the modular brigades and itemization of the requirements for the funding priorities.[22] Our recommendations to the Army included submitting an annual cost plan that incorporated a clear definition of the costs the Army considered to be related to the modular transformation, estimates for equipment and personnel, and divergences from the plan as stated in the prior year's report, among others. The Army generally agreed with all the recommendations, but it did not implement any of them. For example, the Army did not develop a plan for overseeing the costs related to the

[22]Pub. L. No. 109-364, § 323(c).

Army's transformation to a modular force as we had recommended, stating that the administrative costs of such an effort would outweigh any benefit. For a full list of our past recommendations and their implementation status regarding creating realistic cost estimates for the Army's modular force transformation, see appendix II.

GAO's Prior Work Found That Modularity Costs Increased Dramatically from Initial Estimates, but Were Never Clearly Reported

From 2005 through 2013, the Army did not create realistic cost estimates for implementing its modular force transformation. We reported in 2005 that the Army might not have estimated all potential costs for its modular force transformation because it had not made decisions related to force design, equipment, facilities, and personnel.[23] We reported that the Army likely understated its estimates for equipment costs because it did not entirely reflect the cost of purchasing all the equipment needed to bring the planned units to the modular design—and therefore to the level of capability—that the Army validated in testing. In addition, Army officials were uncertain whether the personnel authorization was enough to support the modular transformation, putting costs at risk of increasing if the Army determined that the transformation required additional personnel. Additionally, the Army was uncertain of the costs of constructing permanent facilities because it did not incorporate proposals for base realignment and closure and restationing of personnel from overseas. As costs grew due to these uncertainties, the Army required additional funding or needed to accept reduced capabilities among some or all of its units. By not developing a better understanding of costs associated with the modular force and a clearer picture of the effect of resource decisions on the modular force capability, DOD was not well positioned to weigh competing priorities or to provide congressional decision makers the information they needed to evaluate funding requests.

Additionally, in 2007 we reported that Army officials did not identify how much additional funding they needed to fully equip modular units but they planned to request funds for additional equipment needs through DOD's annual budget process.[24] We noted that in the absence of a complete

[23]GAO, *Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force,* GAO-05-926 (Washington, D.C.: Sept. 29, 2005).

[24]GAO, *Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results*, GAO-08-145 (Washington, D.C.: Dec. 14, 2007).

cost estimate, the Army would not be in a good position to identify detailed costs and provide transparency to Congress of its total funding needs. We also reported that the Army sought multiple sources of money without linking funding to its modular unit design requirements, thus complicating decision makers' ability to assess the Army's progress in fully equipping the modular force. In 2007, we reported that the Army estimated the modular restructuring could cost $52.5 billion—more than two-and-a-half times greater than its initial cost estimate of $20 billion in 2004. In 2009, the Army reported to Congress that it could no longer itemize modular costs because all Army personnel and equipment budgets support the modular force. Without linking funding to requirements, decision makers would have difficulty assessing the Army's progress in meeting its goals, knowing what resources would be required to equip and staff modular units, and balancing funding requests for these initiatives with other competing priorities.

Costs and Savings Associated with Ongoing Restructuring Are Not Clear

As the Army continues planning for changes to its modular force design, Army officials compiling the fiscal year 2013 report were not aware of any cost estimates developed for inactivating 12 brigade combat teams and adding a third battalion to the infantry and armored brigade combat teams. According to Army officials, the Army expects that the costs will be low because 9 of the 12 inactivations would involve reorganizations within the same installation, minimizing military construction and personnel relocation costs. However, the Army did not provide us with any detailed cost analysis. Further, the Army did not provide cost estimates for military construction and personnel relocation costs for those reorganizations occurring across installations or for associated doctrine development or training for the reorganized units. Without realistic cost estimates, the Army may encounter many of the same risks that we reported previously.

The Army plans to reduce its budget by $170 billion between fiscal years 2013 and 2022, and the reorganization of the brigade combat teams and the associated reduction of 80,000 personnel should contribute to the cost savings. However, given two decades of GAO reports delineating DOD's overly optimistic planning assumptions in budget formulation, which often lead to costly program delays, we believe that not having a detailed cost analysis could lead to increases in the Army's incremental costs for its reorganization. Specifically, if costs grow due to uncertainties regarding equipment and personnel movement costs, the Army may require additional funding or need to accept reduced capabilities among some or all of its units. In the absence of a complete cost estimate, the Army may be unable to assure Congress that the Army has identified the total funding needs for reorganizing modular forces. We continue to

believe that realistic cost estimates would enhance DOD decision makers' ability to weigh competing priorities in a fiscally constrained environment and provide Congress with the information needed to evaluate funding requests.

Army Has Not Completed a Comprehensive Assessment Plan to Monitor Performance of Its Modular Force Transformation, and Assessments for Ongoing Restructuring Are Not Formalized

Summary of GAO Recommendations to Army on Planning Comprehensive Assessments

In order to assess the implications of changes to the Army force structure in terms of the goals of modular restructuring, from 2005 through 2008 we made six recommendations regarding creating comprehensive assessment plans. Standards for Internal Control in the Federal Government state that agencies should provide reasonable assurance to decision makers that their objectives are being achieved and that decision makers should have reliable data to determine whether they are meeting goals and using resources effectively and efficiently.[25] Our recommendations to the Army included developing a comprehensive plan for assessing the Army's progress toward achieving the benefits of the modular transformation that incorporated quantifiable metrics and addressed a wide range of both traditional and irregular security challenges. The Army generally agreed with five of the recommendations but implemented only one. For example, the Army agreed with but did not implement our recommendation to develop a comprehensive assessment plan that includes steps to evaluate modular units in full-spectrum combat. However, the Army acted upon our recommendation by assessing aspects of the modular force and refining its modular designs based on lessons learned in the areas of equipment, doctrine, and

[25]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: Nov. 1999).

training. For a full list of our past recommendations and their implementation status regarding completing a comprehensive assessment plan for the Army's modular force transformation, see appendix II.

GAO's Prior Work Found That the Army Did Not Provide Comprehensive Assessments of Modular Restructuring

Since 2004, the Army has made many refinements to its modular design based on lessons learned and limited assessments of specific capabilities, but it has not completed a comprehensive assessment plan to measure the extent that its modular force transformation is meeting performance goals. In 2006, we reported that the Army did not have a comprehensive and transparent approach to measure progress against stated modularity objectives, assess the need for further changes to modular designs, and monitor implementation plans.[26] While DOD had identified the importance of establishing objectives that translate into measurable metrics that in turn provide accountability for results, the Army had not established outcome-related metrics linked to most of its modularity objectives. Further, we reported that although the Army analyzed lessons learned from Iraq and training events, the Army did not have a long-term comprehensive plan for further analysis and testing of its modular combat brigade designs and fielded capabilities. As a result, decision makers did not have sufficient information to assess the capabilities, cost, and risks of the Army's modular force implementation plans.

Moreover, in 2007 we reported that the Army was evaluating and applying lessons learned from its counterinsurgency operations. However, it did not have a comprehensive assessment plan to determine whether fielded modular unit designs met the Army's original goals for modular units across the full spectrum of low- and high-intensity warfare, and it did not have outcome-oriented metrics that helped to measure progress in achieving the goals of the modular force.[27] The Army evaluated the experiences of modular units deployed to Iraq and Afghanistan and had made some changes in unit designs based on these lessons; however, the Army did not develop a plan for assessing modular units in high-intensity combat operations. In seeking approval to establish modular units, the Army identified a number of planned benefits associated with them, such as providing the same or better combat effectiveness of the

[26]GAO-06-745.

[27]GAO-08-145.

Army's division-based brigades. However, the Army limited its evaluations to the performance of modular units during predeployment exercises and counterinsurgency operations and did not evaluate their performance across the full spectrum of combat operations that include large-scale, high-intensity combat operations. As a result, the Army did not have a clear way to measure the extent to which new modular brigades were as effective as its division-based brigades for a range of missions. Without a comprehensive assessment plan that included a wider range of potential missions, the Army may have missed opportunities to strengthen its designs.

Additionally, we reported in our 2008 report on Army modularity that the Army tested its units with the full complement of required equipment and personnel, and not at the somewhat lower level of personnel and equipment the Army actually provided to units. As a result, the Army assessment of whether the capabilities that it was fielding could perform mission requirements did not capture realistic missions and outcomes.[28] Without an analysis of the capabilities of the modular force at realistic personnel and equipment levels, the Army was not in a position to assess whether the capabilities that it was fielding could perform mission requirements.

Army Has Ongoing Steps for Planning Comprehensive Assessments

Faced with decreasing financial resources and increasing ambiguity regarding future missions, decision makers sought to determine how to organize combat formations to best position the Army for a range of possible missions. The Army Training and Doctrine Command Analysis Center prepared an analysis in May 2012 to consider whether the Army should add a third maneuver battalion to the armored and infantry brigade combat team designs. To begin this analysis, the Army assembled 23 commanders of brigade combat teams to gather insights into the effectiveness of the both the two- and three-battalion designs across a wide range of possible future demands, such as major combat operations, low-threat activities, and enhanced protective posture. In doing so, the Army considered several factors we reported on in our prior work, including reviewing the full spectrum of low- and high-intensity warfare and identifying assessment metrics such as security of vehicles. However, the analysis was not an assessment of the Army's prior performance under a two-battalion construct. Rather, the analysis was a

[28]GAO-09-131.

projection of how to organize the Army for future demands and thus did not meet the intent of our past recommendations.

The Army has developed some plans to conduct assessments and capture lessons learned as it changes its modular force design, but it has not formalized these plans with a detailed methodology, data-collection procedures, or outcome-based metrics. According to Army officials, the Army plans to conduct assessments and capture lessons learned during the reorganization of the brigade combat teams. The Army issued an execution order for the Army Training and Doctrine Command to conduct assessments for this reorganization. According to a senior official from the Army Training and Doctrine Command, the Army plans to collect baseline metrics on the brigades both prior to and following their reorganization. Additionally, the Army has developed new mission-essential task lists for the infantry, Stryker, and armored brigade combat teams on which to base assessments. When the brigade combat teams participate in training exercises in their new organizational designs, assessors will evaluate how well the teams achieve their mission-essential tasks. The assessors can then adjust the training if the brigade combat teams are having difficulties understanding the new tasks. However, the Army officials stated that there is no checklist or detailed plan on how to conduct these assessments or what outputs to measure. Moreover, according to Army officials, the assessments are dependent upon receiving sufficient funding and potentially may not occur. If the Army created a comprehensive assessment plan, it could help enable the Army to clearly measure the extent to which it is achieving desired benefits in the design of its modular force.

Agency Comments

We are not making new recommendations in this report. However, this report's analysis provides additional support for past recommendations to develop realistic cost estimates and to create a comprehensive assessment plan to measure achievement of desired benefits. We provided a draft of this report to DOD for comment. Army officials provided oral comments on the draft indicating that DOD concurred with our report.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; and the Secretary of the Army. The report is also available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

John H. Pendleton, Director
Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable James Inhofe
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Richard J. Durbin
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Rodney Frelinghuysen
Chairman
The Honorable Pete Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To determine the extent that the Army addressed legislative requirements to report information regarding key equipment and personnel needs for its reorganized modular force, three analysts independently reviewed the Army's fiscal year 2013 modularity report and compared the report to the legislative requirements. A fourth analyst adjudicated the differences in cases of dispute and determined a final categorization. The analysts used an evaluation tool that listed the legislative requirements and categorized the extent to which the Army's report included information required for each reporting element from the mandate. The categories were "Addressed," "Addressed in part," and "Not addressed." "Addressed" meant the report thoroughly addressed all components of the requirement. "Addressed in part" meant that one or more, but not all, components of the requirement were addressed, or that all components of the requirement were addressed, but the information provided was insufficient to answer the requirement fully due to limitations in the data or information provided. "Not addressed" meant that the report did not address any part of the requirement. To gain a full understanding of the method and data the Army used to prepare the report, clarify the significance of the information presented in the report, and obtain additional information that addressed the legislative reporting requirements, we met with Army officials knowledgeable about compiling information for the report, about key enabler personnel and equipment, and about equipment reset, doctrine, and force structure changes. Specifically we met with Army officials from the Offices of the Deputy Chiefs of Staff for Personnel (G-1), Logistics (G-4), Operations and Plans (G-3/5/7), and Programs (G-8); Training and Doctrine Command; Army National Guard; and Army Reserve who provided data for the Army's fiscal year 2013 modularity report. To gain a full understanding of the data the Army used to prepare the report, analysts reviewed documents the Army used to compile the report, including a Director of the Army Staff memorandum, the list of key enabler personnel and equipment required to be included in the report, and the Army Equipment Reset Update. To gain a full understanding of the progress made in fulfilling modularity requirements in the fiscal year 2013 report, we reviewed the fiscal year 2012 report to determine the extent of progress made between fiscal years 2012 and 2013. After the initial interview, document review, and completion of the evaluation tool and adjudication of the differences, the analysts determined that of the 14 legislative requirements, 9 were addressed and 5 were addressed in part. Analysts conducted a follow-up interview regarding the five legislative requirements that were addressed in part to obtain additional information or documentation on why the elements were not fully addressed.

To identify challenges in the Army's modular force restructuring over the past 10 years, we reviewed prior GAO reports evaluating the Army force structure. We also reviewed prior GAO reports evaluating technology and equipment related to the Army's modular restructuring to identify challenges. From our review of prior reports, we identified three main challenges the Army faced during its modular force restructuring. To determine how the Army is addressing these challenges, we reviewed whether the Army implemented the recommendations in our prior GAO reports that evaluated the Army's modular force structure. To determine whether the Army plans in its modular force structure reorganization to address challenges previously identified in our reports, we reviewed Army documents and interviewed Army officials. We reviewed documents including the Brigade Combat Team inactivation execution order, Army Structure Memorandum for fiscal years 2014 to 2019, Army of 2020 Analysis Supporting the Brigade Combat Team Design Decision, and the Army Campaign Plan portal, which the Army uses to track the reorganization. We met with officials knowledgeable about the changes to the brigade combat team designs to gain a full understanding of the plans the Army is developing to execute the changes. We also spoke with an official from the Army Training and Doctrine Command to learn about the Army's plans to conduct comprehensive assessments of its modular force reorganization.

We conducted this performance audit from September 2013 to April 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Status of GAO Recommendations from Army Modularity Reviews

This appendix presents a list of (1) the 20 recommendations that we had previously made regarding the Army's modular force transformation, (2) the Department of Defense (DOD) response to those recommendations, and (3) our analysis of whether the Army has addressed the issues that gave rise to the recommendations. From 2005 to 2008, we made 20 recommendations regarding the Army's modular force transformation in the following four reports:

- Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force. GAO-05-926. Washington, D.C.: September 29, 2005. (Referred to below as September 2005 recommendations).
- Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans. GAO-06-745. Washington, D.C.: September 6, 2006. (Referred to below as September 2006 recommendations).
- Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results. GAO-08-145. Washington, D.C.: December 14, 2007. (Referred to below as December 2007 recommendations).
- Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities. GAO-09-131. Washington, D.C.: November 14, 2008. (Referred to below as November 2008 recommendations).

We tracked the recommendations for 4 years following each report's publication and closed each one as either implemented or not implemented. We grouped our recommendations by the types of issues and challenges on which the recommendations focused: (1) creating a results-oriented plan, (2) developing realistic cost estimates, and (3) planning comprehensive assessments. The appendix lists the recommendations by these three key challenges.

Table 2: GAO Recommendations Regarding Creating a Results-Oriented Plan for the Army's Modular Force Transformation, and the Status of Each Recommendation

Recommendation date	Recommendation	DOD response	Status	Comments
September 2006	In order for decision makers to have the visibility needed to assess the Army's ability to meet the personnel requirements for its new modular operational forces while simultaneously managing the risk to its noncombat forces, the Army should develop and provide the Secretary of Defense and Congress with a report on the status of its personnel initiatives, including executable milestones for realigning and reducing its noncombat forces, and an assessment of how the Army will fully staff its modular operational combat force while managing the risk to its noncombat supporting force structure.	Partially concur	Closed—not implemented	The decision to expand the size of the Army by 74,400 soldiers from fiscal year 2007 through fiscal year 2013 changed the condition we originally reported. At the time of our September 2006 report, the Army was attempting to reduce its end strength back to a 482,400 level from approximately 512,400, and we expected the Army would face significant challenges in executing its plans. Since the Army's increased end strength level changed the condition we originally reported, this recommendation no longer applied.
September 2006	In order for decision makers to better assess the Army's strategy for equipping modular combat brigades, the Secretary of Defense should direct the Secretary of the Army to develop and provide the Secretary of Defense and Congress with details about the Army's equipping strategy, to include the types and quantities of equipment active component and National Guard modular units would receive in each phase of the force rotation model, including how these amounts compare to design requirements for modular units, and an assessment of the operational risk associated with this equipping strategy.	Concur	Closed—not implemented	The Army stated that it considered this information as part of its biannual equipping conference. However, the Army did not provide information to the Secretary of Defense and Congress that included the level of detail in our recommendation.
November 2008	To enhance the Army's efforts to comprehensively assess modular designs, the Secretary of Defense should direct the Secretary of the Army to develop a plan, including timelines, for completing doctrine for modular support forces.	Concur	Closed—implemented	The Army completed several initiatives and studies to examine the modular force. According to its reports to Congress, the results of assessments of modular force capabilities, including lessons learned from existing modular units, led to modifications to modular designs, equipment, doctrine, and training.

Recommendation date	Recommendation	DOD response	Status	Comments
November 2008	To improve the Army's focus on the relationship between investments and results and the completeness of the information that the Army provides Congress, the Secretary of Defense should direct the Secretary of the Army to develop and report to Congress a results-oriented plan that provides detailed information on the Army's progress in providing the modular force with key equipment and personnel enablers. The plan should show actual status and planned milestones through 2019 for each type of key equipment and personnel, including (1) goals for on-hand equipment and personnel levels at the end of each fiscal year; (2) projected on-hand equipment and personnel levels at the end of each fiscal year, including planned annual investments and quantities of equipment expected to be procured or repaired as well as key assumptions underlying the Army's plans; and (3) an assessment of interim progress toward meeting overall Army requirements and the risks associated with any shortfalls.	Nonconcur	Closed—implemented	Even though the Army nonconcurred, it included information about its progress in equipping the modular force in its 2011 and 2012 reports to Congress as required by section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007, as amended by section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011.

Source: GAO.

Table 3: GAO Recommendations Regarding Creating Realistic Cost Estimates for the Army's Modular Force Transformation, and the Status of Each Recommendation

Recommendation date	Recommendation	DOD response	Status	Comments
September 2005	To facilitate his oversight of the program and collecting the data for Congress mentioned above, the Secretary of Defense should direct the Secretary of the Army in coordination with the Undersecretary of Defense (Comptroller) to develop a plan for overseeing the costs related to the Army's transformation to a modular force. This plan should include an approach for tracking modular transformation costs that clearly identifies obligations for the modular force	Partially concur	Closed—not implemented	The Army did not establish an encompassing framework that would group Army projects together under the heading of modularity. The Army commented that the administrative costs of such an effort would outweigh any benefit.
September 2005	To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include divergences from the plan as stated in the prior year's report, and contributing factors.	Partially concur	Closed—not implemented	The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program-management oversight practices, but they did not address divergences from the plan as stated in the prior year's report and contributing factors.

Recommendation date	Recommendation	DOD response	Status	Comments
September 2005	To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include a report on obligations related to the modular force made the previous fiscal year.	Partially concur	Closed—not implemented	The Army stated it provided some information on the status of its modularity initiative in its budgets since 2006. However, the Army did not include information on obligations related to the modular force from the previous year.
September 2005	To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include identification of uncertainties in the plan due to pending force structure design decisions or other decisions that may affect costs, and updates to the plan as these decisions are made.	Partially concur	Closed—not implemented	The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program-management oversight practices, but they did not identify uncertainties in the plans due to pending force structure design decisions or other decisions that could affect costs.

Recommendation date	Recommendation	DOD response	Status	Comments
September 2005	To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include estimates for equipment, facilities and personnel.	Partially concur	Closed—not implemented	The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program management oversight practices, but they did not provide estimates for equipment, facilities, and personnel.
September 2005	To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include a clear definition of what costs the Army does and does not consider to be related to the modular transformation.	Partially concur	Closed—not implemented	The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program management oversight practices, but they did not provide a clear definition of the total costs for modularity as designed and tested.

Recommendation date	Recommendation	DOD response	Status	Comments
December 2007	To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Secretary of the Army to include exhibits with the annual budget submissions to show how the budget requests help meet the equipment and personnel requirements of the Army's modular units and help identify what remains to be funded in future years.	Concur	Closed—not implemented	The Army did not report in detail how its budget requests met the equipment and personnel requirements as they related specifically to modular units. The Army stated that modularity became the Army's design, and all personnel and equipment requirements and budgets supported the modular force.
December 2007	To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Deputy Secretary of Defense, with support from the Director, Program Analysis and Evaluation, and the DOD Comptroller, and in keeping with the overall priorities of the department and current and expected resource levels, to replace the Army's existing Office of the Secretary of Defense–approved funding plan for modularity that ends in fiscal year 2011, with a new approved Office of the Secretary of Defense funding plan that fully considers the Army's requirements for a modular force and is consistent with the Army's extended time frames to fully staff and equip the modular force. This plan should also be reported to Congress.	Concur	Closed—not implemented	The Army did not develop a comprehensive strategy and funding plan that identified equipment and personnel requirements based on the modular designs, identified total funding, and included management controls. According to the Army, it completed the transition to modularity and its equipping and personnel strategies represented the Army in its modular structure.

Recommendation date	Recommendation	DOD response	Status	Comments
December 2007	To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Deputy Secretary of Defense, with support from the Director, Program Analysis and Evaluation, to review and assess whether the Army's strategy and funding plan clearly identifies and links requirements, progress to date, and additional funding requirements.	Concur	Closed—not implemented	The Director, Program Analysis and Evaluation, performed assessments of the Army's personnel and equipping plans as part of the budget development for Program Objectives Memorandum. However, the linkage between requirements, progress toward goals, and additional funding needed was not clear.
December 2007	To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Secretary of the Army to develop a comprehensive strategy and funding plan that identifies requirements for equipment and personnel based on modular unit designs, identifies total funding needs, and includes management controls for measuring progress in staffing and equipping units. Also, direct the Secretary of the Army to report its estimates to Congress.	Concur	Closed—not implemented	The Army did not develop the transition plan recommended. According to the Army, the transition to the modular force was complete, and department personnel and equipping strategies and budgets represented plans for the modular force.

Source: GAO.

Table 4: GAO Recommendations Regarding Completing a Comprehensive Assessment Plan for the Army's Modular Force Transformation, and the Status of Each Recommendation

Recommendation date	Recommendation	DOD response	Status	Comments
September 2006	The Secretary of the Army should provide a testing plan as part of its Army Campaign Plan that includes milestones for conducting comprehensive assessments of the modular force as it is being implemented so that decision makers—both inside and outside the Army—can assess the implications of changes to the Army force structure in terms of the goals of modular restructuring. The results of these assessments should be provided to Congress as part of the Army's justification for its annual budget through fiscal year 2011.	Nonconcur	Closed—not implemented	The Army did not provide a testing plan as part of the Army's Campaign Plan. According to the Army, it had thoroughly evaluated modular force designs both in training and combat operations.
September 2006	To improve information available for decision makers on progress of the Army's modular force implementation plans, the Army should develop and provide the Secretary of Defense and Congress with a comprehensive plan for assessing the Army's progress toward achieving the benefits of modularity to include specific, quantifiable performance metrics to measure progress toward meeting the goals and objectives established in the Army Campaign Plan, and plans and milestones for conducting further evaluation of modular unit designs that discuss the extent to which unit designs provide sufficient capabilities needed to execute the National Defense Strategy and 2006 QDR objectives for addressing a wider range of both traditional and irregular security challenges.	Partially concur	Closed—not implemented	The Army did not establish performance metrics to measure progress toward meeting the goals and objectives established in the Army Campaign Plan.

Recommendation date	Recommendation	DOD response	Status	Comments
December 2007	To enhance the rigorousness of the Army's efforts to assess modular designs, the Secretary of Defense should oversee the Army's assessment program.	Concur	Closed—not implemented	The Army assessed elements of its modular designs, but it did not develop a comprehensive assessment plan that included steps to evaluate modular units in full-spectrum combat.
December 2007	To enhance the rigorousness of the Army's efforts to assess modular designs, the Secretary of Defense should require the Army to develop a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat.	Concur	Closed—not implemented	The Office of the Secretary of Defense did not require the Army to develop a comprehensive assessment plan as recommended. Rather, the department commented that current practices accomplished the intent of the recommendation.
November 2008	To enhance the Army's efforts to comprehensively assess modular designs, the Secretary of Defense should direct the Secretary of the Army to assess the capabilities of the modular force based on the amount and type of authorized equipment and personnel to identify capability shortfalls between authorized and design levels and take steps to revise authorized levels where appropriate.	Partially concur	Closed— implemented	In the Army's fiscal year 2012 report to Congress on its modular force, the Army cited lessons learned that precipitated modularity changes in the areas of equipment, doctrine, and training related to modular force capabilities. In addition, it reported ongoing efforts to support the development of modular forces, including leveraging all available resources, new production, reset, and equipment redistribution to meet deployed and deploying unit requirements and achieve a fully equipped force. Although the Army did not complete a review at the time of our report, the Army continued to refine the modular brigades' organizational design and equipment needs to identify shortfalls and mitigate risks, addressing the intent of the recommendation.

Recommendation date	Recommendation	DOD response	Status	Comments
November 2008	To enhance the Army's efforts to comprehensively assess modular designs, the Secretary of Defense should direct the Secretary of the Army to establish an organizational focal point to ensure that integrated assessments of modular support units' designs are performed across the doctrine, organization, training, materiel, leadership, personnel, and facilities domains.	Concur	Closed—not implemented	DOD agreed with the recommendation indicating that that the Deputy Chief of Staff of the Army was the focal point for all Army organization, integration, decision making, and execution of the spectrum of activities encompassing requirements definition, force development and integration, force structuring, combat development, training development, resourcing, and prioritization. However, our recommendation was not directed toward the responsibilities of senior Army leadership. Rather, our recommendation focused more narrowly on the need to address the lack of integrated assessments for support units. The Army did not take the recommended action.

Source: GAO.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

John H. Pendleton, (404) 679-1816 or pendletonj@gao.gov

Staff Acknowledgments

In addition to the contact named above, Margaret Morgan (Assistant Director), Alice Paszel, Richard Powelson, Kelly Rubin, Jodie Sandel, Amie Steele, and Sabrina Streagle made significant contributions to this report.

Related GAO Products

Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers. GAO-13-183R. Washington, D.C.: January 16, 2013.

Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring. GAO-12-527R. Washington, D.C.: March 26, 2012.

Force Structure: Assessment of Army Progress in Modular Restructuring, Prepositioned Equipment, and Equipment Reset. GAO-10-507R. Washington, D.C.: April 26, 2010.

Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities. GAO-09-131. Washington, D.C.: November 14, 2008.

Force Structure: Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment but the Total Cost Is Uncertain. GAO-08-669T. Washington, D.C.: April 10, 2008.

Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results. GAO-08-145. Washington, D.C.: December 14, 2007.

Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans. GAO-06-745. Washington, D.C.: September 6, 2006.

Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain. GAO-06-548T. Washington, D.C.: April 4, 2006.

Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force. GAO-05-926. Washington, D.C.: September 29, 2005.

Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces. GAO-05-443T. Washington, D.C.: March 16, 2005.

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GAO-14-76

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Report to the Subcommittee on Airland, Committee on Armed Services, United States Senate

December 2013

DEFENSE INFRASTRUCTURE

Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process

GAO-14-76

December 2013

GAO Highlights

Highlights of GAO-14-76, a report to the Subcommittee on Airland, Committee on Armed Services, United States Senate

DEFENSE INFRASTRUCTURE

Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process

Why GAO Did This Study

As part of its plan to reduce its active duty force by 80,000 personnel by 2017, the Army will be inactivating 10 BCTs currently stationed in the United States and reorganizing the remaining BCTs. The Army conducted analyses of different stationing options, which included the use of its military value analysis model to compare installations based on their ability to support BCTs. GAO was asked to review the decision making process the Army used for its BCT stationing decision, including its military value analysis model. This report (1) describes the analyses the Army conducted to make its BCT decision and (2) evaluates the extent to which the Army has established guidance and processes related to the use of the military value analysis model as a part of its stationing decisions. GAO reviewed the Army's stationing guidance, current and previous versions of the military value analysis model, documents on the BCT decision, and spoke with cognizant officials.

What GAO Recommends

GAO recommends the Army develop and implement guidance related to when community input should be obtained for stationing decisions, and related to the use of its military value analysis model, such as when it should be used, the level of approval required for changes to the model, and how certain training areas should be considered, as well as processes for updating and reviewing the model. The Army concurred with GAO's recommendations and explained how they will be implemented.

View GAO-14-76. For more information, contact Brian J. Lepore at (202) 512-4523 or leporeb@gao.gov

What GAO Found

To make decisions regarding the installations at which to inactivate 10 Brigade Combat Teams (BCTs) and reorganize others, the Army conducted quantitative and qualitative analyses and obtained community input. Specifically, in 2012 the Army established a BCT Reorganization Operational Planning Team to assess factors such as strategic considerations, military construction costs, and environmental and socioeconomic impacts, among others, and develop stationing options for decision makers. The Army also considered other factors, or attributes—such as training ranges, geographic distribution, and proximity to embarkation points—in its military value analysis model. In addition, the Army conducted community input sessions at installations with 5,000 or more military and civilian personnel, including the 15 under consideration for inactivation of a BCT. Several Army officials said that the sessions were valuable and could serve as a tool for future stationing decisions. However, the Army's stationing regulation does not include guidance on obtaining community input beyond what may be required in the context of environmental analysis. An Army official said that he is developing proposed guidelines for when such input should be considered, but was uncertain how they will be incorporated into formal guidance. Effective stakeholder involvement includes actively soliciting ongoing stakeholder input and fostering communication between stakeholders and decision makers. Incorporating this type of communication with external stakeholders into its stationing guidance for future decisions could lead to potentially greater buy-in from local communities for Army stationing decisions.

The Army expects to continue using its military value analysis model for major stationing decisions and has taken steps to validate the model, but has not established guidance and consistent formal processes related to its use, including when the model should be used or how it should be reviewed, updated, and approved. Standards for internal control state that control activities, such as established and consistent processes or policies, can help to ensure actions to mitigate risks are carried out. Army officials said that the model has generally been used for large-impact stationing decisions and may not be appropriate for minor decisions. However, the Army's stationing regulation does not discuss the model or provide guidance on the circumstances when the model should be used. Also, the Army has not established consistent processes for reviewing and updating attributes and attribute definitions within the model or for collecting and validating data, nor has it established guidance related to the level of input or approval required for changes to the model or how geographically distant training areas should be treated in the model. For instance, subject matter experts noted that the definitions of a couple of attributes should be updated or reviewed, but GAO found that there is no consistent process in place for addressing such issues. Army officials told GAO that the attributes and weighting of the attributes within the model may also change depending on the type of stationing decision, but there is no guidance on when revisions should be approved by Army leaders. Without consistent formal processes for updating and reviewing the model and data used, and guidance related to the level of approval required for changes to the model, the Army risks potential decline in the rigor and consistency of the model over time.

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Abbreviations

BCT	Brigade Combat Team
DOD	Department of Defense

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GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

December 11, 2013

The Honorable Joe Manchin III
Chairman
The Honorable Roger F. Wicker
Ranking Member
Subcommittee on Airland
Committee on Armed Services
United States Senate

The Army's active component is set to decline from a peak of approximately 570,000 soldiers in 2012 to 490,000 by 2017, in accordance with anticipated reductions in defense spending and with strategic guidance released in January 2012.[1] The Army plans to reduce its forces through a number of different actions, including eliminating temporary personnel allowances related to operations in Iraq and Afghanistan and reducing the number of military personnel at installations around the United States and in Europe. Specifically, the Army will be making reductions of approximately 17,700 personnel from the 15 U.S. installations where at least one brigade combat team (BCT) is stationed.[2] As part of this reduction, the Army announced on June 25, 2013 that it would reduce the number of active duty BCTs from 45 to 33 by inactivating 12 BCTs—2 currently stationed in Europe and 10 currently stationed at installations in the United States.[3] The Army also announced that it would reorganize the remaining BCTs into larger organizations

[1] Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (Jan. 3, 2012).

[2] A BCT is a modular organization that provides the division, land component commander, or joint task force commander with close combat capabilities. BCTs are the Army's combat power building blocks for maneuver, and the smallest combined arms units that can be committed independently. BCTs can be one of three types—infantry, armor, and Stryker.

[3] According to the Army, it will also likely be announcing the inactivation of an additional BCT in the future, which will bring the number of active component BCTs to 32. See appendix II for the installations where BCT inactivations will be taking place.

through the addition of more engineering capabilities and a third maneuver battalion to most BCTs.[4]

According to the Army, the magnitude of its force structure reductions necessitated that the reductions be distributed broadly both in terms of the number of installations that would be affected and the types of units that would be inactivated. Decisions by the military services—the Army in this instance—regarding where to base their force structure in the United States can have significant strategic, socioeconomic, and cost implications for both the Department of Defense (DOD) and the communities surrounding the bases. For example, stationing decisions can often result in changes to the numbers of personnel, military families, and defense-related contractors working or living at DOD installations and can have an effect on the off-base infrastructure, community services, businesses, and environmental considerations of local communities.[5] To aid decision making for its current force reductions, the Army conducted a number of different analyses, including the use of a military value analysis model the Army has used to support previous major stationing decisions.

You asked us to conduct a review of the Army's analysis and decision making processes that were used to support the decisions on BCT force structure and stationing changes, including reviewing the Army's military value analysis methodology. Specifically, our objectives were to: (1) describe the analyses that the Army conducted to make determinations regarding which BCTs would be inactivated or reorganized, and at which installations; and (2) evaluate the extent to which the Army has established guidance and processes related to the use of the military value analysis model as a part of its stationing decisions.

[4] BCTs stationed outside of the continental U.S. in Hawaii, Alaska, and Italy will not receive a third maneuver battalion. Also, Stryker BCTs already have a third maneuver battalion and will not receive an additional battalion.

[5] The purpose of Army Regulation 5-10, *Stationing*, is to assign responsibilities for and prescribe policies and procedures governing the Army stationing process. According to the Regulation, stationing is the process of combining force structure and installation structure at a specific location to satisfy a specific mission requirement. It includes all forms of realignment or relocation and includes actions that determine the authorized population (military and civilian) at a particular installation. Activation and inactivation of force structure components are among the ways to accomplish stationing. *See* Army Regulation 5-10, *Stationing* at 31 (Aug. 20, 2010) (hereinafter cited as AR 5-10 (Aug. 20, 2010)).

To address the first objective, we reviewed the Army's stationing regulation, reports, and guidance, examined briefings and documents outlining the key components of the current decision process, such as briefings related to the development and assessment of possible stationing options, and interviewed knowledgeable Army officials about the Army's decision process and the key factors that were considered. Additionally, we reviewed documents related to the Army's environmental analysis, such as environmental regulations and the Army's programmatic environmental assessment of 21 installations,[6] and examined briefings and an order related to the listening sessions held at Army installations to obtain community input. Further, we examined documentation related to the Army's military value analysis model and methodology, such as briefings and reports, to identify key elements of the model and determine how the attributes within the model are defined and weighted to arrive at the results. We also interviewed knowledgeable Army officials to determine how the model's results were considered as part of the broader BCT decision process. The scope of our work was limited to inactivations occurring at installations located within the United States.

To address the second objective, we examined the Army's stationing regulation, 2011 stationing report to Congress, and other applicable reports and guidance to determine the extent to which the Army's military value analysis model is established in guidance. We examined documentation related to prior versions of the model and the current model used for the recent BCT decision to determine how the model has changed over time. We also reviewed key elements of the version of the model used to support the BCT inactivation decision, such as the attributes and weighting of the attributes, and interviewed knowledgeable officials such as Center for Army Analysis personnel to discuss the development of the model and how the key aspects of the model are reviewed and updated for each use of the model. Additionally, we examined documentation related to and interviewed subject matter experts about the processes used by the Army to collect and validate the data used in the model, but we did not review the completeness of the data or validate the data itself.

[6] The 21 installations included the 15 locations where BCTs are stationed and 6 non-BCT installations that support major training schools or Combat Training Centers with the potential to lose or gain 1,000 or more military members.

We conducted this performance audit from April 2013 through December 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix I contains additional information about our scope and methodology.

Background

Army Reorganization of BCTs

In January 2011, the Secretary of Defense announced that the Army's end strength would be reduced by 27,000 active duty military personnel beginning in 2015. According to Army officials, initial discussions regarding how these reductions should be made began as part of the 2014-2018 Total Army Analysis, but no decisions on BCT inactivations in the United States were made in 2011.[7] As part of the early 2012 decision to further reduce its active component end-strength to 490,000, the Army determined that it would inactivate at least 8 of its 45 active component BCTs. According to the Army, it began more extensive analysis of its BCT organizational design, which included a series of vignettes addressing the full range of Army missions, simulated combat that examined multiple organizational options, and a strategic analysis focused on the ability of the Army to support force demands in plausible future campaigns. As a result of this analysis, the Army determined that it would inactivate 12 BCTs and reorganize the remaining BCTs by adding a third maneuver battalion to armor and infantry brigades located in the continental United States, among other additional capabilities.[8] Under the current organization design, the Army has 45 active component BCTs with 98 maneuver battalions.

[7] The Army describes Total Army Analysis as a process that determines the force structure that is both balanced and affordable to meet guidance issued from the President, Congress, Office of the Secretary of Defense, or Army leadership.

[8] The Army is inactivating two BCTs in Europe in addition to inactivating the 10 BCTs in the United States.

Under the new design, the Army will reduce the number of BCTs to 33, but will still maintain 95 maneuver battalions by focusing reductions on headquarters organizations. According to Army officials, this reorganization will allow the Army to maximize its combat power within its reduced end-strength. The Army will conduct these BCT reorganizations concurrently with BCT inactivations and has cited some benefits of doing so, such as cost efficiencies that can be achieved by using inactivating BCTs to provide personnel, equipment, and infrastructure to BCTs that are reorganizing at the same installations. These BCT inactivations and reorganizations will take place within the Army's stationing process.

Army Regulation 5-10 Establishes Framework for Stationing Decisions

Stationing includes realignment or relocation, and those actions that determine the population at a particular installation. As such, it may involve activation or establishment, or inactivation or discontinuance, of force structure components at one or more military installations in support of operational requirements. The Army's stationing process incorporates both a force structure component and an installation component. Army Regulation 5-10 on Stationing establishes the policy, procedures, and responsibilities for Army stationing actions that occur outside of the Base Realignment and Closure process.[9] Under the regulation, the Army Deputy Chief of Staff for Operations and Plans serves as the Army Staff principal proponent for directing and monitoring stationing activities, but a range of other Army staff directorates and organizations also have responsibilities within the process. In addition to providing instruction on administrative procedures for obtaining approval of stationing actions, Army Regulation 5-10 provides a framework for planning stationing actions, to include studying and analyzing feasible stationing options. This framework allows for some flexibility in regard to the factors that should be considered as part of stationing decisions. For example, the regulation identifies 28 stationing planning factors, such as operational considerations, for planners to consider as they identify, analyze, and evaluate stationing options, but recognizes that some planning factors may have little relevance for certain stationing actions. In addition, environmental analysis is generally a necessary element of the Army's

[9] The procedures outlined in Army Regulation 5-10 are not applicable to specified situations. The list of exclusions includes stationing actions specifically mandated by law, such as base realignment and closure-directed stationing actions, although base realignment and closure-discretionary actions are covered. *See* AR 5-10, paras. 1-5.e, 6-3 (Aug. 20, 2010).

stationing process and Army Regulation 5-10 directs that stationing proposals are to be evaluated for compliance with the National Environmental Policy Act of 1969.[10]

Military Value Analysis

The Army's military value analysis model is a possible input to the Army's stationing process and has been a consideration in a number of prior stationing decisions, including the 2005 Base Realignment and Closure round.[11] Based on tools used to analyze the military value of installations as part of the Base Realignment and Closure process, the Army developed a military value analysis model to support stationing decisions for six new BCTs that were established as part of the 2007 Grow the Army initiative, and has adapted that model for use in a number of other brigade stationing decisions since that time.[12] The Army's military value analysis model was developed by the Center for Army Analysis, which reports to the Army Deputy Chief of Staff for Programs, and is a decision analysis tool that is designed to rank-order installations based on attributes that the Army has identified as being operationally important to the type of unit in question for each stationing decision.

[10] Pub. L. No. 91-190 (1970) (codified as amended at 42 U.S.C. §§ 4321-4347).

[11] The legislation governing the 2005 Base Realignment and Closure round required the Secretary of Defense to give priority consideration to specific criteria, identified as military value criteria, in making recommendations for the closure or realignment of military installations. *See* National Defense Authorization Act for Fiscal Year 2002, Pub. L. No. 107-107, § 3002 (2001) (amending the Defense Base Closure and Realignment Act of 1990, Pub. L. No. 101-510, Title XXIX (1990)), *amended by* Ronald Wilson Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 2832 (2004) (appended as a note below 10 U.S.C. § 2687).

[12] The Grow the Army initiative increased the size of the active and reserve components of the Army by 74,000, including six new infantry BCTs.

The Army's BCT Stationing Decision Was Informed by Quantitative and Qualitative Analyses and Included an Effort to Obtain Community Input, Which May Provide Benefits for Future Stationing Decisions

The Army's BCT stationing decision regarding the installations at which to inactivate BCTs was informed by a number of quantitative and qualitative analyses, including a military value analysis of installations, an environmental assessment, and a qualitative analysis of different stationing options. The Army also obtained community input through listening sessions held at installations around the country, a practice that is not currently required by Army guidance, but which may provide some benefits for future stationing decisions.

Army's BCT Stationing Decision Was Informed by Qualitative and Quantitative Analyses of Identified Stationing Factors

In May 2012, the Army established a BCT Reorganization Operational Planning Team for the purpose of conducting, facilitating, and overseeing planning and analysis to determine how to best achieve the targeted BCT reductions. This team was led by the Force Management directorate within the Army Staff and included stakeholders from across the Army Staff and other Army organizations, such as the Office of the Assistant Chief of Staff for Installation Management and Office of the Assistant Secretary of the Army for Installations, Energy, and Environment, among others. Guidance from the Secretary of the Army and Director of Army Force Management identifying a number of specific stationing factors to be considered when assessing stationing options as part of the BCT inactivation decision process was provided to the BCT Reorganization Operational Planning Team.[13] These key stationing factors for the inactivation decision were initially established in an information paper approved by the Secretary of the Army in November 2011 when the Army was planning for the reduction of at least 8 BCTs and then further defined and modified to account for potential BCT reorganizations in 2013. The

[13] For the purposes of this report, we use the term "stationing options" to refer to the different scenarios that the Army developed and assessed regarding the 15 U.S. installations where the 10 BCTs could potentially be inactivated. We use the term "stationing factors" to refer to the guidance that planners received regarding the elements that they should consider when assessing the merits of the stationing options.

stationing factors included some factors to be considered as part of the analysis conducted using the Army's military value analysis model and other stationing factors to be considered as part of analyses occurring outside of the military value analysis model.

The Army Considered Some Stationing Factors Through the Use of Its Military Value Analysis Model

To inform its BCT inactivation decision, the Army used its military value analysis model to measure the relative value of installations based on the requirements of BCTs. Stationing factors considered under the model's analysis are specific to an installation's ability to support a BCT, such as maneuver land availability or housing. These factors, also known as model attributes, were quantified as part of the military value analysis model in order to rank order the installations under consideration according to their military value. The 2013 version of the model used to support the recent BCT inactivation decision scored the 15 installations with BCTs based on 16 attributes identified by the Army as being operationally important to a BCT. Each attribute within the model has a formula or categorical definition that measures a certain characteristic (see appendix III for a full list of the attributes used within the current model and their definitions). The results of the formulas and categorical ratings for each attribute are converted to 0-10 scores for each installation. The attributes are weighted within the model based on their operational importance and ease of change relative to each other. For example, maneuver land is an attribute within the model and is considered to be of high operational importance, but additional maneuver land is not easily attainable, so that attribute is weighted more heavily than an attribute such as quality of life facilities, which can be improved through Army investment. Installations receive a score for each attribute based on collected data and then individual attribute scores are weighted and summed to produce the installations' overall military value scores. For the recent decision, the 15 installations were then rank-ordered, with higher rankings indicating greater military value for stationing BCTs. Army officials emphasized that the results of the model were used only as a starting point for further analysis and were useful in comparing installations, but that the model cannot account for all of the factors that need to be considered in a complex decision, such as strategic considerations.

The Army Identified Stationing Factors for Consideration Outside of the Military Value Analysis Model

The Army also identified other stationing factors, which were to be considered outside of the military value analysis model as part of a qualitative assessment of stationing options. These factors address issues beyond a particular installation's capabilities and infrastructure that are not accounted for within the model, such as strategic considerations or immediate impacts on readiness. Table 1 shows the key factors

identified for consideration outside of the military value analysis model as part of the Army decision.

Table 1: Stationing Factors Identified for Consideration Outside of the Military Value Analysis Model as Part of the Brigade Combat Team (BCT) Inactivation Decision

Strategic considerations	Stationing options that enhanced the Army's ability to meet the requirements of the Defense Strategic Guidance and to rebalance efforts to the Asia-Pacific region were to be considered preferable to those that did not.
Proximity of subordinate units to parent headquarters	Stationing options that resulted in subordinate units being collocated with, or in very close proximity, to their respective parent headquarters were to be considered preferable to those that did not.
Military construction costs	Stationing options that minimized unprogrammed military construction costs were to be considered preferable to those that did not.
Investment and regeneration	Stationing options that created space for regeneration of force structure in case the Army is required to grow in the future to meet a national emergency were to be considered preferable to those that did not.
Statutory requirements	Stationing options were to be checked for compliance with the provisions of sections 993 and 2687 of Title 10, U.S. Code; section 8018 of the Consolidated and Further Continuing Appropriations Act, 2013; and Department of Defense Instruction 1400.25, volume 351 (Jan. 19, 2011).[14]
Immediate readiness impacts	Stationing options that minimized organizational, equipment, and personnel readiness impacts due to the reorganization of BCTs were to be considered preferable to those that did not.
Environmental and socioeconomic impacts	Stationing options that minimized environmental and socioeconomic impacts, as identified through the programmatic environmental assessment and community listening sessions, were to be considered preferable to those that did not.

Source: GAO analysis of Army data.

While some of the additional factors, such as strategic considerations, were addressed primarily through the qualitative assessment of stationing options, other factors required additional analysis, such as environmental analysis. To comply with environmental regulations and to address one of the stationing factors identified for consideration, the Army conducted a

[14] These statutes and the regulation contain provisions requiring notification or certification prior to taking certain relocation, realignment, installation closure, and personnel reduction actions.

programmatic environmental assessment of the 21 installations and their associated maneuver training areas with the potential to gain or lose 1,000 or more military and civilian personnel due to the planned force reductions and force structure changes—the 15 installations where BCTs are currently stationed and 6 other installations that support major training schools or Combat Training Centers—to identify potential environmental and socioeconomic impacts of planned force reductions. The Army found that no significant environmental impacts were expected as the result of its proposed actions and, as a result, does not anticipate preparing a more detailed programmatic environmental impact statement related to its decisions.[15]

Army officials said that additional site-specific environmental analysis may be necessary once the force structure changes at affected installations have been finalized, particularly in instances where installations may experience some growth or where the types of units stationed at an installation may change, but this has not yet been determined. In particular, the Army did not assess the environmental impacts at Fort Benning of restructuring under the alternative that could lead to some degree of force growth as part of the programmatic environmental assessment because, as the assessment stated, there would not be a situation where Fort Benning would see a net increase in soldiers overall due to its lack of sufficient unrestricted maneuver land at that time to support the training needs of additional maneuver units. The Army has since announced that it will be retaining the BCT at Fort Benning, and reorganizing it by adding an additional maneuver battalion and other capabilities. An Army official said that Fort Benning had taken steps to acquire additional maneuver land to mitigate the installation's training land limitations and in response to a Jeopardy Biological Opinion from U.S. Fish and Wildlife Services prior to the BCT inactivation decision process and related programmatic environmental assessment, but the acquisition was put on hold pending Army force structure and budgetary decisions. Army officials said that the Army still has some decisions to make in regard to the BCT stationed at Fort Benning and the extent that

[15] The Army documented the results of the assessment in a document referred to as a Finding of No Significant Impact. *See Finding of No Significant Impact and Final Programmatic Environmental Assessment for Army 2020 Force Structure Realignment*, 78 Fed. Reg. 21,919 (Apr. 12, 2013); *see also* Department of the Army, U.S. Army Environmental Command, *Programmatic Environmental Assessment for Army 2020 Force Structure Realignment: Finding of No Significant Impact* (Apr. 2013).

additional environmental analysis or other actions will be required at the installation to mitigate challenges related to the lack of maneuver land.

The programmatic environmental assessment found that potentially significant socioeconomic impacts could result at some installations due to the proposed force reductions. In estimating these impacts, the programmatic environmental assessment looked at the socioeconomic impacts of the maximum possible reductions that could occur at the installations, with an estimated loss of up to 8,000 military and civilian personnel at some installations. However, because the Army will be using units and personnel from inactivating BCTs to reorganize the remaining BCTs at installations where possible, the Army projects that the population losses at the installations that are losing BCTs, and thus the projected socioeconomic impacts, will not be as large as the estimates analyzed by the programmatic environmental assessment.

Prior to finalizing its analysis related to the environment, the Army provided opportunity for public comment on the draft Finding of No Significant Impact and the programmatic environmental assessment.[16] A 30-day comment period is required by Army regulation,[17] but the Army then voluntarily extended it for an additional 30 days[18] at the request of some communities in order to encourage maximum stakeholder participation.

The Army Assessed Potential BCT Stationing Options against Identified Stationing Factors

Incorporating the results of the aforementioned programmatic environmental assessment and the military value analysis, as well as other stationing factors considered outside of the military value analysis as described above, the BCT Reorganization Operational Planning Team

[16] *See Availability of the Draft Finding of No Significant Impact and Final Programmatic Environmental Assessment for Army 2020 Force Structure Realignment*, 78 Fed. Reg. 4134 (Jan. 18, 2013).

[17] *See* 32 C.F.R. § 651.14(b)(2)(i).

[18] *See Notice of Availability for the Draft Finding of No Significant Impact and Final Programmatic Environmental Assessment for Army 2020 Force Structure Realignment*, 78 Fed. Reg. 11,632 (Feb. 19, 2013).

developed and assessed 10 potential stationing options.[19] Each option was developed to focus on a particular consideration, some of which were identified as key stationing factors, some related to other considerations such as impacts on training, and some options were directly related to the outcomes of the programmatic environmental analysis and the military value analysis.[20] For example, two of the potential stationing options the Army assessed in its qualitative analysis of options were developed to identify those installations where BCT inactivation would result in minimal environmental and socioeconomic impacts, respectively, as identified through the programmatic environmental assessment. In addition, one of the potential stationing options the Army assessed considered inactivating BCTs solely according to the rank order of installations where they are currently stationed based on the results of the military value analysis (i.e., the BCTs would be identified for inactivation at the ten installations with the lowest military value scores under this option) prior to the consideration of other stationing factors.

Other options the planning team considered placed primary emphasis on different stationing factors and then incorporated the results of the military value analysis model as a secondary consideration. For example, one option selected installations for BCT inactivation that would result in the lowest overall military construction costs and then, once costs no longer distinguished between the remaining installations, inactivated BCTs at installations based on their military value analysis training rankings. Another option was based on retaining BCTs at installations that would best support the strategic realignment of forces to the Pacific and then, once those strategic considerations were addressed, inactivated BCTs at installations based on their military value analysis rankings.

Once the BCT Reorganization Operational Planning Team developed the 10 different options, the team analyzed each option and identified

[19] According to Army officials, when they developed the stationing option based on minimizing the environmental impacts of BCT inactivations and reorganizations, and the stationing option that inactivated BCTs based on installation military value analysis model scores, the two options resulted in BCTs being inactivated at the same 10 installations (i.e., installations with lower military value scores also faced potentially adverse environmental impacts from inactivations and reorganizations).

[20] One assumption throughout the development and assessment of these stationing options was that the options could include adjustments of BCT types (e.g., infantry, armor, or Stryker) at installations; according to the Army, the final BCT mix at each of the installations is still being determined.

advantages and disadvantages based on the Army's stationing factors and other considerations, such as impacts to training.[21] For instance, the team found that the stationing option that inactivated BCTs at installations based on the results of the military value analysis would incur an estimated $684 million in military construction costs[22] and did not appear to support the Defense Strategic Guidance regarding a realignment of forces toward the Pacific because it would inactivate one BCT each at installations in Hawaii, Alaska, and Washington. In general, the analysis of the advantages and disadvantages of the various stationing options found that reorganizing BCTs (i.e., adding additional units and personnel) at installations with multiple BCTs without first inactivating a BCT resulted in higher military construction costs because each BCT on the installation would experience growth with no loss of population to offset that growth. For example, according to the Army's analysis, Fort Hood currently has five BCTs and increasing the size of those BCTs without first inactivating a BCT would have resulted in approximately $243 million in military construction costs, whereas inactivating BCTs at installations with multiple BCTs creates excess facilities capacity to allow for the reorganization of the remaining units on the installation while incurring lower estimated military construction costs. Further, according to the Army, using inactivating BCTs at these locations as the initial source of equipment and personnel for the remaining BCTs where possible is expected to reduce costs related to transportation of equipment and to mitigate some equipment and personnel readiness impacts. Additionally, an official from the office of the Assistant Secretary of the Army for Installations, Energy, and Environment said that inactivating BCTs at single-BCT installations is less efficient because it creates excess capacity without a readily available reutilization or disposal strategy for those facilities.

[21] The stationing factor related to investment and regeneration (see table 1) is not clearly considered as part of the Army's summarized stationing options. Army Force Management officials said that the factor was considered based on the concept that by maintaining as many installations as possible that still have a BCT, the Army retains maneuver land and allows for the possibility for future expansion at those locations. Additionally, the officials said that inactivating at installations where there are already several BCTs reduces crowding and allows room for the potential for future growth at those installations.

[22] We did not review the Army's military construction cost estimates or other cost analyses.

Army officials involved in developing and assessing the stationing options said that minimizing military construction costs became a major emphasis of the analysis because it would be difficult to justify significant increases in military construction costs while reducing the size of the force. The Army's military construction estimates were developed based primarily on data available from the Real Property Planning and Analysis System, which is an Army database that provides information on excess capacity at installations by aggregated gross square footage and facility type. An Army official said that these estimates are only rough order of magnitude estimates. Other Army officials involved in developing the estimates said that more accurate military construction cost estimates along with estimates of other potential base support costs, such as those relating to information technology or facilities sustainment, could have been provided had they been able to gather data directly from the installations, but non-disclosure agreements limited them to using data from the Real Property Planning and Analysis System.[23]

Military construction costs were the only costs specifically estimated for each stationing option, although the stationing options did include measures related to socioeconomic factors and basic allowance for housing.[24] Officials said that some other costs, such as those related to equipment transportation for unit reorganization and for the training of certain units, were considered during the development and assessment of stationing options. According to Army officials, the Army is now developing detailed cost estimates for its selected stationing option as it completes the stationing documentation required under Army Regulation 5-10.[25]

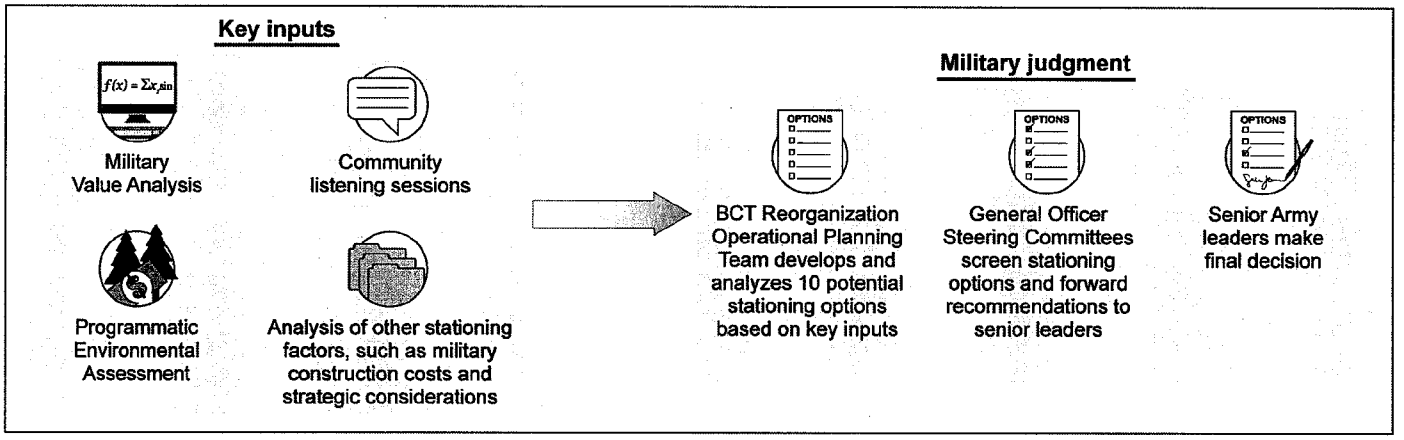
[23] According to Army officials, those closely involved in the BCT inactivation and reorganization decision were required to sign non-disclosure agreements that prohibited them from coordinating with those not covered by similar agreements due to the sensitivity of the stationing decisions.

[24] Basic allowance for housing is a U.S. based allowance prescribed by geographic duty location, pay grade, and dependency status. It provides uniformed Service members equitable housing compensation based on housing costs in local civilian housing markets within the United States when government quarters are not provided.

[25] According to an Army official, this stationing documentation is preferably completed prior to information on stationing actions being released to Congress and the general public. However, this official said that Army Regulation 5-10 allows for announcement earlier in the planning process for politically sensitive stationing actions.

The BCT Reorganization Operational Planning Team, which transitioned to a Council of Colonels,[26] developed summaries of each of the stationing options with the identified advantages and disadvantages based on the stationing factors, military value analysis results, military construction cost estimates, and projected socioeconomic impacts. The stationing options were then briefed to a 1-and 2-star general officer steering committee, which voted on and screened out five of the stationing options. The remaining five stationing options were then briefed to a 3-star general officer steering committee, which screened out two more stationing options. According to Army officials, the three recommended stationing options that emerged from the general officer steering committees were then submitted to Army senior leaders for a final determination. According to Army officials, all of the stationing options that were considered by the general officer steering committees were presented to senior leaders in case they wanted to revisit a stationing option that was previously screened out and senior leaders also had the ability to adjust the recommended stationing options based on their judgment. Figure 1 shows the key elements of the Army's BCT inactivation decision process.

Figure 1: The Army's BCT Inactivation Decision Process



Source: GAO analysis of Army decision process.

[26] A Council of Colonels is a group of officers or civilian equivalents that is formed when a study or issue involves multiple Army organizations or staffs. Army officials said that the BCT Reorganization Operational Planning Team transitioned into the Council of Colonels and the same individuals were part of both groups.

Officials characterized the final decision by the Secretary of the Army as a hybrid of a couple of the stationing options and the Army stated that principal considerations in the inactivations were the Army's ability to meet the requirements of the defense strategy, including a rebalancing of forces to the Pacific, minimizing military construction costs, and minimizing immediate readiness impacts. The military value of installations also played a role in the Army's decision. While the various analyses conducted by the Army played an important role in informing decision makers about the implications of stationing options, according to Army officials, decision makers also utilized military judgment in making the final determination about where to inactivate BCTs.

The Army's Efforts to Obtain Community Input Related to Force Structure Reductions May Provide Benefits for Future Stationing Decisions

The Army's BCT stationing decision regarding the installations at which to inactivate BCTs included steps to obtain community input, a practice that may provide benefits for future stationing decisions. The Army conducted listening sessions at installations that had more than 5,000 civilian and military personnel—the 15 installations considered as part of the BCT inactivation decision and 15 non-BCT installations—to give communities an opportunity to provide input to the Army's force structure reduction decisions. These sessions had a range of attendees, such as local, state, and federal elected officials and civic and business leaders from across the individual communities. The primary focus of the listening sessions was to capture community input for Army leaders to consider as part of the Army's overall analysis before any decisions were made, as well as to explain the process that the Army would be using to make its decisions.

Army Force Management officials described holding community listening sessions as an atypical part of the stationing process. They added that the number and scope of public comments received as part of the programmatic environmental assessment indicated the depth and breadth of the public's interest in the decision. Additionally, many installation communities specifically requested a public forum to discuss their concerns. An official from the Office of the Assistant Secretary of the Army for Installations, Energy, and Environment said that local communities might see the stationing decision as a potential loss of force structure similar to what could occur during the Base Realignment and Closure process and that it was important for the communities to have a public forum. This Army official stated that the listening sessions provided the communities with an opportunity to express their concerns about the projected socioeconomic impacts of the potential stationing decisions and inform the Army about local community investments made to support the installation and its military personnel. Input from the listening sessions

was provided to the general officer steering committees and Army senior leaders as part of their consideration of potential stationing options during the BCT inactivation determination. For instance, Army officials said that officials participating in the general officer steering committees were briefed at a high level on the communities' primary concerns and given in-depth reports and data the communities provided as the officials assessed the options to help them make informed decisions. In addition, senior leaders were provided with daily and weekly summaries of the listening sessions as they were taking place. These reports included information on the community concerns, media coverage, and key individuals attending each listening session, such as elected officials. Additionally, an Army official involved in developing a stationing option related to minimizing the socioeconomic impacts at installations said that he considered the input from the listening sessions as he developed the stationing option.

Several Army officials told us that they believed that the listening sessions were a valuable tool to support the Army's overall BCT inactivation decision process and could serve as good precedent for future stationing decisions. The stationing decision framework presented in Army Regulation 5-10 includes local community impact as one of the stationing factors that should be considered and requires a community impact analysis for stationing proposals with a strength change of 200 or more personnel unless a substantially similar analysis was already completed in the context of analyses under the National Environmental Policy Act.[27] Analysis conducted under the National Environmental Policy Act and implementing regulations often includes opportunity for public comment. The community impact analysis required under Army Regulation 5-10 addresses the impacts of changes in population, personal income, tax base, and employment, and may include an examination of the effects on local businesses, schools, housing, and other public services and economic factors. It is based on analysis generated from an economic forecasting model. However, Army Regulation 5-10 does not provide guidance for or discuss obtaining community input in the stationing context as part of developing community impact analyses, such as when community listening sessions or similar efforts to obtain community input that are beyond the scope of environmental analyses should be considered as part of a particular stationing decision. An Army Force

[27] See AR 5-10, paras. 2-3.b(14), 5-2.b(16) (Aug. 20, 2010).

Management official said that he is currently developing proposed guidelines for when community listening sessions should be proposed for consideration by Army senior leaders in making stationing decisions, but was uncertain how such guidelines would be incorporated into the stationing process and related guidance. Principles for effective stakeholder participation have shown that effective stakeholder involvement includes actively soliciting stakeholder input from those potentially affected by a decision, involving stakeholders early and throughout the decision-making process, and fostering responsive, interactive communication between stakeholders and decision makers.[28] Incorporating this type of communication with external stakeholders into its stationing process could help to ensure that the Army takes into account the views of external stakeholders and lead to potentially greater buy-in from local communities for Army stationing decisions.

The Army Expects the Military Value Analysis Model Will Be an Enduring Tool but Has Not Established Guidance or Consistent Processes Related to the Use of the Model within Its Stationing Process

The Army has used its military value analysis model to inform several recent stationing decisions and Army officials expect that the model will be an enduring tool in stationing decisions. While the Army has taken steps to validate the model, it has not yet formalized the use of the military value analysis model within its stationing process by establishing guidance related to the use of the model, including guidance related to when the model should be used for stationing decisions or the processes through which key aspects of the model are reviewed, updated, and approved for each use of the model, and data collected and validated. Internal control standards state that appropriate policies and procedures are needed for an agency's activities, and that relevant objectives and associated risks for each activity should be identified along with the control activities needed to address those risks.[29] Key practices for successful transformations state that stakeholders in public sector transformations are concerned not only with the decisions made but also the process used to make those decisions.[30]

[28] GAO, *Fisheries Management: Core Principles and a Strategic Approach Would Enhance Stakeholder Participation in Developing Quota-Based Programs*, GAO-06-289 (Washington, D.C.: Feb. 23, 2006).

[29] GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999); GAO, *Internal Control Management and Evaluation Tool*, GAO-01-1008G (Washington, D.C.: August 2001).

[30] GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

The Army Has Not Established Guidance Related to When and How the Model Should Be Used within Its Stationing Process

The military value analysis model has been used to inform several stationing decisions since 2005, such as the stationing of additional BCTs related to the Grow the Army initiative in 2007 and the stationing of an aviation brigade in 2009. However, Army officials said that the Army has not formally established in guidance the circumstances under which the model would be used or how the model should be considered as a factor within the stationing process. Army Force Management officials said that the Army generally has used the model in stationing decisions with a large impact, potentially greater risk, and requirement for more rigorous analytical underpinning, such as in stationing decisions involving brigade combat teams. One official added that the Army will likely continue to utilize the model in future stationing decisions of a similar nature. Conversely, Army officials said that for stationing decisions related to smaller units, using the military value analysis model may be too labor intensive and thus may not be an appropriate use of resources. In 2010, as part of a prior review GAO conducted of the military services' stationing processes, Army Force Management officials told GAO that the Army would incorporate military value analysis into Army Regulation 5-10. However, as of our current review, it has not yet done so. The Army has documented its use of the military value analysis model in reports and briefings, but has not incorporated in its stationing regulation or other guidance any discussions of when the use of the model would be warranted and how the model should be used in stationing decisions.

According to Army Force Management officials, the Army plans to include a discussion of the military value analysis model in a pamphlet it has been developing to supplement Army Regulation 5-10. Officials said that the pamphlet may include when a military value analysis versus other types of analyses should be conducted within the stationing process, but they have not yet determined what other information related to the model will be included.[31] Further, the pamphlet has been in draft form for more than two years, and the timeframe for its approval and release has not yet been determined. Without formalizing the model within the Army's stationing process, such as documenting in guidance the circumstances

[31] The two basic types of Army pamphlets are standard and informational. Standard pamphlets are used to publish information (such as how-to procedures) needed to carry out policies and mandated procedures prescribed in Army Regulations. Informational pamphlets are used to publish information or guidance on subjects in support of Army missions. *See* Army Regulation 25-30, *The Army Publishing Program* (Mar. 27, 2006). Army officials noted that the stationing pamphlet will be used to document day to day actions for how to accomplish the policies laid out in Army Regulation 5-10.

under which the model would be used to support stationing decisions and how the results of the model are considered as part of the broader stationing process, the model's role within the stationing process may not be transparent and it may not be clearly known how the results of the model are used to inform decisions.

The Army Has Taken Steps to Validate the Model, but Has Not Established Consistent Formal Processes and Guidance Related to How the Model Is Reviewed, Updated, and Approved for Each Use

The Army has taken steps to ensure the validity of the military value analysis model and its results, but has not established consistent formal processes to guide how (a) the attributes of the model should be reviewed and selected for use in the model, (b) attribute definitions should be reviewed to determine if they are still relevant for a particular decision and updated, and (c) data should be collected and validated. The Army also lacks guidance related to the level of input or approval that is necessary for changes to key elements of the model, and how non-contiguous training areas should be treated within the model. Internal control standards state that control activities, such as consistent processes or policies, can help to ensure that actions to mitigate risks are carried out. In addition, control activities are essential for achieving effective and efficient program results, and include the clear assignment of stakeholder responsibilities.[32]

The Army Has Taken Steps to Validate the Model

The Army has taken steps to validate the military value analysis model and its results, such as involving key stakeholders and reviewing the relevancy of key elements of the model for specific stationing decisions. According to Center for Army Analysis officials, the military value analysis models used in the 2005 Base Realignment and Closure round and the 2007 Grow the Army initiative stationing decisions were thoroughly vetted within the Army and reviewed and approved by senior leaders. In addition, Center for Army Analysis officials said that the model used for the 2007 Grow the Army decisions was validated by the Naval Post Graduate School, and that each version of the model is briefed to an analytical review board within the Center for Army Analysis. In general, each use of the military value analysis model begins with an examination of the most recently used model. For example, for 2007 Grow the Army initiative stationing decisions, the Army began by reviewing the attributes used in the model that supported the 2005 Base Realignment and Closure round and selected and developed attributes that were specific to the requirements of stationing a BCT. The military value analysis models

[32] GAO/AIMD-00-21.3.1 ; GAO-01-1008G.

used in several BCT stationing decisions in recent years have been adapted from the model used for the 2007 Grow the Army initiative stationing decisions.

In addition, each time the model has been used, the Center for Army Analysis has conducted a sensitivity analysis to determine the extent to which the weighting of the attributes changes the resulting military value rankings of the installations. According to Center for Army Analysis officials, this allows them to test the impact that any one attribute has on the results of the model and thus be able to identify how any potential flaws in the attribute definitions or data could affect the model and look for opportunities to mitigate them. In the most recent version of the model, the sensitivity analysis did not affect the 6 top-ranked installations or the bottom-ranked installation, which, according to Center for Army Analysis officials, indicates that the ranking of those installations within the model were not affected by any one attribute. Center for Army Analysis officials explained that rankings did change for certain installations during the sensitivity analysis because there was little deviation in the model's scores for those installations. For example, 7 installations scored within .11 points of one another on a 10-point scale. Overall, for the 2013 version of the model used to support the BCT inactivation decision, only 1.27 points separated the top-ranked installation from the bottom-ranked installation, which, according to Army officials, indicates that all of the installations considered within the model have fairly comparable military value for supporting a BCT.

Different Factors Affect the Need to Review the Model for Each Use

Several factors affect the need to review the model each time it is used. According to Center for Army Analysis officials, a new stationing decision may require different attributes to be included in the model because it may involve different types of units and installations or seek to address a different stationing scenario. The weighting of the attributes within the model may require review because the relative importance of specific attributes may change depending on those attributes' importance to the new stationing decision. The definitions for existing attributes can also change over time depending on a number of factors, such as updates to Army policy, availability of data, technological advances, or the question the model seeks to address. While the model utilizes quantitative comparison, some aspects of the model are subjective. For example, decisions about which attributes to include within the model and the weight of those attributes are determined by stakeholders who utilize military judgment in deciding what attributes are important for the specific decision and their relative importance within the model. Additionally, the attribute definitions, including associated formulas and categorical ratings,

are developed based upon subject matter expertise. Because of the subjectivity of some aspects of the model, its continued validity is largely dependent on the involvement of key stakeholders, such as subject matter experts and Army leaders.[33] Additionally, due to the potential for changing uses of the model, Center for Army Analysis officials said that the model is reviewed by subject matter experts at the beginning of each use to determine if the attributes are still relevant for the stationing decision and if any aspects of the model should be changed, such as how the attributes are defined.

