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FORCE STRUCTURE

Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results



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Highlights of GAO-08-145, a report to congressional committees

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Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results

Why GAO Did This Study

The Army's modular force restructuring is a multiyear \$52.5 billion initiative to redesign operational Army units. The Army also plans to spend \$70 billion through fiscal year 2013 to expand the force by 74,200 military personnel. Congress mandated that GAO report annually through fiscal year 2012 on the Army's modular force. For this report, GAO assessed to what extent the Army has (1) implemented and established management controls for its modular force and force expansion initiatives, and (2) assessed its modular unit designs. GAO assessed Army plans and funding requests; visited brigades that were reorganizing; and examined key Army planning documents, performance metrics, and testing plans. Both brigade combat teams and support brigades were visited, including units from the active component Army, Army National Guard, and Army Reserve.

What GAO Recommends

GAO recommends 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 the modular force designs; and (3) DOD should review the Army's strategy, funding plan, and assessment plan. DOD concurred with GAO's recommendations; however, DOD's actions for assessing unit designs did not fully meet the intent of GAO's recommendations. GAO added a matter for congressional consideration to require the Army to more fully assess modular force designs in full spectrum warfare.

What GAO Found

The Army is making progress in establishing modular units but has not established sufficient management controls to provide accountability for results and facilitate transparency of the Army's overall funding needs for modular units and force expansion. By the end of fiscal year 2007, the Army established 138 of 190 planned modular units; however, all 10 units GAO visited that had converted to modular designs continue to have some equipment and personnel challenges, including shortfalls in key equipment, and mismatches in skill levels and specialties of assigned personnel. Although the Army originally estimated it could largely equip and staff modular units by spending \$52.5 billion through fiscal year 2011, the Army now believes it will require additional funding to equip modular units through fiscal year 2017. However, the Army has not identified how much additional funding it may need to fully equip units, nor has it provided sufficient information on progress to date. In addition, the Army is seeking multiple sources of funding for modular unit and force expansion equipment purchases without linking the funding to its modular unit design requirements, thus complicating decision makers' ability to assess the Army's progress in fully equipping the modular force. GAO's work has shown that major transformation initiatives have greater chance of success when their funding plans are transparent, analytically based, executable, and link to the initiative's implementation plans. Effective management controls are needed to establish these links. Office of Management and Budget (OMB) guidance explains that it is management's responsibility to take systematic and proactive measures to develop and implement management controls that ensure accountability for results. Without better controls, decision makers will have difficulty assessing the Army's progress in meeting its goals, knowing what resources will be required to equip and staff modular units, and balancing funding requests for these initiatives with other competing priorities.

The Army is evaluating and applying lessons learned from its ongoing counterinsurgency operations, but it lacks (1) a comprehensive assessment plan to determine whether fielded modular unit designs meet the Army's original goals for modular units across the full spectrum of low- and high-intensity warfare, and (2) outcome-oriented metrics that help to measure progress in achieving the goals of the modular force. The Army evaluated the experiences of modular units deployed to Iraq and Afghanistan and has made some changes in unit designs based on these lessons; however, the Army continues to lack a plan for assessing modular units in high-intensity combat operations. Further, the Army has not yet defined outcome-oriented metrics against which it could assess progress, although GAO previously made this recommendation and OMB also notes this in its performance assessment reporting. As a result, the Army does not have a clear way to measure the extent to which it is achieving the benefits it initially envisioned when it designed the modular force and that it is doing so in a manner that supports DOD joint warfighting capabilities.

To view the full product, including the scope and methodology, click on GAO-08-145. For more information, contact Janet St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

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Congressional Committees

Two major Army initiatives—one to restructure the Army and another to expand its size—will have significant implications for the Army’s combat capabilities and funding requests in the coming years. The Army’s modular force restructuring—sometimes referred to as Army Modularity—is a multiyear undertaking that involves the total redesign of the operational Army and was initiated, in part, to support current operations in Iraq and Afghanistan. In early 2007, the Department of Defense (DOD) announced a plan to expand the size of the Army in response to the high pace of operations the Army has experienced over the past several years and the need to increase capacity to meet future strategic demands. Under the Army’s new construct, the Brigade Combat Team, rather than a division, will be the centerpiece of the Army’s combat forces and the lowest unit of organization capable of self-sustained operations. The Army’s modular restructuring initiative includes its entire operational force consisting of active, National Guard, and reserve units. The Army obtained Secretary of Defense approval to spend \$52.5 billion on this initiative through fiscal year 2011.¹ To date, Congress has appropriated over \$18 billion for Army modularity, and DOD has requested an additional \$10.4 billion in the President’s fiscal year 2008 budget request.

In addition, to meet the increasing strategic demands and to help reduce stress on the force, the Secretary of Defense plans 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. This planned expansion includes building six additional, active modular combat brigades plus an undetermined number of modular support units, which requires a substantial increase in funding for personnel, equipment, and infrastructure. Currently, the Army estimates this expansion may require \$70 billion or more 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, currently before Congress, contains \$7.7 billion specifically to expand the size of the Army.

¹This figure does not include Army expansion costs.

Taken together, these initiatives will entail significant costs that must be carefully evaluated in the context of both the current and future strategic environment and weighed against other funding priorities. In January 2007, we testified before the House Committee on Armed Services, Subcommittee on Military Personnel, that federal agencies have a responsibility to provide sufficient transparency over significant decisions affecting requirements for federal dollars so that Congress can effectively evaluate the benefits, costs, and risks.

We initiated a body of work to assist Congress in assessing the Army's plans for its modular force restructuring as well as plans to expand the size of the force. Because of the cost and magnitude of the Army's modular force initiative, and broad congressional interest, we initially began work analyzing both the force structure and cost implications of the Army's move to a modular force under the Comptroller General's authority to conduct evaluations on his own initiative. Our work resulted in two published reports and two congressional testimony statements.² We recommended that the Army develop a detailed plan estimating the costs of establishing modular units; provide details about the Army's equipping strategy, including a comparison of equipment plans with unit design requirements; and develop performance metrics and plans for conducting further evaluation of modular designs.

The John Warner National Defense Authorization Act for Fiscal Year 2007 directed the Comptroller General to report annually through fiscal year 2012 to the congressional defense committees an assessment of the Army's progress in equipping and staffing modular units in the regular and reserve components, the use of funds by the Army for equipping and staffing its modular units, and progress by the Army in conducting further testing and evaluation of the Army's modular unit designs. In accordance with this legislative mandate for fiscal year 2007, we briefed your offices in March 2007 and April 2007 on our preliminary observations. This report expands on the information reported in those briefings. We are submitting this

²See the following GAO reports and testimony statements: 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); *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); *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005); and *Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain*, GAO-06-548T (Washington, D.C.: Apr. 4, 2006).

report to you because of your oversight responsibilities on defense matters. For this report, we assessed to what extent the Army has (1) implemented its modular force initiative and established management controls that provide transparency for assessing progress and funding for equipping modular units and expanding the force, and (2) developed a comprehensive plan to assess its modular unit designs.

To determine the extent to which the Army has implemented its modular force initiative and established management controls that provide transparency for assessing progress and funding for equipping modular units and expanding the force, we reviewed current Army plans, funding requests, and reports to Congress on Army Modularity and the Army expansion initiatives. We assessed the completeness of these plans and reports and analyzed to what extent Army funding requests were linked to the Army's modular design requirements, particularly for the procurement of new equipment. We supplemented this information with visits to 10 brigades that were already reorganized or were in the process of reorganizing to gain an understanding of the Army's progress in organizing, staffing, and equipping these brigades. The brigades we visited included Brigade Combat Teams as well as the Combat Aviation and Sustainment Multi-Function Support Brigades in the active component Army, Army National Guard, and Army Reserves. We selected these brigades in order to compare brigades of the same design within the different components and discuss progress in meeting Army goals with staff from each of the components. While the Brigade Combat Teams are only in the active Army and National Guard, the Multi-Function Support Brigades we selected to assess have units in the regular Army, National Guard, and Army Reserve components.

To analyze the Army's approach for assessing its modular designs, we examined key Army planning documents, and lessons learned, and discussed objectives, performance metrics, and testing plans with Army officials. We compared the Army's current methods of assessing its modular units with methods used by high-performing organizations, drawing from our prior work evaluating the performance of organizations that have undertaken significant reorganizations. Finally, we analyzed the extent of the Army's progress in developing outcome-related metrics and evaluating modular unit performance across the full spectrum of operations. We conducted our review in accordance with generally accepted government auditing standards from August 2006 through August 2007 and determined that the data used were sufficiently reliable for our objectives. The scope and methodology used in our review are described in further detail in appendix I.

Results In Brief

The Army is making progress in establishing modular units in the active and reserve components, but has not established sufficient management controls to provide accountability for results and transparency of overall funding needs for establishing modular units and expanding the force. By the end of fiscal year 2007, the Army established 138 of its 190 planned modular units. However, all 10 modular units we visited continue to have some equipment and personnel challenges, including shortfalls in key equipment items, and mismatches in skill levels and specialties of assigned personnel. Also, the Army's funding plan is not fully synchronized with its schedule for establishing units. Moreover, neither the Office of the Secretary of Defense (OSD) or the Army has implemented our past recommendations to enhance accountability for achieving the planned benefits of a modular force. As a result, it is difficult to gauge the Army's progress in moving toward its goal of fully staffing and equipping units in both the active and reserve components. In addition, although the Army estimated in 2004 that it could largely equip and staff modular units by spending \$52.5 billion through fiscal year 2011, the Army now believes it will require additional funding through fiscal year 2017 to fully equip its units. Our analysis shows that the Army believes it will need additional funding to fully equip modular units because its \$52.5 billion funding plan

- 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 that were not comparable to the active component's equipment, whereas the Army has recently learned from its experience in Iraq that all deploying units need to have modern equipment; and
- assumed that significant quantities of equipment would be returned from Iraq in good enough condition to help equip modular units.

Army officials have not fully identified the amount of additional funds needed to fully equip Army modular units but told us they plan to request funds for additional equipment needs beyond fiscal year 2011 incrementally through DOD's annual budget process. However, in the absence of a complete cost estimate, the Army will not be in a good position to identify and provide transparency to Congress of its total funding needs. Moreover, the Army is seeking a combination of regular and supplemental appropriations to fund its expansion and accelerate modular conversions, which further complicates decision makers' ability to obtain a full picture of the Army's needs for both initiatives and understand how these requests are linked and will contribute to meeting the Army's goals. 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. Effective management controls are needed to establish such linkage. Office of Management and Budget (OMB) guidance explains that it is management's responsibility to take systematic and proactive measures to develop and implement management controls that ensure accountability for results. Without improvements to its management controls, the Army will be unable to fully assess the costs of equipping modular units and expanding the force, and quantify progress in equipping units to meet modular unit requirements. Lacking such controls, senior DOD leaders and Congress will be limited in their ability to evaluate future funding requests, assess the Army's progress, and weigh near-term Army requirements with long-term transformation initiatives. We are recommending that the Secretary of Defense require the Army to (1) develop a plan that fully identifies funding needs based on the Army's requirements for staffing and equipping the modular force and report its estimate to Congress, and (2) provide management controls for measuring progress. We are also recommending that the Deputy Secretary of Defense review the Army's plans and develop an updated Office of the Secretary of Defense funding plan, consistent with the department's overall priorities and current and expected resource levels, and report its results to Congress.

While the Army is evaluating lessons learned from its ongoing counterinsurgency operations and applying these lessons to identify necessary changes to its modular designs, it lacks (1) a comprehensive testing and evaluation plan to determine whether fielded modular unit designs meet the Army's original goals for modular units across the full spectrum of operations and (2) outcome-oriented metrics on the benefits the Army expected to achieve with its modular restructuring. First, in seeking approval to establish modular units, the Army identified a number of planned benefits associated with them, such as that they would be as effective in combat as the Army's division-based brigades. However, the Army has limited its evaluations to the performance of modular units during pre-deployment exercises and counter-insurgency operations and not across the full spectrum of combat operations that include large-scale, high-intensity combat operations. As a result, the Army does not have a clear way to measure the extent to which new modular brigades are as effective as its older brigades under a range of conditions. Although we previously recommended that the Army develop a more comprehensive test and evaluation strategy, the Army has not taken action because it believes its current efforts are sufficient in light of its focus on managing ongoing operations. However, officials with the Army's Training and Doctrine Command have identified as a challenge the need for a broader-

based assessment of the Army's modular unit designs and the Army Science Board and U.S. Army Infantry Center have identified potential capability gaps.³ Furthermore, methodical testing, exercising, and evaluation of new doctrines and concepts is an established practice throughout the military. Until these efforts are expanded to include a wider range of potential missions, the Army may miss opportunities to further strengthen its designs. Second, with respect to outcome-oriented metrics, we previously recommended that the Army develop these metrics to which the Army responded it would explore the development of expanded metrics; but the Army has not taken specific action on our recommendation. A 2005 program assessment by OMB noted that the Army's current metrics are output-related (i.e., how many units have been transformed) as opposed to outcome-related. As a result, the Army does not have a clear way to measure the extent to which it is achieving desired benefits. Therefore, we are recommending that the Secretary of Defense require the Army to develop a comprehensive assessment, which includes steps to evaluate modular units under high-intensity combat and provide oversight for the Army's assessment program.

In commenting on a draft of this report, DOD concurred with our recommendations to (1) direct the Army to develop a comprehensive strategy and funding plan, (2) task the Director, Program Analysis and Evaluation, to review and assess the Army's plan to ensure that the plan links funding needs to requirements, (3) revise the existing DOD approved funding plan and communicate funding requirements to Congress, and (4) have DOD include additional exhibits in its annual budget submissions which show what requirements the funding request will fulfill and what requirements remain to be funded. We agree that the steps DOD plans to take in response to these recommendations, if fully implemented, will introduce more effective oversight and management controls of the Army's initiative within the Department, and will better inform the Congress of the Army's progress in staffing and equipping the modular force. DOD also concurred with our two recommendations directing (1) the Secretary of the Army to develop a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat operations and (2) requiring DOD to oversee the Army's assessment program. However, DOD commented that it believed that the Army and

³The Army's Training and Doctrine Command is, among other things, responsible for ensuring that the modular force it designs is capable of conducting operations across the full spectrum of warfare.

DOD were already evaluating modular units in full spectrum operations via ongoing Army processes and did not indicate what, if any, additional actions it would take to develop a comprehensive assessment plan. We continue to believe that the Army should develop and execute a comprehensive analysis plan to assess its modular force designs and that DOD should be overseeing the Army's assessment plan. Without such a plan, DOD may not be able to fully gauge the need for additional refinements in its modular unit designs. For this reason, we are adding a matter for congressional consideration to require the Army to develop a comprehensive assessment plan for the modular force and require OSD to review the plan and transmit it to Congress. DOD's comments are in appendix II and our evaluation of its comments is on page 33.

Background

The Army's modular restructuring initiative began in 2004 as part of the overall Army transformation initiative. 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. These new modular Brigade Combat Teams and Multi-Functional Support Brigades are designed to be stand-alone, self-sufficient units that are more rapidly deployable and better able to conduct joint and expeditionary combat and support operations than their larger division-based predecessors. These units, along with Functional Support Brigades and modular Headquarters Units, comprise the Army's new modular force. In most cases, modular brigades require some new modern equipment and a different personnel skill level mix than the earlier brigades they replace. 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.

During the development of the new modular Brigade Combat Team designs, the Army Chief of Staff directed the Army to develop designs that would be "as capable as" the legacy designs the Army wanted to replace. The Army, via its Task Force Modularity organization working under the Army's Training and Doctrine Command, approved an initial Brigade Combat Team design, which was assessed and approved by the Army Chief of Staff as "good enough" for the Army's modular restructuring. The Army made this decision based upon the designs' performance during combat simulations and scenario-driven table-top exercises, the Army's

ability to resource the unit designs within its equipment fielding plans and existing industrial capacity, and the Army's ability to quickly stand up new brigades and restructure its existing brigades by fiscal year 2011.

The Army's approved designs were similar to modified versions of the legacy Brigade Combat Team organization the Army previously employed when it would "task organize" units within its legacy divisions and assign them to a division's combat brigades prior to deploying the division for combat operations. These task-organized brigades would be temporarily expanded with additional battalion and company-sized units that provided additional combat support and combat service support capabilities, allowing the brigade to conduct self-sustained combat operations. By permanently structuring a Brigade Combat Team with these capabilities, the Army eliminated the need to task organize combat units. In addition, the Army believed it would have considerable advantages in operations by ensuring these units worked, trained, and deployed together.

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 operations and warfare including global war, major theater war, smaller scale contingencies, insurgency/counter-insurgencies, and stability and support operations. 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. The Army's Training and Doctrine Command (TRADOC) is responsible for analyzing whether the modular force is capable of successfully conducting operations required across the full spectrum of warfare. TRADOC does this by using its analytical centers, such as the TRADOC Analysis Center, to analyze the capabilities of the modular design and make design changes when deemed necessary and approved by Army headquarters.

The Army's original restructuring plan called for a total of 43 active component Brigade Combat Teams—33 restructured from existing combat brigades and 10 newly created brigades. These 43 active Brigade Combat Teams would be joined with 34 restructured National Guard brigades, giving the Army a total of 77 modular Brigade Combat Teams. This plan was modified by the 2006 Quadrennial Defense Review, which reduced the number to a total of 70 Brigade Combat Teams consisting of 42 active Army and 28 National Guard brigades.

Since the Army introduced its modular restructuring initiative, the Army has adjusted its cost estimate and changed the scope of its plans for restructuring its operational force several times. In January 2004, the Army developed a rough order of magnitude estimate which indicated it would cost \$20 billion to restructure the Army's existing combat brigades and build additional ones for anticipated overseas combat rotations. This estimate was updated 6 months later by adding \$8 billion to restructure the National Guard divisions and brigades into modular Brigade Combat Teams. The Army has since increased the scope of its modular restructuring initiative to include its entire operational force structure and in late 2004 obtained Deputy Secretary of Defense approval to spend \$52.5 billion on this initiative through fiscal year 2011.

A year after the Quadrennial Defense Review, in February 2007, the President submitted his fiscal year 2008 budget request to Congress that included a plan to increase Army military personnel by 74,200 over the next 5 years and increase the number of brigades. The plan would increase active Army end strength by 65,000 personnel to 547,400, Army National Guard end strength by 8,200 personnel to 358,200, and Army reserve end strength by 1,000 to 206,000. Army officials have stated this plan will add six additional active Army Brigade Combat Teams to the 42 brigades called for in the 2006 Quadrennial Defense Review, giving the Army a total of 76 Brigade Combat Teams. The Army's preliminary cost estimate indicates that expanding the Army will require approximately \$70.2 billion from fiscal year 2007 through 2013 for personnel, equipment, operations, maintenance, and facility costs.

Our previous reports on the Army's modular restructuring initiative included several recommendations intended to improve the information DOD provides Congress for making decisions on Army modularity. In our September 2005 report, we recommended that the Army provide Congress a detailed plan estimating the costs of modularity and develop an approach for tracking modular transformation costs that clearly identifies obligations for the modular force.⁴ In our September 2006 report, we recommended that DOD direct the Army to provide Congress with details about the Army's equipping strategy, including a comparison of equipment

⁴GAO, *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).

plans with unit design requirements.⁵ In another of our recommendations, we suggested that DOD direct the Army to develop a comprehensive plan for assessing progress toward achieving the benefits of a modular force, to include specific, quantifiable performance metrics and plans and milestones for conducting further evaluation of modular designs.

In addition to our work on the Army's modular restructuring initiative, we have recently completed work on other related Army issues. In August 2007, we issued a report on the Army and Marine Corps reset programs, which recommends that DOD improve its reporting of obligations and expenditures for resetting equipment and assess the Army and Marine Corps approaches for resetting equipment to ensure priority is given to address equipment shortages in the near term to equip units that are preparing for deployment.⁶ We have also assessed the Army's modular brigade training strategy and recommended that the Army take a series of actions to assess unit training and identify funding needs by developing specific goals and metrics and revising its funding model.⁷ This same report also recommended that the Army revise its training strategy to account for the high level of operational demands, clarify the capacity modular units require at the combat training centers, and complete testing of its exportable training capability to verify it is the most appropriate approach to meet the additional capacity requirements for training modular units.⁸ Finally, we recently provided a classified report to both the House and Senate Armed Services Committees which assessed the Army's current readiness challenges and offered a series of recommendations to improve Army unit readiness.

The Army's modular restructuring involves substantial resources for which management controls are needed in order to provide accountability for

⁵GAO, *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).

⁶GAO, *Defense Logistics: Army and Marine Corps Cannot Be Assured Equipment Reset Strategies Will Sustain Equipment Availability while Meeting Ongoing Operational Requirements*, GAO-07-814 (Washington, D.C.: Aug. 2007).

⁷GAO, *Military Training: Actions Needed to More Fully Develop the Army's Strategy for Training Modular Brigades and Address Implementation Challenges*, GAO-07-936 (Washington, D.C.: Aug. 2007).

⁸GAO-07-936.

results. Guidance issued by OMB⁹ explains that the proper stewardship of federal resources is an essential responsibility of agency managers and staff. Federal employees must ensure that federal programs operate and federal resources are used efficiently and effectively to achieve desired objectives. Also, management control should be an integral part of the entire cycle of planning, budgeting, managing, accounting, and auditing. The Army's initiative to establish modular units is a major transformation effort that is considered to be the Army's most extensive restructuring since World War II. OMB guidance explains that as agencies develop and execute strategies for implementing or reengineering agency programs and operations, they should design management structures that help ensure accountability for results.¹⁰

⁹OMB, *Circular A-123, Management's Responsibility for Internal Control, Revised* (Washington, D.C.: Dec. 2004).

¹⁰In addition to the OMB guidance, GAO has issued *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: Nov. 1999). Both OMB and GAO consider "internal control" to be synonymous with "management control." GAO explains that internal control helps government program managers achieve desired results through effective stewardship of public resources. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives in support of performance-based management. Throughout this document we will use the term management control.

Modular Restructuring Is Progressing, but the Army Lacks Sufficient Management Controls to Provide Decision Makers with Complete and Transparent Information to Gauge Progress and Assess Funding Requirements

The Army is making progress in transforming its operational force into modular units but has not established sufficient management controls to provide accountability for results and facilitate transparency of its overall funding needs for modular units and force expansion. Additionally, the Army has substantially revised its timelines for fully staffing and equipping its modular units. The Army established 138 of 190 planned modular units by the end of fiscal year 2007. However, the 10 units we visited were experiencing some equipment and personnel shortages. Moreover, because the Army's funding plan is not transparent and fully synchronized with its schedule for establishing units, it is difficult to gauge the Army's progress in moving toward its goal of fully staffing and equipping units in both the active and reserve components. In addition, although the Army's 2004 cost estimate of \$52.5 billion was initially expected to largely equip and staff its modular units by fiscal year 2011, an as yet undetermined amount of additional funding will be needed through 2017, according to Army officials. This change has occurred because the Army's earlier estimate had limitations and was built on several assumptions that no longer appear valid. Although we previously recommended that the Army update its cost estimate, the Army has not yet identified the full costs of equipping modular units. Moreover, DOD and congressional oversight of Army plans and progress has become more complicated because the Army has requested funding for its modular force initiative and force expansion plan using multiple sources of funding which do not clearly show the linkage between funding needs, progress to date, and the Army's requirements. Our work has shown that successful transformation initiatives have funding plans that are transparent, analytically based, executable, and link to the initiative's implementation plans. This requires effective management controls that provide accountability for the quality and timeliness of initiatives' performance, as well as cost. OMB guidance explains that it is management's responsibility to take systematic and proactive measures to develop and implement management controls that ensure accountability for results. Lacking sufficient controls, DOD may be limited in its ability to manage resources effectively and reduce risk to the force because it does not have the complete picture of the Army's resource requirements going forward and cannot weigh these against other competing priorities in order to provide a balanced and affordable force across all service components.

The Army Continues to Transform Its Operational Force into Modular Units, but Modular Units We Visited Experienced Some Challenges and Assessing Progress in Staffing and Equipping Units Is Difficult

Because of the urgency to create more units for rotations to Iraq and Afghanistan, the Army decided to reorganize units into modular brigades before funding was available to procure all of the new equipment required by modular designs. The Army's strategy has been to allocate its existing equipment, along with new equipment procured to date, to Army modular units in accordance with a conversion schedule approved by the Army senior leadership. This strategy has allowed the restructuring to proceed generally on schedule, even though the Army does not have sufficient quantities of all the equipment required by Army-approved modular unit designs. The Army plans to provide units with additional equipment as it becomes available through fiscal year 2011 under the Army's \$52.5 billion funding plan (\$43.6 billion of which is allocated to equipment). Additional equipment procured through other sources of funding, such as reset funds, could also be allocated to units once it enters the Army's inventory. However, because the Army's funding plan is not fully synchronized with its schedule for establishing units, it is difficult to gauge the Army's progress in moving toward its goal of fully staffing and equipping units in both the active and reserve components.

In accordance with its strategy, the Army restructured 138 of 190 modular units, about 73 percent, by the end of fiscal year 2007, as shown in table 1. Prior to the recently announced expansion plans, the Army was to have a total of 70 modular Brigade Combat Teams. For the active Army, the Army projected it will have reorganized 11 of 18 headquarters units, 38 of 42 active Army Brigade Combat Teams, and 30 of 37 active Multi-Functional Support Brigades by the end of fiscal year 2007. In the National Guard, the Army expected to have reorganized 6 of 8 headquarters units, 25 of 28 Brigade Combat Teams, and 23 of 46 Multi-Functional Support Brigades by the end of fiscal year 2007. Finally, the Army projected it will have reorganized 5 of 11 Multi-Function Support Brigades in the Army reserve by the end of fiscal year 2007.¹¹

¹¹In addition the Army plans to restructure approximately 118 functional support brigades across all three components by the end of fiscal year 2011; however, details on the Army's plans for these brigades are still limited.

Table 1: Actual and Planned Army Modular Unit Restructuring

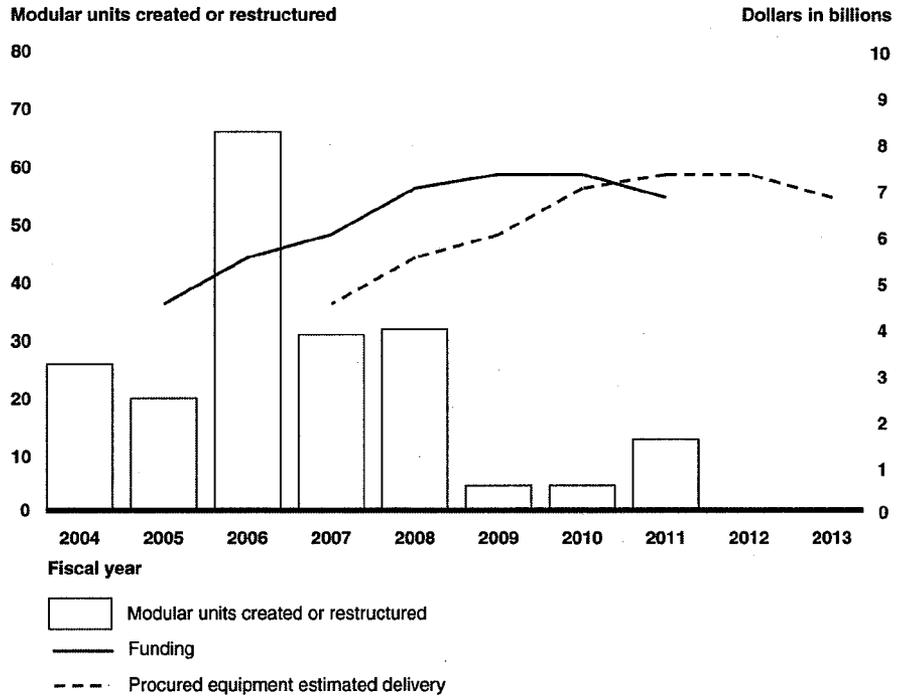
Component	Unit type	Total unit conversions through fiscal year 2007	Units expected to convert from fiscal year 2008 to 2011	Total planned unit conversions
Active	Headquarters units	11	7	18
	Brigade Combat Teams	38	4	42
	Multi-Function Support Brigades	30	7	37
National Guard	Headquarters units	6	2	8
	Brigade Combat Teams	25	3	28
	Multi-Function Support Brigades	23	23	46
U.S. Army Reserve	Multi-Function Support Brigades	5	6	11
Total Army	Headquarters units	17	9	26
	Brigade Combat Teams	63	7	70
	Multi-Function Support Brigades	58	36	94
Total modular units		138	52	190

Source: GAO analysis of Army data. *Department of the Army, Army Transformation Report to Congress*, February 2007, and *Department of the Army, Army Campaign Plan Change 5, Annex A*, December 15, 2006.

Army officials told us these units will be organized under modular unit designs; however, it will take additional time to equip and staff units at authorized levels. As a result, Army reporting notes that reaching an (E-date) effective date for unit conversion does not imply readiness or availability for deployment.

The following figure shows the lag between restructuring units and the planned appropriation of funding for equipment totaling \$43.6 billion included in the Army's modular force funding plan for fiscal years 2005 through 2011. This is the amount of equipment funding included in the Army's OSD approved plan; however, as we discuss later, it does not reflect the total funding needed to fully equip the modular force. In addition, the dotted line in this figure shows the expected lag between the planned appropriation of equipment funds and their expected delivery.

Figure 1: Time Lag between Establishing Units, Funding Equipment, and Delivering Equipment for Modular Units



Source: GAO analysis of Army data.

Note: Data exclude additional units that will be established as part of the Army's expansion plans and additional funding that may be required beyond fiscal year 2011. The procured equipment estimated delivery is an Army planning estimate and we did not independently evaluate it.

The Army continues to allocate available equipment and personnel where required to support deployed units or units designated as the next to deploy. Any equipment or personnel resources available after that are distributed in accordance with the Army's Resource Priority List. This approach permits the Army to increase its pool of available units for operational deployments to Iraq but has resulted in the Army assuming some risk by having to distribute its equipment among more units. The Army expects this situation to improve over time as it makes progress in filling equipment shortages and is able to procure the extra equipment necessary to proceed with scheduled unit conversions.

Evidence of the Army's shortfalls in staffing and equipping can be found at the unit level where Army brigades continue to experience challenges in fully staffing and equipping their units at authorized levels. We visited and

reviewed the status of 10 modular units and found that all 10 units continue to have some equipment and personnel challenges. During our January 2007 visit to an active Army Brigade Combat Team scheduled to deploy in the 2nd quarter of fiscal year 2007, we found the unit did not have its full allowance of light and heavy tactical wheeled vehicles, blue force tracking equipment, target acquisition equipment, and field artillery equipment. Unit officials we spoke with said that most of this equipment would be filled once the unit arrives in theater and before it conducted its first operations. During our December 2006 visit to an active Army Combat Aviation Brigade, unit officials told us less than 38 percent of unit aircraft were available for training during a 4-month period in late 2006. This lack of aircraft availability was caused by the unit's 18-month reset and training schedule between deployments and its aggressive maintenance schedule, which was arranged to ensure all unit aircraft were properly maintained and upgraded prior to the next deployment. Brigade staff stated that while they were capable of preparing the unit for deployment with a compressed reset and training period, any period shorter than 18 months would not be possible for two reasons. The first reason was the lack of available aircraft for training due to mandatory pre-deployment maintenance, and the second reason was the inability to conduct sufficient pilot training. The National Guard and Army reserve units we visited had significantly greater shortfalls in equipment than their counterparts in the active component. Unit officials consistently commented that the lack of equipment had a negative impact on their unit's ability to train. We also observed that equipment deficiencies in the Sustainment Multi-Function Support Brigades were significantly worse than within the Brigade Combat Teams.

Regarding personnel issues, brigade officials were mostly concerned about mismatches in the skill levels and the specialties of their assigned soldiers rather than the overall number of personnel assigned to units. Active units we visited were generally staffed with the authorized number of soldiers, but mismatches in skill levels and specialties frequently occurred even though some of the units we visited were nearing their deployment dates. Unit officials expressed concerns that the Army was managing unit staffing only at the aggregate level whereby units were expected to "grow their own" skill-level expertise among noncommissioned and junior officer leaders. Unit officials informed us that this places a large burden on the units to ensure they can properly train and operate with lower-skill-level staff than unit authorization documents require. The National Guard and Army Reserve units we visited were concerned about obtaining soldiers trained in new specialties and retraining their existing soldiers for the new specialties required by the modular force designs. For example, National Guard officials told us that obtaining classroom training for National

Guard members was complicated by the fact that National Guard members often lacked priority for the training, and in other cases could not take time from their civilian jobs to take courses exceeding several weeks or months. Army officials said they expect it will take several years to retrain personnel in new specialties required by the Army's modular unit designs and are working with the components to develop and implement training plans.

Brigade staff also commented on the challenge of training soldiers for deployment when equipment is in limited supply. Deploying units have a higher priority for equipment and personnel while nondeployed units do not have the higher priority for either until approximately 45 days prior to their mission rehearsal exercise. On the basis of a unit's performance during this exercise, the Army will certify a unit has achieved the requisite collective skills to successfully perform its assigned military operations while deployed. However, several unit officials we spoke with stated that receiving the bulk of their equipment and personnel just 45 days before they are to conduct this exercise leaves insufficient time to ensure soldiers become proficient in operating some of the more complex technical equipment prior to the mission rehearsal exercise.

To address high demand for limited quantities of equipment and personnel, the Army's headquarters staff along with other major Army commands continues to manage key equipment for modular units. The Army maintains an extensive list of these critically managed pieces of equipment controlled by its Deputy Chief of Staff G-8 headquarters staff. These items are limited in quantity but are in high demand for deploying units as well as those units converting to the modular design. Examples of these items include the Long Range Scout Surveillance System, the Counter-Fire Radar System, and the Heavy Expanded Mobility Tactical Truck. The G-8 staff conducts a semiannual equipment and personnel synchronization conference in order to determine the requirements from units scheduled for upcoming deployment along with equipment availability given existing inventory, newly procured equipment, and equipment completing repair and reset work. Representatives from the Army's personnel management organizations also address upcoming personnel requirements. Even with these coordination efforts, some Army units still experience shortages in their authorized level of equipment and personnel, which may not be filled until shortly before the unit deploys. While the Army is working on improving its ability to provide equipment to units earlier in their training cycle, some shortages are likely to continue until the Army procures more equipment over time or the demand lessens for large numbers of Army units for overseas operations.

The Army's Cost Estimate for Funding Modular Units Contained Uncertainties and Was Built on Some Assumptions That No Longer Appear Valid

The Army's \$52.5 billion cost estimate for its modular restructuring initiative, which was developed in late 2004, contained uncertainties and was based upon several assumptions that no longer appear valid. As the Army's plans for its modular force have evolved, some of the early uncertainties have now been clarified, while some of the key assumptions—particularly those that related to National Guard equipping, and the return of equipment from Iraq and Afghanistan—may no longer be valid. Army officials told us that the OSD-approved \$52.5 billion funding plan will not be adequate to fully equip the modular force. As shown in table 2, \$43.6 billion in this plan was specifically designated for equipment purchases from fiscal year 2005 through fiscal year 2011.¹²

Table 2: Funding Plan for Modular Restructuring, Fiscal Years 2005-2011, as Reported to OMB 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.

At the time the 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, which contributed to the analysts' challenge in developing an accurate cost estimate. Further, because the number and composition of National Guard units had not been decided upon at the time the cost estimate was 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 National Guard

¹²Other GAO work related to the Army's military construction requirements and funding can be found in GAO, *Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth*, GAO-07-1007 (Washington D.C.: Sept. 13, 2007).

Brigade Combat Teams and convert the remaining units to support brigades.

In addition to these uncertainties, the Army assumed that National Guard modular units would retain some older equipment rather than acquire the newer versions being procured for active units. However, the Army has recently found that it cannot deploy National Guard units to Iraq with older equipment since it was not compatible with the equipment being used by the active Army units. Further, maintenance personnel were not able to maintain older equipment items in theater because repair parts were difficult to obtain.

Further, from the beginning of the Army's modular restructuring initiative, the National Guard was recognized as having significant equipment shortfalls. These preexisting equipment shortfalls have been exacerbated over the past several years as National Guard units needed to transfer equipment between units to ensure deploying units were fully equipped. These equipment transfers, combined with the Army's practice of leaving significant quantities of National Guard equipment in Iraq for follow-on units, have depleted National Guard equipment stocks nationwide to less than 49 percent of requirements. As part of the Army's original \$52.5 billion cost estimate, the Army dedicated \$21 billion to purchase new National Guard ground equipment. However, because of the National Guard's extensive equipment requirements, the Army now plans to allocate \$37 billion for National Guard equipment through fiscal year 2013. Moreover, senior Army officials have stated that this amount may not be sufficient to ensure that National Guard units are equipped to their authorized levels.

Last, 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. At the time the cost estimate was developed, the Army assumed that at some point equipment would begin to rotate back from Iraq and be reset at the Army's repair depots to be redistributed to new modular units. The increased demands for equipment used in Iraq operations, however 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.¹³

¹³See GAO-07-831 for additional information on reset challenges.

Further, some of the up-armored vehicles currently being operated in theater may be replaced altogether by newer vehicles offering better protection at a higher cost.

The Army Has Substantially Revised Its Timeline for Fully Equipping Units but Has Not Fully Identified the Total Cost

According to senior Army staff officials, the Army cannot fully equip and staff its modular units to meet unit design requirements by its planned 2011 completion date. The Army is requesting modularity funding in line with its \$52.5 billion plan, although the Army is also requesting additional funding for new initiatives to accelerate conversion of two modular brigades and to expand the size of the Army. However, Army officials have also said they plan to request additional funding for modular force equipment beyond 2011 and revise the timeline for fully equipping the modular force to 2019.¹⁴ Given the Army's reliance on the reserve component units, senior Army staff officials said that the Army now plans to procure 100 percent of authorized levels of equipment for reserve component units as well as for the active Army units. The implication of this decision will likely be to extend procurement timelines for the additional quantities of equipment needed to equip all units to their authorized levels. Army officials said they now plan to fully equip the Brigade Combat Teams by 2015 and the Multi-Function Support Brigades by 2019, regardless of component.

The practice of providing equipment to the fully authorized level represents a departure from the Army's past practice of equipping reserve forces with less equipment than many active component units. However, for the units to be able to assist the active Army in meeting its operational requirements in Iraq and Afghanistan, and elsewhere, senior Army staff officials said this practice needed to be changed. The Army previously believed that in the event of war or a crisis, sufficient time would be available to fully equip reserve component units prior to deploying them. According to Army officials, this has proven unfounded in the current operational environments of Iraq and Afghanistan as the Army required both National Guard and Army reserve unit capabilities early in these conflicts and afterward to support the Army's continued rotation of forces. This decision will drive costs higher than anticipated as equipment costs represent the bulk of the Army's funding requests.

¹⁴The Army plans to request funding through 2017 which will result in a fully equipped force by 2019.

In our September 2005 report,¹⁵ we recommended that the Secretary of Defense direct 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 modular units as designed and tested. We made this recommendation to improve the information available to decision makers on the cost of the Army's plan and to disclose potential risk that modularity might not be implemented as planned. OSD did not comment on our report recommendation, and instead provided us with comments prepared by an Army official who stated that the Army's estimate was solid and did not include uncertainties. The Army official further commented that while there would continue to be Army modular force design changes subsequent to that estimate, these changes were normal in the course of the Army's force development process and would not substantially change the Army's estimate. Although the Army partially concurred with our September 2005 report recommendation to provide Congress a detailed cost estimate and recognized the need for regular reporting on the Army's restructuring initiative, the Army decided that its current methods for reporting to Congress were sufficient and additional information was unnecessary. We do not agree that the Army's regular reporting on its modular restructuring initiative fully addressed the requirements of our recommendation. Moreover, by not commenting on our recommendation and not requiring the Army to take positive corrective action, OSD has allowed a lack of transparency concerning total funding needs to continue, and decision makers do not have all the necessary information they need to assess funding needs and weigh competing priorities.

¹⁵GAO-05-926.

The Lack of Transparency and Clear Linkages between the Army's Funding Requests, Requirements, and Implementation Plans Reflect Management Control Weaknesses and Contribute to Oversight Challenges

In addition to its modular force initiative, the Army is requesting funds for other initiatives, such as force expansion and modular brigade acceleration, using a combination of regular and supplemental appropriations. These multiple funding requests also make it difficult for DOD and congressional decision makers to assess the Army's requirements for and progress in fully equipping the modular force and establishing new units. Congress has required the Army to submit its assessment of progress in transforming to a modular force. However, while the Army is submitting regular reports to Congress in conjunction with the President's annual budget requests, these reports include lists of modular equipment to be purchased but do not include enough information to enable Congress to gauge progress in meeting modular unit requirements. For example, the reports do not compare the quantities of equipment being requested with total requirements and quantities on hand so that senior DOD officials and Congress can assess the need for the requested equipment and progress to date in procuring quantities required based on the Army's modular unit designs. As a result, these reports provide insufficient information on which to judge the extent to which the Army's proposed equipment purchases are addressing equipment requirements for the modular force. The lack of linkage between requirements, funding requests, and implementation to date impedes oversight by not providing a means to measure the progress the Army is making in filling its modular equipment requirements, and to what extent the Army is making the best use of its requested funding.