The Army Does Not Have Consistent Formal Processes for Reviewing and Updating the Attributes and Attribute Definitions, and Collecting Data for Use in the Model

The Army has not established consistent formal processes for (a) reviewing the attributes to determine which attributes should be used in the model, (b) reviewing and updating attribute definitions to determine if they are still relevant for a particular decision, and (c) collecting and validating the data for use in the model. We found that the Army took steps to review the relevancy of the attributes in developing the version of the model used to support the BCT inactivation decision, but we identified a couple of instances where further review and updates to the attribute definitions could have been beneficial. Also, although Army Force Management issued direction related to data collection and validation for the version of the model used to support the BCT inactivations, we found some instances of inconsistency related to how data were updated that indicate that a consistent process formalized through established guidance could better ensure that expectations for stakeholders involved in data collection are clear and that the data is current.

When force reductions were first announced in 2011, Army Force Management officials met with subject matter experts to identify attributes to be used in a new version of the military value analysis model to support stationing decisions related to these force reductions. The working group used the 14 attributes used in the 2010 version of the model as a baseline and began an initial effort to review the 40 attributes used in the 2005 Base Realignment and Closure round for additions.[34] According to Army Force Management officials, some of the additional attributes that

[33] We use the term "subject matter expert" in this report to refer to Army officials with knowledge of relevant subject areas who provide input to the model, such as in relation to how attributes are defined or collecting data for attributes.

[34] Some of the 14 attributes used in the 2010 version were among the 40 attributes used in the 2005 Base Realignment and Closure round.

were considered for the model were rejected because the characteristics were accounted for in other analyses or existing attributes, the data was not readily available, or did not clearly distinguish between the installations. Additionally, the 14 attributes used in the 2010 version of the model already represented attributes that were important to a BCT. While the Army considered alternatives, Army Force Management officials said that time constraints and a desire to maintain consistency with the attributes used in prior BCT stationing models diffused enthusiasm for including new attributes or removing attributes from the model. Ultimately, for the 2011 model, Army Force Management decided to include the 14 attributes used in the 2010 model and added one attribute previously used as a screening measure within the model.[35] The Army collected data for these 15 attributes and the preliminary results of the 2011 model were briefed to senior leaders. However, the Army did not make any decisions on force reductions or BCT inactivations in 2011.

According to an Army Force Management official, with the public release of the programmatic environmental assessment in January 2013, a decision on BCT reorganization and inactivation appeared imminent and the Army focused on updating and validating the data used in the 2011 model. Army officials viewed the 2013 model as a continuation of the 2011 model with the assumption that the attributes in the 2011 model were still valid. Army officials said that they added one attribute, geographic distribution, to the 2013 model based on guidance from the Secretary of the Army to include it in the Army's decision making process. While some Army officials raised concerns about the applicability of the buildable acres attribute in a force reduction scenario, an Army Force Management official told us that the attribute was kept in order to preserve potential for growth regeneration in the Army. The official additionally said that there was potential for growth at certain installations resulting from the BCT inactivation and subsequent reorganization.

Further, Army officials said that the Army does not have a formal process for reviewing and updating the attribute definitions in coordination with subject matter experts to determine if they are still the best way to measure a particular attribute and we found a couple of instances where further review of and updates to the definitions could have been

[35] A screening measure is a binary (yes or no) measure that establishes a threshold to determine whether an installation should be included within the model.

beneficial. For the 2013 model, an Army Force Management official said that the Army did not deliberately engage subject matter experts in discussions regarding the attribute definitions. The Army focused on updating and validating the data collected in 2011 for use for the 2013 model, which Army officials viewed as a continuation of the 2011 model. Further, these officials told us that they generally rely on subject matter experts to suggest proposed changes or updates to the attribute definitions when necessary and noted that some subject matter experts are more assertive in this regard than others. Officials at the Center for Army Analysis and Army Force Management said that suggestions from subject matter experts are addressed if they are compelling. For instance, the attribute definition for the connectivity attribute was updated for the 2010 model that supported the stationing of a heavy BCT based on a suggestion made by the subject matter expert.[36] Subject matter experts for many of the attributes we spoke with said that they were comfortable with the attribute definitions related to their areas of expertise. However, we did find a couple instances where subject matter experts identified the need to update or review attribute definitions. For example, the subject matter expert for the connectivity attribute said that technological advances in cellular coverage had rendered one of the three sub-factors within the attribute's definition moot as all installations would receive the same score for that sub-factor. This subject matter expert said that he informed Army Force Management that the attribute definition needed to be examined for future uses of the model as there was no time to effectively address the issue for the current model.

Additionally, the subject matter expert for the family housing attribute noted that it may be a good idea to revisit the definition for the attribute for future uses of the model for a couple of reasons, including the attribute's data source. As the attribute is currently defined, it utilizes data from a housing study that is conducted in various years for individual installations and, as a result, it is possible that the data may not reflect the current housing situation at some installations. For example, housing data used in the model came from housing studies that were published between 2009 and 2012. Further, we found that the formula for the family housing attribute was calibrated to prior force growth scenarios at installations in

[36] Heavy BCTs—now referred to as armor BCTs by the Army—are balanced combined arms units that utilize battle tanks, self-propelled artillery, and fighting vehicle-mounted Infantry to provide striking power. The military value analysis model was used to support the stationing of a heavy BCT in 2010.

that it included the specific addition of a heavy BCT as part of the calculation of the availability of housing and was not updated for the current version of the model. Center for Army Analysis officials told us that they were unclear as to why the attribute definition would include the addition of a BCT for this particular scenario, but said that they did not believe this would affect the relative scores of the installations because the same factor was added for all installations.

It is unclear whether reviews and updates to the attribute definitions in these instances would have affected the relative scores of the installations or whether, after review, the Center for Army Analysis and subject matter experts would have determined that changes were indeed necessary. However, these examples indicate that it may be beneficial to have an established process in place to review attribute definitions to determine whether adjustments are needed.

Moreover, the Army has not established a consistent formal process for collecting and validating the data used in the model each time the model is used. In lieu of such a process, to update the data for the model used to support the BCT inactivation decision, Army Force Management instructed the subject matter experts for each of the attributes to update and validate the data that was used in the 2011 version of the model and directed them to, among other things, coordinate at the installation level to ensure accuracy with the installation-level data. An Army Force Management official said that the 2011 data sheets for the attributes were also sent to the installations through the senior maneuver commander at the installation, but the official said that the process for distributing the data sheets may have varied by installation. In communications to both the organizations providing data and the installation commanders, Army Force Management officials emphasized the importance of ensuring that the data used in the model was consistent with that at the installation level. Despite this direction, we found some inconsistencies in the process that was used to update and validate the data for the 2013 model.

We found that the subject matter experts responsible for updating and validating the data underlying each attribute in the model that we spoke with were generally confident with the accuracy of the data that they provided, but subject matter experts differed in the extent to which they coordinated with installations to update and validate the data. While subject matter experts for a few of the attributes said that they coordinated directly with the installations to validate data, some subject matter experts said that they did not coordinate with the installations

because they had other sources for obtaining data, such as Army databases, program records, or the use of mapping tools that they believed to be sufficient. Given how some of these attributes are formulated and the data sources used, these data sources may have been the best sources for providing the most consistent and reliable data across installations. Subject matter experts who utilized Army databases for one of the attributes said that different factors may affect the quality of some of the data in the systems at a given time, but noted that these systems have annual validation processes in place that are meant to keep the data accurate and up-to-date. The subject matter expert for another attribute said that he obtained data from studies and a database that are kept up to date with information, gathered from the installations, that he believes to be fair and objective. He additionally said that he did not coordinate directly with the installations to collect data in prior stationing decisions but did so for this stationing decision in response to instruction from Army Force Management. In doing so, he said that he had to exercise judgment in determining which inputs to accept from installations because installations may not always be objective given their interest in receiving the best rating possible.

Additionally, the subject matter expert for three of the attributes said that he expected the installations to contact him in response to the data sheets from 2011 that Army Force Management had sent to the installations if the data needed to be updated. While some installations did respond and the subject matter expert said he updated data for those installations and validated it using other data sources to ensure consistency, he said that he did not review or update the data for these attributes using available data systems for, or coordinate directly with, other installations that did not respond. This official noted that the data for one of these attributes is fairly static and, in general, most changes in the data set for the model made by the installations are related to actions that his office would be aware of and thus are not surprising. An Army Force Management official said that some installations could have been proactive and provided data updates in certain instances, but that it was incumbent upon the subject matter experts to update and validate the data in coordination with the installations. Ultimately, this official said that the data's accuracy and the decision about whether coordination with the installations was needed on the individual attributes were decided by the subject matter experts.

Data collection may be more challenging in some instances because the Army does not routinely collect and maintain the data used for certain attributes, such as buildable acres or indirect fire. For example, the

subject matter expert for one attribute said that he was not able to update or validate the data for the attribute because the level of analysis that would have had to be conducted in coordination with the installations could not be completed within the timeframes of the request. Thus, he informed Army Force Management that the existing data was the best data available within the timeframes identified to update the data. However, the subject matter expert told us that the data may not be reflective of the current status at the installations because of Army facilities planning policy changes and military construction that may have occurred at the installations since the data was last updated.

It is unclear whether data obtained based on additional coordination with the installations in these instances would have been significantly different than the data that was obtained under the current approach. While Army Force Management did issue direction related to the data collection effort for the 2013 model in the absence of an existing process, an Army Force Management official said that the model would benefit from a consistent process for updating data so that guidance and expectations are clear for all of the stakeholders involved in the process. A process would also help to ensure that data is reviewed and updated for each use of the model. For example, one subject matter expert who updated data for an attribute for the 2013 model said that the data for this attribute had not been updated since 2004 when it was used to support the Base Realignment and Closure decisions, even though the attribute has been used in more recent stationing decisions. This subject matter expert said that the data does not change much from year to year, although his data collection effort did result in changes to the prior data.

An Army Force Management official who oversaw the use of the model in the BCT inactivation decision said that it would be valuable for the Army to have formal processes that allow for time to review and update the attributes within the model when the model is used, including a more deliberative analysis of the attributes in terms of how they are defined and measured and a process for updating data. The official also noted that the lack of a process for periodic review and updates to the model puts subject matter experts in the difficult position of raising issues when the pressure to update data is at its greatest. A couple of the subject matter experts we spoke with noted that potential upcoming changes in their areas of responsibility would likely result in the need to make changes to the attributes in the future. Without deliberate processes that allow for time to review attributes and attribute definitions in coordination with subject matter experts and consider necessary updates to the model, potential issues could remain unaddressed throughout each use of the

model, and necessary changes to the model might not be made, leading to a reduced relevance of the model to the current environment and in future uses. Further, without a consistent formal process for collecting and validating data each time the model is used that ensures consistency with data at the installation level and allows for time to update the data, the Army risks not having the most current and accurate data for use in the military value analysis model.

The Army Has Not Established Clear Guidance Identifying the Level of Review Required for Changes to the Model

One of the model's assumptions is that the attributes and weighting within the model reflect current senior Army leader priorities. However, the Army has not established clear guidance for when review of the key elements of the model or changes to the model require higher-level input or approval. Center for Army Analysis officials said that, in general, removing or adding model attributes should be approved by higher level officials, such as a general officer steering committee, because they provide a broader perspective on the Army's priorities. For example, in discussions with a subject matter expert about whether an attribute should be removed, an official from the Center for Army Analysis suggested that a general officer steering committee should be convened in order to drop the attribute from the model. Also, for the recent BCT inactivation decision, the Army held a three-star general officer steering committee specifically to review and update the weighting of the attributes within the model, which the Secretary of the Army then approved.[37] However, Center for Army Analysis officials said that, while prior versions of the model were approved by various chains of command, there is no specific threshold for holding a general officer steering committee and holding one may not always be feasible if the model is being used under constrained timeframes. Further, Army officials indicated that whether a general officer steering committee is needed is based on the risks and potential impacts related to the decision. For example, Center for Army Analysis officials said that they recommended using a general officer steering committee for the 2013 use of the model because of the sensitivity of the BCT inactivation decision and because the model was being used in a reduction scenario, in contrast to a growth scenario as in

[37] The Center for Army Analysis provided the general officer steering committee with a value matrix to evaluate the attributes along two scales: operational importance and how easily the attributes could be changed. The matrix assigns basis points to the attributes depending on their positioning along these two scales. The basis points are then calculated into percentage weights by the Center for Army Analysis for each attribute. Center for Army Analysis officials said that this basis point matrix is important in preventing the arbitrary assignment of weights to attributes.

previous models. By contrast, the same officials said that a general officer steering committee may not be needed for smaller scale decisions.

During our review, an Army Force Management official expressed concern about making any significant changes to the model, such as removing any of the attributes within the model, without a compelling reason. The official explained that because the Army had only recently described the attributes used within the model to Congress in its March 2011 *Report to Congress, Army Stationing Decisions*, they believed that external stakeholders might perceive any changes to the model so close to a significant stationing decision as being arbitrary or as if the Army was attempting to manipulate the results of the model to influence a desired outcome. Key practices for successful transformations state that the demand for transparency and accountability needs to be accepted in any public sector transformation and stakeholders are concerned not only with the decisions made but also the process used to make those decisions.[38] Caution related to making changes to the key elements of the model for such a sensitive decision is understandable, but without establishing transparent and consistent policies and guidance around the model, Army concerns about how changes to the model may appear to external stakeholders are likely to continue. Further, without consistent formal processes through which key aspects of the model are reviewed and updated, and guidance that establishes the circumstances under which changes to the model require input or approval from Army leaders, the Army risks potential decline in the rigor and consistency of the model over time.

The Army's Approach to the Treatment of Non-Contiguous Training Areas within the Military Value Analysis Model Lacks Clarity

The Army's approach to the treatment of non-contiguous training areas (i.e., training areas that are geographically distant from the installation) within the model lacks clarity and, in some cases, appears to be inconsistent because the Army has not issued clear guidance establishing how these areas should be considered, particularly for attributes related to training.[39] Several of the installations examined within the model utilize non-contiguous training areas for their units, also referred to as sub-installations. Army training officials told us that whether certain non-contiguous areas should be considered separately or together with their

[38] GAO-03-669.

[39] There are five attributes related to training within the military value analysis model—airspace, maneuver land, range sustainability, training facilities, and indirect fire.

associated installations depends on the stationing decision. For example, in the model used to support the 2007 Grow the Army initiative stationing decisions, the Army identified Yakima Training Center, located in Washington state, as a stand-alone installation because it was considering stationing a BCT at Yakima. In contrast, in the 2013 version of the model supporting the BCT inactivation decisions, Army training officials told us that Yakima should be considered as part of Joint Base Lewis McChord because Yakima's primary purpose is to support the training of units assigned to the installation.

Despite the potential for different treatment of these non-contiguous areas in different stationing decisions, the Army has not established a clear and consistent policy in this regard. Army training officials said that subject matter experts that provide data for the installations do not have a holistic view of the model and their individual views on whether to include non-contiguous areas may differ depending on their area of expertise. Additionally, communication between Army officials indicated that subject matter experts raised questions about whether certain non-contiguous training areas should be combined with the installation for some of the attributes, such as indirect fire, within the 2013 model. Without a consistent policy, the Army has wavered in how to deal with this issue. For example, there has been a lack of clarity regarding the extent to which Joint Base Lewis McChord and Yakima should be aggregated and for what attributes within the military value analysis model. In a 2010 version of the model used to determine where to station a heavy BCT and a fires brigade, as well as the 2011 interim model, the two locations were aggregated for the airspace attribute. However, a 2012 interim version of the model that was prepared for senior Army leaders did not aggregate Yakima with Joint Base Lewis McChord for this attribute. As a result, Joint Base Lewis McChord received a lower military value score relative to other installations in this 2012 interim version of the model than it had in prior versions of the model. After reviewing the results of the interim model, an Army Force Management official said that the goal was to maintain consistency with how non-contiguous training areas were treated in the past and to treat all installations with non-contiguous training land the same. However, a lack of clarity still remained for the airspace attribute leading up to the BCT inactivation decision and the Center for Army Analysis ran two different versions of the model, one that aggregated airspace data for the two locations and one that excluded airspace data for Yakima. The two versions of the model produced different military value scores and rankings for Joint Base Lewis McChord. Ultimately, the version of the model used to support the BCT

inactivation stationing decision did not aggregate the two locations for the airspace attribute.

Army training officials said that the Army has long struggled with how to treat non-contiguous training areas in models to best simulate reality. These officials said that clear guidance prior to data collection is needed to ensure that non-contiguous training areas are treated consistently within the military value analysis model. Without establishing a clear policy and communicating it to subject matter experts regarding how non-contiguous training areas should be treated in the model for specific attributes, the Army risks inconsistent consideration of these non-contiguous training areas across installations and attributes, which could influence the results of the model.

Conclusions

The Army recognizes that its decision to meet part of its planned active component force reductions through the inactivation of 10 BCTs currently stationed in the United States, coupled with the reorganization of the remaining BCTs in the continental United States, will have strategic, operational, and cost implications. The decision will also alter existing demands on the infrastructure, services, businesses and other aspects of communities surrounding the affected installations. Thus, the Army carried out a variety of analyses in order to inform its decision, emphasizing key considerations such as supporting the strategic focus on the Pacific, minimizing additional military construction costs, and minimizing immediate readiness impacts. In addition, concerns about the implications for local communities led to the Army obtaining input through open meetings with communities around installations being considered for stationing changes, which could provide useful lessons for obtaining stakeholder support in future stationing decisions. The Army has indicated it may use such meetings prior to future force structure changes, but without assessing and establishing in guidance when it is appropriate to obtain community input and how such efforts should be conducted, the Army may miss opportunities to obtain input from communities, and the installations themselves and their surrounding communities may lack insight into the Army's decisions on force structure and stationing. Similarly, the Army's use of its military value analysis model is consistent with its use of the model for making previous major stationing decisions. However, other actions the Army could take would improve the model's analytical rigor, credibility, and transparency, and mitigate risk. For instance, without formalizing the military value analysis model in its stationing process guidance or as part of other guidance, including when it should be used and how it should be considered within

the stationing process, the transparency of the model's role in stationing decisions may be limited. Further, without established processes through which key aspects of the model are reviewed and updated, and data collected and validated, as well as guidance related to the level of approval required for changes to the key elements of the model and how non-contiguous training areas should be considered within the model, the Army and external stakeholders may lack certainty as to the model's analytic rigor and stakeholder buy-in could be limited. Taking action now could help the Army balance the need to ensure a methodologically sound and rigorous process while considering both resources and risk to ensure that stakeholders, including affected communities and installations, can provide input into and understand the basis for its stationing decisions.

Recommendations for Executive Action

We recommend that the Secretary of the Army take the following five actions to improve the stationing process:

To obtain input from communities and installations affected by significant stationing decisions, we recommend that the Secretary of the Army direct the Deputy Chief of Staff for Operations and Plans to develop and implement guidance related to when community listening sessions or other similar efforts to obtain community input should be conducted and incorporated as part of the Army's process for making future stationing decisions.

To better ensure the Army military value analysis model's analytical rigor and credibility, minimize risk, and further enhance the transparency of the process used to make stationing decisions, we recommend that the Secretary of the Army direct the Deputy Chief of Staff for Operations and Plans, in coordination with the Center for Army Analysis, to take the following four actions to formalize the model as part of its stationing process:

- Develop and implement guidance that establishes the circumstances under which
  - the model should be used in stationing decisions and update stationing regulations or related documents accordingly;
  - key elements of the model or changes to the model require input or approval from Army leaders, such as through the use of a general officer steering committee; and,

- non-contiguous training areas should be considered within the model that are specific to the stationing decision under consideration and communicate those policies to subject matter experts.

- Establish and implement through guidance consistent formal processes through which attributes and attribute definitions will be deliberately reviewed and updated for use in the model, in coordination with subject matter experts, and data will be collected and validated for these attributes.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Defense for review and comment. The Department of the Army provided written comments. The Army concurred with all five of our recommendations and cited plans to issue guidance through Army Pamphlet 5-10, which is currently being developed to supplement Army Regulation 5-10, to address our recommendations. The Army's comments are reprinted in their entirety in appendix IV. In addition, the Army provided technical comments, which we have incorporated into the report as appropriate.

The Army concurred with our recommendation to develop and implement guidance related to when community listening sessions or other similar efforts to obtain community input should be conducted as part of the Army's process for making future stationing decisions. The Army stated that it values community input into important decisions that impact soldiers, civilians, families and local communities, and is planning to issue guidance directing that stationing actions that meet a specific threshold will include a staff recommendation for the Secretary of the Army on the use of community meetings as a means to gather public input. We believe that this is a positive step that will position the Army to take advantage of opportunities to obtain community input for relevant future stationing decisions.

The Army also concurred with our recommendations related to the military value analysis model. Specifically, the Army concurred with our recommendation to develop and implement guidance that establishes the circumstances under which the model should be used in stationing decisions. It noted that the military value analysis model is an important decision support tool that it has used to inform all significant stationing actions since the Base Realignment and Closure round in 2005. The Army stated that it will issue guidance directing that the model will be

used to inform stationing decisions involving the activation, inactivation, or relocation of a brigade size unit or other units that meet a certain threshold. The Army additionally concurred with our recommendation to develop and implement guidance that establishes the circumstances under which key elements of the model or changes to the model require input or approval from Army leaders, stating that it would issue guidance directing that significant changes to the military value analysis model will be reviewed by a general officer steering committee, chaired by the Director of Force Management, prior to approval. We believe these actions will enhance the transparency of the model's role within the stationing process and, to the extent that the guidance defines what constitutes significant changes to the model, the process used to make changes to the model, as well as better ensure the model's rigor and mitigate risk related to key decisions.

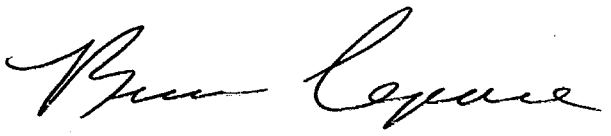
Further, the Army concurred with our recommendation to develop and implement guidance that establishes the circumstances under which non-contiguous training areas should be considered within the model that are specific to the stationing decision under consideration and communicate those policies to subject matter experts. The Army stated that the quality and quantity of training resources are important considerations in stationing decisions, although not all training areas are equally accessible, and that when non-contiguous training areas are included in the military value analysis model, the assigned attribute score should reflect all relevant aspects of the training area. In this regard, the Army stated that it will issue guidance directing that the military value analysis model attribute scores for installations with non-contiguous training areas include a statement explaining the manner in which the non-contiguous nature of the training area was given due consideration in the applicable attribute scores. This planned action will provide greater transparency with regard to how non-contiguous training areas are considered for specific attributes.

Additionally, the Army concurred with our recommendation to establish and implement through guidance consistent formal processes through which attributes and attribute definitions will be deliberately reviewed and updated for use in the model, in coordination with subject matter experts, and data will be collected and validated for these attributes. The Army noted that technology, tactics, and business practices are constantly changing and improving and that, therefore, the military value analysis model attributes should be regularly reviewed and, when appropriate, updated. Along these lines, the Army stated that it will issue guidance directing a regular review and update of the military value analysis model

attribute definitions and data, with reviews and updates occurring a minimum of every two years. We believe that the Army's plan to establish regular reviews will better ensure that the model attribute definitions and data used in the military value analysis model remain relevant and up-to-date for a changing environment while balancing the Army's concerns about time constraints surrounding certain stationing decisions.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 30 days from the report date. At that time, we will distribute this report to the Secretaries of Defense and the Army; the Director, Office of Management and Budget; and appropriate congressional committees. The report also will be available at no charge on GAO's Web site at http://www.gao.gov.

Should you or your staffs have any questions about this report, please contact me at (202) 512-4523 or leporeb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Brian J. Lepore, Director
Defense Capabilities and Management

Appendix I: Objectives, Scope, and Methodology

To describe the analyses that the Army conducted to make determinations regarding which brigade combat teams (BCTs) would be inactivated or reorganized and at which U.S. installations, we identified and examined regulations, briefings and other relevant documents outlining the Army's decision process and interviewed knowledgeable Army officials about the Army's decision process and the key factors that were considered. Specifically, we reviewed the Army stationing regulation, Army Regulation 5-10 on *Stationing*—the document that establishes policies, procedures, and responsibilities for Army stationing actions. We also examined documents related to the Army's environmental analysis, such as environmental regulations and the Army's programmatic environmental assessment of 21 installations, and discussed this analysis with Army officials. Further, we examined documentation related to the Army's military value analysis model, such as briefings and reports on the model, and interviewed Army officials to determine how the model was used to inform the recent stationing decision. In addition, we reviewed documents and briefings related to the development and assessment of the stationing options the Army considered as part of its decision process and interviewed Army officials to discuss how the stationing options were analyzed in light of the identified stationing factors and the process used to screen the stationing options prior to the final Army decision. We also met Army officials to discuss the methodology used to develop the military construction cost estimates that were considered as part of the stationing options and how other costs were considered as part of the Army's analysis, but did not review these cost estimates or analyses as they did not materially affect our findings, recommendations, or conclusions. Further, we examined briefings, orders, and other documentation related to the listening sessions held at Army installations, such as summaries from the meetings and information provided by installations, to obtain information on community input used to inform these decisions and spoke with Army officials regarding the extent to which they considered such information as part of the stationing decision.

To evaluate the extent to which the Army has established guidance and processes related to the use of the military value analysis model as a part of its stationing decisions, including the recent BCT decision, we examined the Army's stationing guidance, stationing report to Congress, and reports and briefings that documented previous uses of the model. We examined and compared prior versions of the model and the current model used for the recent BCT decision to determine if and how the process for conducting the model, including the key elements of the model, such as the attributes used within the model, and the review and

approval process for key elements of the model, has changed over time. We reviewed documentation related to key elements of the current model, such as the attributes that were included, weighting of the attributes, and scoring of the attributes for each installation. We interviewed knowledgeable officials at the Center for Army Analysis and Army Force Management to discuss the development of the model, including how attributes were identified, the factors that determine if an attribute would be included in the model, and how weights for the attributes were determined. Additionally, we interviewed knowledgeable officials about how the key aspects of the model are reviewed, updated and if relevant, approved, for each use of the model. We obtained and reviewed the spreadsheet-based military value analysis model to examine the technical components of the tool and how the tool is used to calculate the scores. This included some general checks for basic internal consistency and coherence of key elements in the tool as well as a general check of the consistency of the tool with key documents, such as briefings and reports related to the model. We also examined documents related to collecting and validating the data used in the model, and interviewed subject matter experts from various Army organizations who provided the data about their role in developing the attributes' definition and their methods and processes used to collect and validate the data, but we did not validate the data itself.

During the course of our review, we interviewed officials from the following Army organizations:

- Deputy Chief of Staff for Manpower and Personnel G-1
- Deputy Chief of Staff for Operations G-3/5/7 (Force Management, Training Support)
- Deputy Chief of Staff for Logistics G-4 (Strategic Mobility Division and Surface Deployment and Distribution Command Transportation Engineering Agency)
- Chief Information Officer G-6 (Installation Infrastructure Division)
- Deputy Chief of Staff for Financial Management G-8 (Program Analysis and Evaluation)
- Office of the Assistant Secretary of the Army for Installations, Energy, and Environment

- Office of the Assistant Chief of Staff for Installation Management
- U.S. Army Installation Management Command
- U.S. Army Environmental Command
- Center for Army Analysis
- Office of the Surgeon General/U.S. Army Medical Command
- U.S. Army Aeronautical Services Agency

We conducted this performance audit from April 2013 through December 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Brigade Combat Team Inactivations and Projected Installation Population Changes

On June 25, 2013, the Army announced that it will be inactivating one brigade combat team (BCT) from each of 10 different U.S. installations. An additional 5 installations were considered as part of the Army's decision process, but these installations will not have a BCT inactivated at this time. Table 2 shows the BCT inactivations by installation as well as changes to the number of BCTs and projected population as a result of these inactivations and other force structure changes.

Table 2: Brigade Combat Team (BCT) Inactivations by U.S. Army Installation

BCT Installations	Number of BCTs prior to inactivations	Number of BCTs after inactivations	2012 Army active component installation end strength	Projected 2017 Army active component installation end strength	Projected 2012 - 2017 Army active component installation population change by percentage
Installations with a BCT inactivation					
Fort Bliss, TX	4	3	27,479	26,729	- 2.73%
Fort Bragg, NC	4	3	42,735	40,186	- 5.96 %
Fort Campbell, KY	4	3	29,222	28,902	- 1.10%
Fort Carson, CO	4	3	22,667	24,484	+ 8.02%
Fort Drum, NY	3	2	16,643	15,060	- 9.51%
Fort Hood, TX	5	4	40,899	37,959	- 7.19%
Fort Knox, KY	1	0	7,667	4,354	- 43.21%
Fort Riley, KS	3	2	17,226	15,497	- 10.04%
Fort Stewart, GA	3	2	21,157	19,785	- 6.48%
Joint Base Lewis McChord, WA	3	2	31,029	26,488	- 14.63%
Installations without a BCT inactivation					
Fort Benning, GA	1	1	13,029	13,105	+ 0.58%
Fort Polk, LA	1	1	9,327	9,084	- 2.61%
Fort Wainwright, AK	1	1	6,254	6,806	+ 8.83%
Joint Base Elmendorf-Richardson, AK	1	1	5,659	4,765	- 15.80%
Schofield Barracks, HI	2	2	15,730	15,840	+ 0.70%

Source: GAO analysis of Army data.

Note: Modifications to non-BCT formations are also being made and the changes in installation population are reflective of all planned Army force structure adjustments to date, not just BCT inactivations and reorganizations. For example, while Fort Carson, CO is losing a BCT, the Army plans to station a Combat Aviation Brigade at the installation, resulting in an increase to the projected installation population.

We did not assess the reliability of these data as they are included for informational purposes only and do not affect our findings, recommendations, or conclusions.

Appendix III: Army's Military Value Analysis Model Attributes

Table 3 identifies the 16 attributes used in the Army's military value analysis model that supported the Army's brigade combat team (BCT) inactivation decision and the definitions of each attribute.

Table 3: Definitions for Attributes within the Army's Military Value Analysis Model

Attribute	Definition
Maneuver land	Formula calculates the ratio of available land and required maneuver land.
Range sustainability	Formula calculates the ratio of land with future restricted use to required land.
Training facilities	Formula weights and sums categorical ratings for ranges, battle command centers, and training support centers.
Airspace	Categorical rating based on the largest single restricted area and total of all restricted areas.
Indirect fire	Categorical rating based on largest indirect fire weapons fired and distance from firing point to impact area.
Deployment infrastructure	Categorical rating based on rail cars per day, railhead on or off post, and aircraft parking, among other factors.
Seaport of embarkation	Categorical rating based on proximity to seaport.
Aerial port of embarkation	Categorical rating based on proximity to airport.
Access to medical care	Formula weights and sums categorical ratings for the capacity of medical facilities on and off the installation.
Quality of life facilities	Sum of scores for presence and capacity of chapels, fitness centers, Army community services, child development centers, and youth services.
Family housing	Formula weights and sums the projected housing deficit or surplus both on and off the installation.
Brigade complex	Formula averages categorical ratings for condition and quantity of brigade combat team facilities.
Buildable acres	Sum of all the buildable acreage on the installation not counting training land.
Urban sprawl	Formula calculates the expected density of people in 10-mile zone outside the installation.
Connectivity	Formula weights and sums categorical ratings of network infrastructure and commercial cell phone coverage on and off the installation.
Geographic distribution	Formula calculates the average distance between installations.

Source: GAO analysis of Army data.

Appendix IV: Comments from the Department of the Army

SECRETARY OF THE ARMY
WASHINGTON

INFO MEMO

FOR: DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE
DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: John M. McHugh, Secretary of the Army

SUBJECT: Army Comments on GAO Draft Report, "DEFENSE INFRASTRUCTURE: Army Unit Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process (GAO-14-76) (351818)"

I am pleased to provide the attached approved comments on the subject GAO draft report. Should you have additional questions regarding the Army's position on this matter, please contact the undersigned action officer.

COORDINATION: NONE

Attachment:
As stated

Prepared By: COL Thomas O'Donoghue, (703) 693-3130

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-3/5/7
400 ARMY PENTAGON
WASHINGTON, DC 20310-0400

DAMO-FMO

19 November 2013

MEMORANDUM FOR Mr. Brian Lepore, Director, Defense Capabilities and Management, U.S. Government Accountability Office, 441 G Street, NW, Washington, D.C. 20548

SUBJECT: GAO Draft Report, GAO-14-76 (GAO Project Code 351818), DEFENSE INFRASTRUCTURE: Army Unit Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process.

1. This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-14-16, 'DEFENSE INFRASTRUCTURE: BCT Unit Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process,' dated October 25, 2013 (GAO Code 351818).

2. The Army has reviewed the report and appreciates GAO's support identifying areas for improvement. Overall, we concur with the GAO's recommendations.

3. Enclosed is our specific response to the report's recommendations. Please extend our appreciation to your auditors for their fine work.

4. The point of contact for this action is COL Thomas O'Donoghue, (703) 693-3130, or email: thomas.m.odonoghue.mil@mail.mil.

Encl

JOHN P. MCLAURIN
Deputy Director, Force Management

GAO DRAFT REPORT DATED OCTOBER 25, 2013
GAO-14-76 (GAO CODE 351818)

"DEFENSE INFRASTRUCTURE: BCT UNIT INACTIVATIONS INFORMED BY ANALYSES, BUT ACTIONS NEEDED TO IMPROVE STATIONING PROCESS"

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATIONS

RECOMMENDATION 1: To obtain input from communities and installations affected by significant stationing decisions, GAO recommends that the Secretary of the Army direct the Deputy Chief of Staff for Operations and Plans to develop and implement guidance related to when community listening sessions or other similar efforts to obtain community input should be conducted and incorporated as part of the Army's process for making future stationing decisions.

DoD RESPONSE: *Concur. The decision to hold community meetings rests ultimately with the Army's senior leadership. The Army values community input into important decisions that impact Soldiers, Civilians, Families and local communities. In order to ensure the decision to hold community meetings is appropriately considered and thoroughly evaluated, the Army will issue guidance through Department of the Army Pamphlet 5-10 directing that stationing actions involving the loss or relocation of a brigade size unit or other units at an installation that exceed the Congressional notification threshold established in 10 U.S.C. §993(a) will include a staff recommendation for the Secretary of the Army on the use of community meetings as a means to gather public input.*

RECOMMENDATION 2: To better ensure the Army military value analysis model's analytical rigor and credibility, minimize risk, and further enhance the transparency of the process used to make stationing decisions, GAO recommends that the Secretary of the Army direct the Deputy Chief of Staff for Operations and Plans, in coordination with the Center for Army Analysis, take the following action to formalize the model as part of its stationing process: Develop and implement guidance that establishes the circumstances under which the model should be used in stationing decisions and update stationing regulations or related documents accordingly.

DoD RESPONSE: *Concur. The military value analysis (MVA) model is an important decision support tool. The Army has used it to inform all significant stationing actions since it was developed to inform decisions during Base Realignment and Closure (BRAC) 2005. The Army will issue guidance through Department of the Army Pamphlet 5-10 directing that the MVA model will be used to inform the stationing decisions related to the activation, inactivation or relocation of a brigade size unit or other units at an installation that exceed the Congressional notification threshold established in 10 U.S.C. §993(a).*

UNCLASSIFIED

RECOMMENDATION 3: To better ensure the Army military value analysis model's analytical rigor and credibility, minimize risk, and further enhance the transparency of the process used to make stationing decisions, GAO recommends that the Secretary of the Army direct the Deputy Chief of Staff for Operations and Plans, in coordination with the Center for Army Analysis, take the following action to formalize the model as part of its stationing process: Develop and implement guidance that establishes the circumstances under which key elements of the model or changes to the model require input or approval from Army leaders, such as through the use of a general officer steering committee.

DoD RESPONSE: *Concur. The Army will issue guidance through Department of the Army Pamphlet 5-10 directing that significant changes to the military value analysis (MVA) model will be reviewed by a general officer steering committee (GOSC) chaired by the Director of Force Management prior to approval.*

RECOMMENDATION 4: To better ensure the Army military value analysis model's analytical rigor and credibility, minimize risk, and further enhance the transparency of the process used to make stationing decisions, GAO recommends that the Secretary of the Army direct the Deputy Chief of Staff for Operations and Plans, in coordination with the Center for Army Analysis, take the following action to formalize the model as part of its stationing process: Develop and implement guidance that establishes the circumstances under which non-contiguous training areas should be considered within the model that are specific to the stationing decision under consideration and communicate those policies to subject matter experts.

DoD RESPONSE: *Concur. The quality and quantity of training resources are important considerations in stationing decisions; however, not all training areas are equally accessible. Noncontiguous training areas often require additional time and money to access. When non-contiguous training areas are included in the military value analysis (MVA) model, the assigned attribute score should reflect all relevant aspects of the training area. The Army will issue guidance through Department of the Army Pamphlet 5-10 directing that MVA model attribute scores for installations with non-contiguous training areas will include a statement explaining the manner in which the non-contiguous nature of the training area was given due consideration in the applicable attribute scores.*

RECOMMENDATION 5: Establish and implement through guidance consistent formal processes through which attributes and attribute definitions will be deliberately reviewed and updated for use in the model, in coordination with subject matter experts, and data will be collected and validated for these attributes.

DoD RESPONSE: *Concur. Technology, tactics and business practices are constantly changing and improving, therefore the military value analysis (MVA) model attributes should be regularly reviewed and, when appropriate, updated. The Army will issue guidance through Department of the Army Pamphlet 5-10 directing a regular review and update of the MVA model attributes definitions and data. At a minimum, reviews and updates will occur every two years.*

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact:	Brian J. Lepore, (202) 512-4523 or leporeb@gao.gov

Staff Acknowledgments:	In addition to the contact named above, Mark J. Wielgoszynski, Assistant Director; Bonita P. Anderson; David Dornisch; Kasea Hamar; Michael Shaughnessy; Erik Wilkins-McKee; and Weifei Zheng made key contributions to this report.

Related GAO Products

Defense Headquarters: DOD Needs to Reassess Options for Permanent Location of U.S. Africa Command, GAO-13-646. (Washington, D.C.: September 9, 2013).

Military Bases: DOD Has Processes to Comply with Statutory Requirements for Closing or Realigning Installations, GAO-13-645. (Washington, D.C.: June 27, 2013).

Defense Infrastructure: Communities Need Additional Guidance and Information to Improve Their Ability to Adjust to DOD Installation Closure or Growth, GAO-13-436. (Washington, D.C.: May 14, 2013).

Defense Infrastructure: Improved Guidance Needed for Estimating Alternatively Financed Project Liabilities. GAO-13-337. (Washington, D.C.: April 18, 2013).

Military Base Realignments and Closures: Updated Costs and Savings Estimates from BRAC 2005. GAO-12-709R. (Washington, D.C.: June 29, 2012).

Defense Infrastructure: Opportunities Exist to Improve the Navy's Basing Decision Process and DOD Oversight, GAO-10-482. (Washington, D.C.: May 10, 2010).

Military Base Realignments and Closures: Observations Related to the 2005 Round. GAO-07-1203R. (Washington, D.C.: September 6, 2007).

Military Bases: Observations on DOD's 2005 Base Realignment and Closure Selection Process and Recommendations. GAO-05-905. (Washington, D.C.: July 18, 2005).

Military Bases: Analysis of DOD's 2005 Selection Process and Recommendations for Base Closures and Realignments. GAO-05-785. (Washington, D.C.: July 1, 2005).

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GAO-14-71

United States Government Accountability Office

GAO

Report to Congressional Requesters

November 2013

DEFENSE MANAGEMENT

Actions Needed to Ensure National Guard and Reserve Headquarters Are Sized to be Efficient

GAO-14-71

November 2013

GAO Highlights

Highlights of GAO-14-71, a report to congressional requesters

DEFENSE MANAGEMENT

Actions Needed to Ensure National Guard and Reserve Headquarters Are Sized to Be Efficient

Why GAO Did This Study

DOD has sought to reduce costs by assessing headquarters and overhead functions. Both the Army and Air Force have two reserve components—a National Guard and Reserve—that have at least 75 headquarters located throughout the United States, its territories, and overseas that manage subordinate units or perform overhead functions. These headquarters have a mix of full-time and part-time personnel. GAO was asked to review issues related to reserve-component headquarters. This report (1) discusses trends in funded positions at reserve-component headquarters and (2) evaluates the extent to which DOD has established and implemented processes to efficiently size its reserve-component headquarters. To do so, GAO reviewed statutes and DOD guidance, analyzed personnel data and headquarters assessments, and interviewed DOD and state officials.

What GAO Recommends

GAO recommends that DOD externally validate the National Guard Bureau's personnel requirements and include the bureau in its annual report to Congress; reassess requirements for the 54 state Joint Force headquarters; and develop schedules for reassessing headquarters overseen by the Army and Air Force. DOD concurred with recommendations to report data to Congress and establish schedules for reassessing headquarters and partially concurred with recommendations to externally validate the bureau's personnel requirements and assess requirements for the state Joint Force headquarters. GAO continues to believe these recommendations are valid as discussed in the report.

View GAO-14-71. For more information, contact John H. Pendleton at (202) 512-3489 or pendletonj@gao.gov.

What GAO Found

Between fiscal years 2009 and 2013, the total number of funded positions—both full-time support and part-time—at the Department of Defense's (DOD) 75 Army Reserve and Air Force Reserve (Reserves) component headquarters grew from about 30,200 to 31,900 positions (about 6 percent overall). Some organizations grew more markedly, among them the National Guard Bureau (17 percent); Army National Guard Directorate (44 percent); Air National Guard Readiness Center (21 percent); and the Office of the Chief of the Army Reserve (45 percent). DOD officials attribute growth to the conversion of contractor workload into civilian positions and increased missions assigned at certain headquarters. Over the same period, staff levels at the National Guard's 54 state Joint Force headquarters remained flat and the Air Force Reserve shrank by 4 percent.

DOD has processes in place that are intended to ensure that the number of funded positions at its reserve-component headquarters are set at the minimum level needed to accomplish their mission, but it has not consistently followed those processes at 68 of the 75 headquarters that GAO reviewed. As a result, DOD is unable to determine whether National Guard and Reserve headquarters are sized to be efficient. The National Guard has begun evaluating some personnel requirements, but its efforts do not fully address the management issues GAO identified:

- The National Guard Bureau, which may continue to grow to accommodate its Chief's placement on the Joint Chiefs of Staff, is determining its own requirements without external validation. This is inconsistent with Joint Staff, Army, and Air Force processes, which generally involve an external review. In addition, Congress's ability to oversee the bureau's size is limited because DOD's annual report on its Major DOD Headquarters Activities does not include data on the bureau and its more than 600 staff.
- The National Guard has not fully assessed its 54 state headquarters—which contain nearly 21,900 funded positions—since the 1980s. GAO's prior work shows that agencies can reduce costs by consolidating and centralizing functions and eliminating unneeded duplication. The National Guard Bureau, Army National Guard Directorate, and Air National Guard Readiness Center each assess a portion of the state headquarters, but there is no process to assess the headquarters' personnel requirements in their entirety and ongoing efforts do not provide a holistic review.
- The Army and Air Force have not fully reassessed 13 of the 20 reserve component headquarters for which they are responsible. The Army has a reassessment backlog, and the Air Force does not require periodic reassessments and reassesses its headquarters on an ad hoc basis. Some headquarters with significant growth are among those that have not been reassessed, including the Office of the Chief of the Army Reserve and the Air National Guard Readiness Center. In contrast, 5 of the 7 reassessed organizations subsequently reduced their staff levels such as the Air Force Reserve's three numbered air forces, which have shrunk by more than a third since 2009. The Army and Air Force agree their headquarters should be reassessed, but they have not scheduled reassessments across their reserve components.

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Abbreviations

DOD	Department of Defense
Reserves	Army Reserve and Air Force Reserve

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GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

November 12, 2013

The Honorable Mike Coffman
House of Representatives

The Honorable Jim Cooper
House of Representatives

In anticipation of constrained resources, the Department of Defense (DOD) has undertaken a series of efficiency initiatives since 2010 that are intended, among other things, to reduce excess overhead costs, eliminate unneeded headquarters, and reduce headquarters staff size. In early 2013, the Secretary of Defense announced the *Strategic Choices and Management Review*, which builds on prior efforts and is intended to assess the potential effect of further reductions, shape the budget, and provide the foundation for the 2014 Quadrennial Defense Review.[1] In July 2013, the Secretary of Defense announced plans to reduce the budgets and personnel of some major headquarters by 20 percent over a 5-year period. However, the DOD-led efforts to date have not focused on reserve-component organizations. The Army and Air Force each have two reserve components[2]—a National Guard and Reserve—and each has numerous headquarters organizations that manage and oversee subordinate units, or perform administrative or overhead functions.

We have issued several reports recently on defense headquarters and on the department's ability to determine the right size and mix of personnel it needs to perform various functions. For example, in May 2013 we found that authorized military and civilian positions at the geographic combatant commands—excluding U.S. Central Command—increased by about 50 percent from fiscal year 2001 through fiscal year 2012. We also determined that DOD's process for sizing its geographic combatant

[1]The Quadrennial Defense Review is a legislatively mandated review of DOD strategy and priorities. The Quadrennial Defense Review will set a long-term course for DOD as it assesses the threats and challenges that the nation faces and rebalances DOD's strategies, capabilities, and forces to address current conflicts and future threats.

[2]The reserve components of the Armed Forces include the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve. Our review is focused on the Army and Air Force organizations.

commands exhibits several weaknesses, including the absence of a comprehensive, periodic review of the size and structure of these commands and inconsistent use of personnel-management systems to identify and track assigned personnel. DOD concurred with our recommendation that it improve its visibility over its headquarters personnel, but did not concur with our recommendation that it conduct comprehensive and periodic reviews of the geographic combatant commands' size.[3] In another May 2013 report, to improve DOD's understanding and management of its total workforce,[4] we recommended that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to revise DOD's policies and procedures for determining the appropriate workforce mix and the identification of critical functions. DOD partially concurred with our recommendation stating that it justifies its workforce size on the basis of workload, rather than competency or skill gaps.[5] In 2012, we found that DOD's reporting to support congressional oversight of its Major DOD Headquarters Activities did not include all major headquarters.[6] In 2010 and 2011, we reported that DOD had experienced challenges in determining the number of funded positions for certain Army and Air Force headquarters due to flaws with developing, maintaining, and implementing their manpower processes.[7] DOD generally concurred with the findings and recommendations in these reports.

In response to your request, we examined whether opportunities exist to improve the efficiency of DOD's reserve-component headquarters while

[3]GAO, *Defense Headquarters: DOD Needs to Periodically Review and Improve Visibility Of Combatant Commands' Resources*, GAO-13-293 (Washington, D.C.: May 15, 2013).

[4]DOD's total workforce consists of three main components: military personnel (including the active military and the reserve and guard forces), civilians, and contractors providing support to the department.

[5]GAO, *Human Capital: Additional Steps Needed to Help Determine the Right Size and Composition of DOD's Total Workforce*, GAO-13-470 (Washington, D.C.: May 29, 2013).

[6]GAO, *Defense Headquarters: Further Efforts to Examine Resource Needs and Improve Data Could Provide Additional Opportunities for Cost Savings*, GAO-12-345 (Washington, D.C.: Mar. 21, 2012).

[7]GAO, *Military Personnel: Enhanced Collaboration and Process Improvements Needed for Determining Military Treatment Facility Medical Personnel Requirements*, GAO-10-696 (Washington, D.C.: July 29, 2010); and *Military Training: Actions Needed to Assess Workforce Requirements and Appropriate Mix of Army Training Personnel*, GAO-11-845 (Washington, D.C.: Sept. 20, 2011).

meeting defense strategy needs.[8] Specifically, this report (1) discusses trends in funded positions at reserve-component headquarters and (2) evaluates the extent to which DOD has established and implemented processes to size its reserve-component headquarters and provide information for congressional oversight. Also at your request, appendix II provides information on DOD's efforts to study the potential merger of reserve-component headquarters.

To address our objectives, we reviewed data on funded positions for military and civilian personnel at the Army's and Air Force's reserve-component headquarters for fiscal year 2009 through fiscal year 2013. We selected these years because Army officials stated that the Army Reserve component headquarters structure has remained relatively constant since 2009. We did not review contractor positions as part of this review because officials from three of the four components told us that they were unable to determine the number of contractor positions at the reserve-component headquarters we identified. To identify component headquarters, we reviewed DOD and military-service guidance; organization charts; and interviewed Office of the Secretary of Defense, National Guard, Army Reserve, and Air Force Reserve officials. We focused our review on Army or Air Force reserve-component headquarters that are (1) nondeployable and (2) perform many of the management headquarters functions identified by DOD in its major headquarters instruction.[9] We then provided DOD, Joint Staff, National Guard, and Reserve officials with an opportunity to comment on our final list of 75 headquarters and these officials agreed the headquarters we identified met these criteria, while noting that they were not all designated as Major DOD Headquarters Activities. To identify trends in funded positions for the Army, we analyzed funded positions as documented on the Army's personnel requirements documents referred to as tables of distribution and allowance.[10] For the Air Force, we analyzed funded

[8] This review was conducted in response to a 2012 request from Representative Mike Coffman and Representative Jim Cooper—then Ranking Member, House Armed Services Subcommittee on Oversight and Investigations.

[9]Department of Defense Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007, incorporating changes June 12, 2012).

[10]The Army uses two types of personnel requirements documents for the headquarters we identified: tables of distribution and allowance and full-time support tables of distribution and allowance.

positions documented on its headquarters' unit manpower documents. To evaluate DOD's processes for determining headquarters personnel requirements[11] and provide information to Congress, we reviewed DOD and military-service guidance, DOD reports, and manpower assessments for reserve-component headquarters between fiscal year 2009 and fiscal year 2013. We also interviewed knowledgeable officials. For more information on the scope and methodology for this review, see appendix I.

We conducted this performance audit from July 2012 to November 2013, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The National Guard has two elements—the Army National Guard and the Air National Guard—that mostly consist of part-time forces responsible for both federal and state missions. The Army Reserve and Air Force Reserve (Reserves) also largely consist of part-time forces and are responsible for only federal missions. In addition to these part-time forces, both the National Guard and the Reserves use full-time personnel for duties that can include pay processing, personnel actions, preparing and monitoring training schedules, and other tasks that cannot be effectively executed through the use of part-time personnel. These full-time positions—which DOD calls full-time support[12]—in general are more expensive than part-time personnel because they are paid as full-time employees and receive greater compensation and benefits such as retirement, health-care, and education.

As table 1 shows, the Army National Guard is authorized approximately 358,000 soldiers, and the Army Reserve approximately 205,000 soldiers,

[11]For the purposes of this report, personnel requirements are positions that the Army and Air Force have approved for funding on a manpower document for the headquarters we identified.

[12]Full-time support personnel consist of five categories of personnel including: full-time reservists (active Guard/Reserve), military technicians, active-component personnel, non-dual-status technicians, and federal civilian employees. Full-time support personnel provide services and administrative support to the part-time drilling reservists.

which collectively constitute about 50 percent of the Army's total authorized end strength.[13] Likewise, the Air National Guard has approximately 105,000 military personnel, and the Air Force Reserve has approximately 71,000 military personnel, which collectively are about 35 percent of the Air Force's authorized end strength.

Table 1: Fiscal Year 2013 Authorized Military End Strength and Estimated Presequestration Base Budget by Component

Military service	Component	Authorized end strength[a]	Estimated budget (dollars in billions)[b]
Army	Active Army	552,100	$105.85
	Army National Guard	358,200	17.45
	Army Reserve	205,000	8.60
	Total Army	**1,115,300**	**$131.90**
Air Force	Active Air Force	329,460	124.38
	Air National Guard	105,700	10.00
	Air Force Reserve	70,880	5.32
	Total Air Force	**506,040**	**$139.70**

Source: GAO analysis of DOD data.

Notes: Budget data are from DOD budget-justification materials.

[a]Numbers for each component come from the National Defense Authorization Act, Fiscal Year 2013, Pub. L. No. 112-239 (2013). Authorized end strength is the number of personnel that each component of a military service is authorized by Congress to have at the end of a given fiscal year.

[b]Estimated budget for the active components includes presequestration amounts of funds appropriated for fiscal year 2013 for Base Budget Military Personnel; Operation and Maintenance; Research, Development, Test, and Evaluation; Military Construction; Procurement; and certain other accounts as identified in DOD's budget-justification materials. Estimated budget for the reserve components includes presequestration amounts appropriated for fiscal year 2013 for Base Budget Military Personnel, Operation and Maintenance, Military Construction, and estimated Procurement funding based on DOD's budget-justification materials.

Each state's National Guard forces have a dual role as both a state and federal force, while the Reserves are strictly a federal force. Although the National Guard has a dual role, the federal government provides funding for National Guard personnel when they are conducting training and other

[13]Authorized end strength is the number of personnel that each component of a military service is authorized by Congress to have at the end of a given fiscal year.

federal missions.[14] In fiscal year 2013, federal funding for National Guard personnel totaled about $11.1 billion. In addition, the federal government provides about 90 percent of the funding for National Guard installation base-operation and maintenance costs. The National Guard's dual state and federal role means that state Governors have command and control over National Guard units when they are not performing federal missions or other federal service.

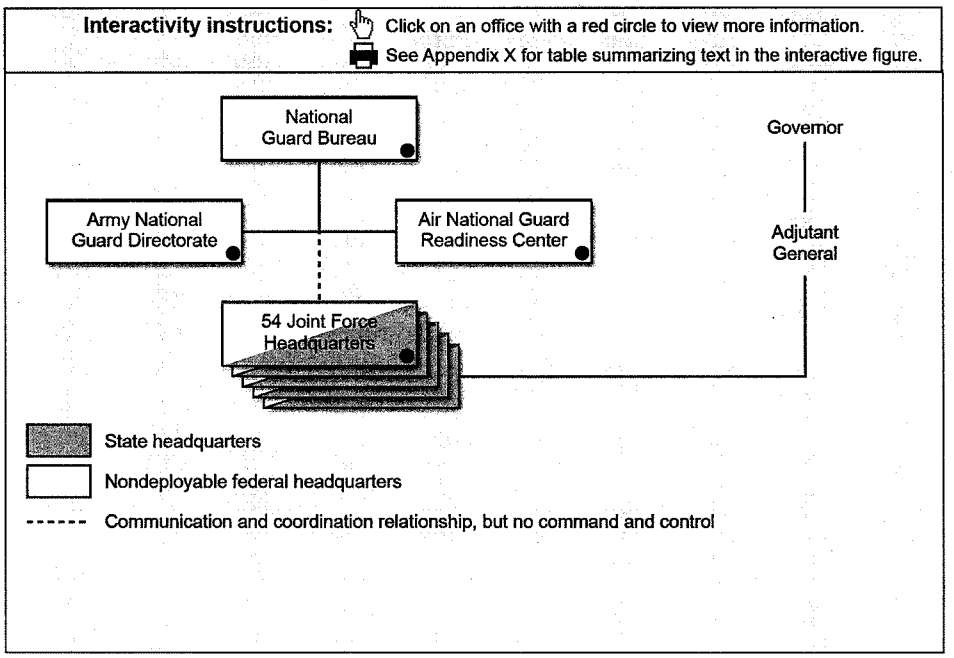
National Guard Headquarters

The National Guard and Reserves maintain a number of nondeployable headquarters that are responsible for managing and overseeing subordinate units. Of the 75 headquarters we identified, 57 reside within the National Guard. The National Guard's headquarters include the National Guard Bureau, Army National Guard Directorate, Air National Guard Readiness Center, and the National Guard's 54 Joint Force headquarters—which DOD refers to as Joint Force Headquarters-State—located in each state, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.[15] In addition, appendixes III and IV provide detailed information on the locations, missions and responsibilities of these headquarters. Figure 1 shows the organizational structure of the National Guard.

[14]National Guard members train for their federal missions under state control with federal funding. Federal funding is also provided for some other state-controlled missions, such as the National Guard's counterdrug support operations and weapons of mass destruction civil support teams and when authorized by the President for other domestic operations, such as the response to Hurricane Katrina.

[15]For the purposes of this report, we refer to the 54 Joint Headquarters-State as "state Joint Force headquarters."

Figure 1: Federal and State Organizational Structure of the National Guard



Source: GAO analysis of DOD guidance and data.

The National Guard Bureau is managed by the Chief of the National Guard Bureau—a 4-star General who was placed on the Joint Chiefs of Staff in 2011.[16] Reporting to the Chief are two Lieutenant Generals who manage the Army National Guard Directorate and the Air National Guard Readiness Center, respectively. When not activated for federal missions, each state's National Guard's forces are commanded by the Adjutants General who also command the states' Joint Force headquarters. The state Joint Force headquarters each consist of a Joint staff element, Army staff element, and Air staff element. Each of these elements is subject to different processes for reassessing and validating personnel requirements. These headquarters are responsible for coordinating the planning, training, and execution of National Guard homeland defense, civil support, and other domestic emergency missions within the United States. They also manage the National Guard's readiness and prepare National Guard units for federal mobilization. The Army National Guard provides a balance of maneuver (combat), maneuver support, and maneuver sustainment capabilities. The Air National Guard provides a broad range of ready combat and combat-support capabilities such as tactical airlift and special operations.

Army Reserve and Air Force Reserve Headquarters

The Army Reserve and Air Force Reserve maintain 18 nondeployable headquarters that manage or oversee subordinate units. The Army Reserve provides maneuver support and maneuver sustainment capabilities as well as individual soldiers through the Individual Ready Reserve and Individual Mobilization Augmentation programs.[17] We identified 13 nondeployable Army Reserve headquarters that include the Office of the Chief of the Army Reserve, U.S. Army Reserve Command, 4 regional support commands, and 7 functional commands. See appendixes V through VII for detailed information on the locations, missions, and responsibilities of these headquarters. The Office of the Chief of the Army Reserve and the U.S. Army Reserve Command are

[16]See National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81 § 512 (2011).

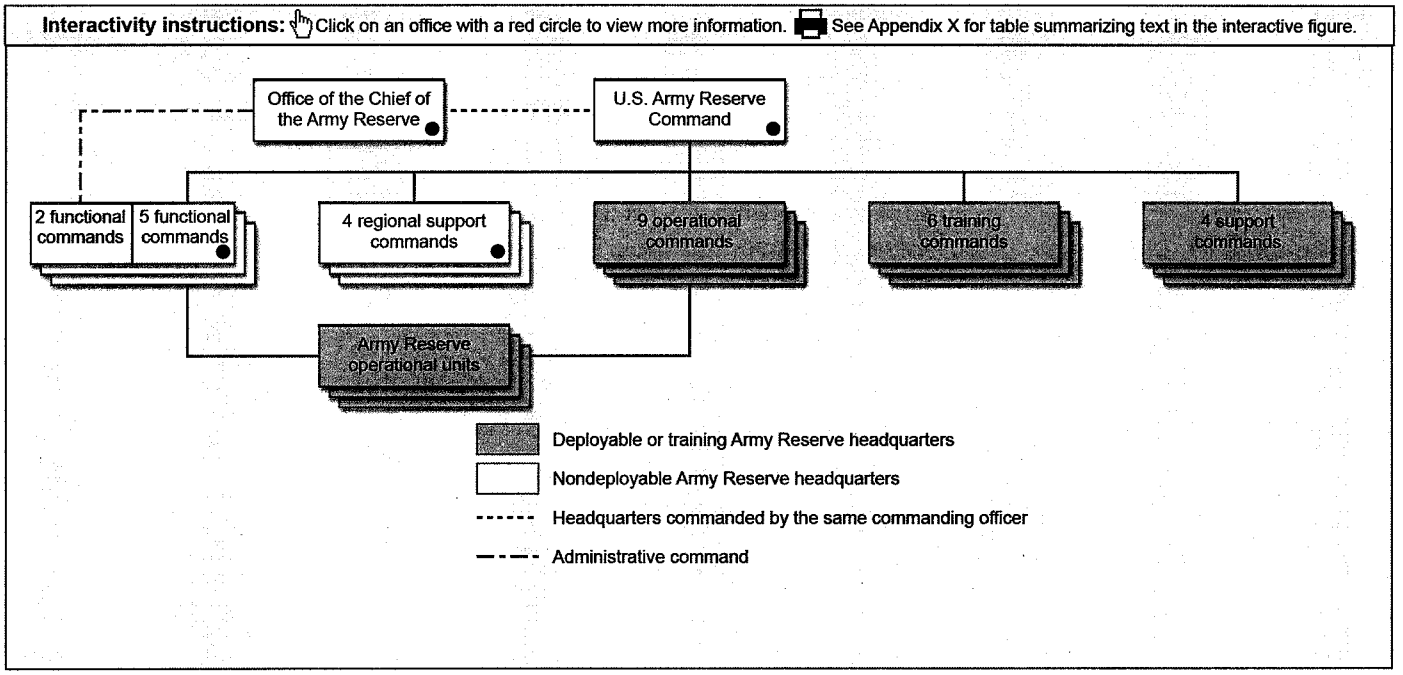
[17]The Individual Ready Reserve is a manpower pool consisting principally of personnel that have had training, served previously in the active component or in the selected reserve, and have some period of their military service obligation remaining. Individual Mobilization Augmentees are trained reservists that fill an active component, Selective Service System, or Federal Emergency Management Agency organization's billet on short notice.

commanded by the same[18] Lieutenant General who, by law, also sits on the Army Staff.[19] Reporting to the Chief are 11 General officers who command support and functional commands, ensure the readiness of personnel, and maintain reserve installations within the United States, as shown in figure 2.

[18]DOD refers to the arrangement in which the incumbent officer has responsibilities to two organizations as a "dual hat" position.

[19]10 U.S.C. § 3031(b)(9).

Figure 2: Organization of Army Reserve Headquarters

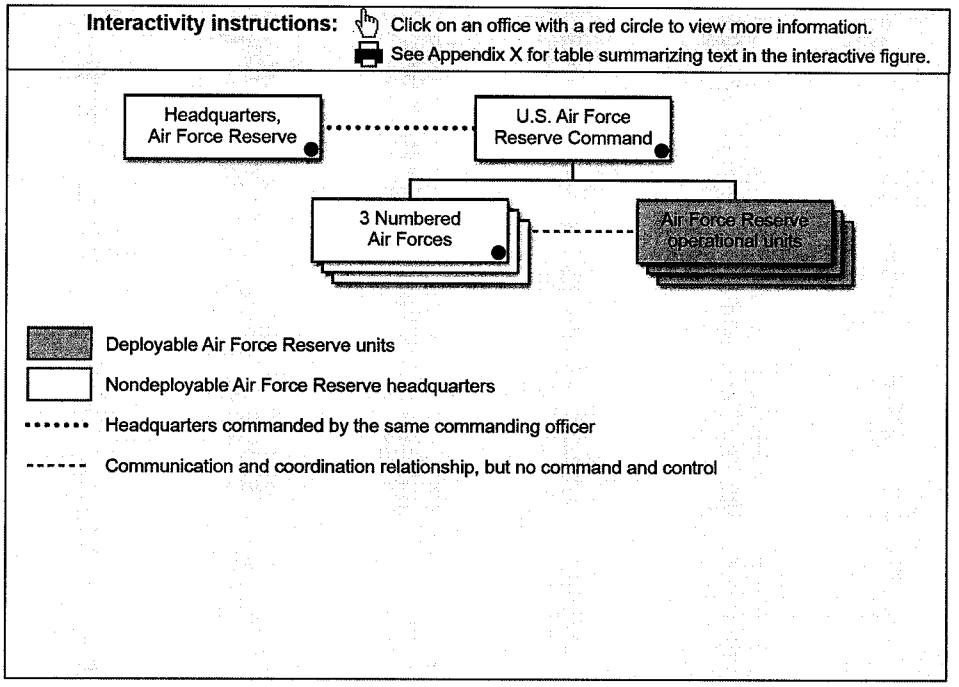


Source: GAO analysis of DOD guidance and data.

The Air Force Reserve provides a broad range of combat and combat-support capabilities. We identified five nondeployable headquarters that include Headquarters, Air Force Reserve; Air Force Reserve Command; and the 4th, 10th, and 22nd Air Forces. See appendixes VIII and IX for detailed information on the locations, missions and responsibilities of these headquarters. Headquarters, Air Force Reserve, and Air Force Reserve Command are commanded by the same Lieutenant General who, by law, also sits on the Air Staff.[20] Reporting to the Chief are three General officers who help to ensure the readiness of Air Force Reserve forces, as shown in figure 3.

[20]10 U.S.C. § 8031(b)(7).

Figure 3: Organization of Air Force Reserve Headquarters



Source: GAO analysis of DOD guidance and data.

The Joint Chiefs of Staff, the Army, and the Air Force have processes to size and structure headquarters organizations. In general, these processes seek to provide the minimum number of personnel needed to accomplish missions and performance objectives. Additionally, Congress requires DOD to report personnel data[21] for its Major DOD Headquarters Activities to support congressional oversight of these headquarters.[22] These headquarters are listed in a DOD instruction.[23] Prior to 2008, Congress placed a cap on the number of personnel that could be assigned to such headquarters; however, Congress removed this cap in 2008.

The Number of Military and Civilian Personnel Positions at Reserve-Component Headquarters Has Increased

Our analysis found that the overall number of funded military and civilian positions at the Army's and Air Force's reserve-component headquarters has steadily increased since fiscal year 2009, primarily due to DOD's reassignment of workload from contractors to full-time federal civilians and increased mission requirements.[24] These increases have come amid broader DOD efforts since 2010 to constrain or reduce headquarters.

[21]DOD is required to provide Congress with an annual Defense Manpower Requirements Report on a number of personnel issues, including the number of personnel assigned to major DOD headquarters activities in the previous year and estimates of such numbers for the current and subsequent fiscal year. See 10 U.S.C. § 115a(f).

[22]DOD defines major DOD headquarters activities as those headquarters (and the direct support integral to their operation) whose primary mission is to manage or command the programs and operations of the DOD, the DOD components, and their major military units, organizations, or agencies. DOD maintains an approved list of its Major DOD Headquarters Activities.

[23]DOD Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007 incorporating changes June 12, 2012).

[24]In a February 2012 report, we found that DOD officials generally could not determine the number of contractor full-time equivalents whose functions were in-sourced because DOD contracts for services, not positions, and the number of contractor full-time equivalents used to perform a service is determined by each private-sector provider. GAO, *Defense Workforce: DOD Needs to Better Oversee In-sourcing Data and Align In-sourcing Efforts with Strategic Workforce Plans*, GAO-12-319 (Washington, D.C.: Feb. 9, 2012).

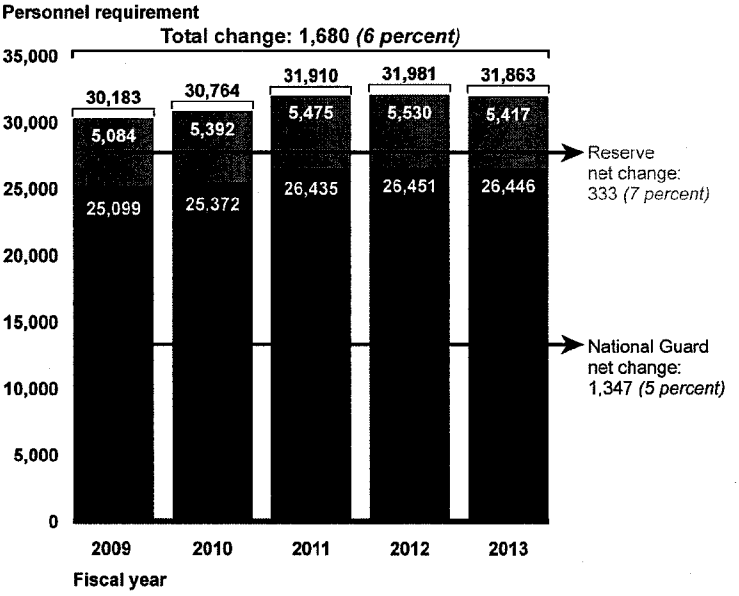
Funded Positions at Reserve-Component Headquarters Have Grown Overall since 2009

Between fiscal year 2009 and 2013, the total number of positions funded[25] for the 75 reserve-component headquarters we identified grew from about 30,200 to about 31,900—an increase of nearly 6 percent, as shown in figure 4.[26] Overall, the National Guard increased by about 1,350 funded positions (5 percent) and the Reserves by about 330 funded positions (7 percent). The National Guard's growth was driven by increases in the Army National Guard Directorate, which grew by about 750 funded positions over the period (about 44 percent). The National Guard Bureau, Air National Guard Readiness Center, and 54 state Joint Force headquarters increased about 17 percent, 21 percent, and 1 percent, respectively. The number of funded positions also increased at the Army Reserve's headquarters, which grew by about 15 percent, but decreased at the Air Force Reserve's headquarters by about 4 percent over the same period.

[25]According to National Guard and Reserve officials, funded positions are not always filled, meaning that the actual number of personnel working at headquarters may be less than the number that was approved to be funded on the personnel requirements documents. Military-service officials stated that comparison of funded positions is the most-accurate way to evaluate changes in headquarters size over time because actual headcount fluctuates on a daily basis.

[26]We limited our assessment of personnel requirements to positions that: were assigned to the headquarters, included military personnel or civilians, were funded by the federal government, and did not complete work in support of more than one component (for example, recruiting positions were excluded because the Army Reserve and the active duty Army share recruiting resources)

Figure 4: Trends in Funded Reserve-Component Headquarters' Positions by Component from Fiscal Year 2009 through Fiscal Year 2013



Source: GAO analysis of National Guard and Reserve data.

Notes: These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or Reserves and thereby fill both a full-time civilian position and a part-time military position. For these personnel, DOD budgets for two positions. Consequently, in our calculations, we included the approximately 8,000 dual-status technicians in both the full-time civilian and part-time military totals for each fiscal year. Additionally, personnel categorized as "Active Guard and Reserve" occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations we included the more than 5,000 Active Guard and Reserve positions in both the full-time military and part-time military totals for each fiscal year.

Of the nearly 1,700 positions DOD added to these headquarters, approximately 37 percent (more than 620 positions) were for full-time support positions. The percentage of funded positions that were allocated for full-time personnel varied by headquarters. For example, nearly 100 percent of the positions funded for the National Guard Bureau, Air

National Guard Readiness Center, Army National Guard Directorate[27], U.S. Army Reserve Command, and Headquarters, Air Force Reserve, were for full-time support in fiscal year 2013. In contrast, approximately 45 percent of funded positions at the state Joint Force headquarters and 33 percent of funded positions at the Army Reserve's functional commands were for full-time positions in fiscal year 2013. Appendixes III through IX provide more-detailed analysis of positions funded at the headquarters we identified.

Our analysis shows that the National Guard has consistently allocated a greater percentage of its funded military and civilian positions to its headquarters than the other reserve components.[28] Specifically, funded positions at the Army National Guard headquarters we identified equaled 6 percent of its estimated military and civilian funded positions in fiscal year 2013 (about 22,800 of its 389,350 estimated civilian and military funded positions).[29] This contrasts with the other reserve components we examined, which have 2 to 3 percent of their military and civilian funded positions in nondeployable headquarters. National Guard officials said that the Army National Guard has allocated more funded positions to its headquarters for several reasons, including the National Guard's need to prepare for and execute homeland defense and civil support missions, recruit its own personnel, and maintain a U.S. Property and Fiscal office in each state.

[27]In addition to having full-time civilian and Active Guard and Reserve personnel the Army National Guard Directorate has a group of personnel that are categorized as "Active Duty for Operational Support". Active Duty for Operational Support is an authorized voluntary tour of active duty that is performed at the request of an organizational or operational commander, or as a result of reimbursable funding, among other things. The purpose of this category is to provide the necessary skilled manpower assets to support existing or emerging requirements.

[28]The National Guard includes 55 joint organizations (the National Guard Bureau and the 54 state Joint Force headquarters) that include both Army and Air elements. We counted positions funded for the Army and Air staff at these joint headquarters toward the total number of Army or Air Force funded headquarters positions in the table above.

[29]Estimated civilian and military funded positions were provided by each of the Army's and Air Force's reserve components for fiscal years 2009 through 2012. We calculated the estimated number of funded positions for fiscal year 2013 using the number of military positions Congress authorized for each component for that year and DOD's budget-justification materials.

Reassignment of Contractor Workload to Civilian Positions and New Missions Have Driven Growth in Funded Positions

National Guard and Reserve officials told us that there are two main drivers of growth since 2009 in funded positions at reserve-component headquarters—DOD's 2010 effort to reduce its reliance on contractors by reassigning their workload to federal civilian positions, referred to as "in-sourcing," and expanded mission requirements.[30] In April 2009, the Secretary of Defense announced his intention to reduce DOD's reliance on contractors and increase the number of civilian positions.[31] Reserve component officials said that DOD's in-sourcing effort was a significant driver of growth in civilian positions. For example, Army National Guard officials said that DOD's in-sourcing effort contributed to an increase in over 700 civilian positions at the Army National Guard Directorate. Likewise, Air National Guard officials said that DOD's in-sourcing effort caused the Air National Guard Readiness Center to add 180 funded positions.

The other driver of growth in funded positions identified by reserve-component officials was expanded mission requirements. Army Reserve officials noted that the 7th Civil Support Command's increase of 71 funded positions from fiscal year 2009 to fiscal year 2011 was the result of the Army closing a second Army activity and adding missions at the command. In a second instance, Army Reserve officials attributed growth at the Office of the Chief of the Army Reserve to the addition of new functions such as the Employer Partnership Office.[32] National Guard

[30]In a February 2012 report, we found that DOD officials generally could not determine the number of contractor full-time equivalents whose functions were in-sourced because DOD contracts for services, not positions, and the number of contractor full-time equivalents used to perform a service is determined by each private-sector provider. GAO-12-319.

[31]Section 324 of the National Defense Authorization Act for Fiscal Year 2008 added a section 2463 to Title 10 of the United States Code, which requires DOD to develop guidelines and procedures that provide for special consideration to be given to using DOD civilian employees to perform new functions or certain categories of functions currently performed by contractor personnel. As part of this effort, the Secretary of Defense established in-sourcing targets for all DOD service components, which led to additional civilian positions being added.

[32]According to senior Army Reserve officials, growth in the Office of the Chief of the Army Reserve also was driven by the transfer of functions between staff elements. For example, officials said that in fiscal year 2012 the Army Reserve Installation Management Directorate was added to the Office of the Chief of the Army Reserve's personnel requirements document as a result of an agreement between the Chief of the Army Reserve and the Commander of the Army Installation Management Command. Officials said that 10 military and 33 civilian positions were added to the Office of the Chief of the Army Reserve in fiscal year 2013 as a result of that decision.

officials attributed the increase of over 250 funded positions at the state Joint Force headquarters to mission growth resulting from the establishment of civil-support capabilities such as implementation of the Homeland Response Forces[33] beginning in fiscal year 2011. National Guard officials also said that the National Guard Bureau may grow in the future as a result of the Chief of the National Guard Bureau's placement on the Joint Chiefs of Staff in 2011.

Processes Intended to Efficiently Size and Oversee Reserve-Component Headquarters Have Not Been Consistently Applied

Although DOD has processes in place that generally seek to provide the minimum number of personnel needed to accomplish missions and performance objectives, these processes have not been consistently applied at 68 of the 75 headquarters we identified. For instance, the National Guard Bureau has been determining its own personnel requirements with no external review and validation since 2010 and has been growing steadily since 2009. In addition, DOD has not included data on the National Guard Bureau in its required Defense Manpower Requirements Report to Congress.[34] In fiscal year 2013, the National Guard had about 21,900 funded positions at its 54 state Joint Force headquarters, but the processes for determining personnel requirements for these headquarters are fragmented[35] among the National Guard Bureau's Joint staff, the Army National Guard, and the Air National Guard. Finally, the Army and Air Force have not determined personnel requirements or fully reassessed within required time frames the personnel requirements at 13 of the 20 headquarters. Consequently, DOD lacks assurance that the Army's and Air Force's reserve-component headquarters are being staffed with the minimum personnel needed to perform their assigned missions.

[33]The 2010 Quadrennial Defense Review introduced 10 state-controlled Homeland Response Forces that consist of National Guard forces.

[34]See 10 U.S.C. § 115a(f).

[35]Fragmentation refers to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need, and opportunities exist to improve service delivery.

DOD Processes for Overseeing Headquarters Emphasize Periodic External Review to Validate Personnel Requirements

The Joint Chiefs of Staff, the Army, and the Air Force have separate processes for determining and reassessing headquarters' personnel requirements. DOD's overarching manpower-management directive states that it is DOD policy that personnel requirements are driven by workload, and shall be established at the minimum levels necessary to accomplish mission and performance objectives.[36] Joint Staff guidance emphasizes that personnel requirements may change in light of changes in technology and missions, and Army guidance provides that requirements are to be adjusted in response to changes.[37] This is consistent with our prior work in the area of strategic human-capital management, which has found that high-performing organizations periodically reevaluate their resources, including personnel, to obtain the complete and reliable data needed to ensure that resources are properly matched to requirements.[38] These organizations seek to identify their current and future personnel requirements—including the appropriate number of employees, key competencies, and skills mix for mission accomplishment—and the appropriate deployment of personnel across the organization. One purpose of the external review is to help ensure that joint activities have the minimum personnel with the appropriate skills and experience needed to carry out assigned missions. Similarly, Army and Air Force assessment practices generally include a review of personnel requirements by either a higher-level command or an external organization.[39] However, the Air Force's process does not apply to the reserve component headquarters organizations we identified, which do not have external review of their personnel requirements. The processes

[36]Department of Defense Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005).

[37]Chairman of the Joint Chiefs of Staff, Instruction 1001.01a (Oct. 1, 2010). Department of the Army, *Manpower Management*, Regulation 570-4 (Feb. 8, 2006).

[38]GAO, *Human Capital: A Model of Strategic Human Capital*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002).

[39]Army Regulation 570-4 requires that all personnel requirements for Army organizations must be reviewed and validated by the Assistant Secretary of the Army for Manpower and Reserve Affairs with assistance from the U.S. Army Manpower Analysis Agency. Additionally, this guidance states that the Chief of the National Guard Bureau has the authority to determine full-time support requirements for the National Guard's state Joint Force headquarters. Air Force Instruction 38-201 requires Major Command staff to review manpower standards for applicability and reapply them to subordinate organizations at least every 2 years.

applicable to reserve-component headquarters organizations are discussed in table 2.

Table 2: Processes for Determining Reserve-Component Headquarters Personnel Requirements

Process	Description	Reserve-component headquarters currently subject to process
Joint Chiefs of Staff *Joint Manpower and Personnel Program*	DOD uses its Joint Manpower and Personnel Program to review and approve personnel requirements at the combatant commands and other DOD joint activities. This process provides procedures to enable the Joint Staff to determine whether a proposed increase in positions is warranted.	• National Guard Bureau • National Guard state Joint Force headquarters' Joint staff element[a]
Department of the Army *Manpower Management*	The Army uses its Manpower Management process to independently reassess total personnel requirements at its headquarters—including the Army staff at each state Joint Force headquarters under the oversight of the Army National Guard Directorate —by having personnel requirements reviewed and validated by the Assistant Secretary of the Army for Manpower and Reserve Affairs with assistance from the U.S. Army Manpower Analysis Agency.	• Office of the Chief of the Army Reserve • U.S. Army Reserve Command • Army Reserve Regional Support Commands • Army Reserve Functional Commands • Army National Guard Directorate • National Guard state Joint Force headquarters Army staff element[a]
Department of the Air Force[b]	The Air Force has not established a process to determine and reassess personnel requirements for its reserve-component headquarters. According to Air Force officials, commanders have authority to make changes to headquarters' positions should they be required, but would have to request additional funding to obtain additional positions beyond what has already been validated by the Air Force.	• Headquarters, Air Force Reserve • Air Force Reserve Command • Air National Guard Readiness Center • Numbered Air Forces • National Guard state Joint Force headquarters Air staff element[a]

Source: Joint Staff, Army, and Air Force.

Notes:

[a]The state Joint Force headquarters consist of a Joint staff element, Army staff element, and Air staff element. Each of these elements is subject to different processes for reassessing and validating personnel requirements. These headquarters provide command and control for civil-support missions within their respective states as well as some homeland defense missions.

[b]Air Force officials told us that the Air Force has not developed guidance that requires personnel at the reserve-component headquarters we identified to be periodically reassessed or validated.

National Guard Bureau Personnel Requirements Are Not Being Externally Validated

Under an informal agreement with the Joint Staff, the National Guard Bureau has been determining its own personnel requirements without validation by a higher-level command or external organization. Since 2010, the number of funded positions at the bureau increased by 17 percent and could grow further, according to National Guard Bureau officials. The DOD directive governing the National Guard Bureau provides that the National Guard Bureau's personnel requirements should be managed in the same manner as other joint activities to the greatest extent possible. Joint activities are generally subject to the Joint Staff's

Joint Manpower and Personnel Program. According to officials, this program includes review, approval, and documentation of a headquarters' personnel requirements by an external organization.[40]

According to Joint Staff and National Guard officials, in 2010, the Joint Staff and the National Guard Bureau reached an informal agreement that the bureau would maintain control for determining and validating its own personnel requirements. However, this agreement is inconsistent with the Joint Staff's regular personnel requirements reassessment process and differs from the military-service practices. National Guard Bureau and Joint Staff officials gave three reasons for this agreement. First, Joint Staff officials said that this agreement was reached because the bureau wanted to maintain control over its personnel requirements. Second, the National Guard Bureau is too dissimilar from other joint activities—such as the combatant commands—for which the Joint Staff is responsible. Third, the Joint Staff lacks the resources to assume responsibility for validating the bureau's personnel requirements.

Recognizing that recent developments warrant a re-evaluation of the National Guard Bureau's personnel requirements, the National Guard Bureau started two efforts intended to enable it to define its personnel requirements. The National Guard Bureau has started an initiative called "Project Muster" to realign its headquarters processes to support the new roles and responsibilities of the Chief and Vice Chief of the National Guard Bureau and determine the personnel requirements needed to execute these responsibilities following the Chief's placement on the Joint Chiefs of Staff. Officials responsible for the study said that it may show that the bureau will need to grow beyond its current size. In part because one of Project Muster's baseline assumptions is that the bureau's current manpower will be retained to meet preexisting requirements.

In July 2013, while our review was underway, the Vice Chief for the National Guard Bureau asked that the U.S. Army Manpower Analysis Agency—with assistance from the Air Force Personnel Center—conduct

[40]According to a DOD directive, the National Guard Bureau's personnel are supposed to be managed under a joint manpower document—that is, a document that identifies the positions and spaces that have been validated for each element of a joint activity—in accordance with Chairman of the Joint Chiefs of Staff Instruction 1001.01a to the greatest extent possible. Department of Defense Directive 5105.77, *National Guard Bureau* (May 21, 2008).

an advisory analysis of positions at the National Guard Bureau to include its joint staff and the Office of the Chief of the National Guard Bureau. According to the U.S. Army Manpower Analysis Agency official responsible for the analysis, an advisory analysis entails a strategic look at a headquarters' organizational structure. It is different from a personnel requirements study, which would assess individual workload, validate missions, and map processes. The Vice Chief's request for an analysis was accepted by the U.S. Army Manpower Analysis Agency in August 2013 and is currently scheduled for calendar year 2014.

Although both of these efforts are significant attempts to determine the bureau's personnel requirements, neither of them will establish a process to periodically validate and reassess those requirements. Additionally, National Guard Bureau officials said that the Chief of the National Guard Bureau will continue to be the final authority on what requirements are approved for the bureau. By creating a system whereby an external organization is not independently assessing the National Guard Bureau's personnel requirements the bureau has removed an independent check that could help ensure that the bureau is staffed with the appropriate number of personnel needed to execute its assigned missions and workload.

DOD Does Not List the National Guard Bureau as a Major DOD Headquarters Activity, and Its Personnel Data Have Not Been Reported to Support Congressional Oversight

Our analysis of DOD's reserve-component headquarters found that DOD's list of its Major DOD Headquarters Activities did not include the National Guard Bureau, even though the bureau meets the headquarters criteria specified in DOD's instruction and is now commanded by a 4-star General who sits on the Joint Chiefs of Staff.[41] DOD uses an instruction issued by the Office of the Secretary of Defense's Director for Administration and Management that establishes the definitions and criteria that should be used to identify DOD's Major DOD Headquarters Activities. This instruction also contains an enclosure that lists DOD's Major DOD Headquarters Activities and this list is the basis for reporting required personnel data to Congress. In this instruction, DOD defines major DOD headquarters activities as those headquarters (and the direct support integral to their operation) whose primary mission is to manage or command the programs and operations of DOD, the DOD components, and their major military units, organizations, or agencies. In practice, DOD

[41]Department of Defense Instruction 5100.73, *Major DoD Headquarters Activities (December 1, 2007).*

includes those headquarters that are commanded by a General or Admiral, or Lieutenant General or Vice Admiral or their equivalents. The National Guard Bureau meets both these criteria. In 2012, we reported that some other organizations that fit the definition of Major DOD Headquarters Activities were not included in DOD's instruction. We recommended at that time that DOD revise its instruction to include all of its Major DOD Headquarters Activities.[42] Our review found that DOD has not updated its list to include the National Guard Bureau or the headquarters we identified in our 2012 report.[43]

DOD officials said that the National Guard Bureau was not included in its list of major DOD headquarters activities in the past because the National Guard Bureau had previously been a subactivity of the Army and Air Force; the National Guard Bureau has a National Guard mission that relates to the states, which is unusual for DOD's headquarters; and officials did not focus on the National Guard Bureau being a headquarters that drives the department's active-duty or Reserve missions. Officials from the Office of the Director of Administration and Management and the Assistant Secretary of Defense for Reserve Affairs agreed that the National Guard Bureau (including both the Office of the Chief and the Joint staff element) should be considered a major DOD headquarters activity and listed in DOD's instruction; however, at the time of our review these officials did not have a schedule for further updating the instruction or the list of major DOD headquarters activities.

Having complete information about such headquarters activities is important for oversight because Congress has established reporting requirements that it can use to oversee the size of specific kinds of DOD's headquarters, such as the National Guard Bureau.[44] DOD is required to provide Congress with an annual Defense Manpower Requirements Report[45] on a variety of personnel issues, including the number of military and civilian personnel assigned to major DOD headquarters activities in

[42]GAO-12-345.

[43]DOD made a technical update on June 12, 2012, to DOD Instruction 5100.73 that modified references, roles, responsibilities, and terms used throughout the instruction.

[44]See 10 U.S.C. § 115a(f).

[45]The Secretary of Defense is required to submit this report not later than 45 days after the submission of the President's budget.

the previous year, and estimates of such numbers for the current and subsequent year. Prior to 2008, DOD was subject to a statutory cap on the total number of personnel that could be assigned to Major DOD Headquarters Activities.[46] The National Defense Authorization Act for Fiscal Year 2008 repealed this cap, but required DOD to continue to report certain information about the size and composition of the staff assigned to Major DOD Headquarters Activities.[47] When fulfilling its reporting requirement, DOD uses the definitions and criteria in its instruction to identify DOD's Major DOD Headquarters Activities and lists these headquarters in an enclosure. This list is the basis for reporting required personnel data to Congress, and because the bureau was not included in DOD's list, its personnel data were not reported to Congress. Unless DOD revises its instruction to include the National Guard Bureau in its list of major DOD headquarters activities and reports the bureau's personnel requirements data, Congress will continue to have limited information available to support oversight of this expanding headquarters activity.

DOD Lacks Assurance That the National Guard's State Joint Force Headquarters Are Sized to Be Efficient

The National Guard has not fully reassessed the personnel requirements of the 54 state Joint Force headquarters or their predecessor organizations—which collectively contain nearly 21,900 funded positions—since the 1980s despite changes in their organization and assigned missions. Our prior work has shown that cost savings may be achieved by consolidating and centralizing overlapping functions and eliminating unnecessary overlap and duplication.[48] The state Joint Force headquarters consist of a Joint staff element, Army staff element, and Air staff element each of which is subject to different processes for reassessing and validating personnel requirements. Additionally, these headquarters have personnel that are assigned as the personal staff and special staff of the Adjutant General. The National Guard Bureau, Army National Guard Directorate, and Air National Guard Readiness Center

[46]See National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 901 (2008), repealing section 130a of Title 10 of the United States Code.

[47]While the overall headquarters cap was repealed in 2008, various sectors of DOD's headquarters workforce are still subject to similar statutory caps. For example, section 194 of Title 10 of the United States Code, among other things, imposes a cap on headquarters management personnel of the defense agencies and DOD field activities.

[48]GAO-12-345. GAO-13-279SP.

share responsibility for overseeing personnel requirements at the state Joint Force headquarters and there is not a process in place that enables the holistic assessment of personnel requirements at these headquarters. In the absence of a process that provides a holistic assessment of the state Joint Force Headquarters, National Guard officials noted that they have begun two efforts that are intended to assess personnel requirements at the state Joint Force headquarters: (1) a National Guard Bureau study evaluating personnel requirements for the Joint staff element at these headquarters and (2) an Army National Guard Directorate evaluation of functions—some of which include both Army National Guard and Air National Guard personnel—within these headquarters. We found that these efforts are limited and do not constitute a process that holistically assesses these headquarters' personnel requirements. Without implementing a process to holistically assess personnel requirements for all three staff elements at these headquarters', DOD lacks assurance that they are sized and structured to be efficient.

The National Guard Has Not Comprehensively Reassessed Its State Joint Force Headquarters

National Guard officials said that they have not reassessed the personnel requirements for the National Guard's 54 state Joint Force headquarters since the 1980s, even though there have been changes in the organization of these headquarters, including the missions assigned to them. The Army and the Air Force determined the personnel requirements for the Army and Air staff elements at the state Joint Force headquarters' predecessor headquarters in 1982 on the basis of the number of personnel authorized for the state or territory as well as its population.

The Army staff and Air staff elements are filled with Army National Guard and Air National Guard personnel respectively. The Joint staff element and the Adjutant General's staff can be comprised of personnel from the Army National Guard, the Air National Guard, or both. Responsibility for overseeing personnel requirements of these staff elements is shared by the National Guard Bureau, Army National Guard Directorate, and Air National Guard Readiness Center, which have separate processes for determining, validating, and reassessing requirements for their respective staff elements, as shown in table 3.

Table 3: Federal Organizations Responsible for Determining and Validating Personnel Requirements at State Joint Force Headquarters and a Description of Requirements

State Joint Force headquarters staff element	Responsible organization	Process used to determine and validate personnel requirements	Description of requirements
Joint Staff	National Guard Bureau[a]	Joint Manpower and Personnel Program	Joint staff element personnel requirements should be managed using joint manpower documents in accordance with Chairman of the Joint Chiefs of Staff Instruction 1001.01a. This instruction requires the use of joint manpower documents and the validation of personnel requirements documented on those documents through the Joint Manpower and Personnel Process.
Army Staff	Army National Guard Directorate	Army Manpower Program	Army staff element personnel requirements should be reassessed on a 2- to 5-year cycle. Personnel requirements are reviewed and validated by the Assistant Secretary of the Army for Manpower and Reserve Affairs with assistance from the U.S. Army Manpower Analysis Agency.
Air Staff	Air National Guard Readiness Center	Air Force	The Air Force does not have a requirement to reassess personnel requirements at its reserve-component headquarters above the wing level.

Source: GAO analysis of Joint staff, Army, and Air Force data.

Notes:

[a]In an April 2012 letter, the Joint Staff formally delegated responsibility to the National Guard Bureau for validating personnel requirements at the state Joint Force headquarters with the expectation that, although the state Joint Force headquarters would not be part of the joint staff's overarching manpower program, its joint staff element would be managed by the National Guard Bureau using the same procedures.

We have previously found that government can reduce costs and improve operations through the elimination of unnecessary fragmentation, overlap, and duplication.[49] Additionally, our 2012 report examining DOD's headquarters and support organizations found that there may be additional opportunities for DOD to achieve cost savings by consolidating and centralizing overlapping functions and services. In our 2012 report, we recommended that DOD continue to examine opportunities to centralize administrative and command support services, functions, or programs.[50]

[49]GAO-13-279SP.

[50]GAO-12-345.

Ongoing Personnel Requirements Studies Are Limited and Do Not Provide a Process for Holistically Assessing State Joint Force Headquarters' Requirements

National Guard officials noted that they have two ongoing efforts that are intended to assess personnel requirements at the state Joint Force headquarters; however, we found that these efforts were limited and were not based on a process that holistically assessed personnel requirements for all three staff elements at these headquarters.

First, as previously discussed, the National Guard Bureau has begun a two-phased study reassessing the personnel requirements for these headquarters' Joint staff element; however, National Guard Bureau officials stated that the study would not examine the Army staff element or Air staff element portion of the state Joint Force headquarters. National Guard Bureau officials determined that on average each Joint staff element would need 30 personnel to perform core functions during the first phase of the study, which was completed January 2012. However, National Guard officials noted that the ultimate size and structure of the joint staff element will vary by state and should correlate with the state's assigned missions and personnel. The second phase of the study is intended to develop a joint manpower document that would document the state headquarters' ultimate size and structure. National Guard Bureau officials expect to complete this phase by fiscal year 2015.

Second, in addition to the National Guard Bureau's study, Army National Guard Directorate officials said that the absence of a holistic assessment of the state Joint Force headquarters contributed to their completing assessments of 17 functions, some of which are performed at these headquarters and are staffed with both Army National Guard and Air National Guard personnel. Army National Guard officials identified five offices within the Adjutant General's personal staff that typically have both Army National Guard and Air National Guard personnel: the Chaplain's Office, the Human Resources Office, the Office of the Judge Advocate General, the Public Affairs Office, and the Office of the Inspector General. Army National Guard officials said they are not required to collaborate with the Air National Guard when determining personnel requirements for these functions—although individual analysts may choose to do so at their discretion—and assessments only examine Army personnel requirements. Army National Guard officials also said that a recently completed study of the Chaplain's office and an ongoing study of the Human Resources office had minimal collaboration with the Air National Guard. Further, Army National Guard officials noted that even if the Air National Guard were to be more heavily involved in the Army National Guard's studies, there is not a process in place to estimate the workload for functions that have both Air National Guard and Army National Guard personnel.

Three different organizations are responsible for assessing personnel requirements at the state Joint Force headquarters, and there is no process in place that provides a holistic assessment. As a result, the state Joint Force headquarters may be missing opportunities to consolidate or centralize overlapping functions and services and may be allowing personnel gaps or overlaps to develop or persist. For example, our review of the personnel requirements documents for the 54 state Joint Force headquarters shows that a number of similar positions are approved for both the Army staff element and the Air staff element within the same state. In one state's Joint Force headquarters, the Army staff element allocated positions for five Judge Advocate Generals, two Public Affairs officials, and one Chaplain, while the Air Staff element allocated positions for two Judge Advocate Generals, one Public Affairs official, and two Chaplains. In a second state Joint Force headquarters, we found that the Army staff element allocated positions for three Judge Advocate Generals, three Public Affairs officials, and two Chaplains, while the Air staff element allocated positions for one Judge Advocate General, two Public Affairs officials, and one Chaplain. However, it is not clear whether these positions are all justified because the National Guard Bureau has not completed a holistic assessment of all the staff elements at these headquarters.

While the National Guard Bureau's and the Army National Guard's efforts are important steps in determining personnel requirements at the state Joint Force headquarters, they are limited because the National Guard has not established a process for holistically assessing all three elements at these headquarters. Further, the Army National Guard and Air National Guard are not required to collaborate when determining personnel requirements, do not use a formal process to estimate workload for joint functions in their entirety, and do not have a means for ensuring these functions are staffed to be efficient. As a result, these studies are unlikely to ensure that the state Joint Force headquarters avoid gaps or overlaps in positions and have the minimum personnel required to perform their assigned missions.

The Army and Air Force Have Not Consistently Implemented Processes for Reassessing Personnel Requirements of Reserve-Component Headquarters

The Army and Air Force have not consistently implemented processes for ensuring their reserve-component headquarters have the minimum number of personnel, thereby hindering their ability to determine whether these headquarters have been sized to be efficient. Our analysis shows that 13 of the 20 Army and Air Force reserve-component headquarters have not been fully reassessed. Our analysis shows that 5 of the 7 organizations that have been reassessed shrank from fiscal year 2009 through fiscal year 2013. In contrast, several of the headquarters that

showed significant growth were among those that have not been reassessed including the Office of the Chief of the Army Reserve and Air National Guard Readiness Center. As we previously noted, our work in the area of strategic human-capital management has shown that reassessing resource requirements—including personnel—enables organizations to achieve their missions and match resources to their needs.[51] Table 4 shows the status of personnel requirement assessments at the Army and Air Force reserve-component headquarters we identified.

[51]GAO-02-373SP.

Table 4: Status of Army and Air Force Manpower Assessment Processes for Reserve-Component Headquarters

Military service	Required reassessment time frame	Headquarters	Status (year completed)
Army	Optimally every 3 years; at least once every 2–5 years	Army National Guard Directorate	●(2013)
		Military Intelligence Readiness Command	●(2010)
		Office of the Chief of the Army Reserve[a]	◐(2009)
		U.S. Army Reserve Command[a]	◐(2009)
		1st Mission Support Command[a]	◐(2012)
		7th Civil Support Command[a]	◐(2012)
		79th Sustainment Support Command[a]	◐(2012)
		Army Reserve Medical Command[a]	◐(2012)
		U.S. Army Civil Affairs and Psychological Operations Command[a]	◐(2012)
		9th Mission Support Command[a]	◐(2012)
		63rd Regional Support Command[b]	○
		88th Regional Support Command[b]	○
		99th Regional Support Command[b]	○
		81st Regional Support Command[b]	○
Air Force	None	Air National Guard Readiness Center	○[c]
		Headquarters, Air Force Reserve	●(2011)[d]
		Air Force Reserve Command	●(2012)[d]
		22nd Air Force	●(2012)[d]
		4th Air Force	●(2012)[d]
		10th Air Force	●(2012)[d]

Legend:

● Fully completed: The entire headquarters had its personnel requirements reassessed.

◐ Partially completed: A portion of a headquarters had its personnel requirements reassessed. For example, personnel requirements for a function or a type of position could have been assessed independently from the headquarters as a whole. A partial assessment does not fully address reassessment requirements.

○ None: No part of the headquarters had its personnel requirements reassessed.

Source: GAO analysis of Army and Air Force data

[a]Although 13 reserve-component headquarters were not assessed in their entirety, some functions within the organizations were assessed; however, partial assessments do not fully address requirements established in Army Regulation 570-4.

[b]The four Regional Support Commands are currently in the process of being assessed by the U.S. Army Manpower Analysis Agency.

[c]The Air Force does not have a requirement for this reserve-component headquarters to be periodically assessed, and the personnel requirements for this headquarters have not been assessed.

[d]While not required by its guidance, in 2012 the Air Force conducted full assessments on these headquarters as part of its recent efficiencies review.

According to Army Manpower Analysis Agency officials, most Army reserve-component headquarters have not had their personnel requirements fully reassessed because the U.S. Army Manpower Analysis Agency has a backlog of reassessments needing review and approval. The U.S. Army Manpower Analysis Agency validates[52] the headquarters' reassessment of their requirements.[53] The Army's manpower-management regulation requires that Army headquarters be reassessed not less than every 5 years and optimally every 3 years.[54] Army officials said that a reassessment should generally include a review of the entire headquarters; however, there are some instances where commanders conduct a partial assessment—for example of a single function or type of position. Army officials said that the manpower analysis agency has prioritized its review and approval of personnel requirements reassessments and worked with the Army Reserve to establish a schedule through fiscal year 2016 for reassessing some headquarters; however, we found that several of the headquarters included in our review that had not recently been reassessed were not included in this schedule. Once the U.S. Army Manpower Analysis Agency validates an assessment, it is submitted to the Office of the Army Operations and Plans for approval. If an Army headquarters does not have a validated personnel requirements document, its personnel requirements could be removed from its personnel requirements document during periodic force-structure reviews and excluded from the Army's annual budget request.

Air Force officials told us that one Air Force reserve-component headquarters we identified did not have its personnel-requirements assessed because such a periodic reassessment is not currently required in the Air Force's guidance. Specifically, the guidance[55] only requires

[52]Validating a requirement means the U.S. Army Manpower Analysis Agency has analyzed whether manpower requested meets the workload being performed.

[53]The U.S. Army Manpower Analysis Agency uses a five-phased approach when reassessing personnel requirements. This approach entails: (1) planning the study approach, scope, and timelines; (2) completing an initial analysis to validate the headquarters' mission and review previous studies; (3) collecting and analyzing data on mission and workload; (4) developing a product with recommendations on workforce mix and staffing; and (5) validating and approving the final documentation.

[54]Army Regulation 570-4, *Manpower Management* (Feb. 8, 2006).

[55]Air Force Instruction 38-201, *Management of Manpower Requirements and Authorizations* (May 14, 2013).

headquarters embedded in its operational wings be reassessed at least every 2 years. In contrast, reassessments for the Air Force's reserve-component headquarters are done on an ad hoc basis. In 2011 and 2012, the Air Force Reserve reassessed five of its headquarters[56] as part of its efforts to streamline its operations, not due to any requirement in guidance.[57] Following this reassessment, the Air Force Reserve shrank the three numbered Air Force headquarters by more than one-third, and Headquarters, Air Force Reserve, by more than 10 percent. Another headquarters that was reassessed, the Air Force Reserve Command, grew in size by about 7 percent. According to Air Force officials, changes in headquarters personnel requirements are typically driven by changes in force structure, made in response to efficiency initiatives, or initiated by the headquarters' commanding officer. Air Force officials said that it would be beneficial to apply a reassessment standard to all of the Air Force's reserve-component headquarters, but the Air Force has not taken steps to initiate such reviews or revise the guidance to require them in the future. Unless the Army and Air Force periodically reassess their reserve-component headquarters, they will lack assurance that these headquarters are sized with the minimal staff required and structured appropriately.

Conclusions

Amid DOD's recent efforts to trim budgets by finding efficiencies and reducing overhead, some reserve-component headquarters have grown. While some of this growth is due to reducing reliance on contractors and expanding missions, DOD does not know whether its reserve-component headquarters are sized with the appropriate personnel needed to accomplish their missions today and in the future. Human-capital practices suggest that the size and structure of organizations need to be reassessed periodically. In total, 68 of 75 the reserve-component headquarters we reviewed have not been recently reassessed. Until these organizations are assessed, the Army and Air Force will lack assurance that they are sized and structured appropriately. Additionally, until DOD externally validates the National Guard Bureau's personnel

[56]The Air Force Reserve examined the Air Force Reserve Command and its three numbered Air Forces.

[57]The Air Force Reserve created its Force Generation Center to streamline force identification, mobilization and deployment across the Air Force Reserve and improve the Commander's visibility into current and planned resources commitments.

requirements, holistically assesses personnel requirements for its 54 state Joint Force headquarters, and schedules reassessments for reserve component headquarters it will lack assurance that these headquarters are appropriately sized to accomplish their assigned mission.

The National Guard Bureau—whose Chief was recently placed on the Joint Chiefs of Staff—has grown about 17 percent since 2010 and is anticipating further growth related to its elevated role. However, the oversight process currently in place allows the National Guard Bureau to determine its personnel requirements without validation by a higher-level command or external organization. Furthermore, reports used to support congressional oversight have not included information on the bureau. Unless the bureau's personnel requirements are validated by an external organization and related information is included in DOD's report to Congress, both DOD and Congress will lack assurance that the bureau's size and structure is appropriate for its mission.

For the 54 state Joint Force headquarters, fragmented review processes across the National Guard Bureau, Army National Guard, and Air National Guard have created an environment where similar and possibly overlapping positions have been approved for the three interconnected staff elements in each state. Their requirements have not been reassessed since the 1980s, and ongoing studies by the National Guard are too limited in scope to provide a comprehensive reassessment. As a result, no organization has examined the multiple staff elements at these headquarters for potential personnel gaps or overlaps that could hinder their ability to perform their missions or could waste resources.

Finally, for those headquarters overseen by the Army and Air Force—specifically 13 Army Reserve headquarters, 5 Air Force Reserve headquarters, the Army National Guard Directorate, and the Air National Guard Readiness Center—DOD has processes in place that if consistently implemented could help ensure that these headquarters are sized and structured appropriately. The Army and Air Force have not reassessed 13 of these 20 headquarters, and of the seven headquarters that were recently reassessed five shrank, some markedly. Until the Army and the Air Force reassess the remaining headquarters that they oversee DOD will lack assurance that these headquarters are sized and structured appropriately.

Recommendations for Executive Action

To facilitate oversight of the size of DOD's reserve-component headquarters and ensure that they have the minimum personnel needed to complete their assigned missions, we are making the following six recommendations.

To independently validate the personnel requirements for the National Guard Bureau, we recommend that the Secretary of Defense direct the Chief of the National Guard Bureau to implement the Joint Chief of Staff's Joint Manpower and Personnel Process and have its personnel requirements periodically validated by a DOD organization external to the National Guard Bureau.

To provide Congress the data it requires to oversee DOD's Major DOD Headquarters Activities, we recommend that the Secretary of Defense include the National Guard Bureau among its list of Major DOD Headquarters Activities and report personnel associated with the National Guard Bureau in the Defense Manpower Requirements Report.

To minimize the potential for gaps or overlaps at the National Guard's state Joint Force headquarters, we recommend that the Secretary of Defense direct the Chief of the National Guard Bureau to:

- develop a process for the Army National Guard and Air National Guard to collaborate when determining personnel requirements for joint functions at these headquarters and
- assess and validate all personnel requirements at the state Joint Force headquarters to include the Army staff element and Air staff element.

To ensure that Army Reserve headquarters and the Army National Guard Directorate are properly sized to meet their assigned missions, we recommend that the Secretary of Defense direct the Secretary of the Army to ensure that these headquarters are reassessed and have their personnel requirements validated within required time frames by including them in the U.S. Army Manpower Analysis Agency's schedule for reassessment and validation.

To ensure that Air Force Reserve headquarters and the Air National Guard Readiness Center are properly sized to meet their assigned missions, we recommend that the Secretary of Defense direct the Secretary of the Air Force to modify the Air Force's guidance to require that these headquarters have their personnel requirements reassessed on a recurring basis, and establish and implement a schedule for

reassessing personnel requirements for its reserve-component headquarters.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Defense for review and comment. In response, we received written comments which are reprinted in appendix XI. DOD concurred with three of our recommendations and partially concurred with the remaining three recommendations. DOD also provided technical comments which we incorporated into the report as appropriate.

DOD partially concurred with our first recommendation that the Secretary of Defense require the Chief of the National Guard Bureau have its personnel requirements periodically validated by a DOD organization external to the National Guard Bureau. DOD stated that while the department agrees that external validation is appropriate, it is DOD's view that the appropriate means for obtaining this external validation is by establishing a vetting process that includes representatives from the Army, Air Force, and the National Guard Bureau. DOD therefore suggested that we modify our recommendation to reflect this. We believe DOD retains the flexibility to develop a vetting process that includes representatives from the organizations identified above so long as this process follows the guidelines described in DOD guidance and requirements are periodically validated by an organization external to the bureau. As a result we did not modify our recommendation as DOD suggested.

DOD concurred with our recommendation that the Secretary of Defense include the National Guard Bureau among its list of Major DOD Headquarters Activities and report personnel associated with the National Guard Bureau in its Defense Manpower Requirements Report. In its response to our recommendations DOD provided several technical comments that we addressed in the body of our report.

The department also partially concurred with our recommendations that the Chief, National Guard Bureau modify the scope of its ongoing manpower study to reassess personnel requirements at the state Joint Force headquarters and validate these requirements including those for the Army and Air staff elements. In DOD's response, the department detailed ongoing efforts to validate personnel requirements and stated that revising the scope of the National Guard Bureau's study would eliminate the ability of the Army National Guard and Air National Guard to identify their own personnel requirements. The department further stated

that when shared functions are being studied, coordination should be increased between the staff elements to ensure that the correct workload is captured, requirements are not duplicated, and process efficiencies are maximized. However, we found minimal coordination on studies examining the five functions that the National Guard identified as being staffed with both Army National Guard and Air National Guard personnel. For example, Army National Guard officials told us that a study of the Chaplain's office was completed with minimal Air National Guard participation and only captures the Army National Guard's personnel requirements. Similarly, Army National Guard officials said that the Air National Guard has been minimally involved in an ongoing evaluation of the Human Resources Office. We agree that closer coordination is warranted and have revised our recommendation to emphasize this while retaining the recommendation that the National Guard Bureau review and validate all personnel requirements at the state Joint Force headquarters including the Army staff element and Air staff element.

DOD also concurred with our recommendation that the Secretary of Defense direct the Secretary of the Army to ensure that Army Reserve's headquarters and the Army National Guard Directorate have their personnel requirements validated within required time frames by including them in the U.S. Army Manpower Analysis Agency's schedule for reassessment and validation. In its response to our recommendations, DOD noted it has several ongoing efforts that are intended to assess Army Reserve full-time support requirements, and institutional and operational headquarters. DOD also noted that the draft report was not specific as to whether this recommendation is intended to be applicable to the Army National Guard. We clarified our recommendation in response to DOD's comments to specify that the Army Reserve's headquarters and Army National Guard Directorate be included in the U.S. Army Manpower Analysis Agency's schedule for reassessment and validation.

DOD agreed with our last recommendation that the Secretary of Defense direct the Secretary of the Air Force to modify the Air Force's guidance to require that these headquarters have their personnel requirements reassessed on a recurring basis, and establish and implement a schedule for reassessing personnel requirements for its reserve-component headquarters. In its response to our recommendations, DOD noted that the Air Force agreed to modify its guidance to require that reserve component headquarters have their personnel requirements reassessed on a recurring basis. Additionally, the Air Force intends to establish and implement a schedule for reassessing personnel requirements at these

headquarters. If implemented, these steps would satisfy the intent of our recommendation.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees and the Secretary of Defense; the Secretary of the Army; the Secretary of the Air Force; the Joint Chiefs of Staff; the Chief, National Guard Bureau; the Chief, Army Reserve; and the Chief, Air Force Reserve. This report is also available at no charge on the GAO website at http://www.gao.gov.

Should you or your staffs have any questions about this report, please contact John Pendleton at (202) 512-3489 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made contributions to this report are listed in appendix XII.

John H. Pendleton
Director, Defense Capabilities and Management

Appendix I: Scope and Methodology

To conduct this work and address our objectives, we reviewed data on funded positions at the Army's and Air Force's reserve-component headquarters from fiscal year 2009 through fiscal year 2013. We selected these years because senior officials stated that the current reserve-component headquarters structure has remained relatively constant over this period of time. We did not review contractor positions as part of this review because officials told us that they were unable to determine the number of contractor positions at the reserve-component headquarters we identified. On the basis of a review of Department of Defense (DOD) and service guidance,[1] organization charts, and discussions with officials, we focused our review on 75 headquarters within the Army National Guard, Air National Guard, Army Reserve, and Air Force Reserve. We limited our review to nondeployable headquarters that perform many of the functions DOD identified as being characteristics of management headquarters. For the Army, these headquarters had their personnel requirements documented on tables of distribution and allowance, and we collaborated with Army National Guard and Army Reserve officials when developing our list. For the Air Force, we interviewed Air National Guard and Air Force Reserve officials to identify headquarters units that met our criteria. We then provided DOD, Joint Staff, National Guard, and Reserve officials with an opportunity to comment on our final list of 75 headquarters and these officials agreed the headquarters we identified met these criteria, but noted that they were not all Major DOD Headquarters Activities.

For all of the headquarters we identified, we limited our assessment of personnel requirements to positions that: were assigned to the headquarters, included military personnel or civilians, were funded by the federal government, and did not complete work in support of more than one component (for example, recruiting positions were excluded because the Army Reserve and the active-duty Army share recruiting resources). To ensure the reliability of the personnel data, we interviewed knowledgeable officials about the data and internal controls on the systems that contain them. We also analyzed the data in order to identify

[1]Department of Defense Directive 5105.77, *National Guard Bureau (NGB)* (May 21, 2008). Department of Defense Directive 5105.83, *National Guard Joint Force Headquarters-State (NG-JFHQs-State)* (Jan. 5, 2011). Army Regulation 130-5, *Organization and Functions of the National Guard Bureau* (Dec. 30, 2001). Army Pamphlet 10-1, *Organization of the United States Army* (June 14, 1994). Air Force Instruction 38-101, *Air Force Organization* (Mar. 16, 2011, incorporating change May 2, 2013).

outliers or invalid data and removed these data from our dataset where appropriate. Finally, we shared our analysis with knowledgeable agency officials and asked them to verify its accuracy. On the basis of these steps we determined that the data were sufficiently reliable for the purposes of this audit.

To evaluate the extent to which DOD established and implemented processes to efficiently size its reserve-component headquarters and provide information for congressional oversight we took the following steps:

1. We evaluated the Joint Staff's implementation of its process for assessing personnel requirements at the National Guard Bureau by reviewing relevant guidance and documentation and interviewing officials from the Joint Staff and the National Guard Bureau.[2] Where available, we analyzed manpower assessments and manpower documents for the National Guard Bureau from fiscal year 2009 through fiscal year 2013 and evaluated whether they met standards. We also compared the steps taken to assess the National Guard Bureau's personnel requirements with Army and Air Force guidance and practices.[3]
2. We assessed DOD's efforts to identify Army and Air Force reserve component major DOD headquarters activities and report personnel data for these headquarters by reviewing DOD guidance on major DOD headquarters activities; reviewing documentation and interviewing officials to identify reserve-component headquarters with those characteristics; and comparing identified headquarters' functions to characteristics of Major DOD Headquarters Activities identified in DOD's guidance.[4] We assessed section 194 of Title 10 of the United States Code to determine whether the statutory cap identified in that section applies to the headquarters we identified. We

[2]Department of Defense Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005). Department of Defense Instruction 1100.22, *Policy and Procedures for Determining Workforce Mix* (Apr. 12, 2010). Department of Defense Directive 5105.77 *National Guard Bureau (NGB)* (May 21, 2008), . Chairman of the Joint Chiefs of Staff Instruction 1001.01A, *Joint Manpower and Personnel Program* (Oct. 1, 2010).

[3]Army Regulation 570-4, *Manpower Management* (Feb. 8, 2006). Air Force Instruction 38-201, *Management of Manpower Requirements and Authorizations* (May 14, 2013).

[4]DOD Instruction 5100.73 *Major DOD Headquarters Activities* (Dec. 1, 2007, incorporating changes, Jun. 12, 2012).

also reviewed the Defense Manpower Requirements Report for fiscal year 2012 and fiscal year 2013[5] to determine which headquarters were included in reports to Congress. Where we identified discrepancies, we spoke with DOD and service officials to identify the cause of these discrepancies. Finally, we assessed the National Guard Bureau's ongoing study (Project Muster) seeking to establish baseline requirements for the National Guard Bureau by collecting relevant documentation and interviewing knowledgeable staff from the National Guard Bureau.

3. We evaluated the National Guard Bureau's implementation of its process for assessing personnel requirements at the 54 state Joint Force headquarters by reviewing relevant guidance[6] and documentation and interviewing officials from the Joint Staff and the National Guard Bureau. We analyzed manpower assessments and manpower documents from fiscal year 2009 through fiscal year 2013 for the state Joint Force headquarters and evaluated whether they met standards established in guidance. We also conducted site visits to the state Joint Force headquarters for Delaware, Georgia, New Jersey, and Texas to determine whether manpower documents and assessments accurately documented these headquarters' requirements given assigned personnel, missions, and workload. We selected these headquarters to obtain perspectives from state officials from states of varying size and with different numbers of National Guard, Army Reserve, and Air Force Reserve personnel. Finally, we assessed the National Guard Bureau's ongoing state Joint Force headquarters requirements study seeking to establish baseline personnel requirements for these headquarters' Joint staff element by collecting relevant documentation and interviewing knowledgeable staff from the National Guard Bureau.

We evaluated the Army's and Air Force's implementation of their processes for assessing personnel requirements at service-specific

[5]Department of Defense, Defense Manpower Requirements Report Fiscal Year 2013 (Washington D.C.: June 2013). Department of Defense, Defense Manpower Requirements Report Fiscal Year 2012 (Washington D.C.: April 2012).

[6]Department of Defense Directive 5105.83, *National Guard Joint Force Headquarters-State (NG-JFHQs-State* (Jan. 5, 2011). Chairman of the Joint Chiefs of Staff Instruction 1001.01A, *Joint Manpower and Personnel Program* (Oct. 1, 2010).

headquarters by reviewing relevant guidance[7] and documentation and interviewing officials from numerous Army and Air Force offices including the U.S. Army Manpower Analysis Agency, the Air Force Personnel Center, and Air Force Reserve Command. We then analyzed manpower assessments for each of the 20 service-specific headquarters we identified for fiscal year 2009 through fiscal year 2013 to determine (1) when the headquarters was most recently reassessed, (2) the scope of the assessment, and (3) whether they met requirements established in guidance for recurring reassessment and validation of headquarters' personnel requirements. One analyst analyzed the assessments and a second analyst reviewed the analyst's work. Any disagreements in the determination were resolved through discussion. We also visited the headquarters listed in table 5 to determine whether manpower documents and assessments accurately documented these headquarters' personnel requirements given assigned personnel, missions, and workload.

Table 5: Nongeneralizable Sample of Reserve-Component Headquarters Visited during the Audit

Component	Headquarters
National Guard	• Army National Guard Directorate • Air National Guard Readiness Center
Army Reserve	• Office of the Chief of the Army Reserve • U.S. Army Reserve Command • 99th Regional Support Command • Military Intelligence Readiness Command
Air Force Reserve	• Headquarters, Air Force Reserve • Air Force Reserve Command • 22nd Air Force
State Headquarters	• Joint Forces Headquarters-State for Delaware • Joint Forces Headquarters-State for Georgia • Joint Forces Headquarters-State for New Jersey • Joint Forces Headquarters-State for Texas

Source: GAO.

To discuss whether DOD has studied merging the Army's and Air Force's reserve components to improve efficiency, we conducted a literature

[7]Department of Defense Directive 1100.4 (Feb. 12, 2005) and Department of Defense Instruction 1100.22 (Apr. 12, 2012). Army Regulation 570-4 (Feb. 8, 2006). Air Force Instruction 38-201 (May 14, 2013).

search, analyzed past studies, reviewed our prior work, and reviewed white papers by DOD and subject-matter experts examining mergers and the factors organizations use when evaluating the merits of a merger. We reviewed statutes as well as DOD and military-service guidance describing the organization and function of the Army's and Air Force's reserve-component headquarters to understand their missions and how they are organized.[8] To obtain perspectives on the implications of a merger, we interviewed officials from numerous offices including the Office of the Secretary of Defense; the National Guard Bureau; the Department of the Army; the Office of the Chief, Army Reserve; the Department of the Air Force; and the Office of the Chief, Air Force Reserve. We also reviewed documentation and met with officials from four state Joint Force headquarters and select headquarters in the Army Reserve and Air Force Reserve. We interviewed officials and, where appropriate, obtained documentation at the organizations listed in table 6.

[8]See e.g. 10 U.S.C. §§ 10502, 3031, and 8031. USAR Regulation 10-1, *Army Reserve Regional Support Command (RSC) Organization and Functions Manual,* (Oct. 1, 2010). Air Force Instruction 38-101 (Mar. 16, 2011); and Army Pamphlet 10-1 (June 14, 1994).

Table 6: Organizations Interviewed over the Course of the Audit

Department	Organization
DOD	Joint Chiefs of Staff (Joint Staff/J-1)
	National Guard Bureau (Joint Staff)
	Office of the Advisors to the Chief of the Joint Chiefs of Staff for National Guard Affairs and Reserve Affairs
	Office of the Assistant Secretary of Defense for Reserve Affairs
	Office of the Assistant Secretary of Defense–Homeland Defense and America's Security Affairs
	Reserve Force Policy Board
Army	Army G/3/5/7 Force Management and Planning
	Army Human Resources Command
	Army National Guard Directorate
	Army Reserve Forces Policy Committee
	Assistant Secretary of the Army, Manpower and Reserve Affairs
	Institutional Army Transformation Commission
	Office, Chief Army Reserve
	U.S. Army Force Management Support Agency
	U.S. Army Forces Command
	U.S. Army Manpower Analysis Agency
	U.S. Army Reserve Command
Air Force	22nd Air Force
	Air Force Personnel Center
	Air Force Reserve Command
	Headquarters, Air Force Reserve
	Air National Guard Readiness Center
	Deputy Assistant Secretary of the Air Force for Reserve Affairs (SAF/MRR)
	Force Generation Policy Branch
	Manpower Programs Branch
	Secretary of the Air Force (SAF)
State Headquarters	Joint Forces Headquarters-State for Delaware
	Joint Forces Headquarters-State for Georgia
	Joint Forces Headquarters-State for New Jersey
	Joint Forces Headquarters-State for Texas

Source: GAO.

We conducted this performance audit from July 2012 to November 2013, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Summary of Efforts to Study Merger of the Army's and Air Force's Reserve Components

Department of Defense (DOD), special commissions, and some nondefense organizations have studied the concept of merging the Air Force's and the Army's reserve components. DOD considered merging some reserve components after World War II, during the Vietnam era, and during the wars in Afghanistan and Iraq. In addition, the Congressional Budget Office examined the costs and benefits of merging multiple components. Additionally, the 2005 Base Closure and Realignment Commission recommended that National Guard and Reserve units share facilities. Finally, DOD has taken steps, short of merging its reserve components, to address concerns about access to the federal reserves to assist the National Guard in domestic duties such as responding to floods or hurricanes.

Department of Defense Studies

DOD considered merging some reserve components after World War II, during the Vietnam era, and during the wars in Afghanistan and Iraq.

- *The Committee on Civilian Components or "Gray Board."* In November 1947, the Secretary of Defense convened a six-member Committee on Civilian Components with representatives from the Army, Navy, and Air Force to broadly study the National Guard and Reserves. This committee found that National Guard units used during World War II required lengthy periods of training before being deployed. The committee's report was also critical of state Governors—none of whom, it argued, had any direct responsibility for the national security—and it recommended merging the Army National Guard and the Air National Guard with the Army Reserve and Air Force Reserve, respectively, to form two federally controlled Reserve forces.[1] The Secretary of Defense did not endorse this recommendation.
- *Vietnam-era Proposals.* DOD considered realigning the Army's reserve components in 1961–1962 and 1964, when the Secretary of Defense put forth two plans that were intended to streamline or merge the Army National Guard and Army Reserve. The first plan proposed eliminating four National Guard divisions and four Army Reserve divisions. Subsequently, a subcommittee of the House Armed Services Committee conducted an inquiry into the defense posture of the reserve components. In August of 1962, the subcommittee issued

[1]Department of Defense, Committee on Civilian Components, *Reserve Forces for National Security* (June 1948).

its report, which criticized the Secretary's plan for its negative effect on morale, and because it did not address issues related to reserve-component recruiting, retention, and equipment. The report also noted opposition from Army and reserve-component advisory boards. The Secretary of Defense did not implement the proposed approach. The Secretary's second plan proposed merging all of the Army's Guard and Reserve units under the management of the National Guard at the federal level. Under this plan, the Army Reserve's units would have been eliminated and Army Reservists would be organized, trained, and equipped as individuals and not as units. Like the Secretary's first plan, this proposal was not implemented due to congressional opposition.[2]

- *Commission on the National Guard and Reserves.* While large numbers of reservists were being deployed to Afghanistan, Iraq, and elsewhere, the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 created a 13-member, independent Commission on the National Guard and Reserves.[3] Congress chartered the commission to assess a variety of issues related to the reserve components of the U.S. military and to make recommendations on those issues. The commission's stated mission was to ensure that the National Guard and reserves are organized, trained, equipped, compensated, and supported to best meet the needs of U.S. national security. The commission issued three reports between 2006 and 2008 studying, among other things, the roles and missions of the National Guard and other reserve components.[4] The commission's third report focused on the organizational and structural changes required to support an operational reserve force.[5] A former staff member for the commission stated that the commission studied the feasibility and advisability of merging the National Guard with the

[2]The Department of Defense Appropriations Act 1966 (Pub. L. No. 89–213, § 639) provided funds for each reserve component separately and prohibited the Secretary of Defense from transferring funds to implement a realignment or reorganization of the Army Reserve components in that fiscal year.

[3]Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 513 (2004).

[4]The commission's other objective was to study the compensation and other benefits provided for members of the reserve components.

[5]Commission on the National Guard and reserves, *Final Report to Congress and the Secretary of Defense, Transforming the National Guard and reserves into a 21st-Century Operational Force* (Jan. 31, 2008).

Army Reserve and the Air Force Reserve, but it ultimately concluded that doing so would not better enable the reserve component to execute its missions, and the process would be extremely difficult—both politically and logistically—as well as costly to implement. The commission ultimately focused its report on (1) changes that could be made to remove cultural barriers that hamper the effective use of the reserve components, (2) changes to the categories used to manage the reserve components, (3) changes to the Office of the Secretary of Defense, and (4) changes within the reserve components and their headquarters. The commission made several recommendations across these areas; however, it did not recommend significant changes to the structure.

Studies by Nondefense Organizations

Previous studies of government reorganization and other types of mergers and transformations have found such endeavors to be complex and challenging, particularly during periods of government downsizing and budgetary pressures, and they can involve significant up-front costs.[6] For instance, our review assessing the potential move of the Forest Service into the Department of the Interior found that, while there was the potential to improve federal land management through the consolidation, making the move would require careful consideration of a number of cultural, organizational, and legal factors and related transition costs, which could lead to unintended consequences if the merger were to take place.[7] The Congressional Budget Office examined the costs and benefits of merging components. Additionally, the 2005 Base Closure and Realignment Commission recommended reducing excess infrastructure by requiring National Guard and Reserve units to share facilities.

- *Congressional Budget Office*. In a 1997 report presenting spending and revenue options for reducing the federal deficit, the Congressional Budget Office proposed merging the Army National Guard and the Army Reserve into a single entity that would retain the

[6]GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations,* GAO-03-669 (Washington, D.C.: Feb. 11, 2009); GAO, *Government Reorganizations: Issues and Principles,* GAO/T-GGD/AIMD-95-166 (Washington, D.C.: May 17, 1995); and National Commission on the Public Service, *Government Reorganization: Strategies and Tools to Get it Done* (August 2004).

[7]GAO, *Federal Land Management: Observations on a Possible Move of the Forest Service into the Department of the Interior*, GAO-09-223 (Washington, D.C.: Feb. 11, 2009).

dual state and federal status of the current Army National Guard.[8] In its report, the Congressional Budget Office noted that laws and court rulings had removed many impediments to the President's power to call up National Guard units, potentially making the federal reserves redundant. In addition, according to the Congressional Budget Office, many capabilities currently in the Army Reserve—such as helicopter transport units and medical units—might be useful to Governors during domestic crises. At the time, the Congressional Budget Office estimated that by eliminating duplicative administrative organizations and eliminating approximately 43,000 personnel from the Reserve, the Army could save over $500 million annually. It is unclear, however, whether similar cost savings could still be realized.

- *2005 Base Closure and Realignment Commission.* For the 2005 Base Realignment and Closure round, the Base Closure and Realignment Commission approved 44 recommendations that pertain to the reserve components which primarily directed the Army National Guard and the Army Reserve to create 125 Armed Forces Reserve Centers capable of accommodating both National Guard and Reserve units.[9] According to DOD, these Armed Forces Reserve Centers should significantly reduce operating costs; however, we reported in 2013 that DOD officials estimated the total cost to implement the 44 recommendations was about $3 billion, and it is unclear whether the consolidations will result in cost savings over the long term.[10]

[8]Congressional Budget Office, *Reducing the Deficit: Spending And Revenue Options* (March 1997).

[9]An Armed Forces Reserve Center is a joint-use facility that accommodates units from two or more reserve components. Its primary function is to provide administrative, training, and storage areas for the assigned military units.

[10]GAO, *Military Bases: Opportunities Exist to Improve Future Base Realignment and Closure Rounds,* GAO-13-149 (Washington, D.C.: Mar. 7, 2013). In 2007, we determined that more than 90 percent of these savings were associated with eliminating positions currently held by military personnel without corresponding end strength reductions. We have previously reported, and the Base Realignment and Closure Commission agreed, that military personnel position eliminations are not a true source of savings because DOD does not expect to reduce end strength correspondingly but rather intends to reassign or shift these personnel to vacant positions in other areas. GAO, *Military Base Realignments and Closures: Plan Needed to Monitor Challenges for Completing More Than 100 Armed Forces Reserve Centers,* GAO-07-1040 (Washington, D.C.: Sept. 13, 2007).

Efforts to Improve Access to Federal Reserves and Federal Response to Domestic Incidents

In June 1993, following Hurricane Andrew, we noted that a large percentage of the type of DOD capabilities that are needed in disasters—such as engineers, military police, supply and transportation personnel, and chaplains—reside in DOD's reserve components, particularly in the Army Reserve.[11] At that time, and again in May 2006, in our report on the military's response to Hurricane Katrina,[12] we reported that the Reservists who responded to the disaster—all of whom were volunteers—constituted a relatively small portion of the response when compared to National Guard and active component forces because, while states were able to mobilize National Guard forces, no similar provisions existed to specifically mobilize Reserve forces for disaster response.

Since Hurricane Katrina, two key steps have been taken to address DOD's response to domestic incidents: (1) implementation of a command construct whereby a single military officer exercises authority over both federal military forces and state National Guard forces; and (2) implementation of new mobilization authorities.

- *Dual-Status Commanders.* The National Defense Authorization Act for Fiscal Year 2012 provided that a dual-status commander—military officers with authority over both federal military forces and state National Guard forces—should be the usual and customary command and control arrangement in situations when the armed forces and National Guard are employed simultaneously in support of civil authorities, including missions involving major disasters and emergencies. When an officer is appointed as a dual-status commander, he or she serves on federal active duty, sometimes referred to as Title 10 status, as well as on duty in or with the National Guard of a state, sometimes referred to as Title 32 status.[13] Dual-

[11]GAO, *Disaster Assistance: DOD's Support for Hurricanes Andrew and Iniki and Typhoon Omar*, GAO/NSIAD-93-180 (Washington, D.C.: June 18, 1993).

[12]GAO, *Hurricane Katrina: Better Plans and Exercises Needed to Guide the Military's Response to Catastrophic Natural Disasters*, GAO-06-643 (Washington, D.C.: May 15, 2006).

[13]Title 10 and Title 32 are titles of the United States Code that govern the operations of DOD and the National Guard respectively. When operating in Title 32 status, National Guard personnel, including dual-status commanders, are under the command and control of the state Governor. DOD and National Guard personnel operating in Title 10 status, including dual-status commanders, are under the command and control of the President and the Secretary of Defense.

status commanders exercise command on behalf of both the federal and the state chains of command and serve as the link between these two chains of command. According to DOD officials, dual-status commanders are intended to provide unity of effort, ensuring coordination of National Guard and federal military resources in response to domestic emergencies, natural disasters, or designated planned events. According to DOD officials, dual-status commanders have been used for select planned events since 2004 and helped coordinate response to Hurricane Sandy in 2012, wildfires in Colorado, and the bombing at the Boston Marathon in 2013.

- *Mobilization Authorities.* DOD officials said that following Hurricane Katrina it was clear to them that the military needed to be empowered to respond more quickly to disasters. Ultimately, Congress approved new authorities in the National Defense Authorization Act for Fiscal Year 2012, one of which provided DOD with greater access to the federal reserve during domestic incidents.[14] Section 12304a of Title 10 of the United States Code states that when a Governor requests federal assistance in responding to a major disaster or emergency the Secretary of Defense may mobilize any individual or unit of the federal reserves involuntarily for up to 120 days to respond to the Governor's request.[15] The military services were using interim implementation guidance for these authorities at the time of our review and were waiting for DOD to finalize its guidance in September 2013. Additionally, DOD officials told us that Hurricane Sandy is the only domestic disaster thus far to use the new mobilization authorities under section 12304a. Since DOD is still developing its process for implementing these new authorities and has had limited experience using them it is too early to know whether they will better enable the states to access federal capabilities when responding to domestic disasters.

[14]Pub. L. No. 112-81, §§ 515 and 516 (2011) (codified at 10 U.S.C. §§ 12304a and 12304b respectively).

[15]10 U.S.C. § 12304a.

Appendix III: Profile for the National Guard Bureau, Army National Guard Directorate, and Air National Guard Readiness Center

National Guard Bureau, Army National Guard Directorate, and Air National Guard Readiness Center

The National Guard has a dual role as a state force and as a reserve component of the Army and the Air Force. The National Guard Bureau is headed by the Chief of the National Guard Bureau, a General who is a member of the Joint Chiefs of Staff. Department of Defense (DOD) guidance states that the Chief of the National Guard Bureau is the principal advisor to the Army and Air Force on matters relating to the National Guard and serves as the channel of communications between DOD and the states. Subordinate to the National Guard Bureau are the Army National Guard Directorate and the Air National Guard Readiness Center, which are commanded by Lieutenant Generals. These headquarters are responsible for assisting the Chief of the National Guard Bureau in implementing guidance on structure, strength authorizations, and other resources allocated to the National Guard; supervising and administering the Active Guard and Reserve program; and ensuring that units are trained and ready in accordance with the National Guard Bureau–and military service–approved policies and programs.

National Guard Bureau
Arlington Hall Station, Virginia

Mission: Participate with the Army and the Air Force staffs in the formulation, development, and coordination of all programs, policies, concepts, and plans pertaining to the National Guard; administer programs; and assist in the organization, maintenance, and operation of National Guard units.

Responsibilities: Focal point at the strategic level for National Guard matters that are not under the authority of the military service. Channel of communication between DOD and the states.

Capabilities managed:[a]
- National Guard Bureau Joint Staff
- Director, Army National Guard
- Director, Air National Guard
- Office of the Chief of the National Guard Bureau

Status of personnel requirements: Personnel requirements not determined through an assessment as of May 2013.

Personnel data reported: Not listed as a major DOD headquarters activity in DOD's instruction, and therefore DOD did not report personnel data in its Defense Manpower Requirements Report.

Army National Guard Directorate
Arlington Hall Station, Virginia

Mission: Assist the Chief, National Guard Bureau, in carrying out the functions of the National Guard Bureau as they relate to the Army National Guard.

Responsibilities: The Director, Army National Guard, under the supervision and control of the Chief, National Guard Bureau, performs those administrative and operational functions of the Chief pertaining to the Army National Guard of the United States.

Capabilities managed:
- Command and control headquarters for multiple capabilities including divisions, expeditionary sustainment, and military police
- Special Forces groups
- Brigade combat teams for infantry, armor, and Stryker
- Multifunctional support brigades including maneuver enhancement and sustainment
- Functional support brigades including regional support groups, engineer, and theater aviation
- Modified battalions

Status of personnel requirements: Personnel requirements were determined through a reassessment in 2013.

Personnel data reported: DOD reported personnel data for this headquarters in the Defense Manpower Requirements Report for personnel performing major headquarters activities functions.

Air National Guard Readiness Center
Joint Base Andrews, Maryland

Mission: Assist the Chief, National Guard Bureau, in carrying out the functions of the National Guard Bureau as they relate to the Air National Guard.

Responsibilities: The Director, Air National Guard, under the supervision and control of the Chief, National Guard Bureau, performs those administrative and operational functions of the Chief pertaining to the Air National Guard of the United States.

Capabilities managed:
- Alert sites for air defense
- Tactical airlift
- Air refueling tankers
- General purpose fighters
- Rescue and recovery capabilities
- Tactical air support
- Weather flights
- Strategic airlift
- Special operations
- Aeromedical evacuation

Status of personnel requirements: Personnel requirements not determined through an assessment as of May 2013.

Personnel data reported: DOD reported personnel data for this headquarters in the Defense Manpower Requirements Report for personnel performing major headquarters activities functions.

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National Guard Bureau, Army National Guard Directorate, and Air National Guard Readiness Center

Our analysis of the National Guard's personnel data shows that the National Guard Bureau, Army National Guard Directorate, and Air National Guard Readiness Center experienced substantial growth in the number of funded positions from fiscal year 2009 through fiscal year 2013.

Element	Personnel category	2009	2010	2011	2012	2013	Net change
Headquarters, National Guard Bureau	Active Duty	11	11	10	10	13	2 *(18%)*
	Active Guard and Reserve	478	476	490	492	490	12 *(3%)*
	Civilian	238	363	368	364	363	125 *(53%)*
	Total full-time support	**727**	**850**	**868**	**866**	**866**	**139 *(19%)***
	Part-time Guardsmen	17	2	1	1	1	-16 *(-94%)*
	Total funded positions	**744**	**852**	**869**	**867**	**867**	**123 *(17%)***
Army National Guard Directorate	Active Guard and Reserve	827	824	865	877	880	53 *(6%)*
	Civilian	357	638	650	682	683	326 *(91%)*
	Total full-time support	**1,184**	**1,462**	**1,515**	**1,559**	**1,563**	**379 *(32%)***
	Active duty for operational support	531	182	908	908	908	377 *(71%)*
	Total funded positions	**1,715**	**1,644**	**2,423**	**2,467**	**2,471**	**756 *(44%)***
Air National Guard Readiness Center	Active Duty	79	76	74	72	72	-7 *(-9%)*
	Active Guard and Reserve	554	548	555	565	581	27 *(5%)*
	Civilian	341	499	512	528	532	191 *(56%)*
	Total full-time support	**974**	**1,123**	**1,141**	**1,165**	**1,185**	**211 *(22%)***
	Part-time Guardsmen	26	27	27	26	26	0 *(0%)*
	Total funded positions	**1,000**	**1,150**	**1,168**	**1,191**	**1,211**	**211 *(21%)***

Source: GAO analysis of DOD and National Guard data.

Notes: Air National Guard officials said that growth in positions was driven largely by DOD's in-sourcing effort. In April 2009, the Secretary of Defense announced his intention to reduce the department's reliance on contractors and increase funding for new civilian authorizations. For example, Air National Guard officials said that DOD's in-sourcing effort caused the Air National Guard Readiness Center to add 180 funded positions to the headquarters' unit manning document; however, they could not determine the number of contractor positions that were eliminated as a result of this in-sourcing effort.

These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or reserves and thereby fill both a full-time civilian position and a part-time military position. Additionally, some DOD personnel, referred to as "Active Guard and Reserve," occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations, we included them in both the Active Guard and Reserve and the part-time Guardsmen categories.

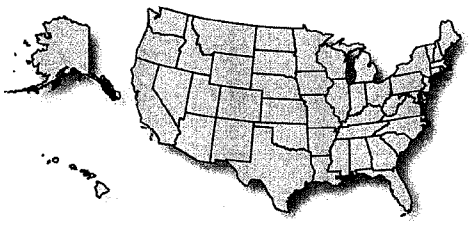
In addition to having full-time civilian and Active Guard and Reserve personnel, the Army National Guard Directorate has a group of personnel that are categorized as "Active Duty for Operational Support". Active Duty for Operational Support is an authorized voluntary tour of active duty that is performed at the request of an organizational or operational commander, or as a result of reimbursable funding, among other things. The purpose of this category is to provide the necessary skilled manpower assets to support existing or emerging requirements.

[a]We included subordinate headquarters in the National Guard Bureau's list of capabilities because these headquarters are under the management of the Chief of the National Guard Bureau.

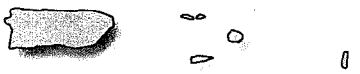
Appendix IV: Profile for the National Guard State Joint Force Headquarters

National Guard Joint Force Headquarters-State

In 2011, the Department of Defense (DOD) issued guidance[a] formally establishing 54 National Guard State Joint Force headquarters (DOD calls these Joint Force Headquarters-State).[b] These headquarters are commanded by an Adjutant General and are comprised of a Joint staff element, Army staff element, Air staff element, and the personal staff of the State Adjutant General. The state Joint Force headquarters have command and control of National Guard units within their areas of responsibility and train and equip these units. They also help integrate federal and state-level activities and respond to domestic incidents.



50 states and District of Columbia



Puerto Rico, Virgin Islands, and Guam

Mission: Maintain trained and equipped forces to perform missions as authorized by the Governor and the President and provide command and control of all Army National Guard and Air National Guard forces in their areas of responsibility, among other missions.

Responsibilities: The Adjutant General's federal responsibilities include the following:
- Establishing temporary joint task force command elements ready to provide command and control for domestic operations.
- Accepting mutually agreed-upon federal liaison elements.
- Designating officers eligible to serve in dual-status and ensure that these officers facilitate unity of effort between state and federal military forces.
- Ensure homeland defense– and civil support–unique equipment is available for use should the unit owning the equipment deploy.
- Advise the Governors and collaborate with DOD leadership.

Capabilities managed: All Army National Guard and Air National Guard capabilities are under the command and control of one or more of the 54 state Joint Force headquarters when not mobilized by the President for federal missions.

Status of personnel requirements: The 54 state Joint Force headquarters have not had their manpower requirements reassessed as of May 2013; however, according to National Guard Bureau officials they are in the process of determining personnel requirements for the state Joint Force headquarters Joint staff element.

Personnel data reported: Not listed as a major DOD headquarters activity in DOD's instruction, and therefore officials said that DOD did not report personnel data for these headquarters in its Defense Manpower Requirements Report.

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National Guard Joint Force Headquarters-State

Our analysis of the 54 state Joint Force headquarters personnel data shows that funded positions at these headquarters have remained relatively flat from fiscal year 2009 through fiscal year 2013, as shown below.

Headquarters	Personnel category	2009	2010	2011	2012	2013	Net change
State Joint Force headquarters	Active Guard and Reserve	2,284	2,306	2,122	1,925	1,899	-385 *(-17%)*
	Military Technician	7,669	7,667	7,898	7,884	7,878	209 *(3%)*
	Total full-time support	**9,953**	**9,973**	**10,019**	**9,808**	**9,777**	**-175 *(-2%)***
	Part-time Guardsmen	11,687	11,753	11,956	12,118	12,120	432 *(4%)*
	Total funded positions	**21,640**	**21,726**	**21,975**	**21,926**	**21,897**	**257 *(1%)***

Source: GAO analysis of National Guard data.

Notes: National Guard officials attributed the increase of over 250 funded positions at the state Joint Force headquarters to mission growth resulting from the establishment of civil support capabilities such as implementation of the Homeland Response Forces beginning in fiscal year 2011.