Similarly, the Army's reporting to OMB does not provide sufficient information to measure the Army's progress in equipping its modular units. In declining to implement our recommendation to provide Congress a detailed plan estimating the cost of modularity, the Army commented that the information it was reporting to Congress, as well as information provided to OMB for modularity, already provided comprehensive oversight and any additional reporting would be redundant and unnecessary. The Army commented that it regularly submitted budget and other program management information to OMB through the Office's Program Assessment Rating Tool known as "PART."¹⁶ However, information contained in PART reinforces the need for a detailed plan estimating the modular force equipment costs. For example, the PART

¹⁶The Program Assessment Rating Tool (PART) is a series of questions designed to provide a consistent approach to rating programs across the federal government. The PART uses diagnostic tools that rely on professional judgment to assess and evaluate programs across a wide range of issues related to performance.

shows that “risk for cost growth remains high” for Army modularity and that increased efficiency and cost effectiveness has not been an Army priority. On the basis of our review, we found that neither the Army’s report to Congress nor the Army’s reporting under PART provides evidence of specific plans, milestones, or resources required for the Army to fully staff and equip its modular units.

Congressional oversight also will be complicated by the multiple sources of funding being sought by DOD to complete the Army’s modular restructuring and expansion initiatives as well as a lack of transparency into how the Army estimated these amounts. For example, as shown in table 3, DOD’s fiscal year 2008 regular budget request includes funds for the Army’s modular restructuring initiative, as well as the Army’s newly announced force expansion plan, which will involve the creation of six Brigade Combat Teams and an unspecified number of support units. Additional funds required to expand the Army are included in the fiscal year 2007 emergency supplemental request and the fiscal year 2008 Global War on Terror supplemental request, submitted with DOD’s fiscal year 2008 budget. DOD’s fiscal year 2008 annual budget request includes \$7.6 billion for the modular force, an amount that is consistent with the Army’s existing \$52.5 billion funding plan through fiscal year 2011. Funding to expand the Army draws on three different funding sources with \$1.3 billion included in the fiscal year 2007 supplemental request, \$3.6 billion in the fiscal year 2008 regular budget request, and \$4.1 billion in the fiscal year 2008 Global War on Terror request. Additional funding to accelerate the conversion of two Brigade Combat Teams is included in two requests—\$1.9 billion in the fiscal year 2008 regular budget request, and \$0.9 billion in the 2008 Global War on Terror request. All of these funding requests included substantial sums for Army equipment, but it remains unclear how each request will support the Army’s goal of fully equipping the modular force because the Army has not provided a basis for how it computed its cost estimates, including underlying assumptions, and has not linked these estimates to modular force requirements and progress in equipping the force to date. Without a fuller explanation of these estimates, decision makers will not be in a position to assess whether the Army is estimating costs consistently and whether requested funding for these initiatives will meet, fall short of, or exceed Army requirements.

Table 3: Sources of Army Funding for Modular Restructuring and Expansion

Dollars in billions

Army Initiative	Fiscal year 2007 regular budget request	Fiscal year 2007 supplemental budget request	Fiscal year 2008 regular budget request	Fiscal year 2008 Global War on Terror budget request
Army Modular Restructuring	\$6.6	\$0	\$7.6	\$0
2 BCT Restructuring Acceleration	\$0	\$0	\$1.9	\$0.9
Army Expansion	\$0	\$1.3	\$3.6	\$4.1

Source: GAO analysis of Army data.

Further, DOD has requested other funds to meet modular brigade equipment requirements, making it even more difficult to assess the Army's progress against its plans. As shown in table 3, funding to support the recent decision to accelerate the modular force conversion of two Brigade Combat Teams in order to deploy them earlier than planned includes a request for \$1.9 billion in the fiscal year 2008 budget submission and nearly \$1 billion in the fiscal year 2008 Global War on Terror budget requests. We have also reported that the Army is using some of its funds appropriated for resetting equipment to accelerate achieving the Army's strategic goals under its modularity initiative.¹⁷ DOD has not fully explained the basis for these multiple funding requests and how it distinguishes one set of requirements from the other. For example, DOD is requesting \$2.8 billion to accelerate the conversion of two Army Brigade Combat Teams, but the Army's \$52.5 billion funding plan for modularity also included funding for these same Brigade Combat Teams. Also, funding for DOD's plans to expand the Army is not fully reflected in the three funding requests currently before Congress, and the Army continues to refine its estimated costs. Preliminary cost estimates from the Army state this initiative may require \$70 billion or more, which the Army plans to request through fiscal year 2013. Because the Army's cost estimates are still incomplete, decision makers in DOD and Congress do not know the magnitude of funding required to complete the expansion plans and restructure the Army's active and reserve units into a modular force. As a result, they will not know how to weigh those requirements against other competing priorities.

¹⁷GAO-07-814.

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. The scope, complexity, and magnitude of the resources required to implement the Army's modular restructuring and expansion initiatives require a high degree of fiscal stewardship. We have testified about the need for transparency, accountability, and enhanced stewardship of appropriated funds as a necessary component for the success of major military transformation efforts.¹⁸ OMB has provided guidance to agencies to improve accountability and the effectiveness of agency programs and operations, emphasizing management's responsibility for establishing accountability for results when developing new plans to accomplish the agency's mission. Without adequate management controls over such a broad-based initiative as the Army's modular force restructuring, decision makers will not have the information they need to evaluate progress, understand tradeoffs being made, and assess risk. By directive, OSD plays a key role in providing guidance and allocating resources to initiatives such as this. First, the OSD's responsibilities include defining strategy, planning integrated and balanced military forces, and ensuring the necessary framework (including priorities) to manage DOD resources effectively for successful mission accomplishment consistent with national resource limitations. Second, OSD is responsible for the efficient management of resources, which includes conducting an annual departmentwide budget review of the services' budget requests with OMB. The Director, Program Analysis and Evaluation, plays a key role in managing departmentwide planning and budgeting by leading and supporting a "cost analysis improvement group" that has the expertise to make independent cost estimates of major spending programs to provide a comparison against service-provided estimates. By not commenting on our prior recommendations related to the cost of the Army's modular force restructuring, and not directing the Army to take positive corrective action in response to our recommendations, the OSD has missed an opportunity to improve management controls, and emphasize transparency and accountability for an initiative costing tens of billions of dollars. Further, the Army may be at risk of not being able to complete both its modular force and expansion initiatives because the Army has not provided Congress with complete cost estimates for both of these initiatives and has

¹⁸Comptroller General David Walker, *Fiscal Stewardship and Defense Transformation*, GAO-07-600CG, speech before the U.S. Naval Academy, Annapolis, Maryland, (Washington, D.C.: Mar. 8, 2007).

already extended time frames for equipping modular units well into the next decade.

The Army has a responsibility to DOD and Congress for establishing effective management controls over its transformation to a modular force, particularly considering the magnitude of the dollars being requested. Management controls include the organization, policies, and procedures used by agencies to reasonably ensure that programs achieve results; resources are used consistent with agency mission; and reliable and timely information is obtained, maintained, reported, and used for decision making. Effective management controls also mean that leadership is responsive to outside audit recommendations and takes proper corrective action. The lack of a transparent linkage between the Army's modular force requirements, progress to date, and additional funding requests means that a key management control is lacking—one that holds the agency accountable for results. Without improvements to its management controls, the Army will be unable to fully assess the costs of equipping modular units and expanding the force, and quantify progress in equipping units to meet modular unit requirements.

The Army Is Applying Lessons Learned but Still Lacks a Comprehensive Approach for Assessing Modular Unit Designs and Performance

While the Army is evaluating lessons learned from its ongoing counterinsurgency operations and applying these lessons to identify changes to its modular designs, it still lacks (1) a comprehensive testing and evaluation plan to determine whether fielded modular unit designs meet the Army's original goals for modular units across the full spectrum of warfare and (2) outcome-oriented performance metrics. The Army evaluated the experiences of modular units deployed to Iraq and Afghanistan and has made some changes in unit designs based on these lessons; however, the Army continues to lack a plan for evaluating and testing modular brigades in a wide variety of situations that include high-intensity combat operations. Further, the Army has not yet defined outcome-oriented metrics against which it could assess the modular force. As a result, the Army does not have a clear way to measure the extent to which it is achieving the benefits it initially envisioned when it designed the modular force and ensure that it is doing so in a manner that is affordable and meets DOD joint war fighting capabilities.

Lessons Learned from Ongoing Operations Are Being Applied to the Current Modular Force, but the Army Lacks a Comprehensive Test and Evaluation Plan

The Army has not established a comprehensive approach to ensure its original performance goals for modular units are being met by its fielded modular designs across the full-spectrum of military operations. When a large organization implements major transformation initiatives that require substantial expenditures of resources, it is important to establish a comprehensive approach to assess the extent to which the goals of the transformation are being met. Our prior work examining organizational change and defense transformation shows that developing performance measures and criteria for assessing results is important for transforming organizations to increase their likelihood for success.¹⁹ Additionally, our prior work shows that methodically testing, exercising, and evaluating new doctrines and concepts are an important and established practice.²⁰ Prior to implementing modular restructuring, the Army established specific expectations for how its modular designs would improve combat performance and operational deployment and identified significant amounts of additional resources—personnel and equipment—these units need to meet these goals. Additionally, the Army’s modular restructuring initiative is about more than just providing units with additional resources; it includes new doctrinal concepts that are critical to the success of these new units.

The Army has a process to assess modular force capabilities against the requirements of current operations; however, the Army lacks a comprehensive approach to ensure its performance goals are met across the full spectrum of military operations. As part of its evaluation process, TRADOC officials formed teams that evaluate modular unit designs and make recommendations for improvements in staffing and equipping the force based on lessons learned from current operations. The lessons-learned process relies on unit evaluations that take place before, during, and after deployments to Iraq and Afghanistan. For example, on the basis of lessons learned, the Army has reconfigured some of the modular unit designs and has added additional capabilities in force protection and route clearance to counter specific threats faced by deployed units. The Army adjusted the number and skill mix of staff within its modular unit designs and changed the number and types of equipment in modular units to increase their ability to address current threats in Iraq and Afghanistan.

¹⁹GAO, *Military Transformation: Additional Actions Needed by U.S. Strategic Command to Strengthen Implementation of Its Many Missions and New Organization*, GAO-06-847 (Washington, D.C.: Sept. 8, 2006).

²⁰GAO-06-745.

While the Army's modular designs are being evaluated based on the operations in Iraq and Afghanistan, these are counterinsurgency or stability operations. The Army has not taken a more comprehensive approach to test and evaluate the modular force across the full spectrum of warfare, which includes high-intensity combat operations. The Army's emphasis on current operations may be understandable given the need to ensure that Army units are ready to meet the demanding requirements of ongoing operations. While operations in Iraq and Afghanistan are challenging, they represent only certain specific types of operations as opposed to the Army's broader requirements to respond to a full spectrum of joint operations. According to TRADOC officials, the biggest challenge in testing and evaluating modular unit design is in ensuring that the Army is assessing these units based on full-spectrum joint operations that are not limited to the requirements of current operations. In addition to its current operations, the Army may also be required to deploy its modular forces to face the challenge of protracted high intensity offensive or defensive combat operations instead of the counterinsurgency engagements in Iraq and Afghanistan.

The Army tested early versions of Brigade Combat Team designs via computer simulations and desktop exercises which involved a specific scenario that was neither prolonged nor characterized by large-scale, high-intensity combat operations. These tested designs were also equipped with higher levels of key equipment enablers, which so far, the Army has not yet fielded in its Brigade Combat Teams. For example, the original designs for Brigade Combat Teams included significantly greater numbers of specific key-enabler equipment, such as Unmanned Aerial Vehicles and the Long-Range Advanced Scout Surveillance System. This key-enabler equipment provided units with a more robust intelligence surveillance and reconnaissance capability allowing the modular units to detect and engage enemy positions faster than without the equipment. Because of the differences between the design tested by the Army and the current configuration of Army modular units, we recommended in our September 2006 report that the Army formulate a testing plan that includes milestones for conducting comprehensive assessments of the modular force as it is being implemented.²¹ While the Army disagreed with this recommendation, believing its existing program was adequate, we nonetheless continue to believe that this recommendation has merit because of the narrow spectrum of operations being used to assess modular force designs and

²¹GAO-06-745.

the limited nature of the original testing program that evaluated a more capable unit design that included key enabler equipment that has not yet been assigned to Brigade Combat Teams.

In addition, other organizations have released reports identifying capability gaps with the Army's modular designs that could ultimately affect the modular units' ability to operate effectively against some current and predicted threats. The Army Science Board, the department's senior scientific advisory body, released a study in 2006 asserting that Multi-Function Support Brigades are not adequately equipped or staffed for independent operations because they lack the communications and force protection equipment needed to operate without the assistance of other units. Instead of operating independently, these brigades need to rely on Brigade Combat Teams for these capabilities, which affect the Brigade Combat Team's mission capability. In March 2006, the U.S. Army Infantry Center at Fort Benning, Georgia, produced a capabilities assessment of the Infantry Brigade Combat Team, and found that these units may not have the desired capability to operate independently against heavier enemy forces, composed of tanks and other armored vehicles, because these units were lighter and did not possess sufficient anti-armor capability. Specifically, the U.S. Army Infantry Center was concerned that the Infantry Brigade Combat Teams did not have the capability to defeat enemy armored vehicles at a safe distance, or armored vehicles with advanced reactive armor or active denial systems that are currently being developed and fielded to some armies throughout the world. Without a process to evaluate modular units of all types—heavy and light combat units and support units—the Army cannot be sure that it will have the capability to operate effectively in the full-spectrum of joint combat operations.

The Army Has Not Established Outcome-Oriented Metrics for Measuring its Progress in Achieving the Benefits of a Modular Force

The Army has not established outcome-oriented metrics to ensure that its modular designs meet its original goals, support joint warfighting efforts, or are affordable given competing resourcing priorities. Transforming the Army to a more modular and deployable force requires significant resources to properly staff, train, and equip newly organized modular units at a time when the Army must staff, equip, and train units deploying to Iraq and Afghanistan. The Army proceeded with this modular restructuring effort in the face of these resource challenges because it expected this transformation to achieve certain benefits. The ultimate goals of its modular restructuring efforts, according to the Army's Strategic Planning Guidance, were to achieve output-oriented goals, such as increasing the rotational pool of ready units by at least 50 percent and outcome-oriented

objectives, such as enhancing combat power by at least 30 percent in the active component. While the Army's primary modular force transformation plan—the Army Campaign Plan—includes output-oriented metrics, such as the number of units organized each year, the Army has not developed important outcome-oriented performance measures and criteria to measure success and track the progress it is making toward its goals, such as assessing the amount of combat power generated by these units.

Our prior work examining organizational change and defense transformation shows that developing outcome-oriented performance measures and criteria for assessing progress an organization is making toward its goals is important for transforming organizations.²² Because of the value of these assessments, we recommended that the Army develop specific, quantifiable performance metrics to measure progress toward meeting the goals and objectives established in the Army Campaign Plan.²³ The Army partially concurred with our recommendation, but to date, has not taken any action, and according to an OSD official, OSD has not required it to do so. OMB in its Program Assessment Rating Tool noted the Army's current metrics for modularity are output-related rather than focused on outcomes. According to OMB, an outcome metric answers the question "What is the program's goal or purpose?" Without developing outcome-related metrics, the Army will be unable to measure whether its modular units are achieving their originally envisioned benefits.

OSD Oversight of the Army's Modular Force Transformation Initiative Is Needed to Ensure Efforts Support Joint Warfighting and Provide Benefits That Outweigh Costs

Without a comprehensive evaluation of the Army's modular force, it is not clear whether the Army's plans for the modular force are compatible with the overall development of joint force capabilities and provide sufficient benefits that outweigh their costs. OSD has responsibility for providing the best allocation of DOD's resources to provide for joint warfighting capabilities by defining strategy, planning integrated and balanced military forces, ensuring the necessary framework (including priorities) to manage DOD resources effectively in order to accomplish DOD's mission consistent with national resource limitations, and providing decision options to the Secretary of Defense. While the Army and not OSD is primarily responsible for modular restructuring, some features of the Army's modular force designs may affect other service roles and missions, which suggest that OSD may need to become more involved in Army

²²GAO-06-847.

²³GAO-06-745.

modular design efforts. For example, Unmanned Aerial Vehicles (UAV) are critical enablers in the Army's modular force designs, but the Air Force had advocated that it be designated executive agent for all mid-range and higher range UAVs. Further, as part of its modular transformation, the Army is exploring the potential for adding precision-guided artillery to its designs, in lieu of current reliance on joint-fires, such as the precision strike capability provided by other services. Given the fact that there may be duplication of effort and resources in these areas, DOD may need to consider how to ensure the Army is capable of meeting its requirements for UAV coverage and precision fires while minimizing the potential for unnecessary duplication and wasted resources among the joint force. Finally, Congress required the Army to seek out the views of the combatant commanders, the final end users of Army units, on the Army's modular force, but the Army has yet to transmit this assessment to Congress. To date, according to an OSD official, OSD has not required the Army to develop outcome-related metrics or develop a comprehensive plan for evaluating modular units. Without further analysis of the Army's modular force initiative in the context of joint force capabilities, OSD will not be in a position to evaluate the Army's modular force plans and funding requests.

Conclusions

The Army's modular restructuring is a major undertaking requiring many billions of dollars and therefore needs sound management controls. The lack of linkage between the Army's funding requests, progress in equipping and staffing units, and its modular design requirements contribute to oversight challenges. This lack of linkage impedes oversight by DOD and congressional decision makers by not providing a means to measure the Army's progress in filling its modular equipment requirements or to inform budget decisions. The Army currently plans to request additional funding from Congress and extend its timeline to equip its modular units; however, it has not provided a complete cost estimate, or provided detailed information, on what specific requirements remain to be filled. Moreover, the Army has recently announced a plan to expand its force, which will lead to requirements to fund new modular units at the same time it is trying to implement its original restructuring plans. Until the Army provides a comprehensive plan outlining its requirements for its modular restructuring and expansion initiatives, identifying progress made to date, and detailing additional equipment and other resources required, OSD and Congress will not be in a sound position to determine the total costs to complete modular restructuring and expand the Army and decide how to best allocate future funding. The risk to the force is that insufficient funds to complete both initiatives along overlapping timelines may result in

continued equipment and personnel shortfalls. Effective management controls over these initiatives will be needed to help measure progress and to achieve effective and efficient operations. Moreover, OSD has a role to play in overseeing the initiatives to help ensure accountability for results in addition to its annual reviews of the services' budget requests. Further, while the Army continues to evaluate the performance of its modular designs in the current counterinsurgency conflict in Iraq and Afghanistan, the Army's testing and evaluation of its modular unit designs still lack some important components. The lack of outcome-related metrics prevents the Army from measuring whether its modular unit designs are achieving their originally envisioned benefits thereby justifying the large expenditure of funds required to implement the Army's modular restructuring initiative. The Army's modular restructuring initiative would benefit from an assessment of the Army's fielded modular designs across the full spectrum of warfare since it has limited itself to the current counterinsurgency operations and has not included protracted high-intensity conflict. Without a comprehensive testing program for the Army's modular initiative incorporating these elements, OSD lacks the information necessary to evaluate the Army's modular designs in terms of the designs' effectiveness in supporting joint warfighting requirements or make informed decisions on the Army's modular funding plans given competing priorities for funding.

Recommendations

To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, we are recommending that the Secretary of Defense take the following four actions:

- 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.
- 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.
- 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.

- 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.

Further, to enhance the rigorousness of the Army’s efforts to assess modular designs, we are recommending that the Secretary of Defense take the following two actions:

- require the Army to develop a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat and
- oversee the Army’s assessment program.

Agency Comments and Our Evaluation

In written comments responding to a draft of this report, the Department of Defense concurred with all six of our recommendations. The Department’s comments are discussed below and are reprinted in appendix II.

DOD concurred with our four recommendations intended to improve management controls and bring about a comprehensive Army strategy and funding plan for staffing and equipping modular units. Specifically, DOD concurred with our recommendations to (1) direct the Army to develop a comprehensive strategy and funding plan, (2) task the Director, Program Analysis and Evaluation, to review and assess the Army’s plan to ensure that the plan links funding needs to requirements, (3) revise the existing DOD approved funding plan and communicate funding requirements to Congress, and (4) have DOD include additional exhibits in its annual budget submissions which are intended to show what requirements the funding request will fulfill and what requirements remain to be funded. In explaining how it planned to implement these recommendations, DOD stated that would include in its FY08 Annual Report on Army Progress under Section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (P.L. 109-364), the equipping and staffing requirements for different brigade types; the number and types of brigades, the status of conversions to modular design, and the status of the manning and equipment for the force as a whole. DOD also stated that the Director,

Program Analysis and Evaluation will review and assess the Army's strategy and funding plans as part of DOD's budget development process. In addition, DOD stated it will work with the Army to reassess the accounting means for equipping the force and determine the appropriate path forward. DOD stated the Army will include additional information on equipping and personnel requirements for its modular forces in its fiscal year 2008 Annual Report on Army progress and will incorporate the Army's funding needs in the President's annual budget submission to Congress. We agree that the steps DOD plans to take in response to these recommendations, if fully implemented, will introduce more effective oversight and management controls of the Army's initiative within the Department, and will better inform the Congress of the Army's progress in staffing and equipping the modular force. With regard to developing an updated funding plan, we believe it will be important for the Army to identify in its report to Congress its overall funding needs to staff and equip the modular force through 2017—consistent with the Army's latest plan—in addition to providing materials to support the President's Budget Request for a particular year. Such an overall plan is needed to help senior DOD officials and Congress weigh the Army's funding needs for modular units with other competing needs. In conjunction with the work we are undertaking to annually review and report on the Army's plans and progress in equipping and staffing modular units in response to a congressional mandate, we plan to review the funding information DOD submits as part of its annual report and fiscal year 2009 budget justification materials and assess its comprehensiveness.

DOD also concurred with our two recommendations directing the Secretary of the Army to develop a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat operations and requiring OSD to oversee the Army's assessment program. However, DOD commented that it believed that the Army and OSD were already evaluating modular units in full spectrum operations via the Training and Doctrine Command's modular force assessment efforts and the Total Army Analysis process. Our review found that the Training and Doctrine Command's ongoing evaluations and assessments are focused primarily on counterinsurgency operations rather than full spectrum warfare. Moreover, the primary purpose of the Total Army Analysis process is to develop the mix of forces (numbers and types of units) needed to carry out full spectrum operations; it is not a tool specifically intended to assess and refine individual unit designs. For example, Total Army Analysis may determine how many intelligence units the Army needs, but would not be expected to determine how an intelligence unit should be structured. We continue to believe that the Army should

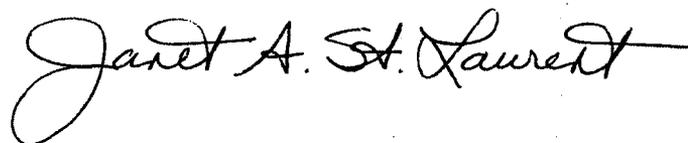
develop and execute a comprehensive analysis plan to assess its modular force designs and that DOD should be overseeing the Army's assessment plan. Without such a plan, DOD may not be able to fully gauge the need for additional refinements in its modular unit designs. The specific actions DOD has described in its comments do not fully meet the intent of our recommendation. For this reason, we are adding a matter for congressional consideration to require the Army to develop a comprehensive assessment plan for the modular force and require OSD to review the plan and transmit it to Congress.

Matter for Congressional Consideration

Given the magnitude of the Army's initiative to transform to a modular force, and the range of analytical efforts the Army could bring to bear to assess the effectiveness of the modular designs in meeting 21st century challenges, Congress should consider requiring DOD to develop and provide a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat.

We are sending copies of this report to the Secretary of Defense; the Deputy 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 (202) 512-4402 or stlaurentj@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.



Janet A. St. Laurent
Director, Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman

The Honorable John McCain
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Daniel Inouye
Chairman

The Honorable Ted Stevens
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman

The Honorable Duncan Hunter
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable John Murtha
Chairman

The Honorable C. W. Bill Young
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To conduct our work for this engagement, we analyzed data, obtained and reviewed documentation, and interviewed officials from the Headquarters, Department of Army; National Guard Bureau; U.S. Army Reserve Command; U.S. Army Training and Doctrine Command, U.S. Army Forces Command; U.S. Army Center for Army Analysis; and U.S. Army Combined Arms Center. We supplemented this information with visits to brigades that had undergone modular conversions to gain an understanding of the Army's modular force implementation plans and progress in organizing, staffing, and equipping modular brigades. This included requesting data comparing equipment and personnel on hand versus authorized under the new design requirements; discussing implementation challenges with senior brigade and division-level officials; and researching future plans for completing the modular conversion. The brigades we visited included brigades in the regular Army, Army National Guard, and Army Reserve. We selected 10 nondeployed brigades to interview based upon whether each brigade had completed its restructuring to a modular organization or was in the process of restructuring, whether the unit was currently preparing for an upcoming deployment, and whether other restructured modular brigades of the same type were available to interview in other components. In the regular Army, we visited brigades in the 3rd Infantry Division, including the 2nd Brigade Combat Team, 3rd Combat Aviation Brigade, and the 3rd Sustainment Brigade. We also visited the 4th Infantry Brigade Combat Team of the 1st Infantry Division. In the Army National Guard, we visited the 29th Combat Aviation Brigade, Maryland; 30th Heavy Brigade Combat Team, North Carolina; and 116th Infantry Brigade Combat Team, Virginia. We also interviewed the brigade staff of the 108th Sustainment Brigade, Illinois, via phone. In the Army Reserve, we visited the 55th Sustainment Brigade and interviewed the Commanding Officer of the 244th Theatre Aviation Brigade via phone. We selected these brigades in order to compare brigades of the same design within the different components and discuss progress in meeting Army goals with staff from each of the components.

To determine the extent to which the Army implemented its modular force initiative and established management controls that provide transparency for assessing progress and funding for equipping modular units and expanding the force, we visited the above listed active and reserve component units and gathered and analyzed information comparing required equipment and personnel versus on-hand levels. From the Army's Deputy Chief of Staff for Programs (G8), we obtained a list of equipment the officials told us were vital to enabling modular brigades to operate at least as effectively as the brigades they replaced. We met with Army officials responsible for managing the equipment items Army-wide to

determine Army plans for acquiring and fielding those equipment items. We updated and analyzed information on Army requirements for funding and funding plans and assessed areas of risk and uncertainty. We determined that the data used were sufficiently reliable for our objectives as our analysis was focused on whether the Army would be able to completely equip its modular units within the Army's current funding plan, procurement plans, and timeline.

To determine how much funding the Army has been appropriated for modular force restructuring, we reviewed Department of the Army base budgets and supplemental budgets. To determine how much funding the Army has programmed for future modular force restructuring costs and Army expansion plans, we met with officials in the Department of Army Headquarters, specifically officials from the Army's Deputy Chief of Staff for Programs (G8). We also reviewed testimony provided by Army officials at congressional hearings and budget data submitted by the Army to OMB. To understand the Army's future plans for funding its modular force transformation, and current Army views on its ability to complete its modular force initiative, we met with senior Army staff officials, including the Military Deputy for Budget, Assistant Secretary of the Army (Financial Management and Comptroller); the Military Deputy, Assistant Secretary of the Army (Acquisition, Logistics and Technology); the Deputy Chief of Staff for Programs (G-8); and the Deputy Chief of Staff for Operations (G-3/5/7).

To determine the extent to which the Army developed a comprehensive plan to assess its modular unit designs, we assessed the extent of progress in developing metrics and evaluating units' performance in full-spectrum operations. We reviewed our prior work on assessing organizations undertaking significant reorganizations. We reviewed and analyzed the Army Campaign Plan and discussed it with officials in the Department of the Army Headquarters. To analyze the Army's approach for assessing the implementation of its modular conversion, we examined key Army planning documents and discussed objectives, performance metrics, and testing plans with appropriate officials in the Army's Combined Arms Center. We also reviewed recently completed analyses on the Army's modular force designs from the Army Science Board and from the United States Army Infantry Center, Fort Benning, Georgia.

We conducted our work from August 2006 through August 2007 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department Of Defense



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

NOV 16 2007

Ms. Janet A. St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-08-145, "FORCE STRUCTURE: Better Management Controls are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results," dated October 18, 2007 (GAO Code 350885).

The Department concurs with the six GAO recommendations and our comments are enclosed. Modular brigades are the organizational construct of the Army. The modular brigade organization has replaced the Army's division centric organization and is the means by which the Army provides necessary forces and capabilities to the Combatant Commanders in support of the National Security and Defense Strategies.

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 these will be continuously assessed to keep pace with the changing operational environment. 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. 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 OCTOBER 18, 2007
GAO-08-145 (GAO CODE 350885)

**“FORCE STRUCTURE: Better Management Controls Are Needed to
Oversee the Army’s Modular Force and Expansion Initiatives and
Improve Accountability for Results”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense 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.

DOD RESPONSE: Concur. The Army shall include in its FY08 Annual Report on Army Progress under Section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (P.L. 109-364); the equipping and staffing requirements for different brigade types; the number and types of brigades, the status of conversions to modular design, and the status of the manning and equipment for the force as a whole. The funding needs will be included in the President’s budget.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Deputy Secretary of Defense, with support from the Director of 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.

DOD RESPONSE: Concur. The Director, Program Analysis and Evaluation will review and assess the Army’s manning and equipping plans as part of the budget development for Program Objectives Memorandum 2010-2015.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense 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 (OSD) approved funding plan for modularity that ends in fiscal year 2011, with a new approved OSD 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.

DOD RESPONSE: Concur. As part of the Program Objectives Memorandum 2010-2015 budget preparations, the Director Program Analysis and Evaluation and the DoD Comptroller will work with the Army to reassess the accounting means for equipping the force

and determine the appropriate path forward. This will be provided to Congress as part of the fiscal year 2010 budget.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense 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.

DOD RESPONSE: Concur. As part of the Army's Green Top and the budget detail provided with the fiscal year 2010 President's budget, the Army will address equipping and manning status.

RECOMMENDATION 5: The GAO recommends that the Secretary of Defense require the Secretary of the Army to develop a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat.

DOD RESPONSE: Concur. The Department and the Army will continue to assess the Army's modular unit designs and the force effectiveness in full spectrum operations. Force structure and force design are evaluated using the Department's Analytic Agenda, to include Defense Planning Scenarios for the full spectrum of combat operations, in coordination with the Joint Staff and Joint Forces Command. The Department, including the Joint Staff and Program Analysis and Evaluation, assesses force structure and capability continuously to inform Defense Planning Guidance. The Army's yearly Total Army Analysis and Training and Doctrine Command's force effectiveness efforts evaluate the capabilities of the modular brigades throughout the spectrum of combat operations.

RECOMMENDATION 6: The GAO recommends that the Secretary of Defense oversee the Department of the Army's assessment program.

DOD RESPONSE: Concur. The Department will continue to review the Army's equipping and manning plans, capabilities, and execution.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Janet A. St. Laurent, (202) 512-4402 or stlaurentj@gao.gov

Acknowledgments

In addition to the contact named above, Gwendolyn Jaffe, Assistant Director; Grace Coleman; Barbara Gannon; Harry Jobes; Nichole Madden; and J. Andrew Walker made major contributions to this report.

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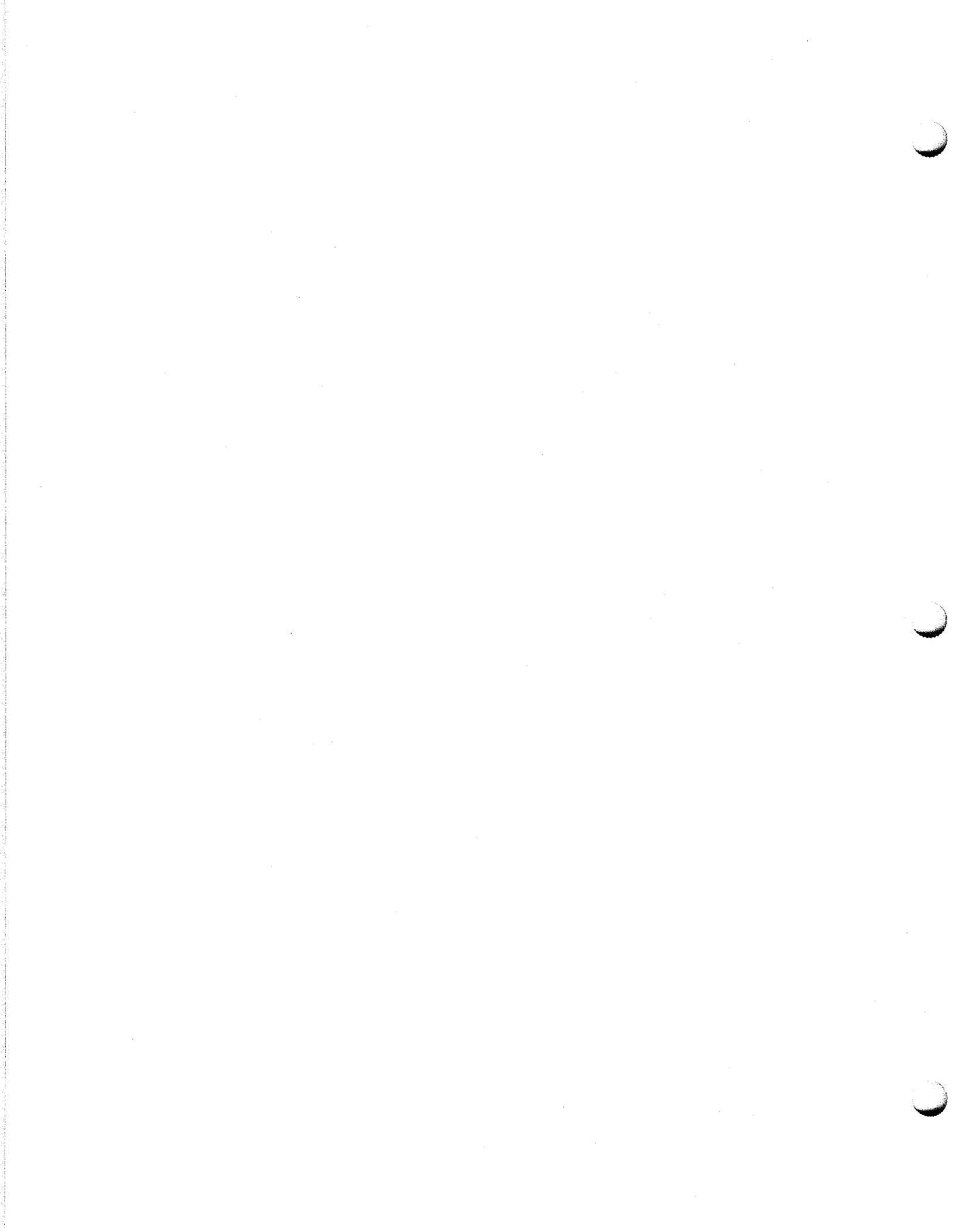
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GAO-06-745



September 2006

FORCE STRUCTURE

Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans



G A O

Accountability * Integrity * Reliability



Highlights of GAO-06-745, a report to congressional committees

FORCE STRUCTURE

Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans

Why GAO Did This Study

The Army considers its modular force transformation its most extensive restructuring since World War II. Restructuring units from a division-based force to a modular brigade-based force will require an investment of over \$52 billion, including \$41 billion for equipment, from fiscal year 2005 through fiscal year 2011, according to the Army.

Because of broad congressional interest in this initiative, GAO prepared this report under the Comptroller General's authority and 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.

What GAO Recommends

GAO recommends that the Army develop and submit to Congress information about its modular force equipping strategy, personnel initiatives, and plans for assessing implementation progress. DOD generally agreed with three recommendations but disagreed to develop and provide to Congress risk assessments and evaluation plans. GAO added a matter for congressional consideration because it believes these actions are needed to improve accountability and transparency.

www.gao.gov/cgi-bin/getrpt?GAO-06-745

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

What GAO Found

The Army is making progress in creating active and National Guard modular combat brigades while fully engaged in ongoing operations, but it is not meeting its equipping goals for active brigades and has not completed development of an equipping strategy for its new force rotation model. This raises uncertainty about the levels to which the modular brigades will be equipped both in the near and longer term as well as the ultimate equipping cost. The Army plans to employ a force rotation model in which units nearing deployment would receive required levels of equipment while nondeploying units would be maintained at lower readiness levels. However, because the Army has not completed key details of the equipping strategy—such as defining the specific equipping requirements for units in various phases of its force rotation model—it is unclear what level of equipment units will have, how this strategy may affect the Army's equipment funding plans, and how well units with low priority for equipment will be able to respond to unforeseen crises.

While the Army has several initiatives under way to meet its modular force personnel requirements in the active component, it faces challenges in achieving its modular restructuring without permanently increasing its active component end strength above 482,400, as specified by the 2006 Quadrennial Defense Review. The Army plans to increase its active combat force but doing so without permanently increasing its overall active end strength will require the Army to eliminate or realign many positions in its noncombat force. The Army has made some progress in reducing military personnel in noncombat positions by converting some to civilian positions and pursuing other initiatives, but Army officials believe future initiatives may be difficult to achieve and could lead to difficult trade-offs. Without information on the progress of these initiatives and what risks exist if the Army's goals are not met, Congress and the Secretary of Defense lack the information they need to understand challenges and risks.

Finally, the Army does not have a comprehensive and transparent approach to measure progress against its modularity objectives, assess the need for further changes to modular designs, and monitor implementation plans. While GAO and DOD have identified the importance of establishing objectives that can be translated into measurable metrics that in turn provide accountability for results, the Army has not established outcome-related metrics linked to most of its modularity objectives. Further, although the Army is analyzing lessons learned from Iraq and training events, the Army does not have a long-term comprehensive plan for further analysis and testing of its modular combat brigade designs and fielded capabilities. Without performance metrics and a comprehensive testing plan, neither the Secretary of Defense nor Congress will have full visibility into how the modular force is currently organized, staffed, and equipped. As a result, decision makers lack sufficient information to assess the capabilities, cost, and risks of the Army's modular force implementation plans.

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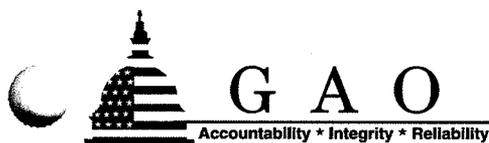
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United States Government Accountability Office
Washington, DC 20548

September 6, 2006

Congressional Committees

In 2004, the Army began its modular force transformation to restructure itself from a division-based force to a modular brigade-based force—an undertaking it considers the most extensive reorganization of its force since World War II. This initiative, according to Army estimates, will require a significant investment exceeding \$52 billion through fiscal year 2011, at a time when the Army is fully engaged in a high pace of operations and is facing many other demands for funding such as the Future Combat System program, now expected to cost over \$160 billion.¹ The foundation of the modular force is the creation of standardized modular combat brigades in both the active component and National Guard. The new modular brigades are designed to be stand-alone, self-sufficient units that are more rapidly deployable and better able to conduct joint and expeditionary operations than their larger division-based predecessors. The Army plans to achieve its modular restructuring without permanently increasing its active component end strength above 482,400, in accordance with a Department of Defense (DOD) decision reached during the 2006 Quadrennial Defense Review (QDR). It plans to achieve this primarily by eliminating some noncombat positions in which military personnel currently serve, and transferring these positions to its operational combat forces.² The February 2006 QDR also specified that the Army would create 70 modular combat brigades in its active component and National Guard. This represents a 7-brigade reduction from the Army's original plan of having 77 modular combat brigades. However, according to Army officials, resources from the 7 brigades that were part of the original plan will be used to increase support units in the reserve component, and DOD officials believe that 70 brigades will be sufficient to execute the defense strategy.

¹ The Future Combat System (FCS) is a family of weapons and other systems including manned and unmanned ground vehicles, air vehicles, sensors, and munitions linked by an information network. The FCS cost estimate is in then-year dollars as of January 2006.

² Army personnel assigned to noncombat positions provide management, administrative, training, and other support. Operational combat forces include personnel assigned to the Army's combat, combat support, and combat service support units.

Because of the cost and magnitude of the Army's transformation plans, and broad congressional interest, we have initiated a body of work on both the force structure and cost implications of the Army's transformation to a modular force under the Comptroller General's statutory authority. We presented our preliminary observations on the Army's plan in a March 2005 hearing before the Subcommittee on Tactical Air and Land Forces, House Committee on Armed Services.³ In our September 2005 report on the cost of the modular force conversion, we reported that the Army's \$48 billion total modular force conversion cost estimate was evolving and included uncertainties that may drive costs higher. We recommended that the Army clarify its definition of modular force costs including equipment costs, which constituted \$41 billion of the \$48 billion estimate.⁴ In our April 2006 testimony before the Subcommittee on Tactical Air and Land Forces, House Committee on Armed Services, we observed that the Army's cost estimate through fiscal year 2011 had increased from the earlier \$48 billion estimate to \$52.5 billion, and that the Army faces significant challenges in executing its modularity plans to fully achieve planned capabilities within this current estimate and the time frames it has established for the modular conversion.⁵ This report focuses on the Army's plans for implementing the modular force initiatives, with an emphasis on active combat brigades, since the Army has already begun to restructure its active divisions to the new brigade-based designs.

We are sending this report to you because of your oversight responsibilities on defense matters. Specifically for this report we 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 the modular conversions and for further adjusting designs or implementation plans.

To assess the Army's progress and plans for equipping active component modular combat brigades, we analyzed Department of Army data on selected equipment that the Army identified as essential for achieving the

³ GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005).

⁴ 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. 29, 2005).