These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or Reserves and thereby fill both a full-time civilian position and a part-time military position. Additionally, some DOD personnel, referred to as "Active Guard and Reserve," occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations, we included them in both the Active Guard and Reserve and the part-time Guardsmen categories.

[a]DOD Directive 5105.83, *National Guard Joint Force Headquarters-State (NG-JFHQs-State)* (Jan. 5, 2011).

[b]Joint Force Headquarters-State evolved from predecessor Army National Guard and Air National Guard headquarters in each state that were established in the 1980s. In 2003, at the direction of the Chief of the National Guard Bureau, the predecessor headquarters were combined into the 54 Joint Force Headquarters-State each of which is commanded by an Adjutant General under the command of the Governor. This arrangement was formally recognized by DOD in 2011 with the issuance of DOD Instruction 5105.83.

Appendix V: Profile for the Office of the Chief of the Army Reserve and U.S. Army Reserve Command

Office of the Chief of the Army Reserve and U.S. Army Reserve Command

The Army Reserve is a component of the Department of the Army and provides maneuver support and maneuver sustainment capabilities as well as individual soldiers through the Individual Ready Reserve and as Individual Mobilization Augmentees. The Chief of the Army Reserve—a Lieutenant General—is the commanding officer for both the Office of the Chief of the Army Reserve and U.S. Army Reserve Command. As the Chief of the Army Reserve, the commander sits on the Army staff and is responsible, subject to certain exceptions, for justification and execution of certain Army Reserve budgets, and is the director and functional manager of those appropriations; managing the Army Reserve's full-time support program; and submitting annual reports to the Secretary of Defense. As the commander of U.S. Army Reserve Command the commander reports to U.S. Army Forces Command, and commands, controls, supports, and ensures wartime readiness of Army Reserve forces.

Office of the Chief, Army Reserve

Pentagon, Virginia

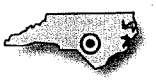
Mission: Serve as the Headquarters Army principal staff organization to organize and equip Army Reserve Forces. Provide direct support to the Chief of Staff of the Army in the execution of his or her function and Title X responsibilities, and commands the U.S. Army Reserve Command.

Responsibilities: Responsible, subject to certain exceptions, for justification and execution of certain Army Reserve budgets, and is the director and functional manager of those appropriations; managing the Army Reserve's full-time support program; and submitting annual reports to the Secretary of Defense.

Capabilities managed: Not applicable.

Status of personnel requirements: Personnel requirements have not been fully determined through the Army Manpower Management Program; however, in 2009 the headquarters established an Employer Partnership Office, which involved the development of a concept plan for that office.

Personnel data reported: DOD reported personnel data for this headquarters in the Defense Manpower Requirements Report as part of the Army staff, which is identified as a major DOD headquarters activity in DOD's guidance.



U.S. Army Reserve Command

Fort Bragg, North Carolina

Mission: Provide command, control, and support to Army Reserve forces assigned.

Responsibilities: Organizes, trains, and prepares Army Reserve units for mobilization and commitment to wartime theater of operations. Ensures wartime readiness of Army Reserve forces.

Capabilities managed:[a]
- Judge Advocate General units
- Chaplain units
- Civil affairs
- Military history
- Quartermaster
- Military Information Support Operations
- Postal and Personnel
- Medical
- Information Operations
- Chemical
- Transportation
- Public Affairs
- Engineers
- Military Intelligence
- Military Police

Status of personnel requirements: Personnel requirements have not been fully evaluated through the Army Manpower Management Program; however, in 2009 the headquarters established baseline requirements for seven of its Inspector General functions.

Personnel data reported: DOD reported personnel data for this headquarters in the Defense Manpower Requirements Report for personnel performing major headquarters activities functions.

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Office of the Chief of the Army Reserve and U.S. Army Reserve Command

Our analysis of Army Reserve personnel data shows that the Office of the Chief of the Army Reserve and the U.S. Army Reserve Command grew from fiscal year 2009 through fiscal year 2013 as shown below.

Headquarters	Personnel category	2009	2010	2011	2012	2013	Net change
Office of the Chief of the Army Reserve	Active Guard and Reserve	212	262	271	281	281	69 *(32.5%)*
	Civilian	54	133	134	138	105	51 *(94.4%)*
	Total full-time support	**266**	**395**	**405**	**419**	**386**	**120 *(45.1%)***
	Part-time Reservists	0	0	0	0	0	0 *(NA)*
	Total funded positions	**266**	**395**	**405**	**419**	**386**	**120 *(45.1%)***
U.S. Army Reserve Command	Active Guard and Reserve	372	327	327	322	419	47 *(12.6%)*
	Civilian	342	278	278	287	311	-31 *(-9.1%)*
	Total full-time support	**714**	**605**	**605**	**609**	**730**	**16 *(2.2%)***
	Part-time Reservists	0	0	0	0	0	0 *(NA)*
	Total funded positions	**714**	**605**	**605**	**609**	**730**	**16 *(2.2%)***

Source: GAO analysis of Army Reserve data.

Notes: Army Reserve officials noted that changes in funded positions are partially driven by movement of positions between the Office of the Chief of the Army Reserve and U.S. Army Reserve Command. Additionally, officials said one significant driver of growth was the addition of new missions such as the addition of the Employer Partnership Office to the Office of the Chief of the Army Reserve. According to senior Army Reserve officials, growth in the Office of the Chief of the Army Reserve also is driven by the transfer of functions between staff elements. For example, officials said that in fiscal year 2012 the Army Reserve Installation Management Directorate was added to the Office of the Chief of the Army Reserve's personnel requirements document as a result of an agreement between the Chief of the Army Reserve and the Commander for Army Installation Management Command. Officials said that 10 military and 33 civilian positions were added to the Office of the Chief of the Army Reserve in fiscal year 2013 as a result of this decision.

These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or Reserves and thereby fill both a full-time civilian position and a part-time military position. Additionally, some DOD personnel, referred to as "Active Guard and Reserve," occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations, we included them in both the Active Guard and Reserve and the part-time reservist categories.

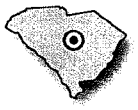
[a]Does not represent all capabilities managed by the U.S. Army Reserve Command.

Appendix VI: Profile for the Army Reserve Regional Support Commands

Army Reserve Regional Support Commands

Army Reserve officials said that the creation of the four Army Reserve Regional Support Commands was part of the Army Reserve's evolution from a structure that included over 30 commands performing regional missions to 21 functional and regional commands. Each of the regional support commands are commanded by a Major General.

63rd Regional Support Command
Moffett Field, California



81st Regional Support Command
Ft. Jackson, South Carolina

88th Regional Support Command
Ft. McCoy, Wisconsin

99th Regional Support Command
Joint Base McGuire-Dix-Lakehurst, New Jersey

Mission: Provides administrative and logistical support to all Army Reserve units and commands within its geographic area of responsibility. Manages all Operations and Maintenance, Personnel, Military Construction, and other appropriations for which requirements are justified as allocated by the U.S. Army Reserve Command and the Office of Chief, Army Reserve. Supervises all area maintenance support activities and equipment-concentration sites within its area of responsibility. Provides facility support to all Army Reserve units within its area of responsibility.

Responsibilities: The Command Group of these commands is responsible for the following:
- Provide direction, guidance, and regional base-operations support to supported units within the region. The base-operations support is provided in functional areas of personnel, logistics, force integration, programming and budgeting, finance and accounting, information management, emergency services, public works, historian, inspector general, religious, medical, legal, safety, public affairs, internal review, and management controls.
- Manage and execute appropriations as authorized by U.S. Army Reserve Command and the Assistant Chief of Staff for Installation Management for base-operations support.
- Implement policies and intent of the U.S. Army Reserve Command commanding general.
- Represent the Army Reserve before military and civilian organizations and agencies at various levels of command and government to include speaking engagements.
- Assist with local community relations and represent the U.S. Army Reserve Command to foreign dignitaries on various occasions.

Capabilities managed: Not applicable.

Status of personnel requirements: Personnel requirements have not been fully determined through the Army Manpower Management Program; however, they are currently in the process of being reassessed.

Personnel data reported: Not listed as a major Department of Defense headquarters activity in DOD's instruction, and therefore officials said that DOD did not report personnel data in its Defense Manpower Requirements Report.

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Army Reserve Regional Support Commands

Our analysis of the Army Reserve's Regional Support Command personnel data shows that funded positions at these headquarters have increased slightly from fiscal year 2009 through fiscal year 2013, as shown below.

Headquarters	Personnel category	2009	2010	2011	2012	2013	Net change
Army Reserve 63rd Regional Support Command	Active Guard and Reserve	34	34	34	34	33	-1 *(-3%)*
	Civilian	196	196	196	234	204	8 *(4%)*
	Total full-time support	**230**	**230**	**230**	**268**	**237**	**7 *(3%)***
	Part-time Reservists	49	51	51	51	52	3 *(6%)*
	Total funded positions	**279**	**281**	**281**	**319**	**289**	**10 *(4%)***
Army Reserve 81st Regional Support Command	Active Guard and Reserve	34	34	34	34	35	1 *(3%)*
	Civilian	197	198	199	235	200	3 *(2%)*
	Total full-time support	**231**	**232**	**233**	**269**	**235**	**4 *(2%)***
	Part-time Reservists	48	51	51	51	50	2 *(4%)*
	Total funded positions	**279**	**283**	**284**	**320**	**285**	**6 *(2%)***
Army Reserve 88th Regional Support Command	Active Guard and Reserve	34	34	34	34	34	0 *(0%)*
	Civilian	196	197	197	216	199	3 *(2%)*
	Total full-time support	**230**	**231**	**231**	**250**	**233**	**3 *(1%)***
	Part-time Reservists	49	51	51	51	51	2 *(4%)*
	Total funded positions	**279**	**282**	**282**	**301**	**284**	**5 *(2%)***
Army Reserve 99th Regional Support Command	Active Guard and Reserve	34	34	34	34	34	0 *(0%)*
	Civilian	196	197	196	193	195	-1 *(-1%)*
	Total full-time support	**230**	**231**	**230**	**227**	**229**	**-1 *(0%)***
	Part-time Reservists	49	51	51	51	51	2 *(4%)*
	Total funded positions	**279**	**282**	**281**	**278**	**280**	**1 *(0%)***
Total	**Total funded positions**	**1,116**	**1,128**	**1,128**	**1,218**	**1,138**	**22 *(2%)***

Source: GAO analysis of Army Reserve data.

Notes: Army Reserve officials noted that the Regional Support Commands were established in 2008 and are relatively new organizations. Consequently, changes to the headquarters have been minimal because officials said they have needed to first establish a baseline to know what an appropriate number of personnel would be for these organizations.

These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or Reserves and thereby fill both a full-time civilian position and a part-time military position. Additionally, some DOD personnel, referred to as "Active Guard and Reserve," occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations, we included them in both the Active Guard and Reserve and the part-time Reservist categories.

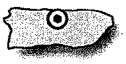
Appendix VII: Profile for the U.S. Army Reserve Functional Commands

U.S. Army Reserve Functional Commands

Each Army Reserve's functional command is commanded by at least a brigadier general and provides trained and ready units. The functional commands, with the exception of 9th Mission Support Command and 7th Civil Support Command, report to U.S. Army Reserve Command.

Those two commands report to Army theater command and coordinate with U.S. Army Reserve Command. Individual units assigned to functional commands are deployable, while their headquarters are not.

U.S. Army Civil Affairs and Psychological Operations Command
Fort Bragg, North Carolina



1st Mission Support Command
Fort Buchanan, Puerto Rico

9th Mission Support Command
Honolulu, Hawaii

79th Sustainment Support Command
Los Alamitos, California

Military Intelligence Readiness Command
Fort Belvoir, Virginia

Army Reserve Medical Command
Pinellas Park, Florida

7th Civil Support Command
Kaiserslautern, Germany

Mission: Maintain and provide training and, in certain cases, generate specific capabilities.

Responsibilities: Vary by command.

Capabilities managed:
- U.S. Army Civil Affairs and Psychological Operations Command: Expeditionary, campaign-quality Civil Affairs and Military Information Support Operations Force fully mission-capable across the full spectrum of military operations.
- 1st Mission Support Command: Provides trained staff sections to maintain effective peacetime command, control, and training of assigned and attached Army Reserve units.
- 9th Mission Support Command: Provides the capability of a Defense Coordinating Office, Defense Coordinating Element, and a command and control headquarters with a core battle staff that is able to support Joint Task Force-Homeland Defense, Operations Plan Detainee Operations, Theater Security Cooperation Plan missions, and other small-scale contingencies.
- 7th Civil Support Command: Provides the U.S. Army Europe interface for consequence management between host-nation authorities, U.S. State Department, and other U.S. organizations and services and provides trained ready Army Reserve forces for mobilization.
- 79th Sustainment Support Command: Provides command and control for up to four Expeditionary Sustainment Commands and their subordinate units–effectively supporting the collective training, mobilization, deployment, and redeployment of Combat Sustainment Support units dispersed over significant geographic distances.
- Military Intelligence Readiness Command: Intelligence capabilities and training facilities.
- Army Reserve Medical Command: Support Army Reserve Army Medicine Soldier and unit readiness, and medical training.

Status of personnel requirements: Personnel requirements have not been fully evaluated through the Army Manpower Management process for six of the seven functional commands (the Military Intelligence Readiness Command was reassessed in 2010); however, all seven functional commands have had partial assessments of the Command Chief Warrant Officer position completed in 2012.

Personnel data reported: Not listed as a major Department of Defense (DOD) headquarters activity in DOD's instruction, and therefore officials said that DOD did not report personnel data in its Defense Manpower Requirements Report.

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U.S. Army Reserve Functional Commands

Our analysis of the Army Reserve's functional commands shows that these organizations generally increased their funded positions over the 5-year period we reviewed, as shown below.

Headquarters	Personnel category	2009	2010	2011	2012	2013	Net change
1st Mission Support Command	Active Guard and Reserve	38	41	41	31	30	-8 *(-21.1%)*
	Civilian	8	9	9	10	10	2 *(25%)*
	Technician	18	15	22	15	15	-3 *(-16.7%)*
	Total full-time support	**64**	**65**	**72**	**56**	**55**	**-9 *(-14.1%)***
	Part-time reservists	122	120	127	121	121	-1 *(-0.82%)*
	Total funded positions	**186**	**185**	**199**	**177**	**176**	**-10 *(-5.4%)***
Army Reserve 79th Sustainment Support Command	Active Guard and Reserve	0	0	38	38	34	34 *(NA)*
	Civilian	0	0	0	6	6	6 *(NA)*
	Technician	0	0	0	21	21	21 *(NA)*
	Total full-time support	**0**	**0**	**38**	**65**	**61**	**61 *(NA)***
	Part-time reservists	0	122	122	149	149	149 *(NA)*
	Total funded positions	**0**	**122**	**160**	**214**	**210**	**210 *(NA)***
Army Reserve 7th Civil Support Command	Active Guard and Reserve	34	20	20	47	47	13 *(38.2%)*
	Civilian	11	18	18	18	16	5 *(45.5%)*
	Technician	23	30	30	28	29	6 *(26.1%)*
	Total full-time support	**68**	**68**	**68**	**93**	**92**	**24 *(35.3%)***
	Part-time reservists	78	92	149	147	146	68 *(87.2%)*
	Total funded positions	**146**	**160**	**217**	**240**	**238**	**92 *(63.0%)***
Army Reserve 9th Mission Support Command	Active Guard and Reserve	36	38	38	42	42	6 *(16.7%)*
	Civilian	1	8	8	10	10	9 *(900%)*
	Technician	12	17	17	20	21	9 *(75%)*
	Total full-time support	**49**	**63**	**63**	**72**	**73**	**24 *(49%)***
	Part-time reservists	106	118	132	137	138	32 *(30.2%)*
	Total funded positions	**155**	**181**	**195**	**209**	**211**	**56 *(36.1%)***

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U.S. Army Reserve Functional Commands

Headquarters	Personnel category	2009	2010	2011	2012	2013	Net change
Army Reserve Medical Command	Active Guard and Reserve	55	57	57	55	48	-7 (-12.7%)
	Civilian	1	2	2	5	5	4 (400%)
	Technician	19	19	19	19	19	0 (0%)
	Total full-time support	**75**	**78**	**78**	**79**	**72**	**-3 (-4%)**
	Part-time reservists	175	176	177	180	180	5 (2.9%)
	Total funded positions	**250**	**254**	**255**	**259**	**252**	**2 (0.8%)**
Military Intelligence Readiness Command	Active Guard and Reserve	77	78	78	78	68	-9 (-11.7%)
	Civilian	10	14	14	19	15	5 (50%)
	Technician	22	22	22	22	16	-6 (-27.3%)
	Total full-time support	**109**	**114**	**114**	**119**	**99**	**-10 (-9.2%)**
	Part-time reservists	154	156	148	153	143	-11 (-7.1%)
	Total funded positions	**263**	**270**	**262**	**272**	**242**	**-21 (-8%)**
U.S. Army Civil Affairs and Psychological Operations Command	Active Guard and Reserve	110	99	99	113	100	-10 (-9.1%)
	Civilian	26	34	34	35	28	2 (7.7%)
	Technician	49	36	36	36	36	-13 (-26.5%)
	Total full-time support	**185**	**169**	**169**	**184**	**164**	**-21 (-11.4%)**
	Part-time reservists	377	387	387	388	381	4 (1.1%)
	Total funded positions	**562**	**556**	**556**	**572**	**545**	**-17 (-3%)**
Army Functional Support Commands	**Total funded positions**	**1,562**	**1,728**	**1,844**	**1,943**	**1,874**	**312 (20%)**

Source: GAO analysis of Army data.

Notes: Army Reserve officials told us that the functional commands' growth was the result of, in certain cases, missions becoming more defined and absorbing other commands' requirements, such as for the 79th Sustainment Support Command, 7th Civil Support Command, and 9th Mission Support Command.

These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or Reserves and thereby fill both a full-time civilian position and a part-time military position. Additionally, some DOD personnel, referred to as "Active Guard and Reserve," occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations, we included them in both the Active Guard and Reserve and the part-time reservist categories.

Appendix VIII: Profile for Air Force Reserve Command and Headquarters, Air Force Reserve

Air Force Reserve Command and Headquarters, Air Force Reserve

The Air Force Reserve is a component of the Department of the Air Force and provides a spectrum of capabilities for federal missions. By law, the Chief of the Air Force Reserve—a lieutenant general—is the commander for the Headquarters, Air Force Reserve, and Air Force Reserve Command. The Chief of the Air Force Reserve also sits on the Air Force staff and is responsible for preparing, justifying, and executing budgets for the Air Force Reserve; directing and managing certain Air Force Reserve appropriations; managing the Air Force Reserve's full-time support program; and submitting annual reports to the Secretary of Defense. As the commander for Air Force Reserve Command, the commander is assigned command of most Air Force Reserve forces not assigned to the unified combatant commands.

Air Force Reserve Command
Warner Robins Air Force Base, Georgia

Mission: Provide citizen airmen to defend the United States and to protect its interests through air and space power.

Responsibilities: Organizes, trains, and equips combat-ready forces. Directs operation of the three numbered Air Forces and provides all required major command–level support for all Air Force Reserve units and personnel. Maintains overall supervision of Air Force Reserve matters supporting Air Force war plans, programming documents, and mobilization actions. Retains administrative control over all Air Force Reserve units except for forces attached to the Commander, Air Force Forces.

Capabilities managed:
- 4th Air Force
- 10th Air Force
- 22nd Air Force

Status of personnel requirements: Personnel requirements have not been fully determined through an assessment; however, in 2012 Air Force Reserve Command completed an assessment of select functions as part of its creation of its Force Generation Center.

Personnel data reported: Department of Defense reported personnel data for this headquarters in the Defense Manpower Requirements Report for personnel performing major headquarters activities functions.

Headquarters, Air Force Reserve
Pentagon, Virginia

Mission: Provide direct support to the Chief of Staff of the Air Force in the execution of his or her function and Title X responsibilities, and command the U.S. Air Force Reserve Command.

Responsibilities: Subject to certain exceptions, justify and execute the budgets for the Air Force Reserve. Manage the full-time support program. Provide an annual report to the Secretary of Defense on the state of the Air Force Reserve and its ability to meet its missions.

Capabilities managed: Not applicable.

Status of personnel requirements: Personnel requirements were determined through an assessment in September 2011.

Personnel data reported: DOD reported personnel data for this headquarters in the Defense Manpower Requirements Report as part of the Air staff, which is identified as a major DOD headquarters activity in DOD's guidance.

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Air Force Reserve Command and Headquarters, Air Force Reserve

Our analysis of the Air Force Reserve personnel data shows that Headquarters, Air Force Reserve, reduced the number of funded positions from fiscal year 2009 through fiscal year 2013, and Air Force Reserve Command increased its number of funded positions over the same period, as shown below.

Element	Personnel category	2009	2010	2011	2012	2013	Net change
Air Force Reserve Command	Active Duty	55	54	54	54	51	-4 *(-7.3%)*
	Active Guard and Reserve	216	221	220	216	217	1 *(0.5%)*
	Civilian	614	586	582	585	513	-101 *(-16.4%)*
	Military Technician	112	117	118	127	125	13 *(11.6%)*
	Total full-time support	**997**	**978**	**974**	**982**	**906**	**-91 *(-9.1%)***
	Part-time reservists	421	561	563	636	610	189 *(44.9%)*
	Total funded positions	**1,418**	**1,539**	**1,537**	**1,618**	**1,516**	**98 *(6.9%)***
Headquarters, Air Force Reserve	Active Duty	9	9	8	5	5	-4 *(-44.4%)*
	Active Guard and Reserve	85	81	85	84	75	-10 *(-11.8%)*
	Civilian	25	23	23	20	20	-5 *(-20.0%)*
	Total full-time support	**119**	**113**	**116**	**109**	**100**	**-19 *(-16.0%)***
	Part-time reservists	0	0	0	3	4	4 *(NA)*
	Total funded positions	**119**	**113**	**116**	**112**	**104**	**-15 *(-12.6%)***

Source: GAO analysis of statutes, and DOD and Air Force Reserve data.

Notes: Air Force Reserve officials told us that growth at Air Force Reserve Command resulted from the creation of its Force Generation Center, which was established to streamline force identification, mobilization, and deployment across the Air Force Reserve and improve the commander's visibility into current and planned resource commitments. Officials told us that reduction in the size of Headquarters, Air Force Reserve, was driven by the commander having required the headquarters to identify positions for elimination as part of the Air Force's efforts to improve efficiency. The headquarters is expected to have 96 funded positions in 2017.

These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or Reserves and thereby fill both a full-time civilian position and a part-time military position. Additionally, some DOD personnel, referred to as "Active Guard and Reserve," occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations, we included them in both the Active Guard and Reserve and the part-time reservist categories.

Appendix IX: Profile for the Air Force Reserve Numbered Air Forces

Air Force Reserve Numbered Air Forces

Each of the Air Force Reserve's three numbered air forces (the 4th, 10th, and 22nd) are commanded by a Major General. They are subordinate organizations to the Air Force Reserve Command that provide operational leadership and supervision to assigned units (wings, groups, and squadrons). Each numbered air force helps ensure their subordinate units meet readiness requirements. According to Air Force Reserve officials, starting in 2009 the Air Force Reserve restructured its numbered air forces, which led them to reduce the total number of funded positions at these headquarters.

4th Air Force
March Air Reserve Base, California

10th Air Force
Joint Reserve Base Fort Worth, Texas

22nd Air Force
Dobbins Air Reserve Base, Georgia

Mission: Command assigned units. Ensure assigned units maintain operational readiness according to Air Force standards to include combat readiness, medical readiness, and inspection readiness. Provide assistance to, and operational readiness assessment of, assigned units through Operational Readiness Exercises and other discretionary events when warranted. Supervise and assist assigned units in planning for deployment and redeployment actions, major events, and contingencies. Advocate for assigned units. Implement plans, policies, and programs as developed and directed by Headquarters, Air Force Reserve.

Responsibilities:
- Communicate with Lead Major Command on matters relating to training, inspection, operational mission coordination, and logistical support.
- Assist units to implement command operational readiness and compliance processes.
- Manage resources across units.

Capabilities managed:
- Strategic reach

Capabilities managed:
- Power/vigilance

Capabilities managed:
- C-130/combat support

Status of personnel requirements: Personnel requirements were assessed in 2012.

Personnel data reported: Not listed as a major Department of Defense (DOD) headquarters activity in DOD's instruction and therefore officials said that DOD did not report personnel data in its Defense Manpower Requirements Report.

Personnel data reported: Not listed as a major DOD headquarters activity in DOD's instruction, and therefore officials said that DOD did not report personnel data in its Defense Manpower Requirements Report.

Personnel data reported: Not listed as a major DOD headquarters activity in DOD's instruction, and therefore officials said that DOD did not report personnel data in its Defense Manpower Requirements Report.

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Air Force Reserve Numbered Air Forces

Our analysis of the Air Force Reserve's three Numbered Air Forces shows that these organizations reduced their total number of funded positions by more than 100 positions over the 5-year period we reviewed.

Headquarters	Personnel category	2009	2010	2011	2012	2013	Net change
Numbered Air Forces	Active Guard and Reserve	3	3	3	2	6	3 *(100%)*
	Civilian	15	12	13	12	12	-3 *(-20%)*
	Military Technician	139	140	140	103	104	-35 *(-25%)*
	Total full-time support	**157**	**155**	**156**	**117**	**122**	**-35 (-22%)**
	Part-time reservists	283	287	287	204	164	-119 *(-42%)*
	Total funded positions	**440**	**442**	**443**	**321**	**286**	**-154 (-35%)**

Source: GAO analysis of Air Force Reserve data.

Notes: Air Force officials said that the Numbered Air Forces reduced their manpower in part to create the Air Force Reserve Force Generation Center. Additionally, the Air Force Reserve altered the Numbered Air Forces' responsibilities by making the wings responsible for ensuring they meet readiness requirements, a task that officials said was originally a Numbered Air Force responsibility.

These data reflect funded civilian and military positions. Some DOD personnel, referred to as "dual-status technicians," are required, as a condition of employment, to be a drilling member of the National Guard or Reserves and thereby fill both a full-time civilian position and a part-time military position. Additionally, some DOD personnel, referred to as "Active Guard and Reserve," occupy both a full-time military position as well as a part-time military position. Consequently, in our calculations, we included them in both the Active Guard and Reserve and the part-time reservist categories.

Appendix X: Content for Interactive Figures in Background Section

Component	Headquarters type	Missions and responsibilities
Army National Guard and Air National Guard	National Guard Bureau	• A joint activity of the Department of Defense (DOD). • Participate with the Army and the Air Force staffs in the formulation, development, and coordination of all programs, policies, concepts, and plans pertaining to the National Guard; • Administer programs. • Assist in the organization, maintenance, and operation of National Guard units. • Focal point at the strategic level for National Guard matters that are not under the authority of the military service. • Channel of communications between DOD and the states.
	Joint Force Headquarters	Located in all 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam. Comprised of a Joint staff, Army staff, and Air staff. The Adjutant General's federal responsibilities include the following: Establishing temporary joint task force command elements ready to provide command and control for domestic operations. Accepting mutually agreed-upon federal liaison elements. Designating officers eligible to serve in dual-status and ensure that these officers facilitate unity of effort between state and federal military forces. Ensures homeland defense– and civil support–unique equipment is available for use should the unit owning the equipment deploy. Advises the Governors and collaborates with DOD leadership.
Army National Guard	Army National Guard Directorate	Assists the Chief, National Guard Bureau, in carrying out the functions of the National Guard Bureau as they relate to the Army National Guard. The Director, Army National Guard, under the supervision and control of the Chief, National Guard Bureau, performs those administrative and operational functions of the Chief pertaining to the Army National Guard and the Army National Guard of the United States.
Air National Guard	Air National Guard Readiness Center	Assists the Chief, National Guard Bureau, in carrying out the functions of the National Guard Bureau as they relate to the Air National Guard. The Director, Air National Guard, under the supervision and control of the Chief, National Guard Bureau, performs those administrative and operational functions of the Chief pertaining to the Air National Guard and the Air National Guard of the United States.
U.S. Army Reserve	Office of the Chief of the Army Reserve	Serves as the Headquarters Army principal staff organization to organize and equip Army Reserve Forces. Provides direct support to the Chief of Staff of the Army in the execution of his function and Title X responsibilities, and commands the U.S. Army Reserve Command. Responsible, subject to certain exceptions, for justification and execution of certain Army Reserve budgets, and is the director and functional manager of those appropriations; directing and managing the Army Reserve's appropriations; managing the Army Reserve's full-time support program; and submitting annual reports to the Secretary of Defense.

	U.S. Army Reserve Command	Provides command, control, and support to Army Reserve forces assigned. Organizes, trains, and prepares Army Reserve units for mobilization and commitment to wartime theater of operations. Ensures wartime readiness of Army Reserve forces.
	Regional Support Commands	Provides administrative and logistical support to all Army Reserve units and commands within their geographic area of responsibility. Manages all Operation and Maintenance, Personnel, Military Construction, and other appropriations for which requirements are justified as allocated by the U.S. Army Reserve Command and the Office of Chief, Army Reserve. Supervises all area maintenance support activities and equipment-concentration sites within its area of responsibility. Provides facility support to all Army Reserve units within its area of responsibility. The Command Group of these commands is responsible for the following: Providing direction, guidance, and regional base-operations support to supported units within the region. The base-operations support is provided in functional areas of personnel, logistics, force integration, programming and budgeting, finance and accounting, information management, emergency services, public works, historian, inspector general, religious, medical, legal, safety, public affairs, internal review, and management controls. Managing and executing appropriations as authorized by U.S. Army Reserve Command and the Assistant Chief of Staff for Installation Management for base-operations support. Implementing policies and intent of the U.S. Army Reserve Command commanding general. Representing the Army Reserve before military and civilian organizations and agencies at various levels of command and government to include speaking engagements. Assisting with local community relations and representing the U.S. Army Reserve Command to foreign dignitaries on various occasions.
	Functional Commands	Maintain and provide training and, in certain cases, generate specific capabilities. Deploy subordinate units in support of federal missions.
U.S. Air Force Reserve	Headquarters, Air Force Reserve	Provides direct support to the Chief of Staff of the Air Force in the execution of his or her function and Title X responsibilities, and commands the U.S. Air Force Reserve Command. Subject to certain exceptions, justify and execute the budgets for Air Force Reserve. Manages the full-time support program. Provides an annual report to the Secretary of Defense on the state of the Air Force Reserve and its ability to meet its missions.
	Air Force Reserve Command	Provides citizen airmen to defend the United States and to protect its interests through air and space power. Organizes, trains, and equips combat-ready forces. Directs operation of the three numbered Air Forces and provides all required major command–level support for all Air Force Reserve units and personnel. Maintains overall supervision of Air Force Reserve matters supporting Air Force war plans, programming documents, and mobilization actions. Retains administrative control over all Air Force Reserve units except for forces attached to the Commander, Air Force Forces.

Numbered Air Forces	Command assigned units. Ensure assigned units maintain operational readiness according to Air Force standards to include combat readiness, medical readiness, and inspection readiness. Provide assistance to, and operational readiness assessment of, assigned units through Operational Readiness Exercises and other discretionary events when warranted. Supervise and assist assigned units in planning for deployment and redeployment actions, major events, and contingencies. Advocate for assigned units. Implement plans, policies, and programs as developed and directed by Headquarters, Air Force Reserve Command. Communicate with Lead Major Command on matters relating to training, inspection, operational mission coordination, and logistical support. Assist units to implement command operational readiness and compliance processes. Manage resources across units.

Source: GAO analysis of DOD data.

Appendix XI: Comments from the Department of Defense

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
1500 DEFENSE PENTAGON
WASHINGTON, DC 20301-1500

RESERVE AFFAIRS

SEP 27 2013

Mr. John Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

Dear Mr. Pendleton:

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-13-585, "Defense Management: Actions Needed to Ensure National Guard and Reserve Headquarters Are Sized to Be Efficient," dated September 29, 2013, (GAO Code 351746).

The Department acknowledges receipt of the draft report and has attached a response to the recommendations for inclusion in the final report. If you have any further questions, please contact LTC Jasen Johnson at 703-693-2229.

Sincerely,

Richard O. Wightman, Jr.
Principal Deputy Assistant Secretary of Defense
(Reserve Affairs)
Performing the Duties of the Assistant
Secretary of Defense (Reserve Affairs)

GAO DRAFT REPORT DATED SEPTEMBER 29, 2013
GAO-13-585 (GAO CODE 351746)

"DEFENSE MANAGEMENT: Actions Needed to Ensure National Guard and Reserve Headquarters Are Sized to be Efficient"

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

The Department of Defense provided technical comments to GAO in addition to those addressed below.

RECOMMENDATION 1: To independently validate the personnel requirements of the National Guard Bureau, we recommend that the Secretary of Defense direct the Chief of the National Guard Bureau to implement the Joint Chief of Staff's Joint Manpower and Personnel Process and have its personnel requirements periodically validated by a DoD organization external to the National Guard Bureau.

DoD RESPONSE: DoD Partially Concurs

While DoD agrees external validation is appropriate, based on input from the Joint Staff (CJCS/J1) we request GAO recommendation concerning NGB personnel requirements be changed to read "set up vetting process with the parent services' G1 (Army) and A1 (Air Force), along with members from the NGB staff's resources and operations teams as voting members." Change to replace all after "its personnel requirements".

RECOMMENDATION 2: To provide Congress the data it requires to oversee DoD's major headquarters activities, we recommend that the Secretary of Defense include the National Guard Bureau among its list of major DoD headquarters activities and report personnel associated with the National Guard Bureau in the Defense Manpower Requirements Report.

DoD RESPONSE: DoD Concurs

Regarding Draft Text: "We then provided DoD, Joint Staff, National Guard, and Reserve officials with an opportunity to comment on our final list of 75 headquarters and these officials agreed the headquarters we identified met these criteria."

Comment: We (OSD P&R) believe that the 75 HQ performed some of the functions identified in DoDI 5100.73, but we were very explicit that NOT all 75 HQ organizations identified in this review would be considered Major DoD Headquarters Activities pursuant to that Issuance.

Recommended change: "We then provided DOD, Joint Staff, National Guard, and Reserve officials with an opportunity to comment on our final list of 75 headquarters and these officials agreed the headquarters we identified met these criteria above but did not agree that all of the 75

headquarters should be classified as Major DoD Headquarters Activities predominately because many of these headquarters were below the 3-star level."

Regarding References to "Major Headquarters Activity" should be changed to "Major DoD Headquarters Activity" (on draft cover page and pages 9, 18, 20, 29, and 32). It complicates the accuracy to not refer to the category as Major DoD Headquarters Activity. Not saying it precisely would make the references inaccurate.

RECOMMENDATION 3: To minimize the potential for gaps or overlaps at the National Guard's state Joint Force headquarters, we recommend that the Secretary of Defense direct the Chief of the National Guard Bureau to modify the scope of the National Guard Bureau's study to reassess and validate all personnel requirements at the state Joint Force headquarters to include its Army staff element and Air staff element.

DoD RESPONSE: DoD Partially Concurs

On draft report page 23, GAO refers to the 54 state Joint Force Headquarters (JFHQs) as containing a number of similar positions and recommends that consolidation be investigated as a cost-savings measure. This may understate the importance of the JFHQs, who are heavily relied upon during real-world CONUS-based crises. At a state level, JFHQs serve a function similar to that of the Joint Staff on the federal level and consolidation may prove detrimental to disaster response if taken solely with cost-savings in mind. Consolidation may be appropriate in certain cases but should be carried out with caution and in full cooperation with the state governors and adjutants general.

Regarding validation of positions within the Joint Force Headquarters (JFHQs) (an issue raised several times in the report), in reference to the second bullet, first page of the draft, the Army National Guard (ARNG) Directorate has received validation from the United States Army Manpower and Analysis Agency (USAMAA) for 26 manpower studies. The studies account for nearly 40,000 full time support (FTS) requirements, validating over 70% of the FTS requirements at the 54 State and Territory Joint Force Headquarters (JFHQ). Some positions in the JFHQ such as Public Affairs, Inspector General and Judge Advocate perform both Army and Air functions. These consolidated offices are designed to increase efficiency, avoid redundancy and maximize the use of limited personnel authorizations.

In reference to draft report page 14, "Processes Intended to Efficiently Size and Oversee Reserve Component Headquarters Have Not Been Consistently Applied," page 20, "DoD Lacks Assurance the National Guard's State Joint Force Headquarters Are Sized to Be Efficient," and page 28, paragraph 3, the Army National Guard requests a reevaluation of the sections. The ARNG Directorate has conducted manpower studies which follow an Army-directed methodology. In addition, the methodologies are not fragmented- to the contrary, they follow the process as directed by the authority for each specific command/component as listed in Tables 2 and 3. In addition, the ARNG and Air National Guard Directorate work in close partnership on all studies that involve joint activities, such as Public Affairs, Inspector General, Judge Advocate General, Chaplain and the Human Resources Offices.

The National Guard Bureau Joint Staff and the Army and Air National Guard Directorate each have their own directed processes that must be followed in order to achieve approval/validation of FTS requirements, as noted in both Table 2 and 3 of the Report (Joint Staff is regulated by Joint Chiefs of Staff Instruction 1001.01, Air National Guard by Air Force Instruction 38-201 and ARNG by AR 570-4). Combining these processes into one process would eliminate the ability of each headquarters to properly study and staff their personnel requirements by changing currently-directed manpower methodologies and validation authorities (per Army Regulation (AR) 570-4, USAMAA directs the manpower methodology and is the validation authority for all Army requirements). Therefore the scope of the studies does not need to be modified. Instead, when shared functions are being studied, increased coordination efforts should occur between each element in order to ensure the correct workload is captured, requirements are not duplicated, and process efficiencies are maximized.

RECOMMENDATION 4: To ensure that Army reserve component headquarters are properly sized to meet their assigned missions, we recommend that the Secretary of Defense direct the Secretary of the Army to ensure that reserve component headquarters are reassessed and have their personnel requirements validated within required timeframes by including all reserve component headquarters in the U.S. Army Manpower Analysis Agency's schedule for reassessment and validation.

DoD RESPONSE: DoD Concurs

The draft report is not completely clear if this recommendation is intended to be applicable to the ARNG (or only to the USAR). Information pertaining to both is included in this response.

Currently, there are three ongoing efforts to assess Army Reserve Headquarters: 1) an internal USAR HQ standardization review of all Major Subordinate Commands (MSC); 2) the HQDA led Phase II of the Full-Time Support (FTS) requirements study, which is also reviewing all MSCs; and 3) the HQDA led Focus Area Review Groups charged with reducing all institutional and operational headquarters.

Per AR 570-4, all TDA requirements are required to be validated every 2-5 years, including FTS requirements at the 54 State JFHQs. To date, the Army National Guard Directorate has received USAMAA validation of over 70% of the FTS requirements located at the State JFHQs and is currently on track to complete validation of the remaining requirements by the end of FY15. In addition, per AR 570-4, Para 2-2, I, USAMAA is only responsible for assessing and validating FTS requirements at the ARNG Directorate (Title 10 requirements). The authority for assessment and validation of the 54 State JFHQs resides with the Chief, National Guard Bureau. USAMAA is not required nor staffed to conduct manpower studies on Title 32 FTS requirements.

RECOMMENDATION 5: To ensure that the Air Force reserve component headquarters are properly sized to meet their assigned missions, we recommend that the Secretary of Defense direct the Secretary of the Air Force to modify the Air Force's guidance to require that reserve component headquarters have their personnel requirements reassessed on a recurring basis, and establish and implement a schedule for reassessing personnel requirements for its reserve component headquarters.

DoD RESPONSE: DoD Concurs

The Air Force agrees to modify guidance to require that reserve component headquarters have their personnel requirements reassessed on a recurring basis, and to establish and implement a schedule for reassessing personnel requirements. Also, if directed by the Secretary of Defense, the Air Force will work with the National Guard Bureau as necessary to comply with recommendations to assess and validate the various National Guard headquarters.

Appendix XII: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Suzanne K. Wren, Assistant Director; Timothy J. Carr; Joanna Chan; Susan C. Ditto; Michael J. Hanson; Tobin J. McMurdie; Anna Maria Ortiz; Michael D. Silver; Amie M. Steele; Karen N. Willems; Michael A. Willems; Alex Winograd; and Delia P. Zee made key contributions to this report.

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GAO-13-535

United States Government Accountability Office

GAO

Report to Congressional Committees

June 2013

DEFENSE INFRASTRUCTURE

DOD's Excess Capacity Estimating Methods Have Limitations

GAO-13-535

June 2013

DEFENSE INFRASTRUCTURE

DOD's Excess Capacity Estimating Methods Have Limitations

GAO Highlights

Highlights of GAO-13-535, a report to congressional committees

Why GAO Did This Study

Due in part to challenges DOD faces in reducing excess infrastructure, DOD's Support Infrastructure Management is on GAO's High Risk List of program areas vulnerable to fraud, waste, abuse, and mismanagement, or are most in need of transformation. Since 1988, DOD has relied on the BRAC process as a primary means of reducing excess infrastructure or capacity and realigning bases to meet changes in the size and structure of its forces. In 1998 and 2004, Congress required DOD to submit reports that, among other things, estimated the amount of DOD's excess capacity at that time. Also, in March 2012, DOD testified that it had about 20 percent excess capacity. The methods used to develop such preliminary excess capacity estimates differ from the data-intensive process—supplemented by military judgment—that DOD has used to formulate specific base closure and realignment recommendations.

A Senate Armed Services Committee report directed GAO to review how DOD identifies bases or facilities excess to needs. The objective of this report is to discuss how DOD has estimated its excess capacity, outside of the BRAC process. To do so, GAO reviewed excess capacity estimates from 1998, 2004, and 2012; analyzed DOD's data; reviewed supporting documentation; assessed assumptions and limitations of DOD's analysis; and interviewed DOD officials.

In commenting on a draft of this report, DOD stated that GAO had properly highlighted the limitations of its approach to estimating excess capacity and contrasted it with the method used to develop BRAC recommendations.

View GAO-13-535. For more information, contact Brian Lepore at (202) 512-4523 or leporeb@gao.gov

What GAO Found

The Department of Defense's (DOD) methods for estimating excess capacity outside of a congressionally-authorized Base Realignment and Closure (BRAC) process have limitations. DOD used similar processes in its excess capacity analyses conducted in 1998 and 2004. This process included three major steps: (1) categorizing bases according to their primary missions and defining indicators of capacity; (2) developing ratios of capacity-to-force structure for DOD's baseline year of 1989; and (3) aggregating the analysis from the installation level across the military services and department-wide.

In both its 1998 and 2004 reports, DOD recognized some limitations with its methods for estimating excess capacity and stated that its analyses lacked the precision necessary to identify specific installations or functional configurations for realignment or closure. In addition, GAO's review of DOD's methods for estimating excess capacity outside of a congressionally-authorized BRAC process identified a number of limitations. First, DOD's approach assigns each installation to only one mission category, even though most installations support more than one mission. This approach effectively excluded significant portions of some bases' infrastructure from the analysis. Second, the services measured capacity for some similar functions differently such as test and evaluation facilities, which makes it difficult for DOD to evaluate excess capacity across the department. Third, DOD did not attempt to identify any excess capacity or capacity shortfall that existed in 1989; hence it is uncertain to what extent DOD's estimates of excess capacity may be overstated or understated. Finally, in instances where DOD's analysis indicated that projected capacity was less than needed capacity—indicating a capacity shortage—within an installation category, DOD treated these cases as having zero or no excess capacity when aggregating the results of its analysis. If DOD had treated those installation categories as having a capacity shortages, DOD's method would have calculated a lower number of bases and consequently a lower percentage of excess capacity across the department than DOD reported to Congress.

DOD's testimony in March 2012 and again in March 2013, that it had about 20 percent excess capacity remaining after the end of BRAC 2005, relied on earlier calculations that the department made in 2004 and 2005. Specifically, these estimates were reached by subtracting DOD's estimate of the amount of capacity that would be eliminated by the approved recommendations from BRAC 2005—3 to 5 percent of plant replacement value—from DOD's 2004 estimate that it had 24 percent excess capacity. However, pre-BRAC estimates of the percentage of bases that may be excess to needed capacity, which is expressed as a percentage of bases, and plant replacement value, which is measured in dollars, are not comparable measures. In March 2013, the Acting Deputy Under Secretary of Defense (Installations and Environment) testified that the method upon which DOD's current estimate is based is helpful in determining whether an additional BRAC round is justified, but only through the BRAC process is the Department able to determine specifically which installations or facilities are excess.

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Abbreviations

BRAC	Base Realignment and Closure
DOD	Department of Defense

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June 20, 2013

Congressional Committees

Due in part to challenges the Department of Defense (DOD) faces in reducing excess and obsolete infrastructure, DOD's Support Infrastructure Management is on GAO's High Risk List of program areas that are vulnerable to fraud, waste, abuse, and mismanagement, or are most in need of transformation. Since 1988, DOD has relied on the Base Realignment and Closure (BRAC) process as one of the primary means of reducing excess infrastructure or facilities[1] and realigning bases to meet changes in the size and structure of its forces.

The Defense Base Closure and Realignment Act of 1990,[2] as amended, has governed the BRAC process since 1990. The law established the procedures for making recommendations for base closures and realignments and originally required DOD to submit a 6-year force structure plan and to base its closure and realignment decisions on that plan, as well as on selection criteria proposed and established for the round by DOD. For the 1991, 1993, and 1995 BRAC rounds, DOD performed a detailed capacity analysis based on extensive data collection efforts to identify specific bases capable of accommodating additional forces in order to develop its proposed list of closures and realignments. In 1997, after DOD requested another BRAC round, Congress required DOD to submit a report on, among other things, the need for any additional BRAC rounds and an estimate of the amount of DOD's excess capacity at the time.[3] In 2001, when Congress authorized a BRAC round

[1] Facilities and/or infrastructure that DOD determines are underused or unused are referred to as "excess capacity." (From DOD BRAC 2005 FAQs).

[2] Pub. L. No. 101-510, Title XXIX (1990)(10 U.S.C. 2687 note). Throughout this report, we will refer to the Defense Base Closure and Realignment Act of 1990 (as amended) as "the 1990 BRAC statute."

[3] The National Defense Authorization Act for Fiscal Year 1998, Pub. L. No. 105-85, § 2824 (1997). The act also required DOD to report on costs and savings from the prior BRAC rounds. Congress chose not to authorize a BRAC round at that time.

to begin in 2005,[4] it required DOD to submit a force structure plan to cover a 20-year period and an infrastructure inventory with its budget justification documents for fiscal year 2005 before proceeding with the extensive data gathering efforts and analysis associated with the BRAC process. The submission was also to discuss categories of excess infrastructure and infrastructure capacity.

In its required 1998 report, DOD reported that it had 23 percent excess base capacity.[5] Congress directed us to review that report, and in November 1998, we concluded that DOD's report provided a rough indication of excess capacity, and we made no recommendations.[6] Similarly, in certifying the need for another round of BRAC to begin in 2005, DOD reported in 2004 that it had 24 percent excess capacity at that time.[7] Additionally, in March 2012, six months after BRAC 2005 concluded,[8] the Deputy Under Secretary of Defense (Installations and Environment) testified before the House Armed Services Committee during a hearing on the Department's request for two more rounds of BRAC in 2013 and 2015.[9] In that hearing, the Deputy Under Secretary stated that BRAC 2005 eliminated roughly 3 to 5 percent of DOD's excess capacity, leaving roughly 20 percent excess. Congress, however, has thus far declined to authorize additional BRAC rounds. In March

[4] Congress authorized BRAC 2005 with the passage of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. No. 107-107, Title XXX (2001). The law reauthorized the BRAC process by amending the 1990 BRAC statute. Among other things, the law added several new sections to the 1990 BRAC statute, including sections 2912 through 2914, which established or revised various requirements for DOD to address in order for the 2005 round to continue.

[5] Department of Defense, *The Report of the Department of Defense on Base Realignment and Closure*, April 1998.

[6] GAO, *Military Bases: Review of DOD's 1998 Report on Base Realignment and Closure,* GAO/NSIAD-99-17 (Washington, D.C.: Nov. 13, 1998).

[7] Department of Defense, *Report Required by Section 2912 of the Defense Base Closure and Realignment Act of 1990, as amended through the National Defense Authorization Act for Fiscal Year 2003*, Mar. 2004.

[8] The BRAC statute required DOD to complete recommendations for closing or realigning bases made in BRAC 2005 by September 15, 2011—6 years from the date the President submitted his certification of approval of the recommendations to Congress.

[9] *The Request for Authorization of Another BRAC Round and Additional Reductions in Overseas Bases, Before the Readiness Subcommittee of the House Committee on Armed Services*, 112th Cong. 38 (Mar. 8, 2012) (statement of Under Secretary of Defense (Installations and Environment) Dr. Dorothy Robyn).

2013, the Acting Deputy Under Secretary again testified that BRAC 2005 reduced capacity only by about 3 percent and that excess capacity remains.[10]

Such preliminary estimates of excess infrastructure capacity, which DOD has developed outside the BRAC process primarily to support the need for future BRAC rounds, differ from the data-intensive process, supplemented by the use of military judgment that DOD has used to formulate the recommendations for specific base closures and realignments that it has proposed to the BRAC Commission within the BRAC process. For example, to develop recommendations for the 2005 BRAC round, DOD collected an estimated 25 million pieces of capacity and military value data from DOD databases and from hundreds of defense installations. These data were certified as to their accuracy by hundreds of persons in senior leadership positions across the country. The DOD Inspector General and the services' audit agencies also played an important role in ensuring that the data used in the BRAC analyses were accurate. In our March 2013 report, *Military Bases: Opportunities Exist to Improve Future Base Realignment and Closure Rounds*, we provide a detailed assessment of that process.[11]

In Senate Report 112-173 accompanying the Senate Armed Services Committee's version of the National Defense Authorization Act for Fiscal Year 2013, we were directed to review the systems and processes that DOD uses to identify the extent to which bases or facilities are excess to needs.[12] The objective of this report is to discuss how DOD has estimated the amount of its excess infrastructure or capacity, outside of the BRAC process.

To determine how DOD developed its preliminary estimates of excess capacity, we reviewed excess capacity estimates for the military services,

[10] At the March 2013 hearing, the Acting Deputy Under Secretary testified that whether DOD would request additional BRAC rounds was "pre-decisional." *Is Base Realignment and Closure (BRAC) Appropriate at this Time? Before the Readiness Subcommittee of the House Committee on Armed Services,* 113th Cong. 5 (Mar. 14, 2013) (statement of Acting Under Secretary of Defense (Installations and Environment) John Conger).

[11] GAO, *Military Bases: Opportunities Exist to Improve Future Base Realignment and Closure Rounds*, GAO-13-149 (Washington, D.C.: Mar. 7, 2013).

[12] S. Rpt. No. 112-173, at 272-273 (2012).

the Defense Logistics Agency, and DOD as a whole. Specifically, we obtained and reviewed (1) the written March 14, 2013 testimony by the Acting Deputy Under Secretary of Defense (Installations and Environment) and transcript from the hearing, and (2) the written March 8, 2012, testimony by the Deputy Under Secretary of Defense (Installations and Environment) and the transcript from that hearing, to identify applicable estimates of excess capacity. We also reviewed DOD's 1998 and 2004 reports to Congress on excess capacity and we analyzed the data used in DOD's analyses, along with other supporting documentation, and we assessed the underlying assumptions and limitations, if any, of DOD's analysis to identify the basis upon which DOD made those excess capacity estimates. Based on our review of the documentation provided, we determined that the data was sufficiently reliable to facilitate our analysis of the assumptions and potential limitations within DOD's method for estimating excess capacity. We also interviewed officials in the Office of the Secretary of Defense to determine the basis for and the relationship between different excess capacity estimates. We conducted this performance audit from July 2012 to June 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The first BRAC Commission was chartered by the Secretary of Defense in 1988, and operated in accordance with processes later established by the Defense Authorization Amendments and Base Closure and Realignment Act of 1988.[13] Since that time, the BRAC process has changed in many ways, with a variety of requirements and procedures mandated by subsequent BRAC statutes or adopted by DOD. Among these is the requirement that the Secretary of Defense develop a current force structure plan. DOD's force structure plan is designed to identify the number and type of forces that DOD needs to combat the anticipated threats to the security of the United States. As specified in DOD's force structure plan in support of BRAC 2005, the President's National Security Strategy and the Secretary of Defense's National Defense Strategy

[13] Pub. L. No. 100-526 (1988).

provide the focus for the military forces. DOD then analyzes current and future threats, challenges, and opportunities to develop the force structure plan. DOD's planning framework helps determine the capabilities required to respond to a range of scenarios. The Department then analyzes the force requirements for the most likely, the most dangerous, and the most demanding circumstances.

One of the objectives of the first BRAC Commission was to review the current and planned military base structure in light of force structure assumptions and, using the process and the criteria the Commission developed, to identify which bases should be realigned or closed. To accomplish this, the Commission used a two-phase approach. Phase I grouped bases into 22 overall categories, such as training bases and administrative headquarters, and then focused on determining the military value of bases within each category, each base's capacity to absorb additional missions and forces, and the overall excess capacity within the category. The Commission then ranked the bases to identify those warranting review in phase II, which focused on assessing the cost and savings of base realignment and closure options.

The Defense Base Realignment and Closure Act of 1990 substantially revised the process for DOD base closure and realignment actions within the United States, establishing an independent Defense Base Closure and Realignment Commission and providing for BRAC rounds in 1991, 1993, and 1995. One of the key elements of the 1990 BRAC statute was the requirement that DOD submit a force structure plan and that closure and realignment decisions be based on that force structure plan and on the final selection criteria established for the BRAC round. As part of the BRAC process for 1991, 1993, and 1995, an important step in the military services' approach for identifying bases to close or realign was determining whether excess capacity existed at their bases. The starting point for this step was comparing changes in the force structure plan to the base structure of the military services. After applying military value criteria[14] and other specific BRAC criteria,[15] each of the services

[14] The military value criteria included considerations such as current and future mission requirements, operational readiness, availability of land, ability to accommodate force requirements, and cost and manpower implications.

[15] Other criteria included factors such as the extent and timing of costs and savings, economic impact on communities, community infrastructure, and environmental impact.

developed their recommendations for closures and realignments for submission to the BRAC Commission.

In May 1997, the Secretary of Defense announced his intention to ask Congress to authorize two additional BRAC rounds. Later that year, Congress enacted section 2824 of the National Defense Authorization Act for Fiscal Year 1998, which required that the Secretary of Defense provide the congressional defense committees with a comprehensive report on a range of BRAC issues, including the need for any additional BRAC rounds and an estimate of the amount of DOD's excess capacity.[16] DOD submitted the required report in April 1998 and estimated that DOD had 23 percent excess capacity. In the report, DOD also stated that its method for estimating excess capacity determined the extent to which reductions in base structure had kept pace with reductions in force structure since 1989.

The National Defense Authorization Act for Fiscal Year 2002 amended the 1990 BRAC statute by authorizing a BRAC round for 2005, and required DOD to report to Congress on several BRAC-related issues in 2004 in order for the 2005 round to proceed. The statute directed, among other things, that the Secretary of Defense provide Congress with a 20-year force structure plan and a worldwide inventory of military installations and facilities as part of DOD's fiscal year 2005 budget justification documents. In addition, as part of the force structure plan and inventory submission, the Secretary was to prepare (1) a description of the infrastructure necessary to support the force structure described in the force-structure plan, (2) a discussion of categories of excess infrastructure and infrastructure capacity, and (3) an economic analysis of the effect of the closure or realignment of military installations to reduce excess infrastructure. DOD provided the required report, which estimated that the department had 24 percent excess capacity, on March 23, 2004. In that report, the Secretary of Defense also certified that an additional round of BRAC was needed and that the round would result in savings by fiscal year 2011.

Subsequently, an initial part of DOD's BRAC recommendations development process for the 2005 round involved an overall capacity

[16] The National Defense Authorization Act for Fiscal Year 1998, Pub. L. No. 105-85, § 2824 (1997). The act also required DOD to report on costs and savings from the prior BRAC rounds. Congress chose not to authorize a BRAC round at that time.

analysis of specific locations or functions and subfunctions at specific locations. The analysis relied on data calls to obtain certified data to assess such factors as maximum potential capacity, current capacity, current usage, excess capacity, and capacity needed to meet surge requirements. This capacity analysis—in conjunction with the department's 20-year force structure plan, military value analysis, and transformational options; applicable guiding principles, objectives, or policy imperatives identified by individual military services or joint cross-service groups; and military judgment—was used to identify realignment and closure scenarios for further analysis, ultimately leading to finalized recommendations for base realignments and closures.

DOD's Methods for Calculating Pre-BRAC Estimates of Excess Capacity Have Limitations

Our review of DOD's pre-BRAC estimates of excess capacity found that the methods DOD has used and the resulting estimates have limitations. DOD used similar methods in 1998 and 2004 to calculate its pre-BRAC estimates of excess capacity. However, our current review identified a number of additional limitations with DOD's methods. For example, DOD's approach assigns each installation to only one mission category, even though most installations support more than one mission. In addition, to arrive at the excess capacity estimate it provided to Congress in 2012 and repeated in 2013, DOD subtracted an estimate of excess capacity that it expected would be disposed of during the 2005 BRAC round from the amount of excess capacity estimated to exist immediately before that BRAC round to arrive at the current excess capacity estimate of about 20 percent. However, because DOD's pre-BRAC excess capacity estimate, expressed as a percentage of bases, and plant replacement value, expressed in dollars, are not measured in the same units, they are not comparable measures.

DOD's Method for Estimating Excess Capacity in 1998 and 2004

DOD based its 1998 and 2004 estimates of 23 percent and 24 percent excess capacity, respectively, on a method that compared measures of force structure projected to be in place at the end of the 5-year Future Years Defense Programs that were current at the time of each estimate, to associated indicators of capacity.[17] DOD's 1998 and 2004 technique

[17] The Future Years Defense Program that was current when the 1998 analysis was performed projected force structure through 2003, and the Future Years Defense Program that was current when the 2004 analysis was performed projected force structure through 2009.

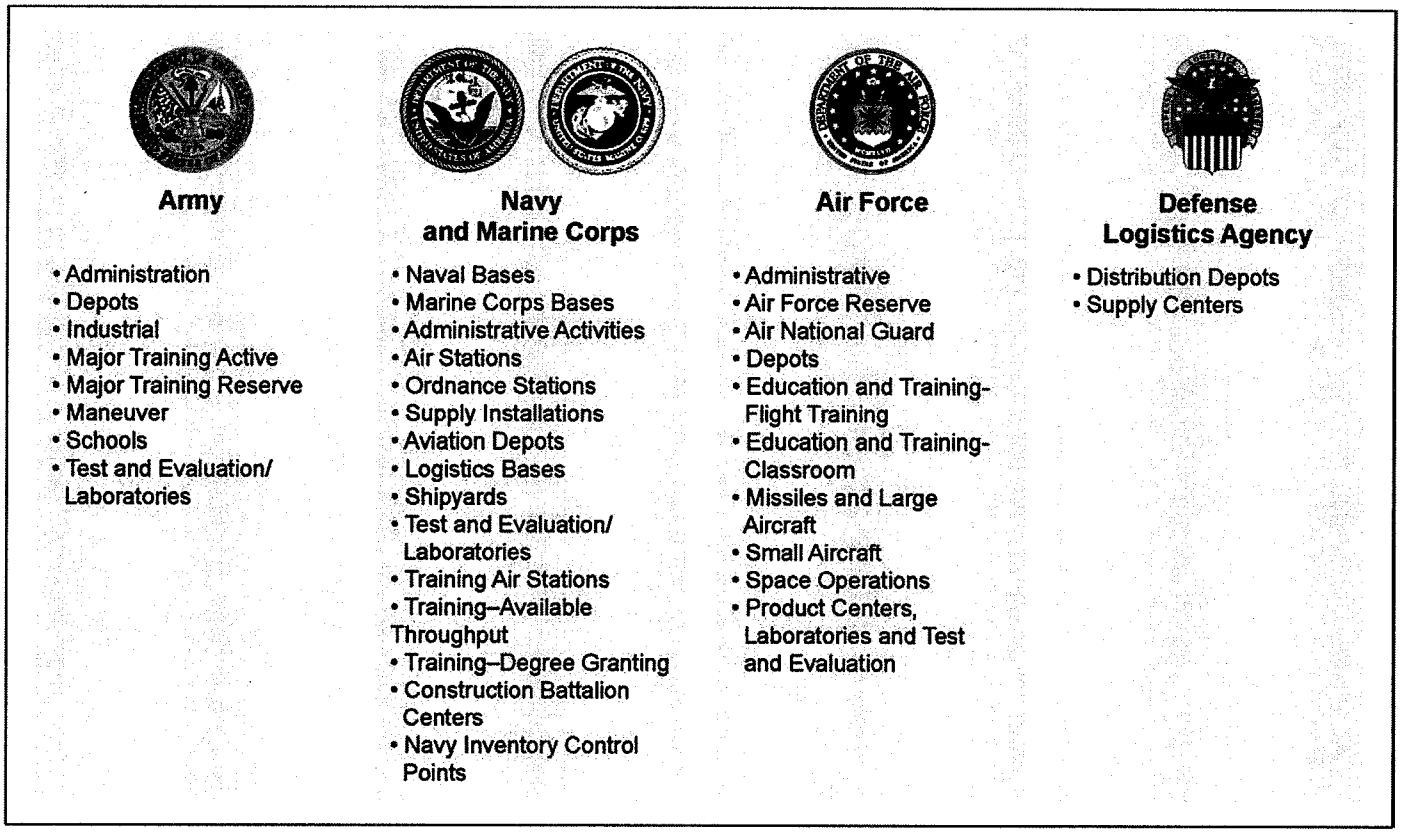
consisted of three major steps: (1) categorizing bases according to their primary missions and defining indicators of capacity, (2) developing ratios of capacity-to-force structure for DOD's baseline year of 1989, and (3) aggregating these various excess capacity indicators that were calculated at the installation level to the military service level and then department-wide.

Categorizing Bases and Defining Indicators

To begin DOD's analysis, each of the military services identified categories for their bases, identified bases that the services considered major installations,[18] and categorized their bases according to their primary missions—such as depots, training, or administration—so that each installation was included in only one category. Figure 1 shows the installation categories used by each military service and the Defense Logistics Agency.

[18] Prior to the 2005 BRAC round, DOD did not have a consistent definition of what constituted a major base. For BRAC 2005, DOD defined major bases as those that had a plant replacement value exceeding $100 million.

Figure 1. Installation Categories for the Military Services and the Defense Logistics Agency.



Source: GAO analysis of DOD data.

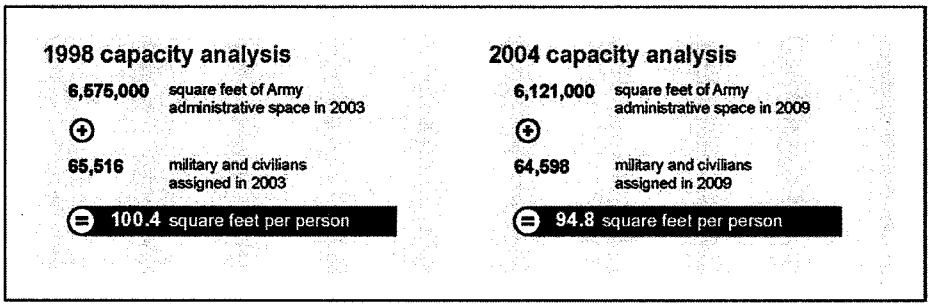
The services then defined various indicators of capacity—such as maneuver base acres or facility square feet—for each installation category.

Developing Ratios of Capacity-to-Projected Force Structure and Comparing to a Baseline

Next, DOD divided each services' indicators of capacity by a measure of force structure—such as the number of military and civilian personnel authorized, authorized end strength, or the size of the acquisition workforce—to develop ratios of capacity-to-projected force structure and compared them to ratios from 1989, which was used as a baseline. For its 1998 analysis DOD projected force structure through 2003, and for its 2004 analysis DOD projected force structure through 2009 because these dates marked the end of DOD's Future Year's Defense Program projections that were current at the time the analyses were performed.

For example, as illustrated in Figure 2, in its 1998 capacity analysis, DOD projected, that in 2003, there would be 6.575 million square feet of administrative space on Army administrative bases, and DOD projected that there would be 65,516 military and civilian personnel assigned to those bases, resulting in a capacity-to-force structure ratio of 100.4. Similarly, according to its 2004 capacity analysis, DOD projected that, in 2009, there would be 6.121 million square feet of administrative space on Army administrative bases, and DOD projected that there would be 64,598 military and civilian personnel assigned to those bases, resulting in a capacity-to-force structure ratio of 94.8.

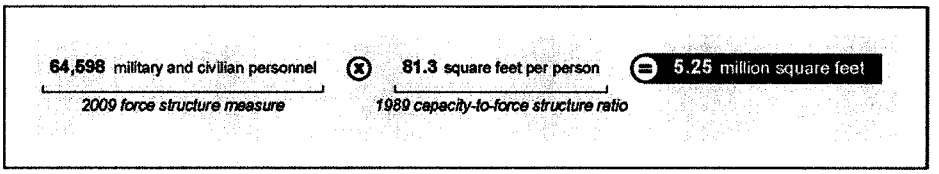
Figure 2. Selected Examples of How DOD Calculated Its Capacity-to-Force Structure Ratios



Source: GAO analysis of DOD data.

DOD then calculated the extent to which the ratio of capacity-to-force structure for each base category differed from the ratio in 1989, which was used as a baseline. To do this, DOD first calculated an estimate of capacity it would need for the year in question for each of its various indicators of capacity. For instance, to continue with the second example above, DOD calculated an estimate of administrative capacity the Army would need for 2009. As illustrated in Figure 3, DOD calculated its needed capacity indicators by multiplying the projected 2009 force structure measure (64,598 military and civilian personnel in this case) by the 1989 capacity-to-force ratio (81.3 for Army administrative bases), which in this case resulted in an estimated needed capacity of 5.25 million square feet of Army administrative space.

Figure 3: Example of How DOD Estimated the Administrative Space the Army Would Need in 2009



Source: GAO analysis of DOD data.

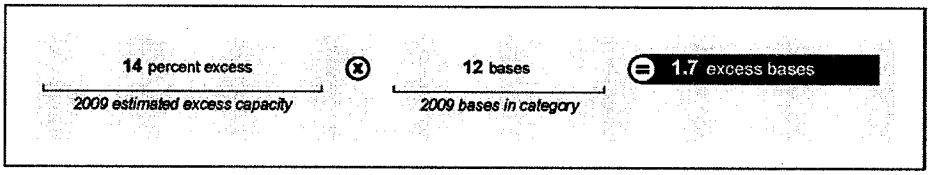
To calculate the projected excess capacity for 2009, DOD subtracted a base category's estimated needed capacity from its projected 2009 capacity. In our Army administrative base example, DOD subtracted its estimated needed capacity for 2009 of 5.25 million square feet from its estimated existing capacity in 2009 of 6.12 million square feet, which resulted in DOD's estimate of 0.87 million square feet of excess Army administrative space or 14 percent of the Army's existing administrative space in 2009.

Aggregating the Analysis across the Military Services and Department-wide

After computing these indicators of excess capacity for each category of installation for each military service and the Defense Logistics Agency, DOD then aggregated these indicators departmentwide. Specifically, DOD first multiplied the number of bases in a category by the percentage of excess for that category, which resulted in DOD's estimate of the number of excess bases in each category. Continuing our Army administrative capacity example above, as illustrated in Figure 4, the percentage of excess capacity (in this case, the Army's estimated 14-percent excess of projected administrative space in 2009) would be multiplied by the number bases in the category (12 in the case of Army administrative bases), resulting in an estimated number of excess administrative bases (1.7 in this case).[19]

[19] Because DOD's method used various indicators of capacity and various measures of force structure, DOD computed the estimated number of excess bases in each category so that a department-wide excess could be aggregated.

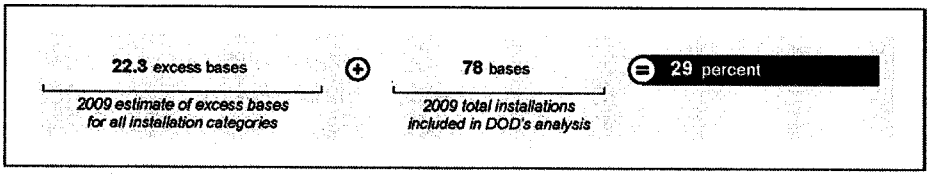
Figure 4: Example of How DOD Estimated the Number of Excess Army Administrative Bases in 2009



Source: GAO analysis of DOD data.

As illustrated in Figure 5, to calculate an overall indication of excess capacity for each DOD component, DOD summed the estimated number of excess bases for each installation category within a component (22.3 in the case of the Army) and divided this by the sum of the number of all bases in all categories for that component (78 in the case of the Army), which resulted in a percentage of excess bases for the component. In our example, DOD estimated that 29 percent of the Army's bases were in excess to its estimated needed capacity.

Figure 5: Example of How DOD Aggregated the Estimated Excess Capacity for the Army



Source: GAO analysis of DOD data.

Finally, the departmentwide excess was calculated by summing the estimated number of excess bases for each military service and the Defense Logistics Agency (65.2), summing the number of bases included in the analysis (276), then dividing the sum of the excess bases by the total number of bases in the analysis, resulting in estimated department-wide excess of 24 percent.

The Methods DOD Used to Estimate Excess Capacity in 1998 and 2004 Have Limitations

DOD recognized some limitations within its method for estimating excess capacity, stating in both its 1998 and 2004 reports to Congress that the analysis it performed provided an indication of the type and amount of excess capacity within the department, but recognizing that the analyses lacked the precision to identify specific installations or functional

configurations for realignment or closure. In addition, our current review of DOD's method for estimating excess capacity outside of a congressionally-authorized BRAC process identified a number of limitations.

First, DOD assigned each base to only one installation category, even though most bases support more than one mission. This approach effectively excluded significant portions of a base's infrastructure from the analysis. For example, in the case of Army maneuver bases, using base acres as the indicator of capacity does not include about 204 million square feet of buildings located on the 12 Army maneuver bases in DOD's analysis. Another limitation associated with DOD's method is that the services measured capacity for some similar functions differently. For example, the Army and Air Force measured capacity for test and evaluation facilities in terms of physical total square feet of space, while the Navy measured its capacity for these facilities in terms of work years. These differences make it difficult for DOD to assess excess capacity across the department. A third limitation is that, in using 1989 as a baseline, DOD assumed that the bases and facilities as they existed in 1989 were appropriately sized to support missions, and DOD did not identify any excess capacity or capacity shortfall that may have existed at that time. This approach, in essence, transfers any excesses and shortfalls that existed in 1989 into DOD's estimates of future capacity needs because, as illustrated in Figure 3 above, the capacity-to-force structure ratio from 1989 was used to calculate the needed capacity for 2009. It is therefore uncertain to what extent DOD's estimates of excess capacity are overstated or understated. Finally, in both the 1998 and 2004 analyses, in instances where DOD's analysis indicated that projected capacity was less than needed capacity—indicating a capacity shortage—within a specific installation category, DOD treated these cases as having zero or no excess capacity. Despite the data showing capacity shortages, DOD used this data to aggregate the results of its analysis across the department. If DOD had treated those installation categories as having capacity shortages, DOD's estimates would have resulted in a lower number of excess bases and consequently a lower percentage of excess capacity across the department than DOD reported to Congress.