⁵ GAO, *Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain*, GAO-06-548T (Washington, D.C.: Apr. 4, 2006).

modular combat brigades' intended capabilities. For these selected items, we analyzed the Army's active component equipment requirements obtained from the Department of the Army Office of the Deputy Chief of Staff for Operations and Training for each of the three brigade variants— heavy, light, and Stryker. We compared the equipment requirements of the brigades to data we obtained from officials from the Department of the Army Deputy Chief of Staff G-8⁶ on the levels of equipment expected to be on hand in 2007 and discussed plans for meeting key equipment requirements with these officials. We also reviewed unit readiness reports from those brigades that had completed or were in the process of completing their modular conversion as of February 2006. In addition, we visited the first three Army divisions undergoing modular conversions to obtain information on the plans for organizing, staffing, and equipping the modular brigades. To assess progress made and challenges to managing personnel requirements of the modular force, we reviewed documents and discussed the implications of force structure requirements with officials from the Department of Army Offices of the Deputy Chiefs of Staff for Personnel, Intelligence, and Operations and Training, and the Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs. We also reviewed the 2006 *Quadrennial Defense Review* (QDR) Report. Finally, to assess the extent to which the Army has developed an approach for assessing the results of the modular conversions and for further adjusting designs or implementation plans, we examined key Army planning documents and discussed objectives, performance metrics, and testing plans with officials in the Department of the Army Office of the Deputy Chief of Staff for Operations and Training, and the Training and Doctrine Command. Also, we met with a panel of retired senior Army general officers at the Association of the U.S. Army Institute of Land Warfare. In addition, we relied on our past reports assessing organizations undertaking significant reorganizations. We conducted our work from September 2004 through March 2006 in accordance with generally accepted government auditing standards and determined that the data used were sufficiently reliable for our objectives. The scope and methodology used in our review are described in further detail in appendix I.

⁶ This office is responsible for programming, materiel integration, and management of Department of the Army studies and analyses.

Results in Brief

While the Army is well under way in creating active component modular combat brigades, it is not meeting its equipping goals for these brigades and has not yet completed its equipping strategy, which raises considerable uncertainty about the levels to which the modular brigades will be equipped both in the near and longer term and the ultimate equipment cost. The Army established equipping goals in its Campaign Plan in which converting units are expected to receive most of the major equipment items required by the new modular design within specified time frames. However, although the Army is procuring billions of dollars of new equipment required by its new modular design, units undergoing their modular conversions are not meeting these equipping goals due to several factors, including the challenges of undertaking such an extensive restructuring while managing equipment requirements for ongoing operations. In addition, brigades will initially lack planned quantities of items such as communications and surveillance systems necessary to provide the enhanced intelligence, situational awareness, and network capabilities that are essential for creating smaller, more flexible and mobile combat brigades. Moreover, the Army will likely face even greater challenges fully equipping 28 planned National Guard modular combat brigades since National Guard units have historically been underequipped and have transferred large quantities of equipment to deploying units. To mitigate equipment shortages, the Army is developing a force rotation model that will provide varying levels of equipment to brigades depending on how close they are to deployment. However, this strategy is not yet complete because key details have not been decided, including the types and quantities of equipment for brigades in each of the various phases of the model. Until the Army completes the development of its equipping strategy, it will not be possible to determine which units will be equipped, or how this strategy may affect the Army's equipment funding plans. It is also unclear how well units with low priority for equipment will be able to respond to unforeseen crises.

While the Army has several initiatives under way to manage its modular force personnel requirements, it faces significant challenges achieving its modular restructuring without permanently increasing its active component end strength above 482,400, as specified by DOD's 2006 QDR report. The Army plans to increase the size of its modular combat force from 315,000 to 355,000, but doing so without permanently increasing its active component end strength is an ambitious undertaking that will require the Army to eliminate many positions in its noncombat force. Effective strategic workforce planning includes the development of strategies to monitor and evaluate progress towards achieving goals. However, the Army has not provided DOD or Congress with detailed

information on the status of its various personnel initiatives and progress towards meeting its modular force personnel goals. We found some of the Army's personnel realignment and reduction initiatives may not meet the Army's initial goals or expectations. For example during fiscal year 2005, the Army converted approximately 8,000 military positions to civilian-staffed positions within the Army's noncombat force. However, Army officials believe additional conversions to achieve the 19,000 planned reductions in the noncombat force will be significantly more challenging to achieve. Also, the Army expected that the 2005 Base Realignment and Closure decisions would free up approximately 2,000 to 3,000 positions in the noncombat force, but it is revisiting this assumption based upon updated manpower levels at the commands and installations approved for closure or consolidation. As a result, it is not clear to what extent the Army will be able to meet its modular force requirements within its end-strength goal and what risks exist if these goals are not met. Furthermore, without information on the status and progress of these personnel initiatives, the Secretary of Defense and Congress lack the visibility necessary to assess the challenges and effectively address problems when they arise.

While the Army has established overall objectives and time frames for modularity, it lacks a long-term comprehensive and transparent approach to effectively measure progress against stated modularity objectives, assess the need for further changes to its modular unit designs, and monitor implementation plans. GAO and DOD have identified the importance of establishing objectives that can be translated into measurable metrics, which in turn provide accountability for results. The Army has identified objectives and a timeline for modularity, but metrics for assessing the Army's progress on modularity-specific, quantifiable goals are extremely limited. Moreover, in 2004, the Army's Training and Doctrine Command (TRADOC) conducted a wide-ranging baseline analysis of the modular design using measures of combat effectiveness against simulated threats; however, the Army does not have a long-term plan to conduct a similar analysis so that it can compare the performance of actual modular units with the TRADOC-validated design. Army officials maintain that ongoing assessments such as observations of training events provide sufficient validation that the modularity concept works in practice. However, while these assessments are useful, they do not provide a comprehensive evaluation of the modular design as a whole. In November 2005, we reported that methodically testing, exercising, and evaluating new doctrines and concepts are important and established practices throughout the military, and that particularly large and complex initiatives may require long-term testing and evaluation guided by study

plans.⁷ Without performance metrics and a comprehensive testing plan, neither the Army nor Congress will be able to assess the capabilities of and risks associated with the modular force as it is organized, staffed, and equipped.

We are recommending that the Secretary of Defense direct the Secretary of the Army to develop and provide Congress with detailed information about the modular force equipping strategy, the status of its various personnel initiatives, and plans for developing an approach for measuring and assessing implementation progress. In commenting on a draft of this report, DOD fully or partially agreed with our recommendations to develop and provide information on its equipping strategy and personnel initiatives and to develop expanded performance metrics for assessing progress. However, DOD disagreed with our recommendations to develop and provide assessments of the risk associated with its equipping strategy and plans for staffing its modular operational combat force. It also disagreed with our recommendation to develop a testing plan for further assessing modular unit designs. DOD stated that it is assessing equipment risk and is continuing to evaluate all aspects of modular units' performance on a continuous basis. However, while Army officials are managing risk in allocating currently available equipment to Army units based on scheduled overseas deployments, the Army had not yet completed its equipping strategy for its new force rotation model at the time of our review and therefore had not conducted and documented a formal risk assessment of its equipping plans for implementing the new model. In addition, although the Army is conducting further evaluation of its modular forces through training exercises and modular unit deployments to Iraq and Afghanistan, it has not developed a plan to further test modular unit designs under a range of operational scenarios, such as major offensive combat operations. Moreover, it is not clear how and to what extent the Army is integrating lessons learned from training exercises and deployments into periodic evaluations to assess the need for further changes to the designs. Because of the significance, cost, scope, and potential for risk associated with the Army's modularity initiative along with the lack of transparency regarding these risks, we continue to believe our recommendations that the Army develop and provide Congress with additional plans and risk assessments are needed. Therefore, to

⁷ GAO, *Military Readiness: Navy's Fleet Response Plan Would Benefit from a Comprehensive Management Approach and Rigorous Testing*, GAO-06-84 (Washington, D.C.: Nov. 22, 2005).

facilitate greater transparency and improve accountability for results, we have included a matter for congressional consideration that Congress require the Secretary of Defense to submit more specific and complete information regarding the modular force equipping strategy, the status of its various personnel initiatives, risks associated with its plans, and efforts to measure and assess its progress in implementing modularity.

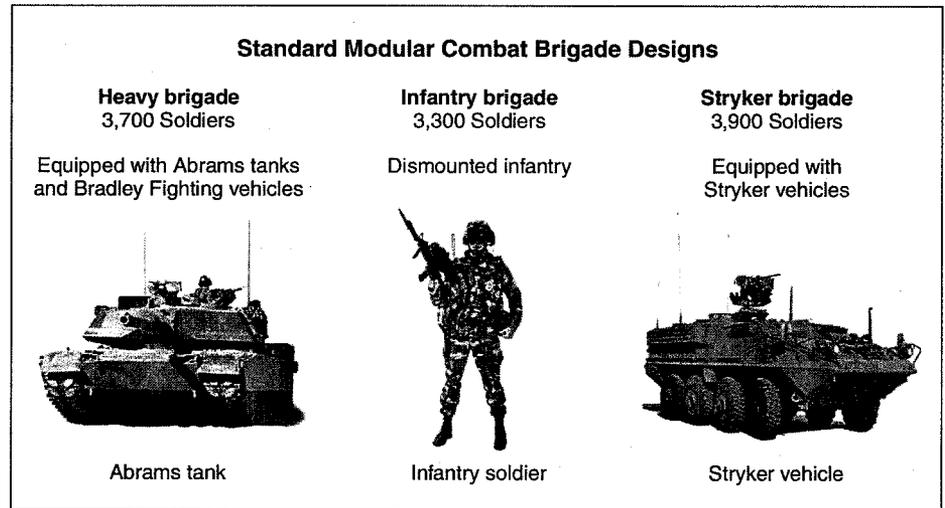
DOD's comments are in appendix II and our evaluation of its comments is on page 28.

Background

The Army's conversion to a modular force encompasses the Army's total force—active Army, Army National Guard, and Army Reserve—and directly affects not only the Army's combat units, but related command and support organizations. A key to the Army's new modular force design is embedding within combat brigades reconnaissance, logistics, and other support units that previously made up parts of division-level and higher-level command and support organizations, allowing the brigades to operate independently. Restructuring these units is a major undertaking because it requires more than just the movement of personnel or equipment from one unit to another. The Army's new modular units are designed, equipped, and staffed differently than the units they replace; therefore, successful implementation of this initiative will require changes such as new equipment and a different mix of skills and occupational specialties among Army personnel. By 2011, the Army plans to have reconfigured its total force—to include active and reserve components and headquarters, combat, and support units—into the modular design. The foundation of the modular force is the creation of modular brigade combat teams—combat maneuver brigades that will have a common organizational design and are intended to increase the rotational pool of ready units. Modular combat brigades (depicted in fig. 1) will have one of three standard designs—heavy brigade, infantry brigade, or Stryker brigade.⁸

⁸ The Army began the formation of Stryker brigades in 2002 and completed the formation of the first two Stryker brigades in fiscal year 2003.

Figure 1: Standard Heavy, Infantry, and Stryker Combat Brigades



Sources: GAO analysis of Army data; National War College, National War College, and U.S. Army (images left to right).

Until it revised its plans in early 2006, the Army had planned to have a total of 77 active component and National Guard modular combat brigades by expanding the Army's existing 33 combat brigades in the active component into 43 modular combat brigades by 2007, and by creating 34 modular combat brigades in the National Guard by 2010 from existing brigades and divisions that have historically been equipped well below requirements. To rebalance joint ground force capabilities, the 2006 QDR determined the Army should have a total of 70 modular combat brigades—42 active brigades and 28 National Guard brigades. Table 1 shows the Army's planned numbers of heavy, infantry, and Stryker combat brigades in the active component and National Guard.

Table 1: Planned Numbers of Modular Combat Brigades in the Active Component and National Guard as of March 2006

Modular combat brigades	Active component	National Guard	Total
Heavy	19	6	25
Infantry	17	21	38
Stryker	6	1	7
Total	42	28	70

Source: U.S. Army.

At the time of this report, the Army was in the process of revising its modular combat brigade schedule to convert its active component combat brigades by fiscal year 2010 instead of 2007 as previously planned, and convert National Guard combat brigades by fiscal year 2008 instead of 2010. Table 2 shows the Army's schedule that reflects these changes as of March 2006.

Table 2: Army Schedule for Creating Active Component and National Guard Modular Combat Brigades as of March 2006

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Total
Active component combat brigades	2	11	8	14	3	2	1	1	42
National Guard combat brigades	—	—	7	7	7	7	—	—	28
Total	2	11	15	21	10	9	1	1	70

Source: GAO analysis of Army data.

According to the Army, this larger pool of available combat units will enable it to generate both active and reserve component forces in a rotational manner. To do this, the Army is developing plans for a force rotation model in which units will rotate through a structured progression of increased unit readiness over time. Units will progress through three phases of operational readiness cycles, culminating in full mission readiness and availability to deploy. For example, the Army plans for active service members to be at home for 2 years following each deployment of up to 1 year.

The Army's objective is for the new modular combat brigades, which will include about 3,000 to 4,000 personnel, to have at least the same combat capability as a brigade under the current division-based force, which range from 3,000 to 5,000 personnel. Since there will be more combat brigades in the force, the Army believes its overall combat capability will be increased as a result of the restructuring, providing added value to combatant commanders. Although somewhat smaller in size, the new modular combat brigades are expected to be as capable as the Army's existing brigades because they will have different equipment, such as advanced communications and surveillance equipment, and a different mix of personnel and support assets. The Army's organizational designs for the modular brigades have been tested by its Training and Doctrine Command's Analysis Center against a variety of scenarios, and the Army has found the new designs to be as capable as the existing division-based brigades in modeling and simulations.

The Army's cost estimate for modularity through fiscal year 2011 is \$52.5 billion as of April 2006. Of this \$52.5 billion estimate, \$41 billion, or 78 percent, is planned to be spent on equipment for active and reserve units, with the remaining \$11.5 billion allocated to military construction, facilities, sustainment, and training (see table 3). In addition, Army leaders have recently stated they may seek additional funds after 2011 to procure more equipment for modular restructuring.

Table 3: Modular Force Cost Estimates for the Entire Army by Function

Dollars in billions									
	2005	2006	2007	2008	2009	2010	2011	Total	Percentage
Equipping	\$4.7	\$5.8	\$5.4	\$5.9	\$6.5	\$6.7	\$6.0	\$41.0	78
Military construction/ facilities	0.3	0.0	0.5	0.5	1.5	1.5	1.5	5.8	11
Sustainment and training	0.0	0.7	0.7	1.2	1.1	1.0	1.0	5.7	11
Total	\$5.0	\$6.5	\$6.6	\$7.6	\$9.1	\$9.2	\$8.5	\$52.5	100

Source: GAO analysis of Army data.

Army Is Well Under Way in Its Modular Combat Brigade Conversions, but Its Ability to Meet Near- and Long-Term Equipping Goals Is Unclear

The Army has made progress in creating active component modular combat brigades, but it is not meeting its equipping goals for these brigades and has yet to complete the development of its rotational equipping strategy, which raises concerns about the extent to which brigades will be equipped in the near and longer term. Moreover, brigades will initially lack planned levels of key equipment, including items that provide enhanced intelligence, situational awareness, and network capabilities needed to help the Army achieve its objective of creating combat brigades that are able to operate on their own as part of a more mobile, rapidly deployable, joint, expeditionary force. In addition, because of existing equipment shortages, the Army National Guard will likely face even greater challenges providing the same types of equipment for its 28 planned modular combat brigades. To mitigate equipment shortages, the Army has developed a strategy to provide required levels of equipment to deploying active component and National Guard units, while allocating lesser levels of remaining equipment to other nondeploying units. However, the Army has not yet completed key details of this strategy, including determining the levels of equipment it needs to support this strategy, assessing the operational risk of not fully equipping all units, or providing to Congress information about these plans so it can assess the Army's current and long-term equipment requirements and funding plans.

Army Faces Difficulty Meeting Its Goals for Equipping Active Modular Combat Brigades

The Army faces challenges meeting its equipping goals for its active modular combat brigades both in the near and longer term. As of February 2006, the Army had converted 19 modular combat brigades in the active force.⁹ According to the Army Campaign Plan, which established time frames and goals for the modular force conversions, each of these units is expected to have on hand at least 90 percent of its required major equipment items within 180 days after its new equipment requirements become effective.¹⁰ We reviewed data from several active brigades that had reached the effective date for their new equipment requirements by February 2006, and found that all of these brigades reported significant shortages of equipment 180 days after the effective date of their new equipment requirements, falling well below the equipment goals the Army established in its Campaign Plan. Additionally, the Army is having difficulty providing equipment to units undergoing their modular conversion in time for training prior to operational deployments, and deploying units often do not receive some of their equipment until after their arrival in theater. At the time of our visits, officials from three Army divisions undergoing modular conversion expressed concern over the lack of key equipment needed for training prior to deployment.

The Army already faced equipment shortages before it began its modular force transformation and is wearing out significant quantities of equipment in Iraq, which could complicate plans for fully equipping new modular units. By creating modular combat brigades with standardized designs and equipment requirements, the Army believed that it could utilize more of its total force, thereby increasing the pool of available and ready forces to meet the demands of sustained rotations and better respond to an expected state of continuous operations. Also, by comparably equipping all of these units across the active component and National Guard, the Army further believes it will be able to discontinue its practice of allocating limited resources, including equipment, based on a system of

⁹ This number does not include the formation of two Stryker brigades in fiscal year 2003.

¹⁰ The Army defines this in its Campaign Plan as the effective date on which the new modular organizational designs' equipment requirements formally apply to converting brigades. The Army calls this a Modified Table of Organization and Equipment, which documents the specific types and amounts of equipment Army units are authorized to have.

tiered readiness,¹¹ which resulted in lower priority units in both active and reserve components having significantly lower levels of equipment and readiness than the higher priority units. However, because of the need to establish a larger pool of available forces to meet the current high pace of operational commitments, the Army's modular combat brigade conversion schedule is outpacing the planned acquisition or funding for some equipment requirements. The Army has acknowledged that funding does not match its modular conversion schedule and that some units will face equipment shortages in the early years of transformation. According to Army officials, the Army may continue to seek funding to better equip its modular forces beyond 2011.

For example, according to Army officials, funds programmed for the Army's tactical wheeled vehicle modernization strategy will not meet all of its requirements for light, medium, and heavy tactical vehicles and trucks through fiscal year 2011. In 2007, when 38 of 42 planned active component brigades are expected to complete their modular conversions, the Army expects to have only about 62 percent of the heavy trucks it needs to meet its requirements for these brigades.¹² New higher requirements for trucks for the modular brigades added to an existing shortage of trucks in the Army's inventory. In addition, battle damage and losses along with higher-than-normal wear and tear on Army vehicles from current operations in Iraq and Afghanistan are contributing to this shortfall. While the Army plans to eventually fill these shortages through a combination of new procurement and modernization of its existing truck fleet, Army officials told us that the higher requirement for trucks is currently unaffordable within its near-term budget authority. Until the Army is able to meet its modular combat brigade design requirement for trucks, these brigades will not have their envisioned capability to conduct their own logistical support operations if necessary without requiring the augmentation of external combat and combat-service support forces.

¹¹ Under this model, which the Army calls its tiered readiness system, high-priority or first-to-deploy units in the active component received much higher levels of resources than lower priority or later-deploying active and reserve component units. While some units maintained high levels of readiness, a large part of both the active and reserve components were in a low state of readiness, with the expectation that there would be sufficient time to add the required resources prior to deployment.

¹² At the time of this report, the Army was in the process of revising its equipment requirements based on the planned reduction in the number of modular combat brigades from 43 to 42 in the active component.

Equipment Shortages Include Key Items the Army Identified as Essential for Achieving Modular Force Capabilities

Active modular combat brigades will initially lack required numbers of some of the key equipment that Army force design analyses determined essential for achieving their planned capabilities. Two primary objectives underlying the Army's modular force designs and concepts are to (1) create more combat forces within the Army's current end strength that are as lethal as the division-based brigades they are replacing and (2) organize, staff, and equip these units to be more responsive, rapidly deployable, and better able to operate on their own compared to division-based brigades. Army force designers identified a number of key organizational, personnel, and equipment enablers they determined must be present for the modular combat brigades to be as lethal as the division-based brigades they are replacing. They include key battle command systems that are intended to provide modular combat brigades the latest command and control technology for improved situational awareness; advanced digital communications systems to provide secure high-speed communications links at the brigade level; and advanced sensors to provide modular combat brigades with their own intelligence-gathering, reconnaissance, and target-acquisition capabilities.

We reviewed equipping plans for several command and control, communications, and reconnaissance systems to determine the Army's timelines for providing active modular combat brigades some of the key equipment they need to achieve their planned capabilities and function as designed. According to Army officials responsible for managing the distribution and fielding of equipment, the Army will not have all of this equipment on hand to meet the new modular force design requirements by 2007, when 38 of 42 active component modular combat brigades are to complete their modular conversions. These shortfalls are due to a range of reasons, but primarily because the modular conversion schedule is outpacing the planned acquisition or funding. For example,

- The Army does not expect to meet until at least 2012 its modular combat brigade requirements for Long-Range Advanced Scout Surveillance Systems, an advanced visual sensor that provides long-range surveillance capability to detect, recognize, and identify distant targets.
- The Army decided that it cannot meet design requirements within its current budget for Force XXI Battle Command Brigade and Below (FBCB2), a battle command component that provides real-time situational awareness information through identification and tracking of friendly forces to control battlefield maneuvers and operations. Moreover, because it has been in full production for less than 2 years, FBCB2 production has not kept pace with the new higher modular force FBCB2 requirements. As

a result, the Army plans to provide active heavy and infantry brigades with less than half of their design requirement for FBCB2 through at least 2007.

- The Army plans to meet only 85 percent of its requirements across the force for Single Channel Ground and Airborne Radio Systems, a command and control network radio system that provides voice and data communications capability in support of command and control operations, due to a funding decision.
- The Army's design requirement for Shadow tactical unmanned aerial vehicle systems was to have one system composed of seven air vehicles per modular combat brigade, but because the Army lacks adequate numbers of air vehicle operators and maintainers, it decided to field the Shadow systems with four air vehicles instead.
- The Army's schedule for the acquisition of Joint Network Node—a key communications system that provides secure high-speed computer network connection for data transmission down to the battalion level—could be delayed. According to Army officials, DOD recently decided to require the Army to have Joint Network Node undergo developmental and operational testing prior to further acquisition, which could delay equipping modular combat brigades.

The systems discussed above are key to achieving the benefits Army officials expect to achieve with a modular force. For example, the Army decided to structure its new modular combat brigades with two maneuver battalions each instead of three battalions each, even though Army analysis showed that brigades with three maneuver battalions have several advantages and the Army's former division-based brigades have three battalions. The Army's decision to approve a brigade design with two maneuver battalions was made largely because of affordability concerns. However, the Army determined that brigades with two maneuver battalions could be as effective in combat as its division-based brigades provided they have the right mix of maneuver companies and enablers such as the systems discussed above. Until the Army is able to provide modular units with required quantities of these enablers, it is not clear whether the new brigades are as capable as the division-based brigades they are replacing.

National Guard Faces Significant Equipping Challenges

In addition to the challenges the Army faces in providing active component modular combat brigades the equipment necessary for meeting expected capabilities, the Army will face greater challenges meeting its equipping requirements for its 28 planned National Guard combat brigades. The Army's modular force concept is intended to transform the National Guard from a strategic standby force to a force that is to be

organized, staffed, and equipped comparable to active units for involvement in the full range of overseas operations. As such, National Guard combat units will enter into the Army's new force rotational model in which, according to the Army's plans, Guard units would be available for deployment 1 year out of 6 years. However, Guard units have previously been equipped at less than wartime readiness levels (often at 65 to 75 percent of requirements) under the assumption that there would be sufficient time for Guard forces to obtain additional equipment prior to deployment. Moreover, as of July 2005, the Army National Guard had transferred more than 101,000 pieces of equipment from nondeploying units to support Guard units' deployments overseas. As we noted in our 2005 report on National Guard equipment readiness,¹³ National Guard Bureau officials estimated that the Guard's nondeployed units had only about 34 percent of their essential warfighting equipment as of July 2005 and had exhausted inventories of 220 critical items. Although the Army says it will invest \$21 billion into equipping and modernizing the Guard through 2011, Guard units will start their modular conversions with less and much older equipment than most active units. This will add to the challenge the Army faces in achieving its plans and timelines for equipping Guard units at comparable levels to active units and fully meeting the equipping needs across both components. Moreover, the Army National Guard believes that even after the Army's planned investment, the Army National Guard will have to accept risk in certain equipment, such as tactical wheeled vehicles, aircraft, and force protection equipment.

To Mitigate Equipment Shortages, Army Plans to Rotate Equipment among Units Based on Their Movement through Training, Readiness, and Deployment Phases

Because the Army realized that it would not have enough equipment in the near term to simultaneously equip modular combat brigades at 100 percent of their requirements, the Army is developing a new equipping strategy as part of its force rotation model; however, this strategy is not yet completed because the Army has not finalized equipping requirements for this new strategy or assessed the operational risk of not fully equipping all units. Under the force rotation model, the Army plans to provide increasing amounts of equipment to units as they move through training phases and near readiness for potential deployment so they would be ready to respond quickly if needed with fully equipped forces. The Army believes that over time, equipping units in a rotational manner will enable it to

¹³ 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).

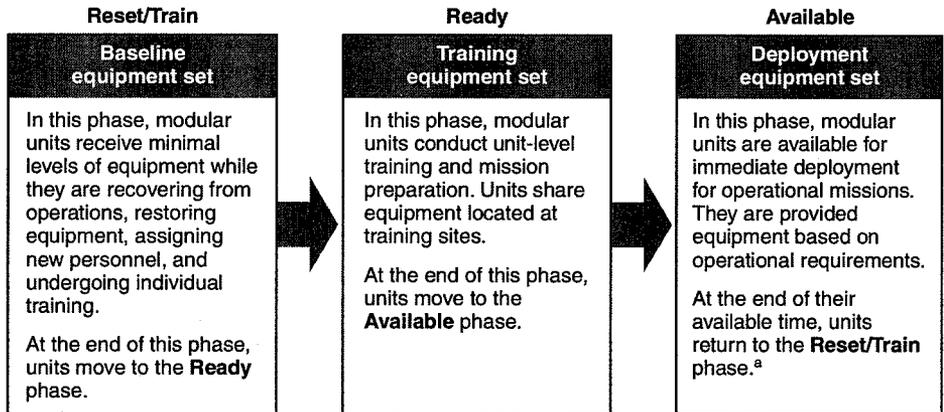
better allocate available equipment and help manage risk associated with specific equipment shortages.

Under this strategy, brigades will have three types of equipment sets—a baseline set, a training set, and a deployment set. The baseline set would vary by unit type and assigned mission and the equipment it includes could be significantly reduced from amounts the modular brigades are designed to have. Training sets would include more of the equipment units will need to be ready for deployment, but units would share the equipment that would be located at training sites throughout the country. The deployment set would include all equipment needed for deployment, including theater-specific equipment, high-priority items provided through operational needs statements, and equipment from Army prepositioned stock. With this rotational equipping approach, the Army believes it can have up to 14 active combat brigades and up to 5 Army National Guard combat brigades equipped and mission ready at any given time.

While the Army has developed a general proposal to equip both active and Army National Guard units within the force rotation model, it has not yet fully developed specific equipment requirements, including the types and quantities of items, required in each phase of the model. As of March 2006, the Army was still developing proposals for what would be included in the three equipment sets as well as the specific equipping requirements for units. Figure 2 shows the Army's three-phase force rotation model.

Figure 2: Army's Force Rotation Model

Force rotation and equipping phases



Source: GAO analysis of Army data.

^aThe Army's force rotation model proposes that active component units in the Available phase will be available for deployment 1 year in every 3 years, and reserve component units will be available for deployment 1 year in every 6 years.

The Reset/Train phase will include modular units that redeploy from long-term operations and are unable to sustain ready or available capability levels. The Ready phase will include those modular units that have been assessed as ready at designated capability levels, may be mobilized if required, and can be equipped if necessary to meet operational surge requirements. The Available phase will include those modular units that have been assessed as available at designated capability levels to conduct missions. In this last phase, active units are available for immediate deployment and reserve component units are available for mobilization, training, and validation for deployment. However, this strategy is not yet complete because the Army has not yet defined specific equipping requirements for units as they progress through the force rotation model. Therefore, it is difficult to assess the risk associated with decreasing nondeploying units' readiness to perform other missions or the ability of units in the Reset/Train and Ready phases of the force rotation model to respond to an unforeseen conflict or crisis, if required.

Army Faces Challenges in Managing Active Component Personnel Requirements for Its New Modular Force Structure

The Army has made some progress toward meeting modular personnel requirements in the active component, but faces significant challenges in achieving its modular restructuring without permanently increasing its active component end strength above 482,400, as specified by the QDR. The Army plans to increase the size of its modular combat force but doing so without permanently increasing its overall end strength is an ambitious undertaking that will require the Army to eliminate or realign many positions in its noncombat force. While the Army is moving forward with its personnel reduction and realignment plans through a variety of initiatives, it is not clear to what extent the Army will be able to meet its overall end-strength goals and what risks to meeting modular force personnel requirements exist if these goals are not met. We have found that strategic workforce planning is one of the tools that can help agencies develop strategies for effectively implementing challenging initiatives. Effective strategic workforce planning includes the development of strategies to monitor and evaluate progress towards achieving goals. Without information on the status and progress of its personnel initiatives, Congress and the Secretary of Defense lack the data necessary to identify challenges, monitor progress, and effectively address problems when they arise.

The Army accounts for its congressionally authorized active component personnel end strength in three broad categories—the operational combat force, the institutional noncombat force, and personnel who are temporarily unavailable for assignment. The operational combat force consists of personnel who are assigned to deployable combat, combat support, and combat service support units; these include modular combat brigades and their supporting units such as logistics, medical, and administrative units. The Army's institutional noncombat force consists of personnel assigned to support and training command and headquarters units, which primarily provide management, administrative, training, and other support, and typically are not deployed for combat operations. This includes personnel assigned to the Department of the Army headquarters and major commands such as the Training and Doctrine Command. In addition, the Army separately accounts for personnel who are temporarily unavailable for their official duties, including personnel who are in transit between assignments, are temporarily not available for assignment because of sickness or injury, or are students undergoing training away from their units. The Army refers to these personnel as transients, transfers, holdees, and students.

The Army plans to reduce its current temporary end-strength authorization of 512,400¹⁴ to 482,400 by 2011 in order to help fund the Army's priority programs. Simultaneously, the Army plans to increase the number of soldiers in its operational combat force from its previous level of approximately 315,000 to 355,000 in order to meet the increased personnel requirements of its new larger modular force structure. The Army plans to utilize several initiatives to reduce and realign the Army with the aim of meeting these planned personnel levels. For example, the Army has converted some noncombat military positions into civilian positions, thereby freeing up soldiers to fill modular combat brigades' requirements. During fiscal year 2005, the Army converted approximately 8,000 military positions to civilian-staffed positions within the Army's noncombat force. However, Army officials believe additional conversions to achieve the 19,000 planned reductions in the noncombat force will be significantly more challenging to achieve. In addition to its success with the military-to-civilian conversions, the Army has been given statutory authority to reduce active personnel support to the National Guard and reserve by 1,500.¹⁵ However, the Army must still eliminate additional positions, including reducing transients, transfers, holdees, and student personnel utilizing these and other initiatives, so it can reduce its overall end strength while filling requirements for modular units. As shown in table 4, the Army's goal is to reduce overall active component end strength from the current temporary authorization level while increasing the size of its operational combat force.

¹⁴ The National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163, § 401 (2006), sets the end-strength level for the Army at 512,400, but stipulates costs of active duty personnel of the Army for that fiscal year in excess of 482,400 shall be paid out of funds authorized to be appropriated for that fiscal year for a contingent emergency reserve fund or as an emergency supplemental appropriation.

¹⁵ The Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 515 (2004) reduces the minimum number of active component advisors required to be assigned to units of the selected reserve from 5,000 to 3,500.

Table 4: Army's End-strength Authorization History and Modular Force Goal

	End-strength authorizations (in thousands)		
	Fiscal year 2000	Current (temporary)	Modular force goal
Operational combat force	315.0	355.0	355.0
Noncombat force	102.0	94.0	75.0
Other (transients, transfers, holdees, students)	63.0	63.4	52.4
Total	480.0	512.4	482.4

Source: GAO analysis of Army data.

Note: End-strength authorizations account for the maximum numbers of positions available in which to assign personnel, but do not account for the numbers of personnel actually assigned to those positions.

While the Army is attempting to reduce end strength in its noncombat force and realign positions to the combat force via several initiatives, it may have difficulty meeting its expectations for some initiatives. For example, the Army expected that the Base Realignment and Closure (BRAC) decisions of 2005 could free up approximately 2,000 to 3,000 positions in its noncombat force, but the Army is revisiting this assumption based upon updated manpower levels at the commands and installations approved for closure and consolidation. Army officials believe they will be able to realign some positions from BRAC, but it is not clear whether the reductions will free up 2,000 to 3,000 military personnel that can be reassigned to modular combat units. In the same vein, Army officials expected to see reductions of several hundred base support staff resulting from restationing forces currently overseas back to garrisons within the United States. However, Army officials are still attempting to determine if the actual savings will meet the original assumptions. As a result, it is not clear to what extent the Army will be able to meet its overall end-strength goals and what risks exist if these goals are not met.

Furthermore, the Army will face challenges in meeting its new modular force requirements for military intelligence specialists. The Army's new modular force structure significantly increases requirements for military intelligence specialists. In late 2005, Army intelligence officials told us that the modular force would require approximately 8,400 additional active component intelligence specialist positions, but the Army planned to fill only about 57 percent of these positions by 2013, in part because of efforts to reduce overall end strength. In May 2006, Army officials told us that the Army had completed its most recent Total Army Analysis (for fiscal years 2008–2013), which balances Army requirements within a projected end-

strength authorization of 482,400. Accordingly, the Army revised its earlier estimate of intelligence specialist position requirements and determined that its increased active component requirement for intelligence specialists was only 5,600 and that it planned to fill all of these positions by 2013.¹⁶ However, Army officials acknowledge that meeting modular force requirements for intelligence specialists is a significant challenge because it will take a number of years to recruit and train intelligence soldiers.

According to Army intelligence officials, intelligence capability has improved over that of the previous force; however, any shortfalls in filling intelligence requirements would further stress intelligence specialists with a high pace of deployments. Since intelligence is considered a key enabler of the modular design—a component of the new design’s improved situational awareness—it is unclear to what extent any shortages in planned intelligence capacity will affect the overall capability of modular combat brigades. Without continued, significant progress in meeting personnel requirements, the Army may need to accept increased risk in its ability to conduct operations and support its combat forces or it may need to seek support for an end-strength increase from DOD and Congress.

Army Has Overall Objectives and Time Frames for Modularity, but Lacks a Long-Term Comprehensive Approach to Assess Progress and Monitor Implementation

While the Army has established overall objectives and time frames for modularity, it lacks a long-term comprehensive and transparent approach to effectively measure its progress against stated modularity objectives, assess the need for further changes to its modular unit designs, and monitor implementation plans. A comprehensive approach includes performance measures and a plan to test changes to the design of the modular combat brigades. The Army has not developed a comprehensive approach because senior leadership has focused attention on developing broad guidance and unit conversion plans for modularity while focusing less attention on developing ways to measure results. Without such an approach, neither the Secretary of Defense nor Congress will have full visibility into the capabilities of the modular force and the Army’s implementation plans.

¹⁶ Army officials also told us that some of the earlier 8,400 intelligence specialist positions have been reclassified as aviation specialist positions.

Army Lacks Performance Metrics to Measure the Results of Modularity

While the Army has identified objectives for modularity, it has not developed modular-specific quantifiable goals or performance metrics to measure its progress. GAO and DOD, among others, have identified the importance of establishing objectives that can be translated into measurable, results-oriented metrics, which in turn provide accountability for results. In a 2003 report we found that the adoption of a results-oriented framework that clearly establishes performance goals and measures progress toward those goals was a key practice for implementing a successful transformation.¹⁷ DOD has also recognized the need to develop or refine metrics so it can measure efforts to implement the defense strategy and provide useful information to senior leadership.

The Army considers the Army Campaign Plan to be a key document guiding the modular restructuring. The plan provides broad guidelines for modularity and other program tasks across the entire Army. However, modularity-related metrics within the plan are limited to a schedule for creating modular units and an associated metric of achieving unit readiness goals for equipment, training, and personnel by certain dates after unit creation. Moreover, a 2005 assessment by the Office of Management and Budget identified the total number of brigades created as the only metric the Army had developed for measuring the success of its modularity initiative. Another key planning document, the 2005 Army Strategic Planning Guidance, identified several major expected advantages of modularity, including an increase in the combat power of the active component force by at least 30 percent, an increase in the rotational pool of ready units by at least 50 percent, the creation of a deployable joint-capable headquarters, the development of a force design upon which the future network-centric developments can be readily applied, and reduced stress on the force through a more predictable deployment cycle. However, these goals have not translated into outcome-related metrics that are reported to provide decision makers a clear status of the modular restructuring as a whole. Army officials stated that unit-creation schedules and readiness levels are the best available metrics for assessing modularity progress because modularity is a reorganization encompassing hundreds of individual procurement programs that would be difficult to collectively assess in a modularity context. However, we believe that results-oriented performance measures with specific, objective indicators used to measure

¹⁷ GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

progress toward achieving goals are essential for restructuring organizations.

A major Air Force transformation initiative may provide insights on how the Army could develop performance metrics for a widespread transformation of a military force. In 1998, the Air Force adopted the Expeditionary Aerospace Force Concept as a way to help manage its deployments and commitments to theater commanders and reduce the deployment burden on its people. Like the Army's modular restructuring, the Air Force's restructuring was fundamental to the force, and according to the Air Force, represented the largest transformation of its processes since before the Cold War. In our 2000 report,¹⁸ we found that the Air Force expected to achieve important benefits from the Expeditionary Concept, but had yet to establish specific quantifiable goals for those benefits, which included increasing the level of deployment predictability for individual service members. We recommended that the Air Force develop specific quantifiable goals based on the Expeditionary Concept's broad objectives, and establish needed metrics to measure progress toward these goals. In a January 2001 report to Congress on the Expeditionary Aerospace Force Implementation, the Air Force identified 13 metrics to measure progress in six performance areas. For example, to better balance deployment taskings in order to provide relief to heavily tasked units, the Air Force developed 4 metrics, including one that measures active duty personnel available to meet Expeditionary Force requirements. The Air Force described each metric and assigned either a quantitative goal (such as a percentage) or a trend goal indicating the desired direction the metric should be moving over time. These results were briefed regularly to the Air Force Chief of Staff. The Army's transformation is more extensive than the Air Force's in that the Air Force did not change traditional command and organizational structures under its Expeditionary Concept, while the Army modular force has made extensive changes to these structures, and the Air Force did not plan for nearly the same implementation costs as the Army. Nonetheless, we believe some of the goals and challenges faced by the Air Force that we reported in August 2000 may have relevance to the Army today.

While we recognize the complexity of the Army's modular restructuring, without clear definitions of metrics, and periodic communication of

¹⁸ GAO, *Force Structure: Air Force Expeditionary Concept Offers Benefits but Effects Should Be Assessed*, GAO/NSIAD-00-201 (Washington, D.C.: Aug. 15, 2000).

performance against these metrics, the Secretary of Defense and Congress will have difficulty assessing the impact of refinements and enhancements to the modular design—such as DOD’s recent decision to reduce the number of modular combat and support brigades reported in the QDR, as well as any changes in resources available to meet modular design requirements.

Army Lacks a Plan for Comprehensively Evaluating Modular Designs

Since 2004, when the Army approved the original designs for its modular brigades, it has made some refinements to those designs but does not have a comprehensive plan for evaluating the effect of these design changes or the need for additional design changes as the Army gets more operational experience using modular brigades and integrating command and control headquarters, combat support units, and combat brigades. In fiscal year 2004, TRADOC’s Analysis Center concluded that the modular combat brigade designs would be more capable than division-based units based on an integrated and iterative analysis employing computer-assisted exercises, subject matter experts, and senior observers. This analysis culminated in the approval of modular brigade-based designs for the Army. The assessment employed performance metrics such as mission accomplishment, units’ organic lethality, and survivability, and compared the performance of variations on modular unit designs against the existing division-based designs. The report emphasized that the Chief of Staff of the Army had asked for “good enough” prototype designs that could be quickly implemented, and the modular organizations assessed were not the end of the development effort.

Since these initial design assessments, the Army has been assessing implementation and making further adjustments in designs and implementation plans through a number of venues, to include

- unit readiness reporting on personnel, equipment, and training;
- modular force coordination cells to assist units in the conversion process;
- modular force observation teams to collect lessons during training; and
- collection and analysis teams to assess units’ effectiveness during deployment.

Based on data collected and analyzed through these processes, TRADOC has approved some design change recommendations and has not approved others. For example, TRADOC analyzed a Department of the Army proposal to reduce the number of Long-Range Advanced Scout Surveillance Systems, but recommended retaining the higher number in the existing design in part because of decreases in units’ assessed lethality and survivability with the reduced number of surveillance systems.

Army officials maintain that ongoing assessments described above provide sufficient validation that the modularity concept works in practice. However, these assessments do not provide a comprehensive evaluation of the modular designs. Further, the Army does not plan to conduct a similar overarching analysis to assess the modular force capabilities to perform operations across the full spectrum of potential conflict. In November 2005, we reported that methodically testing, exercising, and evaluating new doctrines and concepts is an important and established practice throughout the military, and that particularly large and complex issues may require long-term testing and evaluation that is guided by study plans.¹⁹ We believe the evolving nature of the design highlights the importance of planning for broad-based evaluations of the modular force to ensure the Army is achieving the capabilities it intended, and to provide an opportunity to make course corrections if needed. For example, one controversial element of the design was the decision to include two maneuver battalions instead of three in the modular combat brigades. TRADOC's 2004 analysis noted that the modular combat brigade designs with the two maneuver battalion organization did not perform as well as the three maneuver battalion design, and cited this as one of the most significant areas of risk in the modular combat brigade design. Nonetheless, because of the significant additional cost of adding a third combat battalion the Army decided on a two-battalion design for the modular combat brigades that included key enabling equipment such as communications, and surveillance and reconnaissance capabilities. Some defense experts, including a current division commander and several retired Army generals, have expressed concerns about this aspect of the modular design. In addition, some of these experts have expressed concerns about whether the current designs have been sufficiently tested and whether they provide the best mix of capabilities to conduct full-spectrum operations. In addition, the Army has recently completed designs for support units and headquarters units. Once the Army gets more operational experience with the new modular units, it may find it needs to make further adjustments to its designs. Without a comprehensive testing plan, neither the Army nor congressional decision makers will be able to sufficiently assess the capabilities of the modular combat brigades as they are being organized, staffed, and equipped.

¹⁹ GAO-06-84.

Conclusions

The fast pace, broad scope, and cost of the Army's effort to transform into a modular force present considerable challenges for the Army, and for Congress as well in effectively overseeing a force restructuring of this magnitude. The Army leadership has dedicated considerable attention, energy, and time to achieving its modularity goals under tight time frames. However, the lack of clarity in equipment and personnel plans raises considerable uncertainty as to whether the Army can meet its goals within acceptable risk levels. For example, until the Army defines and communicates equipment requirements for all modular units and assesses the risk associated with its plan to not equip brigades with all of their intended capabilities, it will remain unclear the extent to which its new modular combat brigades will be able to operate as stand-alone, self-sufficient units—a main goal of the Army's modular transformation. With respect to personnel, the Army's goal to increase its operational force while not permanently increasing its current end strength will require it to make the most efficient use of its personnel. Until the Army communicates the status of its various ongoing personnel initiatives, the Army's ability to meet personnel requirements of its new modular force will also remain unclear. Finally, until the Army develops a long-term comprehensive approach for measuring progress and a plan for evaluating changes, it remains uncertain how the Army will determine whether it is achieving its goal of creating a more rapidly deployable, joint, expeditionary force. Without such an approach, and clearly defined and communicated plans, the Secretary of Defense and Congress will not have the information needed to weigh competing funding priorities and monitor the Army's progress in its over \$52 billion effort to transform its force.

Recommendations for Executive Actions

We recommend that the Secretary of Defense direct the Secretary of the Army to take the following actions.

First, in order for decision makers to better assess the Army's strategy for equipping modular combat brigades, we recommend the Army 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, and how these amounts compare to design requirements for modular units; and
- an assessment of the operational risk associated with this equipping strategy.

Second, 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, we recommend that the Army 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.

Third, to improve information available for decision makers on progress of the Army's modular force implementation plans, we recommend that the Army 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 National Defense Strategy and 2006 QDR objectives for addressing a wider range of both traditional and irregular security challenges.

Finally, 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.

Matter for Congressional Consideration

Given the significant cost and far-reaching magnitude of the Army's plans for creating modular forces, Congress should consider requiring the Secretary of Defense to provide the information outlined in our recommendations including;

- details about the Army's equipping strategy and an assessment of the operational risk associated with this equipping strategy;
- the status of the Army's personnel initiatives and an assessment of how the Army will fully staff its modular operational combat force and manage the risk to its noncombat force structure; and
- the Army's plan for assessing its progress toward achieving the benefits of modularity, plans and milestones for conducting further evaluation of modular unit designs, and a testing plan for conducting comprehensive assessments of the modular force as it is being implemented.

Agency Comments and Our Evaluation

In written comments on a draft of this report provided by the Army on behalf of DOD, the department noted that the report adequately reflects the challenges associated with transforming the Army to modular force designs while at war, but stated that the report fails to recognize ongoing efforts and accomplishments to date. (DOD's comments are reprinted in app. II). DOD also stated that citing the views of unnamed sources regarding the modular combat brigade design does not contribute to an accurate, balanced assessment of the Army's progress. DOD agreed or partially agreed with our recommendations to develop and provide information on its equipping strategy and personnel initiatives and to develop expanded performance metrics for assessing progress. However, DOD disagreed with three recommendations regarding the need for risk assessments and a testing plan to further assess designs for modular units. As discussed below, because of the significance, cost, scope, and potential for risk associated with the Army's modularity initiative, we continue to believe that more transparency of the Army's plans and risk assessments is needed in light of the limited amount of information the Army has provided to Congress. Therefore, we have included a matter for congressional consideration to require the Secretary of Defense to provide more detailed plans and assessments of modularity risks. Our specific comments follow.

First, we strongly disagree with DOD's assertion that GAO used anonymous and unverifiable sources which detracted from an accurate and balanced assessment of the Army's progress in implementing modularity. Our analysis of the Army's progress and potential for risk in implementing modular units is primarily based on our independent and

thorough analysis of Army plans, reports, briefings, and readiness assessments, which we used to compare the Army's goals for modularity against its actual plans for equipping and staffing modular units. We sought views on modular unit designs to supplement our analysis from a diverse group of knowledgeable people both inside and outside the Army and DOD, including Army headquarters officials, division and brigade commanders, Army officials who played key roles in developing and assessing modular unit designs, and retired generals and defense experts who have studied and written about Army transformation. Our long-standing policy is not to include the names of individuals from whom we obtained information but to use information and evidence from appropriate and relevant sources and provide balance in our report. We integrated evidence and information from all sources to reach conclusions and formulate the recommendations included in this report. Our report recognizes the Army's progress in implementing modular units while fully engaged in ongoing operations but also identifies and provides transparency regarding a number of risks inherent in the Army's plans so that Congress will have better information with which to make decisions on funding and oversight. The discussion we present highlighting the concerns of some current and retired senior Army officers and defense experts regarding certain aspects of modular designs is used to illustrate the need for further evaluation of modular units as they move from concept to reality—an approach consistent with DOD policy and best practice in transforming defense capabilities.

DOD also stated that the report inaccurately (1) asserts that Shadow tactical unmanned aerial vehicle systems will be fielded with fewer air vehicles due to a shortage of operators and maintainers, and (2) depicts the growth of Army Intelligence positions. We disagree with DOD's assessment. As our report clearly points out, based on documentation obtained from the Army, the Army's approved modular combat brigade design was for seven air vehicles per Shadow system, which would provide 24-hour per day aerial surveillance, but the Army opted to field Shadow systems with four air vehicles instead, primarily because it lacks adequate numbers of air vehicle operators and maintainers. Although the Army believes that Shadow systems with four air vehicles are adequate at this time, we believe it is important to provide transparency by presenting information which shows that modular combat brigades will not have all of the capabilities intended by the original modular combat brigade designs (i.e., brigade-level 24-hour per day surveillance operations) without Shadow systems composed of seven air vehicles.

With regard to the number of intelligence positions, our report accurately notes that the Army decided to increase its intelligence positions by 5,600

in the active force. However, we also note that this was a revision of an earlier higher estimate of 8,400 positions projected by Army intelligence officials. Therefore, we do not agree with the department's comment that the report inaccurately depicts the growth of Army intelligence positions, nor do we agree with its characterization that the report inappropriately focuses on the Army's manning challenges. We believe that it is important for the Secretary of Defense and Congress to have a clear and transparent picture of the personnel challenges the Army faces in order to fully achieve the goals of modular restructuring and make informed decisions on resources and authorized end strength.

DOD agreed with our recommendation that the Army develop and provide the Secretary of Defense and Congress with details about the Army's equipping strategy. DOD commented that the Army recently completed development of the equipping strategy for modular forces and that the Army has conducted equipping conferences to ensure that soldiers have the best equipment available as they train and deploy. We requested a copy of the Army's recently completed equipping strategy but did not receive a copy prior to publication and therefore have not been able to assess how and to what extent it meets the intent of our recommendation. Moreover, DOD did not indicate what, if any, actions it planned to take to provide Congress with specific details about the Army's equipping strategy, as we recommended. Therefore, we have highlighted the need for more complete information on the Army's equipping strategy in a matter for congressional consideration.

DOD disagreed with our recommendation that the Army develop and provide the Secretary of Defense and Congress with an assessment of the risk associated with the Army's rotational equipping strategy and said in its comments that this action is already occurring on a regular basis. Although the Army is considering risk in managing existing equipment, at the time of our review the Army had not finished developing its equipping strategy for its new rotational force model. Therefore, we continue to believe that the Army needs to document and provide risk assessments to Congress based on its newly completed equipping strategy. This is particularly important given other Army priorities such as the Future Combat System and near-term equipping needs for Iraq that will compete for funding and may cause changes to the Army's current equipping strategy for modular units.

DOD partially concurred with our recommendation that the Army develop and provide the Secretary of Defense and Congress with a report on the status of its personnel initiatives. However, DOD commented that adding

another report on this issue would be duplicative and irrelevant and said this action is already occurring on a regular basis. However, while Army documents present an overview of how the Army is allocating military personnel to operational and nonoperational positions, they do not provide specific information on the Army's progress in implementing personnel initiatives. Moreover, the department's comments did not address whether the Army plans to provide additional information to Congress. We continue to believe that such information is needed by Congress to inform their decisions on Army personnel levels.

DOD disagreed with our recommendation that the Army develop and provide the Secretary of Defense and Congress with a risk assessment of how the Army will fully staff its modular operational combat force while managing the risk to its noncombat supporting force structure. DOD commented that the Army provided the Office of the Secretary of Defense with a plan for reshaping the Army, including increasing the active operating force and downsizing overall active end strength by fiscal year 2011, based on several assumptions. However, this document, which Army officials provided to us, does not highlight potential risks in executing the Army's plan. Moreover, DOD's comments did not address the intent of our recommendation that the Army improve transparency by providing Congress with additional information on its plans and assessment of risk.

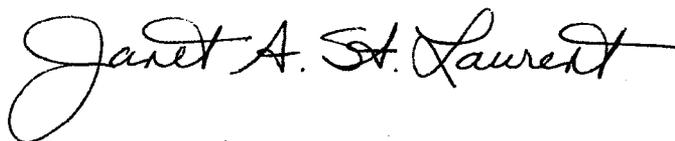
DOD partially agreed with our recommendation that the Army develop and provide the Secretary of Defense and Congress with a comprehensive plan for assessing the Army's progress toward achieving modularity goals and said the Army will explore the development of expanded performance metrics. However, DOD stated that plans and milestones for measuring progress are unwarranted as such evaluations occur continuously. We commend DOD for agreeing to develop expanded performance metrics. However, because of the cost and magnitude of the Army's transformation plans, we continue to believe that developing and disseminating a comprehensive and formal evaluation plan are critical for providing transparency and accountability for results. As discussed in the report, the Army is collecting some data on the performance of modular units that attend training events and deploy overseas, but lacks a long-term comprehensive and transparent approach for integrating the results of these assessments to measure overall progress.

Finally, DOD disagreed with our recommendation that the Secretary of Defense direct the Secretary of the Army to provide a testing plan that includes milestones for assessing modular unit designs as they are being

implemented. DOD said the Army thoroughly evaluated modular force designs and continues to evaluate all facets of modular force performance both in training and combat operations. Nevertheless, we believe that the Army needs a more transparent, long-term, and comprehensive plan for evaluating the modular designs. The Army is still early in its implementation of modular support brigades and higher echelon command and control and support units and further evaluation of these designs based on actual experience may demonstrate that design refinements are needed. Furthermore, although the Army has gained some useful operational experience with modular combat units, this experience has been limited to stability operations and irregular warfare, rather than major combat operations or other operations across the full spectrum of potential conflict. To facilitate further assessment of unit designs, we have included this issue in our matter for congressional consideration.

We are sending copies of this report to the Secretary of Defense, the Undersecretary of Defense (Comptroller), 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 have any questions about this report, please contact me at (202) 512-4402. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Major contributors to this report are listed in appendix III.



Janet A. St. Laurent
Director, Defense Capabilities and Management

List of Committees

The Honorable John Warner
Chairman

The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Ted Stevens
Chairman

The Honorable Daniel K. Inouye
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Duncan L. Hunter
Chairman

The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable C. W. Bill Young
Chairman

The Honorable John P. Murtha
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To conduct our work for this engagement, we analyzed data, obtained and reviewed documentation, and interviewed officials from Headquarters, Department of Army; U.S. Army Training and Doctrine Command, U.S. Army Forces Command; and the U.S. Army Center for Army Analysis. We supplemented this information with visits to the first three Army divisions undergoing modular conversions—the 3rd and 4th Infantry Divisions and the 101st Airborne Division—to gain an understanding of the Army’s modular force implementation plans and progress in organizing, staffing, and equipping active modular combat brigades.

To determine the Army’s modular force organizational design requirements and supporting analysis, we analyzed Department of the Army guidance for creating modular forces, and briefings and other documents on the Army’s modular force design and analytical process from the Training and Doctrine Command’s Analysis Center. To determine the Army’s progress and plans for equipping active component modular combat brigades, we analyzed Department of Army data on selected equipment that Army analysis identified as essential for achieving the modular combat brigades’ intended capabilities. For these selected items, we calculated the Army’s equipment requirements for active component modular combat brigades by multiplying equipment requirements obtained from the Department of the Army Office of the Deputy Chief of Staff for Operations and Training (G-3) for each of the three brigade variants—heavy, light, and Stryker—by the planned number of brigades in each variant. We then compared the sum of equipment requirements in the active component to data we obtained from officials from the Department of the Army G-8 on the expected on-hand levels of equipment and assessed the reliability of the data by discussing the results with knowledgeable officials. We determined that the data used were sufficiently reliable for our objectives. We also reviewed unit readiness reports from those brigades that had completed or were in the process of completing their modular conversion as of February 2006. For our assessment of Army National Guard equipping challenges, we relied on past GAO reports and testimony.

To determine the progress made and challenges to managing personnel requirements of the modular force, we reviewed documents and discussed the implications of force structure requirements with officials from the Department of Army Offices of the Deputy Chiefs of Staff for Personnel (G1) and Intelligence (G2). We also discussed key personnel-related concerns during our visits to the divisions undergoing modular conversion. To determine the Army’s strategies and plans for meeting its modular force personnel requirements without permanently increasing

overall end strength, we interviewed officials from the Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs and the Department of the Army Office of the Deputy Chief of Staff for Operations and Training (G3). We also reviewed the 2006 Quadrennial Defense Review as it pertained to Army personnel end strength, and the Army's Future Year Defense Program and supplemental budget requests for fiscal years 2005 and 2006 to determine the Army's personnel funding plans.

To determine the extent to which the Army has developed an approach for assessing implementation of modularity and for further adjusting designs or implementation plans, we reviewed our prior work on assessing organizations undertaking significant reorganizations. We reviewed and analyzed the Army Campaign Plan and discussed it with officials in the Department of Army Headquarters, especially officials from the Deputy Chief of Staff for Operations and Training (G3). To analyze the Army's approach for assessing the implementation of its modular conversion, we examined key Army planning documents and discussed objectives, performance metrics, and testing plans with appropriate officials in the Department of the Army Headquarters, and the Training and Doctrine Command's Analysis Center. In addition, we met with a panel of retired senior Army general officers at the Association of the U.S. Army Institute of Land Warfare, Arlington, Virginia. We relied on past GAO reports assessing organizations undertaking significant reorganizations.

We conducted our work from September 2004 through March 2006 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Defense



DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-8
700 ARMY PENTAGON
WASHINGTON DC 20310-0700



June 30, 2006

Ms. Janet St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the GAO draft report, 'FORCE STRUCTURE: Army Needs to Provide DoD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans,' dated June 2, 2006 (GAO Code 350707/GAO-06-745).

While the report adequately reflects the challenges associated with transforming the Army to modular force designs while at war and with limited funding, we believe the report fails to recognize ongoing efforts and accomplishments to date. Additionally, the use of anonymous and unverifiable sources throughout the report (e.g., "Some defense experts, including a current division commander and several retired Army generals, have expressed concerns about this aspect of the modular design.") does not contribute to an accurate, balanced assessment and should be discouraged.

The Department's comments to the draft report and recommendations are enclosed.

Sincerely,

N. Ross Thompson III
Major General, U.S. Army
Director, Program Analysis and Evaluation

Enclosure



GAO Draft Report -- Dated June 2, 2006
GAO Code 350707/GAO-06-745

**"FORCE STRUCTURE: Army Needs to Provide DoD and Congress More Visibility
Regarding Modular Force Capabilities and Implementation Plans"**

Department of Defense Comments and Comments to GAO Recommendations

Comments:

Transforming the Army to modular force designs remains a high priority for the Department of Defense. The GAO report recognizes the unprecedented challenges associated with this comprehensive and accelerated redesign of an Army that is at war. The report also notes that the Army entered this long war against global terrorism following a decade of inadequate equipping investments, resulting in widespread equipment shortages across the Army, especially in its reserve forces. It will take at least a decade of robust, continuous modernization investments to fully equip all Army forces.

To better manage the manning, equipping, and training of modular forces for the long war, the Army has developed a rotational readiness model, referred to as Army Force Generation (ARFORGEN). The Army's force structure goal is 70 brigade combat teams and 211 support brigades, each fully manned, equipped, and trained for the missions assigned. Given longstanding equipment shortages, the Army 'maneuvers' equipment across the force to Soldiers and units as they progress through the various phases of ARFORGEN. To ensure National Guard forces are always prepared for state and territorial responsibilities, the Army has identified 342 types of equipment for priority fielding to National Guard units. The Army has also concentrated equipment in combat zones to reduce the costs associated with transporting heavy equipment to/from the theater and to ensure that deployed forces have the best equipment available. While percentages of equipment fill across the Army may be less than 100 percent, deployed forces have what they need to accomplish their mission. Additionally, theater-unique items, such as jammers for improvised explosive devices (IEDs) and armored wheeled vehicles, are concentrated almost exclusively in the combat zone and are passed between rotating units. The Department believes that the GAO report unnecessarily focuses on longstanding equipment shortages, vice the significant progress being made to equip forces according to the new modular designs.

The Army regularly and rigorously assesses its responsibilities associated with providing the most appropriate mix of capabilities to the warfighter within available resources. As with any complex and dynamic undertaking, objectives, priorities, and approaches continue to be refined over time. This is a simple reflection of the continuous process within a Service to provide relevant capabilities within the resources

provided. Specifically, the GAO report asserts that Shadow tactical unmanned aerial vehicle systems will be fielded with less than their full complement of air vehicles (i.e., four vice seven) due to a shortage of operators and maintainers. This is inaccurate. Informed by operational analysis and professional judgment, the Army determined that four air vehicles per Shadow system are adequate at this time. Shadow units will be fully manned, equipped, and trained. The GAO report also inaccurately depicts the growth of Army intelligence positions. Informed by the Total Army Analysis for fiscal years 2008-2013, the Army decided to increase its intelligence positions by 7600 positions: 5600 in the active force and 2000 in the reserve force. Recruiting and training the personnel to fill the additional 7600 intelligence positions will be a challenge, as noted in the GAO report, but so is the entire Army modular transformation while at war. The Department believes this GAO report inappropriately focuses on the Army's manning challenges, vice provide a balanced assessment of significant change underway.

Department of Defense Comments to GAO Recommendations:

RECOMMENDATION 1: The GAO recommended that the Secretary of the Army develop and provide the Secretary of Defense and Congress with details about the Army's equipping strategy, to including the types and quantities of equipment active component and National Guard modular units would receive in each phase of its force rotation model, and how these amounts compare to design requirements for modular units. (p. 25/GAO Draft Report)

DOD RESPONSE: Concur. The Army recently completed development and coordination of the equipping strategy for modular forces, consistent with the Army Force Generation (ARFORGEN) model. To maximize use of constrained resources, the Army conducts global equipping conferences biannually. To date, the Army has conducted six equipping conferences with representatives from all Army components – Regular Army, Army National Guard, and U.S. Army Reserve – to ensure that combatant commanders' needs are addressed and that all Soldiers and units have the very best equipment available as they train and deploy in support of the global war on terrorism or domestic contingencies.

RECOMMENDATION 2: The GAO recommended that the Secretary of the Army develop and provide the Secretary of Defense and Congress with an assessment of the operational risk associated with this equipping strategy. (p. 25/GAO Draft Report)

DOD RESPONSE: Nonconcur. This action is already occurring on a regular basis. Assessment of risk (operational, institutional, future, and force management) is an integral part of the Department's management oversight of Defense initiatives, including Army modular transformation. Adding another report on this issue would be duplicative and irrelevant. As the report noted, the Army entered the current long war against

global terrorism with a significant equipment shortfall (\$56 billion), following a decade of inadequate investment in modern equipment. As a result, the Army is maneuvering equipment across the force to ensure units are adequately equipped as they train for a pending deployment. Once in theater, the unit is augmented with theater-provided equipment (TPE), which consists of low density, high demand, modern equipment. The strategy of equipment maneuver and the use of TPE amplifies that the Army's current equipment inventory is inadequate to fully equip all units. The Army is on a path to fully equip all units regardless of Component. However, sustained, robust procurement funding is necessary to fill longstanding shortages, fully equip reserve component forces to effectively operate as part of the operational force, address expanded equipment needs of modular force designs, and account for increased wear and tear and battle losses from the ongoing global war on terrorism. The Army equipping strategy is designed to ensure that Soldiers and units deployed in harm's way have the best equipment the Nation can provide.

RECOMMENDATION 3: The GAO recommended that the Secretary of the Army 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. (p. 25-26/GAO Draft Report)

DOD RESPONSE: Partially concur. This action is already occurring on a regular basis. The Army Deputy Chief of Staff, G-1, reports quarterly to the Under Secretary of Defense for Personnel and Readiness on Army progress in reshaping the force, including the expansion of the active operating force and management of overall active force endstrength. Adding another report on this issue would be duplicative and irrelevant.

RECOMMENDATION 4: The GAO recommended that the Secretary of the Army develop and provide the Secretary of Defense and Congress with an assessment of how the Army will fully staff its modular operational combat force while managing the risk to its noncombat supporting force structure. (p. 25-26/GAO Draft Report)

DOD RESPONSE: Nonconcur. The Army provided the Office of the Secretary of Defense a plan for reshaping the Army, including increasing the active operating force to 355,000 Soldiers and downsizing Regular Army endstrength to 482,400 Soldiers by fiscal year 2011, based on several assumptions. The Army will revisit its endstrength plan if the assumptions prove invalid.

RECOMMENDATION 5: The GAO recommended that the Secretary of Army 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 Plans; 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 National Defense Strategy and 2006 Quadrennial Defense Review objectives for addressing a wider range of both traditional and irregular security challenges. (p. 26/GAO Draft Report)

DOD RESPONSE: Partially concur. The Army will explore the development of expanded performance metrics to determine their potential value in managing the modular transformation of the Army. Given the ongoing long war against global terrorism, fulfilling combatant commander needs for Army forces is the preeminent performance metric, and the Army continues to fully meet force requirements for the war. The Army equipping strategy also provides for the adequate equipping of Army forces for homeland missions. Development of plans and milestones for further evaluation of modular unit designs is unwarranted, as such evaluations are embedded in Army processes and occur continuously under the close supervision of the Army leadership. The doctrine, organization, training, manning, and equipping of Army modular forces will be a continuous process, informed by multiple sources, including feedback from Soldiers and leaders who have served in combat in modular forces.

RECOMMENDATION 6: The GAO recommended that the Secretary of Defense direct the Secretary of the Army to 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 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. (p. 26/GAO Draft Report)

DOD RESPONSE: Nonconcur. The Army thoroughly evaluated modular force designs, as noted in this report, and continues to evaluate all facets of modular force performance both in training and combat operations. Proposed changes in doctrine, organization, training, manning, and equipping are thoroughly and continuously assessed and implemented, consistent with the needs of the warfighter and available resources.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Janet A. St. Laurent (202) 512-4402

Acknowledgments

In addition to the person named above, Gwendolyn Jaffe, Assistant Director; Margaret Best; Alissa Czyz; Christopher Forsys; Kevin Handley; Joah Iannotta; Harry Jobes; David Mayfield; Jason Venner; and J. Andrew Walker made major contributions to this report.

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GAO-06-548T



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Testimony

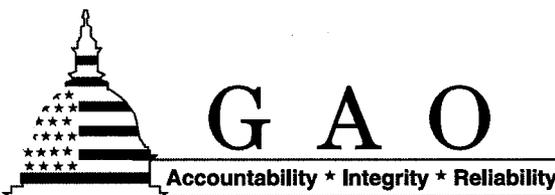
Before the Subcommittee on Tactical Air
and Land Forces, Committee on Armed
Services, House of Representatives

For Release on Delivery
Expected at 2:00 p.m. EDT
Tuesday, April 4, 2006

FORCE STRUCTURE

**Capabilities and Cost of
Army Modular Force
Remain Uncertain**

Statement of Janet St. Laurent
Director, Defense Capabilities and Management





Highlights of GAO-06-548T, a testimony before the Subcommittee on Tactical Air and Land Forces, Committee on Armed Services, House of Representatives

FORCE STRUCTURE

Capabilities and Cost of Army Modular Force Remain Uncertain

Why GAO Did This Study

The Army considers its modular force transformation the most extensive restructuring it has undertaken since World War II. Restructuring the Army from a division-based force to a modular brigade-based force will require extensive investments in equipment and retraining of personnel. The foundation of the modular force is the creation of standardized modular combat brigades designed to be stand-alone, self-sufficient units that are more rapidly deployable and better able to conduct joint operations than their larger division-based predecessors.

GAO was asked to testify on the status of the Army's modularity effort. This testimony addresses (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.

This testimony is based on previous and ongoing GAO work examining Army modularity plans and cost. GAO's work has been primarily focused on the Army's active forces. GAO has suggested that Congress consider requiring the Secretary of Defense to provide a plan for overseeing spending of funds for modularity.

www.gao.gov/cgi-bin/getrpt?GAO-06-548T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

What GAO Found

Although the Army is making progress creating modular units, it faces significant challenges in managing costs and meeting equipment and personnel requirements associated with modular restructuring in the active component and National Guard. Moreover, the Army has not provided sufficient information for the Department of Defense and congressional decision makers to assess the capabilities, costs, affordability, and risks of the Army's modular force implementation plans. The Army's cost estimate for completing modular force restructuring by 2011 has grown from an initial rough order of magnitude of \$28 billion in 2004 to \$52.5 billion currently. Although the Army's most recent estimate addresses some shortcomings of its earlier estimate, it is not clear to what extent the Army can achieve expected capabilities within its cost estimate and planned time frames for completing unit conversions. Moreover, according to senior Army officials, the Army may request additional funds for modularity beyond 2011.

Although modular conversions are under way, the Army is not meeting its near-term equipping goals for its active modular combat brigades, and units are likely to have shortfalls of some key equipment until at least 2012. The Army plans to mitigate risk in the near term by providing priority for equipping deploying units and maintaining other units at lower equipping levels. However, it has not yet defined specific equipping plans for units in various phases of its force rotation model. As a result, it is unclear what level of equipment units will have and how well units with low priority for equipment will be able to respond to unforeseen crises.

In addition, the Army faces significant challenges in implementing its plan to reduce overall active component end strength from 512,400 to 482,400 soldiers by fiscal year 2011 while increasing the size of its modular combat force from 315,000 to 355,000. This will require the Army to eliminate or realign many positions in its noncombat force. The Army has made some progress in reducing military personnel in noncombat positions through military civilian conversions and other initiatives, but some of its goals for these initiatives may be difficult to meet and could lead to difficult trade-offs. Already the Army does not fully plan to fill some key intelligence positions required by its new modular force structure.

Finally, the Army does not have a comprehensive and transparent approach to measure progress against stated modularity objectives and assess the need for further changes to modular designs. The Army has not established outcome-related metrics linked to many of its modularity objectives. Further, although the Army is analyzing lessons learned from Iraq and training events, the Army does not have a long-term, comprehensive plan for further analysis and testing of the designs and fielded capabilities. Without performance metrics and a comprehensive testing plan, neither the Secretary of Defense nor congressional leaders will have full visibility into the capabilities of the modular force as it is currently organized, staffed, and equipped.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here to discuss our ongoing work on the Army's plans for restructuring into a modular brigade-based force. In 2004, the Army began its modular force transformation to restructure itself from a division-based force to a modular brigade-based force—an undertaking it considers the most extensive reorganization of its force since World War II. This restructuring will require a significant investment of billions of dollars at a time when the Army is developing other high-cost capabilities, such as the Future Combat Systems.¹ For example, the administration requested \$6.6 billion for modularity as part of its fiscal year 2007 budget request. The foundation of the modular force is the creation of standardized modular brigade combat teams designed to be stand-alone, self-sufficient units that are more rapidly deployable and better able to conduct joint and expeditionary operations than their larger division-based predecessors. The Army plans to achieve its modular restructuring without permanently increasing its active component end strength above 482,400 soldiers, primarily by eliminating some noncombat positions in which military personnel currently serve, and transferring these positions to its operational combat forces.² The February 2006 Quadrennial Defense Review (QDR) specified that the Army would create 70 modular combat brigades in its active component and National Guard. This represents a 7-brigade reduction from the Army's original plan of having 77 modular combat brigades. However, according to Army officials, resources from the 7 brigades subtracted from the original plan will be used to increase support units in the reserve component, and Department of Defense (DOD) officials believe that 70 brigades will be sufficient to execute the defense strategy.

For this hearing, you asked us to update our March 2005 testimony before this committee, in which we provided preliminary observations on the Army's plan to implement and fund modular forces.³ At that time we

¹ Future Combat Systems is a program that consists of a family of systems composed of advanced network combat and sustainment systems, unmanned ground and air vehicles, and unattended sensors and munitions.

² Army personnel assigned to noncombat positions provide management, administrative, training, and other support. Operational combat forces include personnel assigned to the Army's combat, combat support, and combat service support units, including the modular brigade combat teams.

³ GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005).

observed that because the Army is undertaking this effort while executing operations in Iraq, Afghanistan, and elsewhere and developing other new capabilities, such as the Future Combat Systems, DOD may face some long-term affordability challenges as it moves forward with these and other initiatives. Since that hearing, in September 2005 we issued a report on the costs of modularity, and we are drafting a report on the Army's plans for modularity, which we expect to issue this spring.⁴ Specifically, my testimony today will address (1) the Army's cost estimates for restructuring to a modular force, (2) the Army's progress and plans for equipping modular combat brigades, (3) progress made and challenges to managing personnel requirements of the modular force, and (4) the extent to which the Army has developed an approach for assessing implementation of modularity and for further adjusting designs or implementation plans.

My testimony is based on both our September 2005 report on cost issues and on our past and ongoing work examining the Army's plans for implementing modularity. For our ongoing work, we interviewed officials and obtained documents from Headquarters, Department of the Army; U.S. Army Training and Doctrine Command; and U.S. Army Forces Command to determine the Army's modular force implementation plans, organizational design requirements and supporting analysis, equipment and personnel requirements for the brigade combat teams, and plans for equipping and staffing modular brigade combat teams to the required levels. We visited the first three Army divisions undergoing modular conversions to obtain information on the plans for organizing, staffing, and equipping the modular brigades and discussed modular force support requirements with officials from the U.S. Army Center for Army Analysis. To assess the Army's cost estimates, we updated our September 2005 report with information from the fiscal year 2007 President's Budget request and discussions with Army officials about implications of the QDR on the cost of modular restructuring. To address equipment plans and status, we analyzed Department of the Army data on selected equipment the Army identified as essential for achieving the modular combat brigades, required operational capabilities and reviewed unit readiness reports from those brigades that had completed or were in the process of completing their modular conversion as of February 2006. To assess personnel plans, we discussed the implications of force structure changes

⁴ 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).

and plans for eliminating noncombat positions with officials from the Department of the Army Deputy Chiefs of Staff for Personnel (G1) and Intelligence (G2). Finally, to assess the framework for assessing modularity implementation, we examined key Army planning documents and discussed objectives, performance metrics, and testing plans with appropriate officials in the Department of the Army Headquarters, especially officials from the Deputy Chief of Staff for Operations and Training (G3) and the Training and Doctrine Command. In addition, we relied on our past reports assessing organizations undertaking significant reorganizations. We conducted our work from May 2005 through March 2006 in accordance with generally accepted government auditing standards and determined that the data used were sufficiently reliable for our objectives.

Summary

The Army is making progress converting active Army combat units to the new modular structure at a time of war. The Army's goals for increasing combat power while introducing predictability in deployments for its soldiers are important, and the Army leadership in headquarters, military and civilian staffs, and operational and support units throughout the Army have dedicated considerable attention, energy, and time to achieving these goals under tight time frames. However, the Army faces significant challenges in executing its modularity plans to fully achieve planned capabilities within the time frames it established. In short, because of uncertainties in cost, equipment, and personnel plans and the absence of a comprehensive approach for assessing modularity results, we do not believe decision makers have sufficient information to assess the capabilities, costs, and risks posed by the transformation to a modular force. I will now turn to our four main issues.

First, the lack of clarity in the Army's cost estimates for modularity may limit the Secretary of Defense and Congress's ability to weigh competing funding priorities. The Army's cost estimate through fiscal year 2011 has increased from an initial rough order of magnitude estimate of \$28 billion in 2004 to \$52.5 billion currently. Of this \$52.5 billion estimate, \$41 billion, or 78 percent, has been allocated to equipment, with the remaining \$11.5 billion allocated to military construction, facilities, sustainment, and training. Although the estimate has grown, the Army's rationale for allocating dollar amounts to specific aspects of modularity has not become more transparent. For example, it is not clear how the Army will distinguish between costs associated with modularity and the costs associated with modernizing equipment or restoring equipment used during ongoing operations. In addition, despite recent force structure

changes, schedule changes, and design refinements, the Army has not updated its cost estimate or funding plan. Moreover, the Army may seek additional funding after 2011 to buy equipment required for modular restructuring. In short, it is not clear what level of capability the Army will achieve with the \$52.5 billion it plans to spend on its modular restructuring through fiscal year 2011. As a result, decision makers may not have adequate information on which to weigh competing demands for funding.

Second, while the Army is well under way in creating active component modular combat brigades, it is not meeting its equipping goals for these brigades and is still developing its equipping strategy, raising considerable uncertainty as to the levels of equipment they will have in both the near term and longer term. Although active modular combat brigades are receiving considerable quantities of equipment, they will initially lack required quantities of items such as communications systems that are 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. The Army will likely face even greater challenges fully equipping 28 planned National Guard modular combat brigades since the National Guard has historically been underequipped. To mitigate equipment shortages, the Army is developing an equipping strategy that will provide varying levels of equipment to brigades depending on their phase of readiness—that is, whether the brigades are available for deployment, training for deployment, or returning from deployment. However, the Army has not yet defined specific equipping plans for brigades in each of the various readiness phases. Until the Army completes development of its equipping strategy, the Secretary of Defense and Congress will not be in a good position to assess the Army's equipment requirements and the level of risk associated with the Army's plans.

Third, while the Army has made some progress meeting modular personnel requirements in the active component by shifting positions from its noncombat force to its operational combat force, it faces significant challenges in meeting its goal to reduce its overall active end strength to 482,400, as specified by the QDR, while increasing the size of its modular combat force. The Army has developed initiatives to reduce and realign its end strength, but some of these initiatives may not meet the Army's initial expectations. In addition, the Army does not plan to fill some key intelligence positions required by its new modular force structure design in part because of the requirement to reduce overall end strength. Without continued, significant progress in meeting personnel requirements, the Army may need to accept increased risk in its ability to conduct

operations and support its combat forces or it may need to seek support for an end strength increase from DOD and Congress.

Finally, the Army lacks a comprehensive and transparent approach to effectively measure progress against stated modularity objectives, assess the need for further changes to its modular unit designs, and monitor implementation plans. GAO and DOD have identified the importance of establishing objectives that can be translated into measurable metrics, which in turn provide accountability for results. The Army has identified objectives for modularity, but metrics for assessing the Army's progress on modularity-specific goals are extremely limited. In 2004, the Army's Training and Doctrine Command (TRADOC) conducted a wide-ranging baseline analysis of the modular design using measures of effectiveness; however, the Army does not have a long-term plan to conduct similar analysis so that it can compare the performance of actual modular units with the TRADOC-validated design. Without performance metrics and a comprehensive testing plan, neither Army nor congressional leaders will be able to assess the capabilities of and risks associated with the modular force as it is currently organized, staffed, and equipped.

Background

The Army's conversion to a modular force encompasses the Army's total force—active Army, Army National Guard, and Army Reserve—and directly affects not only the Army's combat units, but related command and support organizations. A key to the Army's new modular force design is embedding within combat brigades battalion-sized, reconnaissance, logistics, and other support units that previously made up parts of division-level and higher-level command and support organizations, allowing the brigades to operate independently. Restructuring these units is a major undertaking because it requires more than just the movement of personnel or equipment from one unit to another. The Army's new modular units are designed, equipped, and staffed differently than the units they replace; therefore successful implementation of this initiative will require changes such as new equipment and a different mix of skills and occupational specialties among Army personnel. By 2011, the Army plans to have reconfigured its total force—to include active and reserve components and headquarters, combat, and support units—into the modular design. The foundation of the modular force is the creation of modular brigade combat teams—combat maneuver brigades that will have a common organizational design and will increase the rotational pool of ready units. Modular combat brigades will have one of three standard designs—heavy brigade combat team, infantry brigade combat team, and Stryker brigade combat team.

Until it revised its plans in March 2006, the Army had planned to have a total of 77 active component and National Guard modular combat brigades by expanding the existing 33 combat brigades in the active component into 43 modular combat brigades by 2007, and by creating 34 modular combat brigades in the National Guard by 2010 from existing brigades and divisions that have historically been equipped well below requirements. To rebalance joint ground force capabilities the 2006 QDR determined the Army should have a total of 70 modular combat brigades—42 active brigades and 28 National Guard brigades. Also in March 2006, the Army was in the process of revising its modular combat brigade conversion schedule; it now plans to convert its active component brigades by fiscal year 2010 instead of 2007 as previously planned, and convert National Guard brigades by fiscal year 2008 instead of 2010. As of March 2006 the Army had completed the conversion of 19 active component brigades to the modular design and was in the process of converting 2 active and 7 National Guard brigades. Table 1 shows the Army's schedule as of March 2006 for creating active component and National Guard modular combat brigades.

Table 1: Army Schedule for Creating Active Component and National Guard Modular Combat Brigades as of March 2006

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Total
Active component combat brigades	2	11	8	14	3	2	1	1	42
National Guard combat brigades	—	—	7	7	7	7	—	—	28
Total	2	11	15	21	10	9	1	1	70

Source: GAO analysis of Army data.

According to the Army, this larger pool of available combat units will enable it to generate both active and reserve component forces in a rotational manner that will support 2 years at home following each deployed year for active forces. To do this, the Army has created a rotational force generation model in which units rotate through a structured progression of increased unit readiness over time. Units will progress through three phases of operational readiness cycles, culminating in full mission readiness and availability to deploy.

The Army's objective is for the new modular combat brigades, which will include about 3,000 to 4,000 personnel, to have at least the same combat capability as a brigade under the current division-based force, which range from 3,000 to 5,000 personnel. Since there will be more combat brigades in

the force, the Army believes its overall combat capability will be increased as a result of the restructuring, providing added value to combatant commanders. Although somewhat smaller in size, the new modular combat brigades are expected to be as capable as the Army's existing brigades because they will have different equipment, such as advanced communications and surveillance equipment, and a different mix of personnel and support assets. The Army's organizational designs for the modular brigades have been tested by its Training and Doctrine Command's Analysis Center against a variety of scenarios, and the Army has found the new designs to be as capable as the existing division-based brigades in modeling and simulations.

**Lack of Clarity in
Army's Cost Estimate
for Modularity Limits
Decision Makers'
Ability to Weigh
Funding Priorities**

The Army's cost estimate for modularity has continued to evolve since our September 2005 report.⁵ As we reported, the Army's cost estimate for transforming its force through fiscal year 2011 increased from \$28 billion in the summer of 2004 to \$48 billion in the spring of 2005. The latter estimate addressed some of the shortcomings of the initial rough order of magnitude estimate and included lessons learned from operations in Iraq. For example, it included costs of restructuring the entire force, to include 77 brigade combat teams, as well as the creation of support and command units. However, it excluded some known costs. For example, the \$48 billion estimate did not include \$4.5 billion in construction costs the Army plans to fund through business process engineering efficiencies, which historically have been difficult to achieve. The Army added these costs when it revised its cost estimate in March 2006, bringing the most recent total to \$52.5 billion. As shown in table 2, most of the planned funding for modularity—\$41 billion, or about 78 percent—will be used to procure equipment, with the remaining funds divided between military construction and facilities and sustainment and training. In addition, Army leaders have recently stated they may seek additional funds after 2011 to procure additional equipment for modular restructuring.

⁵ GAO-05-926.

Table 2: Modular Force Cost Estimates for the Entire Army by Function

Dollars in billions									
	2005	2006	2007	2008	2009	2010	2011	Total	Percentage
Equipping	\$4.7	\$5.8	\$5.4	\$5.9	\$6.5	\$6.7	\$6.0	\$41.0	78
Military construction/facilities	0.3	0.0	0.5	0.5	1.5	1.5	1.5	5.8	11
Sustainment and training	0.0	0.7	0.7	1.2	1.1	1.0	1.0	5.7	11
Total	\$5.0	\$6.5	\$6.6	\$7.6	\$9.1	\$9.2	\$8.5	\$52.5	100

Source: GAO analysis of Army data.

In our September report, we highlighted uncertainties related to force design, equipment, facilities, and personnel that could drive costs higher. Some of these uncertainties have been clarified. For example, we noted that costs in equipment and facilities would increase significantly if the Secretary of Defense decided to add 5 brigades to the Army's active component to create a total of 48 brigade combat teams—a decision that was scheduled to be made in fiscal year 2006. The decision about the number of brigades was made based on the QDR. Instead of a 5 brigade combat team increase, the report stated that the Army would create a total of 42 such brigades in the active component, a 1 brigade combat team reduction from the Army's plan. In addition, the number of National Guard brigade combat teams was reduced from 34 to 28. In sum, the QDR decisions reduced the number of planned brigade combat teams from 77 to 70. However, Army officials stated that the Army plans to fully staff and equip these units. Moreover, Army officials told us that the Army plans to use resources freed up by this decision to increase support units in the reserve component and to fund additional special operations capability in the active component. We also noted in our September 2005 report that the Army had not completed designs for all the support units at the time the estimate was set. According to Army officials, these designs have been finalized. Despite these refinements to the design and changes to the planned number of combat and support brigades, the Army has not made revisions to its \$52.5 billion cost estimate or funding plan based on these changes.