DOD's Statements about Remaining Excess Capacity in 2012 and 2013 Relied on Two Earlier Calculations

DOD's testimony in March 2012 and March 2013,[20] that by its estimates DOD had about 20 percent excess capacity remaining after the end of BRAC 2005, relied on earlier calculations that the department made in 2004 and 2005. First, in 2004, using the method described above, the department estimated that it had 24 percent excess capacity. Then, in 2005, DOD's report transmitting its recommendations to the BRAC Commission[21] stated that, while it is difficult to measure the full extent of the improvements in effectiveness and efficiency of the BRAC 2005 recommendations, four statistics would illustrate the breadth and depth of the effect of its proposed actions. One of those statistics was the department's projection that DOD's plant-replacement value would be reduced by 5 percent.[22] After the BRAC Commission reviewed DOD's recommendations and made some changes, including reducing the number of closures at major installations,[23] DOD revised its estimate of the expected percentage reduction in plant-replacement value and projected that it would likely be around 3 percent. In 2012, the Deputy Under Secretary of Defense (Installations and Environment) said that these estimates from 2004 and 2005 suggested that roughly 20 percent excess capacity remained. However, because DOD's pre-BRAC excess capacity estimate, which is expressed as a percentage of bases, and plant replacement value, which is expressed in dollars, are not measured in the same units, they are not comparable measures.

In March 2013, the Acting Deputy Under Secretary of Defense (Installations and Environment) testified that the method upon which DOD's current estimate of 20 percent excess capacity is based is helpful

[20] *The Request for Authorization of Another BRAC Round and Additional Reductions in Overseas Bases, Before the Readiness Subcommittee of the House Committee on Armed Services*, 112th Cong. 38 (Mar. 8, 2012) (statement of Under Secretary of Defense (Installations and Environment) Dr. Dorothy Robyn); *Is Base Realignment and Closure (BRAC) Appropriate at this Time? Before the Readiness Subcommittee of the House Committee on Armed Services,* 113th Cong. 5 (Mar. 14, 2013) (statement of Acting Under Secretary of Defense (Installations and Environment) John Conger).

[21] Department of Defense, *Base Closure and Realignment Report* (May 2005).

[22] The other three statistics included eliminating about 18,000 civilian support positions; net annual savings of over $5 billion per year from BRAC 2005 actions, in addition to about $7 billion from previous BRAC rounds; and vacating about 12 million square feet of leased space.

[23] While DOD recommended closures at 33 major installations, the BRAC Commission recommended closures at 24 major installations.

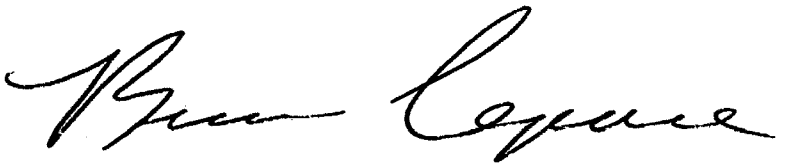
in making a broad assessment in determining whether an additional BRAC round is justified, but it cannot identify specific installations or functional configurations for realignment or closure. The Acting Deputy Under Secretary further stated that the specific capacity analysis that is an integral part of the BRAC process is preferable to aggregate metrics used in DOD's pre-BRAC estimates. He further stated that only through the BRAC process is the Department able to determine excess capacity by installation and by mission or function in a process that is thorough and fair.

Agency Comments

We provided a draft of this report to DOD for comment. In its written comments, which are reproduced in appendix I, DOD stated that we properly highlighted the limitations of its approach used to estimate excess capacity. In addition, DOD stated that our report provides proper context for its methodology by contrasting it with the extensive and detailed data collection and analysis that DOD has used to develop BRAC recommendations. DOD concluded that only through the BRAC process is it able to determine excess capacity by installation and mission or function in a fair and thorough way. DOD also provided a technical comment which we incorporated into our report.

We are sending copies of this report to appropriate congressional committees and the Secretary of Defense; the Secretaries of the Army, Navy, and Air Force; the Commandant of the Marine Corps; and the Director, Office of Management and Budget. This report is also available at no charge on our Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-4523 or leporeb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix II.



Brian J. Lepore
Director
Defense Capabilities and Management

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Appendix I: Comments from the Department of Defense

ACQUISITION, TECHNOLOGY AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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JUN 7 2013

Mr. Brian Lepore
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Lepore:

This is the Department of Defense (DoD) response to the GAO Draft Report 13-535, "Defense Infrastructure: DOD's Excess Capacity Estimating Methods Have Limitations" dated May 10, 2013 (GAO Code 351752).

The report properly highlights the limitations of the DoD parametric approach used to estimate excess capacity. By stating how such an approach used outside the BRAC process contrasts with the extensive and detailed analysis and data collection the Department uses to develop recommendations, the report provides the proper context for DoD's methodology. For example the report indicates the estimates are preliminary "to support the need for future BRAC" in contrast to DoD's collecting "an estimated 25 million pieces of capacity and military vale data" to formulate the development of recommendations. My recent testimony before Congress reiterates this difference: "...the parametric analytical approach is helpful in making a broad assessment to support a judgment that an additional BRAC round is justified..." However, as the Department has continued to caution, this approach is not intended to identify specific installations or organizations to realign or close. The specific capacity analysis that is an integral part of the BRAC process is preferable to aggregate metrics. The Department believes that only through a BRAC process is it able to determine excess capacity by installation and by mission or function in a process that is thorough and fair.

We continue to appreciate the work of the GAO in its review of BRAC related issues.

Sincerely,

John Conger
Acting Deputy Under Secretary of Defense
(Installations and Environment)

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Brian J. Lepore, (202) 512-4523 or leporeb@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Harold Reich (Assistant Director), Ronald Bergman, Timothy Burke, Susan Ditto, Gregory Marchand, Carol Petersen, Amie Steele, Laura Talbott, John Van Schaik, and John Wren made significant contributions to the report.

Related GAO Products

Military Bases: Opportunities Exist to Improve Future Base Realignment and Closure Rounds. GAO-13-149. Washington, D.C.: March 7, 2013.

GAO's 2013 High Risk Series: An Update. GAO-13-283. Washington, D.C.: February 2013.

DOD Joint Bases: Management Improvements Needed to Achieve Greater Efficiencies. GAO-13-134. Washington, D.C.: November 15, 2012.

Military Base Realignments and Closures: The National Geospatial-Intelligence Agency's Technology Center Construction Project. GAO-12-770R. Washington, D.C.: June 29, 2012.

Military Base Realignments and Closures: Updated Costs and Savings Estimates from BRAC 2005. GAO-12-709R. Washington, D.C.: June 29, 2012.

Military Base Realignments and Closures: Key Factors Contributing to BRAC 2005 Results. GAO-12-513T. Washington, D.C.: March 8, 2012.

Excess Facilities: DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts. GAO-11-814. Washington, D.C.: September 19, 2011.

Military Base Realignments and Closures: Review of the Iowa and Milan Army Ammunition Plants. GAO-11-488R. Washington, D.C.: April 1, 2011.

GAO's 2011 High-Risk Series: An Update. GAO-11-394T. Washington, D.C.: February 17, 2011.

Defense Infrastructure: High-Level Federal Interagency Coordination Is Warranted to Address Transportation Needs beyond the Scope of the Defense Access Roads Program. GAO-11-165. Washington, D.C.: January 26, 2011.

Military Base Realignments and Closures: DOD Is Taking Steps to Mitigate Challenges but Is Not Fully Reporting Some Additional Costs. GAO-10-725R. Washington, D.C.: July 21, 2010.

Defense Infrastructure: Army Needs to Improve Its Facility Planning Systems to Better Support Installations Experiencing Significant Growth. GAO-10-602. Washington, D.C.: June 24, 2010.

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Military Base Realignments and Closures: Higher Costs and Lower Savings Projected for Implementing Two Key Supply-Related BRAC Recommendations. GAO-08-315. Washington, D.C.: March 5, 2008.

Defense Infrastructure: Realignment of Air Force Special Operations Command Units to Cannon Air Force Base, New Mexico. GAO-08-244R. Washington, D.C.: January 18, 2008.

Military Base Realignments and Closures: Estimated Costs Have Increased and Estimated Savings Have Decreased. GAO-08-341T. Washington, D.C.: December 12, 2007.

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Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth. GAO-07-1007. Washington, D.C.: September 13, 2007.

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January 16, 2013

Congressional Committees

Subject: Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers

The Army considers its modular force transformation, which began in 2004, the most extensive restructuring it has undertaken since World War II. The foundation of the modular force is the modular brigade combat team. A primary goal of the restructuring effort was to increase the number of available brigade combat teams to meet operational requirements while maintaining combat effectiveness equal to or better than previous division-housed brigades. Restructuring the Army from a division-based force to one with the smaller modular brigade combat team as the standard combat unit has required an investment in "key enabler" equipment and personnel. "Key enabler" equipment and personnel—including those used for embedded combat support functions such as military intelligence, reconnaissance, and logistics—are defined as equipment and personnel that make a modular force or unit as capable as or more capable than the non-modular force or unit it replaced.

The Ike Skelton National Defense Authorization Act for Fiscal Year 2011,[1] which amended the John Warner National Defense Authorization Act for Fiscal Year 2007,[2] directed the Army to report annually on its progress in fulfilling the key enabler requirements of its modular units and in repairing, recapitalizing and replacing items used in support of overseas contingency operations. Specifically, the law required the Army to include, among other things, a comparison of the authorized level of key enabler equipment with the level of such equipment on hand and planned purchases; an identification of the risks associated with shortfalls, as well as mitigation strategies for addressing those risks; and the results of Army assessments of modular force capabilities. See enclosure I for the full text of the statutory reporting requirements. The law also directed us to review the report and to provide information and recommendations deemed to be appropriate in light of our review. The Army issued its fiscal year 2012 report in May 2012. In reviewing the Army's fiscal year 2012 report, we evaluated the extent to which the Army included information in response to the statutory reporting requirements and demonstrated progress in meeting modular force requirements.

In our review of the Army's fiscal year 2012 report on progress in fulfilling modularity requirements, we reviewed the reporting requirement enacted by section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007, as amended by section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011. The current

[1] Pub. L. No. 111-383, § 332 (2011).

[2] Pub. L. No. 109-364, § 323 (2006).

requirements are set out in a note following 10 U.S.C. §229 (see encl. I). To determine the extent to which the Army included information in response to the statutory reporting requirements and demonstrated progress in meeting modular force requirements, two GAO analysts independently reviewed the fiscal year 2012 report, comparing it with each element required by the law and determining whether each required reporting element was included. In the case of any conflicting determinations, a third GAO analyst adjudicated the difference. To gain a full understanding of the elements included in the annual report and to discuss the methodology used for collecting information and reporting on the Army's progress toward modular restructuring, we met with Army officials knowledgeable about compiling information for the report, key enabler personnel and equipment, equipment reset,[3] doctrine, and force structure changes. We also reviewed the Army's fiscal year 2011 report on progress in fulfilling modularity requirements to determine the extent to which the report could be compared with the fiscal year 2012 report to determine the extent of progress in fulfilling modularity requirements between fiscal years 2011 and 2012. Finally, we compared information in the Army's fiscal year 2012 report with our prior work on the usefulness of agency performance information.[4] For the purposes of our review, we defined "performance information" as data collected to measure progress toward achieving an agency's established mission or program-related goals.

We conducted this performance audit from August 2012 to January 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

In its fiscal year 2012 report, the Army included information that responded to some of the statutory reporting requirements, but did not include required information on the risks associated with, and mitigation strategies for, any shortfalls in key enabler personnel and equipment and a schedule for meeting personnel and equipment needs. The report included, among other things, an assessment of the status of key enabler personnel and equipment and information on assessments of modular force capabilities. However, the Army did not present the information it included in a way that clearly demonstrated the extent of progress toward meeting modular force requirements. While not explicitly required by law, there were also a number of ways in which the Army could have presented the information to better demonstrate the extent of progress toward meeting modularity requirements. For example, the Army could have provided more explicit comparisons with prior years to demonstrate the trend toward meeting key enabler equipment and personnel requirements, but instead presented limited data for only one year. Army officials agreed that some of the required information was omitted and that some of the information could have been presented in a manner to more clearly demonstrate the extent of progress. A key reason for the limitations in presentation, according to the officials in charge of compiling the report, was that the various offices tasked with providing information needed to respond to the statutory requirements used their own judgment about the amount and format of

[3] Reset is defined as the repair, recapitalization, and replacement of equipment and materiel.

[4] GAO, *Results-Oriented Management: Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*, GAO-09-676 (Washington, D.C.: Aug. 17, 2009).

information they included, which resulted in inconsistencies in the level of detail provided and the degree to which information was explained. Further, the Army did not ensure that performance information was reported in a consistent manner and that all issues were addressed and sufficiently explained by providing guidance on the level and type of detail required or taking steps to ensure the information was clear and consistent. To be useful, performance information must meet users' needs for completeness, accuracy, consistency, and ease of use.[5] Without guidance on how information should be reported to ensure the collection of more complete and clear information, the Army's future annual reports may not provide clear and complete information that is useful to congressional decision makers.

Background

A significant change of the Army's transition to a modular design was that each modular brigade combat team would include two combat-focused, or maneuver, battalions, as opposed to the three maneuver battalions that made up a combat brigade in the previous divisional structure. However, the new modular brigades were envisioned to be just as capable due to different equipment—including key enabler equipment such as advanced communications and surveillance equipment—and specialized personnel. The Army planned to reconfigure its total force—including both active and reserve components—into a standardized modular design. These standardized modular unit designs were implemented in the Army Reserves and National Guard with the same organizational structure, equipment, and personnel requirements as active duty units. The Army expects that all its brigades will convert to modular designs as of fiscal year 2013.

In September 2011 the Army issued a report that should have responded to section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011, which amended the reporting requirements in section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007. In our review of that report,[6] however, we noted that the report had addressed the outdated requirements set out in the John Warner National Defense Authorization Act for Fiscal Year 2007, rather than the amended requirements. Army officials agreed, and in May 2012, the Army reissued the fiscal year 2011 report along with the fiscal year 2012 report. The fiscal year 2012 report is based on data from the fiscal year 2013 President's budget submission, and does not reflect any anticipated changes to the Army budget or modular force structure not reflected in that budget. Through an initiative called Army 2020, the Army is studying its future operational environment, roles and missions, and changes to the structure of the modular forces. However, the Army has not yet made decisions about the modular forces' future organization and requirements.

Army Included Some Statutorily Required Information in Fiscal Year 2012 Report but Did Not Clearly Demonstrate Extent of Progress Toward Meeting Modularity Requirements

The Army included information related to the status of key enabler personnel and equipment, assessments of modular force capabilities, the status of doctrine for the modular forces, and comments of the Army Reserve and National Guard in its fiscal year 2012 report in response to the statutory reporting requirements, but omitted other required items, such

[5] GAO-09-676.

[6] GAO, *Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring*, GAO-12-527R (Washington, D.C.: Mar. 26, 2012).

as the risks and mitigation strategies associated with shortfalls in key enabler personnel and equipment. In addition, the performance information the Army included did not clearly demonstrate the extent to which the Army has made progress in meeting modular force requirements. We have previously reported that to be useful, performance information must meet users' needs for completeness, accuracy, consistency, and ease of use.[7] We have also reported that even in instances where agencies produce a great deal of performance information, this information may not be presented in a manner that is useful for congressional decision making.[8] Because the Army did not provide guidance on the level and type of detail to be included in the report or take additional steps to ensure clarity and consistency of information, the various offices providing information for the report used their own judgment as to the amount and format of information. In the following sections we examine the extent to which the Army included the statutorily required information as well as the extent to which the information was presented in a way that is useful for assessing progress in meeting modularity requirements.

Army Included Required Assessment of Key Enabler Equipment and Personnel, but Did Not Clearly Communicate the Extent of Progress

The law required the Army to include in the report an assessment of the key enabler personnel and equipment of the Army, including a comparison of the authorized levels of key enabler equipment, the levels of key enabler equipment on hand, and the planned purchases of key enabler equipment set forth in the Future Years Defense Program (FYDP). It also required the Army to include a comparison of the authorized and actual personnel levels for personnel with key enabler personnel specialties with the requirements for those specialties. In addition, the law required the Army to identify any shortfalls revealed by these comparisons, and to include an assessment of the number and type of key enabler equipment that the Army projects it will have on hand by the end of the FYDP that will require repair, recapitalization, or replacement at or before the end of the time period covered by the FYDP.

In response to the statutory requirement to include an assessment of key enabler personnel, the Army included a discussion of a number of key enabler specialties, providing percentages of the personnel on hand for these specialties relative to the requirement. However, while not explicitly required by the legislation, the Army's progress in meeting personnel requirements was not as clear as it could have been because the Army did not include how many persons in the specialties are required or the actual numbers of persons performing in these specialties. For example, the report stated that the number of counterintelligence agents increased to 71 percent of the requirement. Without the number of counterintelligence agents, it is difficult to determine the magnitude of the effect of the gap in agents on the forces or the resources required to close the gap. The Army's report stated that overall, key enabler requirements stabilized after fiscal year 2011, allowing the Army to progress in closing the gap in key enabler personnel shortfalls. However, the Army did not provide comparisons with information from previous years on each personnel specialty, which while not required by the legislation, would have more clearly demonstrated the extent of progress. Further, inconsistencies in reporting on the personnel specialties with gaps

[7] GAO-09-676.

[8] GAO, *Managing for Results: A Guide for Using the GPRA Modernization Act to Help Inform Congressional Decision Making*, GAO-12-621SP (Washington, D.C.: June 15, 2012).

between the fiscal year 2011 report and the fiscal year 2012 report hindered the ability to assess progress by comparing the two reports.

The Army included required information on equipment levels in the following forms:

- a section entitled "Army Equipment Modernization Update," which listed 10 systems in the fiscal year 2013 President's budget request that the report said are critical to the Army's success in current and future operations

- two appendixes listing key enabler systems, ranging from tractors to unmanned aerial vehicles, with their associated funding levels for fiscal year 2012 and the requested funding levels for fiscal year 2013

- an appendix showing fiscal year 2017 (the end of the then-current FYDP) authorized equipment, on-hand equipment, planned procurements, and anticipated shortages for the Army's "major capabilities" and "families of systems," which the Army officials told us are major groupings that encompass all the Army's equipment spending and include various systems.

However, the way the information was presented did not clearly communicate the extent to which the Army has made progress toward meeting key enabler personnel and equipment requirements. For example, the extent to which shortfalls exist for specific key enabler equipment is not clearly demonstrated because the shortfalls are only shown by major groupings of systems, thereby masking whether shortfalls exist in specific items that might be critical to mission success. In addition, the report does not provide comparisons with previous years, so it is difficult to determine from the report alone whether the Army has made progress in fulfilling key enabler equipment requirements. Since the report does not list shortfalls for specific key enabler systems, it is not possible to make a comparison with the fiscal year 2011 report in order to observe a trend. While comparisons with prior years were not explicitly required by the law, the ability to observe a trend would provide a better picture of the extent to which progress has been made.

Army Included Information on Assessments of Modular Force Capabilities and Doctrine, but Provided Few Details

The law required that the report include information about the results of Army assessments of modular force capabilities, including lessons learned from existing modular units and any modifications that have been made to modularity, and a description of the status of development of doctrine on how the modular forces will train, be sustained, and fight.

The report stated that the results of Army assessments of modular force capabilities, including lessons learned from existing modular units, have driven several modifications to modularity but the report did not clarify the nature of the lessons learned from the assessments and the nature of the doctrinal changes the Army has made. To date these modifications have required only minor alterations to the design of modular units, although the Army is studying the possibility of more significant changes, such as adding an additional maneuver battalion to the modular brigade combat teams, bringing the total number of maneuver battalions in each brigade combat team to three. According to the report, one result of lessons learned was the identification of the need for increases in the number of medical specialists, electronic warfare specialists, company intelligence support teams, and unit supply specialists. Lessons learned have also led to changes in the way

modular forces are equipped and trained and to doctrinal changes. The Army has an ongoing process to collect and analyze lessons learned which has informed the revision of Army doctrine, as well as training and educating the modular force in its core competencies. However, beyond the details noted above, the report did not elaborate on the nature of the lessons learned from assessments or the experiences of modular forces on the battlefield, nor give examples of the changes made to doctrine. Army officials told us that they track all lessons learned from experience with the modular forces, as well as all changes made to modular force structure as a result of lessons learned. As a result, additional information is available and could be reported. In addition, Army officials said that it would be possible to provide details of the doctrinal changes in future annual reports.

Army Reserve and National Guard Commented on Some Aspects of the Report

The law required that the report include comments from the Chief of the National Guard Bureau and the Chief of the Army Reserve on each of the other required reporting elements. The Army's report included the comments of the Director of the Army National Guard and the Chief of the Army Reserve. Army officials told us that they included the comments of the Director of the Army National Guard rather than the Chief of the National Guard Bureau because the National Guard Bureau is a coordinating organization that includes both the Army National Guard and the Air National Guard, while the Army National Guard has the responsibility of training and equipping Army National Guard forces.

Both the Army National Guard and the Army Reserve provided comments on some of the required reporting elements, but some issues were not addressed. For example, the Army Reserve stated that for key enabler equipment, it continues to improve equipment on hand and modernization levels, and that by the end of fiscal year 2012, it expects to have 86 percent of equipment on hand and 66 percent modernization levels. The Army National Guard also provided information on key enabler equipment, stating that equipment on hand is at 89 percent and will continue to improve. However, the reserve components did not comment on each of the required reporting elements. For example, the reserve components did not comment on the comparison of actual personnel levels for key enabler specialties with the requirements for those specialties.

Army Did Not Consistently Itemize Information by Component or Employ a Consistent Definition of Key Enabler

The law requires the information presented in the report to be itemized by active component and reserve component, and provides a definition of key enabler equipment and personnel for purposes of the report. However, information was not clearly itemized throughout the report, and it was unclear as to whether a common definition of key enabler was used consistently. The Army itemized some of the information on key enabler equipment status by component in the report, but Army officials told us that personnel information presented in the report reflected only the active component. The Army did not clarify this in the report, however. In addition, Army officials told us they tasked the personnel section of the report to the personnel office of Army headquarters staff, which does not have access to all reserve component personnel data. Finally, Army officials told us that the information reported on the status of equipment reset reflected all Army components combined. The Army did not clarify this in the report, however.

Regarding the statutory definition of "key enabler," it was also unclear whether the Army used a common definition of key enabler, consistent with the definition provided in the law,

for the purposes of the report because information on equipment is presented inconsistently throughout the report. One section of the report lists 10 key systems, two appendixes provide longer lists of systems in which some but not all of the 10 key systems are included, and another appendix lists major groupings of systems encompassing all the Army's equipment spending. As a result, it is unclear which systems are the key enablers and whether the systems listed fit within the definition provided in the statute.

Army Did Not Address the Requirement to Identify Risks Associated with Shortfalls and Strategies for Mitigation or Provide a Schedule for Meeting Personnel and Equipment Needs

The law required an identification of risks associated with identified shortfalls and mitigation strategies to address those risks, as well as a schedule for fulfilling key enabler equipment requirements and equipment reset.

While the Army's fiscal year 2012 report did provide some information on shortfalls in key enabler personnel and equipment, it did not discuss the risks, if any, to the forces of these shortfalls, and did not identify a strategy by which the Army mitigates any such risks. Army officials we spoke with agreed that this discussion was missing from the report and stated that in future reports they would include this information. Furthermore, they told us some reasons for shortfalls and steps the Army has taken to mitigate these shortfalls. In the case of key enabler personnel, Army officials said that shortfalls have been caused by the growth in requirements for certain key specialties needed for modular units, and that the Army has had difficulty meeting these needs due to the time required to develop specialized skills. Army officials told us that to compensate the Army has adopted strategies such as increasing the personnel deployment tempo for key specialties or substituting with personnel from related fields. In the case of key enabler equipment, officials said that the Army has in some cases deliberately chosen not to meet stated requirements due to the costs involved. Also, to meet deployed units' equipment needs in these areas, the Army has positioned some key equipment in theater, allowing units rotating into theater to obtain the equipment there, and has positioned some of the same equipment at major training centers in the United States to enable units to train with the equipment. Modular equipment requirements were established in order to meet the needs of high-intensity combat, officials noted, whereas in recent years the Army has been predominantly occupied with other types of operations that had different equipping needs than those originally planned for.

In addition, the Army did not include a schedule for fulfilling key enabler equipment requirements and for repairing, recapitalizing, and replacing equipment and materiel used in support of overseas contingency operations and their associated sustainment. Army officials stated that the Army has chosen to equip forces as efficiently as possible by selectively purchasing key enabler equipment to share among units for training and by meeting deployed forces' needs by providing key enabler equipment in the theater of operations. Because the Army does not intend to purchase equipment to meet all key enabler requirements, officials said they have not developed a schedule to meet all key enabler equipment requirements. The Army presented its total planned procurements through fiscal year 2017 in an appendix of the report. However, the information is not broken out by fiscal year in the report, and it is not clear what percentage of the requirement for specific key enabler systems the Army plans to acquire. Additionally, with regard to equipment reset, Army officials stated that contingency operations and thus equipment repair or replacement needs are unpredictable–such as the number of battle losses and the related amount of wear-and-tear on equipment. The officials stated that this lack of predictability makes it impossible to forecast future requirements for repair, recapitalization, and replacement of

equipment used in contingency operations. Therefore, Army officials stated that the Army cannot develop a schedule for meeting such future requirements.

Lack of Supplemental Guidance to Ensure Completeness Led to Insufficient Information

Army officials told us that they compiled the report using information they received from Army offices with expertise in relevant areas such as personnel and equipment. Specifically, the officials in these offices were provided with copies of the statute setting out the requirements for the Army's report, but the officials were not given additional guidance specifying the format they should use when providing information to the officials compiling the report or the level of detail expected. Army offices interpreted the statutory requirements for themselves when concluding what information they should provide, and, as a result, the information provided by the various offices was inconsistent in format and detail. Army officials agreed that some of the required information was omitted and that some of the information could have been presented in a manner to more clearly demonstrate progress. Without more detailed guidance to the various offices providing the information, future annual reports may not provide congressional decision makers with a clear understanding of the extent to which the Army has made progress in meeting modular force requirements.

Conclusions

The Army expects that its forces will have completed the transition to modular designs by the end of fiscal year 2013, and has received substantial funds to restructure and rebuild its forces. However, the Army still has not reported clearly and completely on its progress in meeting modularity requirements. The Army's fiscal year 2012 report included some of the information required by law, but the extent to which progress has been made is still unclear, as are the types of tradeoffs and risk mitigation strategies the Army has adopted to meet the needs of ongoing operations. Until the Army provides guidance to the offices submitting information for the report specifying the level and type of detail required, decision makers in Congress will not be in the best position to make program and funding decisions as the Army considers and adopts further changes to its organization and force structure.

Recommendation for Executive Action

To better provide Congress with information needed to conduct oversight and make decisions on programs and funding, we recommend that the Secretary of the Army provide guidance on the level and type of detail needed to each office within the Army responsible for providing information to officials compiling the annual report on the Army's progress in meeting modular force requirements. Such guidance should at a minimum ensure that future reports provide comparisons with information from prior years to identify trends and therefore the extent of progress made in fulfilling modular force requirements; identify specific lessons learned and link them to key modifications made to modular forces; identify key doctrinal changes made and their significance to the modular forces; use a consistent definition of "key enabler" equipment and personnel, consistent with the statutory definition, throughout the report; and include both active and reserve component information throughout the report.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of the Army for comment. In its written comments, reproduced in enclosure II, the Army generally concurred with our findings that additional, and more detailed, information could have added clarity to its report, but did not identify any actions it planned to take in response to our recommendation. The Army provided some additional information related to the legislative reporting requirements, but did not specifically respond to our recommendation to provide guidance to each office within the Army responsible for providing data for the report. In its comments, the Army identified five items as GAO recommendations. Although each item was related to the contents of our report, we did not make these specific recommendations. For example, the Army said that GAO had recommended that the Army's report include input from the Army Reserve and Army National Guard leadership and stated that the Army did not agree because it had included comments from the Army Reserve and Army National Guard leaders. However, we made no such recommendation and noted that the Army's report had included comments from the Army Reserve and Army National Guard on some of the required reporting elements. Instead, we noted that some areas of the Army's report did not include reserve component data, such as the comparison of key enabler personnel. We continue to believe that the Army should develop guidance to ensure that future reports are clearer and more complete. We have revised the wording of our recommendation to clarify that we are recommending that the Army provide guidance on the level and type of detail required for future reports. We also revised the wording of the recommendation to specify that the Army should include both active and reserve component data throughout the report.

We are sending copies of this report to the Secretary of the Army and appropriate congressional committees. The report is also available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure III.

John H. Pendleton, Director
Defense Capabilities and Management

Enclosures - 3

List of Committees

The Honorable Carl Levin
Chairman
The Honorable James Inhofe
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable C.W. "Bill" Young
Chairman
The Honorable Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Statutory Reporting Requirements

The following is the text of the legislative mandate for the Army's annual report on progress in meeting modularity requirements as well as the mandate for GAO to review the report.[9]

(c) Annual report on Army progress.--(1) On the date on which the President submits to Congress the budget for a fiscal year under 31 U.S.C. §1105, the Secretary of the Army shall submit to the congressional defense committees a report setting forth the progress of the Army in fulfilling the key enabler equipment requirements of modular units and in repairing, recapitalizing, and replacing equipment and materiel used in support of overseas contingency operations underway as of the date of such report, and associated sustainment. Any information included in the report shall be itemized by active duty component and reserve component.

"(2) Each such report shall include the following:

"(A) An assessment of the key enabler equipment and personnel of the army, including—

"(i) A comparison of—

"(I) the authorized level of key enabler equipment;

"(II) the level of key enabler equipment on hand; and

"(III) the planned purchases of key enabler equipment as set forth in the future-years defense program submitted with the budget for such fiscal year;

"(ii) a comparison of the authorized and actual personnel levels for personnel with key enabler personnel specialities with the requirements for key enabler personnel specialties;

"(iii) an identification of any shortfalls indicated by the comparisons in clauses (i) and (ii); and

"(iv) an assessment of the number and type of key enabler equipment that the Army projects it will have on hand by the end of such future-years defense program that will require repair, recapitalization, or replacement at or before the end of the time period covered by such future-years defense program (which assessment shall account for additional repair, recapitalization, or replacement resulting from use of key enabler equipment in overseas contingency operations).

"(B) If an assessment under subparagraph (A) identifies shortfalls that will exist within the period covered by the future-years defense program submitted in such fiscal year, an identification of the risks associated with such shortfalls and mitigation strategies to address such risks.

"(C) A schedule for the accomplishment of the purposes set forth in paragraph (1).

[9] Pub. L. No. 111-383, § 332 (2011), which amended Pub. L. No. 109-364, § 323 (2006). This language can be found in a note following 10 U.S.C. §229.

"**(D)** The results of Army assessments of modular force capabilities, including lessons learned from existing modular units and any modifications that have been made to modularity.

"**(E)** A description of the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight.

"**(F)** The comments of the Chief of the National Guard Bureau and the Chief of the Army Reserve on each of the items described in subparagraphs (A) through (E).

"**(d) Annual Comptroller General report on Army Progress.**--Not later than 180 days after the date on which the Secretary of the Army submits a report under subsection (c), the Comptroller General of the United States shall submit to the congressional defense committees a report setting forth the Comptroller General's review of such report. Each report under this subsection shall include such information and recommendations as the Comptroller General considers appropriate in light of such review.

"**(e) Definitions.**--In this section:

"**(1)** The term 'contingency operation' has the meaning given that term in 10 U.S.C. 101 (a)(13). "**(2)** The term 'key enabler', in the case of equipment or personnel, means equipment or personnel, as the case may be, that make a modular force or unit as capable or more capable than the non-modular force or unit it replaced, including the following:

"**(A)** Equipment such as tactical and high frequency radio, tactical wheeled vehicles, battle command systems, unmanned aerial vehicles, all-source analysis systems, analysis and control elements, fire support sensor systems, firefinder radar, joint network nodes, long-range advanced scout surveillance systems, Trojan Spirit systems (or any successor system), and any other equipment items identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced.

"**(B)** Personnel in specialties needed to operate or support the equipment specified in subparagraph (A) and personnel in specialties relating to civil affairs, communication and information systems operation, explosive ordinance disposal, military intelligence, psychological operations, and any other personnel specialties identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced.

Comments from the Department of the Army

DEPARTMENT OF THE ARMY
Office of the Deputy Chief of Staff, G-3/5/7
400 Army Pentagon
Washington, DC 20310-0400

DAMO-FM

5 DECEMBER 2012

MEMORANDUM FOR Mr. John Pendleton, Director, Defense Capabilities and Management, U.S. Government Accountability Office, 441 G Street, NW, Washington, DC 20548

SUBJECT: GAO Draft Report, GAO-13-183R (GAO Code 351756), "Force Structure: Army Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers."

1. This is the Department of Defense (DOD) response to the GAO Draft Report, GAO-13-183R, "Force Structure: Army Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers," dated November 20, 2012.

2. The Army has reviewed the draft report submitted by the Government Accountability Office (GAO) on 21 November 2012 which reflects a review of the Fiscal Year (FY) 2012 Army report on modularity. The report concluded the Army met the statutory reporting requirement, but had not reported clearly and completely on the progress of modularity. The Army concurs with the findings that additional, and more detailed information, could have added clarity to both equipment and personnel analyses.

3. Enclosed is our specific response to the report recommendation. Please extend our appreciation to your auditors for the work performed.

4. My POC is Mr. Dan Egbert, 703-693-3241, Daniel.j.egbert3.civ@mail.mil.

Encl

for JOHN M. MURRAY 20121205
Major General, GS
Director, Force Management

ENCL

(1) GAO Recommendation: Include comparisons of the authorized level of key enabler personnel and equipment on hand along with the plan for future equipment purchases/personnel accessions to attain required endstates.

Army Position: Concur with comment. (1) Personnel: The Army noted that the FY 2012 personnel inventory was generally sufficient to meet operational demand. There remained select enabler skill sets which fell below the 90% threshold. Most of these were Electronic Warfare Specialists (29E) which remained at 78%, Counter Intelligence Agents (35L) and Cryptologic Specialists (35P) which improved to 71% and 72%, respectively. One exception to the stabilization of key enabler requirements was the growth of Civil Affairs capability in support of the Army's General Purpose Forces. While projections show that 29E, 35L and 35P should achieve fill rates on ~ 90% by the end of FY 2012; it will take several years to generate the inventory required to meet the overall Civil Affairs demand. (2) Equipment: The Army provided GAO projected FY 2013 funding of equipment for key shortages, modernization by component, authorized, on-hand, procurements, and shortages as reflected in the FY 2012 PB and the FY 2013 PB. Equipment data was provided for all major end items rolled to Major Capabilities for all equipment and by Line Item Numbered (LIN) Families for key enablers. On-hand, procurements and shortages were projected to FY 2017 based on existing inventory, prior year and requested procurements. The on-hand projected inventory only includes modernized equipment (older equipment is expected to be divested by FY 2017). The Army also provided the quantities expected to be repaired, replaced and recapitalized in FY 2012 based on other contingency operation requirements.

(2) GAO Recommendation: Address the risks associated with personnel and equipment shortfalls.

Army Position: Concur with comment. (1) Personnel. The Army noted that even though shortages of some skill sets existed at the beginning of FY 2012, the vast majority of the key enabler personnel inventories exceeded 90% of the documented requirement. This inventory was generally sufficient to meet operational demand while allowing Soldiers adequate dwell time between deployments. Although not stated in the Draft Report, Army Subject Matter Experts (SME's) did discuss the role that Army Manning Guidance plays in managing personnel risk by directing manning levels consistent with Army priorities. (2) Equipment. The report cited the fact that equipping shortfalls and associated risk is reduced by the fact that common organizational designs enable deploying units to cross level equipment at home station minimizing friction between rotating units by decreasing the requirement to ship equipment into and out of theater, increasing the training time available to the arriving unit, and decreasing the reset requirement for the unit returning to home station. The report noted that Army continued to leverage all available resources – new

production, Reset, and equipment redistribution, cross-leveling, and the use of Army Preposition Stock (APS) - to meet unit equipment requirements and minimize the risk associated with known equipment shortfalls.

(3) GAO Recommendation: Identify mitigation strategies for addressing personnel and equipment risks.

Army Position: Concur with comment. (1) Personnel. The Army noted that significant challenges existed in meeting the demands related to growing key personnel capabilities required of the modular force. As noted above, the FY 2012 inventory was generally sufficient to meet operational demand. Although not stated in the Draft Report, Army Subject Matter Experts (SME's) did discuss the role that Army Manning Guidance plays to manage expectations by establishing manning priorities for all Army units. (2) Equipment. The Army noted that through the examination of equipment portfolios, coupled with the implementation of ARFORGEN equipping methodology, the Army has achieved a balanced, fiscally responsible FY 2013 Research, Development and Acquisition request.

(4) GAO Recommendation: Address the results of Army assessments of modular force capabilities.

Army Position: Concur with comment. The Army reported that assessments of modular force capabilities, including lessons learned from modular units in combat have driven several modifications to the modular force in manning and equipping but only minor design modifications. For example, lessons learned identified the need for increases in medical specialists, electronic warfare specialists, Company Intelligence Support Teams and unit supply specialists. Adapting to an evolving enemy strategy forced the Army to continually refined how modular formations train and fight given new doctrine, tactics, techniques and procedures, and rapid acquisition and fielding of new equipment.

(5) GAO Recommendation: Include input the from the USAR and ARNG leadership.

Army Position: Nonconcur. Both the USAR and ARNG provided comments required of the legislation. Both the USAR and ARNG chose to focus their comments on how equipping modular formations and equipment on hand had increased since the previous report. The Army Reserve projected its equipment on hand to be at 86 percent and its modernization levels to be at 66 percent modernization levels by the end for FY 2012. The Army Reserve noted that it continued to rely on a combination of theater provided equipment, cross-leveling, and new Army procurements to meet deployment training and mission requirements. The ARNG noted that the pre-9/11 equipment on hand percentage was approximately 70 percent and projected its equipment on hand status to be at 89 percent by the end for FY 2012.

GAO Contact and Staff Acknowledgments

GAO Contact

John H. Pendleton, (404) 679-1816 or pendletonj@gao.gov

Staff Acknowledgments

In addition to the contact named above, Margaret Morgan, Assistant Director; Chaneé Gaskin; Simon Hirschfeld; Ashley Houston; Mae Jones; Kelly Rubin; and Nicole Willems made significant contributions to this report.

(351756)

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GAO-12-711

United States Government Accountability Office

GAO

Report to the Committee on Armed Services, U.S. Senate

June 2012

FORCE STRUCTURE

Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions

G A O

Accountability * Integrity * Reliability

GAO-12-711

June 2012

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Accountability * Integrity * Reliability

Highlights

Highlights of GAO-12-711, a report to the Committee on Armed Services, U.S. Senate

FORCE STRUCTURE

Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions

Why GAO Did This Study

In January 2012, DOD issued new strategic guidance on defense budget priorities, indicating that it must rebalance its overseas force posture—including the forward stationing of Navy ships in Spain for ballistic missile defense and the reduction of U.S. Army forces in Europe—in the face of deficit reduction. Similarly, DOD reported in its 2011 *Global Defense Posture Report to Congress* that savings associated with permanently stationing forces in the United States rather than overseas are often offset by such factors as increased rotational costs. Based on direction from the Senate Armed Services Committee, GAO evaluated the extent to which DOD has (1) conducted analysis to support recent overseas posture decisions and (2) developed a process for making posture decisions that align with strategy and consider costs. GAO assessed two recent posture initiatives, DOD plans and guidance related to posture, and theater posture plans from each combatant command.

What GAO Recommends

GAO recommends that DOD conduct a comprehensive cost analysis associated with the Navy's decision to station ships in Rota, assess options and costs related to rotating forces in Europe, and clarify roles and responsibilities of key entities to collect cost data on initiatives. DOD generally agreed with GAO's recommendations and identified corrective actions, but additional steps are needed to fully address GAO's recommendation that the Navy further assess options and costs for ballistic missile defense.

View GAO-12-711. For more information, contact John Pendleton at (404) 679-1816 or pendletonj@gao.gov.

What GAO Found

Although the Department of Defense (DOD) has conducted some analysis to support two recent global posture decisions, the full cost implications of these decisions are unknown.

- *Forward deployment and permanent stationing of U.S. Navy ships in Rota.* The Navy considered three options: (1) deploying ships to the region from U.S. bases, (2) forward stationing ships and crews overseas, and (3) deploying ships to the region and rotating crews from U.S. bases. The Navy concluded that forward stationing ships was the most efficient option, but GAO found that it did not fully consider the option to rotate crews from U.S. bases and, in a classified analysis, it used different assumptions for forward stationing versus deploying from the United States. These assumptions could affect the results of the analysis and have long-term cost implications. GAO's *Cost Estimating and Assessment Guide* states that a business case or cost-benefit analysis finds the best value solution by presenting facts and supporting details among competing alternatives, including the life cycle costs and benefits, and sensitivity to changes in assumptions. Without an analysis that controls for differing assumptions or considers factors such as complete life cycle costs, the long-term costs associated with its decision to forward station ships will remain unknown.

- *Reduction of U.S. Army force structure in Europe.* The planned reductions of U.S. Army forces in Europe will likely save money; however, decisions that could affect the extent of the savings are pending. For example, a 2010 Army analysis found $2 billion in savings over 10 years by returning forces from Germany, but assumed that new facilities estimated at $800 million would need to be built in the United States to house them. However, present planned reductions in overall Army end strength could eliminate the need for new construction. Further, DOD announced that it will rotate forces from the United States to Europe, but the nature of the rotations—which could include significant costs depending on their size and frequency—has not yet been defined. According to DOD officials, until such determinations are made, the savings to DOD will remain uncertain.

DOD has taken steps to align posture initiatives with strategy and cost, but continues to lack comprehensive and consistent cost estimates of initiatives. DOD's evolving posture process links initiatives with defense goals. Stakeholders from key DOD entities prioritize the initiatives in a voting process based on strategic criteria; cost is discussed, but not voted on. Furthermore, combatant commands did not completely and consistently report cost data in their theater posture plans because of the lack of readily available cost information. GAO found two primary reasons for this: unclear roles and responsibilities of key DOD organizations that have access to the cost data needed to compile and report comprehensive cost estimates and lack of a standardized format to compile and report cost data from component commands. Until these cost data are comprehensively compiled and reported, DOD and congressional decision makers will be unable to assess the true cost of posture initiatives.

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Abbreviations

DOD	Department of Defense
OSD	Office of the Secretary of Defense

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GAO
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United States Government Accountability Office
Washington, DC 20548

June 6, 2012

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

In January 2012, the Department of Defense (DOD) issued new strategic guidance on defense budget priorities, indicating that it must rebalance its forces overseas in the face of the approaching end of a decade of war, a changing technological and geopolitical landscape, and the national security imperative of deficit reduction.[1] The same month, the administration announced a renewed strategic focus on the Asia-Pacific region and an adjustment of U.S. forces in Europe that included a decrease in permanently stationed forces while increasing the forces rotated temporarily to maintain presence and demonstrate commitment. Previously, the 2010 Quadrennial Defense Review highlighted the importance of periodically assessing and tailoring global defense posture in light of continued globalization and enduring transnational threats.[2] These recent changes are the latest in DOD's continuing efforts to do so.

This report is one in a series of GAO reports on DOD's global defense posture. Since 2006, we have reported on issues related to DOD's overall global posture strategy and management practices, the military buildup on Guam, the transformation of Army posture in Europe, and the establishment of U.S. Africa Command.[3] Those reports contain a number of recommendations to improve DOD's management of these efforts and to enhance the information that DOD makes available about them to

[1] DOD, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (Washington, D.C.: Jan. 3, 2012).

[2] In DOD's 2010 Quadrennial Defense Review, DOD identified global defense posture as (1) forward stationed and rotationally deployed forces, capabilities, and equipment; (2) a supporting overseas network of infrastructure and facilities; and (3) a series of treaty, access, transit and status-protection agreements and arrangements with allies and key partners.

[3] GAO, *Defense Management: Additional Cost Information and Stakeholder Input Needed to Assess Military Posture in Europe*, GAO-11-131 (Washington, D.C.: Feb. 3, 2011).

decision makers in the executive branch and Congress. In many cases, DOD has agreed with our recommendations and has taken actions to implement them. A list of these related products is included at the end of this report.

Congressional committees have also taken several actions in recent years that emphasize the need for DOD to consider fiscal constraints in defense planning. For example, the Senate Armed Services Committee report accompanying a proposed bill for the National Defense Authorization Act for Fiscal Year 2012 directed DOD to update the committee on its plans to implement GAO's previous recommendations to more accurately and comprehensively account for costs related to theater posture plans.[4] The committee report also directed GAO to assess the methodology and assumptions behind the assertion DOD made in its 2011 *Global Defense Posture Report to Congress* that savings associated with permanently stationing forces in the United States rather than overseas are often offset by such factors as increased rotational costs. Consequently, this report examines the extent to which DOD has (1) conducted an analysis of costs and savings associated with recent overseas posture decisions and (2) developed a process for making decisions about global posture initiatives that align with strategy and consider costs, as well as efforts made by combatant commands to compile and report comprehensive cost data on both existing global posture and new initiatives in their theater posture plans.

To determine the extent to which DOD conducted analysis of costs and savings associated with recent overseas posture decisions, we reviewed DOD documented cost data and collected additional information by interviewing officials associated with two major global force posture initiatives that DOD officials identified to support its conclusion that cost savings associated with permanently stationing forces in the United States rather than overseas are often offset by such factors as increased rotational costs: the stationing of four Navy destroyers in Rota, Spain, to provide ballistic missile defense for the region and the reduction of permanently stationed Army forces in Europe. To determine the extent to which DOD conducted analysis to support the decision to station four Navy destroyers in Rota, Spain, we analyzed key documents and briefings provided by the U.S. Navy, U.S. European Command, and

[4] *See* S. Rep. No. 112-26, at 191-92 (2011).

Naval Station Rota; conducted a site visit to Naval Station Rota; and interviewed officials from the U.S. Navy, Office of the Chief of Naval Operations; U.S. European Command; U.S. Navy Europe; and Naval Station Rota. To determine the extent to which DOD conducted analysis to support Army force structure reductions in Europe, we conducted a site visit to Germany; reviewed key documents from U.S. European Command and U.S. Army Europe that describe the status of planned force structure changes in Europe, including U.S. European Command's 2010 and 2011 theater posture plans; and interviewed officials from the Office of the Secretary of Defense (OSD); OSD Cost Assessment and Program Evaluation; Office of the Under Secretary of Defense (Comptroller); Department of the Army, Program Assessment and Evaluation Division; U.S. European Command; and U.S. Army Europe. We also analyzed and assessed cost estimates for several courses of action associated with the number of Army brigade combat teams in Europe developed by the U.S. Army, Program Assessment and Evaluation Division, against our cost estimating criteria to determine the extent to which Army analysts employed best practices when developing the estimates.

To determine the extent to which DOD has a process in place for making decisions about global posture initiatives that aligns with strategy and considers costs, including progress made by combatant commands to compile and report comprehensive cost data on existing posture and new initiatives in their theater posture plans, we evaluated core global posture strategy documents, current and draft DOD guidance, and other documentation we collected through interviews with officials from OSD; the Joint Staff; U.S. European Command and its three service component commands; U.S. Pacific Command; U.S. Africa Command; the four service headquarters; OSD Cost Assessment and Program Evaluation; the Office of the Under Secretary of Defense (Comptroller); and the Office of Under Secretary of Defense for Acquisition, Technology and Logistics. We also observed the Joint Staff's November 2011 Posture Review Seminar and analyzed and evaluated theater posture plans from 2010 and 2011 for each combatant command.

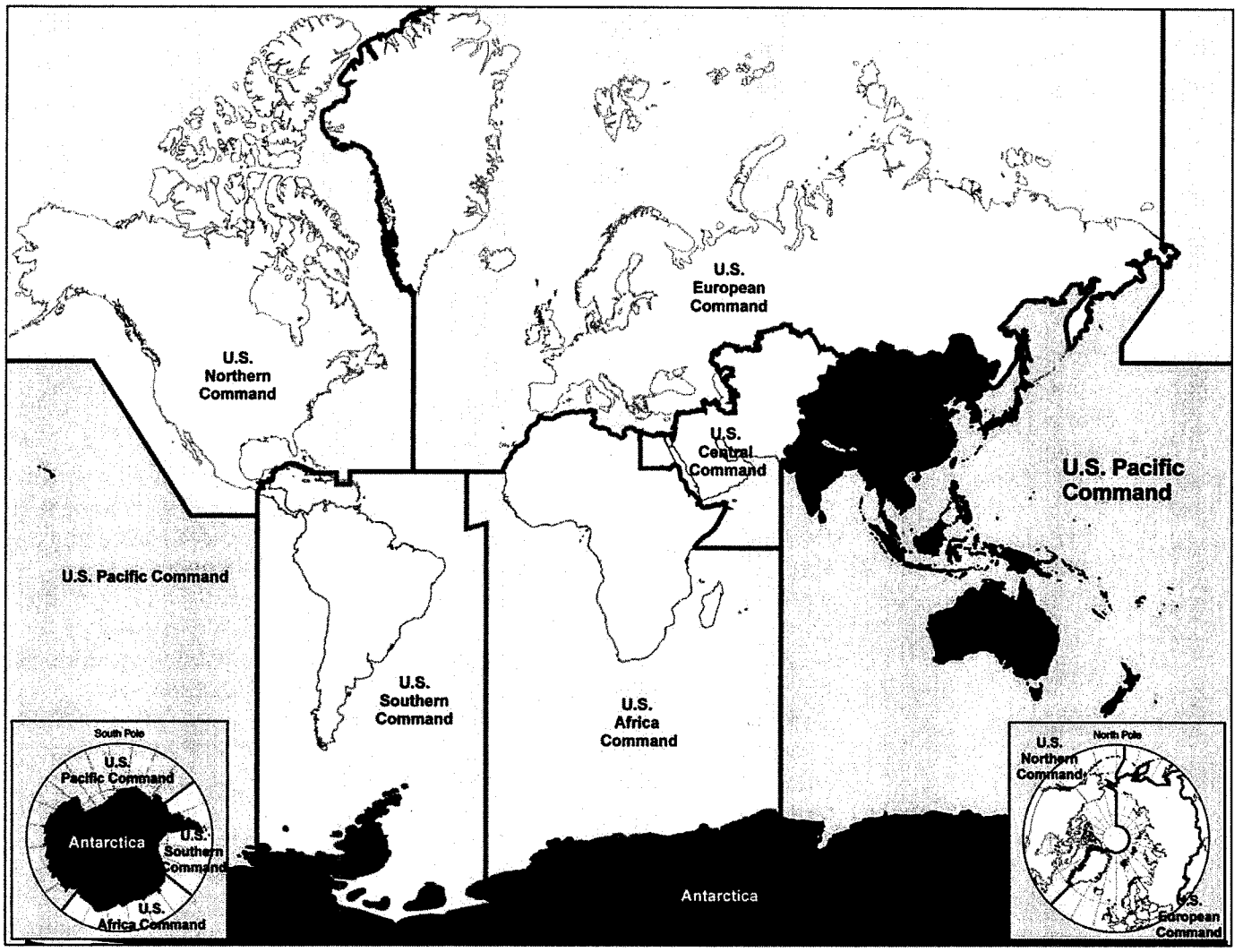
We conducted this performance audit between June 2011 and May 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and

conclusions based on our audit objectives. Appendix I provides a more detailed description of our scope and methodology.

Background

DOD operates six geographic combatant commands, each with an assigned area of responsibility (see fig. 1). Each geographic combatant command carries out a variety of missions and activities, including humanitarian assistance and combat operations, and assigns functions to subordinate commanders. Each command is supported by a service component command from each of the services and by a theater special operations command. The Departments of the Army, Navy, and Air Force have key roles in making decisions on where to locate their forces when they are not otherwise employed or deployed by order of the Secretary of Defense or assigned to a combatant command. In addition, the military departments allocate budgetary resources to construct, maintain, and repair buildings, structures, and utilities and to acquire the real property or interests in real property necessary to carry out their responsibilities. Together, the combatant commands and service component commands develop theater posture plans that seek to prioritize force structure changes and posture initiatives that will best meet national security and strategic priorities for a given area of responsibility.

Figure 1: Geographic Combatant Command Areas of Responsibility



Source: DOD; Map Resources (map).

The process for assessing global posture initiatives is managed under the framework of the Global Posture Executive Council, which consists of representatives from the military services, the combatant commands, the Joint Staff, and OSD. The purpose of the Global Posture Executive Council includes facilitating senior leader posture decision making and overseeing the assessment and implementation of posture plans. The Principal Deputy Under Secretary of Defense for Policy and the Director, Joint Staff, serve as co-chairmen of the council, and its membership

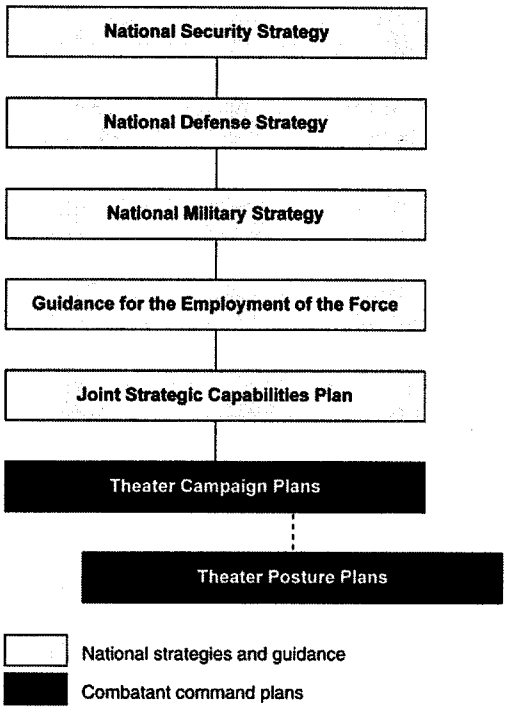
includes senior representatives from both offices, as well as representatives from the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics; the Office of the Under Secretary of Defense (Comptroller); OSD Cost Assessment and Program Evaluation; the Joint Staff; the combatant commands; the services; and others as needed. Subordinate to the Global Posture Executive Council is the Global Posture Integration Team, which consists of representatives from each military department who review posture initiatives from all combatant commands' theater posture plans included in the annual global posture prioritization process. The prioritization process itself takes place in a 3-day seminar held in or around November of each year during which 22 representatives from organizations that comprise the Global Posture Executive Council come together to review the posture initiatives proposed in each combatant command's theater posture plan and prioritize these initiatives based primarily on how they align with strategic defense guidance. The prioritized initiatives are then provided to the services to inform the development of their budgets.[5]

A hierarchy of national and defense guidance informs the development of DOD's global posture. The National Security Strategy, to be issued by the President at the beginning of each new administration, and annually thereafter, describes and discusses topics including worldwide interests, goals, and objectives of the United States that are vital to its national security. The Secretary of Defense then provides corresponding strategic direction through the National Defense Strategy and Quadrennial Defense Reviews. Furthermore, the Chairman of the Joint Chiefs of Staff provides guidance to the military through the National Military Strategy. On specific matters, such as global defense posture, DOD has also developed new guidance in numerous documents, principally the 2010 Guidance for the Employment of the Force—which consolidates and integrates planning guidance related to operations and other military activities—and the 2010 Joint Strategic Capabilities Plan—which implements the strategic policy direction provided in the Guidance for the Employment of the Force. The Joint Strategic Capabilities Plan also tasks combatant commanders to develop theater campaign, contingency, and posture plans that are consistent with the Guidance for the Employment

[5] The posture prioritization process focuses on new overseas military construction-related initiatives identified in the combatant commands' theater posture plans.

of the Force.[6] The theater campaign plan translates strategic objectives to facilitate the development of operational and contingency plans, while the theater posture plan provides an overview of posture requirements to support those plans and identifies major ongoing and new posture initiatives to address capability gaps, including current and planned military construction requirements. Figure 2 illustrates the relationships among these national and DOD strategic guidance documents.

Figure 2: National and DOD Guidance, Strategies, and Plans Related to Global Defense Posture



Source: GAO analysis of National Strategies and Defense guidance.

[6] Currently, functional combatant commands and U.S. Northern Command are not required to submit theater posture plans but provide similar information in a different format.

We have issued a number of related reports about force structure and global force posture planning. In February 2011, we reported that U.S. European Command lacks comprehensive cost data in its theater posture plans and therefore decision makers lack critical information that could be used to make fully informed posture decisions.[7] We recommended, therefore, that DOD revise its posture planning guidance to require comprehensive cost estimates of posture costs and provide for consistent analysis of posture alternatives. In May 2011, we reported that DOD was transforming the facilities and infrastructure that support its posture in Asia without the benefit of comprehensive cost information or an analysis of alternatives and recommended that DOD develop a business case analysis for its Korea tour normalization initiative and that it develop comprehensive costs estimates for posture initiatives in the Pacific as a whole.[8] Finally, in April 2010, we reported that U.S. Africa Command had not yet finalized decisions related to force presence and structure in Africa, including the Combined Joint Task Force-Horn of Africa at Camp Lemonnier, Djibouti.[9] We recommended that the command complete an evaluation of the task force and determine its future, to include a long-term activity assessment, a funding plan, and training guidance. DOD generally agreed with these recommendations and has taken some steps to implement them.

The Cost Implications of Evolving Plans for Overseas Presence Are Uncertain

Although DOD has conducted some analysis to support recent global defense posture decisions, the cost implications of these decisions are unknown. In its 2011 *Global Defense Posture Report to Congress*, DOD asserted that cost savings associated with permanently stationing forces in the United States rather than overseas are offset by other factors, such as increased costs to periodically rotate forces back to overseas locations. To support this assertion, OSD identified two posture initiatives: (1) the forward deployment and permanent stationing of U.S. Navy ships in Rota, Spain, in support of ballistic missile defense and (2) the reduction of U.S. Army force structure in Europe. Based on our review of the

[7] GAO-11-131.

[8] GAO, *Defense Management: Comprehensive Cost Information and Analysis of Alternatives Needed to Assess Military Posture in Asia*, GAO-11-316 (Washington, D.C.: May 25, 2011).

[9] GAO, *Defense Management: DOD Needs to Determine the Future of Its Horn of Africa Task Force*, GAO-10-504 (Washington, D.C.: Apr. 15, 2010).

analysis behind these two posture initiatives, we found that the analysis supporting the first was incomplete and that any analysis of the second cannot be completed until several basic decisions are made and assumptions defined.

Decision to Forward Station Ships in Europe Could Allow the Navy to Provide Missile Defense with Fewer Ships, but the Long-Term Costs Are Not Well Defined

The Secretary of the Navy recently announced the permanent stationing of four Aegis-equipped ships in Rota, Spain—two ships in fiscal year 2014 and the other two ships in fiscal year 2015—in order to more efficiently address the operational requirements associated with the President's Phased Adaptive Approach for European ballistic missile defense.[10]

The Navy considered and compared three options in order to determine the most appropriate way to address the operational requirements for ballistic missile defense in Europe: (1) deploying ships to the region from U.S. bases, (2) forward stationing ships and crews within the U.S. European Command area of responsibility, and (3) deploying ships to the region and rotating crews from U.S. bases. The Navy concluded that forward stationing ships represented the most efficient and strategically beneficial of the three options. We reviewed the Navy's documentation associated with the decision and found two key issues. First, the Navy did not fully consider the rotational crewing option. Second, the Navy used different operational assumptions for the remaining two options and did not control for those differences prior to comparing the analytical results.

- *Limited analysis of the rotational crewing option.* The Navy provided little documentation for its analysis of the option to forward station ships and rotate crews from U.S. bases—also known as rotational crewing. This option avoids permanently relocating ship crews and their families. Navy officials stated that rotational crewing was undesirable because of its deleterious effect on crew efficiency and morale. Our previous reports found that the Navy had not developed comprehensive guidance for implementing rotational crewing initiatives or a systemic approach for analyzing rotational crewing

[10] According to DOD's 2010 Ballistic Missile Defense Review Report, the European Phased Adaptive Approach represents DOD's plan to adopt a new regionally based approach to delivering ballistic missile defense. The report states that the administration is committed to implementing the new European Phased Adaptive Approach and sees it as the U.S. national contribution to a NATO missile defense capability.

alternatives and lessons learned. Moreover, as we reported in 2008, initial Navy rotational crewing efforts had provided greater forward presence for Navy ships by eliminating ship transits and maintaining more on-station time in distant operating areas.[11] Therefore, a rotational crewing approach for this posture decision could potentially provide a strategically effective and cost-effective option. However, the Navy provided less analysis of this option than the other two options, which may have prevented the Navy from determining the potential operational value of this approach.

- *Different operational assumptions not controlled for in analysis of alternatives.* The Navy provided more documentation and analysis for its comparison of the forward stationing option to the current approach of U.S.-based deployments to the region. As a result of its analysis, the Navy concluded that the forward stationing option requires significantly fewer ships to meet European ballistic missile defense mission requirements and therefore represents the more efficient and cost-effective option. However, we found that the Navy applied different assumptions to the two options and did not demonstrate that it had controlled for those differences, both of which could affect the outcome of the analysis.[12] Further, Navy officials did not demonstrate that they had considered the long-term life cycle effect and associated costs for each forward deployed ship. Such factors may represent significant costs, without which DOD may lack the comprehensive analysis needed to determine the most efficient approach for meeting ballistic missile defense mission requirements.

GAO's *Cost Estimating and Assessment Guide* states that a business case analysis or a cost-benefit analysis seeks to find the best value solution by linking each alternative to how it satisfies a strategic objective. This linkage is achieved by developing business cases that present facts and supporting details among competing alternatives, including the life cycle costs and quantifiable and nonquantifiable benefits. Specifically, each alternative should identify (1) relative life cycle costs and benefits;

[11] GAO, *Force Structure: Navy Needs to Fully Evaluate Options and Provide Standard Guidance for Implementing Surface Ship Rotational Crewing*, GAO-05-10 (Washington, D.C.: Nov. 10, 2004), and *Force Structure: Ship Rotational Crewing Initiatives Would Benefit from Top-Level Leadership, Navy-wide Guidance, Comprehensive Analysis, and Improved Lessons-Learned Sharing*, GAO-08-418 (Washington, D.C.: May 29, 2008).

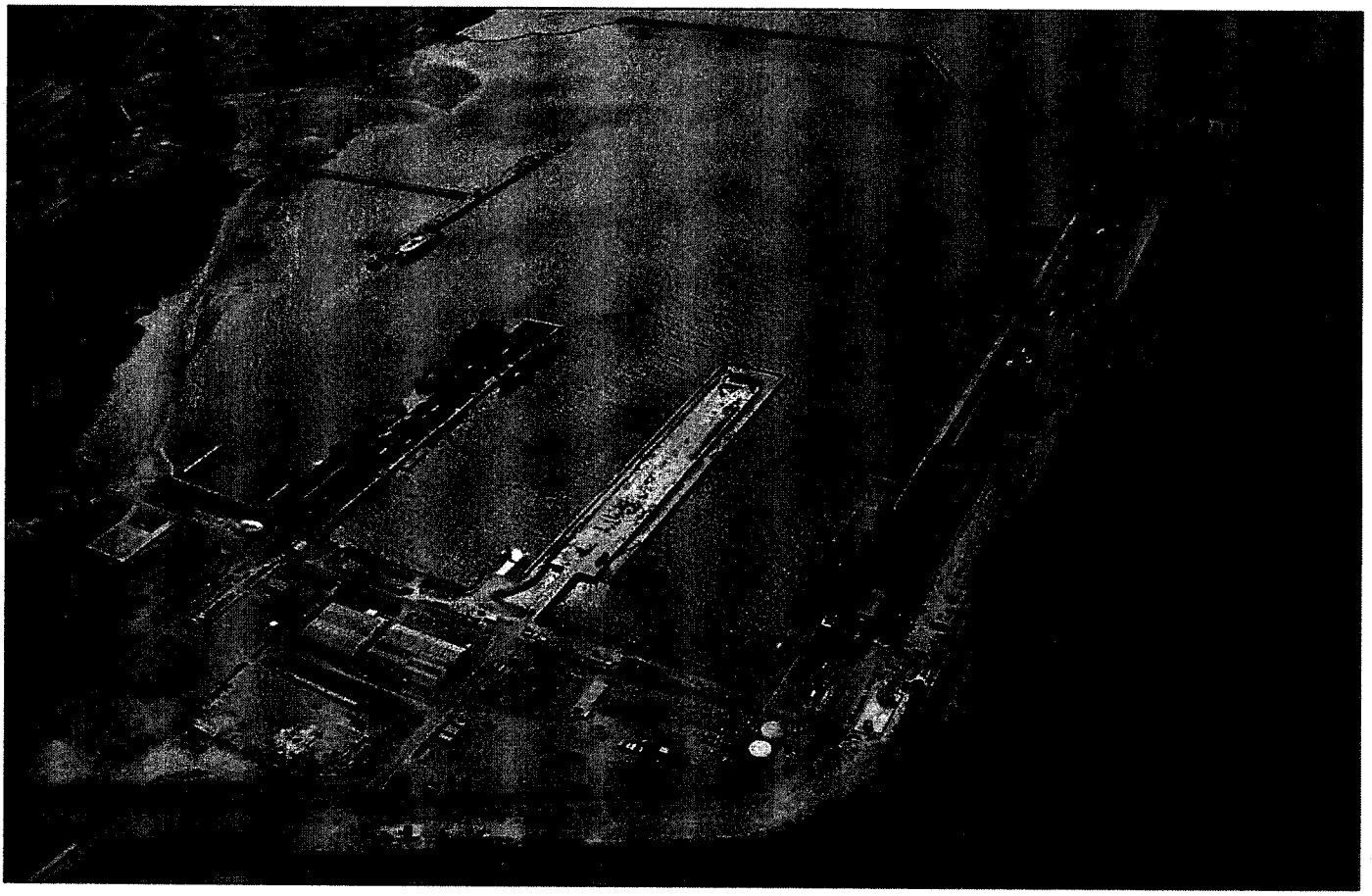
[12] The specifics of the assumptions are classified and are therefore not included in this report.

(2) methods and rationale for quantifying the life cycle costs and benefits; (3) effect and value of cost, schedule, and performance trade-offs; (4) sensitivity to changes in assumptions; and (5) risk factors. Finally, the analysis should be unbiased, consider all possible alternatives, and be rigorous enough that independent auditors can review it and clearly understand why a particular alternative was chosen. DOD guidance regarding economic analysis similarly encourages the use of sensitivity analysis, a tool that can be used to determine the extent to which costs and benefits change or are sensitive to changes in key factors; this analysis can produce a range of costs and benefits that may provide a better guide or indicator than a single estimate.[13]

In contrast, the Navy's choice to forward station ships in Europe was informed by cost and strategic factors. The Navy considered a number of basing options in or near the Mediterranean and developed a decision matrix that included both strategic and cost factors, such as the proximity of each site to the planned deployment regions and the amount of military construction that would be required at each site to support the ships and their crews. Based on these factors, Navy officials determined that Naval Station Rota provided the best option. From a strategic and operational perspective, Naval Station Rota provides the U.S. Navy with a large maritime port and an associated airfield close to current and potential future operating areas. Additionally, since it is a home port for the Spanish Navy and currently houses Spanish military ships of similar size, there is no need to expand the port pier space to accommodate the incoming ships. Figure 3 shows the current port pier space.

[13] See Department of Defense Instruction 7041.3, *Economic Analysis for Decisionmaking*, enc. A, attachment 1 (Nov. 7, 1995).

Figure 3: Current Port Pier Space at Naval Station Rota



Source: DOD.

While Naval Station Rota can accommodate the expanded mission, some costs will be incurred. The infrastructure at Rota was initially designed to accommodate a much larger contingent of military personnel and family members than it does currently. Its capacity, according to Navy officials, is sufficient to accommodate the personnel numbers expected once the ships, their crews, and the crews' families are stationed there. As such, although some military construction will be required, less would be required at Rota than at any of the other sites in the U.S. European Command area of responsibility that were considered. Specifically, the Navy estimated it would cost approximately $33 million for construction of new facilities and upgrades to existing infrastructure. Further, Naval Station Rota officials explained, and we observed, that the base currently

has sufficient galley, medical, and housing facilities and that there are no plans to expand the physical footprint of on-base support infrastructure. The Navy also considered estimated up-front and recurring increases in operational and personnel expenses, including those for additional support personnel and increased utilities costs. In total, the Navy estimated that it would incur approximately $166 million in up-front military construction, personnel, and maintenance costs; an annual increase in operations and maintenance; and personnel costs of approximately $179 million.[14]

DOD Will Likely Save Money by Reducing Army Forces and Headquarters in Europe, but Amount of Savings Depends on Future Decisions

To save money, and consistent with a shift in strategic emphasis toward the Asia-Pacific region, the Secretary of Defense announced plans in January 2012 to reduce U.S. Army forces in Europe. The announced reductions include the removal of two heavy brigade combat teams, a corps headquarters, and various combat support and service support units, and would affect about 10,000 soldiers and their families. U.S. Army Europe officials told us that the reductions should be completed by 2015. The department's actions are consistent with a GAO recommendation in 2010 that DOD consider alternatives for its European posture plans in part because the Army's analysis indicated that such a reduction could potentially save $2 billion over 10 years.[15] However, several decisions are pending or have recently been made that could affect the ultimate savings to DOD. These are as follows:

- *Overall Army force structure*. The Army's 2010 analysis that found up to $2 billion in savings over 10 years from returning forces from Germany also assumed that more than $800 million in military construction funds would be needed to construct new facilities in the United States should two brigade combat teams be returned to the United States.[16] However, the Army announced in February 2012 that the 170th brigade combat team stationed in Baumholder, Germany, and the 172nd brigade combat team stationed in Grafenwoehr,

[14] These cost estimates include increases in infrastructure, personnel, training, and maintenance.

[15] GAO, *Defense Planning: DOD Needs to Review the Costs and Benefits of Basing Alternatives for Army Forces in Europe*, GAO-10-745R (Washington, D.C.: Sept. 13, 2010).

[16] The 10-year time period identified in the analysis is fiscal years 2012 through 2021.

Germany, will be eliminated from Army force structure in fiscal years 2013 and 2014, respectively, as part of the larger end strength reductions. Given this force structure reduction, the savings to the Army and DOD could be billions more because the costs of manning and equipping two brigade combat teams (with approximately 4,000 personnel each), among other units, would no longer be incurred. For example, past GAO work has found that annual compensation costs exceed $125,000 per active duty soldier; removing two brigade combat teams from the Army would reduce personnel costs by about $1 billion annually.[17] Furthermore, the $800 million assumed in military construction funds needed to construct new facilities from the 2010 analysis is no longer likely to be needed.