Moreover, as I will discuss shortly, uncertainty remains in the Army's evolving strategy for equipping its modular combat brigades. As a result, based on discussions with Army officials, it remains unclear to what extent the \$41 billion will enable the Army to equip units to levels in the

Army's tested design. In addition, it is not clear how the Army will distinguish between modularity, costs associated with restoring equipment used in operations, or modernizing equipment. In estimating its equipment costs for modularity, the Army assumed that some equipment from ongoing operations would remain in operational condition for redistribution to new and restructured modular units. To the extent equipment is not returned from operations at assumed rates, it is not clear how this will affect equipping levels of modular units or how the Army would pay for such equipment. As a result, the Secretary of Defense and Congress may not be in a sound position to weigh competing demands for funding and assess whether the Army will be able to fully achieve planned capabilities for the modular force by 2011 within the planned funding level.

Although the Army Is Well Under Way in Its Active Modular Combat Brigade Conversions, Its Ability to Meet Its Equipping Goals by 2011 Is Unclear

The Army has made progress in creating active component modular combat brigades, but it is not meeting its equipping goals for these brigades and is still developing its overall equipping strategy, which raises concerns about the extent to which brigades will be equipped in the near and longer term. While active brigades are receiving significant amounts of new equipment, Army officials indicated that they may seek additional funding for equipment beyond 2011. Moreover, brigades will initially lack key equipment, including items that provide enhanced intelligence, situational awareness, and network capabilities needed to help the Army achieve its planned capabilities of creating a more mobile, rapidly deployable, joint, expeditionary force. In addition, because of existing equipment shortages, the Army National Guard will likely face even greater challenges providing the same types of equipment for its 28 planned modular combat brigades. To mitigate equipment shortages, the Army plans to provide priority for equipment to deploying active component and National Guard units but allocate lesser levels of remaining equipment to other nondeploying units based on their movement through training and readiness cycles. However, the Army has not yet determined the levels of equipment it needs to support this strategy, assessed the operational risk of not fully equipping all units, or provided to Congress detailed information about these plans so it can assess the Army's current and long-term equipment requirements and funding plans.

Army Facing Difficulty Meeting Its Goals for Equipping Active Modular Combat Brigades

The Army faces challenges meeting its equipping goals for its modular brigades both in the near and longer term. As of February 2006, the Army had converted 19 modular combat brigades in the active force. According to the Army Campaign Plan, which established time frames and goals for the modular force conversions, each of these units individually is expected to have on hand at least 90 percent of its required major equipment items within 180 days after its new equipment requirements become effective.⁶ We reviewed data from several brigades that had reached the effective date for their new equipment requirements by February 2006, and found that all of these brigades reported significant shortages of equipment 180 days after the effective date of their new equipment requirements, falling well below the equipment goals the Army established in its Campaign Plan. Additionally, the Army is having difficulty providing equipment to units undergoing their modular conversion in time for training prior to operational deployments, and deploying units often do not receive some of their equipment until after their arrival in theater. At the time of our visits, officials from three Army divisions undergoing modular conversion expressed concern over the lack of key equipment needed for training prior to deployment.

The Army already faced equipment shortages before it began its modular force transformation and is wearing out significant quantities in Iraq, which could complicate plans for fully equipping new modular units. By creating modular combat brigades with standardized designs and equipment requirements, the Army believed that it could utilize more of its total force, thereby increasing the pool of available and ready forces to meet the demands of sustained rotations and better respond to an expected state of continuous operations. Also, by comparably equipping all of these units across the active component and National Guard, the Army further believes it will be able to discontinue its practice of allocating limited resources, including equipment, based on a system of tiered readiness,⁷ which resulted in lower-priority units in both active and

⁶ The Army defines this in its Campaign Plan as the effective date on which the new modular organizational designs' equipment requirements formally apply to converting brigades. The Army calls this a Modified Table of Organization and Equipment, which documents the specific types and amounts of equipment Army units are authorized to have.

⁷ Under this model, which the Army calls its tiered readiness system, high priority or first to deploy units in the active component received much higher levels of resources than lower priority or later deploying active and reserve component units. While some units maintained high levels of readiness, a large part of both the active and reserve components were in a low state of readiness with the expectation that there would be sufficient time to add the required resources prior to deployment.

reserve components having significantly lower levels of equipment and readiness than the higher priority units. However, because of the need to establish a larger pool of available forces to meet the current high pace of operational commitments, the Army's modular combat brigade conversion schedule is outpacing the planned acquisition or funding for some equipment requirements. The Army has acknowledged that funding does not match its modular conversion schedule and that some units will face equipment shortages in the early years of transformation. The Army says it will manage these shortfalls; however, according to Army officials, the Army may continue to seek modular force equipment funding beyond 2011 and may exceed its \$52.5 billion modularity cost estimate.

**Equipment Shortages
Include Key Equipment the
Army Identified as
Essential for Achieving
Modular Force Capabilities**

Active modular combat brigades will initially lack required numbers of some of the key equipment that Army force design analyses determined essential for achieving their planned capabilities. Army force designers identified a number of key organizational, personnel, and equipment enablers they determined must be present for the modular combat brigades to be as lethal as the division-based brigades they are replacing, achieve their expected capabilities, and function as designed. Essential among these is the equipment that will enable the modular combat brigades to function as stand-alone, self-sufficient tactical forces, capable of conducting and sustaining operations on their own if required without also deploying large numbers of support forces. They include battle command systems to provide modular combat brigades the latest command and control technology for improved situational awareness; advanced digital communications systems to provide secure high-speed communications links; and advanced sensors, providing modular combat brigades their own intelligence-gathering, reconnaissance, and target acquisition capabilities.

We reviewed several command and control, communications, and reconnaissance systems to determine the Army's plans and timelines for providing active modular combat brigades some of the key equipment they need to achieve their planned capabilities and function as designed. According to Army officials responsible for managing the distribution and fielding of equipment, in 2007 when 38 of 42 active component modular combat brigades are to complete their modular conversions, the Army will not have all of this equipment onhand to meet the new modular force design requirements. These shortfalls are due to a range of reasons, but primarily because the modular conversion schedule is outpacing the planned acquisition or funding. For example, the Army does not expect to meet until at least 2012 its modular combat brigade requirements for Long-

Range Advanced Scout Surveillance Systems, an advanced visual sensor that provides long-range surveillance capability to detect, recognize, and identify distant targets. In addition, because of an Army funding decision, the Army only plans to meet 85 percent of its requirements across the force for Single Channel Ground and Airborne Radio Systems, a command and control network radio system that provides voice and data communications capability in support of command and control operations. Finally, a recent DOD decision could set back the Army's schedule for the acquisition of Joint Network Node, a key communications system that provides secure high-speed computer network connection for data transmission down to the battalion level, including voice, video, and e-mail. According to Army officials, DOD recently decided to require the Army to have Joint Network Node undergo developmental and operational testing prior to further acquisition, which could delay equipping active and National Guard modular combat brigades.

National Guard Faces Significant Equipping Challenges

In addition to the challenges the Army faces in providing active component modular combat brigades the equipment necessary for meeting expected capabilities, the Army will face greater challenges meeting its equipping requirements for its 28 planned National Guard combat brigades. The Army's modular force concept is intended to transform the National Guard from a strategic standby force to a force that is to be organized, staffed, and equipped comparable to active units for involvement in the full range of overseas operations. As such, Guard combat units will enter into the Army's new force rotational model in which, according to the Army's plans, Guard units would be available for deployment 1 year out of 6 years. However, Guard units have previously been equipped at less than wartime readiness levels (often at 65 to 75 percent of requirements) under the assumption that there would be sufficient time for Guard forces to obtain additional equipment prior to deployment. Moreover, as of July 2005, the Army National Guard had transferred more than 101,000 pieces of equipment from nondeploying units to support Guard units' deployments overseas. As we noted in our report last year on National Guard equipment readiness,⁸ National Guard Bureau officials estimated that the Guard's nondeployed units had only about 34 percent of their essential warfighting equipment as of July 2005

⁸ 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).

and had exhausted inventories of 220 critical items. Although the Army says it plans to invest \$21 billion into equipping and modernizing the Guard through 2011, Guard units will start their modular conversions with less and much older equipment than most active units. This will add to the challenge the Army faces in achieving its plans and timelines for equipping Guard units at comparable levels to active units and fully meeting the equipping needs across both components. Moreover, the Army National Guard believes that even after the Army's planned investment, the Army National Guard will have to accept risk in certain equipment, such as tactical wheeled vehicles, aircraft, and force protection equipment.

To Mitigate Equipment Shortages, Army Plans to Rotate Equipment among Units Based on Their Movement through Training, Readiness, and Deployment Cycles

Because the Army realized that it would not have enough equipment in the near term to simultaneously equip modular combat brigades at 100 percent of their requirements, the Army is developing a new equipping strategy as part of its force rotation model; however, it has not yet determined equipping requirements for this new strategy. Under the force rotation model, the Army would provide increasing amounts of equipment to units as they move through training phases and near readiness for potential deployment so they would be ready to respond quickly if needed with fully equipped forces. The Army believes that over time, equipping units in a rotational manner will enable it to better allocate available equipment and help manage risk associated with specific equipment shortages.

Under this strategy, brigades will have three types of equipment sets—a baseline set, a training set, and a deployment set. The baseline set would vary by unit type and assigned mission and the equipment it includes could be significantly reduced from the amount called for in the modular brigade design. Training sets would include more of the equipment units will need to be ready for deployment, but units would share the equipment that would be located at training sites throughout the country. The deployment set would include all equipment needed for deployment, including theater-specific equipment, high-priority items provided through operational needs statements, and equipment from Army prepositioned stock. With this cyclical equipping approach, the Army believes it can have from 12 to 16 active combat brigades and from 3 to 4 Army National Guard combat brigades equipped and mission ready at any given time.

However, the Army has not yet determined equipping requirements for units as they progress through the rotational cycles. While the Army has developed a general proposal to equip both active and Army National Guard units according to the readiness requirements of each phase of the rotational force model, it has not yet detailed the types and quantities of

items required in each phase. We noted in our October 2005 report on Army National Guard equipment readiness⁹ that at the time of the report, the Army was still developing the proposals for what would be included in the three equipment sets and planned to publish the final requirements in December 2005. However, as of March 2006 the Army had not decided on specific equipping plans for units in the various phases of its force rotation model.

Because the Army is early in the development of its rotational equipping strategy and has not yet defined specific equipping plans for units as they progress through rotational cycles, the levels of equipment the deploying and nondeploying units would receive are currently not clear. Therefore, it is difficult to assess the risk associated with decreasing nondeploying units' readiness to perform other missions or the ability of units in the earlier stages of the rotational cycle to respond to an unforeseen crisis if required.

The Army Faces Challenges in Managing Personnel Requirements for Its New Modular Force Structure

The Army has made some progress meeting modular personnel requirements in the active component by shifting positions from its noncombat force to its operational combat force but faces significant challenges reducing its overall end strength while increasing the size of its modular combat force. The Army plans to reduce its current end strength of 512,400, based upon a temporary authorized increase,¹⁰ to 482,400 soldiers by 2011 in order to help fund the Army's priority acquisition programs. Simultaneously, the Army plans to increase the number of soldiers in its combat force from approximately 315,000 to 355,000 in order to meet the increased personnel requirements of its new larger modular force structure. The Army plans to utilize several initiatives to reduce and realign the Army with the aim of meeting these planned manpower levels.

For example, the Army has experienced some success in converting nonoperational military positions into civilian positions, thereby freeing up soldiers to fill modular combat brigades' requirements. During fiscal year

⁹ GAO-06-111.

¹⁰ The National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163, § 401 (Jan. 6, 2006), sets the end strength level for the Army at 512,400 but stipulates costs of active duty personnel of the Army for that fiscal year in excess of 482,400 shall be paid out of funds authorized to be appropriated for that fiscal year for a contingent emergency reserve fund or as an emergency supplemental appropriation.

2005, the Army converted approximately 8,000 military positions to civilian-staffed positions within the Army's institutional force. However, officials believe additional conversions will be more challenging to achieve. In addition to its success with the military-to-civilian conversions, the Army has been given statutory authority to reduce active personnel support to the National Guard and Reserves by 1,500.¹¹ However, the Army must still eliminate additional positions, utilizing these and other initiatives, so it can reduce its overall end strength while filling requirements for modular units.

While the Army is attempting to reduce end strength and realign positions to the combat force via several initiatives, it may have difficulty meeting its expectations for some initiatives. For example, the Army expected that the Base Realignment and Closure (BRAC) decisions of 2005 could free up approximately 2,000 to 3,000 positions in the institutional Army, but the Army is revisiting this assumption based upon updated manpower levels at the commands and installations approved for closure and consolidation. Army officials believe they will be able to realign some positions from BRAC, but it is not clear whether the reductions will free up 2,000 to 3,000 military personnel. In the same vein, Army officials expected to see reductions of several hundred base support staff resulting from restationing forces currently overseas back to garrisons within the United States. However, Army officials are still attempting to determine if the actual savings will meet the original assumptions.

In addition, the Army's new modular force structure increases requirements for military intelligence specialists, but according to Army officials the Army will not be able to fully meet these requirements. The modular force requires the Army to adjust the skill mix of its operational force by adding 8,400 active component intelligence specialist positions to support its information superiority capability—considered a key enabler of modular force capabilities. However, the Army plans to fill only about 57 percent of these positions by 2013 in part because of efforts to reduce overall end strength. According to Army officials, despite these shortfalls, intelligence capability has improved over that of the previous force; however, shortfalls in filling intelligence requirements have stressed intelligence specialists with a high tempo of deployments. However, since

¹¹ The Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 515 (Oct. 28, 2004) reduces the minimum number of active component advisors required to be assigned to units of the selected reserve from 5,000 to 3,500.

intelligence was considered a key enabler of the modular design—a component of the new design’s improved situational awareness—it is unclear how this shortage in planned intelligence capacity will affect the overall capability of modular combat brigades.

If the Army is unable to transfer enough active personnel to its combat forces while simultaneously reducing its overall end strength, it will be faced with a difficult choice. The Army could accept increased risk to its operational units or nonoperational units that provide critical support, such as training. Alternatively, the Army could ask DOD to seek an end strength increase and identify funds to pay for additional personnel. However, DOD is seeking to reduce end strength in all the services to limit its personnel costs and provide funds for other priorities.

The Army Has Objectives and Time Frames for Modularity but Lacks Performance Metrics to Measure Progress

The Army lacks a comprehensive and transparent approach to effectively measure its progress against stated modularity objectives, assess the need for further changes to its modular unit designs, and monitor implementation plans.

Army Lacks Performance Metrics to Measure the Results of Modularity

GAO and DOD, among others, have identified the importance of establishing objectives that can be translated into measurable, results-oriented metrics, which in turn provide accountability for results. In a 2003 report we found that the adoption of a results-oriented framework that clearly establishes performance goals and measures progress toward those goals was a key practice for implementing a successful transformation.¹² DOD has also recognized the need to develop or refine metrics so it can measure efforts to implement the defense strategy and provide useful information to senior leadership.

The Army considers the Army Campaign Plan to be a key document guiding the modular restructuring. The plan provides broad guidelines for

¹² GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

modularity and other program tasks across the entire Army. However, modularity-related metrics within the plan are limited to a schedule for creating modular units and an associated metric of achieving unit readiness goals for equipment training and personnel by certain dates after unit creation. Moreover, a 2005 assessment by the Office of Management and Budget identified the total number of brigades created as the only metric the Army has developed for measuring the success of its modularity initiative. Another key planning document, the 2005 Army Strategic Planning Guidance, identified several major expected advantages of modularity, including an increase in the combat power of the active component force by at least 30 percent, an increase in the rotational pool of ready units by at least 50 percent, the creation of a deployable joint-capable headquarters, a force design upon which the future network-centric developments can be readily applied, and reduced stress on the force through a more predictable deployment cycle. However, these goals have not translated into outcome-related metrics that are reported to provide decision makers a clear status of the modular restructuring as a whole. Army officials stated that unit creation schedules and readiness levels are the best available metrics for assessing modularity progress because modularity is a reorganization encompassing hundreds of individual procurement programs that would be difficult to collectively assess in a modularity context.

While we recognize the complexity of the modular restructuring, we also note that without clear definitions of metrics, and periodic communication of performance against these metrics, the Secretary of Defense and Congress will have difficulty assessing the impact of refinements and enhancements to the modular design, such as changes in the number of modular combat and support brigades reported in the QDR and any changes in resource requirements that may occur as a result of these changes.

Army Lacks a Long-term Plan for Comprehensively Evaluating Modular Designs

In fiscal year 2004, TRADOC's Analysis Center concluded that the modular brigade combat team designs would be more capable than division-based units based on an integrated and iterative analysis employing computer-assisted exercises, subject matter experts, and senior observers. This analysis culminated in the approval of modular brigade-based designs for the Army. The assessment employed performance metrics such as mission accomplishment, units' organic lethality, and survivability, and compared the performance of variations on modular unit designs against the existing division-based designs. The report emphasized that the Chief of Staff of the Army had asked for "good enough" prototype designs that could be

quickly implemented, and the modular organizations assessed were not the end of the development effort.

Since these initial design assessments, the Army has been assessing implementation and making further adjustments in designs and implementation plans through a number of venues, to include

- unit readiness reporting on personnel, equipment, and training;
- modular force coordination cells to assist units in the conversion process;
- modular force observation teams to collect lessons during training; and
- collection and analysis teams to assess units' effectiveness during deployment.

TRADOC has approved some design change recommendations and has not approved others. For example, TRADOC analyzed a Department of the Army proposal to reduce the number of Long-Range Advanced Scout Surveillance Systems, but recommended retaining the higher number in the existing design in part because of decreases in units' assessed lethality and survivability with the reduced number of surveillance systems.

Army officials maintain that ongoing assessments provide sufficient validation that the modularity concept works in practice. However, these assessments do not provide a comprehensive evaluation of the modular design as a whole. Further, the Army does not plan to conduct a similar overarching analysis to assess the modular force capabilities to perform operations across the full spectrum of potential conflict. In November 2005, we reported that methodically testing, exercising, and evaluating new doctrines and concepts is an important and established practice throughout the military, and that particularly large and complex issues may require long-term testing and evaluation that is guided by study plans.¹³ We believe the evolving nature of the design highlights the importance of planning for broad-based evaluations of the modular force to ensure the Army is achieving the capabilities it intended, and to provide an opportunity to make course corrections if needed. For example, one controversial element of the design was the decision to include two maneuver battalions instead of three in the brigade combat teams.¹⁴

¹³ GAO, *Military Readiness: Navy's Fleet Response Plan Would Benefit from a Comprehensive Management Approach and Rigorous Testing*, GAO-06-84 (Washington, D.C.: Nov. 22, 2005).

¹⁴ Brigades are made up of battalions; battalions made up of companies.

TRADOC's 2004 analysis noted that the brigade designs with the two maneuver battalion organization had reduced versatility compared to the three maneuver battalion design, and cited this as one of the most significant areas of risk in the modular combat brigade design. Some defense experts, to include a current division commander and several retired Army generals, have expressed concerns about this aspect of the modular design. In addition, some of these experts have expressed concerns about whether the current designs have been sufficiently tested and whether they provide the best mix of capabilities to conduct full-spectrum operations. In addition, the Army has recently completed designs for support units and headquarters units. Once the Army gets more operational experience with the new modular units, it may find it needs to make further adjustments to its designs. Without another broad-based evaluation, the Secretary of Defense and congressional leadership will lack visibility into the capabilities of the brigade combat teams as they are being organized, staffed, and equipped.

Concluding Remarks

The fast pace, broad scope, and cost of the Army's restructuring to a modular force present considerable challenges for the Army, particularly as it continues to be heavily involved in fighting the Global War on Terrorism. These factors pose challenges to Congress as well to provide adequate oversight of the progress being made on achieving modularity goals and of funds being appropriated for this purpose. In this challenging environment, it is important for the Army to clearly establish and communicate its funding priorities and equipment and personnel requirements and assess the risks associated with its plans. Moreover, it is important for the Army to clearly establish a comprehensive long-term approach for its modular restructuring that reports not only a schedule of creating modular units, but measures of its progress toward meeting its goal of creating a more rapidly deployable, joint, expeditionary force. Without such an approach, the Secretary of Defense and Congress will not have the information needed to weigh competing funding priorities and monitor the Army's progress in its over \$52 billion effort to transform its force.

Mr. Chairman and members of the subcommittee, this concludes my prepared remarks. I would be happy to answer any questions you may have.

Contacts and Acknowledgments

For future questions about this statement, please contact Janet St. Laurent at (202) 512-4402. Other individuals making key contributions to this statement include Gwendolyn Jaffe, Assistant Director; Margaret Best; Alissa Czyz; Christopher Forsys; Kevin Handley; Joah Iannotta; Harry Jobs; David Mayfield; Sharon Pickup; Jason Venner; and J. Andrew Walker.

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GAO-05-926



GAO

September 2005

FORCE STRUCTURE

Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force



G A O
Accountability • Integrity • Reliability

Highlights

Highlights of GAO-05-926, a report to congressional committees

Why GAO Did This Study

In 2004, the Army began transforming its force into modular brigade-based units, thus expanding the number of units available for deployment and creating new command and support units. The Army is transforming while engaged in the Global War on Terrorism and developing other high-cost capabilities. This prompted congressional concern about the affordability of Army plans. Thus, under the Comptroller General's statutory authority, GAO examined the Army's restructuring. This report addresses (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.

What GAO Recommends

GAO recommends that the Secretary of Defense provide Congress an annual plan outlining the costs of Army modularity and develop an approach to track funds obligated for this effort. The Department of Defense (DOD) agreed on the need to provide Congress better information on Army modularity, but stated it does not plan to establish an approach for tracking costs. GAO reiterates the need for the Secretary to provide a plan for overseeing expenditures for Army modularity in a matter for congressional consideration.

www.gao.gov/cgi-bin/getrpt?GAO-05-926.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sharon Pickup at (202) 512-9619 or pickups@gao.gov.

FORCE STRUCTURE

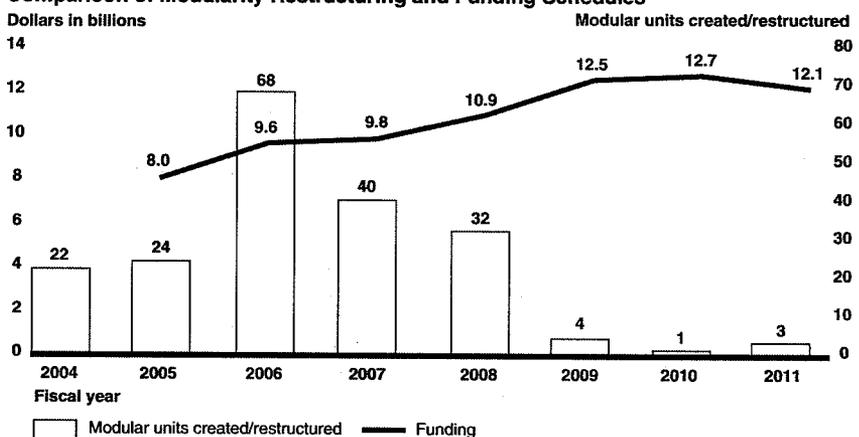
Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force

What GAO Found

The Army's cost estimates for its modular force are evolving and have increased substantially, and uncertainty exists that will likely increase costs further. In March 2005, the Army estimated it will need \$48 billion to fund modularity through 2011, a 71 percent increase from its 2004 estimate of \$28 billion. However, this latest estimate does not include \$27.5 billion in personnel and construction costs the Army and GAO identified, bringing potential known costs to \$75.5 billion. Uncertainties remain in this estimate related to force design, equipment, facilities, and personnel, which could increase costs or require the Army to reduce capabilities. Until the Army provides a more reliable estimate of its modularity costs, DOD and Congress will not be well positioned to weigh competing requests for funding.

The Army's funding plan, which it uses as the basis for developing funding requests, relies on annual and supplemental appropriations and may present future affordability challenges. Uncertainty in cost estimates noted above, reliance on business engineering efficiencies that historically have been difficult for DOD to achieve, and likely cost growth from another high-cost program—Future Combat Systems—collectively pose the risk of making this plan unaffordable. Also, as shown below, the Army will be creating most of the modular units before it has the funding to support them.

Comparison of Modularity Restructuring and Funding Schedules



Source: GAO analysis of Army funding data and unit creation schedules.

Note: The Army plan did not include funding data for fiscal year 2004.

While the Army can generally identify overall equipment purchases, it lacks an approach for tracking most modularity obligations and thus cannot provide a reliable picture of past spending or future funding needs. Army officials said they had not established a framework to track personnel and equipment obligations in part due to the difficulty of defining whether such expenses were incurred specifically for modularity or to support the force in general. However, we note the Army has made such distinctions in its past funding requests, including identifying specific amounts needed for equipment, and will require such data to develop and justify future requests.

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Abbreviations

BRAC	Base realignment and closure
CBO	Congressional Budget Office
DOD	Department of Defense
FCS	Future Combat Systems
FYDP	Future Years Defense Program

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United States Government Accountability Office
Washington, DC 20548

September 29, 2005

Congressional Committees

The Army considers its transformation into a modular force to be the most extensive reorganization of its force since World War II, requiring large investments in personnel and equipment to restructure a force now organized in divisions to a modular brigade-based force. By the end of fiscal year 2006, the Army plans to reorganize its 10 active duty divisions, expanding from 33 brigades to 43 modular brigade combat teams, and by fiscal year 2010, create new types of command and support units. At the same time, the Army is fighting the Global War on Terrorism and developing other new capabilities such as the Future Combat Systems (FCS).¹ As the Department of Defense (DOD) requests funds to support these Army initiatives, it is incumbent on DOD to provide the best available data to justify its resource needs.

Because of the magnitude of the Army's transformation plans and growing congressional concerns about their affordability, we are examining both the force structure and cost implications of the Army's transformation into a modular force under the Comptroller General's statutory authority. We presented our preliminary observations on the Army's plan in a March 2005 hearing before the Subcommittee on Tactical Air and Land Forces, House Committee on Armed Services.² This report focuses on the cost of the modular force, with an emphasis on assumptions related to the active component because these plans were the most mature at the time of our review. Because of your oversight responsibilities, we are sending this report to you. Specifically, we (1) determined the extent of change in the Army's cost estimate for transforming to a modular force and the potential areas of uncertainty that could affect those costs, (2) examined the Army's plan for funding these costs and factors that may affect its ability to afford modularity, and (3) determined whether the Army has an adequate approach to track modularity obligations. We will be providing a separate

¹ FCS is a program that consists of a family of systems composed of advanced network combat and sustainment systems, unmanned ground and air vehicles, and unattended sensors and munitions.

² GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005).

report on force structure implications of the modular transformation at a later date.

Overall, our assessment of the cost estimate, funding plan, and the approach for tracking obligations associated with the modular force transformation focused on the assumptions underlying cost projections for equipment, personnel, and facilities as they related to the modular force proposed by the Army. We examined the processes for developing them and assessed the estimates against analyses from officials knowledgeable about each of the cost categories. We found this information sufficiently reliable for analyzing the assumptions underlying costs of the modular force and funding plans. Specifically, to assess change and uncertainty in the cost estimate, we compared the Army's original rough order of magnitude estimate with updated estimates and discussed reasons for the changes with Army budget and programming officials. We also discussed areas of uncertainties with Army officials responsible for equipment procurement, personnel, and facilities, including both headquarters and command officials. To assess the affordability of the funding plan, we examined the plan in light of our ongoing and previously issued reviews examining Army assumptions about other high-cost programs and projected efficiencies expected in the Army's budget. To assess the Army's approach for tracking modular force costs, we discussed processes used to track these funds at the command and headquarters levels, and discussed the Army's existing processes for tracking costs in general with headquarters officials. We conducted our review from May 2004 through June 2005 in accordance with generally accepted government auditing standards. Further information on our scope and methodology and data reliability assessment appears in appendix I.

Results in Brief

The Army's cost estimates for transforming to a modular force are evolving and have increased substantially, and uncertainty exists that will likely increase costs. As of March 2005, the Army estimated that it will need \$48 billion to fund modular forces—which represents a 71 percent increase from its 2004 estimate of \$28 billion.³ However, this most recent estimate does not include \$27.5 billion in personnel and construction costs the Army and GAO have identified, bringing the potential known costs to

³ Unless otherwise noted, costs presented in this report are in then-year dollars.

\$75.5 billion.⁴ Uncertainties remain in assumptions about force structure design, equipment requirements and shortfalls, personnel costs, and basing, which could increase costs even more. For example, if the Secretary of Defense decides to further increase the number of brigade combat teams—a decision to be made in fiscal year 2006—increases in equipment, facilities, and personnel costs may occur. In addition, the amount for equipment costs included in the Army's estimate is likely understated because it does not entirely reflect the cost of purchasing all the equipment needed to bring the currently planned units to the modular design—and therefore to the level of capability—that the Army validated in testing. Also, Army officials are uncertain whether the current end strength authorization is enough to support the modular conversion, putting personnel costs at risk of increasing if additional end strength is needed. Finally, the costs of constructing permanent facilities are uncertain because they have not incorporated recent proposals for base realignment and closure and restationing of personnel from overseas. If costs grow due to these uncertainties, the Army may require additional funding beyond \$75.5 billion or need to accept reduced capabilities among some or all of its units. Until the Army provides a better understanding of costs associated with the modular force and a clearer picture of the impact of resource decisions on the modular force capability, DOD will not be well positioned to weigh competing priorities and make informed decisions nor will Congress or the Secretary of Defense have the information they need to evaluate funding requests.

The Army's 2005 through 2011 funding plan for its modular force, which relies on a combination of supplemental and regular appropriations and efficiencies, contains various risks that may pose difficult affordability challenges in the future. In sum, the Army anticipates it will fund the \$75.5 billion cost for modularity with \$10 billion in supplemental appropriations, \$42.5 billion in regular appropriations (including \$4.5 billion achieved through efficiencies), and a GAO-estimated \$23 billion in either supplemental or regular appropriations to pay for personnel expenses. According to Army officials, the Army plans to use this strategy to meet its aggressive schedule for completing its modular conversion and to avoid canceling or restructuring other programs. It also intends to use its funding plan as the basis for developing requests for regular appropriations and supplemental appropriations funds. Several risk factors may impede the Army's ability to adhere to its plan. First, the Army

⁴ In constant fiscal year 2006 dollars, this totals \$71.6 billion.

will be creating units before funding is available to restructure them. Its schedule for creating and transforming modular units shows that by 2008, 96 percent of the 194 active and reserve units will be created by the time the Army has a little over half of its anticipated funding. Further, uncertainties in the cost estimate for the modular force noted above may increase the costs of the conversion. The funding plan also relies on the Army to produce \$4.5 billion from business process reengineering efficiencies in order to fund new construction for the modular force. However, the Army's ability to achieve these savings is uncertain because DOD historically has had difficulty achieving these efficiencies. Finally, although the bulk of funding for the Army's FCS—a high-cost, high-priority Army program—occurs outside modular transformation time frames, we have reported that the program is at significant risk for not delivering required capability within budgeted resources, and that because of the size of FCS, cost growth could have dire consequences on the affordability of other Army programs. Collectively, the risks associated with uncertainties in cost estimates; the Army's ability to find efficiencies; and implementing two high-cost, high-priority programs could pose challenges for DOD and the Army in the future.

While Army officials stated they can generally identify overall equipment purchases, the Army lacks an approach for tracking and categorizing most obligations related to modularity and thus cannot provide decision makers a transparent, reliable picture of past spending or future budget requirements for the modular force. Federal internal control standards state that agencies should provide reasonable assurance that an agency's objectives are being achieved through, among other things, reliable reports on budget execution.⁵ While the Army reported obligations of \$133 million for its operation and maintenance expenses in fiscal year 2004 for the modular force transformation, Army officials told us that additional funds were obligated for personnel and equipment, but they could not specify the amounts. Initial Army estimates indicated that these costs could have been as high as \$496 million. Army officials told us that they had not established a framework to track these modularity expenditures in part because of the difficulty in distinguishing whether such expenses were incurred specifically for the modular force transformation or to support the force in general. We note, however, that the Army has made such distinctions in its past funding requests for the modular force by

⁵ GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

requesting specific amounts of funds for equipment. For example, in documentation supporting the fiscal year 2005 supplemental appropriation request, the Army stated that it required \$4.6 billion for modularity largely to fund equipment, vehicles, and facilities, and \$3.1 billion to repair tanks and handle other battle losses. Moreover, without centrally tracking and reporting on equipment and personnel expenditures specifically related to its modular transformation, the Army cannot determine if the funding it planned and programmed for this purpose is being spent to meet the requirements for modularity. In addition, Congress cannot be certain that the funds it has authorized for fulfilling the Army's modular conversion requirements were spent for that purpose and that future funding requests for the modular force are justified in light of those expenditures.

We made recommendations to DOD to improve information available to decision makers on the cost of the Army's plans and related expenditures. In comments on a draft of this report, DOD strongly disagreed with our findings related to the cost estimate for the modular force and the uncertainties we cited. DOD stated that its cost estimate was solid and that any uncertainties would not substantially change the estimate. For the reasons stated above and as discussed in the section summarizing these comments, we do not believe the department is in a position to state that the estimate is solid. Further, while DOD agreed on the need for improved reporting on modularity plans, it did not agree to establish an approach for tracking modularity costs as we recommend. Given the magnitude and significant cost of the effort, and the fact that DOD has requested funds from Congress specifically for modularity, we continue to believe oversight of expenditures is needed. Therefore, we have included a matter for congressional consideration. Specifically, Congress should consider requiring the Secretary of Defense to provide a plan for overseeing spending of funds provided for modularity.

Background

The Army's modular force transformation, which has been referred to as the largest Army reorganization in 50 years, encompasses the Army's total force—active Army, Army National Guard, and U.S. Army Reserve—and directly affects not only the Army's combat units, but related support and command and control. Restructuring these units is a major undertaking because it requires more than just the movement of personnel or equipment from one unit to another. The Army's new units are designed, equipped, and staffed differently than the units they replace, therefore successful implementation of this initiative will require 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.

The foundation of the modular force is the creation of brigade combat teams—brigade-size units that will have a common organizational design and will increase the pool of available units for deployment. The Army believes a brigade-based force will make it more agile and deployable and better able to meet combatant commander requirements. Not only does the Army expect to produce more combat brigades after its restructuring, it believes the brigades will be capable of independent action by the introduction of key enablers, such as enhanced military intelligence capability and communications, and by embedding various combat support units in the brigade itself instead of at a higher echelon of command. The Army's objective is for each new modularized brigade combat team, which will include about 3,000 to 4,000 personnel, to have at least the same combat capability as a brigade under the current division-based force, which ranged from 3,000 to 5,000 personnel.⁶ Since there will be more combat brigades in the force, the Army believes its overall combat capability will be increased as a result of the restructuring, providing added value to combatant commanders.

Although somewhat smaller in size, the new modular brigades are expected to be as capable as the Army's existing brigades because they will have different equipment, such as advanced communications and surveillance equipment, and a different mix of personnel and support assets. The Army's organizational designs for the brigade combat teams have been tested by its Training and Doctrine Command's Analysis Center at Fort Leavenworth against a variety of scenarios, and the Army has found the new designs to be as effective as the existing brigades in modeling and simulation.

By 2011, the Army plans to have reconfigured its total force—to include active and reserve components, and headquarters, combat, and support units—into the modular design. The plan includes expanding the existing 33 brigades in the active component division structure into 43 modular, standardized brigade combat teams by fiscal year 2006. Table 1 shows the Army's schedule for transforming to the modular design.

⁶ The Army's plan calls for three variants of the modularized brigade combat team. The infantry variant will have about 3,300 personnel, the armored variant 3,700 personnel, and the Stryker variant 4,000 personnel.

Table 1: Army Schedule for Transforming to the Modular Design

	2004	2005	2006	2007	2008	2009	2010	2011	Total
Active maneuver brigade combat teams added	3	3	4	0	0	0	0	0	10
Active maneuver brigade combat teams reconfigured	10	5	11	7	0	0	0	0	33
Active headquarters units	3	3	4	4	1	2	1	0	18
Active support units	6	4	11	12	4	2	0	0	39
Total active units	22	15	30	23	5	4	1	0	100
Army National Guard units	0	9	34	13	23	0	0	3	82
U.S. Army Reserve units	0	0	4	4	4	0	0	0	12
Total Army units	22	24	68	40	32	4	1	3	194

Source: GAO analysis of Army data.

Supporting DOD's goals for transformation while undertaking current operations is a complex undertaking. In addition to the sheer magnitude of force structure changes the Army is implementing, the Army's transformation to a modular force is occurring as the Army is rotating over 160,000 troops annually into combat theaters to fight the Global War on Terrorism. As an indication of the progress already made, the Army reports it has built 5 new brigade combat teams, converted 16 brigade combat teams, and created 16 modular support brigades. In addition, the Army reports it has made "rebalancing" decisions affecting over 100,000 military positions in order to make the best use of its available personnel. This involves creating more units of the types needed most and eliminating from the force units of lesser priority.

Legislation has increased the Army's end strength in part to support the modular reorganization. In the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, the Army was authorized an end strength of 502,400 soldiers—a 20,000 soldier increase of the fiscal year 2004 end strength of 482,400.⁷ The 2005 act also authorized the Secretary

⁷ Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375 § 401 (2004).

of Defense to increase the Army's end strength as high as 512,400 during fiscal years 2005 through 2009 to support the operational mission of the Army in Iraq and Afghanistan and to achieve transformational reorganization objectives of the Army.⁸

Modular Transformation Cost Estimate Has Increased, and Uncertainties Surrounding Pending Decisions May Increase Costs Further

Since the summer of 2004, the Army's cost estimate for transforming its force through fiscal year 2011 increased from \$28 billion to \$48 billion in its spring 2005 estimate. While this latest estimate addressed some of the shortcomings of the initial estimate, and includes lessons learned developed from operations in Iraq, this estimate excludes some known costs and includes uncertainties that may increase the cost estimate further. The Army did not include personnel costs, which we estimate to total \$23 billion over the same time frame, and also did not include \$4.5 billion in construction costs the Army plans to achieve through efficiencies. When added to the most recent estimate, the total known costs increase from \$48 billion to \$75.5 billion.⁹ Uncertainties in the estimate could cause costs to increase higher. Pending decisions about the number and design of modular units, and uncertainties surrounding equipment, personnel, and facilities costs, may require the Army to request additional funding beyond \$75.5 billion or accept reduced capabilities among some or all of its units. Without a clearer picture of the Army's resource requirements, DOD will have difficulty weighing competing funding priorities, and the Secretary of Defense and Congress will not have information they need to evaluate funding requests.

Cost Estimate for the Modular Force Has Increased

The Army's current cost estimate for the modular force transformation is \$48 billion, a 71 percent increase from its initial rough order of magnitude estimate of \$28 billion made in the summer of 2004.¹⁰ There were several weaknesses in the initial \$28 billion estimate. Because the modular force designs had not been finalized, earlier estimates reflected costs based mainly on the existing division-based design. Further, in constructing the active component portion of the estimate the Army (1) assumed the costs

⁸ Ibid, § 403.

⁹ In constant fiscal year 2006 dollars, this totals \$71.6 billion.

¹⁰ The initial estimate for the active component transformation, which accounted for \$20.1 billion of the initial \$28 billion, was presented to the President and Secretary of Defense in a January 2004 briefing on the modular force transformation. In later briefings the Army added \$7.9 billion to cover the costs of transforming the reserve component.

of adding 15 light infantry, division-based brigades but did not include costs of restructuring the existing combat brigades in the force structure; (2) did not include restructuring of command and support units; and (3) made no allowances for permanent construction to house and support these units, funding instead temporary facilities reflecting the Army's assumption that end strength increases would be temporary as well.

In March 2005, the Army increased its estimate for transforming to a modular force to \$48 billion from fiscal year 2005 through 2011.¹¹ According to Army officials, this most recent estimate addressed shortcomings of the initial estimate in that it included funding to (1) both create new units and restructure existing ones, (2) build permanent facilities to house and sustain the new force structure, and (3) used the modular design where available as the basis for estimating costs. Moreover, officials told us that the modular design had been updated to reflect lessons learned about equipping and employing the force from ongoing operations in Iraq.

This estimate, however, did not include personnel costs and some construction costs. The Army reported that increases in end strength above the appropriated end strength of 482,400 soldiers were assumed to cost \$3 billion per year, but were not tallied as part of the estimate. According to Army officials, these personnel costs were excluded because officials from the Office of Management and Budget and in the Office of the Secretary of Defense provided guidance that modular transformation was largely equipment related, and thus the Army should not include such costs. Further, Army officials cited the difficulty in segregating end strength cost increases due to modularity versus those due to ongoing operations. For example, units preparing for deployment to Operation Iraqi Freedom are being reorganized into a modular organization prior to deployment. While we acknowledge that it may be difficult to clearly state whether end strength increases associated with a deploying unit were due to modular transformation or operational requirements, we believe including these costs in their entirety is appropriate because (1) the Army has stated it requires an increase in end strength to accommodate the modular force, (2) it assumes that its tempo of operations will continue at the same pace through 2011, and (3) excluding personnel costs would

¹¹ Army officials told us they excluded fiscal year 2004 costs from the estimate because the Army wanted to present future requirements, as opposed to past expenditures, and that the inclusion of the fiscal year 2004 modular force costs would add a relatively minor increase to the overall costs.

significantly understate the cost of the modular force. The Army's \$3 billion estimate multiplied over the 7-year period from 2005 through 2011 and including estimates for inflation totals \$23 billion, based on GAO's calculations. In addition to these personnel costs, the Army did not include an additional \$4.5 billion in efficiencies it planned to apply to construction costs related to the modular force. This assumption is discussed in more detail in the next section. Adding these known costs for construction and personnel to the Army's official estimate brings the total potential known costs to \$75.5 billion.

According to Army data and our projection of personnel costs, equipment accounts for 54 percent of the costs, personnel for 30 percent, military construction and facilities for 8 percent, and sustainment and training for 8 percent as well. These figures along with the annual totals are presented in table 2.

Table 2: Modular Force Cost Estimates for the Entire Army by Function

Dollars in billions									
	2005	2006	2007	2008	2009	2010	2011	Total	Percent of total
Equipping	4.7	5.8	5.4	5.9	6.5	6.7	6.0	\$41.0	54
Personnel	3.0	3.1	3.2	3.3	3.4	3.5	3.6	\$23.0	30
Military construction/facilities	0.3	0.0	0.5	0.5	1.5	1.5	1.5	\$5.8	8
Sustainment and training	0.0	0.7	0.7	1.2	1.1	1.0	1.0	\$5.7	8
Total	\$8.0	\$9.6	\$9.8	\$10.9	\$12.5	\$12.7	\$12.1	\$75.5	100

Sources: GAO analysis of Army cost estimates for equipping military construction and facilities, and sustainment and training costs; GAO projection of Army personnel cost data.

Uncertainty Surrounding Assumptions Could Result in Further Cost Increase

While the Army's latest cost estimate addressed several of the shortfalls in its initial rough order of magnitude estimate, uncertainties in its latest estimate are likely to cause costs to increase. We identified the following factors that could affect equipment, personnel, and facilities costs.

Future Decisions on Design of Combat, Support, and Command Units Could Affect Costs

The Army's Campaign Plan calls for a decision by fiscal year 2006 on whether to create five additional modular brigade combat teams—a decision that could affect the size and composition of the modular force as well as its cost. Adding five brigades would provide additional capability to execute the defense strategy but would require additional restructuring of people and equipment. If the Secretary of Defense decides to add five

brigade combat teams to the current plan, the cost for modularity will increase significantly. For example, each modular brigade combat team under the current design would require 3,300 to 3,700 soldiers, for a potential total of up to 18,500 soldiers. It is not clear whether the Army would have to add this entire amount to its end strength, however. The Army has begun initiatives to rebalance the force by converting military positions to civilian positions, thus allowing soldiers currently in the institutional force to be moved to the operational force, and by rebalancing the active and reserve components in the force. To the extent the Army is successful in reallocating positions under these initiatives, it may be able to offset some of these requirements of the additional brigades. In addition to personnel requirements, adding these brigades to the force structure would add costs for equipment, facilities, and training.

At the time the cost estimates were set, the Army had not finished the designs for all support units and command and control echelons. Refinement of these designs could increase costs if, as the Army fields these designs, it finds that additional personnel and equipment are needed to ensure sufficient capabilities. Some Army officials we spoke with have already expressed concern that command echelon designs do not have sufficient staff to manage all required tasks. For example, at one division we visited, officials thought that the command design was short staffed given their expanded set of responsibilities. As a result, command staff would have to prioritize the management of daily tasks and activities such as trend analysis, statistical tracking, and oversight, while leveraging of historical data to produce lessons learned and program improvement would have to be performed by contractors or other civilian staff. In both cases, if the Army finds that staffing levels in current command designs are not sufficient, it will have to choose between decreased capabilities or increased personnel expenses stemming from higher end strength requirements or hiring civilians or contractors to perform some of these functions.

Equipping Brigade Combat Teams Poses Cost Uncertainties

Equipping brigade combat teams poses cost uncertainties because the Army did not use the equipment quantities in the tested design as the basis for determining equipment costs. Instead, the amount estimated for equipment reflects costs based upon a lesser modified amount of equipment that does not necessarily meet the capabilities of the tested design. The Army determined it could expect to provide this modified equipment level to units undergoing conversion based on the limitations of its current inventory of equipment, planned procurement pipelines, and expected funding.

Further, in estimating its equipment costs for the modular force, the Army assumed that some equipment from ongoing operations would remain in operational condition for redistribution to new and restructured modular units. To the extent equipment is not returned from operations at assumed levels, it is not clear whether costs of replenishing this equipment would be considered modularity costs or costs of ongoing operations. Currently, equipment is wearing out and being consumed at higher-than-expected rates due to significant usage in current operational commitments overseas. For example, a Congressional Budget Office (CBO) assessment indicates that trucks in Iraq and Afghanistan are being driven roughly 10 times more miles per year than the average over the past several years. An internal Army assessment also found that tactical vehicles in Iraq are being utilized 6 to 10 times the normal operating tempo, dramatically reducing expected service life and creating significant repair expenses. In addition, the Army's prepositioned stocks will have to be reconstituted due to their heavy use in Operation Iraqi Freedom. We recently reported that according to Army officials, the Army is nearing completion on a new strategy for its prepositioning programs.¹² They told us that prepositioning will continue to be important in the future and that the prepositioned sets would be converted to the modular configuration by 2012 or sooner. However, until the strategy is finalized, costs for converting this equipment remain unclear.

**Facilities Cost Estimates
Remain Uncertain**

Potential increases in the number of brigades and pending decisions related to base realignment and closure (BRAC) and restationing of forces from overseas present considerable uncertainty in facilities cost estimates. As previously noted, the current estimate does not include the cost of funding to cover five additional brigades that may be added if approved by the Secretary of Defense in fiscal year 2006. A decision to add these brigades would add significantly to the modular force facilities' funding requirements. Without knowing where these brigades would be stationed, it is difficult to evaluate funding requirements for facilities because each base will likely have a different inventory of facilities in place to house and support such units. However, according to Army facility planning estimates, each new brigade combat team would require approximately \$300 million dollars in permanent facilities if there are no existing facilities, such as barracks and vehicle maintenance facilities, at the proposed site. This planning estimate does not include facilities

¹² GAO, *Military Prepositioning: Better Management and Oversight Needed to Reduce Risk and Improve Future Programs*, GAO-05-427 (Washington, D.C.: July 2005).

requirements for higher headquarters and support units, which can be substantial. For example, at Fort Campbell, the facility requirements for support and headquarters units accounted for \$156 million, or 28 percent, of the \$553 million dollar permanent construction requirements for the installation. None of these costs have been incorporated into the current estimate.

The impact of decisions related to the BRAC process and DOD's overseas forces restationing strategy present further uncertainties in the Army's facility cost estimate. Although recent cost data on BRAC have been reported, the Army's current modularity facilities cost estimate predates the availability of the data and the Army has not updated its estimates accordingly. Both BRAC and the overseas restationing strategy have the potential to limit the Army's ability to construct new permanent facilities to support its modularity requirements. The BRAC commission's decision to close, realign, or reduce the size of military installations may constrain the construction funding available for the Army's modular forces, thereby serving to delay the Army's ability to construct sufficient permanent facilities for its modular force structure. The overseas restationing strategy aims to determine the optimum level of overseas stationing of U.S. military personnel and equipment in order to meet defense strategies. According to the Army, decisions related to the plan could return approximately 47,000 Army soldiers to the United States. This would greatly add to the requirements for facilities as entire units are relocated back to bases in the United States and soldiers from disestablished overseas units are transferred to fill the new modular units. The Army will face severe facilities shortages due to the increased populations within its continental U.S. installations resulting simultaneously from the BRAC decisions, overseas restationing strategy, and modular force restructuring. This increased demand for facilities may force the Army to make trade-offs in its permanent facility construction plans and may delay the construction of permanent facilities for its new modular and restructured units.

End Strength Requirements Are Uncertain and Could Increase Personnel Related Costs

Although the Army has estimated that it will require about \$3 billion per year for the 30,000 soldiers it has attributed to meeting the requirements of transforming to a modular force while conducting operations related to the Global War on Terrorism, uncertainty about the need for additional end strength could produce cost growth in personnel-related expenses. This uncertainty about the total end strength required for the modular force has been reflected in our discussions with Army officials, in recent deliberations by Congress, and in analyses by other research organizations.

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- Officials from the Deputy Chiefs of Staff for Personnel told us in April and June 2005 briefings that the current authorized end strength of 512,400 active duty soldiers may not be enough to meet modular force personnel requirements, especially during the transformation process. In these briefings, officials told us the Army would likely need 522,400 soldiers and possibly more to staff the modular force structure.
 - As a part of deliberations on the National Defense Authorization Act for Fiscal Year 2006, both houses of Congress have proposed increases in end strength in part to support the Army's restructuring. The pending House Defense Authorization Bill increases the Army's end strength to 512,400, with the option, as necessary, for the Secretary of Defense to increase the end strength as high as 532,400 for fiscal years 2007 through 2009.¹³ The Senate version of the bill authorizes increasing the size of the force to 522,400 in fiscal year 2006.¹⁴
 - Finally, an analysis by the CBO reported that the Army may need as much as 542,400.¹⁵ This end strength assumes that the Army will add the 5 brigades to make a 48-brigade force and that it will be unsuccessful in reassigning 30,000 soldiers from the institutional to the operational force as planned.

Increasing end strength has significant cost implications. Using the Army's suggested estimate of \$70,000 per additional soldier, increasing the end strength by 10,000 soldiers for a total of 522,400 from 2006 to 2011 would add \$4.7 billion to the \$23 billion cost estimate. However, this estimate is conservative, based primarily on personnel salaries but few other personnel-related expenses. The Army's current estimate of about \$3 billion per year for 30,000 soldiers—a more comprehensive estimate that includes expenses for institutional and unit training, relocation, base support, and other items—translates to about \$100,000 per soldier. Using this more inclusive per-soldier estimate, we estimate that it would cost an additional \$6.7 billion if the Army were required to increase its end strength to 522,400.

¹³ H.R. 1815, 109th Cong. §§ 401, 1521, and 1522 (2005).

¹⁴ S. 1402, 109th Cong. § 401 (2005).

¹⁵ Congressional Budget Office, *Options for Restructuring the Army* (Washington, D.C.: May 2005), www.cbo.gov (downloaded May 11, 2005).

In written comments on a draft of this report, DOD stated that the end strength increase was temporary and related solely to current operations. As discussed in the section of this report on agency comments and our evaluation, we disagree with DOD's comments on end strength. We note that the Army's own documents justified the end strength increase for the dual purpose of transforming and conducting operations. For example, the Army's approved 2005 Modernization Plan states that a 30,000 temporary increase in the Army's end strength enabled the beginning of the modular conversion of active component combat units. This view is consistent with Army briefings provided throughout our review that link the end strength increase with the Army's modularity initiative.

The Army's Funding Plan Poses Funding Risks That May Cause Affordability Challenges in the Future

The Army's funding plan for its modular force anticipates a combination of supplemental and annual appropriations, but risks borne of the fast pace of transformation, cost growth for the modular transformation, not achieving efficiencies as planned, and likely cost growth from FCS could pose affordability challenges in the future. The plan indicates that the transformation will be paid for with \$10 billion in supplemental appropriations in fiscal years 2005 and 2006, and a total of \$42.5 billion in its regular appropriations from 2005 through 2011. In addition, the Army anticipates receiving personnel funding to pay for increased end strength through either supplemental appropriations or an increase to the Army's base budget. As noted earlier, we project these costs to total \$23 billion, including inflation. Table 3 displays the annual totals for these funds.

Table 3: Modular Force Funding Plan

Dollars in billions								
	2005	2006	2007	2008	2009	2010	2011	Total
Supplemental appropriations	5.0	5.0						\$10.0
Regular appropriations		1.5	6.6	7.6	9.1	9.2	8.5	\$42.5
Supplemental or regular appropriations for increased end strength	3.0	3.1	3.2	3.3	3.4	3.5	3.6	\$23.0
Total	\$8.0	\$9.6	\$9.8	\$10.9	\$12.5	\$12.7	\$12.1	\$75.5

Sources: GAO analysis of Army funding plan; GAO projection of Army personnel cost data.

Note: Figures may not add due to rounding.

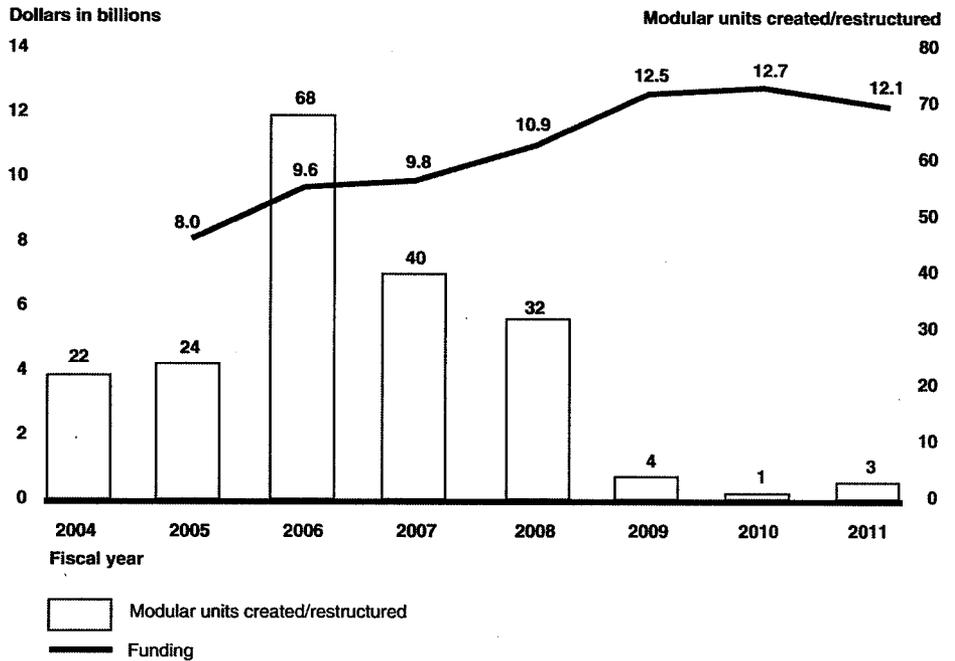
The Army intends to use this funding plan in developing funding requests for funds provided through both regular and supplemental appropriations.

We note that the total costs reflected in the Army's funding plan are not specifically identified in the Future Years Defense Program (FYDP)—DOD's centralized report for providing DOD and Congress data on current and planned resource allocations. According to Army officials, the fiscal year 2006 FYDP, which projects funding requests from fiscal years 2006 through 2011, included only \$42.5 billion of the \$67.5 billion the Army plans to request over those years. Of that, only \$25 billion was specifically designated in the FYDP for this purpose.¹⁶ The FYDP also included \$17.5 billion that the Army planned to use for modularity over that period according to Army officials, but these amounts were not specifically identified in the FYDP. Because the FYDP does not include anticipated requests for supplemental appropriations, the 2006 FYDP did not reflect either the \$5 billion the Army plans to request in fiscal year 2006 or the \$20 billion we project the Army will request from fiscal years 2006 through 2011 to support increases in end strength.

Notwithstanding the potential for increases in the cost of modular force transformation noted above, this funding plan poses several risks that may raise difficult affordability questions in the future. First, when compared to the Army's unit creation schedule, the plan indicates that the Army will be creating units before it has the funding available to resource them, as shown in figure 1.

¹⁶ This amount includes \$5 billion per year from 2007 through 2011 that the Secretary of Defense specifically allocated to the Army for modularity in guidance for preparing the fiscal year 2006 budget request.

Figure 1: Comparison of Army Modularity Restructuring and Funding Schedules



Source: GAO analysis of Army funding data and unit creation schedules.

Note: The Army plan did not include funding data for fiscal year 2004.

While the Army anticipates that 96 percent of its 194 active and reserve units will be created by 2008, it will have received only 51 percent of its anticipated funding required to restructure these units by that time. Army officials told us that while it was necessary to create these modular units to support ongoing operations, and that units deploying were being supplied with equipment required to execute ongoing operations, the Army could not afford to equip the modular units according to its planned equipping levels for the modular force at the time the units were created. Therefore, to avoid canceling or restructuring other programs, funding was flattened out over time to meet the constraints of the funds available. In written comments on a draft of this report, DOD acknowledged that some units will face equipment shortages in the early years of transformation but the Army will manage these shortfalls through preplanned processes and stringent management controls.

Also, the funding plan assumes that the Army will achieve a total of \$4.5 billion in business process reengineering efficiencies, and that the savings associated with these efficiencies will be available to fund the

modular force as part of the Army's regular appropriations. In December 2004 budget guidance from the Deputy Secretary of Defense, the Army was instructed to assume that \$1.5 billion in business process reform efficiencies would be available for the modular force in each of fiscal years 2009, 2010, and 2011. In written comments on a draft of this report, DOD stated that it had identified programmatic offsets for these efficiencies and intended to include them as part of its fiscal year 2007 President's budget request. However, Army officials told us that details of their plan were not yet finalized and available for review. As a result, we are unable to comment on the specific plan the Army has for achieving these efficiencies. However, we noted in our most recently issued High-Risk Series that for years we have reported on inefficiencies and the lack of transparency and appropriate accountability across DOD's major business areas.¹⁷ Further, despite commitment and attention from senior DOD leaders, we found little tangible evidence of actual improvement in DOD's business operations to date. Given this track record and the lack of data available for us to review, we are not confident that the Army can achieve these efficiencies as planned.

Finally, as we testified in March 2005, the Army's \$108 billion FCS program is at significant risk for not delivering required capability within budgeted resources.¹⁸ Although the bulk of the funding for this high-priority program is planned for after 2011 when the Army plans to have completed its modular transformation, \$23 billion is projected to be spent from fiscal years 2005 through 2011 on research and development costs. Given the scope of the program, our assessment that FCS is likely to encounter problems late in development when they are very costly to correct, and historical cost growth in weapons systems, we reported that cost growth associated with FCS could have dire consequences on the affordability of the Army's programs, especially in light of a constrained discretionary budget.

In comments to our report DOD stated that the FCS program is on track and stated that the Army uses a different standard for assessing technology maturity than GAO. Further, DOD stated that there is sufficient flexibility in its investment accounts that if financial risks arise, these risks can be addressed through extended planning period adjustments in future

¹⁷ GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: January 2005).

¹⁸ GAO, *Defense Acquisitions: Future Combat Systems Challenges and Prospects for Success*, GAO-05-428T (Washington, D.C.: Mar. 16, 2005).

programming cycles. The fact remains that the program's level of knowledge—a key indicator of budgetary risk—is far below that suggested by best practices or DOD policy: nearly 2 years after program launch and with \$4.6 billion invested, requirements were not firm and only 1 of over 50 technologies was mature as of our March 2005 testimony. Even using the Army's standard for assessing technology maturity, less than 40 percent of the FCS technologies would be mature. Further, we note that while extended planning periods may make the program more affordable in a given year, we have reported that such extensions are costly.¹⁹

Lack of an Approach to Track Funds Obligated for the Modular Force Limits the Transparency of Funds Used

While the Army can generally track funds associated with individual programs, it has not established an approach for tracking funds obligated for its modular force transformation. As a result, the Army, DOD, and Congress will have limited visibility over whether funds are being expended as intended to achieve transformation goals, and will not have key data available to determine whether course corrections in the program are needed. Standards for internal control in the federal government state that internal controls should provide reasonable assurance that the objectives of the agency are being achieved.²⁰ One of the categories of internal controls is reliability of financial reporting, including reports on budget execution.

The Army's inability to track obligations related to its modular transformation is most clearly illustrated by the lack of data from fiscal year 2004. In that year, the Army created or transformed a total of 22 units. However, the Army has been unable to determine how much money it obligated to do so. For example, officials from the Army Budget Office told us that they track obligations of the overall Army related to equipment and personnel, but cannot discern how much of the funds obligated were related to the modular force transformation versus other programs, such as repairing or replacing equipment from operations in Iraq and Afghanistan. In early cost projections, the Army had estimated that it would need \$400 million to procure equipment and \$96 million in personnel expenditures to support the modular transformation in fiscal year 2004. Although Army officials told us that the majority of equipment requirements were satisfied with equipment transfers from other units that

¹⁹ GAO, *Major Management Challenges and Program Risks: Department of Defense*, GAO-03-98 (Washington, D.C.: January 2003).

²⁰ GAO/AIMD-00-21.3.1.

were not scheduled to deploy to operations in the near future, they were not able to tell us how much of the \$400 million was offset by these transfers. Similarly, the Army was not able to distinguish how much of the amount of expenditures on personnel was attributable to the modular force transformation versus personnel cost increases associated with activating reservists for ongoing operations, and stop-loss policies designed to retain servicemembers for the operations beyond their service obligations. The Army did report that it obligated \$133 million related to operations and maintenance for the modular force in fiscal year 2004 through a database it employs to track obligations related to supplemental appropriations for the Global War on Terrorism. However, in our report on cost data related to the Global War on Terrorism to be issued later this month, GAO found numerous problems in DOD's processes for recording and reporting costs for the Global War on Terrorism, raising significant concerns about the overall reliability of DOD's reported cost data.

Army officials acknowledged the need to closely monitor resources required and applied to the modular force transformation, and noted that this monitoring occurs as part of weekly, high-level meetings with the Army Chief of Staff. These meetings focus on tracking equipment needs of transforming units and making sure that these needs are met. Equipment shortages can be filled with new equipment, transfers from other units, or by the unit falling in on equipment left in Iraq. There are also controls to track how many and what pieces of equipment have been purchased and distributed, according to these officials. However, because ongoing missions continually change the status and availability of equipment, it is difficult for Army officials to define whether new equipment meets the requirements of modular transformation or ongoing operational needs. Indeed, sometimes the equipment may serve to meet both purposes. Also the Army's financial system has limitations and lacks the functionality required to split out modular components within each line of equipment. Army leadership, therefore, has made the decision that it is more important to account for the total equipment purchased; dollars spent; and operational issues, such as ensuring that equipment gets to the units that need it, rather than labeling a particular piece of equipment as dedicated to modular transformation or not.

While we recognize the challenges of monitoring resource expenditures in the context of ongoing operations, we also note that in its estimates and requests for appropriations, the Army has been able to distinguish between funding requirements for its modular transformation and other priorities. For example, in documentation supporting the fiscal year 2005 supplemental appropriation request, the Army stated that it required \$4.6

billion for modularity largely to fund equipment, vehicles, and facilities, and \$3.1 billion to reset and recapitalize tanks and other battle losses. While the Army appears to have established parameters for estimating modularity costs, it cannot apply them for tracking purposes.

Conclusions

Despite a significant increase in its estimate to fund the modular transformation from its original estimate, the Army's ultimate costs of the modular force will likely be higher than currently estimated due to uncertainties and pending decisions, which may drive costs even higher. Until the Army develops a detailed plan estimating the total costs of the modular force as designed and tested and starts submitting this plan to Congress each year, Congress cannot be assured that it is receiving an accurate reflection of all costs associated with this restructuring and the risks associated with any funding shortfalls, given the uncertainties of the current estimate. Moreover, it will be difficult for the Secretary of Defense to make informed decisions weighing the relative merits of programs departmentwide in terms of making trade-off decisions when faced with likely affordability challenges in the future.

Further complicating its ability to project resource needs, the Army is not tracking and reporting obligations related to this effort by fiscal year. As a result, decision makers, including DOD and Army leadership and Congress, will not be able to assess whether funds appropriated for modularity have been utilized for the purposes intended nor will they have historical information useful in considering future funding needs.

Recommendations for Executive Action

To improve information available to decision makers on the cost of the Army's plan for modularity, we are making the following recommendations to the Secretary of Defense.

We recommend that the Secretary of Defense 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;
- estimates for equipment, facilities and personnel;

-
- 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;
 - a report on obligations related to the modular force made the previous fiscal year; and
 - divergences from the plan as stated in the prior year's report, and contributing factors.

To facilitate his oversight of the program and collecting the data for Congress mentioned above, we also recommend that the Secretary of Defense 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.

Matter for Congressional Consideration

The Congress should consider requiring the Secretary of Defense to provide a plan for overseeing spending of funds provided for modularity.

Agency Comments and Our Evaluation

In written comments on a draft of this report provided by the Army on behalf of DOD, the department strongly disagreed with our findings related to the cost estimate for the modular force and the uncertainties cited. DOD stated that the Army's \$48 billion cost estimate is solid and does not include uncertainties. For example, although DOD expects the modular force design to change, it does not believe these changes will substantially change the Army's cost estimate. Also, DOD objected to our inclusion of personnel costs in our estimate because it believes the end strength increase is temporary and entirely related to the Global War on Terrorism. DOD noted that an end strength increase would not have been necessary in a peacetime environment. DOD also stated that our report includes costs related to resetting the force, BRAC, overseas restationing of service members, and FCS. The department noted that these costs were not included in its estimate for the modular force, nor should they be. Despite these concerns, DOD partially concurred with our recommendations.

We do not agree that DOD is in a position to state that the Army's cost estimate is solid and continue to believe that our findings fairly reflect the potential costs and uncertainties associated with the Army's modular transformation. As we state in our report, at the time the estimates were set, the Army had not finished the designs for support units and command and control echelons. In addition, we note that the Army has not included the equipment quantities in the tested design as the basis for determining equipment costs. If subsequent testing or lessons learned demonstrate any weaknesses in the current design, the Army may decide to modify equipment levels or force structure, which could affect costs. We recognize that some of these uncertainties, such as those related to facilities costs and force design, are a reflection of preparing an estimate for a very complicated undertaking where there are many moving parts. Given the complexity of this undertaking and two decades of GAO reports delineating DOD's overly optimistic planning assumptions in budget formulation, which often lead to program instability or costly program stretch outs, we believe these uncertainties should be explicitly acknowledged so that decision makers can make informed decisions.

Regarding the inclusion of personnel costs related to the end strength increase, we note that the Army's own documents justified the end strength increase for the dual purposes of transforming and conducting operations. For example, the Army's 2005 Modernization Plan states that a 30,000 temporary increase in the Army's end strength enabled the beginning of the modular conversion of active component combat units. Moreover, the Army's initial 2004 estimate included personnel costs due to increases in end strength. Finally, it is not clear how the Army would be able to add 10 combat brigades to the active component without affecting end strength in some manner. For these reasons we continue to believe that the Army needs to recognize these costs in its estimate.

DOD also suggests that costs associated with resetting the force, BRAC, overseas restationing of forces, and FCS are included in our estimate of \$75.5 billion. While we cite these issues as either pending decisions or related programs that could affect the scope or affordability of the modular transformation, we do not include the costs of these programs in the estimate itself.

DOD partially concurred with our recommendation that the Secretary of Defense direct the Secretary of the Army to provide improved cost estimates to reflect the total cost of the modular transformation as designed and tested, and recognized the need for periodic reporting on the modular force. DOD also cited forthcoming reports that it believed would

provide official, comprehensive oversight of the modular force initiative. Specifically, DOD cited a report due to Congress in September 2005 on the long-range plan for executing and funding the modular force initiative that includes related budget projections for fiscal years 2007 through 2011, funding challenges, equipment requirements, and program management oversight practices. In addition, according to the comments, the Army was directed to provide the Office of Management and Budget, through the Office of the Secretary of Defense, an annual report for the Army modular force. We agree with DOD that additional reporting on this initiative is needed, and note that the reporting requirements from both Congress and the Office of Management and Budget also indicate a need for improved information. Our recommendation does not seek to create redundant and unnecessary additional reporting requirements, as was indicated in DOD's comments. Indeed, our recommendation allows DOD wide latitude in how it provides the information we believe Congress needs for oversight to avoid such redundancy. However, we also note that the reports DOD cited have not yet been finalized, and we are unable to determine from DOD's description whether these reports would address our recommendations. If these reports adequately address the reporting requirements we recommend, there would be no need for additional reporting on DOD's part.

DOD also partially concurred with our recommendation that the Secretary of Defense direct the development of a plan for overseeing the costs related to the Army's transformation to a modular force. DOD noted that the Undersecretary of Defense (Comptroller) will closely monitor the funding and execution of projects and programs associated with transformational efforts as part of its oversight responsibilities. However, DOD also noted that there were no plans to establish an encompassing framework, grouping Army projects together under "modularity." It stated that such a framework would dramatically expand the billing process, increase administrative costs, and more importantly complicate distribution of material in a wartime environment. We continue to believe that the Army will need a framework or approach to oversee expenditures for modularity in order to provide DOD and Congress the information needed for effective oversight. We note that the recommendation provides DOD wide latitude to establish an approach for tracking modular transformation costs, and we do not advocate a framework that would require a separate billing system or complicate distribution of material in a wartime environment (or any environment). As we noted in the report, in preparing its budget estimate and request for funding, the Army has already grouped projects together under the modularity umbrella and has identified specific funding needs for modularity. DOD is asking Congress

to allocate \$48 billion to this modular transformation (over \$75 billion when personnel and some other costs are included). As with any initiative of this magnitude, the Secretary of Defense and Congress require the best data available to weigh competing resource requirements so that they can make appropriate trade-off decisions. Information on how the Army has spent funds provided for modularity should be considered in formulating future funding requests. Therefore, our recommendation is intended to provide assurance that future such requests consider the obligations made thus far so that Congress has a sound basis on which to determine whether funds allocated to the modular force are being obligated as intended. Because DOD stated it has no plans to establish a framework to track these obligations, and given the magnitude and significance of the effort as well as the fact that DOD has requested funds from Congress specifically for modularity, we continue to believe oversight of expenditures is needed. Therefore, we have included a matter for congressional consideration. Specifically, Congress should consider requiring the Secretary of Defense to provide a plan for overseeing spending of funds provided for modularity.

DOD's comments are reprinted in appendix II and addressed as appropriate in the body of the report. Annotated evaluations of DOD's comments are also included in appendix II.

We are sending copies of this report to the Secretary of Defense, the Undersecretary of Defense (Comptroller), 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 (202) 512-9619 or pickups@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.



Sharon L. Pickup
Director, Defense Capabilities and Management

List of Committees

The Honorable John Warner
Chairman

The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Ted Stevens
Chairman

The Honorable Daniel Inouye
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Judd Gregg
Chairman

The Honorable Kent Conrad
Ranking Minority Member
Committee on the Budget
United States Senate

The Honorable Duncan Hunter
Chairman

The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable Bill Young
Chairman

The Honorable John Murtha
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

**The Honorable Jim Nussle
Chairman
The Honorable John Spratt
Ranking Minority Member
Committee on the Budget
House of Representatives**

Appendix I: Scope and Methodology

Overall, our analysis of the Army's cost estimate, funding plan, and approach for tracking obligations pertaining to its modular transformation was limited to an examination of data presented in broad spending categories, such as equipment, facilities, and personnel costs by year. We interviewed and examined documents from knowledgeable Army officials about assumptions underlying each of these funding categories. Further, at headquarters and command levels, we examined the processes in place to monitor obligations related to the modular force. We found this information sufficiently reliable to analyze the assumptions underlying costs of the modular force and funding plans. Because of the uncertainties in the cost estimates and weaknesses in its approach to monitor obligations related to the modular force, we made recommendations to address each of these areas in order to improve data available for decision makers. Our specific methodology for each reporting objective follows.

To determine the extent to which Army reflected expected costs and identify areas of uncertainty in the estimate, we obtained overall cost estimates from the offices of the Deputy Chief of Staff G-8¹ and the Deputy Assistant Secretary of the Army for Budget. We also examined justification materials supporting the fiscal year 2006 budget request, as well as the fiscal year 2005 request for supplemental appropriations, and monitored the development of the strategy, scope, schedule, and status of Army restructuring by examining key planning documents, such as the Army Campaign Plan, the 2004 Army Transformation Roadmap, and the Army Modernization Plan. To examine areas of cost uncertainty likely to be produced by transforming to a modular force, we discussed assumptions underlying these estimates and obtained corroborating documentation in interviews with officials from the Department of the Army Deputy Chiefs of Staff for Personnel (G1), Intelligence (G2), and Operations and Training (G3), and the Assistant Chief of Staff for Installation Management. We further discussed assumptions and areas of uncertainty with these offices' organizational counterparts at Forces Command in Fort McPherson, Georgia; the 3rd Infantry Division, in Fort Stewart, Georgia; the 101st Airborne Division in Fort Campbell, Kentucky; and the 4th Infantry Division, in Fort Hood, Texas. We also reviewed reports by non-Department of Defense entities such as the Congressional Budget Office, and our own reviews related to Army personnel. We compared these sources against the Army's cost assumptions to determine if they

¹ This office is responsible for programming, materiel integration, and management of Department of the Army studies and analyses.

comprehensively accounted for expenses stemming from the strategy, scope, and schedule for transforming to a modular force.

To determine the Army's plan for funding these costs and factors that may affect its ability to fund the modular force, we considered the cost estimates in the context of the larger Army budget, particularly the Army's reliance on supplemental appropriations and how funding the modular force fit into other programs and initiatives. Specifically, we examined justification materials for the 2006 presidential budget, the 2005 supplemental appropriation request, and budget guidance from the Office of the Deputy Secretary of Defense. To identify factors that could affect the Army's ability to fund modularity, we questioned Deputy Chief of Staff G-8 officials about the Army's plan to garner efficiencies to apply to costs of the modular force to determine the status of these plans. We also relied on ongoing and previous GAO reviews of business process reengineering to evaluate Army efficiency claims. In addition, we considered the impact other priorities might have on the implementation of the Army's modularity plan, including current operations, the Future Combat Systems, Base Realignment and Closure decisions, and decisions to restation soldiers from overseas.

Applying federal internal control standards, we determined whether the Army has an adequate approach in place to track obligations related to the modular force. In that regard, we interviewed officials from the Office of the Deputy Assistant Secretary of the Army for Budget and the Resource Management Office at Forces Command, and resource management officials at the 3rd Infantry Division, the 101st Airborne Division, and the 4th Infantry Division to determine how these entities tracked funds earmarked for the modular force. We reviewed documents establishing guidance from Army headquarters and discussed and documented how this guidance was implemented at lower command levels. In addition, we relied on the results of GAO's analyses of funds used to support the Global War on Terrorism, to the extent that these funds were used to support the modular force.

Our review was conducted from May 2004 through June 2005 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Defense



DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-8
700 ARMY PENTAGON
WASHINGTON, DC 20310-0700

September 7, 2005

Ms. Sharon Pickup
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Pickup:

Enclosed is the Department of Defense response to the GAO draft report, "FORCE STRUCTURE: Actions Needed to Improve Estimating and Tracking of Costs for Transforming Army to a Modular Force," dated August 4, 2005, (GAO Code 350547/GAO-05-926).

The Department strongly disagrees with the GAO view of the Army Modular Force estimate and the cited uncertainties surrounding this estimate as described in the report. The Army's \$48 billion cost estimate for the Army Modular Force is solid. The Army has portrayed the cost of the Army Modular Force both consistently and accurately. The GAO report includes costs related to personnel increases required to support current combat operations in the Global War on Terror, resetting the force, Base Realignment and Closure, overseas restationing, and Future Combat Systems (FCS). These costs are not included in the Army Modular Force estimate nor should they since they are addressed separately.

The Department recognizes the need for periodic reporting on the Army Modular Force and partially concurs with the recommendations.

Sincerely,

A handwritten signature in black ink that reads "N. Ross Thompson III".

N. Ross Thompson III
Major General, U.S. Army
Director, Program Analysis and Evaluation

Enclosure

Now on pp. 22 and 23.

Now on pp. 23 and 24.

GAO DRAFT REPORT - DATED AUGUST 4, 2005
GAO CODE 350547/GAO-05-926

"FORCE STRUCTURE: Actions Needed to Improve Estimating and Tracking of Costs for
Transforming Army to a Modular Force"

DEPARTMENT OF DEFENSE COMMENTS AND
COMMENTS TO THE RECOMMENDATIONS

COMMENTS:

The GAO report has attached or asserted unrelated costs to the Army Modular Force estimate. GAO also contends that the funding profile and force design changes create additional fiscal uncertainties. The Army strongly disagrees with the GAO view of the Army Modular Force estimate and the cited uncertainties surrounding this estimate as described in the report. The Army's \$48 billion cost estimate for the Army Modular Force is solid. The Army has portrayed the cost of the Army Modular Force both consistently and accurately. The GAO report includes costs related to personnel increases required to support current combat operations in the Global War on Terror, resetting the force, Base Realignment and Closure, overseas restationing, and Future Combat Systems (FCS). These costs are not included in the Army Modular Force estimate nor should they since they are addressed separately.

The Army disagrees with GAO's position that there are still uncertainties surrounding the current estimate. The Army's estimate of \$48 billion dollars coupled with \$4.5 billion gained internally through business process efficiencies allows for procurement of equipment and essential facilities required to equip and house the Army Modular Force as planned by the end of fiscal year 2011. Though there have been and there will continue to be Army Modular Force design changes subsequent to the current estimate, these are normal in the Army's force development process and will not substantially change the Army's estimate as GAO asserts.

The Army has been forthright about the challenges of transforming while engaged in combat operations and understands that funding does not specifically match the current modular conversion schedule. Some units will face equipment shortages in the early years of transformation but the Army will manage these shortfalls through preplanned processes and stringent management controls. The systematic management of these shortages is directed from the highest leadership levels to ensure the right soldier and the right piece of equipment is in the right place at the right time. These shortages will be filled, as transformation progresses, by the end of fiscal year 2011. As an example of management emphasis, the Army has equipped and manned all deploying and deployed Brigade Combat Teams to the required level while transforming on schedule and within current estimates.

1

Now on pp. 22 and 23.

Now on pp. 22 and 23.

Now on p. 17.

Now on pp. 15 and 23.

The GAO report incorrectly links personnel endstrength cost increases directly to the Army Modular Force cost estimate. The Army Chief of Staff requested a temporary endstrength increase to provide "head room" to enable the Army to transform while simultaneously fighting the Global War on Terror (GWOT). Based on a Presidential decision in January 2004, the active component is adding up to 30,000 Soldiers, increasing endstrength from 482,400 to 512,400. This endstrength increase is required to sustain ongoing combat operations and would not have been necessary in a peacetime environment. The Army considers all personnel costs related to the temporary endstrength increase to be GWOT related. Both the Secretary of the Army and the Army Chief of Staff have publicly acknowledged that endstrength increases due to current operations are temporary and all endstrength increases above 482,400 are GWOT related. Assertions made otherwise are inaccurate. As a result, endstrength costs are not part of the Army Modular Force estimate.

See comment 1.

The GAO report asserts the Army will not be able to achieve \$4.5 billion in business process re-engineering efficiencies in fiscal years 2009, 2010 and 2011. The Army is confident that it will achieve these efficiencies. In fact, the Army has already identified programmatic offsets for these efficiencies and will include the \$4.5 billion as part of the fiscal year 2007 President's Budget Request. The Army is training leaders in proven techniques such as Lean Six Sigma in order to implement disciplined and measurable approaches to reduce waste and streamline organizations. By the end of FY07, the Army will have the internal infrastructure established to train our entire workforce to develop a learning culture of innovation that focuses on continuous measurable improvement and increased productivity.

Now on pp. 18 and 19.

The GAO report asserts that FCS has "significant risk for not delivering required capabilities." FCS is a system of systems consisting of individual elements with technology maturing at different times. In addition, the Army considers a technology ready for transition to an acquisition program when it reaches Technology Readiness Level (TRL) 6 (demonstrated in a relevant environment), and provides technology base funding consistent with this philosophy. GAO, on the other hand, considers a technology ready for transition at TRL 7 (demonstrated in an operational environment). The FCS program is on track and the Army believes there is sufficient flexibility in our investment accounts and any financial risk can and will be addressed through extended planning period adjustments in future programming cycles.

See comment 2.

The decision to add an additional five Brigade Combat Teams will be determined by the Secretary of Defense in 2006. It would be inappropriate to prematurely add the potential increases of five additional Brigade Combat Teams to the current cost estimate. If the decision is made to add an additional five brigades, the Army Modular Force estimate will be updated at that time.

The GAO concerns regarding tracking Army Modular Force costs are based on a single system program approach. The Army Modular Force conversion is not an individual program but is instead a reorganization affecting almost 70 percent of the Army's total structure in the Active and Reserve Components as well as hundreds of individual procurement programs throughout the force.

Now on p. 20.

Funds for Army Modular Force transformation are requested and appropriated separately by Congress for each piece of equipment. Each acquisition item has a designated program manager with specialized acquisition experience and training. The Army uses a standard defense wide (DoD) financial system to manage and control the execution of these funds at the Budget Line (BLIN) item level in the manner appropriated. This standardized accounting system lacks the functionality required to split out modular components within each line of equipment nor is such a system desirable.

Now on pp. 24 and 25.

An accounting mechanism that specifically earmarks individual items of equipment as modular will, by necessity, have the undesirable effect of dramatically expanding the billing process and increasing administrative costs. More importantly, this change would complicate equipment distribution in a wartime environment. The Army requires a responsive, flexible system that facilitates the rapid maneuvering of equipment and materiel to transforming units preparing to deploy to combat. The current DoD financial system provides the best possible internal control for the acquisition of modular components and gives the Army the requisite flexibility necessary to meet operational requirements and contingencies.

See comment 3.