- *Consolidation of U.S. Army Europe headquarters functions remaining in Germany.* The consolidation of headquarters for U.S. Army Europe, 5th Signal Command, and a military intelligence brigade in Wiesbaden permits the closure of communities in Mannheim, Heidelberg, and Darmstadt. According to U.S. Army Europe, this consolidation effort—which eliminates 47 sites, 9 schools, and 3 sets of community support infrastructure[18]—will provide an estimated annual recurring savings of $112 million. The savings from these consolidations would be in addition to the approximately $2 billion associated with removing the brigade combat teams from Europe forecasted by the Army's 2010 analysis.[19]

- *Potential increase in special operations forces in Europe.* In January 2012, the Secretary of Defense also announced plans to increase special operations forces stationed in Europe. However, the type and size of those forces have not yet been determined. Officials from U.S. Army Europe told us that they are considering locations to station special operations forces and thereby realize efficiencies through

[17] The average total compensation per active duty servicemember includes items such as cash compensation and allowances (basic pay/housing), noncash benefits (health care/education), and deferred benefits (retirement pay/veterans affairs health care).

[18] According to DOD officials, examples of community support infrastructure include post exchanges, health care centers, and spousal career centers.

[19] U.S. European Command officials told us they are currently implementing the decision to consolidate bases at Wiesbaden and that any estimated savings will not be fully realized until the consolidation effort is complete.

consolidation, but that they cannot move forward on this until they know the requirements for the increase in special operations forces.

- *Decision about U.S. Africa Command headquarters location.*[20] In 2008, DOD formed a new combatant command to focus on Africa. That command was located in temporary facilities in Stuttgart, Germany—also home to U.S. European Command—pending decisions about where to locate it permanently. Initially, DOD had planned to place the command somewhere in Africa but could not find a suitable location after encountering resistance from potential African partners. In 2009, GAO recommended that DOD conduct an assessment to determine where U.S. Africa Command would be permanently located and, until that time, limit expenditures on temporary headquarters infrastructure.[21] However, these decisions had not been made; officials from U.S. Africa Command told us in February 2012 that OSD Cost Assessment and Program Evaluation is conducting a study to assess the risks and cost implications associated with relocating the headquarters in the United States that should be completed by mid-2012.

- *Rotational force plans.* DOD has also announced its intent to periodically rotate Army forces from the United States to supplement the two Army brigade combat teams that will remain in Europe and thus show commitment to European allies. However, according to U.S. European Command officials, the size and frequency of the rotations—which could include significant costs—have not yet been defined, and until there is a determination of the size of the forces that will be rotated to Europe and the frequency at which they will be rotated, any estimation of the cost or cost savings will remain uncertain. According to the Army's 2010 analysis, it would potentially cost the Army approximately $1 billion over 10 years to rotate two brigade combat teams to Europe twice per year, which would allow the United States to maintain its current presence but would offset the savings garnered by reductions in the overall force structure. However, Army officials told us that they did not think that rotating

[20] Although this decision pertains to a combatant command, funding for the installation containing the command's headquarters is included in the Army's budget.

[21] GAO, *Defense Management: Actions Needed to Address Stakeholder Concerns, Improve Interagency Collaboration, and Determine Full Costs Associated with the U.S. Africa Command*, GAO-09-181 (Washington, D.C.: Feb. 20, 2009).

entire brigades was likely and that they were currently examining options, including rotating smaller formations, such as companies or battalion-sized elements. The potential rotations will likely have implications on the final basing plan in Europe as well, as the Army would likely want to maintain facilities in Europe for rotating forces.

Until the decisions outlined above are made—especially regarding the plans to rotate forces back to Europe—the full extent of the savings that will be realized in light of the Secretary of Defense's January 2012 decision to reduce the size of permanently stationed U.S. Army forces in Europe will remain uncertain. Based on previous GAO and Army analysis, there is the potential for DOD to save considerably more than the $2 billion originally estimated in light of DOD's decision to remove the brigades from the force structure. Looking forward, the decisions about the size and frequency of Army rotations will be a key cost driver. Costs will be incurred not only to pay for the rotations, but assumptions about these rotations will also be used to decide which Army installations in Europe to retain.

DOD Has Taken Steps to Align Posture Initiatives with Strategy and Cost but Continues to Lack Comprehensive and Consistent Cost Estimates of Initiatives

DOD's Process to Prioritize Posture Initiatives Is Improving

In part to respond to previous GAO recommendations,[22] DOD recognized the need to prioritize initiatives to reflect strategic goals, has taken steps to align posture initiatives with defense strategy, and has begun to gather cost information. DOD's evolving global defense posture process links posture initiatives with defense goals and prioritizes those initiatives based on strategic and implementation criteria. Strategic criteria are defined by four focus areas: enabling crisis response, ensuring access for global posture enablers, shaping and improving security cooperation, and supporting contingencies and ongoing operations. Implementation criteria include such factors as operational flexibility, operational management and institutional provisions of the force, ease of implementation, and international relations. Based on our observation of the process, all posture initiatives submitted by combatant commands in their theater posture plans are discussed and voted on within the framework of the strategic and implementation criteria by 22 stakeholders from the Global Posture Executive Council using electronic voting software displayed on a projection screen. The result is a list of posture initiatives ranked in order of strategic priority. During the process, the stakeholders also discuss the approximate costs associated with each initiative, but cost is not considered a key factor and is not voted on. According to DOD officials, this is because costs are considered both before and after the prioritization process (before by the combatant command and after by the

[22] GAO, *Force Structure: Actions Needed to Improve DOD's Ability to Manage, Assess, and Report on Global Defense Posture Initiatives*, GAO-09-706R (Washington, D.C.: July 2, 2009).

services in their budget processes) and because the costs associated with an initiative are always discussed before voting takes place.

Combatant Commands Reported Some Cost Data in Their 2011 Theater Posture Plans, but Gaps Remain

Although the geographic combatant commands are responsible for reporting cost data on existing global posture, we found that the combatant commands did not completely and consistently report cost data in their 2011 theater posture plans. Our prior work has demonstrated, however, that comprehensive cost information is a key component in enabling decision makers to set funding priorities, develop annual budget requests, and evaluate resource requirements at key decision points.[23] Specifically, GAO previously recommended that DOD should compile and report comprehensive cost data in the combatant commands' theater posture plans.[24] DOD officials told us that in response to this recommendation, DOD revised an enclosure in the 2010 Joint Strategic Capabilities Plan to direct the combatant commands to include the following cost data on current posture in their theater posture plans:

- ongoing, current year, and 5-year planned posture initiatives listed by title and cost;
- full project costs, that is, construction costs plus furniture, fixtures, equipment, and any operation and maintenance costs;
- implementation progress (when appropriate); and
- host nation participation (when appropriate).

Despite this guidance, our review of the 2011 theater posture plans submitted by the five geographic combatant commands found that though all of them partially complied with the revised guidance, none met all the requirements.[25] For example, some theater posture plans included current year cost data but no cost data for the out years. Additionally, some theater posture plans did not report key cost data, such as military construction costs or operation and maintenance costs. Three of the five posture plans did not include implementation progress for each initiative and did not indicate why this information was not included.

[23] GAO-11-316.

[24] GAO-11-131.

[25] We reviewed classified theater posture plans from the five combatant commands required to submit them—U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Pacific Command, and U.S. Southern Command.

Additionally, DOD published supplemental guidance in early 2011 that directs the combatant commands to provide initiative summary sheets for each new posture initiative in their 2011 theater posture plans. These summary sheets are used to inform the prioritization process and include several elements, such as approximate costs broken out by fiscal year and host nation funding (if known), for each posture initiative. However, we found that cost data were not consistently reported in the initiative summary sheets for new posture initiatives as accurately as possible. Therefore, cost data for new posture initiatives may not be able to be accurately compared during the prioritization process. DOD officials told us that in the months between issuance of the theater posture plans and the prioritization process, combatant commands have the opportunity to provide updated cost information for new initiatives.

Based on our analysis as well as remarks from DOD officials involved in the process, there are two reasons that combatant commands have not been able to accurately and consistently report cost information for their posture initiatives. The first is the lack of clarity about roles and responsibilities. Joint doctrine discussing the components of a joint force notes the responsibility of service component commanders to develop program and budget requests that comply with combatant commander guidance on warfighting requirements and priorities.[26] In addition, the doctrine states that component commanders will provide a copy of the program submission to the combatant commander prior to forwarding it to the service headquarters, and will keep the combatant commander informed of the status of combatant command requirements while service programs are under development. However, according to OSD officials, the combatant commands did not have access to comprehensive cost data that they were required to compile and report because some of the data are compiled by service component commands and the military departments. Officials we interviewed from three combatant commands echoed this sentiment, explaining that while the combatant command is responsible for developing mission requirements for its respective region, it is the military departments that are responsible for developing the budgets that fund initiatives meant to address mission requirements. OSD officials told us that in order to address this lack of clarity over roles and responsibilities, OSD has drafted a DOD instruction outlining the U.S.

[26] Joint Chiefs of Staff, Joint Pub. 1, *Doctrine for the Armed Forces of the United States* (May 2, 2007) (incorporating change Mar. 20, 2009).

global defense posture process, which includes specific guidance to the combatant commands and military departments on providing cost data associated with new posture initiatives. Additionally, OSD officials told us that they are in the process of promulgating a data call to issue to the military departments and combatant commands to facilitate determination of the cost of current overseas posture. Key OSD organizations involved in these efforts include OSD Cost Assessment and Program Evaluation; the Office of the Under Secretary of Defense for Policy; the Office of the Under Secretary of Defense (Comptroller); and the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics. We were unable to evaluate the instruction, however, because it was under continuous revision and had not been finalized during the time of our review.

The second reason that combatant commands have not been able to accurately and consistently report cost information for their posture initiatives is the lack of a standardized format with which to report the information. Current DOD guidance does not provide a standardized format for the combatant commands to use when requesting information from service component commands, in order to consistently report the required cost data for each posture initiative. Accordingly, officials from U.S. Army Europe and U.S. Air Force Europe stated, for example, that requests for cost data are either too broad or too vague and that fulfilling these data requests is labor intensive. Without a standardized format for reporting cost information associated with each global posture initiative, decision makers on the Global Posture Executive Council cannot accurately consider and compare costs associated with different initiatives.

Conclusions

By asserting that cost savings associated with decreasing overseas presence are often offset through costs incurred and operational impacts elsewhere, DOD has tempered expectations for savings associated with such reductions. However, in an increasingly constrained budget era, DOD and congressional decision makers need precise estimates so that they can more readily balance resources against strategic requirements. To this end, estimates associated with global posture decisions should be backed by rigorous analysis based on information that is as complete and comprehensive as possible. The potential costs or cost savings that may arise from recent posture decisions in the U.S. European Command area of responsibility will remain uncertain without additional analysis. Specifically, the decision to forward station Aegis-equipped ships at Naval Station Rota may allow the Navy to meet the ballistic mission with fewer

ships overall but could cost DOD approximately $1 billion over a 5-year period. And, until a more rigorous analysis of the decision is conducted, the costs of the other options considered will remain unknown. Further, costs and cost savings associated with the decision to reduce Army forces in Europe and adjust the Army's basing footprint in the region will remain unknown until options related to rotational forces and their associated costs are identified and assessed.

At a department wide level, DOD has taken positive steps to develop a process for prioritizing posture initiatives. Currently, the process considers, but is not driven by, cost. However, it remains essential that comprehensive cost information for each initiative be compiled and reported so that once initiatives are proposed, they can be adequately prioritized, resourced, and approved. The current process is hampered by the inconsistency with which cost data are reported; the lack of clarity on the roles and responsibilities of key OSD organizations, military departments, combatant commands, and service component commands in helping to develop these cost estimates; and the lack of any standardized template with which to report them. Lacking this information, department and congressional decision makers will be unable to adequately assess the true cost of global posture initiatives in the future.

Recommendations for Executive Action

To identify future funding requirements and improve the posture planning process, we recommend that the Secretary of Defense take the following three actions:

- Direct the Secretary of the Navy to conduct a comprehensive analysis for each course of action the Navy has considered to address mission requirements for ballistic missile defense in the Mediterranean that compares all options the Navy considered and either applies consistent operational assumptions or controls for different operational assumptions and includes the long-term life cycle costs and annual operating costs associated with forward stationing.
- Direct the Secretary of the Army to identify and assess options to rotate forces in Europe and their associated costs, including the impacts on future basing in Europe.
- Clarify the roles and responsibilities of key OSD organizations, the military departments, and the service component commands, and establish a standardized reporting format to include in applicable guidance for key DOD organizations to use to ensure that cost information is consistently summarized and reported to inform the posture planning process.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD generally agreed with our recommendations and has already initiated certain actions to address them. DOD's response acknowledged that conducting analysis prior to making posture decisions is important, and that the actions it has taken or plans to take should provide a greater understanding of the global defense posture process and its consideration of costs. However, we believe some additional steps are warranted in order to fully address our recommendations.

In response to our recommendation that the Secretary of Defense direct the Secretary of the Navy to conduct a comprehensive analysis for each course of action the Navy has considered to address mission requirements for ballistic missile defense in the Mediterranean, that compares all options the Navy considered and either applies consistent operational assumptions or controls for different operational assumptions and includes the long-term life cycle costs and annual operating costs associated with forward stationing, DOD partially concurred, but did not identify additional actions to address the recommendation. Specifically, DOD agreed that analysis should be conducted prior to making posture decisions, but does not agree that additional analysis is needed to support the decision to forward station four ships in Rota, Spain. As discussed in this report, we acknowledge that the Navy conducted some analysis to support this decision, including the development and consideration of some estimated costs, but we found the analysis inconsistent and incomplete. For example, while the Navy initially stated that it considered rotational crewing as an option, we found its analysis was limited when compared to the other options. In its written comments, DOD identified concerns with this approach, including increased stress on the crews; however, the analysis supporting the decision did not include a discussion of these issues. Additionally, we found that the Navy did not control for the different assumptions used to develop the ship number requirements associated with the forward stationing and U.S.-based deployment approaches, which could have altered the results of the analysis and could represent significant long-term costs. If the Navy maintains that forward stationing is the most effective and efficient means to meet the ballistic missile defense requirement in Europe, DOD would still benefit from determining the life cycle costs associated with the decision in order to determine its true long-term costs, which could be significant. While DOD provided onetime capital costs and average yearly operations and maintenance costs for this option, it remains unclear whether these are long-term life cycle cost estimates. Based on our findings and our cost estimating guide that states that a credible business case analysis should include life cycle costs as well as quantifiable and

nonquantifiable benefits, we maintain that the Navy, DOD, and Congress would benefit from additional analysis in order to develop a more comprehensive cost estimate associated with the decision to forward station ships in Rota.

DOD agreed with our recommendation that the Secretary of Defense direct the Secretary of the Army to identify and assess options to rotate forces in Europe and their associated costs, including the impacts on future basing in Europe, and stated that certain actions are ongoing. Specifically, the Army is currently working with U.S. European Command and various Army components to identify and assess options for rotating personnel and equipment through Europe for training and exercises with allies and partners. If fully implemented, we believe DOD's actions should meet the intent of our recommendation.

DOD also agreed with our recommendation to clarify the roles and responsibilities of key OSD organizations, the military departments, and the service component commands, and establish a standardized reporting format that will be included in applicable guidance for key DOD organizations to use to ensure that cost information is consistently summarized and reported to inform the posture planning process, and stated that certain actions are under way to address these matters. For example, DOD stated that the department is in the final stages of approving an instruction on the U.S. Global Defense Posture Process that will document roles, responsibilities, and requirements for global posture planning for key OSD organizations, the Joint Staff, the military departments, and the combatant commands. The instruction will institutionalize the Global Posture Integration Team and Global Posture Executive Council to provide formal oversight of global posture management. Additionally, DOD is in the process of issuing a data call to the military departments and combatant commands to help determine the existing infrastructure costs at enduring overseas installations. Lastly, DOD stated that the Joint Staff issued supplemental Theater Posture Plan guidance to the combatant commands in February 2012, including standardized reporting criteria (e.g., estimated costs) for future posture initiatives. If they are fully implemented, we believe DOD's actions should meet the intent of our recommendation.

The department also provided a number of general and technical comments that we considered and incorporated, as appropriate. A complete copy of DODs written comments is reprinted in appendix II.

We are sending a copy of this report to the Secretary of Defense; the Secretary of the Navy; and the Secretary of the Army. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

John H. Pendleton
Director
Defense Capabilities and Management

Appendix I: Scope and Methodology

To determine the extent to which the Department of Defense (DOD) conducted analysis of costs and savings associated with recent overseas posture decisions, we reviewed DOD documented cost data and collected additional information by interviewing officials associated with two major global force posture initiatives: the stationing of four Navy destroyers in Rota, Spain, to provide ballistic missile defense for the region and the reduction of permanently stationed Army forces in Europe. To determine the extent to which DOD conducted analysis to support the decision to station four Navy destroyers in Rota, Spain, we analyzed key documents and briefings provided by the U.S. Navy, U.S. European Command, and Naval Station Rota in order to assess assumptions, courses of action considered, and cost estimates. We conducted a site visit to Naval Station Rota to observe existing capabilities and needs for military construction projects identified by the Navy. We also collected information by interviewing officials from the U.S. Navy, Office of the Chief of Naval Operations; U.S. European Command; U.S. Navy Europe; and Naval Station Rota. To determine the extent to which DOD conducted analysis to support force structure reduction of Army brigade combat teams in Europe, we reviewed key documents from U.S European Command and U.S. Army Europe describing the status of planned force structure changes in Europe, including the 2010 and 2011 theater posture plans for U.S. European Command's area of responsibility. We also collected information by interviewing officials from Office of the Secretary of Defense (OSD), OSD Cost Assessment and Program Evaluation; the Office of the Under Secretary of Defense for Policy; the Office of the Under Secretary of Defense (Comptroller); Department of the Army, Program Assessment and Evaluation Division; U.S. European Command; and U.S. Army Europe. We analyzed and assessed cost estimates for multiple courses of action associated with the number of brigade combat teams in Europe developed by the U.S. Army, Program Assessment and Evaluation Division, against GAO's cost estimating criteria to determine the extent to which Army analysts employed best practices when developing the estimates.

To determine the extent to which DOD developed a process for making decisions about global posture initiatives that aligns with strategy and considers costs, as well as efforts made by combatant commands to compile and report comprehensive cost data on existing global posture and new posture initiatives in their theater posture plans, we evaluated core global posture strategy documents; current and draft DOD guidance; and other documentation we collected through interviewing with officials from OSD, the Joint Staff, U.S. European Command and its three service component commands, U.S. Pacific Command, U.S. Africa Command,

the four military service headquarters, OSD, OSD Cost Assessment and Program Evaluation, the Office of the Under Secretary of Defense for Policy, the Office of the Under Secretary of Defense (Comptroller), and the Office of Under Secretary of Defense for Acquisition, Technology and Logistics. To determine the extent to which DOD's global posture process includes a consideration of cost, we observed the Joint Staff's November 2011 Posture Review Seminar at which officials employed the Global Posture Initiative and Project Prioritization Process to rank posture initiatives identified in the combatant commands' respective theater posture plans. We also analyzed and evaluated theater posture plans from 2010 and 2011 for each combatant command to determine the extent to which the plans included comprehensive cost data for each posture initiative. To identify potential challenges associated with the combatant commands' directive to compile and report comprehensive cost data, we collected information through interviews with officials from U.S. European Command and its service component commands, U.S. Pacific Command, and U.S. Africa Command.

We conducted this performance audit between June 2011 and May 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense

UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000

POLICY

MAY 29 2012

Mr. John Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
Room 4440B
441 G Street, NW
Washington DC 20548

Dear Mr. Pendleton:

This is the Department of Defense's (DoD) response to the Government Accountability Office's (GAO) draft report, "FORCE STRUCTURE: Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions" – GAO Code 351619/ GAO-12-711.

The Department concurs with two recommendations and partially concurs with one. Clarification and further information are included for each recommendation on the accompanying pages.

We will work with DoD components to implement these recommendations, and we look forward to further dialogue with GAO on costing posture initiatives.

Sincerely,

James N. Miller
Acting

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GAO DRAFT REPORT – DATED April 2012
GAO CODE 351619 / GAO-12-711

Force Structure: Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions

DEPARTMENT OF DEFENSE COMMENTS TO THE RECOMMENDATIONS

RECOMMENDATION 1: Direct the Secretary of the Navy to conduct a comprehensive analysis for each course of action the Navy has considered to address mission requirements for ballistic missile defense in the Mediterranean, that compares all options the Navy considered and either applies consistent operational assumptions or controls for different operational assumptions and includes the long-term life-cycle costs and annual operating costs associated with forward stationing.

DoD Response: Partial Concur. DoD agrees that analysis is required prior to posture decisions. DoD disagrees that additional analysis is required to evaluate ballistic missile defense requirements in the Mediterranean. The Navy conducted extensive analysis comparing options from both operational and cost perspectives. Calculations for one-time costs and recurring costs were integral elements of the analyses. The Navy is implementing the most cost effective option—forward basing ships in Rota—to provide ballistic missile defense and to meet the demand for large surface combatants' presence. The criteria used to assess each option included: the level of presence generated; strategic laydown and dispersal; training; port infrastructure; ship maintenance; personnel costs; quality of life; operational flexibility; and the number of ships required, and ship scheduling.

The Navy held the operational assumptions constant when comparing the options of forward basing ships in Rota and basing them stateside. These included the demand for large surface combatants, the West Coast distribution of ships, and the employment cycle for ships based stateside. To identify ship requirements without forward basing in Rota, the Navy assessed how many U.S.-based ships would be required to meet the presence level equivalent to that provided by Rota ships. The effect on force structure of not having ships in Rota would require an increase of 10 large surface combatants, requiring a one-time capital cost of $22B (constant FY12 dollars, outside of FYDP). The average yearly operations and maintenance cost for these ships stateside is $23M per ship. The average yearly operation and maintenance cost for ships in Rota is $30M per ship.

The Navy commissioned the Center for Naval Analysis to study the effects of rotational crewing, and the findings further support Navy's plan to forward base large surface combatants in Rota. Depending on the rotational crewing model and operational availability assumptions used, a crew rotation approach could require an additional two to twelve large surface combatants to support U.S. European Command (USEUCOM) demand in the Mediterranean. This corresponds to a one-time capital cost of $4B-$27B (constant FY12 dollars, outside of FYDP). Ship operations and maintenance costs were estimated to be similar to the operations and maintenance costs for ships with a non-rotational crewing scheme.

A concern with rotational crewing is increased stress on the crews. Rotated crews deploy multiple times during their employment cycle and swap ships numerous times, even while in

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their homeport. An additional concern is the negative impact of a ship not being "owned" by a single crew.

The decision to establish a Forward-Deployed Naval Force (FDNF) consisting of four BMD-capable multi-mission Aegis destroyers to Europe also took into consideration the increasing global demand for these assets. In Rota, Spain circumstances permit a cost-effective FDNF, making it a sound alternative to employing U.S. based rotational forces or rotational crewing. A FDNF in Rota is the most effective and efficient means to deliver sea-based BMD-capability to USEUCOM and it provides the greatest degree of operational responsiveness and flexibility.

RECOMMENDATION 2: Direct the Secretary of the Army to identify and assess options to rotate forces in Europe and their associated costs, including the impacts on future basing in Europe.

DoD Response: Concur. Army is currently working with USEUCOM and various Army components to identify and assess options for rotating personnel and equipment through Europe for training and exercises with allies and partners.

RECOMMENDATION 3: Clarify the roles and responsibilities of key DOD organizations such as Cost Assessment and Program Evaluation, the military departments, and the service component commands, and establish a standardized reporting format to include in applicable guidance for key DOD organizations to use to ensure that cost information is consistently summarized and reported to inform the posture planning process.

DoD Response: Concur. The Department is in the final stages of approving a Department of Defense Instruction (DoDI) on U.S. Global Defense Posture Process, which will document roles, responsibilities and requirements for global posture planning for OSD, the Joint Staff, the Military Departments, and the Combatant Commands. This DoDI institutionalizes the Global Posture Integration Team and Global Posture Executive Council to provide formal oversight of global posture management. Additionally, the Department is issuing a data call to the Military Departments and Combatant Commands to determine the existing infrastructure costs at enduring overseas installations. Lastly, the Joint Staff issued supplemental Theater Posture Plan guidance to the Combatant Commands in February 2012, including standardized reporting criteria (*e.g.*, estimated costs) for future posture initiatives.

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Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

John H. Pendleton, (404) 679-1816 or pendletonj@gao.gov

Staff Acknowledgments

In addition to the contact named above, Guy LoFaro, Assistant Director; Robert L. Repasky, Assistant Director; Jennifer Echard; Joanne Landesman; Stephanie Moriarty; Charles Perdue; Carol Petersen; Courtney Reid, Analyst in Charge; Michael Shaughnessy; and Grant Sutton made key contributions to this report.

Related GAO Products

Defense Management: Additional Cost Information and Stakeholder Input Needed to Assess Military Posture in Europe. GAO-11-131. Washington, D.C.: February 3, 2011.

Defense Planning: DOD Needs to Review the Costs and Benefits of Basing Alternatives for Army Forces in Europe. GAO-10-745R. Washington, D.C.: September 13, 2010.

Defense Infrastructure: Guam Needs Timely Information from DOD to Meet Challenges in Planning and Financing Off-Base Projects and Programs to Support a Larger Military Presence. GAO-10-90R. Washington, D.C.: November 13, 2009.

Ballistic Missile Defense: Actions Needed to Improve Planning and Information on Construction and Support Costs for Proposed European Sites. GAO-09-771. Washington, D.C.: August 6, 2009.

Force Structure: Actions Needed to Improve DOD's Ability to Manage, Assess, and Report on Global Defense Posture Initiatives. GAO-09-706R. Washington, D.C.: July 2, 2009.

Defense Logistics: Navy Needs to Develop and Implement a Plan to Ensure That Voyage Repairs Are Available to Ships Operating near Guam when Needed. GAO-08-427. Washington, D.C.: May 12, 2008.

Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth. GAO-07-1007. Washington, D.C.: September 13, 2007.

Defense Infrastructure: Overseas Master Plans Are Improving, but DOD Needs to Provide Congress Additional Information about the Military Buildup on Guam. GAO-07-1015. Washington, D.C.: September 12, 2007.

Defense Management: Comprehensive Strategy and Annual Reporting Are Needed to Measure Progress and Costs of DOD's Global Posture Restructuring. GAO-06-852. Washington, D.C.: September 13, 2006.

Opportunities Exist to Improve Future Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas. GAO-05-680R. Washington, D.C.: June 27, 2005.

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GAO
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United States Government Accountability Office
Washington, DC 20548

March 26, 2012

Congressional Committees

Subject: *Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring*

The Army considers its modular force transformation the most extensive restructuring it has undertaken since World War II. Restructuring the Army from its division-based force to a brigade-based force requires investments in equipment and in the retraining of personnel. The John Warner National Defense Authorization Act (NDAA) for Fiscal Year 2007[1] directed the Army to report to Congress annually, on the date that the President submits a budget to Congress, on, among other things, progress made during the previous fiscal year to ensure that financial resources are provided for the repair, recapitalization, and replacement of equipment used in the global war on terrorism, the overall equipment requirements of Army units transforming to modularity, the reconstitution of prepositioned stocks, and the schedule for meeting those requirements. The same law directed the Comptroller General to provide an annual report assessing the Army's progress in staffing and equipping the modular force, among other things. In our 2008 report addressing this legislative requirement, we reported that the Army did not have a comprehensive and transparent approach to measure progress against its modularity objectives and that Congress should consider specifying more clearly the reporting elements that would be most useful in overseeing the transformation.[2] The Ike Skelton NDAA for Fiscal Year 2011,[3] enacted on January 7, 2011, retained the requirement for the Army to report annually on its progress toward implementing modularity but specified new elements to be included in the Army's report, such as reporting on key enabler equipment and personnel available to modular units. It also directed the Comptroller General to review the Army's annual report. To respond to this mandate, we are reporting information on the extent to which the Army's annual fiscal year 2011 report addressed the statutory reporting requirements.

[1]See Pub. L. No. 109-364, § 323 (2006).
[2]GAO, *Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities*, GAO-09-131 (Washington, D.C.: Nov. 14, 2008).
[3]See Pub. L. No. 111-383, § 332 (2011).

To address our objective, we reviewed relevant laws and related Army reports on progress in modular restructuring. Specifically, we reviewed section 323 of the John Warner NDAA for Fiscal Year 2007 and section 332 of the Ike Skelton NDAA for Fiscal Year 2011, both of which required reports on issues related to Army progress in modular restructuring. We also reviewed two reports that the Army issued in fiscal year 2011 on progress toward modular restructuring—a February 2011 interim report on progress toward implementing the Army modular force initiative and toward resetting and prepositioning Army stocks, and a final report issued in September 2011 entitled *Fiscal Year 2011 Report on the Prioritization of Funds for Equipment Readiness and Strategic Capability*. We evaluated the extent to which the contents of these reports addressed the legally mandated reporting requirements of the Ike Skelton NDAA for Fiscal Year 2011. To corroborate our understanding of DOD's approach for responding to the legislative requirements of the Ike Skelton NDAA for Fiscal Year 2011, we discussed the Army's approach with officials responsible for the development of the Army reports on progress toward modular restructuring. We conducted this performance audit from September 2011 through March 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

According to the Army's *Fiscal Year 2011 Report on the Prioritization of Funds for Equipment Readiness and Strategic Capability*, issued in September 2011, the report addressed the requirements of the John Warner NDAA for Fiscal Year 2007 rather than the amended requirements stipulated in the Ike Skelton NDAA for Fiscal Year 2011. The report does include some information that addresses aspects of the updated reporting requirements. For example, the 2011 NDAA requires the Army to include a description of the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight. In addressing the old reporting requirements in the 2007 NDAA, the Army's 2011 report discusses modifications to the modularity plan due to finalization of organizational designs and the need to reprioritize due to the emergence of higher-priority force-protection programs. However, the report does not mention the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight, as required by the current law.

Army officials responsible for developing the mandated report said that they did not address the amended requirements because they were not aware of the changes in the legislation. Army officials attributed this oversight to internal miscommunication.

According to these officials, the Army plans to revise and reissue its September 2011 report to respond to the amended reporting requirements and, at the same time, develop its 2012 report. Officials told us that they planned to issue both the revised 2011 and the 2012 report on April 30, 2012. Army officials noted, however, that responding to the legislative requirements that require the Army to discuss plans

for the future will be challenging because decisions about the size and structure of the Army force are under review and may not be finalized prior to the reporting date.

DOD reviewed a draft of this letter and did not provide comments.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, and the Secretary of the Army. This report also is available at no charge on our website at http://www.gao.gov.

Should you or your staff have any questions concerning this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure I.

John H. Pendleton,
Director, Defense Capabilities and Management

Enclosure

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable C.W. "Bill" Young
Chairman
The Honorable Norman D. Dicks
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Enclosure I

GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, Margaret G. Morgan, Assistant Director; Natalya Barden; Mae Jones; Nicole Willems; and Matthew R. Young made significant contributions to the report.

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Washington, DC 20548

April 26, 2010

Congressional Committees

Subject: *Force Structure: Assessment of Army Progress in Modular Restructuring, Prepositioned Equipment, and Equipment Reset* (GAO 10-507R) April, 26, 2010

The John Warner National Defense Authorization Act for Fiscal Year 2007, Pub. L. No. 109-364, § 323 directed the Comptroller General to assess (1) the Army's progress completing its modular transformation initiative; (2) the status of Army efforts to reconstitute its prepositioned material stock; and (3) the Army's progress in its efforts to repair, recapitalize, and replace equipment used in current overseas operations. Enclosed is the final briefing on these issues.

We will be happy to meet with you to discuss this briefing in more detail and answer any questions you may have. If you would like to schedule a meeting or if you have any questions, please contact me or Margaret Morgan, Assistant Director, morganm@gao.gov or (202-512-8975). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report.

John H. Pendleton
Director, Defense Capabilities and Management

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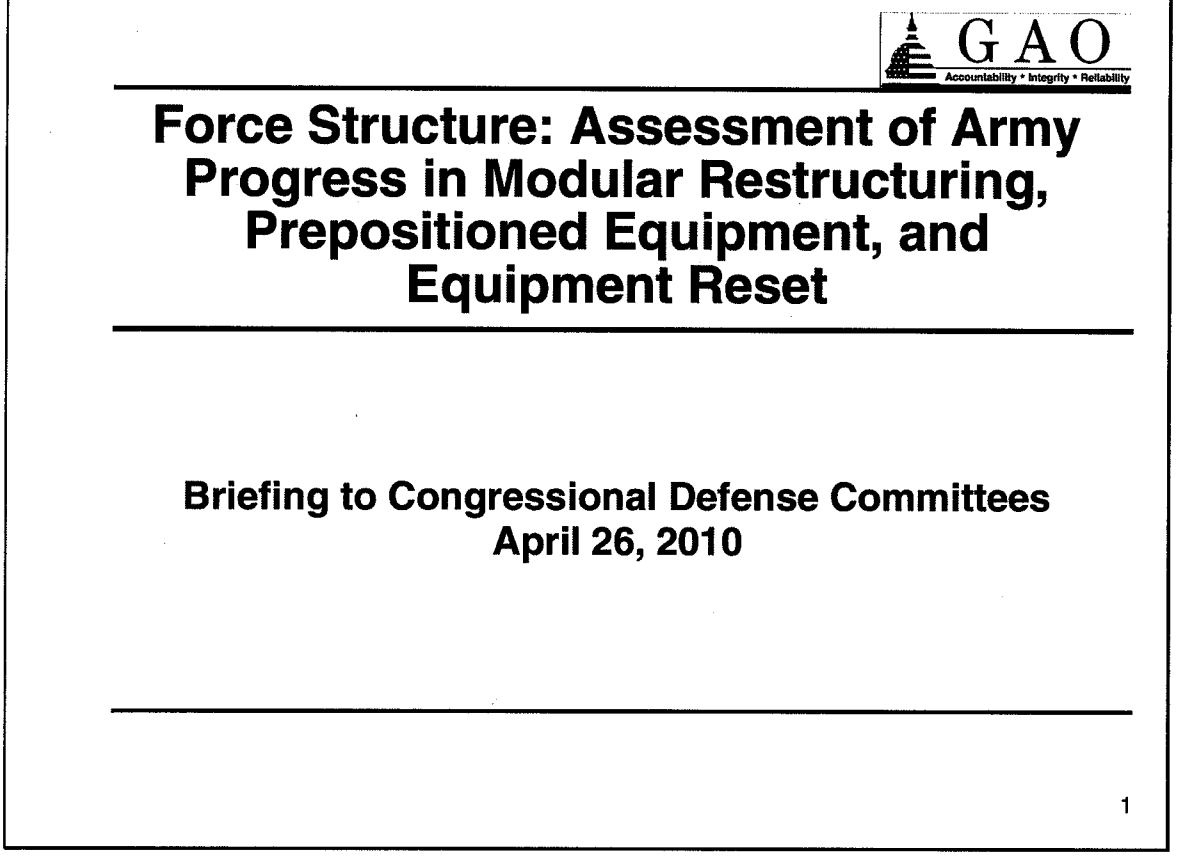
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Force Structure: Assessment of Army Progress in Modular Restructuring, Prepositioned Equipment, and Equipment Reset
Briefing to Congressional Defense Committees
April 26, 2010
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- Approach to Addressing the Mandate
- Staffing, Equipping, Funding, and Design of Modular Forces
- Reconstitution of Prepositioned Materiel and Equipment
- Equipment Reset
- Funding for Reconstitution of Prepositioned Materiel and Equipment and Equipment Reset
- Scope and Methodology

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GAO's Mandate in the John Warner National Defense Authorization Act for Fiscal Year 2007

- Sec. 323 directed the Comptroller General to report annually to the congressional defense committees with his assessment of the following:
- The progress of the Army in meeting its requirements for that fiscal year for:
  1. the repair, recapitalization, and replacement of equipment used in the global war on terrorism;
  2. the fulfillment of equipment requirements for units transforming to modularity in accordance with the Modular Force Initiative report submitted to Congress in March 2006;
  3. reconstitution of equipment and materiel in prepositioned stocks in accordance with requirements under the Army Prepositioned Stock Strategy 2012 or a subsequent strategy implemented under the guidelines at 10 U.S.C. § 2229; and
  4. equipping and manning modular units in the regular components and reserve components of the Armed Forces.
- The use of funds for meeting requirements 1-3 above, and
- The progress of the Army in conducting further testing and evaluations of designs under the modularity initiative.

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Approach to Addressing the Mandate

- To address this recurring mandate, we have performed numerous engagements since 2007 that have addressed the required reporting elements. A list of related products is included at the end of this briefing.
- The mandated reported elements fall into three main areas: (1) modular restructuring, (2) equipment reset, and (3) reconstitution of prepositioned equipment.
- This briefing will provide the status of our work in each of these areas.

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Army's Progress in Modular Restructuring: Status of Staffing Efforts

- The Army's personnel projections indicate that it will have the active duty[1] personnel it needs to meet the aggregate staffing requirements of its modular force through 2013.
- However, the Army projects continuing shortages in particular ranks--primarily mid-level officers--and special skills such as signal intelligence, explosive ordnance disposal, and public affairs.
- According to the Army, shortfalls are due to several factors, including
  - lower rates of accessions in the 1990s that have led to smaller numbers of mid-level officers available today, and
  - increased requirements due to growth in the size of the Army and its transformation to modular design.

[1]We reported on staffing challenges affecting the reserves in GAO, *Reserve Forces: Army Needs to Finalize an Implementation Plan and Funding Strategy for Sustaining an Operational Reserve Force*, GAO-09-898 (Washington, D.C.: Sept. 17, 2009).

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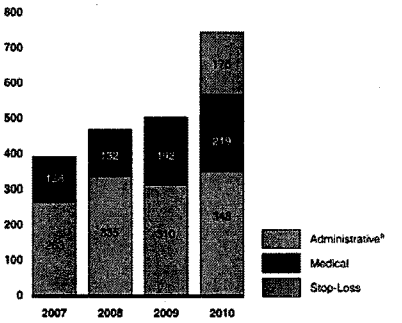
Army's Progress in Modular Restructuring: Staffing Challenges

- A growing number of active duty soldiers are unable to deploy with their units primarily due to medical conditions related to previous deployments, such as orthopedic problems or mental stress.
- The Army expects the number of nondeployable soldiers to increase further as the Army phases out its program that keeps deployed or deploying soldiers on duty after they are eligible to leave, known as Stop-Loss, by March 2011.
- In 2010, the Army anticipates that one in five soldiers in an average brigade combat team of 3,500 soldiers will be unable to deploy with their units.

Figure 1: Average number of nondeployable soldiers in brigade combat teams deployed to Iraq in FY 2007–2009, Army projections for FY 2010, and reasons for nondeployability



Source: Army G-1.

Note: Soldiers are categorized as administratively nondeployable for a number of reasons, such as planning to retire, undergoing critical professional development training, or those who are subject to disciplinary action.
These data represent units' status on their latest arrival date, the date the unit deploys to theater.

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Army's Progress in Modular Restructuring: Staffing Challenges (cont'd.)

To address the growing number of nondeployable active duty soldiers, in July 2009, the Secretary of Defense announced a temporary increase in the size of the Army of up to 22,000 soldiers until September 2013.

- The Army does not expect to create additional units that could be added to its rotational readiness and deployment cycle; therefore, the length of time that soldiers remain at home between deployments will not be affected by the temporary end-strength increase. Without additional units in its rotational force, the Army will not meet its goal of increasing the time units have between rotations at the current level of demand.
- The Army plans to use the temporary increase to ensure that deploying units have the personnel they need to perform their missions.
- The Army has requested overseas contingency operations funding to pay for these personnel in fiscal year 2011; however, it is unclear how the personnel will be funded in fiscal years 2012 and 2013.

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Army's Progress in Modular Restructuring: Status of Equipping Efforts

- The Army projects that by 2016 the percentage of equipment on hand as compared to its requirement will increase and it will have more modern equipment across all components (active and reserve). However, these projections are based on the assumption that the Army's reset program will continue to be funded so that all the equipment on hand in 2010 will be available in 2016, including equipment that is currently being heavily used in Iraq and Afghanistan.
- The Army's plan will require it to continue to rely on some older equipment to substitute for modern equipment in some categories, for example
  - tactical radios
  - medium trucks
  - high-mobility multipurpose wheeled vehicles
- Similarly, the Army projects that in 2016 it will continue to have shortfalls of some key enabler equipment, including equipment that represents emerging technology, for example
  - unmanned aircraft systems
  - enhanced position location reporting system
  - force XXI brigade and below battle command system

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Army's Progress in Modular Restructuring: Status of Support Force Assessments

The Army assesses its modular support forces in a two-step process in which it first identifies its requirement for specific numbers and types of support forces in different operational scenarios and then decides what units it can resource based on available resources. The goal of this process is to build the best-balanced force within available Army end strength.

In April 2009, the Army completed an analysis of support forces needed through fiscal year 2015 based on the operational demands at the time and a mix of possible future demand scenarios, as well as goals for time between deployments. The demand-based analysis identified shortfalls of between 116,000 and 430,000 support personnel that could not be resourced.

Concerned about the magnitude of the shortfalls generated by this demand-based approach, in December 2009 the Army completed another analysis of support forces, this time using a supply-based approach intended to provide a balanced force within its end strength through 2017. The Army

- prioritized retaining support unit types currently in high demand, such as medical, aviation, civil affairs, and transportation units, and
- identified and eliminated support units that were not in high demand in current operations.

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Army's Progress in Modular Restructuring: Modular Unit Design and Use of Funds

- We previously reported on the Army's progress in testing and evaluating its modular unit designs and the use of funds by the Army for equipping its modular units.[1] In November 2008, we reported that the Army did not have a comprehensive approach to assessing the need for changes to modular designs. We recommended that the Army assess the effectiveness of modular forces with authorized equipment and personnel. The Department of Defense (DOD) agreed with our recommendation and stated that it is currently assessing the capabilities of the modular force.

- Regarding the Army's use of funds for equipping its modular units, the Army stated in its 2009 report to Congress on the status of its modular transformation[2] that the Army is no longer able to distinguish between equipment purchased for developing the modular force and modernized fielding.

[1]See, GAO, *The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities*, GAO-09-131 (Washington, D.C.: Nov.14, 2008).
[2]Department of the Army, *Prioritization of Funds for Equipment Readiness and Strategic Capability, Report to Congress (Washington, D.C.,* Feb. 2, 2009).

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Army's Progress in Reconstitution of Prepositioned Materiel and Equipment

- In November 2009, we issued *Defense Logistics: Department of Defense's Annual Report on the Status of Prepositioned Materiel and Equipment Can Be Further Enhanced to Better Inform Congress* (GAO-10-172R) in response to our mandate under 10 U.S.C. §2229a. We made recommendations to improve the Army's future reporting on its prepositioned materiel.
- DOD concurred with our recommendations and commented that it will incorporate into future reports information on the Army's level of fill of its prepositioned sets that include spare parts and include information on the progress to replenish its individual prepositioned sets and changes in those sets from the previous years to highlight readiness concerns as well as major program improvements.
- In fiscal year 2009, the Army continued execution of its Army Prepositioned Stock (APS) Strategy 2015 and projects that it will replenish and reconstitute all APS equipment sets by 2015, contingent on sufficient funding through the period.

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Army's Progress in Reconstitution of Prepositioned Materiel and Equipment

- We previously reported in GAO-08-257R, *Defense Logistics: Army Has Not Fully Planned or Budgeted for the Reconstitution of its Afloat Prepositioned Stocks,* that the Army did not track funding for prepositioned equipment separately from other equipment-related requests. Since the 2008 report, the Army has begun to improve its tracking of these funds. Specifically, the Army's fiscal year 2009 Supplemental Overseas Contingency Operations budget identified $319.1 million in Operations and Maintenance Procurement funds and $987 million in Other Procurement funds to reset prepositioned stocks.

- We plan to initiate an engagement to review DOD's fiscal year 2010 annual report on the status of materiel in the prepositioned stocks to address Sec. 2229a of Title 10 of the U.S. Code, which requires DOD to report to Congress annually on the status of materiel and equipment in the prepositioned stocks. DOD issued its last report to Congress on the status of materiel and equipment on February 16, 2009, and plans to issue its 2010 report in March 2010.

- The law requires us to review DOD's report and submit to congressional defense committees any additional information that will further inform such committees on issues relating to the status of materiel and equipment in prepositioned stocks no later than 120 days after the date on which DOD submits its report to Congress.

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Army Equipment Reset

- In a testimony statement for the House Committee on Armed Services, we reported in February 2009 that the harsh operating environments and prolonged length of operations in Iraq and Afghanistan have placed tremendous stress on deployed equipment. Given that much of this equipment was already more than 20 years old and has not been reset since the onset of operations in Iraq in 2003, Army and Marine Corps equipment reset requirements are expected to significantly increase over the next several years as the Iraq drawdown continues and major pieces of equipment are returned to the U.S. (GAO-09-380T, Feb. 12, 2009).
- According to the Army's 2010 Posture Statement, the Army completed the reset of 29 brigades worth of equipment in fiscal year 2009, and continues the reset of 13 more. In total, the Army reported that it had reset more than 98,000 pieces of equipment as depot production had doubled since September 11, 2001.

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Army Equipment Reset

- The Army has received appropriations of over $24 billion for procurement funding for reset since fiscal year 2003. We previously reported that poor visibility over how reset procurement funds were obligated by the system limited the Army's ability to make risk-based decisions about what investments it should make (GAO-07-814, Sept. 19, 2007).
- Since that time, the Army has begun to better track reset funding. For example, in the Army's fiscal year 2010 supplemental budget request, the Army reported that it obligated about $3.5 billion for depot-level maintenance; $3.5 billion for field-level maintenance; and $85 million for recapitalization. In addition, the Army identified $319.1 million in Operations and Maintenance Procurement and $987 million in Other Procurement for prepositioned stocks.
- Additional reset funding is provided through the Army's procurement accounts, but these funds are not separately reported as reset.

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Army Equipment Reset

- We have initiated a new engagement that will focus on DOD's strategy to reset equipment returning from Iraq to meet future operational needs. The engagement will address the following questions: (1) To what extent do DOD's equipping strategies and force generation models provide an integrated process for establishing reset requirements for equipment returning from Iraq and the time line for reset? (2) To what extent do DOD's reset requirements processes address the need to reset nonstandard equipment that is issued in theater? (3) To what extent are program managers, materiel commands, and maintenance depots receiving accurate and timely requirements on the type and amount of equipment returning from Iraq to support workload forecasts, and are current reset budget trends consistent with reset requirements?

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Scope and Methodology

- To assess the Army's progress staffing, equipping, assessing, and funding and the design of the modular force, we
  - compared data on available personnel and projected personnel against Army requirements and identified staffing challenges,
  - reviewed Army guidance, strategies and assumptions related to mitigating staffing challenges and assessing Army support forces;
  - examined documentation and data on the Army's efforts to equip the total Army; we compared equipment the Army projected to have by 2016 with assumed equipment requirements overall and for key enabler items and identified any equipping challenges; and
  - discussed with DOD officials issues related to staffing, equipping, assessing support forces, funding, and the design of modular units.
- To assess progress in reconstituting the Army's prepositioned equipment, we reviewed the results of GAO's most recent report responding to the congressional mandate under 10 U.S.C. §2229a concerning DOD's report on the status of its prepositioned stocks.
- To assess the Army's use of funds for equipment reset and reconstitution of prepositioned equipment, we reviewed Army reports to Congress and examined budget documents on the status of equipment reset and prepositioned equipment.

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Scope and Methodology (cont'd)

- We conducted the performance audits on which this briefing is based from December 2008 through March 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
- Although we did not independently test the reliability of Army data electronically, we determined the data were sufficiently reliable for the purposes of this briefing based on discussions with Army officials about the data quality control procedures used to ensure the reliability of the relevant equipment and personnel databases.
- We provided a draft of this briefing to the DOD for review and comment. However, DOD did not provide comments. The Army provided technical comments which we have incorporated where appropriate.

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GAO Related Products

- *Defense Logistics: Department of Defense's Annual Report on the Status of Prepositioned Materiel and Equipment Can Be Further Enhanced to Better Inform Congress.* GAO-10-172R. Washington, D.C.: November 4, 2009.
- *Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities.* GAO-09-131. Washington, D.C. : November 14, 2008.
- *Defense Logistics: Department of Defense's Annual Report on the Status of Prepositioned Materiel and Equipment Can Be Enhanced to Better Inform Congress.* GAO-09-147R. Washington, D.C.: December 15, 2008.
- *Force Structure: Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment but the Total Cost Is Uncertain.* GAO-08-669T. Washington, D.C.: April 10, 2008.
- *Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results.* GAO-08-145. Washington, D.C.: December 14, 2007.
- *Defense Logistics: Army and Marine Corps Cannot Be Assured That Equipment Reset Strategies Will Sustain Equipment Availability While Meeting Ongoing Operational Requirements.* GAO-07-814. Washington, D.C.: September 19, 2007.
- *Defense Logistics: Preliminary Observations on the Army's Implementation of Its Equipment Reset Strategies.* GAO-07-439T. Washington, D.C.: January 31,2007.

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GAO-09-131

United States Government Accountability Office

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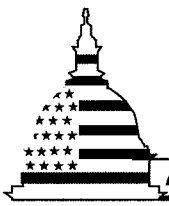
Report to Congressional Committees

November 2008

FORCE STRUCTURE

The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities



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GAO-09-131

November 2008

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Highlights

Highlights of GAO-09-131, a report to congressional committees

FORCE STRUCTURE

The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities

Why GAO Did This Study

Amid ongoing operations in Iraq and Afghanistan, the Army embarked in 2004 on a plan to create a modular, brigade-based force that would be equally capable as its divisional predecessor in part because it would have advanced equipment and specialized personnel. GAO has previously reported that restructuring and rebuilding the Army will require billions of dollars for equipment and take years to complete. For this report, GAO assessed the extent to which the Army has (1) developed a plan to link funding with results and (2) evaluated its modular force designs. GAO analyzed Army equipment and personnel data, key Army reports, planning documents, performance metrics, testing plans, and funding requests. GAO also visited Army Training and Doctrine Command, including selected Army proponents and schools; Army Reserve Command; and the National Guard Bureau.

What GAO Recommends

GAO recommends that the Army develop and report to Congress a results-oriented plan, that includes milestones that better links funding to results; complete a plan for developing doctrine for its modular forces; and better assess the effectiveness of modular forces with authorized levels of equipment and personnel. Because DOD's comments disagreed or were not fully responsive to these recommendations, GAO elevated them to Congress for consideration.

To view the full product, including the scope and methodology, click on GAO-09-131. For more information, contact John Pendleton at (404) 679-1816 or pendletonj@gao.gov.

What GAO Found

The Army will have established over 80 percent of its modular units by the end of 2008 but does not have a results-oriented plan with clear milestones in place to guide efforts to equip and staff those new units. The Army has been focused on equipping and staffing units to support ongoing operations in Iraq and Afghanistan; however, the equipment and personnel level of non-deployed units has been declining. The Army now anticipates that modular units will be equipped and staffed in 2019—more than a decade away—but has provided few details about what to expect in the interim. And while the Army projects that it will have enough equipment and personnel in the aggregate, its projections rely on uncertain assumptions related to restoring equipment used in current operations, as well as meeting recruiting and retention goals while simultaneously expanding the Army. Further, GAO's detailed analysis of Army data shows that the Army could face shortfalls of certain modern equipment. Such items are important because the success of the modular design rests in part on obtaining key enablers needed for modular units to function as planned, such as equipment to provide enhanced awareness of the battlefield. GAO has previously reported that the Army lacks a funding plan that includes interim measures for equipping and staffing the modular force, making it difficult to evaluate progress. Without a plan for equipment and staffing that links funding with results and provides milestones, the Army cannot assure decision makers when modular units will have the required equipment and staff in place to restore readiness. Finally, without this plan the Army risks cost growth and further timeline slippage in its efforts to transform to a more modular and capable force.

The Army uses several approaches in testing unit designs and capabilities, but these efforts have not yielded a comprehensive assessment of modular forces. Testing the force is intended to determine whether modular units are capable of performing missions across the full spectrum of conflict. The Army has focused its testing efforts on combat units conducting ongoing counterinsurgency operations. However, gaps in the Army's testing could affect its forces' ability to deliver needed capabilities. First, the Army has not fully assessed the effectiveness of its support units because the doctrine that would define how modular support units will train, be sustained, and support the fight has not been completed. This doctrine provides a benchmark to measure the effectiveness of support units. Further, the Army has not assigned a focal point the responsibility for integrating assessments across activities, such as equipping and training. Second, the Army tested the capability of modular designs primarily unconstrained by resources, not at the level of personnel and equipment that the Army plans to provide units. Lacking an analysis of the capabilities of the modular force at levels that it plans to have, the Army will not be in a position to realistically assess whether the capabilities that it is fielding can perform mission requirements.

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Figure 1: Actual and Planned Army Modular Unit Restructuring Including the Army's Expansion Plan, March 2008 13

Abbreviations

ACE	Analysis and Control Element
DOD	Department of Defense
DOTMLPF	doctrine, organization, training, materiel, leadership, personnel, and facilities
TRADOC	Army's Training and Doctrine Command

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November 14, 2008

Congressional Committees

During a period of continuing high demand for military capability, the Army is undertaking a significant transformation of its organization and force structure as well as an expansion of its force by more than 74,200 military personnel. One major initiative of this transformation—referred to as Army modularity—is the redesign of units from a large division-based structure to a brigade-based structure. An important difference between the new modular brigade combat teams and the previous division-based brigades is an increased capability to operate independently enabled by embedded combat support functions such as military intelligence, reconnaissance, and logistics. Although somewhat smaller in size than the divisional brigades, the new modular brigades are envisioned to be just as capable because they will have different equipment—including key enablers[1] such as advanced communications and surveillance equipment—and a broad mix of personnel. Continuing operations in Iraq and Afghanistan led the Defense Department to expand the Army to help reduce the stress on the force and meet increasing strategic demands. This initiative, called Grow the Force, will increase equipment and personnel needs, and we have reported that the full costs to restructure and rebuild the Army are large but uncertain.[2]

The John Warner National Defense Authorization Act for Fiscal Year 2007[3] directed the Comptroller General to provide to congressional defense committees an annual assessment, among other things, of the Army's

[1] In a 2004 study, the *Army's Task Force Modularity Integrated Analysis Report* identified a set of key enablers, including battle command, unmanned aerial vehicles, and intelligence-surveillance-reconnaissance capabilities that are required for modular brigade combat teams to function as planned.

[2] See prior GAO work: GAO, *Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment, but the Total Cost Is Uncertain*, GAO-08-669T (Washington, D.C.: Apr. 10, 2008); GAO, *Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results*, GAO-08-145 (Washington, D.C.: Dec. 14, 2007); and GAO, *Force Structure: Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan*, GAO-08-354R (Washington, D.C.: Jan. 18, 2008).

[3] Pub. L. No. 109-364, § 323(d).

progress equipping and staffing modular units in the active and reserve components, progress by the Army in conducting further testing and evaluation of the Army's modular unit designs, and the use of funds by the Army for equipping its modular units. In accordance with this mandate for fiscal year 2008, we provided a briefing to your offices in March 2008 on our preliminary observations. This report expands on the information reported in those briefings and addresses in more detail the extent to which the Army (1) has developed a comprehensive plan that links results to investments with defined milestones and (2) has tested and evaluated its modular force design.

To assess the Army's plan to guide its efforts to equip and staff the modular force, we analyzed relevant Army plans and reports to Congress for equipping and staffing the modular force. We developed in conjunction with the Army a means for analyzing key equipment and personnel enablers of the modular force. Based on our review of Army modularity studies and reports, we defined key enablers as those pieces of equipment or personnel that are required for the organization to function as planned, providing the modular design with equal or increased capabilities compared with the previous divisional structure in areas such as a unit's firepower, survivability, and intelligence-surveillance-reconnaissance. To develop a preliminary list of key equipment and personnel enablers, we reviewed key Army modularity reports and obtained official comments from the Department of the Army and Army Training and Doctrine Command (TRADOC), which is responsible for the design and evaluation of modular units.[4] We then submitted the preliminary list to the Headquarters, Department of the Army, for official input and held subsequent discussions with Army officials. Our identification and analysis of fifteen key equipment enablers compares total Army (active, National Guard, and Reserve) equipment authorizations and design requirements for the operating and institutional forces with total Army on-hand quantities in April 2007 with planned equipment deliveries and projected equipment on hand in fiscal year 2012. Our identification and analysis of nine key personnel enablers compares active Army personnel

[4] We grouped key enablers into broad equipment and personnel categories that include more specific equipment items and military occupational specialties that are critical to the modular force design. For example, "tactical radios" is a key equipment enabler category that includes multiple variants of the Single Channel Ground and Airborne Radio System. Similarly, "signals" is a key personnel enabler category that includes two occupational specialties: nodal network operator/maintainer and satellite communication systems operator/maintainer.

authorizations and design requirements for the operating and institutional forces with active Army on-hand personnel strength in April 2007 and projected personnel strength for fiscal year 2012 (see app. I for details on our analysis of key equipment and personnel enablers). The Army's fiscal-year 2007 to 2012 equipment and personnel plans were the most recent data available to us when we developed this analysis. The Army provided updated data on the status of the Army's equipment as compared to the design requirement as of June 29, 2008. We did not assess the reliability of this 2008 data. However, the 2008 data were generally consistent with the data we analyzed in 2007. To assess the extent to which the Army has tested and evaluated the design of the modular force, we examined TRADOC's modular force assessment process and plans to evaluate modular combat and combat support unit designs. Although we did not independently test the reliability of Army data electronically, we determined the data were sufficiently reliable for the purposes of this report based on discussions with Army officials about the data quality control procedures used to ensure the reliability of the relevant equipment and personnel databases. We conducted this performance audit from April 2007 to September 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The scope and methodology used in the report are described in more detail in appendix II.

We conducted this review as part of a continuing body of work related to the Army's transformation to the modular force. In December 2007, we reported that the Army is making progress establishing modular units in the active and reserve components but has not established sufficient management controls to provide accountability for results for establishing modular units and expanding the force.[5] In response to that report, the Secretary of Defense agreed with our recommendations to improve management controls and develop a comprehensive Army strategy and funding plan for staffing and equipping modular units. We also found that while the Army is evaluating lessons learned from its ongoing counterinsurgency operations, it lacks a comprehensive plan to determine whether fielded modular unit designs meet the Army's original goals for

[5] GAO-08-145.

modular units across the full spectrum of conflict.[6] In January 2008, we reported that the Army did not develop a transparent and comprehensive funding plan for its estimated $70.2 billion Grow the Force initiative that would allow decision makers to understand the full magnitude of the funds needed and weigh competing defense priorities.[7]

Results in Brief

The Army will have established 84 percent of its planned modular units by the end of 2008 although non-deployed units may not be fully equipped and staffed, and the Army continues to lack a plan to guide efforts to equip and staff new units that links funding with results and defines interim milestones. Our prior work has shown that successful transformation initiatives have a plan that links overall results with funding needs. The Army has been concentrating on providing units deploying to ongoing operations in Iraq and Afghanistan with specially trained personnel and the most modern equipment available. However, as military operations have continued, the equipment and personnel levels of non-deployed units have declined. The Army has extended its estimates of how long it will take to equip the modular force from 2011 to 2019, and the full costs have not been determined. The Army projects that it will have enough equipment and personnel in the aggregate by 2012, but it will continue to rely on older equipment to mitigate significant shortfalls in modern equipment. Moreover, the Army's projections depend on uncertain planning assumptions related to repairing equipment used in operations in Iraq and Afghanistan and recruiting and retaining personnel. According to a 2004 Army Task Force Modularity study, the success of the modular design rests in part upon the availability of key enablers, such as equipment to provide enhanced awareness of the battlefield. Despite our December 2007 recommendations to develop measures of progress, the Army continues to lack a results-oriented plan to equip and staff modular units that provides interim milestones against which to measure the Army's progress. For example, in its 2008 annual report to Congress on modularity and other equipment issues,[8] the Army did not provide detailed

compared to requirements—that would enable Congress to assess the Army's progress in meeting its equipment needs. Section 323 of the John Warner Defense Authorization Act for Fiscal Year 2007 does not require the Army to submit detailed information in its annual report. However, until the Army assembles and provides sufficient detail to show how requirements, proposed investments, and planned procurements are linked, it will not be in the best position to demonstrate that it is making progress in delivering the modern equipment and specialized personnel capabilities envisioned in its modular force design. Because the Army has not provided the kind of results-oriented plan needed to enhance congressional oversight of the Army's equipping and staffing plans, we are recommending that the Secretary of Defense direct the Secretary of the Army to develop and report to Congress, in conjunction with its annual report on the progress of the modular force, a results-oriented plan that provides a detailed assessment of the Army's progress toward meeting overall personnel equipment requirements for the modular force by year and identifies any risks associated with equipment and personnel shortfalls.

The Army uses a variety of analytic approaches to evaluate its modular forces and update organizational designs, but these approaches have not yet represented a thorough assessment of the capabilities of modular units across the force. Specifically, the Army has not (1) completed the doctrine of how support units will operate or designated a focal point for ensuring that assessments are integrated or (2) assessed the modular force's capabilities with the levels of equipment and personnel that the Army expects to provide. Methodically testing, exercising, and evaluating new concepts are established practices for entities that are undergoing significant organizational transformation. According to the Army, the utility of its modular design is being proven in current operations, and lessons learned from current operations have identified changes that have made units more capable. However, while the Army has placed priority on developing the doctrine that defines how combat units will train, be sustained, and fight, it has not completed developing doctrine for how modular support forces will operate or designated an organization focal point to lead an integrated assessment of their capabilities. Until the doctrine is completed and a focal point is established to integrate assessments of areas that affect their capabilities, the Army will not have assurance that its support forces will have the capabilities they require. In addition, the Army projects that it will face significant shortfalls of selected modern equipment and personnel in some modular units that could result in less capability than envisioned by the modular force design. Lacking a comprehensive analysis of the capabilities of the modular force

at authorized levels, the Army will not be in the best position to prioritize investments to maximize the capabilities that it is fielding across the Army. We are recommending that the Army complete the development of doctrine for modular support forces, establish a focal point for integrating assessments of support forces capabilities, and assess the effectiveness of modular forces with the authorized levels of equipment and personnel.

In reviewing a draft of this report, DOD disagreed with one recommendation, agreed with two recommendations, and partially agreed with one recommendation. DOD disagreed with our recommendation that it develop and report to Congress a results-oriented plan that links investments with expected results and provides interim milestones. DOD stated that modularity is a strategy for having interchangeable units to support operations, not a program for equipping, manning, or modernizing the force that requires a plan separate from the Army's overall equipping and manning plans. However, although DOD has processes for equipping, manning, and modernizing the force, these plans are not clearly linked in a way that demonstrates the results of investment decisions made through these processes. Without a plan that details how investments will be linked to improvements in readiness and the goals and milestones against which progress may be assessed, DOD leaders and congressional decision makers will not have complete information with which to make informed investment decisions. DOD agreed with our recommendations that it complete doctrine for modular support forces and appoint a focal point for ensuring that support units' requirements for doctrine, organization, training, materiel, leadership, personnel, and facilities are integrated, and DOD cited in its written comments some actions it has taken to provide doctrine and appoint a focal point for integration of activities across these domains. However, the actions DOD cited in its comments do not meet the intent of the recommendations, and the department did not specify any additional actions that it intends to implement the recommendations. We continue to believe that by implementing these recommendations, DOD could improve the operation of its modular support forces. DOD partially agreed with our recommendation to assess the capabilities of modular forces across the full spectrum of possible missions and with authorized levels of personnel and equipment, stating that the Army is currently assessing modular force capabilities and additional direction is not required. As the report discusses, we believe that assessing whether modular forces are capable of fulfilling the range of missions they may be called upon to undertake is important and that until the Army begins to test units with realistic personnel and equipment levels and across the full spectrum of conflict, the Army faces risks associated with shortfalls of key equipment should a different type of capability be needed in future

operations in a different kind of conflict. Because DOD did not specify in its written comments actions that it will take to address three of our recommendations, we have elevated these as matters for congressional consideration, suggesting that Congress consider requiring the Army to provide in its annual report on modularity more detailed information on equipping plans, status of doctrine for support forces, and testing of modular forces with equipment and personnel levels that can realistically be expected in the near future. DOD's comments and our evaluation are discussed in detail in the Agency Comments and Our Evaluation section of this report.

Background

The Army's modular restructuring initiative began in 2004 as part of the overall transformation of the Army and was informed by earlier Army studies, such as the Striker Brigade Combat Team effort. The foundation of the modular force is the modular brigade combat team. A primary goal of the restructuring was to increase the number of available brigade combat teams to meet operational requirements while maintaining combat effectiveness that is equal to or better than previous division brigades. Modular combat brigades have one of three standard designs—heavy brigade, infantry brigade, or Stryker brigade. In addition, combat support and combat service support formations have a common design that can be tailored to meet varied demands of the combatant commanders. As opposed to the Army's legacy units, the standardized modular unit designs are being implemented in the National Guard and Army Reserves with the same organizational structure, equipment, and personnel requirements as active duty units. The Army plans to have reconfigured its total force—to include active and reserve components—into the modular design.

With the assistance of the Army, GAO identified the types of personnel and equipment that will enable the brigade-based modular force to be as capable as its predecessor, the division-based force. These key equipment enablers are classified by category, such as tactical radios. Within each category we identified the different equipment items that provide that capability; for example, in the tactical radio category, there are 317 different types of equipment (see table 1).

Table 1: Key Equipment Enablers Identified by GAO

Key equipment enablers by category	Description of equipment capabilities	Number of different types of equipment items in each category
All-source Analysis System	Provides battlefield commanders with enhanced situational awareness and intelligence on enemy forces.	4
Analysis and control element	Furnishes higher-level commanders with intelligence processing, analysis, and dissemination capability.	8
Battle command systems	Enhances the commander's information-gathering and decision-making capability.	95
Fire support sensor system	Designates targets to enable ground and air delivered precision-strike capability.	6
Firefinder radar	Detects the location of mortars, artillery, and short and long-range rockets through the use of radar.	6
Joint network node	Provides high-speed, high-capacity tactical communications down to battalion level.	8
Long range advanced scout surveillance	Affords long-range target acquisition capabilities to armor and infantry scouts enabling them to conduct reconnaissance and surveillance operations.	3
Radios – high frequency	Provides commanders with radios that provide beyond the line-of-sight voice and data capability.	17
Radios – tactical	Allows higher-level units to command and maintain contact with lower-level units.	317
Tactical wheeled vehicles – light	Provides multipurpose transportation using light, mobile four-wheel drive vehicles.	43
Tactical wheeled vehicles – medium	Provides multipurpose transportation using medium trucks.	176
Tactical wheeled vehicles – heavy	Provides multipurpose transportation using heavy trucks.	106
Trojan spirit	Furnishes high-capacity, secure satellite communications services to tactical Army units.	14

Key equipment enablers by category	Description of equipment capabilities	Number of different types of equipment items in each category
Unmanned aerial vehicle – Prophet	Allows an all-weather, near-real-time view of an area of responsibility through the use of signals and intelligence sensors.	8
Unmanned aerial vehicle – small	Provides reconnaissance, surveillance, and target acquisition capabilities to ground commanders.	51

Source: GAO analysis of Army data.

We also classified key personnel enablers by category, such as psychological operations, and within each category we examined specific types of officer and enlisted skills. For example, within the psychological operations category we identified psychological operations officers and enlisted psychological operations specialists as key personnel enablers of the modular force (see table 2).

Table 2: Key Personnel Enablers Identified by GAO

Key personnel enablers by category	Description of officers and enlisted personnel skills in each category
Ammunition	Manage and maintain armament, missile and electronic systems, conventional and nuclear munitions and warheads; and the detection, identification, rendering safe, recovery, or destruction of hazardous munitions.
Armor	Direct, operate, and employ tanks, armored vehicles, support infantry and related equipment.
Civil affairs	Support the commander's relationship with civil authorities, the local populace, non-governmental organizations and international organizations.
Communication and information systems operation/Signal Corps	Manage all facets of Army and designated Department of Defense automated, electronic, and communication assets. More specifically, Signal Corps personnel are involved in the planning, design, engineering, operations, logistics and evaluation of information systems and networks.
Field artillery	Provide fire support to Army units through the employment of field artillery systems. These personnel control, direct and perform technical firing operations, and coordinate the efforts of multiple fire support assets.
Mechanical maintenance	Perform repair functions on Army weapons systems and equipment that support maneuver forces in their preparation for and conduct of operations across the entire operational spectrum.

Key personnel enablers by category	Description of officers and enlisted personnel skills in each category
Military intelligence	Provide commanders with all-source intelligence assessments and estimates at the tactical, operations, and strategic levels dealing with enemy capabilities, intentions, vulnerabilities, effects of terrain and weather on operations, and predicts enemy courses of action.
Psychological operations	Plan, conduct, and evaluate operations that convey selected information and indicators to foreign audiences to influence their emotions, motives, objective reasoning, and ultimately the behavior of foreign governments, organizations, groups and individuals throughout the entire spectrum of conflict.
Transportation	Manage all facets of transportation including the planning, operating, coordination and evaluation of all methods of transportation.

Source: GAO analysis of Army data.

As part of the redesign of the modular force, the Army is developing unit blueprints that identify design requirements for equipment and personnel. The design requirement, also known as the Objective Table of Organization and Equipment or objective requirement, represents the Army's goal of a fully modernized level of equipment and staffing for each type of modular unit and is unconstrained by resources. Because the Army's design requirements represent a future objective that is continually updated and refined over time, the Army establishes an interim requirement, known as the Modified Table of Organization and Equipment, and authorizes equipment and personnel levels across the Army based on its current inventory of equipment and personnel, planned procurement timelines, and anticipated funding. The Army expects to use this modified list of equipment and personnel for the foreseeable future to guide the conversion of existing divisions to modular brigades. In sum, the design requirement is the level that the Army would like each unit to have in the long-term, whereas the authorized level is what the Army can afford in the interim.

The Army also considered DOD's strategic plan as it restructured to a brigade-based force. For example, the Army's Brigade Combat Team designs were intended to be effective across the full spectrum of conflict, including global war, major theater war, smaller scale contingencies, insurgency/counter-insurgencies, and stability and support operations. Full spectrum of conflict includes a span of threats ranging from low intensity conflict, where the major threats are from ambush and skirmishes carried out by insurgents, to high-intensity conflict, where an enemy operates large numbers of armored vehicles and advanced weapons. DOD's most recent strategic plan, the *2006 Quadrennial*

Defense Review, now refers to Army combat power in terms of brigade combat teams rather than number of divisions, consistent with the Army's new structure. In addition, the Army will create a number of different types of modular support units, and multifunctional and functional support brigades, which will provide, for example, intelligence, logistics, communications, and other types of important support capability to brigade combat teams.

The Army has traditionally evaluated units' designs and capabilities, such as support units and support capability, across a number of domains or areas: doctrine, organization, training, materiel, leadership, personnel, and facilities (DOTMLPF). Doctrine describes how DOD fights, trains, and sustains it forces and is generally the starting point for assessing capabilities. Organization refers to the design of units—how many and what types of personnel and materiel (equipment) a unit needs to provide a specific capability. Training, materiel, leadership, personnel, and facilities are also important components in building and sustaining capabilities. By looking across the domains, the Army can evaluate how proposed changes in one area can affect other areas and the units' overall capability. For example, the Army may evaluate the effect of adding more or different types of materiel or equipment on the capability of a unit to determine whether such changes would require changes in a unit's doctrine, organization, or training requirements. TRADOC is responsible for developing designs of modular units and evaluating whether modular combat and support units will be capable of successfully conducting operations across the full spectrum of conflict. Other organizations within the Army have responsibilities for personnel, equipment, and facilities that are also critical to building and maintaining the modular force.

The Secretary of Defense announced an initiative in January 2007—referred to as the Grow the Force initiative—to expand the size of the Army by about 74,200 military personnel to meet increasing strategic demands and to help reduce stress on the force. This planned expansion includes building six additional active modular brigade combat teams and additional modular support units, which will require a substantial increase in funding for personnel, equipment, and infrastructure. In January 2007, the Army estimated this expansion may require about $70.2 billion in increased funding initially and a significant amount in annual funding to sustain the expanded Army.

The Army Has Made Progress Establishing Modular Units but Does Not Have a Plan That Links Funding and Results to Guide Its Efforts to Equip and Staff the Modular Force

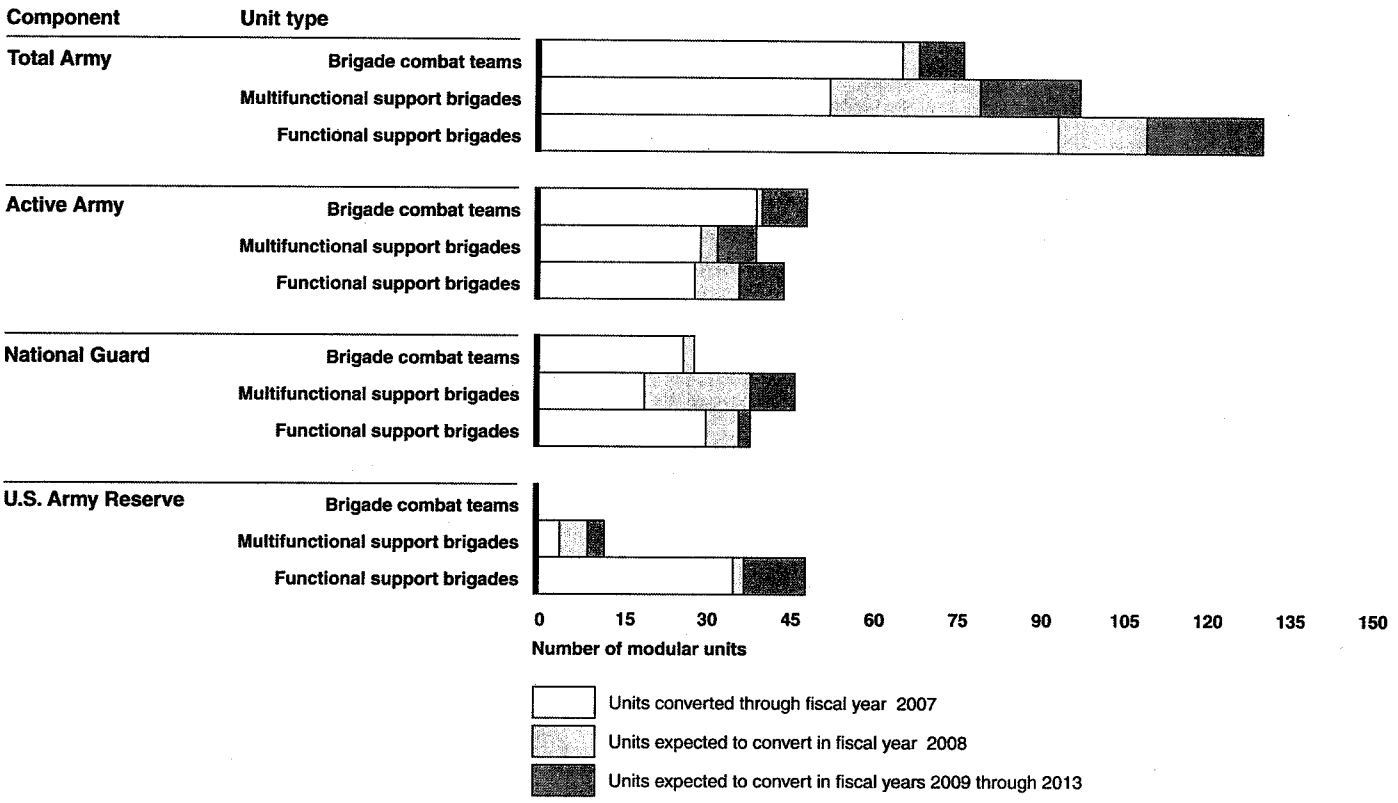
The Army is making progress establishing modular units, but does not have a transparent results-oriented plan with clear milestones to guide efforts to fully equip and staff the modular force. Although the Army has extended the timeline from 2011 to 2019 for fully equipping the modular force, it has not identified the total cost needed to achieve its revised equipping goal. Our prior work has shown that successful transformation initiatives have a plan that links overall results with funding needs. While the Army projects that it will make progress toward its authorized equipment and staffing goals, it is likely to face some significant shortfalls by 2012 of modern equipment that is required for the modular force to operate as originally designed. Further, the Army's equipment and personnel plans depend on some assumptions related to rehabilitating equipment used in operations in Iraq and Afghanistan and related to recruitment and retention that may be uncertain, given the current pace of operations. According to a key 2004 Army Task Force Modularity study, the success of modular design rests in part on the availability of key enablers that are required for modular brigade combat teams to function as planned.[9] Without providing a detailed plan for equipment and staffing that links funding with results, the congressional decision makers will not have information to track the Army's progress toward equipping and staffing its forces.

The Army Is Making Progress Restructuring the Modular Force but Is Forming Units with Shortages in Equipment and Personnel

The Army is making progress establishing modular units. In accordance with Army strategy, including its expansion plans, the Army plans to have converted 256 of 303 (84 percent) modular combat and support units through the end of fiscal year 2008. Figure 1 shows the status of the conversions for active, reserve, and National Guard combat and support brigades.

[9] Based on our review of key Army modularity reports and input from the Department of the Army, we defined key enablers as those pieces of equipment or personnel that are required for the organization to function as planned and that provide the modular design with equal or increased capabilities—such as a unit's firepower, survivability, and intelligence-surveillance-reconnaissance—compared with the previous divisional structure.

Figure 1: Actual and Planned Army Modular Unit Restructuring Including the Army's Expansion Plan, March 2008



Source: United States Army.

Note: The Army will convert two additional units in the National Guard to brigade combat teams in fiscal year 2008. However, one of the brigade combat teams will be redesignated as a maneuver enhancement brigade in fiscal year 2008 and the other as a battlefield surveillance brigade in fiscal year 2010.

As we reported in December 2007,[10] however, modular units are being established with shortfalls of some equipment and personnel. To meet operational needs, the Army has allocated available equipment and personnel to deployed and next-to-deploy units. As a result, although the Army is converting units to modular unit designs, nondeployed units do not have all the equipment or personnel needed for the new combat and

[10] GAO-08-145.

support brigades. Using a combination of regular and supplemental appropriations, the Army has spent billions of dollars procuring and repairing equipment in recent years. However, equipping deployed and deploying forces has been the priority, and the amount of equipment left for non-deployed forces has declined. In February 2008, the Chief of Staff of the Army testified before the Senate Armed Services Committee that the Army's readiness is being consumed as fast as it can be built. The Army has announced a plan to restore balance to the force by 2011, but it has not detailed how it will achieve its goals of sustaining the force, preparing for missions, resetting equipment, and transforming for the future.

The Army Has Not Linked Planned Investments with Interim Milestones

The Army has extended its estimate for when it can fully equip the modular force from 2011 to 2019, but it still has not identified the total cost or established interim milestones toward reaching its revised equipping goal. Our prior work has shown that successful transformation initiatives have a clear plan with interim milestones that links overall results with funding needs.[11] In our December 2007, report we recommended that the Army develop a comprehensive strategy and funding plan as well as measures of progress for equipping and staffing the modular force. [12] We also recommended that the Secretary of the Army report this information to Congress to assist in its oversight of Army plans. Even though the Army agreed with our recommendations, it has not yet developed the comprehensive strategy or measures of progress needed to enable congressional oversight.

The Army's current investment plan is depicted in its 5-year defense plan, known as the future years defense program. However, this plan does not provide details about the Army's equipping and staffing plans to reach goals that stretch until 2019. When developing its personnel or equipment plans, the Army must consider a number of factors. First, the Army gives priority to meeting the needs of deployed forces, and these requirements depend on dynamic operational conditions. For example, the surge of forces into Iraq in 2007 required the Army to equip and staff additional

[11] GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003) and *Defense Transformation: Clear Leadership, Accountability, and Management Tools Are Needed to Enhance DOD's Efforts to Transform Military Capabilities*, GAO-05-70 (Washington, D.C.: Dec. 17, 2004).

[12] GAO-08-145.

units quickly. Second, the Army must consider the wear and tear of ongoing operations on its equipment and make assumptions about how much equipment currently in use can be repaired. Third, the Army must determine how much equipment to buy to replace worn-out equipment and modernize the force. Finally, the Army has to decide how to distribute equipment and personnel across its remaining units within acceptable levels of risk.

Army officials told us that they use internal tracking systems to plan procurements of equipment and assess projected levels against requirements; however, visibility outside the Army over the progress in equipping and staffing the force is limited. The Army has not provided congressional decision makers with this detailed information. The John Warner National Defense Authorization Act for Fiscal Year 2007 (hereafter Public Law 109-364) requires the Secretary of the Army to include in a report submitted annually with the President's budget, among other things, an assessment of the progress made during that fiscal year toward meeting the overall requirements of the funding priorities for equipment related to the modularity initiative as well as the requirements for repair and recapitalization of equipment used in the Global War on Terrorism, and reconstitution of equipment in prepositioned stocks.[13] In its fiscal year 2008 report, the Army submitted a list of requested fiscal year-2009-funding amounts for selected equipment. However, the Army did not provide comprehensive information that is necessary to determine the progress it is making in equipping modular forces. Specifically, the Army's report did not include: (1) planned annual investments in acquisition and reset for equipment beyond fiscal year 2009 and quantities that it expects to procure or repair, (2) annual target levels for equipment and personnel, (3) key assumptions underlying the Army's plans, or (4) an assessment of interim progress toward meeting overall Army requirements and the impacts of shortfalls. While Public Law 109-364 does not expressly delineate the level of detail the Army should submit in the progress assessment included in its annual report, unless DOD provides information that links requirements, funding requests, and planned procurements, Congress may not have the best information on which to base funding decisions.

[13] *Annual Report to Congress on the Progress of Army Modular Force Initiative, Reset, and Army Prepositioned Stocks*, issued pursuant to Pub. L. No. 109-364, § 323(c)(4).

Army Projects That It Will Meet Overall Equipment and Personnel Requirements but Faces Challenges in Meeting These Goals

The Army's equipping and staffing projections indicate that the Army will have enough equipment and personnel to meet aggregate equipping and staffing requirements by 2012. However, our analysis of the Army's projections showed some potential shortfalls of modern equipment, and its projections are based partly on the continued use of some older equipment. For example, the Army projects that it will exceed its authorized level of medium tactical vehicles by fiscal year 2012, but its projections include continued use of more than 12,500 obsolete two-and-one-half-ton medium trucks that are not deployable overseas.[14] As table 3 shows, our analysis of Army data found that when older equipment is excluded, shortfalls are projected in selected types of modern equipment within the key equipment categories. For example, our analysis showed significant shortages projected for three systems that make up the tactical internet: the Enhanced Position Location Reporting System and the Single Channel Ground and Airborne Radio System.[15] According to the 2004 Task Force Modularity study, the full benefits of networking may not be realized if only some elements of the force have the capability. Appendix I contains a more complete discussion of our analysis, and findings.

Table 3: Projected Availability of Selected Key Modern Equipment Compared to the Authorized Level in Fiscal Year 2012

Key Enabler Category (Specific equipment items)	Percentage of authorized equipment projected to be available*
Radios – Tactical	67
• Single channel ground and airborne system;	
• Enhanced position location reporting system;	
• Rescue radio;	
• Squad radio.	
Tactical wheeled vehicles – light	52
• High mobility multipurpose wheeled vehicle	
Tactical wheeled vehicles – medium	46
• Medium trucks	

Source: GAO analysis of Army data.

[14] These assets are included in the equipment available total in 2007 and the projected equipment total in 2012.

[15] We have recently reported that between 2003 and 2007 the Army procured more than 240,000 Single Channel Ground and Airborne Radio Systems than it had planned to meet the requirements of current operation using mostly supplemental funds. See GAO, *Defense Acquisition: Department of Defense Needs Framework for Balancing Investments in Tactical Radios*, GAO-08-877 (Washington, D.C.: Aug. 15, 2008).

Note: We did not analyze the Army's ability to provide equipment to units either deploying, about to be deployed, or returning from current operations. For the purpose of this table, our analysis excluded equipment items that the Army authorizes as substitutes because we assessed the Army's progress obtaining modern equipment items. Data retrieved from Army databases reflect equipment levels as of April 23, 2007.

[a]The types of authorized equipment represented here are some of the top equipment we identified as part of our study. For example, there were 7 kinds of tactical radios and 2 types of light and 2 kinds of medium tactical vehicles in the top 15 shortfalls. In the tactical radio and medium and light truck categories, we used generic descriptions to describe several related systems. For example, the tactical radios category includes four different types of Single Channel Ground and Airborne System radios.

The Army's projections of when it will be able to fully equip and staff the modular force are based on assumptions that will affect the actual equipment and personnel available. Expanding the size of the Army, rehabilitating equipment that has experienced wear and tear from overseas operations, recruiting and retaining personnel, and competition for increasingly scarce resources, each presents the Army challenges in planning and implementation as described below.

- Expanding the Army: The Army's planned expansion includes building six additional active modular brigade combat teams and additional modular support brigades within its increased end strength of 74,200.[16] Our prior work on recruiting and retention as well as equipping modular units have identified some potential difficulties that could arise in implementing an increase in the size of the Army at a time when the services are supporting ongoing operations in Iraq and Afghanistan.[17] For example, our prior work has identified shortages in mid-level officers for a larger force.
- Repair and restore deployed equipment: Equipment is currently experiencing significant wear and tear in overseas operations, reducing the equipment's expected service life. It is uncertain whether it is economically feasible to repair and restore equipment that has been deployed overseas, also known as equipment reset, to preserve its service

[16] The Army had not fully identified the types of units it intended to build as part of the Grow the Force initiative at the time the equipment and personnel data were retrieved. As a result, the additional equipment and personnel requirements were not included in Army databases.

[17] GAO, *Military Personnel: DOD Needs to Provide a Better Link Between Its Defense Strategy and Military Personnel Requirements*, GAO-07-397T (Washington, D.C.: Jan. 30, 2007).

life.[18] An Army procurement official confirmed that the Army's equipment projections rest on some uncertain assumptions related to the ability to reset the force.

- Recruiting and retention of personnel: While the services have generally met their recruiting and retention goals, several factors suggest that challenges for recruitment and retention are likely to continue. For instance, the Chairman of the Joint Chiefs of Staff testified in February 2008 before the Senate Armed Services Committee that recruiters have difficulty meeting their accession goals because of a decline in the willingness of persons in a position of influence to encourage potential recruits to enlist during a time of war. Another factor that DOD has reported contributing to the Army's recruiting challenges is that more than half of today's youth between the ages of 16 and 21 are not qualified to serve in the military because they fail to meet the military's entry standards.[19] Further, the Army has experienced decreased retention among officers early in their careers and shortages within certain specialty areas such as military intelligence[20] (see app. I for a detailed analysis of the Army's projections for specific personnel that are critical to the modular force).
- Availability of personnel: A growing number of Army personnel are unavailable for assignment because they are in training or are students, are transiting between positions, or are in a "holding facility" due to medical, disciplinary, or pre-separation reasons. Historically, about 13 percent of the Army's end-strength has been unavailable.[21] However, the number of service members who are unavailable now is likely to be greater because

[18] Army equipment undergoing reset is included in the Army's projections of available equipment on hand through fiscal year 2012. Further information related to Army reset challenges can be found in GAO, *Defense Logistics: Army and Marine Corps Cannot Be Assured That Equipment Strategies Will Sustain Equipment Availability While Meeting Ongoing Operational Requirements*, GAO-07-814 (Washington, D.C.: Sept. 19, 2007); and GAO, *Defense Logistics: Preliminary Observations on the Army's Implementation of its Equipment Reset Strategies*, GAO-07-439R (Washington, D.C.: Jan. 31, 2007).

[19] GAO, *Military Personnel: DOD Needs Plan to Address Enlisted Personnel Recruitment and Retention Challenges*, GAO-06-134 (Washington, D.C.: Nov. 17, 2005).

[20] GAO, *Military Personnel: Strategic Plan Needed to Address Army's Emerging Accession and Retention Challenges*, GAO-07-224 (Washington, D.C.: Jan. 19, 2007).

[21] The endstrength of the Army is composed of uniformed personnel in its operational or warfighting units, those assigned to infrastructure organizations, and personnel who are in training or hospitals and are unavailable for assignment to either operating forces or to meet infrastructure needs.

the number of personnel unavailable due to war wounds has increased over the past several years.[22]

- Availability of Funding: The Army's ability to execute its equipment and personnel plans rests on several assumptions related to future costs and available funding. DOD has relied on a combination of regular appropriations and supplemental funding to finance the transition to modularity. How long supplemental funding will be available for this purpose is unclear. We have previously reported that DOD tends to understate future costs in its equipment plans by employing overly optimistic planning assumptions in its budget formulations.[23] A growing governmentwide fiscal imbalance could limit growth in defense funding and force choices among competing defense priorities, and rising costs for acquisition programs could require DOD to reassess the types and quantities of equipment it procures in the future.[24] A senior Army official in the Office of the Deputy Chief of Staff for Programs stated that significant increases in costs to procure equipment required for current operations, such as armored vehicles, represents another factor that may lead the Army to procure less equipment than expected. Moreover, personnel costs are rising dramatically, and as the costs for military pay and benefits grow, questions arise whether DOD has the right pay and compensation strategies to cost-effectively sustain the total force in the future.[25]

While Congress has provided substantial funding in response to DOD requests, our analysis has shown the Army has not adequately demonstrated to Congress how it intends to invest future funding to procure the modern equipment and provide staff with critical skills that will enable modular units to operate most effectively and when it can expect all modular units to have the equipment and personnel they are authorized. Decision makers may not be fully informed of the Army's equipment status because the Army has not developed a comprehensive equipment and personnel plan that details the equipment the Army has in its inventories as compared with the equipment required for units to

[22] The Army has created special Warrior Transition Units to provide assistance to wounded warriors.

[23] GAO, *Future Years Defense Program: Actions Needed to Improve Transparency of DOD's Projected Resource Needs*, GAO-04-514 (Washington, D.C.: May 7, 2004).

[24] GAO, *Defense Acquisitions: Assessments of Selected Weapon Programs*, GAO-08-467SP (Washington, D.C.: Mar. 31, 2008).

[25] GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: Feb. 1, 2005).

operate effectively in their modular designs and that sets milestones against which to measure the Army's progress equipping and staffing the modular force with key enablers.

The Army Has Not Fully Evaluated the Capabilities of the Modular Force across the Full Spectrum of Conflict

The Army uses a variety of approaches in testing unit designs and capabilities, but these efforts have not yielded a comprehensive evaluation of modular forces. Testing the modular force is intended to determine whether modular units are capable of performing potential missions across the full spectrum of conflict—and therefore needs to be as realistic as possible. Gaps in the Army's testing of the modular support forces and lack of a focal point for ensuring thorough testing of these forces could result in less capable support forces than planned. First, the Army has not fully assessed the effectiveness of its support units because it has not completed the doctrine that would define how modular support units will train, be sustained, and support the fight. Without this underpinning doctrine, the Army does not have a basic framework upon which to develop measures to assess the effectiveness of support units. Second, the Army has been testing the capability of modular forces primarily at unconstrained design levels, not the authorized level of personnel and equipment units that the Army actually plans to provide. However, our analysis found significant shortfalls in the Army's projected equipment and personnel when measured against design levels; as a result, this approach may not realistically test the capabilities of units that will generally be given less equipment and fewer personnel than called for in the design level. To support ongoing operations, the Army has focused its testing and evaluation efforts thus far on conducting ongoing counterinsurgency operations. However, without testing that is realistic and includes support forces across a full spectrum of potential conflict, the Army faces risks associated with equipment and personnel shortfalls should another type of conflict occur.

Lack of Doctrine for Support Units Hinders Testing of the Modular Force

The urgent need for modular combat units has caused the Army to place its priority on assessing these critical units, but it has not completed doctrine that would define how support units—which also have important roles—will operate. Further, unlike its approach for assessing combat units, TRADOC has not identified an organization responsible for performing integrated assessments of its modular support forces. In managing its transformation to the modular design, the Army has assessed combat units across seven domains or areas—doctrine, organization, training, materiel, leadership, personnel, and facilities (DOTMLPF). These areas are interrelated—for example, adding more or different types of

materiel or equipment can change the capability of a unit that would need to be reflected in the unit's organization or doctrine. TRADOC has made some changes in how its modular units operate based on lessons learned in current operations.

The Army has stated that its transformation efforts will be based on the underlying doctrine that defines how the Army trains, sustains, and fights. Doctrine represents an approved guidebook that details how units are expected to operate, how they will be organized, trained, and equipped to perform their missions. Army officials stated that without doctrine it is difficult to assess a unit because doctrine provides the standards by which a unit is evaluated. Even though many support units have been converted to modular designs, the Army has not yet completed the doctrine that is basic to developing strategies to train and equip units. For example, doctrine for logistics units had not been completed, and the Army did not have a firm estimate for when it will be completed. Similarly, doctrine for all military intelligence and signal units was incomplete, and military intelligence officials were uncertain when this might be finalized. In 2005, the Army Science Board cited the lack of completed doctrine for modular support units as one issue that might limit effectiveness of the modular force. These officials explained that the Army cannot be sure that unit training is appropriate if doctrine is incomplete, because doctrine provides the standards by which the Army assesses unit training. Without approved doctrine, the Army cannot be assured that its efforts to assess and train modular units are adequate.

Once doctrine is in place, the Army can evaluate support units across the other domains of the DOTMLPF domains. In contrast to its approach for combat units, however, the Army has not identified an organization responsible to ensure that integrated assessments of its support units are performed across the DOTMLPF domains that affect the unit's capabilities. For combat brigades, the Army has designated experienced officials within TRADOC's infantry and armor centers, called capabilities managers, who act as focal points for evaluating combat unit designs and coordinating comprehensive assessments of these units across the DOTMLPF domains to determine how best to mitigate potential risks with changes to doctrine and unit design, resolve training and equipping issues, and incorporate lessons learned. By assigning responsibility and authority for assessing forces to the capability managers, the Army has created a focal point for evaluating unit capabilities that clarifies lines of accountability and helps ensure that the designs of support units are fully tested across the DOTMLPF domains. For example, the Stryker Brigade Combat Team capability manager monitors the status of doctrine for

Stryker units and lessons learned from current operations and updates as necessary doctrine and unit design as needed. Similarly, TRADOC established a capability manager for the Infantry Brigade Combat Team formation who, among other things, monitors the development of assessments across the DOTMLPF domains to ensure these areas are integrated and that the infantry unit design supports operational requirements. For example, the commander of one infantry brigade combat team stated that the infantry capability manager could help resolve concerns regarding training and equipment issues before deploying units to support the global war on terror. Without a responsible focal point to ensure that assessments across the DOTMLPF domains are conducted in an integrated fashion, the Army runs a risk that support units will not have the capabilities needed to support the modular force.

The Army Has Not Comprehensively Tested the Modular Force Based on Authorized Equipment and Personnel Levels

TRADOC conducts computer simulations to test and evaluate the capability of the modular force based on designed equipment and personnel levels but does not perform these tests based on either authorized or available equipment or personnel levels.[26] According to the Army, TRADOC assessed the modular force in 2004 based on the resources, equipment, and personnel specified in the modular unit design, not the authorized levels that would reflect the equipment and personnel that the units will actually have. During this assessment process, TRADOC identified some risks related to this modular transformation process and identified enablers, [27] such as those we discussed earlier in this report, that would be needed to mitigate these risks. For example, when TRADOC used computer modeling tools to assess the combat capabilities of modular combat units, it determined that there was a risk associated with having two combat-focused, or maneuver, battalions in a modular combat brigade, as opposed to the three maneuver battalions that made up a combat brigade in the previous divisional structure. Based on this analysis, the Army made adjustments in the design of the units, such as adding battlespace awareness equipment such as unmanned aerial vehicles and increasing the number of intelligence personnel, before accepting the

[26] TRADOC is responsible for analyzing whether modular combat and support units will be capable of successfully conducting operations required across the full spectrum of conflict.

[27] GAO-05-325SP.

modular designs. However, the Army's design represents an ideal future objective that is unconstrained by resources.[28]

Measured against the design level, the Army is projecting significant shortfalls in a number of different equipment and personnel areas. Since the Army accepted the modularity concept based on the design level, these shortfalls could also affect the capabilities modular units can deliver to combatant commanders. As table 4 shows, our analysis of selected key enabler equipment projections against design requirements found that the Army projects it will have less than half of the design requirement for some key equipment, such as battle command equipment, fire-finder radars, tactical and high frequency radios, and medium-wheeled vehicles. (For details of this analysis, see table 7 in app. I.)

Table 4: Projected Availability of Selected Key Equipment Enablers at the Design Level in Fiscal Year 2012

Selected key equipment enablers by category	Percent of design requirement[a] projected to be available
Battle command (includes computers and communications equipment)	40
Firefinder radar	17
High frequency radios	45
Joint network node (signal equipment)	55
Light tactical wheeled vehicles	56
Medium tactical wheeled vehicles	31
Tactical radios	38
Unmanned Prophet intelligence, surveillance and reconnaissance system	61
Unmanned aerial vehicle (small)	61

Source: GAO analysis of Army equipment databases.

Note: We did not analyze the Army's ability to provide equipment to units either deploying, about to be deployed, or returning from current operations. Our analysis also excluded equipment items that the Army authorizes as substitutes because we assessed the Army's progress obtaining modern equipment items. Data retrieved from these databases reflect equipment levels as of April 23, 2007.

[a]Design equipment is more modern equipment. Some of the progress equipping the modular force is based on maintaining older equipment and while this may allow the Army to have the equipment it needs overall, the Army still has shortfalls for specific types of modern equipment.

[28] To manage within expected budgets and what it deems acceptable levels of risk, the Army authorizes equipment and personnel levels that may be significantly lower than the design requirement. Table 1 of this report describes our analysis of projected shortfalls of enablers against the authorized levels.

According to the Army, such enablers are critical to the modular force. During the development of the new modular brigade combat team designs, the Chief of Staff of the Army directed the Army to develop designs that would be "as capable as" the legacy designs the Army wanted to replace.[29] Working under Army TRADOC, in 2004, the Army Task Force Modularity assessed several brigade combat team design alternatives and concluded that selected key enablers largely determined the performance of each of the alternatives.[30] As a result, the Army made some changes to modular unit blueprints and assumed that modern equipment—including advanced battle command systems, unmanned aerial vehicles, and top of the line intelligence-surveillance-reconnaissance equipment that provide a brigade commander enhanced situational awareness—would be available for these units. These changes were meant to mitigate the risks associated with smaller but more numerous brigades; the Army created four modular brigade combat teams out of three former divisional brigades and reduced from three to two the number of battalions within a combat brigade.[31] The Army approved an initial brigade combat team design, which senior Army leaders assessed as "good enough" for the Army's modular restructuring.

Since the initial 2004 assessment of the modular brigades, the Army has used a case-by-case review process to analyze specific shortfalls and identify any needed risk mitigation strategies. These assessments have been focused on supporting ongoing counterinsurgency operations. However, because these assessments focus on a few specific shortfalls and do not examine how all the equipment and staffing work together in modular force across the full spectrum of conflict, it is unclear whether the currently authorized personnel and equipment achieve the capability that was originally envisioned.

[29] The Chief of Staff of the Army identified the need for the Army Modularity Task Force to design brigade combat teams to have the ability to rapidly take action at the tactical and operational level, which relies in part on improving the battlefield commander's capabilities to assess the situation on the battlefield.

[30] Key enablers included the following equipment items: the all source analysis system, battle command systems, unmanned aerial vehicles, radars, the fire support, and the long-range advanced scout surveillance system.

[31] The Army's objective is for the new modular combat brigade, which will include about 3,000 to 4,000 personnel, to have at least the same combat capability as a brigade under the division-based force, which ranged from 3,000 to 5,000 personnel.

Conclusions

Restructuring and modernizing the Army amid ongoing operations presents a complex and growing challenge. To date, the Army has received billions of dollars in regular and supplemental appropriations that have helped to prepare deploying units, but these investments have not yet translated into improved readiness for non-deployed units. As operations have continued, the target date for rebuilding the Army has slipped considerably and is now more than a decade away. We previously recommended that the Army establish management controls to assess progress in achieving its goal of fully equipping the modular force and report this information to Congress, and the Army agreed. However, in its 2008 report to Congress, the information the Army provided focused primarily on the 2009 budget year and did not include the detailed, year-by-year information that would represent the comprehensive management controls that are needed to demonstrate progress in equipping and staffing the modular force. Without detailed planning for results that includes interim targets for equipping and staffing the modular force and clearly links investments with goals for equipping and staffing modular units, DOD and Congress will not have the information needed to fully assess the Army's progress or determine the impact of any shortfalls. Moreover, without the information the Army needs to show progress toward its goals, the Army could face difficulties competing for increasingly scarce resources in the future and risks additional slippage in its timeline for rebuilding the Army.

The Army's transition to the modular design has provided flexibility in supporting ongoing operations, but the effectiveness of the design across the full range of potential conflicts and with potential shortfalls in key equipment and personnel is still unknown. Understandably, the Army has focused its evaluation efforts on combat brigades supporting ongoing operations, although these are primarily counterinsurgency operations and do not represent the full spectrum of potential conflicts. However, although the integration of support forces with combat brigades is a key factor to the success of the modular design, the underpinning doctrine for modular support forces has yet to be completed. And, unlike its approach for combat forces, the Army has not yet identified an organization or focal point to be responsible for conducting integrated assessments of support forces across the DOTMLPF domains. By conducting an assessment of the total force against the full spectrum of requirements and identifying capability gaps in combat and support units, the Army can identify options that balance short-term needs with long-term risks. Lacking an analysis of the capabilities of the modular force at authorized levels—which represents what the Army actually plans to have—the Army will not be in

a position to realistically assess whether the capabilities that it is fielding can perform mission requirements.

Recommendations for Executive Action

To improve the Army's focus on the relationship between investments and results and the completeness of the information that the Army provides Congress, we recommend the Secretary of Defense direct the Secretary of the Army take the following action:

- Develop and report to Congress a results-oriented plan that provides detailed information on the Army's progress in providing the modular force with key equipment and personnel enablers. The plan should show actual status and planned milestones through 2019 for each type of key equipment and personnel, including
  - goals for on-hand equipment and personnel levels at the end of each fiscal year;
  - projected on-hand equipment and personnel levels at the end of each fiscal year, including planned annual investments and quantities of equipment expected to be procured or repaired as well as key assumptions underlying the Army's plans; and
  - an assessment of interim progress toward meeting overall Army requirements and the risks associated with any shortfalls.

To enhance the Army's efforts to comprehensively assess modular designs we are recommending that the Secretary of Defense direct the Secretary of the Army to take the following three actions:

- Develop a plan, including timelines, for completing doctrine for modular support forces.
- Establish an organizational focal point to ensure that integrated assessments of modular support units' designs are performed across the DOTMLPF domains.
- Assess the capabilities of the modular force based on the amount and type of authorized equipment and personnel to identify capability shortfalls between authorized and design levels and take steps to revise authorized levels where appropriate.

Matters for Congressional Consideration

In commenting on these recommendations, DOD either disagreed or offered responses that we considered not to be fully responsive to the intent of our recommendations. We are therefore elevating the following matters for Congressional consideration.

Congress should consider amending section 323 of Public Law 109-364 to require the Army to include in its statutorily required report on modularity a results-oriented plan that provides (1) goals for on-hand equipment and personnel levels at the end of each fiscal year; (2) projected on-hand equipment and personnel levels at the end of each year, including planned annual investments and quantities of equipment expected to be procured or repaired, as well as key assumptions underlying the Army's plans; and (3) an assessment of interim progress toward meeting overall Army requirements and the risks associated with any shortfalls.

To ensure that Congress is kept informed about the progress in implementing modular designs across the Army's operating forces and the capabilities of the modular force and associated risks from personnel and equipment shortfalls, it should consider revising section 323 Public Law 109-364 to require the Army to report on the status of its transition to modularity to include assessments of (1)the status of development of doctrine for how support forces will train, be sustained, and fight, (2) capabilities of modular units with expected personnel and equipment and risks associated with any shortfalls against required resources.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD disagreed with one recommendation, agreed with two recommendations, and partially agreed with one recommendation. DOD disagreed with our recommendation to report detailed information on the Army's progress in equipping and staffing the modular force. The department agreed with our recommendations to develop a plan for completing doctrine for modular support forces and establishing a focal point for assessing modular support units' designs. However, the department stated that its current processes adequately address these issues. The department partially agreed with our recommendation to assess the capabilities of the modular force. However, DOD stated that the Army assesses the capabilities of the force in many ways and that its current assessments are adequate and that additional actions are not necessary. As discussed below, we continue to believe that the actions we recommended are important to improve the Army's ability to identify gaps in personnel and equipment and target investments to improve capabilities more efficiently as well to manage the transition of support forces to modular designs and operations. Therefore, we have raised these actions as matters for congressional consideration.

DOD stated that our first recommendation to develop and report to Congress a results-oriented plan that provides detailed information on the Army's progress in providing the modular force with key equipment and

personnel enablers is not needed because the department's budget, yearly acquisition reporting, and congressionally required reporting provide information on the status and plans for equipping and manning the force. In addition, DOD stated that yearly goals and projections for on-hand equipment and personnel are highly variable, given fluctuations attributed to unit position in the Army Force Generation cycle, equipment repair and reset plans, and planned modernization acquisitions. Although we agree that the Army provides Congress with information on planning, budgeting, and acquisitions systems, these systems do not constitute a coherent plan that provides sufficient information on the agency's progress in equipping and staffing the modular force. Without the benefit of a clear plan and milestones against which to assess progress, the Army cannot assure Congress that it is on a path to restore readiness or when it will have the equipment and personnel it needs. The Army has relied heavily on supplemental funding to support its transition to modularity, and the Army has placed its priority for equipping and staffing on deploying forces. However, in light of pressures on the federal budget, the Army needs to make clear how it will use the funding it requests, when the Army expects to be able to fully resource its forces in accordance with its force generation cycle and the extent to which improvements are being achieved in the interim. Therefore, we have elevated this to a matter for congressional consideration, suggesting that Congress consider directing the Army to include in its annual report on modularity detailed information on equipment and personnel levels, progress toward equipment and staffing goals, and risks associated with any shortfalls.

DOD agreed with our recommendation that the Secretary of the Army develop a plan, including timelines, for completing doctrine for modular support forces but stated that its current assessments are adequate. However, DOD's response did not address two specific issues we raised: (1) the doctrinal manuals for support forces are not complete and (2) no plan with milestones for completing the manuals has been developed. In its comments, DOD stated that it had published Field Manual 3-0, Operations and that this manual included doctrine for modular support forces. We agree that Field Manual FM 3-0 serves as broad-based direction for all Army doctrine; however, it does not include specific modular support force doctrine that defines how modular support units will train, be sustained, and fight. As the report discusses, the Army's Training and Doctrine Command has published, in separate field manuals, doctrine for each of the types of modular combat units that details how these units will train, be sustained, and fight. Our report highlights the need for the support-unit-specific doctrine to provide the standards by which support unit training can be evaluated. Until the Army develops a plan to complete

such doctrine that includes a timeline and designates appropriate authority and responsibility, it is not clear that priority will be placed on this effort. We believe that the actions the department has taken do not meet the intent of our recommendation to improve the assessment of support forces and that our recommendation has merit. Therefore, we have elevated this to a matter for congressional consideration, suggesting that Congress consider requiring DOD to report on the Army's progress in developing specific doctrine for modular forces, including support forces, in its annual report on Army modularity.

DOD agreed with our recommendation that the Army establish an organizational focal point to ensure that integrated assessments of modular support units' designs are performed across the doctrine, organization, training, materiel, leadership, personnel, and facilities domains. However, in its written comments, the Army indicated that the Deputy Chief of Staff is the focal point for organization, integration, decision making, and execution of the spectrum of activities encompassing requirements definition, force development, force integration, force structure, combat development, training development, resourcing, and privatization and that these activities included being the focal point for integrated assessments of unit designs across the doctrine, organization, training, materiel, leadership, personnel, and facilities domains. However, our recommendation was not directed toward the responsibilities or authorities of senior Army leadership. Rather, our recommendation focuses more narrowly on the need to address the current lack of integrated assessments of modular support units. Our recommendation was intended to encourage as a best practice the Army's current strategy of appointing a focal point for ensuring integrated assessments of modular combat units and to highlight how applying this strategy could improve the integration of assessments for support units. We recognize that there are a number of ways that the Army could address the intent of this recommendation to improve integration of assessments for support forces, so we have not elevated this as a matter for congressional consideration at this time. However, we continue to believe that employing the best practice of appointing a focal point for integration would improve the Army's ability to integrate assessments across domains for each type of support unit.

DOD partially agreed with our recommendation to assess the capabilities of the modular force based on the amount and type of authorized equipment and personnel in order to identify capability shortfalls between authorized and design levels and to revise authorized levels where appropriate. In its comments, DOD stated that the Army assesses the

capabilities of the force in many ways and that modular brigades are assessed based on the missions assigned and the ability to accomplish these missions given personnel, training, and equipment available. Further, DOD stated that the Army is currently assessing its capabilities and no new direction is needed. We agree that the Army performs many types of assessments of force capabilities. However, although the Army provided us documentation of its assessments of modular combat force designs with the level of equipment called for in the unit design, we found no evidence that the Army has assessed the modular forces with the equipment that these forces can realistically expect to have given the personnel and equipment available. As our report discussed, we identified significant shortfalls in the Army's projected equipment and personnel when measured against the design levels. Further, the Army has focused its testing and evaluation efforts thus far on conducting ongoing counterinsurgency operations. We continue to believe that until the Army begins to test units with realistic personnel and equipment levels and across the full spectrum of conflict, the Army faces risks associated with shortfalls of key equipment should a different type of capability be needed in future operations in a different kind of conflict. Therefore, we elevated this to a matter for congressional consideration, suggesting that Congress consider requiring an assessment of modular force capabilities and associated risks at expected levels of personnel and equipment and across the full spectrum of conflict.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; and the Secretary of the Army. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO web site at http://www.gao.gov. If you or your staff have any questions about this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

John H. Pendleton
Director, Defense Capabilities and Management

List of Congressional Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Duncan L. Hunter
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable John P. Murtha
Chairman
The Honorable C. W. Bill Young
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: List of Key Equipment and Personnel Enablers

For the 15 key equipment and the 9 key personnel enabler categories we identified, each profile presents a general description of the equipment item or functions of military personnel. We grouped key enablers into broad equipment and personnel categories that include more specific equipment items and military occupational specialties that are critical to the modular force design. For example, tactical radios are a key equipment enabler category that includes numerous equipment items, such as the Single Channel Ground and Airborne Radio System, that may consist of both older and more modern variants. Signals is a key personnel enabler category that includes two enlisted occupational specialties (nodal network operator/maintainer and satellite communication systems operator/maintainer) and one officer (signal corps officer) occupational specialty.

Our selection methodology generally required that equipment and personnel be assigned to at least two types of modular units (brigade combat teams, multifunctional support brigades, or functional support brigades) to qualify as a key enabler.[1] We excluded certain types of equipment that are important to brigade combat teams, such as Abrams and Bradley tanks, because they are present in both the new brigade designs as well as the previous divisional structure. After we identified a preliminary list of key enablers, we submitted this list to the Headquarters, Department of the Army, for official input and held subsequent discussions with Army officials. Based on our discussions, we developed and submitted to the Department of the Army a final list of key equipment and personnel enablers of the modular force that served as the basis for our data request. An Army procurement official identified the specific equipment line items associated with each of the key equipment enablers and personnel officials verified that we had identified the appropriate skills associated with these enablers.

[1] We included in our analysis one key enabler category—the Fire Support Sensor System—that did not meet our selection criteria because this equipment system is only assigned to one of the three types of modular units (brigade combat team). We included this key equipment enabler category because a 2004 Army Task Force Modularity study specifically identified the need for units at all levels to have sensor equipment, which this enabler provides. In particular, this enabler category includes the M707 Knight, which the 2004 Army report specifically identified as a "key enabler" of the modular force. An Army official subsequently concurred that this enabler category is critical to the modular force.

Key Equipment Categories

All-Source Analysis System

The All-Source Analysis System is the Army's primary intelligence integration program, found at all Army echelons at battalion and higher level organizations. This system is composed of a laptop and desktop configuration that provides battlefield commanders with enhanced situational awareness and timely intelligence on enemy force deployments, capabilities, and potential courses of action. Our analysis includes the four equipment items that encompass this system such as All Source Analysis System: AN/TYQ-93. The Office of the Army Deputy Chief of Staff for Programs stated that capabilities from this system will convert into the Army Distributed Command Ground System, which is expected to be fielded to active Army, Army National Guard, and Army Reserve units by the end of fiscal year 2010.

Analysis and Control Element

The Analysis and Control Element is a subsystem of the All Source Analysis System that provides commanders above the brigade level with intelligence processing, analysis, and dissemination capability. This category includes eight different equipment items including the Analysis and Control Element (ACE) AN/TYQ-89 which operates at the divisional level.

Battle Command Systems

Battle command systems enhance the ability of the commander to gain information and make decisions through the use of technology, such as Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance equipment. Our analysis includes 95 equipment specific equipment items within this enabler category, such as the Force XXI Battle Command Brigade-and-Below and the Movement Tracking System. The Force XXI Battle Command Brigade-and-Below forms the principal digital command and control system for the Army at brigade levels and below; it also connects platforms from lower-level units through the Tactical Internet. The Movement Tracking System is a tracking and communications satellite-based system that provides situational awareness to combat support and combat service support units. Army officials in the Office of the Deputy Chief of Staff for Programs indicated that to mitigate the overall shortfall of battle command equipment, the Army will retain older variants that are in oversupply until new equipment is delivered. However, shortfalls in this category are greater than the availability of older equipment.

Fire Support Sensor System

The Fire Support Sensor System designates targets to enable ground and air delivered precision strike capability. Our analysis includes six equipment items for this enabler category, such as the Armored Knight Fire Support Vehicle, the Bradley Fire Support Vehicle, and the Stryker Fire Support Vehicle. For example, the Knight vehicle provides precision strike capability by locating and designating targets for both ground and air-delivered laser-guided ordnance and conventional munitions. Army officials in the Office of the Deputy Chief of Staff for Programs indicated that force structure changes are expected to reduce overall requirements for this system, which would eliminate potential equipment shortages. The officials also stated the Army plans to continue to modernize its fleet of Fire Support Vehicles with upgrades and replacements of non-repairable equipment.

Firefinder Radar

Firefinder radar is specialized equipment that detects the location of mortars, artillery, and short and long-range rockets through the use of radar. Our analysis includes six equipment items for this enabler category, such as the Firefinder AN/TPQ-36 that locates medium-range rockets. To mitigate overall shortfalls of these radars, the Army will retain a surplus of older radars until its modernization efforts replace existing equipment.

Joint Network Node

The Joint Network Node is the Army's modernization of the tactical communications network. This node provides high-speed, high-capacity tactical network communications and data transport down to battalion level, which supports command and control, intelligence, and logistics communications. Our analysis includes 8 equipment items for this enabler category, such as the Battalion Command Post which provides communications at the battalion level. In June 2007, the Under Secretary of Defense for Acquisitions, Logistics, and Technology approved a merger of the Joint Network Node with the Warfight Information Network-Tactical system.

Long Range Advanced Scout Surveillance

The Long Range Advanced Scout Surveillance System provides long range target acquisition and far target location capabilities to armor and infantry scouts enabling them to conduct reconnaissance and surveillance

operations outside of enemy fire. It is a component of the Fire Support Sensor System, which provides target designation capability for fire support teams. Our analysis includes 3 equipment items for this enabler category, such as the Night Vision Sight Set and Long Range Scout Surveillance System AN/TAS-8. Army officials in the Office of the Deputy Chief of Staff for Programs stated that the Army plans to mitigate shortages by using substitute items that can provide the same or similar capabilities as the required item until the Army can procure the modernized item.

Radios – High Frequency

High Frequency radios provide commanders with radios that provide beyond the line of sight voice and data capability. Our analysis includes 17 equipment items for this enabler category, such as the High Frequency Radio Set AN/PRC-150C man pack that is carried by soldiers. The Army's goal is to procure the Joint Tactical Radio System, which provides a networking capability with multichannel, multiwaveform capabilities to increase speed and reliability of service. Currently, the Army is using older radios that it plans to replace; however, these older systems do not exist in enough numbers to address these shortages.

Radios – Tactical

Tactical radios provide the ability and flexibility for command and control of combat forces on the battlefield and maintain contact with the lowest level, the squad leader. Our analysis includes 317 equipment items for this enabler category, such as the Enhanced Position and Location Reporting System. The Single Channel Ground and Airborne Radio System radio provides commanders with a secure combat net radio with voice and data handling capability in support of Command and Control operations. The Enhanced Position and Location Reporting System radio provides a tactical Internet and communications capability. The Army's goal is to procure the Joint Tactical Radio System, which provides a networking capability with multichannel, multiwaveform capabilities to increase speed and reliability of service. In the near term, the Army maintains older less capable radios such as earlier versions of the Single Channel Ground and Airborne Radio System to meet its tactical radio requirements.

Tactical Wheeled Vehicles – Light

The family of light tactical wheeled vehicles consists of the High Mobility Multipurpose Wheeled Vehicle, which is a light, mobile, four-wheel drive

vehicle. It has six configurations: troop carrier, armament carrier, shelter carrier, ambulance, missile carrier, and scout vehicle. Our analysis includes 43 equipment items for this enabler category such as the 1-1/4 ton cargo and troop carrier. Current operations are placing a heavy burden on these vehicles, and the Army has made numerous design and configuration changes to these vehicles such as improving their armored protection. Ultimately, the Army plans to replace this vehicle with the Joint Light Tactical Vehicle that will be available in 2015.

Tactical Wheeled Vehicles – Medium

The family of medium tactical wheeled vehicles provides multipurpose transportation such as re-supply and mobility assets for combat support and combat service support units and includes cargo, tractor, van, wrecker, and dump trucks. Our analysis includes 176 equipment items for this enabler category; some of the older vehicles are 2-1/2 ton cargo vehicles, while newer models are 5 ton trucks. The Army has a medium vehicle modernization strategy that is scheduled to be completed in 2022. Until then, the Army will use older trucks to meet its requirements.

Tactical Wheeled Vehicles – Heavy

The family of heavy wheeled tactical vehicles performs unit resupply for combat, combat support, and combat service support units. Our analysis includes 106 equipment items for this enabler category, such as Heavy Expanded Mobility Tactical Trucks, Palletized Load System trucks, Heavy Equipment Transport, and Line Haul trucks. The Heavy Expanded Mobility Tactical Trucks provides all-weather, rapidly deployable transport capabilities for re-supply of combat vehicles and weapon systems. The Palletized Loading System truck is a prime mover with a load handling system. The Heavy Equipment Transport truck transports equipment such as tanks, fighting and recovery vehicles, and self-propelled howitzers. Line Haul trucks include the line haul tractor, light equipment transporter, and dump trucks. To address the shortfall of these trucks, the Army uses older equipment items that are authorized as substitute items.

Trojan Spirit

The Trojan Spirit is an intelligence dissemination system that provides high capacity satellite communications services at Top Secret and Special Compartmented Information levels to tactical Army forces. Our analysis includes 14 equipment items for this enabler category, such as the Trojan Spirit Lite. Army officials in the Office of the Deputy Chief of Staff for

Programs stated that the Army plans to modernize and upgrade Trojan Spirit with current technology to prevent the obsolescence of this program until the system is replaced by the Warfighter Information Network – Tactical in the 2014-2021 timeframe.

Unmanned Aerial Vehicle – Prophet

The Prophet unmanned aerial vehicle provides an all-weather, near-real-time view of an area of responsibility through the use of signals and intelligence sensors. According to the Army, the Prophet provides the brigade combat team commander with the intelligence capability to visually display the battles space. Our analysis includes eight equipment items for this enabler category including the Countermeasures Detection System AN/MLQ-40. Army officials in the Office of the Deputy Chief of Staff for Programs stated that the Army's strategy to mitigate equipment shortfalls is to maintain older equipment longer as substitutes until they can be replaced.

Unmanned Aerial Vehicle – Small

The small unmanned aerial vehicle provides reconnaissance, surveillance, and target acquisition capabilities to ground commanders. Our analysis includes 51 equipment items for this enabler category, such as the Extended Range Multi-Purpose Unmanned Aircraft System and the Raven B. The Army has a shortfall for these items at the authorized and design level, and the conversion to the modular force structure increased the requirement for these vehicles. However, the Army does not have older equipment to make up for these shortages.

Table 5 illustrates, by key equipment enabler category, the on hand or available equipment at the authorized level for modular force units for the total Army—active and reserve components—in fiscal years 2007 and 2012. For example, the Army projects to have 100 percent of its authorized equipment by 2012 in the Analysis and Control Element category,[2] whereas the Army had 21 percent of authorized levels in fiscal year 2007. In contrast, the Army projects to have 67 percent of authorized levels of

[2] The Analysis and Control Element is a sub-system of the All Source Analysis System that provides commanders above the brigade level with intelligence processing, analysis and dissemination capability.

small unmanned aerial vehicles in fiscal year 2012 —an improvement from fiscal year 2007, when it had 34 percent of its authorized level.

Table 5: Key Equipment Enablers Available at the Authorized Level in Fiscal Years 2007 and 2012.

Key equipment enablers by category	Description of capabilities	Percent of actual authorized available 2007	Percent of projected authorized available 2012
All-Source analysis system	Provides battlefield commanders with enhanced situational awareness and intelligence on enemy forces.	96	185
Analysis and control element	Furnishes higher-level commanders with intelligence processing, analysis and dissemination capability.	21	100
Battle command systems	Enhances the commander's information gathering and decision-making capability.	50	115
Fire support sensor system	Designates targets to enable ground and air delivered precision-strike capability.	131	177
Firefinder radar	Detects the location of mortars, artillery, and short and long-range rockets through the use of radar.	71	123
Joint network node	Provides high-speed, high-capacity tactical communications down to battalion level.	54	159
Long-range advanced scout surveillance	Affords long-range target acquisition capabilities to armor and infantry scouts enabling them to conduct reconnaissance and surveillance operations.	64	155
Radios – high frequency	Provides commanders with radios that provide beyond the line of sight voice and data capability.	50	101
Radios – tactical	Allows higher-level units to command and maintain contact with lower-level units.	185	208
Tactical wheeled vehicles – light	Provides multipurpose transportation using light, mobile four-wheel drive vehicles.	91	126
Tactical wheeled vehicles – medium	Provides multipurpose transportation using medium trucks.	98	128
Tactical wheeled vehicles – heavy	Provides multipurpose transportation using heavy trucks.	91	125
Trojan Spirit	Furnishes high-capacity, secure satellite communications services to tactical Army units.	93	133
Unmanned aerial vehicle – Prophet	Allows an all-weather, near-real-time view of an area of responsibility through the use of signals and intelligence sensors.	20	99
Unmanned aerial vehicle – small	Provides reconnaissance, surveillance, and target acquisition capabilities to ground commanders.	34	67

Source: GAO analysis of Army data.

Note: Data reflects equipment levels as of April 23, 2007. We did not conduct an analysis of the Army's ability to provide equipment to units either deploying, about to be deployed, or returning from current operations. For the purpose of this table, our analysis excluded equipment items that the Army authorizes as substitutes because we assessed the Army's progress obtaining modern equipment items.

Table 6 illustrates, by key equipment enabler category, the on hand or available equipment at the design level for modular force units for the total Army—active and reserve components—in fiscal year 2007. This data includes an analysis at the aggregate level of all equipment on hand in a category and the specific modern equipment required in the design.

Table 6: Key Equipment Enablers Available and Shortages of Modern Equipment at the Design Level in Fiscal Year 2007

		All equipment		Design equipment[a]	
Key equipment enablers by category	Design requirement (Number required)	Available	Percent	Available	Percent
All-source analysis system	3,713	1,750	47	1,750	47
Analysis and control element	34	7	21	7	21
Battle command systems	379,275	71,133	19	64,520	17
Fire support sensor system	1,007	1,147	114	381	38
Firefinder radar	204	121	59	0	0
Joint network node	2,713	504	19	504	19
Long range advanced scout surveillance	3,508	1,103	31	1,103	31
Radios - high frequency	23,434	7,467	32	2,910	12
Radios – tactical	543,501	554,645	102	161,734	30
Tactical wheeled vehicles – light	153,960	111,056	72	72,740	47
Tactical wheeled vehicles – medium	87,305	78,307	90	25,989	30
Tactical wheeled vehicle – heavy	57,924	38,527	67	26,402	46
Trojan spirit	388	242	62	221	57
Unmanned aerial vehicle – Prophet	252	114	45	114	45
Unmanned aerial vehicle – small	2,679	834	31	834	31

Source: GAO analysis of Army data.

Note: Data reflect equipment levels as of April 23, 2007. We did not conduct an analysis of the Army's ability to provide equipment to units either deploying, about to be deployed or returning from current operations. Our analysis also excluded equipment items that the Army authorizes as substitutes because we assessed the Army's progress obtaining modern equipment items.

[a]Design Equipment is more modern equipment. Some of the progress equipping the modular force is based on maintaining older equipment, and while this may allow the Army to have the equipment it needs overall, the Army still has shortfalls for specific types of modern equipment.

Table 7 illustrates, by key equipment enabler category, the projected available equipment at the design level for modular force units for the total Army—active and reserve components—in fiscal year 2012. This data includes an analysis at the aggregate level of all equipment projected on hand in a category and the design equipment, which represents the specific equipment items that are required in the design.

Table 7: Key Equipment Enablers and Projected Shortages of Modern Equipment at the Design Level in Fiscal Year 2012

		All Equipment		Design Equipment[a]	
Key Equipment Enablers by Category	Design Requirement (Numbers required)	Available	Percent	Available	Percent
All-source analysis system	3,713	3,363	91	3,363	91
Analysis and control element	34	34	100	34	100
Battle command systems	379,275	164,674	43	150,032	40
Fire support sensor system	1,007	1,548	154	782	78
Firefinder radar	204	209	102	34	17
Joint network node	2,713	1,495	55	1,492	55
Longrange advanced scout surveillance	3,508	2,695	77	2,627	75
Radios – high frequency	23,434	15,191	65	10,634	45
Radios – tactical	543,501	623,672	115	205,153	38
Tactical wheeled vehicles – light	153,960	154,341	100	86,486	56
Tactical wheeled vehicles – medium	87,305	102,206	117	27,103	31
Tactical wheeled vehicles – heavy	57,924	53,194	92	39,139	68
Trojan Spirit	388	345	89	322	83
Unmanned aerial vehicle – prophet	252	573	227	153	61
Unmanned aerial vehicle – small	2,679	1,644	61	1,629	61

Source: GAO analysis of Army data.

Note: Data reflect equipment levels as of April 23, 2007.We did not conduct an analysis of the Army's ability to provide equipment to units either deploying, about to be deployed or returning from current operations. Our analysis also excluded equipment items that the Army authorizes as substitutes because we assessed the Army's progress obtaining modern equipment items.

[a]Design equipment is more modern equipment. Some of the progress equipping the modular force is based on maintaining older equipment and while this may allow the Army to have the equipment it needs overall, the Army still has shortfalls for specific types of modern equipment.

Key Personnel Enabler Categories

We identified nine key personnel enabler categories. Within a category, we selected military occupational specialties that are critical to the modular force design.

Ammunition Personnel

Ammunition personnel manage and maintain armament, missile and electronic systems, conventional and nuclear munitions and warheads and the detection, identification, rendering safe, recovery, or destruction of hazardous munitions.

Explosive Ordnance Disposal Officer

The Explosive Ordnance Disposal Officer is responsible for operations that include the location, rendering safe, removal, disposal, and salvage of unexploded conventional, nuclear, biological, and chemical munitions. Explosive ordnance officers are assigned to modular units such as the headquarters units within a combat support brigade (maneuver enhancement). The Army's goal is to fill this occupational branch at 100 percent or higher. To meet staffing goals, the Army offers several incentives to captains, such as choice of occupational branch, duty station, civilian graduate education, military school or cash bonuses in exchange for 3 additional years of obligated service. The Army also offers similar options to pre-commissioned cadets in exchange for extending their initial service obligations and bonuses to recruit active duty Air Force and Navy officers to transfer to the Army.

Explosive Ordnance Disposal Specialist (Enlisted)

Explosive Ordnance Disposal Specialists locate, identify, render safe, and dispose of conventional, biological, chemical or nuclear ordnance or improvised explosive devices, weapons of mass destruction, and large vehicle bombs. They also conduct intelligence gathering operations of foreign ordnance. Explosive ordnance specialists are assigned to modular units such as the headquarters units within a combat support brigade (maneuver enhancement). The Army's goal is to fill this occupational specialty at 100 percent or higher. Current operations have increased the need for explosive ordnance disposal specialists, a need which has led to a shortfall for this occupational specialty. Shortages are also because a high level of prerequisites needed for personnel to qualify for this specialty, a high attrition rate experienced in training, and low retention of career personnel due to competition from the private sector. To meet staffing goals, the Army has given this specialty a high recruiting priority and offers its second-highest enlistment bonus to new recruits and retention bonuses to personnel who re-enlist. Personnel from overfilled occupational specialties are also encouraged to convert to this one without extending their service obligations, or they can receive a retention bonus by re-enlisting.

Armor Personnel

Armor personnel direct, operate, and employ tanks, armored vehicles, support infantry, and related equipment.

Cavalry Scout (Enlisted)

The cavalry scout leads, serves, or assists as a member of a scout unit in reconnaissance, security, and other combat operations. More specifically, the cavalry scout operates and maintains scout vehicles and weapons and engages enemy armor with anti-armor weapons; serves as a member of observation and listening posts; gathers and reports information on terrain features and enemy strength; and collects data for the classification of routes, tunnels and bridges. Calvary scouts are assigned to modular units such as the headquarters units of battlefield surveillance brigades and the special troop battalion and combined arms battalions of heavy brigade teams. The Army's goal is to fill this occupational specialty at 100 percent or higher. To meet staffing goals, the Army offers enlistment bonuses to new recruits and retention bonuses to personnel who re-enlist.

Artillery Personnel

Artillery personnel provide fire support to Army units through the employment of field artillery systems. These personnel control, direct and perform technical firing operations, and coordinate the efforts of multiple fire support assets.

Field Artillery Firefinder Radar Operator (Enlisted)

The field artillery Firefinder radar operator is responsible for operating or providing leadership in the operation of field artillery radar systems. Specific responsibilities include establishing and maintaining radio and wire communications, operating and maintaining Firefinder radars, and constructing fortifications and/or bunkers used during field artillery operations. Field artillery Firefinder radar operators are assigned to modular units such as the fires battalion of a fires brigade. The Army's goal is to fill this occupational specialty at 95 percent or higher. To accommodate growth in staffing needs for field artillery Firefinder radar operators, the Army has significantly increased its recruiting requirements and training capacity. To meet staffing goals, the Army has given this specialty a high recruiting priority and offers its second-highest enlistment bonus for new recruits and retention bonuses for personnel who re-enlist. Personnel from overfilled occupational specialties are also encouraged to convert to this one without extending their service obligations, or they can receive a retention bonus by re-enlisting.

Civil Affairs Personnel

Civil Affairs personnel support the commander's relationship with civil authorities, the local populace, nongovernmental organizations, and international organizations. These personnel must possess critical skills associated with a specific region of the world, foreign language expertise, political-military awareness, and cross-cultural communications.

Civil Affairs Officer

The civil affairs officer prepares economic, cultural, governmental and special functional studies, assessments, and estimates. These personnel also coordinate with, enhance, develop, establish, or control civil infrastructure in operational areas to support friendly operations. Additionally, they develop cross-cultural communicative and linguistic skills that facilitate interpersonal relationships in a host country environment. Civil affairs officers are assigned to modular units such as the headquarters unit of the combat support brigade (maneuver enhancement) and heavy brigade combat team. The Army's goal is to fill this occupational branch at 100 percent or higher. To meet staffing goals, the Army offers several incentives to captains, such as choice of occupational branch, duty station, civilian graduate education, military school, or cash bonus in exchange for 3 additional years of obligated service. The Army also offers similar options to pre-commissioned cadets in exchange for extending their initial service obligations and bonuses to recruit active duty Air Force and Navy officers to transfer to the Army.

Civil Affairs Specialist (Enlisted)

Civil affairs specialists identify critical requirements needed by local citizens in combat or crisis situations. They also locate civil resources to support military operations, mitigate non-combatant injury or incident, minimize civilian interference with military operations, facilitate humanitarian assistance activities, and establish and maintain communication with civilian aid agencies and organizations. Civil affairs specialists are assigned to modular units such as the headquarters unit of the maneuver enhancement brigade and heavy brigade combat team. The Army's goal is to fill this occupational specialty at 100 percent or higher. The Army only recruits personnel to fill this occupational specialty from current servicemembers. To meet staffing goals, the Army offers retention bonuses to personnel who re-enlist and critical skills retention bonuses targeted to senior noncommissioned officers with 17 or more years of service who remain on active duty.

Mechanical Maintenance Personnel

Mechanical maintenance personnel perform repair functions on Army weapons systems and equipment that support maneuver forces in their preparation for and conduct of operations across the entire operational spectrum.

Light-Wheel Vehicle Mechanic (Enlisted)

The Light-Wheel Vehicle Mechanic supervises and performs field, intermediate, and depot-level maintenance and recovery operations on light and heavy wheeled vehicles, associated trailers and material handling equipment. Light-wheel vehicle mechanics are assigned to modular units such as the forward support company within a fires brigade and the brigade support battalion within an infantry brigade team. The Army's goal is to fill this occupational specialty at 95 percent or higher. To meet staffing goals, the Army designated this specialty a high recruiting priority, offers enlistment bonuses to new recruits and retention bonuses to personnel who re-enlist. Personnel from overfilled occupational specialties are also encouraged to convert to this one without extending their service obligations, or they can receive a retention bonus by re-enlisting.

Military Intelligence Personnel

Military intelligence personnel provide commanders with all-source intelligence assessments and estimates at the tactical, operations, and strategic levels dealing with enemy capabilities, intentions, vulnerabilities, effects of terrain and weather on operations, and predict enemy courses of action. In particular, they collect intelligence assets; produce threat estimates; ensure proper dissemination of intelligence information; conduct interrogation operations of enemy prisoners of war; interpret imagery; and perform counterintelligence operations.

Intelligence Analyst (Enlisted)

The intelligence analyst supervises, performs or coordinates the collection, management, analysis, processing and dissemination of strategic and tactical intelligence. Furthermore the intelligence analyst processes incoming information, determines its significance and reliability, and performs analyses to determine changes in enemy capabilities, vulnerabilities, and probable courses of action. Intelligence analysts are assigned to modular units such as the headquarters unit of a

heavy brigade combat team and the military intelligence battalion of the battlefield surveillance brigade. The Army's goal is to fill this occupational specialty at 95 percent or higher. The Army expects staffing needs for this occupational specialty to increase due to the conversion to the modular force. To meet staffing goals, the Army designated this specialty a high recruiting priority, offers enlistment bonuses to new recruits, retention bonuses to junior personnel who re-enlist and critical skills retention bonuses to senior non-commissioned officers who remain on active duty. Personnel from overfilled occupational specialties are also encouraged to convert to this one without extending their service obligations, or they can receive a retention bonus by re-enlisting.

Human Intelligence Collector (Enlisted)

Human intelligence collectors supervise and conduct interrogations and debriefings in English and foreign languages and prepare and edit tactical interrogation reports and intelligence information reports. Additionally, they translate and use captured enemy documents and open source foreign language publications in support of promoting peace, the resolution of conflict and the deterrence of war. Human intelligence collectors are assigned to modular units such as the headquarter unit of heavy brigade combat teams and the military intelligence battalion of the battlefield surveillance brigade. The Army's goal is to fill this occupational specialty at 100 percent or higher. The Army expects staffing needs for this occupational specialty to increase because of conversion to the modular force. However, the Army is challenged to increase training capacity for this occupational specialty because of the need for a one-to-one student-teacher ratio. To meet staffing goals, the Army has temporarily suspended foreign language requirements for this specialty, offers enlistment bonuses to new recruits, retention bonuses to junior personnel who re-enlist and critical skills retention bonuses to senior non-commissioned officers with 14 or more years of service who remain on active duty. Personnel from overfilled occupational specialties are also encouraged to convert to this one without extending their service obligations, or they can receive a retention bonus by re-enlisting.

Unmanned Aerial Vehicle Operator (Enlisted)

The unmanned aerial vehicle operator supervises or operates unmanned aerial vehicles, to include mission planning, mission sensor/payload operations, launching, remotely piloting and recovering the aerial vehicle. Unmanned aerial vehicle operators are assigned to modular units such as the special troops battalion of heavy and infantry brigade combat teams.

The Army's goal is to fill this occupational specialty at 95 percent or higher. The Army expects staffing needs for this occupational specialty to increase because of the conversion to the modular force. To meet staffing goals, the Army offers enlistment bonuses for new recruits and retention bonuses to personnel who re-enlist, and is increasing its training capacity to meet increased staffing needs.

Psychological Operations Personnel

Psychological operations personnel plan, conduct, and evaluate operations that convey selected information and indicators to foreign audiences to influence their emotions, motives, objective reasoning, and ultimately the behavior of foreign governments, organizations, groups, and individuals throughout the entire spectrum of conflict.

Psychological Operations Officer

This officer commands or serves on the staff of psychological operations units. Specifically, these officers advise United States military and/or civilian agencies on the use, planning, conduct, and evaluation of psychological operations. Additionally, they inform and train foreign governments and militaries on psychological operations. The Army's goal is to fill this occupational branch at 100 percent or higher. To meet staffing goals, the Army offers several incentives to Captains, such as choice of occupational branch, duty station, civilian graduate education, military school, or cash bonus in exchange for 3 additional years of obligated service. The Army also offers similar options to pre-commissioned cadets in exchange for extending their initial service obligations and bonuses to recruit active duty Air Force and Navy officers to transfer to the Army.

Psychological Operations Specialist (Enlisted)

The psychological operations specialist supervises, coordinates, and participates in the analysis, planning, production, and dissemination of tactical and strategic psychological operations. These personnel assist in the collection and reporting of psychological operation data; assist in analyzing and evaluating current intelligence to support psychological operations; conduct research on intended psychological operation targets; and assist in the delivery of psychological operations products. Psychological operations specialists are assigned to modular units such as the headquarters unit within brigade combat teams. The Army's goal is to fill this occupational specialty at 100 percent or higher. To meet staffing goals, the Army has given this specialty a high recruiting priority, and

offers enlistment bonuses to new recruits and retention bonuses to personnel who re-enlist. Personnel from overfilled occupational specialties are also encouraged to convert to this one without extending their service obligations, or they can receive a retention bonus by re-enlisting.

Signal Corps Personnel

Signals personnel manage all facets of Army and designated Department of Defense automated, electronic, and communication assets. More specifically, Signal Corps personnel are involved in the planning, design, engineering, operations, logistics, and evaluation of information systems and networks.

Signal Corps Officer

This officer directs and manages the installation, operation, networking and maintenance of signal equipment. Furthermore, the general signal officer advises commanders and staffs on signal requirements, capabilities and operations. Signal officers are assigned to modular units such as the headquarters and support company units within heavy brigade combat teams and the signal company within the battlefield surveillance brigade. The Army's goal is to fill this occupational branch at 100 percent or higher. To meet staffing goals, the Army offers several incentives to captains, such as choice of occupational branch, duty station, civilian graduate education, military school, or cash bonus in exchange for 3 additional years of obligated service. The Army also offers similar options to pre-commissioned cadets in exchange for extending their initial service obligations and bonuses to recruit active duty Air Force and Navy officers to transfer to the Army.

Nodal Network Systems Operator-Maintainer (Enlisted)

The nodal network systems operator-maintainer supervises, installs, operates and performs field level maintenance on Internet protocol based high-speed electronic nodal systems, such as the Joint Network Node; integrated network control centers; network management facilities; Communications Security devices; and other equipment associated with network operations. These personnel also perform network management functions in support of maintaining, troubleshooting and re-engineering of nodal assets as needed in support of operational requirements. Nodal network systems operator-maintainers are assigned to modular units such as the signal company within a battlefield surveillance brigade and the

brigade support battalion within a heavy brigade combat team. The Army's goal is to fill this occupational specialty at 95 percent or higher. The Army created this occupational specialty in part because of the conversion of the modular force and is reclassifying personnel from the network switching systems operator-maintainer specialty to this one. To meet staffing goals, the Army offers enlistment bonuses to new recruits and retention bonuses to personnel who re-enlist.

Satellite Communication Systems Operator-Maintainer (Enlisted)

The satellite communication systems operator-maintainer supervises, installs, operates and maintains multichannel satellite communications ground terminals, systems, networks and associated equipment. Satellite communication systems operator-maintainer are assigned to modular units such as the special troop battalion within an infantry brigade combat team and the signal network support company within a fires brigade. The Army's goal is to fill this occupational specialty at 90 percent or higher. To meet staffing goals, the Army offers its highest enlistment bonus to new recruits, retention bonuses to personnel who re-enlist, and critical skills retention bonuses for senior enlisted personnel who remain on active duty.

Transportation Corps Personnel

Transportation personnel are responsible for the management of all facets of transportation including the planning, operating, coordination, and evaluation of all methods of transportation.

General Transportation Officer

The general transportation officer functions as a logistical unit commander or as a staff officer responsible for the functional planning, coordination, procurement and control of the movement of materiel, personnel or personal property on commercial and military transport; and the coordination of all facets of transportation pertaining to water, air, and land transport systems. General transportation officer are assigned to modular units such as the headquarters unit of a sustainment brigade. The Army's goal is to fill this occupational branch at 100 percent or higher. To meet staffing goals, the Army offers several incentives to captains, such as choice of occupational branch, duty station, civilian graduate education, military school, or cash bonus in exchange for 3 additional years of obligated service. The Army also offers similar options to pre-commissioned cadets in exchange for extending their initial service

obligations and bonuses to recruit active duty Air Force and Navy officers to transfer to the Army.