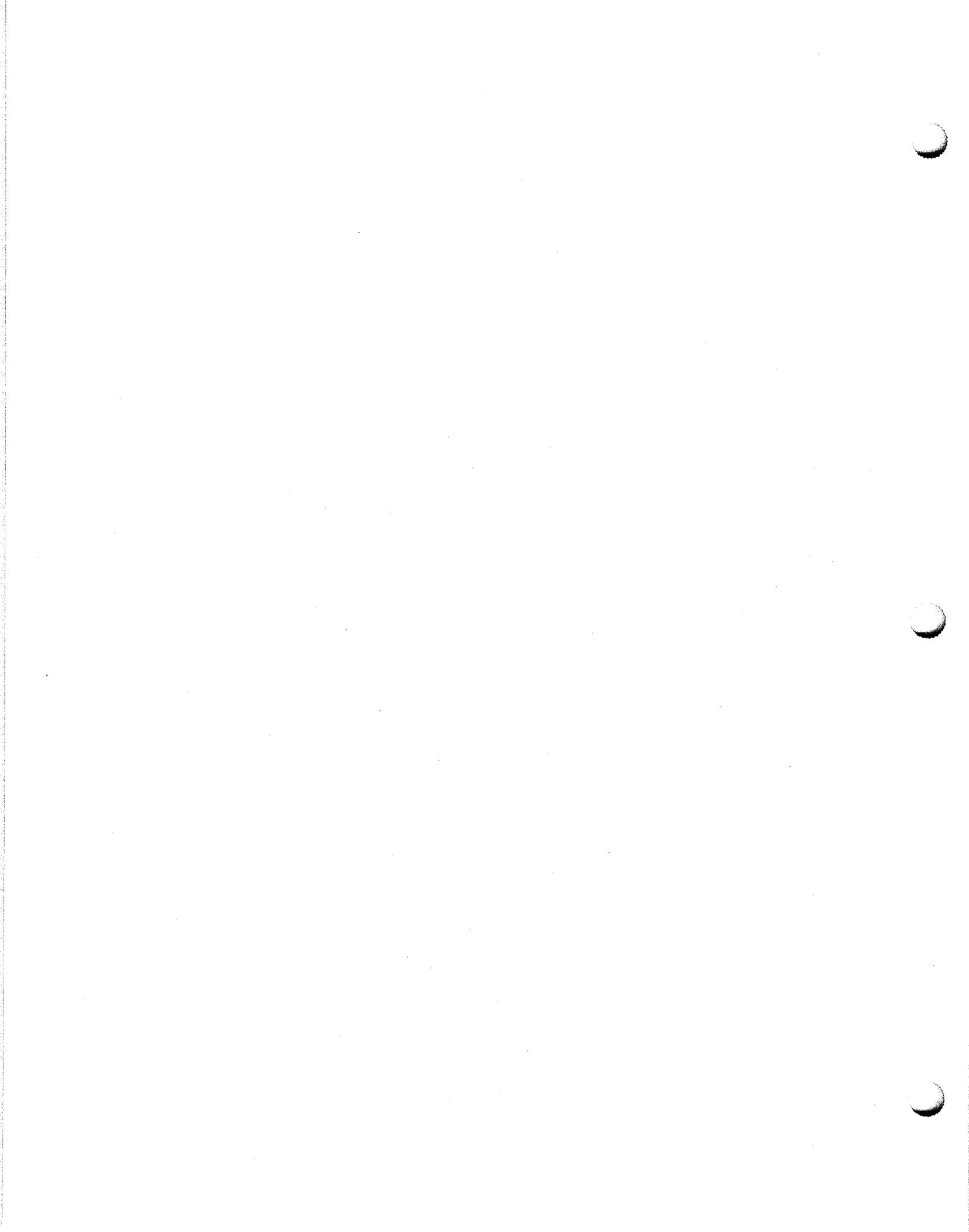
In our view, the GAO report should include a balance of positive commentary regarding the Army's strategic transformation specifically acknowledging significant accomplishments to date.

Army Transformation supports and complies with Department of Defense (DOD) operational goals as identified in the Defense Planning Guidance (DPG). In response to the DPG, the Army is transforming now while engaged in combat operations around the world. While engaged and transforming, the Army has equipped and manned all deploying Brigade Combat Teams on schedule and within current cost estimates. Although this has posed some challenges, the Army has and will continue to manage the force to meet the needs of the Nation and its Soldiers and families both at home and abroad.

Now on p. 7.

In the short time since concept approval, the Army has completed 29 of the 50 major decisions critical to achieve the Army Modular Force and the Modular Force Objectives defined by the Chief of Staff of the Army. The following actions critical to organizational transformation have been completed within estimated costs and on schedule:

- Created the modular designs and scheduled the conversion of almost every Army Modular Force unit, with completion by FY12
- Built five new BCTs and modularly converted 16 BCTs
 - 4 modular BCTs currently deployed to Operation Iraqi Freedom
 - 8 modular BCTs preparing to deploy
- Created 16 modular Support Brigades
- Realigned resources to fund crucial transformation efforts





Now on p. 7.

- Made rebalancing decisions affecting over 100,000 Active and Reserve Component personnel positions, with over 34,000 already executed
- Designed and began the implementation of a unit operational cycle process that maximizes readiness and availability of forces while restructuring Institutional Army capabilities to provide better support to the Army Modular Force

Now on p. 7.

These actions are occurring as the Army annually is rotating over 160,000 troops into combat theaters to fight the Global War on Terror.

The primary and most appropriate metric to monitor both the short and long-term performance of the Army Modular Force is building and converting current brigades to modular Brigade Combat Teams in accordance with the Army Campaign Plan schedule.

COMMENTS TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense 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;
- Estimates for equipment, facilities and personnel;
- 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;
- A report on obligations related to the modular force made the previous fiscal year; and
- Divergences from the plan as stated in the prior year's report, and contributing factors. (pages 20-21/GAO Draft Report)

Now on pp. 23 and 24.

DoD RESPONSE: Partially Concur. DoD recognizes the need for periodic reporting on the Army Modular Force. The Army will provide a report to Congress on the Army Modular Force initiative as of 1 September 2005. The report provides the long-range plan for executing and funding the Army Modular Force initiative, as well as the budget for the Army Modular Force in fiscal years 2007-2011. The report also encompasses funding challenges, equipment requirements and program management oversight practices. This report can be prepared annually and submitted as part of the justification material.

In addition, the Army was directed this fiscal year by the Office of Management and Budget (OMB) through the Office of the Secretary of Defense (OSD) to begin annual reporting for the Army Modular Force. The process used for this reporting is through the OMB Program Assessment Rating Tool (PART).

The PART comprehensively reviews federal programs looking at program purpose, design, strategic plans, management, and execution metrics. The PART is a systematic method of assessing the performance of program activities across the Federal government. It is a diagnostic tool used to improve program performance. The PART assessments help inform budget decisions and identify actions to improve results. Agencies are held accountable for implementing PART follow-up actions and working toward continual improvements in performance.

Since the Army Modular Force Initiative report and the OMB PART provide official, comprehensive oversight, we recommend that these reporting mechanisms be used as the authoritative source. The GAO proposal as structured creates redundant, and unnecessary additional reporting that will be addressed by both the Army Modular Force Initiative Report to Congress and the Army Modular Force PART.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense 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. (p. 21/GAO Draft Report)

DOD RESPONSE: Partially Concur. The transformation of the Army is not a specific budget line item in the Army budget. Instead, funds provided to convert the Army to a modular force are spread throughout various appropriations and programs, which in total contribute to the transformation effort. The Undersecretary of Defense (Comptroller), as part of its oversight responsibilities, will closely monitor the funding and execution of projects and programs associated with transformational efforts. However, there are no plans to establish an encompassing framework, grouping Army projects together under "Modularity" that would dramatically expand the billing process, increase administrative costs and more importantly complicate distribution in a wartime environment when the Army requires a responsive, flexible system that facilitates the rapid maneuvering of equipment and materiel to transforming units preparing to deploy to combat. Instead, to address cost oversight, funding and execution will be separately tracked at the component and project level.

Now on pp. 24 and 25.

The following are GAO's comments on the Department of the Defense's letter dated September 7, 2005.

GAO's Comments

1. We did not state that the Army would be unable to achieve efficiencies. Rather we noted the Army's ability to realize savings is uncertain because DOD has historically had difficulty achieving expected efficiencies.
2. We did not state that the costs of an additional five brigade combat teams should be included in the estimate. Rather, as with other uncertainties cited in this section, we noted that pending future decisions, including whether to add five brigade combat teams, could impact the cost of the modular transformation.
3. We revised the text to reflect DOD's comments that Army transformation supports DOD's goals and that the Army has taken steps to design, schedule, build, and convert brigade combat teams and support brigades. We did not include the comments that these actions were completed within estimated costs because, as our report states, uncertainties remain about the Army's cost estimates and the Army does not have a system for tracking modularity costs.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Sharon L. Pickup (202) 512-9619

Acknowledgments

In addition to the contact named above, Gwendolyn Jaffe, Assistant Director; Margaret Best; J. Andrew Walker; and Joah Iannotta made major contributions to this report.

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GAO-05-443T



GAO

Testimony

Before the Subcommittee on Tactical Air and Land Forces,
Committee on Armed Services, House of Representatives

For Release on Delivery
Expected at time 2:30 p.m. EST
Wednesday, March 16, 2005

FORCE STRUCTURE

**Preliminary Observations
on Army Plans to
Implement and Fund
Modular Forces**

Statement of Sharon Pickup
Director, Defense Capabilities and Management

Janet St. Laurent
Director, Defense Capabilities and Management



G A O

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Highlights of GAO-05-443T, a testimony before the Subcommittee on Tactical Air and Land Forces, House Committee on Armed Services

FORCE STRUCTURE

Preliminary Observations on Army Plans to Implement and Fund Modular Forces

Why GAO Did This Study

Modularity is a major restructuring of the entire Army, involving the creation of brigade combat teams that will have a common design and will increase the pool of available units for deployment. The Army is undertaking this initiative at the same time it is supporting the Global War on Terrorism, and developing transformational capabilities such as the Army Future Combat Systems. To achieve modularity, the Army currently estimates it will need \$48 billion. The Department of Defense's (DOD) request for fiscal year 2005 supplemental funds includes \$5 billion for modularity. The Army plans for another \$5 billion to be funded from fiscal year 2006 supplemental funds and the remaining \$38 billion from DOD's annual appropriation from fiscal years 2006 through 2011.

Our testimony addresses: (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.

This testimony is based on ongoing GAO work examining Army modularity plans and costs. Our work has been primarily focused on the Army's active forces.

www.gao.gov/cgi-bin/getrpt?GAO-05-443T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sharon L. Pickup at (202) 512-9619 or Janet A. St. Laurent at (202) 512-4402.

What GAO Found

The Army has embarked on a major initiative to create modular units to better meet the near-term demand for forces and improve its capabilities to conduct full-spectrum operations. Modularity is a major undertaking because it affects both the active and reserve components as well as combat and support forces. Successfully implementing this initiative will require many changes such as new equipment and facilities, a different mix of skills among Army personnel, and significant changes to training and doctrine. By the end of fiscal year 2006, the Army plans to reorganize its 10 active divisions, expanding from 33 brigades to 43 modular brigade combat teams, and by fiscal year 2010, create new types of command headquarters. The Army has completed or is in the process of establishing modular brigades in four of its active divisions.

While the Army has made progress in establishing modular brigades, it is likely to face several challenges in providing its new modular units with some required skilled personnel and equipment that are needed to achieve planned capabilities. For example, the Army has not provided its new modular brigades with required quantities of critical equipment such as unmanned aerial vehicles, communications equipment, and trucks because they are not currently available in sufficient quantities. Moreover, it may take years to meet increased requirements for critical skills such as military intelligence analysts because they are in high demand and take years to train. In addition, the Army has not yet made a number of key decisions that could further increase requirements for equipment and personnel. First, the Army has not yet decided whether to recommend an increase in the number of active brigade combat teams from 43 to 48. Also, it is assessing the costs and benefits of adding one more combat maneuver battalion to its new modular brigades. Finally, the Army has not yet finalized the design of higher echelon and support units. Until designs are finalized and key decisions are reached, the Army will not have a complete understanding of the equipment and personnel that are needed to fully achieve its goals.

The costs associated with modularizing the entire Army are substantial, continuing to evolve, and likely to grow beyond current estimates. As of March 2005, the Army estimated it will need about \$48 billion to fund modularity—representing an increase of 71 percent from its earlier estimate of \$28 billion in 2004. However, this estimate may not reflect all potential costs, such as for fully equipping the modular force as designed. Also, if the Army decides to add additional brigades or make other design changes, additional costs may be incurred. Furthermore, some costs are uncertain. For example, it will be difficult for the Army to determine facility requirements and related costs until DOD finalizes plans for restationing forces from overseas. Until the Army provides a better understanding of the requirements and costs associated with modularity, DOD will not be well positioned to weigh competing priorities and make informed decisions nor will the Congress have the information it needs to evaluate funding requests.

Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss our ongoing work on the Army's modular force initiative. The Army considers modular force transformation to be the most extensive reorganization of its force since World War II, requiring large investments in personnel and equipment to restructure its force, now organized in divisions, to a modular brigade-based force. Because the Army is undertaking this effort while executing the Global War on Terrorism and developing other new capabilities such as the Future Combat Systems, the Department of Defense (DOD) may face some long-term affordability challenges as it moves forward with these and other initiatives. In other testimony today, we will address our ongoing work on Future Combat Systems.¹

As part of this hearing, you asked us to discuss our preliminary observations based on our ongoing work that focuses on the Army's implementation and challenges of achieving a modular force, and the cost implications of this major initiative. Specifically, our testimony today will address (1) the Army's goals for modularity and its plan for carrying out this reorganization, (2) potential challenges the Army may face in staffing and equipping brigades that are being created from the Army's existing division-based force, (3) key decisions that could further affect modularity requirements, and (4) the Army's cost estimates for modularity and its plan for funding these costs.

The information we will discuss on modularity is based on our preliminary work focusing on the active Army. We plan to issue a report later this year. To address Army implementation plans and costs, we conducted interviews with and reviewed documents from the Army Staff, the Army Budget Office, U.S. Army Forces Command, the U.S. Army Training and Doctrine Command, and the U.S. Army Force Management Support Agency. In addition, we visited the 3rd Infantry Division and the 101st Airborne Division, which are among the first active combat divisions to undergo modular conversion.

We conducted our work from August 2004 to March 2005 in accordance with generally accepted government auditing standards.

¹ GAO, *Defense Acquisitions: Future Combat Systems Challenges and Prospects for Success*, GAO-05-428T (Washington, D.C.: Mar. 16, 2005).

Summary

While the Army has made progress in establishing modular brigades, it is likely to face several challenges in providing its new modular units with some required skilled personnel and equipment that are needed to achieve planned capabilities. For example, the Army has not provided its new modular brigades with required quantities of critical equipment such as unmanned aerial vehicles, communications equipment, and trucks because they are not currently available in sufficient quantities. Moreover, it may take years to meet increased requirements for critical skills such as military intelligence analysts because they are in high demand and take years to train. In addition, the Army has not yet made a number of key decisions that could further increase requirements for equipment and personnel beyond those that have been identified by the Army to date. First, the Army has not yet decided whether to recommend to the Secretary of Defense an increase to the number of active brigade combat teams from 43 to 48. Also, it is refining its analysis of design requirements and assessing the costs and benefits of adding one more combat maneuver battalion to its new modular brigades. Finally, the Army has not yet finalized the design of higher echelon and support units. Until designs are finalized and key decisions are reached, the Army will not have a complete understanding of the equipment and personnel that are needed to fully achieve its goals for a more capable modular force.

The costs associated with modularizing the entire Army are substantial, continuing to evolve, and likely to grow beyond current estimates. As of March 2005, the Army estimated it will need a total of about \$48 billion to fund modularity—representing an increase of 71 percent from its earlier estimate of \$28 billion in 2004. Our preliminary work suggests that this revised estimate may still not reflect all potential costs, including fully equipping the modular force as designed. Also, if the Army decides to add additional brigades or maneuver battalions to the modular force, as it is considering, it may incur additional costs. Furthermore, some costs are uncertain. For example, it will be difficult for the Army to determine facility requirements and related costs until DOD finalizes plans for restationing forces from overseas. Until the Army provides a better understanding of the requirements and costs associated with modularity, DOD will not be well positioned to weigh competing priorities or make informed decisions and the Congress will not have all the information it needs to evaluate funding requests for modularity.

Army Modularity Is a Significant Undertaking

The Army's modular force initiative, which has been referred to as the largest Army reorganization in 50 years, encompasses the Army's total force—active Army, National Guard, and Army Reserve—and directly affects not only the Army's combat units, but related support and command and control. Restructuring its units is a major undertaking and requires more than just the movement of personnel or equipment from one unit to another. The Army's new designs are equipped and staffed differently than the units they replace. Therefore, successful implementation of this initiative will require 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.

The foundation of Army modularity is the creation of brigade combat teams—brigade-sized units that will have a common organizational design and will increase the pool of available units for deployment. The Army believes a brigade-based force will make it more agile and deployable and better able to meet combatant commander requirements. Not only does the Army expect to produce more combat brigades after its restructuring, it believes the brigades will be capable of independent action by the introduction of key enablers, such as enhanced military intelligence capability and communications, and by embedding various combat support capabilities in the brigade itself instead of at a higher echelon of command. The Army's goal is for each new modular brigade combat team, which will include about 3000-4000 personnel, to have at least the same combat capability as a brigade under the current division-based force, which ranges from 3000 to 5000 personnel.² Since there will be more combat brigades in the force, the Army believes its overall combat capability will be increased as a result of the restructuring, providing added value to combatant commanders.

By the end of fiscal year 2006, the Army plans to reorganize its 10 active divisions, expanding from the current 33 to 43 modular, standardized brigade combat teams and creating new types of command headquarters to replace the current division headquarters structure. According to Army officials, this is a very quick pace for a restructuring of this magnitude. The Army has already begun the conversion with 4 divisions: the 3rd Infantry

² The Army's plan calls for three variants of the modularized brigade combat team. The infantry variant will have about 3300 personnel, the armored variant 3700 personnel, and the Stryker variant 4000 personnel.

and the 101st Airborne Divisions, which we have visited, the 4th Infantry Division which we plan to visit this spring, and the 10th Mountain Division. The 3rd Infantry Division has redeployed back to Iraq in its new configuration, and the 101st is scheduled to redeploy later this year.

The Army's organizational designs for the brigade combat teams have been tested by its Training and Doctrine Command's Analysis Center at Fort Leavenworth against a variety of scenarios and the Army has found the new designs to be as effective as the existing brigades in modeling and simulation. During the next few years, the Army plans to collect lessons learned from deployments and major training exercises and make appropriate refinements to its unit designs, equipment requirements, and doctrine.

By fiscal years 2009-10, the Army plans to complete the creation of modular, standardized supporting brigades as well as a reorganization of its Corps and theater-level command and support structures. Ninety-two support brigades and five higher echelon headquarters will be included in this initiative—yet another indication of the far-reaching nature of the Army's modularity plan.

Although our work has focused on the active component, restructuring of the reserve component into modular units will also be a major undertaking. The Army plans to convert the National Guard's existing 38 brigades into 34 modular brigade combat teams by fiscal year 2010. However, the Army is considering accelerating this schedule, according to Army officials. In addition, the Army Reserve will have to realign its support units in accordance with new modular designs. Like the active component, the reserves will have to manage these conversions to the new modular organizations while continuing to provide forces to Iraq.

Because of the high degree of complexity associated with establishing a modular force while managing deployments to ongoing operations, the Army has developed a number of plans and processes, such as the Army Campaign Plan³ and has held periodic meetings within the Army headquarters and its components and major commands, to manage these

³ The Army Campaign Plan, dated April 12, 2004, and updated October 27, 2004, guides the planning, preparation, and execution of the restructuring of the Army into a brigade-based modular force.

changes. The Army's senior leadership is playing a key role in these processes.

Army May Face Challenges in Staffing and Equipping Modular Brigade Combat Teams

The Army is likely to face a number of challenges in fully staffing and equipping modular combat brigades as designed. Although somewhat smaller in size, the new modular brigades are expected to be as capable as the Army's existing brigades because they will have different equipment, such as advanced communications and surveillance equipment, and a different mix of personnel and support assets. Although the Army has an approved and tested design for the new modular brigades, it has also established a modified list of equipment and personnel that it can reasonably expect to provide to units undergoing conversion based on its current inventory of equipment, planned procurement pipelines, and other factors such as expected funding. The Army expects to use this modified list of equipment and personnel to guide the conversion of existing divisions to modular brigades for the foreseeable future. Our preliminary work indicates significant shortfalls in the Army's capacity to equip and staff units, even at modified levels.

For example, according to Army officials, modular brigade combat teams will require additional soldiers in personnel specialties such as military intelligence, truck drivers, civil affairs, and military police to achieve the planned capability. Military intelligence is one of the most critical of these specialties because military intelligence enables brigade combat teams to conduct 24-hour combat operations, cover highly dispersed battlespaces, and increase force protection. According to Army officials, the Army needs to add 2800 military intelligence specialists by the end of fiscal year 2005 to meet near-term military intelligence shortages. Moreover, the Army needs an additional 6200 military intelligence specialists through fiscal year 2010 to meet modular force requirements. Providing additional military intelligence specialists, particularly at the more senior levels, may take several years because of the extensive training required. At the time of our visit, the 3rd Infantry Division's four brigade combat teams each had less than 50 percent of their military intelligence positions filled. Although the Army was later able to fill the division's needs by reassigning military intelligence specialists from other units prior to its deployment to Iraq in January 2005, many of these soldiers were redeployed after just having returned from overseas. Moreover, transferring soldiers from other units may make it more difficult for the Army to fill positions in the remaining divisions scheduled to be restructured. We are continuing to follow up on Army actions to address these shortages.

Similarly, modular brigade combat teams require significant increases in the levels of equipment, particularly command, control, and communications equipment; wheeled vehicles; and artillery and mortars. Examples of command, control, and communications equipment that are key enablers for the modular brigade combat teams include advanced radios, Joint Network Node systems, ground sensors such as the Long-Range Advanced Scout Surveillance System, and Blue Force Tracker, among others. This critical equipment makes possible the joint network communications, information superiority, and logistical operations over a large, dispersed battlespace in which modular forces are being designed to effectively operate. Although the Army has some of this equipment on hand, the levels being fielded to brigade combat teams are well below the levels tested by the Training and Doctrine Command. As a result, officials from both divisions we visited expressed concern over their soldiers' ability to train and become proficient with some of this high-tech equipment because the equipment is not available in sufficient numbers.

Moreover, it is not clear yet how the Army plans to bring brigades that have already undergone modular conversion up to Training and Doctrine Command tested levels of personnel and equipment following their deployments. For example, the design requires a division with four modular brigade combat teams to have approximately 28 tactical unmanned aerial vehicle systems. These systems provide surveillance and reconnaissance for soldiers on the battlefield and enable them to more safely carry out their missions. However, because of current shortages, the 3rd Infantry Division and the 101st Airborne Division are only authorized to have 4 systems, and at the time of our visits, the 3rd Infantry Division had 1 and the 101st Airborne had none on hand. The Army requested funding for only 13 of these systems in the fiscal year 2005 supplemental appropriation request to the Congress; thus, it remains unclear as to when the 3rd Infantry Division or the 101st Airborne Divisions will receive their full complement of tactical unmanned aerial vehicle systems. Also, the Army may continue to provide other divisions undergoing conversion with limited quantities that fall short of the design requirement.⁴

⁴ We recently testified that DOD needs a strategic plan to guide all UAV development and fielding efforts, which would include UAVs needed for modularity. See GAO, *Unmanned Aerial Vehicles: Improved Strategic and Acquisition Planning Can Help Address Emerging Challenges*, GAO-05-395T (Washington, D.C.: Mar. 9, 2005).

Army Faces a Number of Key Decisions That Could Affect Modular Force Requirements

According to Army modularity plans, the Army is continuing to assess its requirements and may make some key decisions in the future that will affect the size and composition of the modular force as well as its cost. First, the Army's Campaign Plan calls for a potential decision by fiscal year 2006 on whether to create 5 additional modular brigade combat teams. Adding 5 brigades would provide additional capability to execute the defense strategy but would require additional restructuring of people and equipment. Second, according to the 2004 Army Transformation Roadmap, the Army is evaluating whether to add a third maneuver battalion to brigade combat teams in fiscal year 2007 to prepare for the fielding of the Future Combat Systems Units of Action, which are designed with three maneuver battalions. Additionally, according to the Army's Training and Doctrine Command, early testing demonstrates that brigade combat teams with three maneuver battalions offer distinct advantages over two battalion formations because they provide robust, flexible, full-spectrum capability. The command is conducting additional analysis to assess the value and cost of adding a third combat maneuver battalion to the modular brigade combat teams. If the Army later decides to add a battalion to some or all of the 43 or potentially 48 modular brigade combat teams, it will need to assign thousands of additional soldiers and field additional equipment.

The Army also faces a number of decisions in finalizing its plans for creating modular support brigades. Modular support brigades that will replace the current division-based combat service and support structure are not scheduled to be fully in place until fiscal years 2009-10. The Army has finalized the designs and requirements for three of the five types of support brigades, but has not yet made final design decisions for the other two. The support brigades are key components of the Army's concept of modular forces being more responsive and expeditionary than current forces. Until the modular support brigades are fully organized, equipped, and functional, the Army's modular forces would not have these capabilities, and in the interim, combat service and combat service support would need to be provided by existing division-based support organizations. This means that for some time to come, even as the Army makes progress in achieving greater uniformity across the force, there will be a number of variations in the size and capability of available support units. Also, as with the decision to add additional battalions, until the Army completes all of its force structure designs for support brigades, it will not have a total picture of its personnel and equipment requirements.

Finally, by fiscal year 2010 the Army plans to complete a reorganization of its corps and theater-level command and support structure. The Army's plans would eliminate an entire echelon of command, moving from four levels to three and freeing additional personnel spaces that can help meet some of its modular force personnel requirements. While the Army expects to achieve efficiencies resulting from the reduction of command and support structures, their magnitude is not yet known and they may not be realized for several years. Moreover, while potentially somewhat more efficient, the new command-level designs are likely to require new command, control, and communications equipment to enable them to function in their updated roles, such as providing the basic structure for a joint headquarters.

Cost Estimates for Fully Implementing Modularity Have Increased Significantly and Are Still Evolving

The costs of modularity are substantial and are likely to grow. Since 2004, the Army's cost estimates have increased significantly. In January 2004, the Army estimated that increasing the number of active modular brigade combat teams from 33 to 48 would cost \$20 billion from fiscal years 2004 through 2011 based on a "rough order of magnitude estimate." As of July 2004, the Army added \$8 billion to address costs for reorganizing the reserve component, bringing the total estimated cost for reorganizing the entire force to \$28 billion. Our preliminary work highlighted several limitations in this estimate. For example, the July 2004 estimate:

- included costs of adding 15 light infantry brigades for the active component to bring the total number of active brigades to 48, but these costs were based on the current brigade structure, not the tested modular design;
- did not take into account the costs for upgrading existing active brigades, or other support and command elements; and
- accounted for construction of temporary, relocatable facilities, but did not allow for permanent upgrades to facilities or increases to other services provided at Army installations to accommodate the increase in modular units.

As of March 2005, the Army has revised its earlier estimate, now estimating that modularity will cost a total of \$48 billion from fiscal years 2005 through 2011—an increase of 71 percent over its earlier \$28 billion estimate. According to the Army, this estimate includes costs for a total of 43 active component brigades—covering upgrades to the existing 33 brigades and

the creation of 10 new brigades—as well as 34 brigades in the reserve component. During our preliminary work we discussed and obtained summary information on the types of cost and key assumptions reflected in the Army's estimates. However, we were unable to fully evaluate the estimates because the Army did not have detailed supporting information.

According to Army officials, the Army used the modular design, which has been informed by combat operations in Iraq, as the basis for developing the March 2005 revised estimate. They noted the estimate includes costs for the creation of new brigades as well as upgrades to existing brigades, costs for support and command elements, and costs for permanent facilities. However, unlike the original estimate, the current estimate does not include any personnel costs. According to Army officials, an increase in personnel endstrength is needed to simultaneously conduct operations and reorganize into a modular force. They told us these costs were excluded from the current estimate because it was difficult to differentiate between endstrength increases associated with conducting operations and those needed for modularity.

Based on our preliminary review of the Army's revised estimate and potential costs associated with modularizing the active component, we believe there are certain factors that could affect the overall cost for modularity, including some that will likely make it grow higher than the current estimate of \$48 billion.

- First, the Army's current cost estimate does not use the tested design as the basis for determining equipment costs. Rather, the estimate reflects costs for a lesser amount of equipment than called for in the tested design. According to Army officials, they estimated equipment costs in this manner because some equipment is not currently available or in production in sufficient quantities to meet modularity requirements.
- Second, if the Army decides to add 5 brigade combat teams to the current plan and/or an additional maneuver battalion to some or all brigades, the cost for modularity will increase significantly. For example, each modular brigade combat team, under the current design, would require 3,300 to 3,700 soldiers, for a potential total of up to 18,500 soldiers. While at least some of these personnel requirements could be offset with existing force structure, it is unclear how many additional soldiers, if any, would be needed. Nonetheless, adding these brigades to the force structure would add costs for equipment, facilities, and training.

-
- Finally, the Army's current cost estimate includes costs for permanent facilities needed to accommodate the modularized brigade combat teams. However, according to Army officials, plans for constructing facilities are uncertain because of pending decisions related to the Base Realignment and Closure process and the planned restationing of forces from overseas.

The Army anticipates obtaining funds to pay for this restructuring through supplemental and annual appropriations. To cover the \$48 billion estimate, current DOD budget plans indicate the Army would receive a total of \$10 billion from supplemental appropriations in fiscal years 2005 and 2006, and a total of \$38 billion from DOD's annual appropriation for the period of fiscal years 2006 through 2011.⁵ As part of our ongoing work, we will continue to review the Army's estimates, cost implications, and funding plans for modularity.

Concluding Remarks

The Army views modularity as critical to improving the combat and support capability of its forces. Restructuring the entire force while continuing to support ongoing operations poses significant challenges and will require substantial funds. The magnitude of achieving modularity, coupled with other ongoing major transformation initiatives, raises long-term affordability issues for DOD. Until the Army more fully defines the requirements and potential costs associated with modularity, DOD will not be well positioned to weigh competing priorities and make informed decisions, and the Congress will not have all the information it needs to evaluate funding requests for modularity.

Mr. Chairman and Members of the Committee, this concludes our prepared remarks. We would be happy to answer any questions you may have.

⁵The annual appropriations totaling \$38 billion include \$13 billion that the Army reallocated from other programs.

Contacts and Staff Acknowledgments

For future questions about this statement, please contact Sharon Pickup at (202) 512-9619, Janet St. Laurent at (202) 512-4402, or Gwendolyn Jaffe at (202) 512-4691. Other individuals making key contributions to this statement include Margaret Best, Alissa Czyz, Kevin Handley, Joah Iannotta, Harry Jobes, Joseph Kirschbaum, Eric Theus, Jason Venner, and J. Andrew Walker.

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B



Force Generation Policies⁵

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.: Sep. 2009).
<http://www.gao.gov/products/GAO-09-898>

GAO provided additional information on (1) progress and challenges the Army faced, (2) to what extent the Army estimated costs for the transition and included them in its projected spending plans, and (3) the effect of the operational role on the Guard's availability to state governors for domestic missions. GAO found that the reserve forces were facing a high demand due to ongoing operations, and therefore faced challenges in achieving the planned mobilization cycle established by DOD policy. Additionally, the Army had not developed specific equipping, manning, and training levels for an operational reserve component, and had not budgeted for the costs to transition the reserve component to a sustainable operational force. GAO also found that the transition to an operational role has reduced the Guard's availability for domestic missions, the effects are unclear. GAO recommended that the Army finalize and implementation plan and cost estimates for the transition to an operational force and include costs in its funding plans.

GAO, *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>

In response to a mandate, GAO assessed the extent to which (1) the Army is able to execute its strategy for training reserve component forces for their primary and assigned missions; (2) mobilization and deployment laws, regulations, goal and policies impact the Army's ability to train and employ these forces; and (3) access to military schools and skill training facilities and ranges affects the preparation of reserve component forces. GAO found that the Army was executing reserve component training strategies for assigned missions, but faced challenges in those for primary missions; that DOD's 12-month mobilization policy had not hindered the Army's ability to train reserve component forces, but that it had not reduced stress on the force or provided predictability for soldiers; and that reserve component forces generally had access to training facilities but the Army did not have capacity to prepare all forces for all training requirements. GAO recommended that DOD and the Army evaluate and adjust its training strategy and mobilization policy and determine the resources and support necessary for fully implementing the training strategy.

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).
<http://www.gao.gov/products/GAO-08-497T>

GAO testified on (1) the readiness implications of DOD's efforts to support ongoing operations; and (2) GAO's prior recommendations related to these issues, including specific actions that GAO believes would enhance DOD's ability to manage and improve readiness. With regard to

⁵ Considering readiness, training, equipment, personnel, and reserve component maintenance



the Army, GAO found that extended operations in Iraq and elsewhere had significant consequences for military readiness within the Army, among other services, and the Army, among other services, took steps to meet mission requirements such as transferring equipment from nondeploying units and prepositioned stocks, which affected availability of nondeployed units to meet other demands. Prior GAO recommendations cited for the Army included developing planning and funding estimates for staffing and equipping of the modular force and assessments of the modular force, transparent information on the Grow the Army initiative, revising and adjusting training to include plans to support full-spectrum training and clarifying the capacity needed to support the modular force.

GAO, *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>

In this report, GAO assessed the extent to which (1) the Guard's domestic equipment requirements have been identified, (2) the Department of Defense (DOD) measures and reports to Congress the equipment readiness of non-deployed Guard forces for domestic missions, and (3) DOD actions address the Guard's domestic equipping challenges. GAO found, among other challenges, that DOD had not finalized specific plans to implement and fund several initiatives to address National Guard equipment problems. Specifically, the Army had not defined the types and amounts of equipment that nondeployed Army National Guard units could expect to retain. GAO recommended, among other actions, that the Army develop and submit to Congress a plan and funding strategy for resourcing nondeployed Army National Guard baseline equipment sets.

GAO, *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>

GAO's testimony focused on (1) challenges in sustaining Army reserve component equipment and personnel readiness while supporting ongoing operations and (2) the extent to which the Army's planned transformation initiatives would alleviate equipment and personnel shortages and enhance readiness. GAO found that the Army National Guard and Army Reserve faced equipment shortages and personnel challenges that hampered their readiness for future overseas and domestic missions. These shortages and challenges occurred because the Army reserve components' role shifted from a strategic reserve force to an operational force used on an ongoing basis, but DOD had not reassessed the equipment, personnel, and training needs, or business model for such an operational force. Additionally, the Army's modularity and force generation model initiatives had made some progress in addressing this shift, but the Army had not provided detailed equipment, personnel, and cost plans for implementing these initiatives.

GAO, *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>



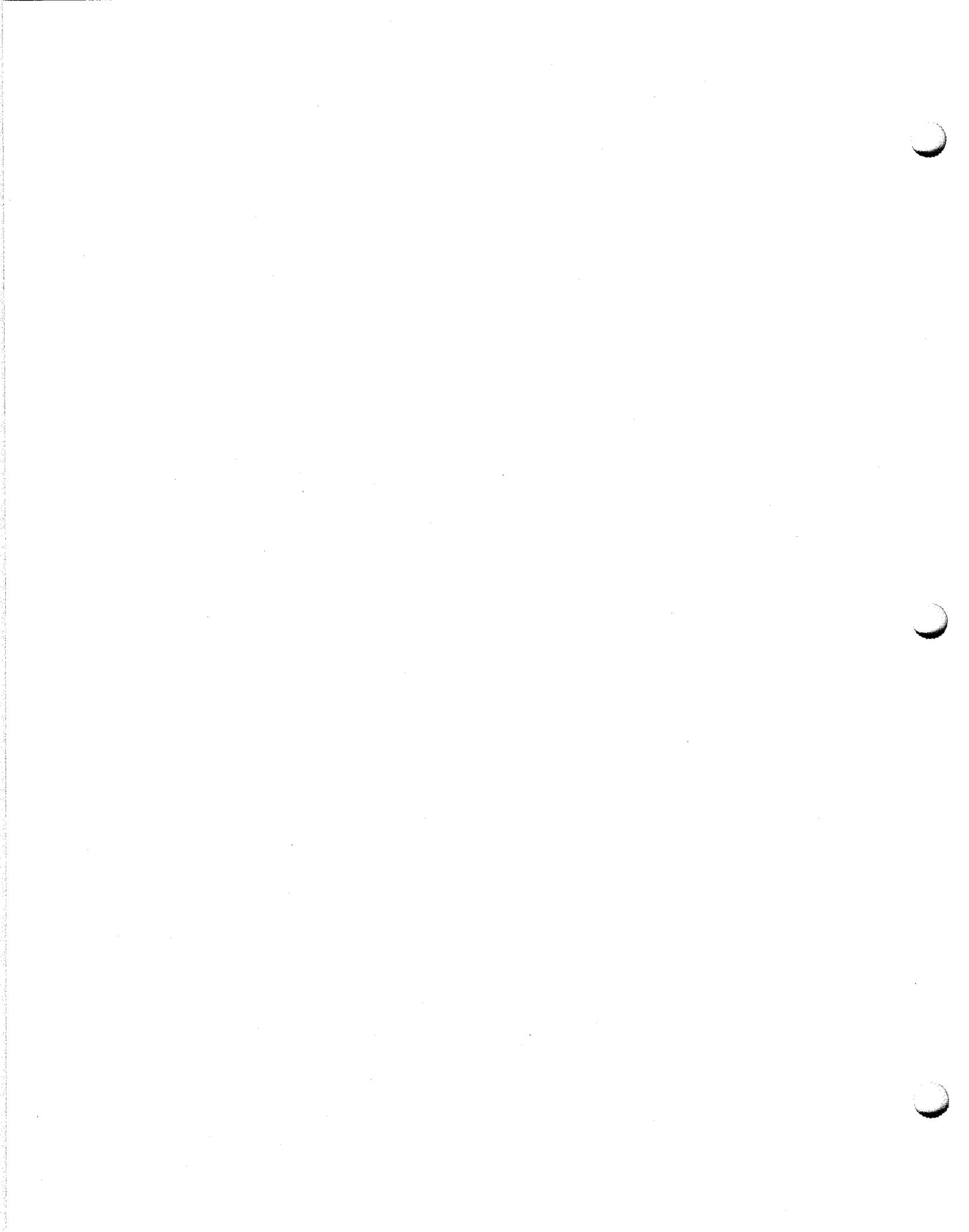
GAO commented on (1) the changing role of the Army National Guard, (2) whether the Army National Guard had the equipment it needs to sustain federal and state missions, and (3) the extent to which DOD had strategies and plans to improve the Army National Guard's business model for the future. GAO found that the National Guard's readiness was in decline because the business model under which the Guard operated was more suited to a post-Cold War environment than to current national and homelands security needs, as evidenced by equipment shortages identified in prior GAO work. Further, though DOD had taken steps to balance overseas and homeland missions for the Guard through a strategy issued in June 2005, DOD had not developed an equipping and funding strategy that addressed the needed change in the National Guard's business model. In addition, the Army was reorganizing to modular units and rotational force models, but had not completed plans and cost estimates.

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. 2005). <http://www.gao.gov/products/GAO-06-111>

GAO assessed (1) the extent to which the Army National Guard had the equipment needed to support ongoing operations, (2) the extent to which the Army could account for Army National Guard equipment overseas, and (3) the Army's plans, cost estimates, and funding strategy for equipping Guard units under its modular and rotational force initiatives. GAO found that the deployment of Army National Guard units degraded the equipment and readiness of non-deployed Guard units because the Guard maintained non-deployed units at lower equipment levels and the demand for equipment was high. Additionally, the Army could not account for more than half of the equipment the National Guard was required to leave overseas for ongoing operations, and therefore did not have a plan to replace the equipment and restore readiness. Further, GAO found that the Army did not have a detailed plan for equipping National Guard units under the new modular designs and so did not have complete cost estimates for the Guard's transition. GAO recommended that (1) the Army submit to the Congress a plan and funding strategy for equipping the Army National Guard for current operations and for long-term equipping solutions, including replacement of equipment, and (2) that the Army submit to Congress a plan for the integration of the Army National Guard into modularity and rotational force initiatives, including specific equipment needs, costs, and timelines.

GAO, 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>

In this report, GAO (1) identified the challenges the Army Reserve faced in continuing to support overseas operations and (2) assessed the extent to which the Army and Army Reserve had taken steps to improve the Army Reserve's readiness for future missions. GAO found that the practice of maintaining lower levels of personnel and equipment in non-deployed reserve units, personnel policies regarding deployment of reservists, and insufficient support staff had led to personnel and equipment shortages in the Army Reserve. These shortages made it difficult for the Reserve to provide sufficient forces to support active military operations. Further, GAO found that initiatives to improve the Army Reserve's readiness and deployment predictability



were not sufficiently complete or integrated, and that the Army could not ensure the initiatives would efficiently and effectively achieve stated goals. GAO recommended that the Secretary of Defense direct the Secretary of the Army, in consultation with the Chief of Staff of the Army; the Chief, Army Reserve; and the Under Secretary of Defense for Personnel and Readiness: (1) define the end state of units, personnel, skills, and equipment the Army Reserve will need to fit into the Army's modular force and develop a detailed plan to ensure that the ongoing diverse initiatives collectively support the desired outcome of improved readiness and predictable deployments within current and expected resource levels; (2) develop an implementation plan for a force rotation model for the Army Reserve that describes types and numbers of units available for deployment each year, funding needed to transition to a rotational force, and readiness levels for each phase of rotation.



GAO-09-898



September 2009

RESERVE FORCES

Army Needs to Finalize an Implementation Plan and Funding Strategy for Sustaining an Operational Reserve Force



GAO

Accountability * Integrity * Reliability



Highlights of GAO-09-898, a report to congressional committees

RESERVE FORCES

Army Needs to Finalize an Implementation Plan and Funding Strategy for Sustaining an Operational Reserve Force

Why GAO Did This Study

Since September 11, 2001, the Army has heavily used its reserve components—the Army National Guard and Army Reserve—for ongoing operations even though they were envisioned and resourced to be strategic reserves. A congressional commission, the Department of Defense (DOD), and the Army have concluded the Army will need to continue to use its reserve components as an operational force. The transition will require changes to force structure as well as manning and equipping strategies that could cost billions of dollars. The 2009 Defense Authorization Act directed GAO to study this transition. This report provides additional information on (1) progress and challenges the Army faces, (2) to what extent the Army has estimated costs for the transition and included them in its projected spending plans, and (3) the effect of the operational role on the Guard's availability to state governors for domestic missions.