Motor Transport Operator (Enlisted)

The motor transport operator supervises or operates wheeled vehicles to transport personnel and cargo in support of operational activities. Motor transport operators are assigned to modular units such as the headquarters unit of a sustainment brigade and the headquarters unit of a maneuver enhancement brigade. The Army's goal is to fill this occupational specialty at 95 percent or higher. To meet staffing goals, the Army has given this specialty a high recruiting priority, offers its highest enlistment bonus to new recruits, retention bonuses to junior personnel who re-enlist and critical skills retention bonuses for senior enlisted personnel with 19 to 23 years of service who remain on active duty. Personnel from overfilled occupational specialties are also encouraged to convert to this one without extending their service obligations, or they can receive a retention bonus by re-enlisting.

Table 8 illustrates the percentage of active component Army personnel on hand or projected to be on hand at the authorized level in fiscal years 2007 and 2012 by key enlisted and officer career field enabler category.

Table 8: Percentage of Active Army Enlisted and Officer Personnel On Hand by Career Field at Fiscal Year 2007 and 2012 Authorized Levels

Key enabler enlisted career field	Percent of authorized level – 2007 actual	Percent of authorized level – 2012 projected
Field artillery	103	96
Armor	105	98
Communication and information systems operation	90	92
Military intelligence	89	94
Psychological operations	90	101
Civil affairs	143	103
Mechanical maintenance	102	93
Transportation	93	93
Ammunition	91	94
Key enabler officer career field		
Signal corps	103	100
Military intelligence	94	101

Key enabler enlisted career field	Percent of authorized level – 2007 actual	Percent of authorized level – 2012 projected
Psychological operations	108	101
Civil affairs	107	100
Transportation corps	96	101
Ammunition	87	101

Source: GAO analysis of Army data.

Note: Data reflect personnel levels as of April 30, 2007. We did not conduct an analysis of the Army's ability to provide personnel to units either deploying, about to be deployed, or returning from current operations.

Table 9 illustrates the percentage of active component Army personnel on hand or projected to be on hand at the authorized level in fiscal year 2007 by key enabler enlisted and officer occupational specialty and rank.

Table 9: Percentage of Active Army Enlisted and Officer Occupational Specialties at Fiscal Year 2007 Authorized Levels

Key enabler enlisted occupational specialties	Enlisted rank E1-E4 (private-specialist)	Enlisted rank E5 (sergeant)	Enlisted rank E6 (staff sergeant)
Cavalry scout	113	104	93
Civil affairs specialist	N/A[a]	N/A[a]	100
Explosive ordnance disposal specialist	123	111	29
Firefinder radar operator	99	106	93
Human intelligence collector	84	105	39
Light-wheel vehicle mechanic	95	104	102
Military intelligence analyst	107	101	67
Motor transport operator	82	105	107
Network nodal operator-maintainer	68	75	83
Psychological operations specialist	73	108	105
Satellite communication system operator-maintainer	80	101	99
Unmanned aerial vehicle operator	104	131	109
Key enabler officer occupational specialties	**Officer rank O1-O3 (second lieutenant-captain)**	**Officer rank O4 (major)**	**Officer rank O5 (lieutenant colonel)**
Civil affairs officer	101	95	144
Explosive ordnance disposal officer	80	119	95
General signal corps officer	105	88	119
Psychological operations officer	151	73	134
Transportation officer	99	79	94

Source: GAO analysis of Army data.

Note: Data reflect personnel levels as of April 30, 2007. We did not conduct an analysis of the Army's ability to provide personnel to units either deploying, about to be deployed, or returning from current operations.

[a]Active Army civil affairs specialist authorizations are only at the grade of E6 and above because of the level of training and experience required to perform the civil affairs specialist's duties and responsibilities.

Table 10 illustrates the percentage of active component Army personnel available or projected to be available at the design level in fiscal years 2007 and 2012 by key enlisted and officer career field enabler category.

Table 10: Percentage of Active Army Enlisted and Officer Personnel Available by Career Field at Fiscal Year 2007 and 2012 Design Levels

Key enabler enlisted career field	Percent of design level – 2007 actual	Percent of design level – 2012 projected
Field artillery	44	47
Armor	59	61
Communication and information systems operation	42	41
Military intelligence	61	45
Psychological operations	23	18
Civil affairs	4	5
Mechanical maintenance	38	53
Transportation	28	28
Ammunition	42	55
Key enabler officer career field		
Signal corps	58	52
Military intelligence	50	52
Psychological operations	56	43
Civil affairs	17	19
Transportation corps	31	28
Ammunition	69	101

Source: GAO analysis of Army data.

Note: Data reflect personnel levels as of April 30, 2007. We did not conduct an analysis of the Army's ability to provide personnel to units either deploying, about to be deployed, or returning from current operations.

Appendix II: Scope and Methodology

To assess the Army's plan to guide its efforts to equip and staff the modular force, we obtained and analyzed relevant Army plans and reports to Congress for equipping and staffing the modular force. Because the Army lacks a mechanism to measure progress equipping and staffing the modular force, we developed in conjunction with the Army an analysis of key equipment and personnel enablers of the modular force. Based on our review of key Army modularity studies and reports, we defined key enablers as those pieces of equipment or personnel that are required for the organization to function as planned, providing the modular design with equal or increased capabilities to the previous divisional structure in areas such as a unit's firepower, survivability, and intelligence-surveillance-reconnaissance performance. To develop a preliminary list of key equipment and personnel enablers, we reviewed key Army modularity reports using this definition and received input from Army Training and Doctrine Command (TRADOC), which is responsible for the design and evaluation of modular units, and Army Combined Arms Support Command. In addition, our selection methodology required that equipment and personnel must be assigned to at least two types of modular units (brigade combat teams, multifunctional support brigades, or functional support brigades) to qualify as a key enabler. We excluded certain types of equipment that are important to brigade combat teams, such as Abrams and Bradley tanks, because they are present in both the new brigade designs as well as the previous divisional structure. After we identified a preliminary list of key enablers, we submitted the list to the Headquarters, Department of the Army, for official input and held a follow-up discussion with an Army official to discuss the Army's responses. Based on our analysis and this discussion, we developed a final list of key equipment and personnel enablers of the modular force (See app. I for a list of key equipment and personnel enablers of the modular force). An Army procurement official identified the specific equipment line items associated with each of the key equipment enablers. Our analysis of key equipment enablers compares total Army (active, National Guard, and Reserve) equipment design requirements and authorizations for the operating and institutional forces against total Army on-hand quantities in fiscal year 2007 and planned equipment deliveries by fiscal year 2012.[1] However, our analysis excludes planned procurements funded by

[1] We obtained data on Army equipment design requirements from the Army Force Management System database, Army authorized equipment levels from the Army Structure and Composition System database, Army on-hand equipment levels from Logistics Information Warehouse and projected deliveries from the Army EQUIPFOR Module and Force Developmental Investment Information System databases.

emergency supplemental requests for fiscal year 2008 because this data had not been entered into the Army equipment databases at the time of our request. Our analysis of key personnel enablers compares active Army personnel design requirements and authorizations for the operating and institutional forces against active Army on-hand personnel strength in fiscal year 2007 and projected personnel strength for fiscal year 2012. [2] This analysis excludes about 13 percent of authorized end strength for the modular force because of military personnel who are in the transient, transfers, holdees, students category, according to Army personnel officials. The Army's fiscal year 2007 to 2012 equipment and personnel plans were the most recent data available to us when we developed this analysis. Data retrieved from Army databases reflect equipment levels as of April 23, 2007, and personnel levels as of April 30, 2007. We shared the data with Department of the Army officials and provided them an opportunity to identify actions the Army intends to take to address equipment and personnel shortfalls. To assess the reliability of relevant Army equipment and personnel databases, we discussed data quality control procedures with Army officials responsible for managing the relevant equipment and personnel databases. Although we did not independently test the data electronically, we determined the data were sufficiently reliable for the purposes of this report. The Army provided updated data on the status of the Army's equipment as compared to the design requirement as of June 29, 2008. We did not assess the reliability of this 2008 data. However, the 2008 data were generally consistent with the data we analyzed in 2007.

To assess the extent to which the Army has developed a comprehensive plan to test and evaluate the design of the modular force, we analyzed TRADOC's modular force assessment process, including documents related to the doctrine, organization, training, materiel, leadership, personnel, and facilities evaluations, and the use of modular force observations teams and lessons learned from ongoing operations. We also met with officials at TRADOC analysis centers and subject-matter experts at Army proponents and centers, for example, the Signal Center, to understand their efforts to develop and assess the design of the modular force. Further, we visited the Future Force Integration Directorate and the

[2] We obtained data on Army personnel design requirements from the Army Force Management System database, Army authorized personnel levels from the Army Personnel Authorization Module database, Army on-hand personnel levels from the Total Army Personnel Database and projected personnel levels from the Active Army Strength Forecaster.

Army Evaluation Task Force at Fort Bliss to examine the Army approach to assessing the future modular force. In addition, we also assessed the Army's plans to respond to recommendations from prior GAO work related to the evaluation of the modular force across the full-spectrum of conflict. Finally, we examined documents related to the combatant commanders' evaluation of the modular units assigned to the commands.

To assess the extent to which the Army has developed a comprehensive and integrated plan to fund its transformation and expansion of the modular force, we reviewed DOD's fiscal years 2007 to 2009 base budget requests and fiscal years 2007 and 2008 supplemental Global War on Terror requests and met with Army budget officials. We also assessed the Army's plans to respond to recommendations from prior GAO work related to Army modular force and Grow the Force funding plans.

We visited or contacted the following organizations during our review:

Department of Defense

- Office of the Under Secretary of Defense (Acquisition Technology and Logistics), Pentagon, Virginia
- Office of the Under Secretary of Defense (Comptroller), Pentagon, Virginia
- Office of the Under Secretary of Defense (Personnel and Readiness), Pentagon, Virginia
- Office of the Director (Program Analysis and Evaluation), Pentagon, Virginia
- Office of the Chairman, Joint Chiefs of Staff, Force Structure, Resources, and Assessment Directorate (J-8), Pentagon, Virginia

Department of the Army

- Office of the Deputy Chief of Staff for Personnel (G-1), Pentagon, Virginia
- Office of the Deputy Chief of Staff for Logistics (G-4), Pentagon, Virginia
- Office of the Deputy Chief of Staff for Operations and Plans (G-3/5/7), Pentagon, Virginia
- Office of the Deputy Chief of Staff for Programs (G-8), Pentagon, Virginia
- Office of the Deputy Assistant Secretary of the Army for Cost and Economics, Pentagon, Virginia
- Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs, Pentagon, Virginia
- Office of the Assistant Secretary of the Army, Financial Management and Comptroller, Pentagon, Virginia

- Office of the Assistant Chief of Staff for Installation Management, Pentagon, Virginia
- Army Budget Office, Pentagon, Virginia
- U.S. Army Force Management Support Agency, Fort Belvoir, Virginia
- National Guard Bureau, Arlington, Virginia
- U.S. Army Reserve Command, Fort McPherson, Georgia
- U.S. Army Forces Command, Fort McPherson, Georgia
- U.S. Army Human Resources Command, Alexandria, Virginia
- U.S. Army Materiel Command, Fort Belvoir, Virginia
- U.S. Army Tank-automotive and Armaments Command, Warren, Michigan
- U.S. Army Training and Doctrine Command, Fort Monroe, Virginia
  - Major Subordinate Organizations
    -Army Capabilities Integration Center, Fort Monroe, Virginia
      - Future Force Integration Directorate, Fort Bliss, Texas
    -Combined Arms Support Command, Fort Lee, Virginia
    -Combined Arms Center, Fort Leavenworth, Kansas
      - Current Force Integration Directorate, Fort Leavenworth, Kansas
  - -Center for Army Lessons Learned, Fort Leavenworth, Kansas
    -TRADOC Analysis Centers: Fort Leavenworth, Kansas; White Sands Missile Range, New Mexico; Fort Lee, Virginia
  - U.S. Army Proponents
    -Infantry School, Fort Benning, Georgia
    -Signals Center, Fort Gordon, Georgia
    -Intelligence Center and Office Chief of Military Intelligence, Fort Huachuca, Arizona
  - U.S. Army Schools
    -U.S. Army Infantry School, Fort Benning, Georgia
    -U.S. Army Signals School, Fort Gordon, Georgia
    -U.S. Army Intelligence School, Fort Huachuca, Arizona
    -U.S. Army Quartermaster School, Fort Lee, Virginia

Other Government Agencies

- Congressional Budget Office, Washington, D.C.
- Congressional Research Service, Washington, D.C.

We conducted this performance audit from April 2007 to September 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix III: Comments from the Department of Defense

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION
TECHNOLOGY
AND LOGISTICS

OCT 10 2008

Mr. John H. Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Pendleton:

This is the Department of Defense (DoD) response to the GAO draft report, "FORCE STRUCTURE: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Force Capabilities," dated September 5, 2008 (GAO Code 351007/GAO-08-1066). Detailed comments on the report recommendations are enclosed.

The Department concurs with two of the draft report's recommendations, non-concurs with one, and partially concurs with the other. The rationales for our position are included in the enclosure.

We appreciate the opportunity to comment on the draft report. My point of contact for this effort is Ms. Anne Swanek, PSA/LW&M, Anne.Swanek@osd.mil, (703) 693-9879.

Sincerely,

David G. Ahern
Director
Portfolio Systems Acquisition

Enclosure:
As stated

GAO DRAFT REPORT – DATED SEPTEMBER 5, 2008
GAO CODE 351007/GAO-08-1066

"FORCE STRUCTURE: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Force Capabilities"

DEPARTMENT OF DEFENSE COMMENTS TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to develop and report to Congress a results-oriented plan that provides detailed information on the Army's progress in providing the modular force with key equipment and personnel enablers. The plan should show actual status and planned milestones through 2019 for each type of key equipment and personnel, including:

- goals for on-hand equipment and personnel levels at the end of each fiscal year;
- projected on-hand equipment and personnel levels at the end of each fiscal year, including planned annual investments and quantities of equipment expected to be procured or repaired, as well as key assumptions underlying the Army's plans; and
- an assessment of interim progress toward meeting overall Army requirements and the risks associated with any shortfalls.

DOD RESPONSE: Non-Concur. Army Modularity is a strategy for having interchangeable units to support operations. It is not a program for equipping, manning, or modernizing the force that requires a plan separate from the Army's overall equipping and manning plans. The Department's budget, yearly acquisition reporting, and Congressionally required reporting such as the annual Army Report on Modularity provide information on the status and plans for equipping and manning the force. The Army management of equipment and personnel are tied to the Army's force generation model, growth of the Army, appropriated budget requests, and war time demands. The numbers and types of modular brigades, as well as the general manning and equipping needs for each type of brigade have been established and are continuously assessed to keep pace with the changing operational environment. This, in conjunction with unit readiness assessments, acquisition production plans, and strategic force analysis, provides the Department with adequate plans to inform capability and resourcing decisions. Projected on-hand equipment and personnel manning levels are forecasted semi-annually by the Army. Detailing yearly goals and projections for on-hand equipment and personnel is highly variable, given fluctuations attributed to unit position in the Army Force Generation cycle, equipment repair and reset plans, and planned modernization acquisitions.

The Army's year to year equipping, staffing, and readiness plans, for all brigades, are considered Department resourcing priorities and are based on: (1) deployment needs to fulfill missions; (2) existing Army equipment and personnel; (3) planned upgrades and expansions; and (4) emerging needs.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to develop a plan, including timelines, for completing doctrine for modular support forces.

DOD RESPONSE: Concur. The Army released an updated Field Manual 3-0, "Operations," on February 1, 2008. This includes the doctrine for the Modular Force and the support forces.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to establish an organizational focal point to ensure that integrated assessments of modular support units' designs are performed across the doctrine, organization, training, materiel, leadership, personnel, and facilities (DOTMLPF) domains.

DOD RESPONSE: Concur. Army General Order #3 identifies the Deputy Chief of Staff, G-3/5/7, as the focal point for organization, integration, decision-making, and execution of the spectrum of activities encompassing requirements definition, force development, force integration, force structuring, combat development, training development, resourcing, and prioritization. These responsibilities include being the Department of the Army organizational focal point to ensure that integrated assessments of modular support units' designs are performed across the doctrine, organization, training, materiel, leadership, personnel, and facilities (DOTLMPF) domains. The Army Training and Doctrine Command and the Army Test and Evaluation Command support G-3/5/7 in this effort.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to assess the capabilities of the modular force based on the amount and type of authorized equipment and personnel to identify capability shortfalls between authorized and design levels and take steps to revise authorized levels where appropriate.

DOD RESPONSE: Partially concur. The Army assesses capabilities of the force in many ways. Key elements in unit capability assessment are the training of the brigades and the unit status reports. Additionally, the modular brigades are assessed based on the missions assigned and the ability to accomplish these missions given personnel, training, and equipment available. Unit readiness assessments frame both general unit readiness and readiness relative to a specific mission. Equipment readiness is a portion of this assessment. Due to the fact the Army is currently assessing its capabilities, additional Secretary of Defense direction is not required at this time.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

John H. Pendleton (404) 679-1816 or pendletonj@gao.gov

Acknowledgments

In addition to the contact named above, Gwendolyn Jaffe, Assistant Director; Margaret Morgan, Assistant Director; Kelly Baumgartner; Hillary Benedict; Herbert Bowsher; Kurt Burgeson; Grace Coleman; Stephen Faherty; Barbara Gannon; David Hubbell; Jim Melton; Steve Pruitt; Steven Rabinowitz; Terry Richardson; Kathryn Smith; Karen Thornton; and J. Andrew Walker made major contributions to this report.

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GAO-09-669T

United States Government Accountability Office

GAO

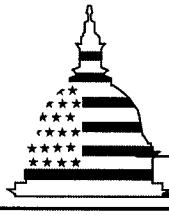
Testimony
Before the Subcommittee on Tactical Air and Land Forces, Committee on Armed Services, House of Representatives

For Release on Delivery
Expected at 2:00 p.m. EST
Thursday, April 10, 2008

FORCE STRUCTURE

Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment but the Total Cost Is Uncertain

Statement of Janet A. St. Laurent
Managing Director, Defense Capabilities and Management



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April 10, 2008

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Highlights

Highlights of GAO-08-669T, a testimony before the Subcommittee on Air and Land Forces, Committee on Armed Services, House of Representatives

FORCE STRUCTURE

Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment but the Total Cost Is Uncertain

Why GAO Did This Study

The high pace of overseas operations is taking a heavy toll on Army equipment. Harsh combat and environmental conditions over sustained periods of time have exacerbated equipment repair, replacement, and recapitalization problems. The Army has also taken steps to restructure its forces before implementing its longer term transformation to the Future Combat System. To support ongoing operations and prepare for the future, the Army has embarked on four key initiatives: (1) restructuring from a division-based force to a modular brigade-based force, (2) expanding the Army by adding about 74,000 people and creating new units, (3) repairing, replacing, and recapitalizing new equipment through its reset program, and (4) replacing equipment borrowed from its pre-positioned equipment sets around the world. Since 2004, Congress has provided billions of dollars to support the Army's equipping needs.

GAO has issued many reports on the Army's efforts to equip modular units, expand the Army, reset equipment, and manage and replace prepositioned equipment. This statement, which draws largely on these reports, will address (1) the equipment-related cost of these initiatives, and (2) the management challenges facing the Army and the actions needed to improve its implementation of these initiatives. GAO is issuing a separate statement today on the Future Combat System (GAO-08-638T).

To view the full product, including the scope and methodology, click on GAO-08-669T. For more information, contact Janet A. St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

What GAO Found

Restructuring and rebuilding the Army will require billions of dollars for equipment and take years to complete; however, the total cost is uncertain. Based on GAO's analysis of Army cost estimates and cost data, it appears that the Army's plans to equip modular units, expand the force, reset equipment, and replace prepositioned equipment are likely to cost at least $190 billion dollars through fiscal year 2013. However, these estimates have some limitations and could change. Further, the Army has stated it plans to request additional funds to address equipment shortfalls in modular units through fiscal year 2017. Several factors are contributing to the uncertainties about future costs. First, the Army's $43.6 funding plan for equipping modular units was based on preliminary modular unit designs and did not fully consider the needs of National Guard units. Second, the Army expects to need $18.5 billion for equipment to expand the force but has not clearly documented this estimate. Third, costs to reset equipment may total at least $118 billion from fiscal years 2004-2013 but may change because they are dependent on how much equipment is lost, damaged, or worn beyond repair during continuing operations in Iraq and Afghanistan and how long these operations continue. Fourth, the Army believes it will need at least $10.6 billion to replace pre-positioned equipment that was taken out of storage to support ongoing operations, but this amount is an estimate and DOD's overall strategy for prepositioned equipment has not yet been issued Given the magnitude of these initiatives and potential for costs to change, DOD will need to carefully monitor the projected costs of these initiatives so that it can consider tradeoffs and allocate funding to balance the Army's equipping needs for the next decade and longer term transformation goals.

A common theme in GAO's work has been the need for DOD and the Army to take a more strategic approach to decision making that promotes transparency and ensures that programs and investments are based on sound plans with measurable, realistic goals and time frames, prioritized resource needs, and performance measures to gauge progress. GAO's work on modular restructuring has shown a lack of linkage between the Army's funding requests and equipment requirements. This lack of linkage impedes oversight by DOD and Congress because it does not provide a means to measure the Army's progress in meeting modular force equipment requirements or inform budget decisions. Oversight of Army initiatives has also been complicated by multiple funding requests that makes it difficult for decision makers to understand the Army's full funding needs. GAO has recommended a number of actions to improve management controls and enhance transparency of the Army's plans for equipping modular units, expanding the force, resetting equipment, and replacing prepositioned equipment. However, many of these recommendations have not been fully implemented or adopted. For example, until the Army provides a comprehensive plan for its modular restructuring and expansion initiatives, which identifying progress and total costs, decision makers may not have sufficient information to assess progress and allocate defense resources among competing priorities.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss issues related to Army equipment in light of the high pace and long duration of operations in Iraq and Afghanistan as well as the Army's plans to modernize and transform its capabilities. The Army has undertaken a number of initiatives to restructure and rebuild its force in the midst of ongoing overseas operations. Key initiatives include plans to restructure the Army from divisions to standardized modular brigades as well as expand the force by more than 74,000 soldiers. Both of these initiatives will create requirements for significant quantities of new equipment. Amid ongoing operations, the Army must also reset (repair or replace) existing equipment that has been used in harsh environments overseas. Further, the Army has taken much of its pre-positioned stock out of storage to support combat operations and these critical reserve stocks will need to be replenished.[1] Concerned about declining military readiness, Congress has provided substantial funding in response to Department of Defense (DOD) funding requests. However, significant challenges continue to face the Army as it attempts to simultaneously support ongoing operations, improve the readiness of nondeployed units, and transform its force for the future.

As you requested, my testimony will focus on the equipping implications of restructuring and expanding the Army; efforts to repair, replace, and recapitalize equipment through the Army's reset program; and reconstitution of prepositioned equipment. Specifically, I will address (1) the cost of the Army's plans to implement these initiatives, and (2) the management challenges facing the Army and the actions needed to improve its implementation of these initiatives.

My statement is based on numerous reports and testimonies published from fiscal years 2005 through 2008. Since 2004, we have examined the Army's plans and funding for the four initiatives, and determined the extent to which the Army's plans were comprehensive and transparent. We conducted our work in accordance with generally accepted government auditing standards. Related reports are listed at the end of this testimony and include reviews of the Army's equipping and reset strategies, prepositioned equipment, modular restructuring, and efforts to

[1]GAO, *Military Readiness: Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces*, GAO-08-497T (Washington, D.C.: Feb. 14, 2008).

expand the Army. We are also issuing a separate statement today on the Army's Future Combat System, a longer term transformation effort that comprises 14 integrated weapon systems and an advanced information network and which is estimated to cost about $160 billion.[2]

Summary

Restructuring and rebuilding the Army will require billions of dollars for equipment and take at least several more years to complete. However, the total cost of equipping the modular force, replacing or repairing damaged or worn equipment, and replacing prepositioned equipment is uncertain. Based on our analysis of Army cost estimates and cost data, it appears that the cost of equipping modular units, expanding the force, resetting equipment, and replacing prepositioned equipment sets will be at least $190 billion dollars from fiscal years 2004-2013. However, these estimates could change and additional equipment is likely to be needed at least through 2017 to equip the Army's modular units. Several factors are contributing to the uncertainties about future costs. First, the Army's $43.6 billon cost estimate for procuring equipment to convert to a modular force from fiscal years 2005-2011 was based on preliminary information about modular unit designs and did not fully consider the needs of National Guard units that are being relied on heavily to support ongoing operations. Second, the Army estimates it will need about $18.5 billion for equipment to expand the force but has not clearly documented this estimate. Third, costs to reset equipment damaged or lost during military operations have also grown significantly and are likely to total at least $118 billion from fiscal years 2004-2013. However, precise future reset costs are unclear, according to the Army, because they are dependent on how much equipment is lost, damaged, or worn beyond repair by continuing operations and how long military operations will continue. Finally, the Army estimates that it will need at least $10.6 billion to replace pre-positioned equipment that was taken out of storage on ships to support ongoing operations. In light of the potential magnitude of these initiatives, unless DOD carefully monitors projected costs, it will be difficult to consider tradeoffs and allocate funding to balance the Army's near-term equipment needs and long-term transformation initiatives.

[2]GAO, *Defense Acquisitions: 2009 Review of Future Combat System Is Critical to Program Direction*, GAO-08-638T (Washington, D.C.: April 10, 2008).

A common theme in our past work on these Army initiatives has been the need for DOD and the Army to take a more strategic approach to decision making that promotes transparency and ensures that equipment programs and investments are based on sound plans with measurable, realistic goals and time frames, prioritized resource needs, and performance measures to gauge progress. For example, our work on modular restructuring has shown a lack of clear linkage between the Army's equipment requirements, progress to date, and funding requests. This lack of linkage impedes oversight by DOD and congressional decision makers because it does not provide a means to measure the Army's progress in meeting its modular equipment requirements or to inform budget decisions. Also, we have reported that the Army is not effectively targeting its reset funds to meet the needs of units preparing for deployment to Iraq and Afghanistan. Further, the Army does not know if its existing prepositioned equipment requirements reflect actual needs because DOD has not developed a department-wide prepositioning strategy to guide the Army's prepositioning strategy. Oversight of these initiatives has been complicated by multiple funding requests. As a result, decision makers may have difficulty seeing the full picture of the Army's funding needs. GAO has suggested a number of actions to improve management controls, enhance transparency, and reduce the risks associated with modularity, force expansion, and reset. For example, we recommended that the Army develop a comprehensive strategy and funding plan that details the Army's modular equipping strategy and that DOD produce a prepositioning plan to guide the Army's strategy. However, many of these recommendations have not been implemented. For example, until the Army provides a comprehensive plan outlining its requirements, progress, and total costs for its modular restructuring and expansion initiatives, DOD and Congress will not have the full picture of the Army's total equipment funding needs and may lack information needed to decide how to best allocate defense resources among competing priorities.

Background

The Army faces enormous equipping challenges while conducting operations in Iraq and Afghanistan, and restructuring to a modular force. The Army has four key initiatives underway that impact efforts to equip the force: the establishment of modular units, expansion of the force, equipment reset, and reconstitution of prepositioned equipment.

The Army's modular restructuring initiative, which began in 2004, is considered the most extensive reorganization of its force since World War II. This transformation was initiated, in part, to support current operations in Iraq and Afghanistan by increasing the number of combat brigades

available for deployment overseas. The foundation of modular restructuring is the creation of new, standardized, modular units that change the Army's legacy division-based force structure to smaller more numerous brigade formations embedded with significant support elements. A key goal of the modularity initiative is for modular brigades to have at least the same combat capability as a brigade under the division-based force. The new modular brigades are expected to be as capable as the Army's existing brigades partly because they will have different equipment including key enablers such as advanced communications and surveillance equipment. Moreover, in contrast to the Army's previous division-based force, modular National Guard and Army Reserve units will have the same design, organizational structure, and equipment as their active component counterparts. In addition, the Secretary of Defense announced in January 2007 an initiative to expand the Army by adding more than 74,200 soldiers and thereby creating six active brigade combat teams and additional modular support units. This planned expansion is intended to allow the Army to revitalize and balance the force, reduce deployment periods, increase time soldiers spend at home station in between deployments, increase capability, and strengthen the systems that support the forces.

The Army relies on equipment reset and prepositioned equipment to improve equipment availability. Reset is the repair, replacement, and modernization of equipment that has been damaged or lost as a result of combat operations. The Army prepositioned equipment program is an important part of DOD's overall strategic mobility framework. The Army prepositions equipment at diverse strategic locations around the world in order to field combat-ready forces in days rather than the weeks it would take if equipment had to be moved from the United States to the location of the conflict.

Total Costs to Fully Equip the Army Are Uncertain

The total cost to restructure and rebuild the Army is uncertain but this effort will likely require many billions of dollars and take at least several more years to complete. Our analysis of Army cost estimates and cost data indicate that it is likely to cost at least $190 billion dollars to equip modular units, expand the force, reset equipment, and replace prepositioned equipment from fiscal years 2004 through 2013. However, these estimates have limitations and could change. For example, the Army is likely to continue to have shortfalls of some key equipment beyond then and believes it will require additional funding to equip modular units through fiscal year 2017.

Information on Army Equipping-Related Costs for Key Initiatives Is Available but Some Estimates Are Incomplete or May Change

Although the Army has not identified a total aggregate cost for its key equipping initiatives, it has previously reported some cost estimates and cost data for equipping modular units, expanding the Army, resetting equipment, and restoring pre-positioned stocks. However, these estimates have some limitations because they are based on incomplete information, have not been updated, or may change as a result of the evolving nature and unknown duration of ongoing operations in Iraq and Afghanistan. As a result, the full costs of these equipping efforts are unclear but will be substantial. Based on our analysis of various sources of Army cost data, it appears that the cost of these initiatives will exceed $190 billion dollars between fiscal years 2004-2013 (see table 1). These figures do not include data on Army longer term transformation efforts such as the Army's Future Combat System.

Table 1: GAO Analysis of Estimates of Equipping-Related Costs[a] to Restructure, Grow and Rebuild the Army (fiscal year 2004 through fiscal year 2013)

Dollars in billions

Program	Estimates Based on Army Data	Description and limitations
Equip restructured modular units	$43.6	• Estimate developed before unit designs were finalized. • Army has not revised its 2005 estimate. • Army plans to request additional funds to address equipment shortages in modular units through fiscal year 2017.
Increase the number of and equip new Army units	$18.5	• Could not assess how the Army calculated this amount because Army budget documents do not identify key assumptions or the steps used to develop the estimate. • Army plans to accelerate the completion of this plan from fiscal year 2013 to 2010.
Reset the force	$118.5[b]	• Army stated it will require reset funding for a minimum of 2 to 3 years after hostilities end. • Future reset costs are unclear, according to the Army, because they depend on how much equipment is lost, damaged, or worn beyond repair during current operations and how long the operations will continue.
Reconstitute prepositioned stocks	$10.6	• Army estimates that total costs will be between $10.6 billion and $12.8 billion. • Unclear whether the Army has included these funds into future budget planning.
Total	**$191.2[c]**	

Source: GAO analysis of Army information.

[a]These estimates include costs for both procurement and operation and maintenance.

[b]The estimate includes $54 billion in funds for reset from fiscal year 2004 through fiscal year 2008, as reported by the Army in its February 2008 report to Congress. To calculate fiscal years 2009-2013 estimates, we assumed $12.9 billion per year through fiscal year 2013, which is the average of the 2006-2007 amounts.

[c]There are on-going assessments of some of these estimates as part of the fiscal years 2010-2015 programming process that could lead to revised estimates, according to Office of the Secretary of Defense and Army officials.

The John Warner National Defense Authorization Act for Fiscal Year 2007[3] required the Army to report annually on its progress toward fulfilling requirements for equipment reset, equipping of units transforming to modularity, and reconstitution of equipment in prepositioned stocks. In its February 2008 report,[4] the Army stated that there is no longer a distinguishable difference between equipment purchased for modular restructuring and other modernized fielding. The report does not address future costs in detail, nor does it provide significant detail about progress achieved to date with funds that have already been appropriated. As a result, it is becoming increasingly difficult to track overall progress and costs. The following sections further describe the cost and status of the Army's key initiatives including modular restructuring, expanding the force, resetting equipment, and restoring pre-positioned stocks. These initiatives will drive much of the costs of equipping the Army for the next several years.

Army Has Made Progress in Establishing Modular Units but Meeting Active and Reserve Component Modular Equipment Requirements May Cost Billions More than Originally Estimated

The Army has made progress establishing modular units but this initiative will likely cost billions more than the Army originally estimated because the Army's estimate was based on some assumptions that no longer appear valid and was developed before some modular unit designs had been finalized. As a result, the Army now believes it will require additional funding through fiscal year 2017 to equip its modular units. However, it has not revised its 2005 cost estimate to reflect this. Moreover, because it will take time to procure equipment once funds are appropriated, units may not receive all scheduled equipment until 2019.

In early 2005, the Army estimated that converting the Army to a modular design would cost approximately $52.5 billion from fiscal years 2005-2011, which was incorporated in a funding plan approved by the Office of the Secretary of Defense. The funding plan included costs for equipment, sustainment and training, and construction/facilities. As shown in table 2, most of these funds—$43.6 billion—were designated for equipment purchases.

[3]Pub. L. No. 109-364 §323 (2006).

[4]United States Army, *The Annual Report on Army Progress* (Feb. 27, 2008).

Table 2: Funding Plan for Army Modular Restructuring, Fiscal Years 2005-2011 as Reported to the Office of Management and Budget in January 2007

Dollars in millions

Appropriation category	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Total 2005-2011
Equipment	$4,354	$5,436	$5,907	$6,855	$7,165	$7,226	$6,666	**$43,609**
Sustainment and Training	$0	$1,022	$196	$285	$679	$744	$588	**$3,514**
Construction/ Facilities	$250	$13	$497	$461	$1,440	$1,358	$1,359	**$5,378**
Total	**$4,604**	**$6,471**	**$6,600**	**$7,601**	**$9,284**	**$9,328**	**$8,613**	**$52,501**

Source: GAO analysis of Army data.

The Army made the decision to create modular units knowing that it would take several years after units were established to equip and staff them at authorized levels. At the end of fiscal year 2007, the Army had converted about two-thirds of its force to modular units. By the end of fiscal year 2008, the Army projects it will have converted 277 of 327 modular units (about 85 percent). The Army currently projects that the unit restructuring will be completed by fiscal year 2013. However, our ongoing work shows that the Army will continue to have significant shortfalls of key equipment that are critical to achieving the planned benefits of the modular force after the Army receives planned funding for fiscal years 2005-2011. For example, the Army projects that it will still need hundreds of thousands of modern equipment items including intelligence equipment, advanced radios, and trucks. In place of more modern equipment, many Army units will continue to have some older equipment that does not necessarily provide the same capability as the more modern counterparts.

The Army has stated that it plans to request funds through 2017 to help fill modular unit equipment shortfalls. However, it has not revised its initial $43.6 billion estimate, even though it was based upon several assumptions that no longer appear valid.[5] Specifically, we have reported that the Army believes it will need additional funding to equip modular units because its 2005-2011 funding plan:

[5]GAO, *Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results*, GAO-08-145 (Washington, D.C.: Dec. 14, 2007).

- was developed before some modular unit designs had been finalized,
- assumed that Army National Guard and reserve units would retain some older models of equipment, and
- assumed that significant quantities of equipment would be returned from Iraq in good enough condition to help equip modular units.

Additional explanation of each of these factors follows.

At the time the Army's cost estimate was developed, the Army's modular designs were incomplete, so budget analysts were uncertain about the exact number of personnel and how many and what type of equipment items would be needed for modular units. For example, on the basis of lessons learned, the Army has reconfigured some of the modular unit designs and has added additional capabilities for force protection and route clearance to counter specific threats faced by deployed units. Further, because the number and composition of National Guard units had not been developed, budget analysts made certain assumptions about how much funding would be required by National Guard units to convert to the new modular designs. When the Army began to implement its modular restructuring initiative, it planned for the National Guard to establish 34 Brigade Combat Teams plus an additional number of support brigades. The 2006 Quadrennial Defense Review, however, recommended that the Army establish only 28 Brigade Combat Teams and convert the remaining units to support brigades.

In addition, the Army's original plan for equipping modular units also did not fully consider the equipping implications associated with the Army National Guard's changing role in supporting military operations. Since 2001, the Army National Guard's role has changed from a strategic reserve force to an operational force that is used to support a wide range of military operations at home and abroad. Prior to 2001, Army National Guard units were generally equipped with older equipment and at lower levels than comparable active duty units because it was assumed that they would have considerable warning and training time before deploying overseas.[6] However, senior Army officials have determined that the National Guard's modular units should be structured like those in the active component and receive similar equipment since the Guard has become an operational force that deploys along with active units. As a

[6]GAO, *Reserve Forces: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives*, GAO-06-111 (Washington, D.C.: Oct. 4, 2005).

result, senior Army officials have stated the Army plans to request additional funds for Army National Guard equipment. In addition, the Army National Guard also has significant domestic missions, and equipment needs for those missions are uncertain. In January 2007[7] we issued a report on actions needed to address National Guard domestic equipment requirements and readiness. We found that DOD has not worked with the Department of Homeland Security to define National Guard requirements for responding to the 15 catastrophic scenarios developed by the Homeland Security Council. As a result, the equipment requirements and the funding needed to provide equipment for such missions are unknown.

Last, when developing its cost estimate for equipping modular units, the Army assumed that significant quantities of equipment would come back from Iraq and be available after some reset and repair work to be distributed to new modular units. Given the heavy use of equipment in Iraq and Afghanistan, this assumption may no longer be valid. The increased demands for equipment used in Iraq operations have had a dramatic effect on equipment availability. This demand reduces expected service life, creates significant repair expenses, and creates uncertainty as to whether it is economically feasible to repair and reset these vehicles. Further, more vehicles currently being operated in theater may be replaced altogether by newer vehicles offering better protection.

Equipment Costs to Expand the Force Are Significant

DOD's plan to expand the size of the Army by over 74,000 personnel will also add to the Army's equipment needs. This planned expansion includes building six additional active modular infantry brigade combat teams and some additional modular support units. In January 2007, the Army estimated that this expansion would cost approximately $70.2 billion including personnel, equipment, facilities, and other costs. The equipment portion of this estimate was $17.9 billion. However, in January 2008, we reported that the Army's overall estimate was not transparent or comprehensive.[8] We also found that certain aspects of the estimate, such as health care costs, may be understated and that some factors that could potentially affect the Army's funding plan are still evolving. With regard to

[7]GAO, *Reserve Forces: Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness*, GAO-07-60 (Washington, D.C.: Jan. 26, 2007).

[8]GAO, *Force Structure: Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan*, GAO-08-354R (Washington, D.C.: Jan. 18, 2008).

equipment costs, we could not determine how the Army calculated its procurement estimate because Army budget documents do not identify key assumptions or the steps used to develop the estimate. According to best practices, high-quality cost estimates use repeatable methods that will result in estimates that are comprehensive and can also be easily and clearly traced, replicated, and updated. Given the magnitude of the Army's funding plan and potential changes to the plan, we recommended that the Secretary of Defense direct the Secretary of the Army to provide Congress with a revised funding plan for expanding the force and adhere to a high quality cost estimating methodology. In February 2008, the Army revised its overall cost estimate for expanding the force to $72.5 billion. According to Army documents, the Army now assumes that $18.5 billion will be needed to procure equipment for combat brigades and support units being created under the Army's expansion efforts.

Finally, in October 2007, the Army also announced a plan to accelerate the expansion implementation timelines for the active Army and Army National Guard from fiscal year 2013 to fiscal year 2010 which will likely further exacerbate equipment shortfalls. The Army has not yet developed a revised funding plan for implementing this acceleration but plans to do so as part of its effort to prepare its fiscal years 2010-2015 budget plan later this year. As a result, it is not clear how the decision to accelerate the expansion effort will affect equipment costs.

Equipment Reset Costs Are Growing

To improve near-term readiness of nondeployed units, the Army has received substantial funds in recent years to rebuild the force by resetting damaged, and worn equipment and reconstituting its prepositioned equipment sets. However, the Army has not identified the overall requirements for these efforts, and the total cost of these initiatives is uncertain. In addition to procuring new equipment, the Army is working to rebuild the force by resetting its existing equipment to support the ongoing conflicts as well as to equip nondeployed units. Originally, the Army estimated that equipment reset would cost $12 billion to $13 billion per year. Reset costs have grown significantly[9] from about $3.3 billion in fiscal year 2004 to more than $17 billion in fiscal year 2007. Our analysis of Army

[9]GAO, *Defense Logistics: Army and Marine Corps Cannot Be Assured That Equipment Reset Strategies Will Sustain Equipment Availability While Meeting Ongoing Operational Requirements*, GAO-07-814 (Washington, D.C.: Sept. 19, 2007).

data shows that the Army is likely to require at least $118.5 billion dollars from fiscal years 2004-2013 (see table 1). The Army has reported [10] that future reset costs will depend on the amount of forces committed, the activity level of those forces, and the amount of destroyed, damaged or excessively worn equipment. As a result, these costs are uncertain. The Army has stated that it will require reset funding for the duration of operations and estimates that it will request reset funding for an additional 2-3 years after operations cease. As operations continue in Iraq and Afghanistan and the Army's equipment reset requirements increase, the potential for reset costs to significantly increase in future DOD supplemental budget requests also increases.

We have also reported that Congress may not have the visibility it needs to exercise effective oversight and to determine if the amount of funding appropriated for equipment reset has been most appropriately used for the purposes intended because the Army was not required to report the obligation and expenditure of funds appropriated for reset in the procurement accounts at a level of detail similar to the level of detail reported in the operation and maintenance accounts.[11] Given the substantial amount of equipment deployed overseas, the uncertain length of operations in Iraq and Afghanistan, and the lack of transparency and accountability, it is unclear how much funding the Army will need to reset its equipment. While Army officials recently told us that they have begun to report procurement obligations and expenditures at a level of detail similar to the level of detail reported for operation and maintenance accounts, officials in the Office of the Secretary of Defense believe that all of the Army's equipping initiatives, including reset, are part of a larger Army equipping effort and they do not believe that the department needs to track these initiatives separately. We continue to believe that tracking the cost of reset is key to identifying the total cost of the Army equipment plan.

Timing and Cost of Reconstituting Prepositioned Stocks Is Unclear

In December 2006, the Army decided to remove equipment from its prepositioned sets stored on ships in order to accelerate the creation of two additional brigade combat teams to provide support for ongoing operations. This equipment supplemented equipment prepositioned in Southwest Asia, equipment which has been depleted and reconstituted

[10]United States Army, *The Annual Report on Army Progress* (Feb. 27, 2008).

[11]GAO-07-814.

several times over the course of these operations. It is still unclear when these critical reserve stocks will be reconstituted or how much this will cost; however, the Army has estimated it will require at least $10.6 billion to complete this reconstitution effort through 2013 (see table 1).[12] Army officials stated that prepositioned equipment sets worldwide would be reconstituted in synchronization with the Army's overall equipping priorities, when properly funded, and in accordance with the Army's prepositioning strategy, known as the Army Prepositioned Strategy 2015. We recommended in our September 2005 and February 2007[13] reports that DOD develop a coordinated, department-wide plan and joint doctrine for the department's prepositioning programs. Synchronizing a DOD-wide strategy with the Army's prepositioning strategy would ensure that future investments made for the Army's prepositioning program would properly align with the anticipated DOD-wide strategy. Without a DOD-wide strategy, DOD risks inconsistencies between the Army's and the other services' prepositioning strategies, which may result in duplication of efforts and resources.

In addition, we could not determine the extent to which the reconstitution of the Army's prepositioned stocks is reflected in DOD funding requests nor identify the cost estimates for restoring these prepositioned equipment sets. For example, Army officials could not provide a breakdown of the $3.3 billion cost estimate in the fiscal year 2007 supplemental budget request to reconstitute the prepositioned stocks removed from ships. Army officials stated that the estimated cost to fully implement the prepositioning strategy would total somewhere between $10.6 billion and $12.8 billion between fiscal years 2008 and 2013. However, DOD's funding requests for reconstitution are difficult to evaluate because they may also include funding for other equipment-related funding requests, such as Army modularity, equipment modernization, equipment reset, or requests to fill equipment shortages. Army officials stated that separating prepositioning requirements from other requirements in their funding

[12]GAO, *Defense Logistics: Army Has Not Fully Planned or Budgeted for the Reconstitution of Its Afloat Prepositioned Stocks* GAO-08-257R (Washington, D.C.: Feb. 8, 2008).

[13]GAO, *Defense Logistics: Better Management and Oversight of Prepositioning Programs Needed to Reduce Risk and Improve Future Programs*, GAO-05-427 (Washington, D.C.: Sept. 6, 2005) and *Defense Logistics: Improved Oversight and Increased Coordination Needed to Ensure Viability of the Army's Prepositioning Strategy*, GAO-07-144 (Washington, D.C.: Feb. 15, 2007).

requests is complicated, and they do not plan to separately track funds set aside for the reconstitution of their prepositioned equipment sets.

The Army Lacks a Strategic Approach That Promotes Transparency and Ensures That Equipment Investments Are Based on Sound Plans

A common theme in our work has been the need for DOD and the Army to take a more strategic approach to decision making that promotes transparency and ensures that programs and investments are based on sound plans with measurable, realistic goals and time frames, prioritized resource needs, and performance measures to gauge progress. Our prior work has found that a lack of clear linkages between overall Army equipment requirements and funding needs is an impediment to effective oversight of the Army's equipping plans. Further, transparency of the funds requested for Army equipment is hindered because Army funding needs are scattered across multiple funding requests. Finally, we have suggested a number of actions to enhance transparency and reduce the risks associated with Army equipping initiatives. However, many of these recommendations have not been adopted and, as a result, the Army faces uncertainties going forward.

Lack of Clear Linkage between Equipment Requirements and Funding Impedes Program Oversight

The Army has not clearly linked its overall equipment requirements with funding requests. Our work has shown that major transformation initiatives have a greater chance of success when their funding plans are transparent, analytically based, executable, and link to the initiative's implementation plans. A lack of linkage between overall Army equipment requirements and funding plans impedes oversight by DOD and congressional decision-makers because it does not provide a means to measure the Army's progress toward meeting long-term Army equipment goals or to inform decisions that must be made today.

Our work on modular restructuring has shown that the Army has substantially revised its timeline for fully equipping units from an original date of 2011 to 2019 but has not provided evidence of its overall equipment requirements or specific plans, milestones, or resources required to fully equip the modular force. Meanwhile, the Army is working to expand its force beyond its original modular restructuring goals, which will lead to billions of additional dollars in requirements to equip new modular units.

The Army also does not know if its existing prepositioned equipment requirements reflect actual needs because DOD has not formulated a DOD-wide prepositioning strategy to guide the Army's prepositioning strategy. Army officials stated that its worldwide prepositioned equipment

sets would be reconstituted in synchronization with the Army's overall equipping priorities and in accordance with its Army Prepositioned Strategy 2015. However, the Army had not established those priorities as of December 2007. Additionally, the Army Prepositioned Strategy 2015 is not correlated with a DOD-wide prepositioning strategy, because, according to DOD officials, a DOD-wide prepositioning strategy does not exist. DOD officials explained that the services are responsible for equipping strategies and that the Joint Staff conducts assessments of the services' prepositioning programs to determine their relationship within the DOD-wide strategic context. We continue to believe, however, that a DOD-wide strategy is needed in addition to an Army strategy.

Finally, the Army's reset implementation strategy is based on resetting equipment that it expects will be returning in a given fiscal year, and not on targeting shortages of equipment for units preparing for deployment to Iraq and Afghanistan. According to the Army's Army Force Generation model implementation strategy and reset implementation guidance, the primary goal of reset is to prepare units for deployment and to improve next-to-deploy units' equipment-on-hand levels. Until the Army's reset implementation strategy targets shortages of equipment needed to equip units preparing for deployment, the Army will be unable to minimize operational risk by ensuring that the needs of deploying units can be met.

Oversight of the Army's key equipment initiatives has been complicated by multiple funding requests. DOD requested operation and maintenance funds for Army prepositioned equipment in both the fiscal year 2008 annual budget request (about $156 million) and the fiscal year 2008 request related to the Global War on Terror (about $300 million). Army officials stated that there could be some overlap between funds requested for reconstitution of prepositioned equipment in the annual budget request and the reset of prepositioned equipment in the supplemental request. Without integrating the full costs for Army equipment needs in a single budget, decision makers may have difficulty seeing the complete picture of the Army's funding needs and the potential for trade-offs among competing defense priorities.

Actions Needed to Improve Management Controls and Improve Transparency of Army Equipping Efforts

We have recommended a number of actions intended to improve management controls and enhance transparency of funding requests associated with modular restructuring, force expansion, equipment reset, and prepositioning of equipment stock. However, many of these recommendations have not been adopted because the Army has not developed concrete plans to address the recommendations and in some cases, disagreed with our recommendations. As a result, senior DOD leaders and Congress may not have sufficient information to assess progress and fully evaluate the Army's funding requests.

Our prior reports on the Army's modular restructuring initiative recommended that the Army improve the transparency of its equipment requirements and funding plans as well as its plan to assess the modular unit designs.[14] In recent years, we recommended the Army develop a comprehensive strategy and funding plan that details the Army's equipping strategy, compares equipment plans with modular unit designs, identifies total funding needs, and includes a mechanism for measuring progress in staffing and equipping its modular units. We have also recommended that the Army develop a comprehensive assessment plan that includes steps to evaluate modular units in full-spectrum combat. In January 2008, we recommended that DOD provide Congress with additional information on the Army's expansion initiative, including an updated funding plan and that the Army maintain a transparent audit trail including documentation of the steps used to develop its expansion funding plan.

We have also made recommendations intended to address short and long-term operational risks associated with Army equipment reset and prepositioning strategies. Regarding the Army's equipment reset plans, we recommended in September 2007 that the Army ensure that its priorities address equipment shortages in the near term to minimize operational risk and ensure that the needs of units preparing for deployment can be met. Finally, with regard to prepositioned equipment, we recommended the establishment of a DOD-wide prepositioning strategy to ensure that future Army prepositioning investments are aligned with DOD's prepositioning goals. We continue to believe that our recommendations have merit, though many of these recommendations have not been adopted and, as a result, the Army faces uncertainties going forward.

[14]GAO-08-145 and GAO, *Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans*, GAO-06-745 (Washington, D.C.: Sept. 6, 2006).

Concluding Observations

Restoring equipment readiness across the Army will require billions of dollars in maintenance and procurement funding but the full cost—and how long it will take—are still unclear. The uncertainty about the magnitude and duration of our military commitments further complicates and deepens the equipping challenges facing the Army. Moreover, growing fiscal problems facing the nation may lead to growing pressure on defense budgets.[15] Such uncertainty about the future underscores the need for sound management approaches like setting goals, establishing clear measures to track progress, and identifying full costs. Until these steps are taken, decision makers will lack key information needed to gauge interim progress and make informed choices aimed at balancing the need to restore near-term readiness while positioning the Army for the future.

Mr. Chairman and Members of the Committee, this concludes my statement. I would be pleased to respond to any question you or other Members of the Committee or Subcommittee may have.

Contacts and Acknowledgments

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[15] GAO, *The Nation's Long-Term Fiscal Outlook: January 2008 Update*, GAO-08-591R (Washington, D.C.: Mar. 21, 2008).

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January 18, 2008

Congressional Committees

Subject: *Force Structure — Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan*

In January 2007, the Secretary of Defense announced an initiative to expand the Army from a total of 1,037,000 to 1,112,000 active and reserve soldiers by fiscal year 2013—an increase of 74,200 military personnel—in order to meet increasing strategic demands and to help reduce stress on the force. This planned expansion includes building six additional active modular brigade combat teams and additional modular support units,[1] which will require a substantial increase in funding for personnel, equipment, and infrastructure. Currently, the Army estimates this expansion may require about $70 billion in increased funding through fiscal year 2013 and a significant amount in annual funding thereafter to sustain the expanded Army. The President's fiscal year 2008 budget request contained $7.7 billion for Department of the Army funding related to the Grow the Force initiative.

During the course of our review of Army modularity as required by the John Warner National Defense Authorization Act for Fiscal Year 2007,[2] we analyzed the $70.2 billion Grow the Force initiative funding plan. We are submitting this letter to you at this time to provide the results of our analysis for your consideration as your committees evaluate DOD's fiscal year 2009 defense budget submission, which will request additional funding to grow the force. Specifically, we examined the supporting documentation and comprehensiveness of the $70.2 billion funding plan. We will issue a separate report in spring 2008 in response to the authorization act's requirement for GAO to report on the Army's transformation to the modular force in fiscal year 2008. We will also be reporting on the Army's planning and budgeting process for Grow the Force facilities.[3]

To assess the Army's supporting documentation for its funding plan to Grow the Force, we analyzed Army and Department of Defense (DOD) budget materials and discussed the key assumptions and cost estimating methodology used to develop the

[1] The modular support units are the following: two combat support brigades, one fires brigade, one air defense brigade, one engineer brigade, and two sustainment brigades.
[2] Pub. L. No. 109-364, § 323 (2006).

[3] H.R. Rep. No. 110-186, (2007) at 12.

funding plan with relevant Department of the Army, Army Reserve, and Army National Guard officials. We also assessed the extent to which the Army documented its cost estimate by reviewing Army and best practices guidance on cost estimating and by analyzing the Army's documentation for its cost estimate. We conducted our work at the Office of the Under Secretary of Defense (Comptroller), Department of the Army Headquarters, U.S. Army National Guard and U.S. Army Reserve Command. We conducted this performance audit from April 2007 to January 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We determined that the Army budget data we used were sufficiently reliable for our review.

Results in Brief

The Army has not developed a transparent and comprehensive funding plan for its Grow the Force initiative that allows decision makers to understand the full magnitude of the funds needed and weigh competing defense priorities. First, the Army's Grow the Force funding plan lacks transparency because Army budget materials and other documentation do not indicate how the Army developed the cost estimates that served as the basis of its $70.2 billion funding plan to grow the force. Army budget officials told us that they had limited time to prepare the funding plan before the President submitted the budget in February 2007. However, according to best practices, cost estimates should be transparent, comprehensive, and easily replicated and updated to help ensure the validity of the estimate. Second, the Army's funding plan is not comprehensive and may be somewhat understated because some costs were excluded and some factors are still evolving that could potentially affect the Grow the Force funding plan. For example, the $70.2 billion funding plan did not include over $2.5 billion for health care and educational support assistance associated with increasing personnel levels. In addition, in October 2007 the Chief of Staff of the Army announced a plan to accelerate the Grow the Force implementation timelines for the active Army and Army National Guard from fiscal year 2013 to fiscal year 2010, which could increase costs such as budgeting for the hiring of military and civilian personnel sooner than programmed. The Army has an opportunity to update its Grow the Force initiative funding plan to reflect a more transparent and comprehensive approach. Without more complete information, decision makers could have difficulty understanding the basis for any future estimates the Army submits and weighing competing priorities. We are recommending that the Secretary of Defense require the Army to (1) develop and provide Congress with an updated Grow the Force funding plan to support congressional oversight of the fiscal year 2009 budget submission, and (2) document the steps and sources of information used to develop an updated funding plan. DOD generally agreed with these recommendations.

Background

The Chief of Staff of the Army stated in September 2007 that increasing the size of the Army will allow the Army to revitalize and balance the force, reduce deployment periods, increase time soldiers spend at home station in between deployments,

increase capability, and strengthen the systems that support the forces.[4] The February 2007 force structure plan sought to increase by six the number of active brigade combat teams from 70 to 76 and the number of support brigades from 212 to 225. The initiative proposes to permanently increase Army end strength by about 74,200 in the active Army, Army National Guard, and Army Reserve by fiscal year 2013, as identified in table 1.

Table 1: Proposed Increases in Army End Strength by Component in Fiscal Years 2007—2013

Army Component	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012	Fiscal year 2013	Total
Active Army	36,000	7,000	7,000	7,000	7,000	1,000	0	**65,000**
Army National Guard	0	1,319	1,247	1,335	1,432	1,487	1,381	**8,201**
Army Reserve	0	0	0	0	0	0	1,010	**1,010**
Total	**36,000**	**8,319**	**8,247**	**8,335**	**8,432**	**2,487**	**2,391**	**74,211**

Source: President's 2008 Budget Submission, February 2007.

Note: Numbers may not add due to rounding.

The Grow the Force initiative represents a shift in DOD's force structure plans outlined in the 2006 Quadrennial Defense Review (QDR). In fiscal year 2004, the Army's authorized active end strength was 482,400 active military personnel. Since that time, the Army was granted authority to increase its active end strength by 30,000. The rationale for this increase was to provide flexibility to implement its transformation to a modular force while continuing to deploy forces to overseas operations. Rather than return the active Army end strength to the 482,400 level by fiscal year 2011, as decided in the 2006 QDR, DOD's 2007 proposal calls for increasing the active Army's permanent end strength by 65,000 to 547,400 by fiscal year 2013.

Army budget materials identify the $70.2 billion funding plan by appropriation through fiscal year 2013 (see table 2). DOD budget officials told us that the $70.2 billion funding plan was included in DOD's 2008—2013 Future Years Defense Program but was not identified as a separate program. Rather, the funding was included within the total for each respective appropriation because the Army developed its program budget based on the total Army end strength. The Grow the Force funding plan includes onetime costs for procurement and military construction and recurring costs associated with military and civilian personnel and operation and maintenance.

[4] Statement by General George W. Casey, Jr., Chief of Staff, U.S. Army, before the House Armed Services Committee, U.S. House of Representatives, September 26, 2007.

Table 2: Army Fiscal Year 2007—2013 Funding Plan for the Grow the Force Initiative as of January 2007

Dollars in billions

Appropriations	Fiscal year 2007[a]	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012	Fiscal year 2013	Total
Military Personnel	0.0	0.7	3.9	4.6	5.2	5.5	5.6	**25.4**
Operation and Maintenance	0.0	0.6	2.6	2.9	3.1	4.3	2.6	**16.1**
Procurement	0.9	4.1	4.2	5.1	3.0	0.6	0.0	**17.9**
Military Construction	0.4	2.4	4.3	2.4	0.7	0.5	0.1	**10.8**
Total	**1.3**	**7.7**	**15.0**	**15.0**	**12.0**	**10.9**	**8.3**	**70.2**

Source: U.S. Army, Assistant Secretary of the Army Financial Management and Comptroller, February 2007.

Note: Numbers may not add due to rounding.

[a] Funds for fiscal year 2007 were contained in the Department of Defense Fiscal Year 2007 Emergency Supplemental Request for the Global War on Terror.

The Army's Grow the Force Funding Plan Is Not Transparent or Comprehensive

The Army has not developed a transparent and comprehensive funding plan for its Grow the Force initiative that allows decision makers to understand the full magnitude of the costs and weigh competing priorities. There is a lack of transparency in how the Army developed the cost estimate that served as the basis for the $70.2 billion funding plan. The Army estimated the costs to implement the Grow the Force initiative at $70.2 billion, according to Army and Office of the Secretary of Defense budget officials. However, based on our review of Army budget materials and other documentation, it is not clear how the Army developed this estimate. For example, Army documents do not identify key assumptions, limitations, or the steps used to develop the estimates. Army budget officials told us that they had limited time to prepare the cost estimates and funding plan before the President submitted the budget in February 2007. However, according to best practices, high quality cost estimates use repeatable methods that will result in estimates that are comprehensive and can also be easily and clearly traced, replicated, and updated.[5] The Army Cost Analysis Manual states that cost analysts must document all steps in the development of a cost estimate, including ground rules and assumptions. The analyst must also state the source of all data and the processes used to analyze the data.[6] The Army has not demonstrated that it followed its guidance for developing its Grow the Force cost estimate.

In addition to a lack of transparency, the Army's February 2007 Grow the Force funding plan is not comprehensive and may be understated because some costs were

[5] GAO, *Cost Assessment Guide: Best Practices for Estimating and Managing Program Costs*, GAO-07-1134SP (Washington, DC.: July 2007).

[6] Department of the Army, *Cost Analysis Manual*, U.S. Army Cost and Economic Analysis Center, May 2002.

excluded and some factors are still evolving that could potentially affect this funding plan:

- *The $70.2 billion funding plan provided to Congress excluded operation and maintenance funds for health care and educational support assistance totaling over $2.5 billion.* According to the Office of the Under Secretary of Defense (Comptroller), the Army's funding plan did not include about $2.3 billion in health care support assistance and about $217 million in educational assistance associated with increasing personnel levels. Army officials told us these costs were excluded from the Army's funding plan because the funds are provided respectively in the Defense Health Program appropriation and Defense-wide Department of Defense Education Activity appropriation. Nonetheless, Congress needs to understand the full magnitude of costs to DOD as it considers the Army's Grow the Force initiative.

- *The number of Army civilians to be hired is likely understated.* A senior Army civilian personnel official said the Army's funding plan included only a small number of civilians needed to be hired because there was limited time to develop the estimate. Army major commands are conducting a detailed mission needs analysis to identify overall civilian personnel requirements. As a result, this official expects the number of civilians needed to be hired to increase, thereby further increasing costs.

- *The Chief of Staff of the Army announced in October 2007 a plan to accelerate the Grow the Force implementation timelines for the active Army and Army National Guard from fiscal year 2013 to fiscal year 2010.* The Army initially identified the completion date of this initiative for all Army components as fiscal year 2013. However, in October 2007 the Chief of Staff of the Army announced a plan to accelerate the Grow the Force implementation timelines for the active Army and Army National Guard from fiscal year 2013 to fiscal year 2010. An Army official in the Office of the Deputy Chief of Staff for Programs stated that the Army is currently reviewing the cost estimates for accelerating its planned force expansion. Accelerating the implementation timeline could incur additional costs for reasons such as the following:
    - The Army would have to budget for the hiring of military and civilian personnel sooner than programmed.
    - The Army may have to increase recruitment and retention incentives to meet end strength goals.
    - Procuring equipment sooner than planned could require renegotiating contracts, keeping production lines open longer, and paying overtime to workers to meet increased production goals.

- *The locations of the active and reserve units to be built were unknown when the funding plan was developed.* Because the locations of the new units were unknown when the Army developed its cost estimate, the Army used standard cost calculations to determine its military construction estimate, which excluded environmental costs. Out of concern about the lack of an overall plan to station and accommodate permanent additional soldiers with the necessary facilities, Congress restricted the Army from spending certain military construction funds for the Grow the Force initiative until the

Secretary of Defense submits a detailed stationing plan to support Army end-strength growth to the Committees on Appropriations of the House of Representatives and Senate.[7] In response to this reporting requirement, on December 18, 2007, the Army submitted to Congress a Grow the Force stationing plan that identifies facilities necessary for brigade combat teams, combat service and combat service support units, training, and quality of life support facilities such as barracks, unit operations facilities, maintenance facilities, and family housing.[8] In particular, the Army plans to build facilities for six infantry brigade combat teams: two at Fort Carson, Colorado; two at Fort Stewart, Georgia; and two at Fort Bliss, Texas. The Army stated it will revise its initial $10.8 billion military construction cost estimate based on the announced stationing locations and will include a full cost determination and resource strategy as part of the fiscal year 2009 President's budget request and the fiscal years 2009—2013 Future Years Defense Program. The Army noted that because the process of land acquisition for federal agencies requires multiple approvals, and a series of environmental and real estate planning studies, the December 2007 Army Stationing Plan did not identify installation expansion actions. As a result, there could be additional land acquisition and environmental costs that may not be included in the updated estimates.

- *Changes to the force structure that served as the basis of the $70.2 billion funding plan could affect overall costs.* The Army's $70.2 billion funding plan was based on a force structure plan of six infantry brigade combat teams and additional support brigades, but Army officials were still working on the specific force structure requirements of the expanded Army in February 2007 when they developed the funding plan. As a result, changes to the initial force structure plan could increase costs. For example, the costs to procure heavy or stryker brigade combat team—related equipment are more expensive than for infantry brigades. An Army procurement official provided us standard equipment estimates for brigade combat teams: Infantry ($590 million); Stryker ($1.7 billion to 1.9 billion); and Heavy ($1.2 billion to 2.5 billion). Army officials stated the force structure plan has been revised since February 2007 but the Department of the Army has not approved a final force structure document.

Given the magnitude of the Army's funding plan and potential changes to the plan since DOD submitted its budget in February 2007, the Army should be prepared to fully explain and document the basis for its funding plan. The Army has an opportunity to update its Grow the Force funding plan to reflect a more transparent and comprehensive approach, given that the Army plans to request future funding. Without complete information on the Army's $70.2 billion funding plan, decision makers will have difficulty understanding the full magnitude of costs and weighing competing priorities.

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[7] U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, Pub. L. No. 110-28, 121 Stat. 126 (2007).

[8] The December 2008 Army Stationing Plan incorporates the acceleration of the implementation timelines for active and National Guard end strength from fiscal year 2013 to 2010.

Conclusion

Because the Army's funding request lacks transparency, and is not well-documented and comprehensive, the Congress may not have the information needed to consider the long-term costs and benefits associated with increasing Army personnel levels or gauge the amount of funding that should be appropriated to implement the initiative each year. To help illuminate the basis for its request, the Army needs to describe its process for documenting and revising its Grow the Force cost estimate, the proposed force structure plan, implementation timelines, and how it plans to manage and implement this initiative given competing priorities for funding. The Army has an opportunity to address these issues and facilitate congressional oversight of DOD's fiscal year 2009 budget request. Without more complete information on the Army's $70.2 billion funding plan, decision makers will have difficulty understanding the full magnitude of costs and weighing competing priorities.

Recommendations for Executive Action

To support congressional oversight of the Army's Grow the Force initiative and DOD's upcoming fiscal year 2009 budget request, we are recommending that the Secretary of Defense direct the Secretary of the Army to take the following two actions:

- Provide Congress with additional information on the Army's Grow the Force initiative at the earliest possible date, but not later than March 30, 2008. This information should include the following:
  - The force structure to be created by this initiative and associated implementation timelines.
  - A revised Grow the Force funding plan.
  - The cost estimating methodology used to develop the Grow the Force funding plan, including (1) key assumptions, (2) key factors that could affect the Grow the Force funding plan, and (3) a clear definition of costs that were excluded from the estimate.
- Maintain a transparent audit trail including documentation of the steps used to develop the Grow the Force funding plan.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD agreed with our recommendations and cited actions it will take to implement the recommendations. DOD comments are presented in their entirety in appendix I.

Specifically, DOD agreed to (1) provide Congress with additional information on the Army's Grow the Force initiative not later than March 30, 2008, and (2) maintain a transparent audit trail including documentation of the steps used to develop the Grow the Force funding plan. In explaining how it planned to address our first recommendation, DOD stated that it would identify the Army's Grow the Force implementation timelines, force structure, and funding plan in the Army's December 2007 Grow the Army Stationing Plan, the Army's Fiscal Year 2008 Annual Report on

Army Progress, the Army Campaign Plan, and its revised funding estimates. We believe these are positive steps. However, until DOD and the Army issue all of the stated documents, we cannot determine the extent to which these actions will improve the transparency of the Army's Grow the Force cost estimates and funding plan. Identifying the Army's cost estimating methodology as well as DOD-wide Grow the Force requirements as part of an updated Grow the Force funding plan would provide a more transparent basis for understanding the full magnitude of related requirements and costs.

In explaining how it planned to address our second recommendation, DOD stated that although the Army's year-to-year staffing, equipping, and facilities are not identified as a separate budget activity, the Army will identify requirements and funding associated with the Grow the Force plan in the development of the fiscal year 2010/2011 defense budget and preparations for the fiscal year 2010—2015 Future Years Defense Program. While we recognize the Army will not develop a separate budget activity for the Army's Grow the Force funding plan, there is a need for transparency of the Army's Grow the Force funding plan given the significant amount of funding requested ($70.2 billion). In addition to identifying requirements and funding plans to complete this initiative, we believe the Army needs to maintain a transparent audit trail to demonstrate how its Grow the Force funding request is linked to Army requirements.

We are providing this letter today to relevant congressional defense committees. If you or your have staff have any questions about this report, please contact me at (202) 512-4402 or e-mail me at stlaurent@gao.gov. Key contributors to this report were Wendy Jaffe, Assistant Director, Kelly Baumgartner, Grace Coleman, Barbara Gannon, Terry Richardson, Kathryn Smith, and Karen Thornton.

Janet A. St. Laurent

Janet A. St. Laurent
Managing Director, Defense Capabilities and Management

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel Inouye
Chairman
The Honorable Ted Stevens
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Duncan Hunter
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable John Murtha
Chairman
The Honorable C. W. Bill Young
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Comments from the Department of Defense

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

JAN 18 2008

Ms. Janet A. St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the GAO draft report "Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan," dated December 18, 2007 (GAO Code 351128/GAO-08-354R). The Department concurs with the two GAO recommendations and our comments are enclosed.

The Army's Grow the Force initiative is not a discrete budget element of Army equipping, staffing, operations, and facilities. This initiative was framed in the Fiscal Year (FY) 2008 defense budget. The Department is increasing the Army end-strength by more than 74,000 and is addressing the manning, equipping, and facilities needs for the new and augmented combat and support brigades for those personnel. In December, the Department provided to Congress the Army's end-strength growth stationing plan. This, with the Army's FY2008 Annual Report on Army Progress and revised funding estimates provide the force structure, timelines, and funding plan for the Army's Grow the Force initiative.

The Army's year to year equipping, staffing, and readiness plans are considered Department resourcing priorities and are based on: (1) deployment needs to fulfill missions; (2) existing Army equipment and personnel; (3) planned upgrades and expansions; and (4) emerging needs. Oversight of equipping, manning, and readiness plans comes through existing Department requirements, readiness, acquisition, and resourcing entities including the Joint Requirements Oversight Council, Senior Readiness Oversight Council, Defense Acquisition Board, and the Comptroller. The Department continually seeks to improve these management and oversight processes for better overall efficiency.

Sincerely,

David G. Ahern
Director
Portfolio Systems Acquisition

Enclosure:
As stated

GAO DRAFT REPORT – DATED DECEMBER 18, 2007
GAO CODE 351128/GAO-08-354R

"Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan"

DEPARTMENT OF DEFENSE COMMENTS TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to provide Congress with additional information on the Army's Grow the Force initiative at the earliest possible date, but not later than March 30, 2008. This information should include:

- The force structure to be created by this initiative and associated implementation timelines;
- A revised Grow the Force funding plan and;
- The cost estimating methodology used to develop the Grow the Force funding plan, including: (1) key assumptions, (2) key factors that could affect the Grow the Force funding plan; and (3) a clear definition of costs that were excluded from the estimate.

DOD RESPONSE: Concur. In December the Department provided the Army's end-strength growth stationing plan to the Congress. This, in conjunction with the Army's Fiscal Year 2008 Annual Report on Army Progress, submitted in accordance with section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007, the Army Campaign Plan, and revised funding estimates will frame the Grow the Army force structure, implementation timelines, and funding plan.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to maintain a transparent audit trail including documentation of the steps used to develop the Grow the Force funding plan.

DOD RESPONSE: Concur. Although the Army's year-to-year equipping, staffing, and facilities plans are not discretely segregated in the budget by initiatives such as the Army's Grow the Force, the Army will identify requirements and funding associated with the Grow the Army plan in the development of the Fiscal Year 2010/2011 Defense Budget and preparations of the Fiscal Year 2010-2015 Future Years Defense Program.

(351128)

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