GAO examined planning, policy, and budget documents, and relevant sections of Titles 10 and 32 of the U.S. Code; and met with DOD, Army, reserve component, and state officials.

What GAO Recommends

GAO recommends that the Army finalize an implementation plan and cost estimates for the transition to an operational force, and include transition costs in its funding plans. In comments on a draft of this report, DOD agreed with GAO's recommendations.

View GAO-09-898 or key components. For more information, contact John Pendleton, (202) 512-3489 or PendletonJ@gao.gov.

What GAO Found

The Army is changing the organization and missions of some of its reserve units to provide more operational forces, and is increasing their personnel and equipment, but faces challenges in achieving the predictable and sustainable mobilization cycle envisioned for an operational force, primarily due to the high pace of operations. The Army is reorganizing its reserve units to match their active counterparts, is changing the missions of some units, has made plans to add over 9,000 personnel by 2013, and has requested almost \$23 billion for reserve equipment since 2003. To guide the transition, DOD has established principles and policies, such as a 1-year limit on reserve mobilizations, and set a goal of providing reservists 5 years between mobilizations. However, heavy operational demands have meant that many reservists have had significantly less than 5 years between mobilizations. To make the most of the limited mobilization time available, DOD directed the services to provide sufficient resources to support reserve forces to be nearly ready to deploy before mobilization. In the past, reserve component forces often required significant time after mobilization to prepare individuals and units for deployment. However, the Army is continuing to need to improve readiness after mobilization by addressing medical and dental issues, or transferring personnel and equipment from nondeployed units to fill shortfalls. Until demand eases, it seems unlikely that the Army will be able to achieve the mobilization cycle it initially envisioned for the reserves.

The Army developed initial cost estimates for transitioning its reserve components to an operational role, but has not budgeted for most of the costs it identified. A 2008 estimate identified costs of about \$24 billion over a 6-year period from 2010 to 2015 to increase full-time support personnel, training days, recruiting and retention incentives, and installation support, among others. However, because the Army has not yet established the specific equipping, manning, and training levels required of an operational reserve, it is difficult to assess the estimate's validity. The Army established a task force to develop an implementation plan for the transition, and Army leadership is currently reviewing a draft plan and awaiting the results of other studies, such as a review of full-time support needs. However, pending the results of these studies and agreement on an implementation plan, the Army does not expect to budget for such costs until 2012. Best practices have shown that effective and efficient operations require detailed plans outlining major implementation tasks, metrics and timelines to measure success, and a comprehensive and realistic funding strategy. Until the Army finalizes an implementation plan and fully estimates the transition costs, and includes these costs in its projected spending plans, it will be difficult to assess the Army's progress in transitioning its reserve component to a sustainable operational force.

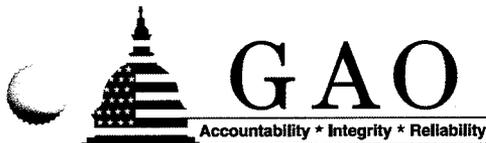
The operational role has reduced the Guard's availability for domestic missions, but the effect on the states remains unclear because states mitigate shortfalls with mutual support agreements and requirements for some domestic missions remain undefined.

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United States Government Accountability Office
Washington, DC 20548

September 17, 2009

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 Howard P. McKeon
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

Since the terrorist attacks of September 11, 2001, the demand for Army forces has been high, and the Army has relied heavily upon its reserve components—the Army National Guard and the Army Reserve—to meet operational requirements. As of May 2009, about 475,000 members of the Army's reserve components had been activated for ongoing operations in Iraq and Afghanistan as well as other missions worldwide, representing the largest activation of reservists since the Korean War. The high pace of operations has meant that the reserve components' Cold War role has evolved from a strategic reserve that would be used to supplement active

duty forces in the event of extended conflict to an operational force characterized by ongoing rotational deployments.¹

As a strategic reserve, the reserve components were not maintained to be immediately ready for deployment, and it was expected that they would receive additional equipment, personnel, and training after they were mobilized.² However, as an operational force, reserve units need to build and maintain readiness prior to mobilization to support recurring deployments. Some capabilities that have been in especially high demand for stability and counterinsurgency operations, such as civil affairs and psychological operations, reside heavily in the reserve component, creating an especially high pace of operations for reservists with these skills. In 2006, the Department of Defense's (DOD) Quadrennial Defense Review established that to use the reserve components as a viable operational force, reservists and units must be more accessible and readily deployable.³ In 2008, the congressionally chartered Commission on the National Guard and Reserves found there was no reasonable alternative to increased reliance on the reserve components given the current threats, fiscal challenges, projected demand for forces, and the unique capabilities resident in the reserves.⁴ In that same year, U.S. Army Forces Command similarly concluded that using the reserve components as an operational force was the Army's best option for meeting its needs. According to the Army, other options available including full mobilization, significantly enlarging the active component, and maintaining or adapting the strategic reserve were infeasible, impractical, or unsustainable.⁵ DOD has acknowledged that the reserve component is now an integral part of the operating force, in addition to its strategic reserve role, and the Army is undertaking initiatives designed to enhance the capability of both active

¹Deployment is the movement of forces and materiel to desired operational areas.

²Mobilization is the process of assembling and organizing personnel and equipment, activating units and members of the reserves for active duty, and bringing the armed forces to a state of readiness for war or other national emergency.

³Department of Defense, *2006 Quadrennial Defense Review Report* (Washington, D.C., Jan. 6, 2006).

⁴Commission on 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).

⁵Commanding Officer, United States Army Forces Command, Memorandum, *Concept Plan for Army Initiative 4 (AI4); Transition the Reserve Components (RC) to an Operational Force* (Feb. 25, 2008).

and reserve forces and to provide a more predictable deployment schedule.

Over the last few years, we have examined the effects of expanded mission requirements on the Army National Guard and Army Reserve, including their new operational roles in supporting both large-scale, long-duration overseas operations and emerging domestic requirements. In July 2005, we reported that, while the Army Reserve has provided ready forces to support military operations since September 11, 2001, it was becoming increasingly difficult to continue to provide these forces due to personnel and equipment shortages.⁶ In October 2005, we reported that the high pace of operations has also caused a strain on the Army National Guard's equipment inventories that could be used for domestic missions.⁷ In September 2006, we testified before the congressionally chartered Commission on National Guard and Reserves⁸ that equipment shortages and personnel challenges have increased in the National Guard and Army Reserve, which if left unattended may hamper the reserve components' preparedness for future overseas and domestic missions.⁹ In January 2007, we further reported that planning for the National Guard's response to large-scale, catastrophic events is not complete and that the National Guard may not be prepared to respond as efficiently and effectively as possible to domestic events.¹⁰ We have also previously reported that the operational readiness of reserve forces has been hampered by long-standing problems with reservists' medical and physical condition and that DOD is unable to determine the extent to which the reserve force has

⁶GAO, *Reserve Forces: An Integrated Plan Is Needed to Address Army Reserve Personnel and Equipment Shortages*, GAO-05-660 (Washington, D.C.: July 12, 2005).

⁷GAO, *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).

⁸Congress chartered this commission to assess the reserve component of the U.S. military and to recommend changes to ensure the National Guard and other reserve components are organized, trained, equipped, compensated, and supported to best meet the needs of U.S. national security.

⁹GAO, *Reserve Forces: Army National Guard and Army Reserve Readiness for 21st Century Challenges*, GAO-06-1109T (Washington, D.C.: Sept. 21, 2006).

¹⁰GAO, *Reserve Forces: Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness*, GAO-07-60 (Washington, D.C.: Jan. 26, 2007).

complied with routine examinations due to a lack of complete or reliable data.¹¹ A list of related GAO products is included at the end of this report.

The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009¹² directed GAO to report on the use of the Army's reserve components as an operational reserve. Specifically, we were asked to include in our report a description of current and programmed resources, force structure, and any organizational challenges that the Army's reserve components may face serving as an operational reserve including challenges related to force structure; manning; equipment availability, maintenance, and logistics issues; and any conflicts with requirements under Title 32 of the United States Code.¹³ We satisfied that mandate by providing a briefing on our preliminary observations addressing these issues to the congressional defense committees in June 2009.¹⁴ This report provides additional information related to the questions addressed in response to the mandate. Specifically, this report examines: (1) steps the Army has taken and the challenges it faces in transitioning its reserve force structure, manning, and equipping, and logistics strategies,¹⁵ (2) the extent to which the Army has estimated costs required for the reserve components' transition to the operational role and included these in its budget and Future Years Defense Program,¹⁶ and (3) the effect of the

¹¹GAO, *Military Personnel: Top Management Attention Is Needed to Address Long-standing Problems with Determining Medical and Physical Fitness of the Reserve Force*, GAO-06-105 (Washington, D.C.: Oct. 27, 2005).

¹²Pub. L. No. 110-417, §343 (2008).

¹³We were also directed to evaluate the extent to which the Army's training facilities and ranges—including the combat training centers, military schools, and skill training courses—support the transition of the reserve components to an operational force. Training issues are addressed in GAO, *Reserve Forces: Army Needs to Reevaluate Its Approach to Training and Mobilizing Reserve Component Forces*, GAO-09-720 (Washington, D.C.: July 17, 2009).

¹⁴GAO, *Preliminary Observations on Army's Transition of Its Reserve Components to an Operational Role, Briefing for the House and Senate Armed Services Committees and the House and Senate Appropriations Committees' Subcommittees on Defense*, GAO-09-780R (Washington, D.C.: June 1, 2009).

¹⁵For purposes of this report, we define the transition of the Army's reserve components to an operational force as including those steps necessary to adapt the Army's institutions and resources to support cyclical readiness requirements and implement the "train-mobilize-deploy" model consistent with Annex I (Transition the RC into an Operational Force) to Army Campaign Plan 2009 (Coordinating Draft) (May 1, 2009).

¹⁶The Future Years Defense Program is DOD's centralized report on current and planned resource allocations.

National Guard's federal operational role on its availability to state governors for domestic missions.

To determine the extent to which the Army has modified the force structure as well as the manning and equipping strategies of its reserve components to meet the requirements of the operational role, and to identify the challenges, if any, the Army faces in completing the transition, we reviewed Army plans and policy documents, reports of the Commission on the National Guard and Reserves, and DOD reports to Congress on related initiatives and issues. We also reviewed program and policy documents and interviewed officials with DOD, Army, National Guard Bureau, Army National Guard, Army Reserve, U.S. Army Forces Command, and First Army. Further, we incorporated information from surveys of a nonprobability sample of 24 Army National Guard or Army Reserve units, as well as follow-up interviews with officials from 15 of these units.¹⁷ The surveys and interviews addressed a range of training, equipment, and personnel issues. To evaluate the current and projected resources for transitioning the reserve components to the operational role, we reviewed current Army plans, policy and budget documents, DOD's fiscal year 2009 supplemental appropriations request, and DOD's fiscal year 2009 and 2010 budget requests. To determine the effect of the National Guard's federal operational role on its availability to state governors for domestic missions, we reviewed relevant sections of Titles 10 and 32 of the United States Code and conducted interviews with the National Guard Bureau and offices of the Adjutants General of four states (Virginia, Missouri, Washington, and Florida). We selected states that had a history of major disaster declarations and that also contained units that are in demand for both overseas and domestic missions. We conducted this performance audit from July 2008 through July 2009 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 our review are described in further detail in appendix I.

¹⁷Results from nonprobability samples cannot be used to make inferences about a population, because in a nonprobability sample some elements of the population being studied have no chance or an unknown chance of being selected as part of the sample.

Background

In fiscal year 2008, the Army Reserve and Army National Guard had about 197,000 and 360,400 soldiers, respectively, comprising 51 percent of the total Army, which also includes the active component. The Army organizes, trains, and equips its reserve components to perform assigned missions. The Army Reserve is a federal force that is organized and trained primarily to supply specialized combat support and combat service support skills to combat forces.¹⁸ The Army National Guard is composed of both combat forces and units that supply support skills, but in contrast to the Army Reserve, the Army National Guard has dual federal and state missions. When not called to active duty for a federal mission, Army National Guard units remain under the command and control of the governors, typically training for their federal mission or conducting state missions. In addition, National Guard forces can be mobilized under Title 32 of the United States Code for certain federally funded, domestic missions conducted under the command of the governors such as providing security at the nation's airports in the immediate aftermath of the September 11 terrorist attacks and assisting the Gulf Coast in the aftermath of Hurricane Katrina. Both reserve components are composed primarily of citizen soldiers who balance the demands of civilian careers with part-time military service.

Reserve forces may be involuntarily called to active duty under three mobilization authorities. As shown in table 1, the President may involuntarily mobilize forces under two authorities with size and time limitations. Full mobilization, which would authorize the mobilization of forces for as long as they are needed, requires a declaration by Congress.

¹⁸Combat support units provide fire support and operational assistance to combat forces, whose primary missions are to participate in combat. Combat service support refers to the essential capabilities, functions, activities, and tasks necessary to sustain all elements of operating forces on the battlefield (e.g., supply, maintenance, health, transportation, and other services required by aviation and ground combat troops to assist those units in accomplishing their combat missions).

Table 1: Mobilization Authorities for Reserve Forces

Statute	Provisions
10 U.S.C. 12301(a) "Full Mobilization"	Declared by Congress: In time of war or national emergency No limit on numbers of soldiers called to active duty For duration of war or emergency plus 6 months
10 U.S.C. 12302 "Partial Mobilization"	Declared by the President: In time of national emergency No more than 1,000,000 reservists can be on involuntary active duty No more than 24 consecutive months
10 U.S.C. 12304 "Presidential Reserve Call-up"	Determined by the President: To augment the active duty force for operational missions or to provide support to certain emergencies No more than 200,000 members of the Selected and Individual Ready Reserves can be on active duty No more than 365 days

Source: GAO analysis of U.S. Code provisions.

In September 2001, following President Bush's declaration of a national emergency resulting from the terrorist attacks of September 11, 2001, DOD issued mobilization guidance that, among other things, allowed the services to mobilize reservists for up to 24 cumulative months under the President's partial mobilization authority. In January 2007, the Secretary of Defense issued updated guidance on the utilization of the force that, among other things, limits involuntary reserve component mobilizations to no more than 1 year at a time.¹⁹

During the Cold War, the Army's reserve components principally operated as a force in reserve, or strategic reserve, that would supplement active forces in the event of extended conflict. Members of the reserves generally served 39 days a year—1 weekend a month and an additional 2 weeks of duty. In addition, the reserve components have a small number of full-time personnel, Active Guard and Reserve personnel and military technicians, that perform the necessary day-to-day tasks such as maintaining unit equipment and planning training events that reserve units need to accomplish in order to maintain readiness for their mission and be able to

¹⁹Secretary of Defense Memorandum, *Utilization of the Total Force* (Jan. 19, 2007).

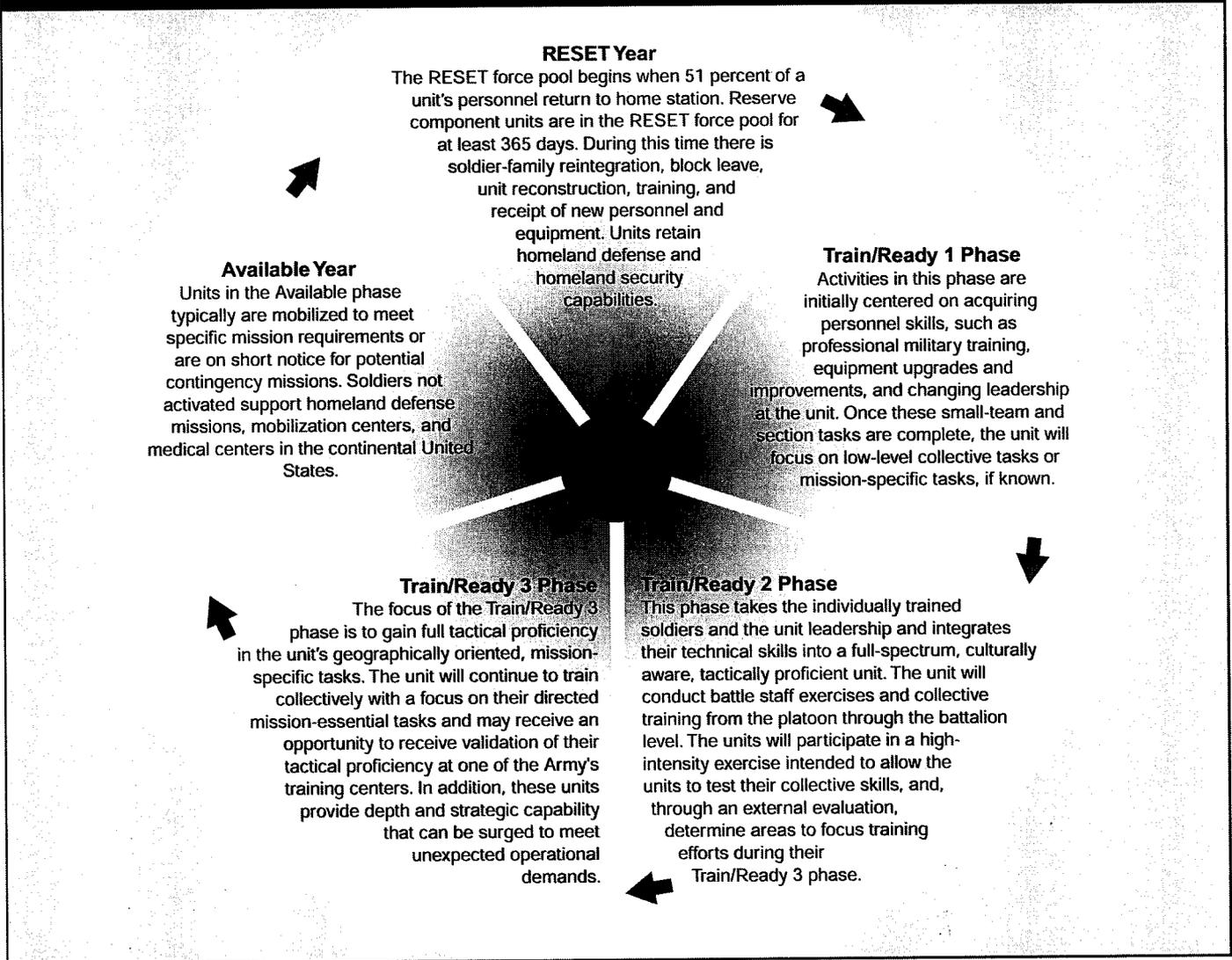
deploy.²⁰ The Army's resourcing strategy for a strategic reserve provided reserve units with varying levels of resources according to the priority assigned to their federal warfighting missions. Most reserve component units were provided with between 65 and 74 percent of their required personnel and 65 to 79 percent of their required equipment. This approach assumed that most reserve component forces would have a lengthy mobilization period with enough time to fully man, equip, and train their units after they were mobilized to attain the high level of operational readiness necessary for deployment.

Since September 11, 2001, however, the demand for Army forces and capabilities has been high, especially to support ongoing operations in Iraq and Afghanistan. Recognizing that its forces were being stressed by the demands of lengthy and repeated deployments, the Army has adopted a new force-generation model intended to improve units' readiness over time as they move through phased training to prepare to be ready for a potential deployment. This contrasts with the previous approach in which, as a strategic reserve, units' personnel and equipment levels were maintained below warfighting readiness levels until they were mobilized. Under the Army's new model, the early phases of the cycle will entail formation and staffing of the unit and beginning individual and collective training, while later phases will concentrate on larger unit training. Figure 1 illustrates the planned movement of units through the reset, train/ready, and available phases of the Army force-generation model.

²⁰ Full-time Active Guard and Reserve personnel are Army National Guard and Army Reserve soldiers who are on voluntary active duty or full-time National Guard duty providing full-time support for the purpose of organizing, administering, recruiting, instructing, or training the reserve components. Military Technicians are federal civilian employees providing full-time support for administration, training, and maintenance in reserve component organizations/units. Dual-status military technicians are required to maintain membership in a reserve component as a condition of employment, while certain non-dual-status technicians are not subject to that requirement.

Figure 1: Army Force-Generation (ARFORGEN) Model

ARFORGEN is a structured progression of increased unit readiness over time resulting in periods of availability of trained, ready, and cohesive units prepared for operational deployment in support of civil authorities and combatant commander requirements.



Source: GAO analysis of Army data.

Under the Army's force-generation model as designed, reserve component units would be available for deployment for 1 year with 5 years between deployments. After returning home from a deployment, units remain in the

reset phase for a fixed 1-year period and focus on restoring personnel and equipment readiness so that they can resume training for future missions. Following the reset phase, units enter the train/ready phases in which they progressively increase their training proficiency by completing individual and collective training tasks. As designed in the force-generation model, reserve component units remain in the train/ready phases for 4 years, although the amount of time is not fixed and may be reduced to meet operational demands. Upon completion of the train/ready phases, units enter the available year in which they can be mobilized to meet specific mission requirements. Under current DOD policy, involuntary reserve component mobilizations are limited to no more than 1 year in length. The force-generation process requires increasing resources for units to use in training to gain higher levels of proficiency prior to mobilization.

In 2008, DOD published a new directive on managing the reserve components as an operational force. The directive provides the following definition of the reserve components as an operational force:

“The reserve components provide operational capabilities and strategic depth to meet U.S. defense requirements across the full spectrum of conflict. In their operational roles, reserve components participate in a full range of missions according to their Services’ force-generation plans. Units and individuals participate in missions in an established cyclic or periodic manner that provides predictability for the combatant commands, the Services, Service members, their families and employers. In their strategic roles, reserve component units and individuals train or are available for missions in accordance with the national defense strategy. As such, the reserve components provide strategic depth and are available to transition to operational roles as needed.”²¹

²¹Department of Defense Directive 1200.17, *Managing the Reserve Components as an Operational Force* (Oct. 29, 2008).

The Army Has Taken Steps to Adapt the Reserve Components, but It Faces Challenges in Achieving a Sustainable Mobilization Cycle and Meeting Premobilization Readiness Standards

The Army has made a number of changes to its force structure, as well as to its manning and equipping strategies to better position its reserve components for the operational role. However, given the current high pace of operations, the Army has faced challenges in achieving sustainable mobilization rates for its citizen soldiers and in readying personnel and units before they are mobilized in order to maximize their availability to operational commanders after deployment.

The Army Has Taken Steps to Modify the Reserve Components' Force Structure for the Operational Role

The Army has made four force-structure changes to better position its reserve components for the operational role.

- First, the Army is undertaking a major reorganization—called the modular force initiative—designed to make Army forces more flexible and responsive by reorganizing combat and combat support forces from a division-based force to smaller, more numerous, modular brigade formations with significant support elements. In contrast to the Army's previous division-based force with many different types of unique forces, the modular forces were designed to be standardized and interoperable so forces could be more easily tailored to meet operational needs. Under the modular reorganization, National Guard and Army Reserve units are to have the same designs, organizational structures, and equipment as their active component counterparts so that they can be operationally employed in the same manner as active component units. The Army reported in its 2009 Campaign Plan that it has converted or begun converting 256 (84 percent) of the 303 planned brigade formations.²² However, the Army has been focused on equipping and staffing units to support ongoing operations in Iraq and Afghanistan and the equipment and personnel levels in nondeployed units have been declining. Further, as previously reported, the Army does not have a plan with clear milestones in place to guide

²²Department of the Army, *The Army Campaign Plan 2009* (FOUO) (Feb. 19, 2009).

efforts to equip and staff units that have been converted to the modular design,²³ and the Army now anticipates that the converted modular units will not be fully staffed and equipped until 2019—more than a decade away. Furthermore, without adequate planning, the Army risks cost growth and further timeline slippage in its efforts to transform to a more modular and capable force.

- The Army is changing the missions of some Army organizations and retraining soldiers to produce more soldiers and units with high-demand skills. For example, the Army is decreasing its supply of air defense, armor, and field artillery capabilities in order to increase its supply of special operations, civil affairs, and military police capabilities. The Army began these rebalancing efforts in fiscal year 2003 after military operations in response to the September 11, 2001, terrorist attacks generated high demand for certain forces. Among those forces in high demand were certain combat support and combat service support forces such as military police and transportation units. These support forces, which are also called enablers, reside heavily in the reserve components. The goals of rebalancing included helping to ease stress on units and individuals with high-demand skills and meeting the Army's goal of executing the first 30 days of an operation without augmentation from the reserve component. As part of the rebalancing plan, the Army National Guard is converting six brigade combat teams into four maneuver enhancement brigades²⁴ and two battlefield surveillance brigades²⁵ that will perform combat support roles. As of February 2009, the Army reported that it had completed rebalancing 70,400 positions, about 50 percent of the approximately 142,300 positions scheduled to be rebalanced by 2015 across the active and reserve components.
- The Army is also increasing personnel within the reserve components. In January 2007, the Secretary of Defense announced an initiative to expand the total Army by approximately 74,200 soldiers to better meet long-term operational requirements, sustain the all-volunteer force, and build towards a goal of 5 years between mobilizations for the reserve components. This initiative is expected to add 8,200 soldiers to the Army

²³GAO, *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).

²⁴Maneuver enhancement brigades are designed as a unique multifunctional command and control headquarters to perform maneuver support, consequence management, stability operations, and support area operations for the supported force.

²⁵Battlefield surveillance brigades are designed to conduct reconnaissance, surveillance, target acquisition, and intelligence operations to build the common operational picture in order to focus joint combat power and effects.

National Guard by 2010; 65,000 soldiers to the active component by fiscal year 2010; and 1,000 soldiers to the Army Reserve by 2013. The Secretary of Defense expects that with a larger force, individuals and units will, over time, deploy less frequently and have longer times at home between deployments. However, we have previously reported that the Army has not developed a comprehensive funding plan for the expansion initiative and that, lacking a complete and accurate plan, Congress and other decision makers may not have the information they need 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.²⁶

- The Army eliminated some reserve force-structure positions that previously had been intentionally unfilled, largely for budgetary reasons. Specifically, the Army's force-structure rebalancing, which began in fiscal year 2003, and the modular transformation efforts that began in 2004 reduced the force structure allowances for the Army National Guard by 7 percent from 376,105 to 349,157 and Army Reserve by about 4 percent from 213,324 to 205,028 between 2005 and 2009.²⁷ Concurrently, the Army's Grow the Force plan increased the Army National Guard's size by almost 2 percent from 352,700 soldiers in fiscal year 2007 to 358,200 by fiscal year 2010 and the Army Reserve's size by 3 percent from 200,000 soldiers in fiscal year 2007 to 206,000 by 2013. When the reserve components were solely a strategic reserve, the Army routinely authorized units to be assigned fewer personnel than would be required for their wartime mission under the assumption that units could receive additional personnel when mobilized. By reducing the number of units, the Army was able to authorize the remaining units to be more fully manned.

DOD established a policy in 2008 to promote and support the management of the reserve components as an operational force.²⁸ The policy directed the services to align reserve component force structures, to the extent practicable, with established DOD goals for frequency and duration of utilization for units and individuals. In addition, the policy instructs the service Secretaries to manage their reserve components such that they provide operational capabilities while also maintaining strategic depth to

²⁶GAO, *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).

²⁷Force-structure allowances are the number of unit spaces that can be manned with personnel.

²⁸Department of Defense Directive 1200.17, *Managing the Reserve Components as an Operational Force*, (Oct. 29, 2008).

meet U.S. military requirements across the full spectrum of conflict. Further, the policy directs the Secretaries to ensure sufficient depth of reserve component unit and individual capabilities to meet DOD's established force-utilization goals. Those goals include planning for involuntary mobilizations of guard and reserve units such that they receive 5 years at home for every 1 year they are mobilized.

The Army Has Adapted Personnel Strategies for the Reserve Components' Operational Role, but It Has Not Modified Requirements for Full-Time Support Staffing

The Army has adapted the strategies that it uses to staff its reserve components for the operational role, which requires Army reserve component units to achieve higher levels of personnel readiness and maintain a more stable cadre of personnel than they did as part of a strategic reserve. The Army has increased the number of personnel in reserve component units, given units higher priority for personnel as they near availability for deployment in the rotational cycle, established some personnel readiness goals, and modified its recruiting and retention strategies.

The operational role has several implications for how the Army staffs its reserve component units. First, as an operational force, Army reserve component units are now expected to be available to deploy for 1 year with 5 years between deployments and more frequently when the Army faces increased demand for forces by the combatant commanders. To prepare for regular deployments, the Army now expects its reserve component units to progressively increase their personnel readiness on a cyclical basis as they near availability for deployment. The Army determines a unit's personnel readiness level by comparing the unit's level of available strength to the number of personnel required by the unit. Available strength is the portion of the unit's assigned strength that is available for deployment to accomplish the unit's assigned wartime mission. To be available, these personnel must meet a number of administrative, medical, and dental requirements and must meet their individual qualifications.²⁹ As an operational force, reserve component units need to make efficient use of training time before deployment and build a cohesive force needed to achieve collective training proficiency.

²⁹For example, Army guidance currently requires combat arms units to deploy with at least 90 percent of their assigned personnel, and combat support and combat service support units to deploy with at least 80 percent of assigned personnel. In addition, 100 percent of the soldiers who mobilize and deploy with a unit must meet Army soldier readiness requirements, including medical and dental standards, administrative criteria, and occupational specialty qualification.

DOD's policy that the service Secretaries program and execute resources as required to support a "train-mobilize-deploy" model means that units need to achieve high levels of personnel readiness and complete most of their training requirements prior to mobilization. This approach to training and mobilization contrasts with the strategic reserve's "mobilize-train-deploy" approach in which units would be brought up to full personnel strength and soldiers' medical and dental issues would be addressed after mobilization. To implement the train-mobilize-deploy model, the Army has found that it needs to stabilize unit personnel by the time the unit is alerted for deployment or as early as possible in the force-generation cycle so that the unit can attain as much collective training proficiency as possible prior to mobilization. This approach allows the unit to minimize postmobilization training time and provide as much availability as possible to theater commanders.

The Army Has Increased the Number of Personnel in Reserve Component Units

To staff reserve component units more fully, the Army has increased the percentage of required personnel that are assigned to reserve component units above strategic reserve levels and has established a long-range goal of achieving full personnel strength throughout the force-generation cycle for reserve components.³⁰ As discussed previously, the Army decreased the size of its reserve components' force structures while also increasing their end strength,³¹ which allowed remaining units to be more fully manned. Also, the Army has modified its approach to assigning personnel to reserve component units by giving units nearing deployment priority over other units in the assignment of soldiers and establishing some personnel readiness requirements for deploying units.³²

Despite these changes, the Army has not adopted any overarching, uniform personnel readiness levels that units must achieve as they progress through each phase of the force-generation cycle. The Army has established some interim personnel readiness goals for units participating

³⁰Department of the Army, *The Army Campaign Plan 2009* (FOUO) (Feb. 19, 2009).

³¹End strength is the maximum number of personnel each of the military services is authorized to have on the last day of a fiscal year.

³²Deploying combat units must have 90 to 100 percent of their required personnel available for deployment, and 85 to 100 percent of their required senior-grade personnel and 85 to 100 percent of their personnel qualified in their military occupational specialty upon arrival to their mobilization station. Deploying support units must have 80 to 89 percent of their required personnel available for deployment, and 75 to 84 percent of their required senior-grade personnel and 75 to 84 percent of their personnel qualified in their military occupational specialty upon arrival to their mobilization station.

The Reserve Components Have Established New Recruiting and Retention Initiatives

in a "RESET pilot" program.³³ However, the Army reported in its 2009 Campaign Plan that current high global demands for Army forces are preventing units from achieving specific readiness levels as they progress through the phases of the force-generation cycle.³⁴ The Army plans to evaluate units in the pilot program through 2010 and use this information to identify lessons learned and determine what levels of personnel readiness will be required of reserve component units as they progress through the force-generation cycle.

The reserve components have established several new initiatives to meet the recruiting and retention goals of an operational force. Both components have established incentives for current soldiers to recruit others. The Army National Guard established the Guard Recruiting Assistance Program in which every Army National Guard member can function as a recruiter. The program provides a \$2,000 monetary incentive to Guard soldiers for every new person they recruit who begins basic combat training. The Army Reserve's Recruiting Assistance Program also provides a \$2,000 monetary incentive to soldiers for every new person they recruit. Both components are also implementing targeted bonus programs to increase retention for soldiers with high-demand occupational specialties and for certain officer grades.

Other Army National Guard recruitment and retention efforts include

- the Recruit Sustainment Program, which is designed to keep recruits interested in the Army National Guard as well as increase their preparedness while awaiting training, and
- the Active First Program, which is a pilot initiative in which soldiers are recruited to serve for an 8-year period which includes serving 3 years in the active component and 5 years in the Army National Guard.

Additional Army Reserve recruitment and retention initiatives include

- a conditional release policy designed to control the number of reservists who leave the Army Reserve to enter the active Army, Army National Guard, or other service components;

³³Interim goals for all units in the pilot program are to have 80 percent of their aggregate assigned personnel and 75 percent of senior grade personnel by the time they exit the RESET phase and to attain the highest level of personnel readiness as they enter the last phase of the cycle when they are available for mobilization and deployment.

³⁴Department of the Army, *The Army Campaign Plan 2009* (FOUO) (Feb. 19, 2009).

The Army Has Established Initiatives to Improve Reserve Component Personnel Readiness and Unit Stability

- an education stabilization program which synchronizes new soldiers with a unit in the appropriate phase of the force-generation cycle so that the soldier can complete his/her college degree without the interruption of mobilization; and
- an employer partnership initiative in which soldiers are recruited to train and serve in the Army Reserve for a particular occupational specialty and work in a related occupation for one of the civilian employers that participate in this initiative.

Further, the Army and its reserve components have begun several other initiatives to improve personnel readiness and unit stability prior to mobilization and improve the execution of the “train-mobilize-deploy” model required by DOD for an operational force. Although these initiatives are in various stages of implementation, and it is too early to assess their effectiveness, some of the steps that the Army and its reserve components have taken include the following:

- The Army has established a goal of issuing alert orders to reserve component units at least 12 months prior to their mobilization in order to provide them enough time to attain required levels of ready personnel for deployment. Army data show that the Army has increased the amount of notice it provides to mobilizing Army National Guard units from an average of 113 days in 2005 to 236 in 2008.
- The Army Reserve began implementing the Army Selected Reserves Dental Readiness System in 2008 to reduce the number of nondeployable soldiers across the force by providing annual dental examinations and dental treatment for all soldiers regardless of their alert or mobilization status.
- To reduce personnel attrition and increase unit stability prior to unit mobilizations without the use of stop-loss,³⁵ the Army National Guard’s Deployment Extension Stabilization Pay program, when implemented, will make some soldiers eligible to receive up to \$6,000 if they remain with their unit through mobilization and 90 days following demobilization. The initiative is scheduled to begin in September 2009. The Army Reserve is considering a similar program.

³⁵Stop-loss refers to a policy the Army initiated in June 2004 and applies to personnel in units identified for deployment in support of Operation Iraqi Freedom or Operation Enduring Freedom. The policy prevents soldiers from separating or retiring from the Army from 90 days prior to mobilization for reserve component soldiers until 90 days after they return from deployment. The Secretary of Defense has announced that stop loss will be phased out in August 2009 for Army Reserve soldiers and September 2009 for Army National Guard soldiers.

The Army Has Not Established Full-Time Support Staffing Needs for the Operational Role

To improve medical readiness across the reserve components, the Army National Guard is pilot testing an initiative—the Select Medical Pre-Deployment Treatment Program—that will provide limited medical treatment at no cost to eligible³⁶ medically nondeployable soldiers in Army National Guard and Army Reserve units alerted for deployment. If the Army determines that the pilot is successful, it will consider expanding the program across the reserve components.

Although the shift to the “train-mobilize-deploy” model increases the importance of the premobilization readiness tasks performed by full-time support staff, the Army has not modified its full-time support staffing requirements to reflect the needs of the operational role, and the reserve component units face difficulties in performing key readiness tasks at current staff levels. As of May 2009, the Army had not reevaluated the reserve components’ requirement for the full-time staff that are needed to perform key readiness tasks on a day-to-day basis in light of their new operational role. With most members of the Army National Guard and Army Reserve serving 2 days a month and 2 weeks out of the year, the reserve components rely on a small number of full-time personnel to perform the day-to-day tasks such as maintaining unit equipment and planning training events that reserve units need to accomplish in order to maintain readiness for their mission and be able to deploy. The Army Reserve Forces Policy Committee,³⁷ U.S. Army Forces Command,³⁸ and the Commission on National Guard and Reserves have reported that insufficient full-time support levels place the operational force at risk.³⁹

³⁶TRICARE is the health care program serving active duty service members, National Guard and Reserve members, retirees, their families, survivors, and certain former spouses. To be eligible for treatment under the pilot, soldiers must have correctable medical conditions and must not otherwise be eligible for care provided under TRICARE.

³⁷Army Reserve Forces Policy Committee, *ARFPC White Paper on Full-time Support* (Washington, D.C., 2007). Governed by Section 10302 of Title 10 of the U.S. Code, the Army Reserve Forces Policy Committee is a committee within the Office of the Secretary of the Army. The committee is responsible for reviewing and commenting on any major policy matters directly affecting the reserve components and mobilization preparedness of the Army. The committee’s comments on such matters are forwarded to the Secretary of the Army and the Chief of Staff.

³⁸Commanding Officer, United States Army Forces Command, Memorandum, *Concept Plan for Army Initiative 4 (AI4); Transition the Reserve Components (RC) to an Operational Force* (Feb. 25, 2008).

³⁹Commission on National Guard and Reserves, *Transforming the National Guard and Reserves into a 21st-Century Operational Force* (Jan. 31, 2008).

The Army's reserve components are not authorized the number of full-time personnel needed to meet the requirements established for their strategic role, and requirements for the operational role have not been determined. For fiscal year 2010, the Army National Guard and Army Reserve required about 119,000 full-time support positions but were only authorized 87,000 positions, or about 73 percent of the requirement. The current full-time support requirement is based on a manpower study conducted in 1999 when the reserve components were still primarily a strategic reserve. In subsequent years, the Army reviewed and adjusted the manpower analysis but it did not conduct an analysis that incorporated the needs of an operational reserve. The last review performed was completed in 2006, prior to the issuance of the Secretary of Defense policy that limited involuntary mobilizations to 1 year and before an increased emphasis was placed on premobilization readiness. In 2007, the Army directed a study designed, in part, to measure the readiness benefit to the Army of increasing its reserve components' full-time support. However, because of data limitations, the Army could not quantify the effect of full-time support on unit readiness. As a result, the Army initiated an additional study to determine the link between full-time support levels and unit readiness before including additional funding for full-time support in future budget requests. Specifically, the Army has commissioned a study to assist it with identifying the existing requirements for full-time support, determining how the Army National Guard and Army Reserve have met these requirements in the past, and developing analytical links between full-time support and unit readiness. The Army does not plan to make any decision on full-time support resource levels until after this study is completed in September 2009.

Mobilization of certain full-time support staff with dual roles as full-time support staff and deployable members of reserve units who perform key logistics and maintenance tasks has also created maintenance and readiness challenges for the Army's reserve components. In the National Guard and Reserve Equipment Report for 2009, DOD reported that the average staffing of Army Reserve maintenance activities⁴⁰ is at approximately 60 percent of requirements, and currently about 25 percent of the assigned staff is deployed. According to the report, mobilization of Army National Guard full-time support staff has resulted in an overall reduction of 71 percent of maintenance technician staffing during

⁴⁰The Area Maintenance Support Activities perform unit-level maintenance beyond the unit's capability to perform due to time restraints and required training.

mobilization. The Army National Guard often hires temporary technicians to replace maintenance technicians who are mobilized. However, state National Guards, on average, hire only one temporary technician for every five maintenance technicians mobilized, due to the cost involved. To mitigate the maintenance backlog, the Army Reserve continues to use contractors, contracted maintenance support, and commercially available services.

The Army Has Adapted Its Strategy for Equipping Deploying Reserve Units

The Army has adapted its strategy for equipping its reserve components for the operational role by establishing a long-term equipping goal and, until it reaches this goal, giving units priority for equipment as they near their availability for deployment. Over the long term, the Army has established a goal of equipping all reserve units with 100 percent of their requirements by the end of fiscal year 2019. However, because the Army's need for equipment currently exceeds the available supply, and equipment shortages are expected to continue for a number of years, the Army prioritizes the distribution of equipment to units that are deployed and preparing to deploy consistent with its force-generation model.⁴¹ In addition, under the new "train-mobilize-deploy" model, reserve component units are also expected to complete most of their training requirements prior to mobilization so that they can provide as much time as possible to theater commanders within the 12-month limit on involuntary mobilizations. To accomplish these goals, the Army has established interim policies and guidance for equipping reserve component units. First, the Army intends for a unit to have 80 percent of its required equipment 365 days after the unit returns from deployment. Second, the Army has directed commanders to ensure that units report to the mobilization station with 90 to 100 percent of their required equipment.⁴²

⁴¹The Army determines a unit's equipment readiness based on the extent to which a unit has been assigned its required warfighting equipment and those items are in working order.

⁴²According to *The 2009 Army Campaign Plan*, current operational demands are preventing the Army from reaching specific readiness goals established through the force-generation cycle at this time.

Given Current Operational Demands and Army Force-Sizing Decisions, Reserve Component Forces Face Challenges in Achieving the Secretary of Defense's Goals for a Sustainable Mobilization Schedule and Premobilization Readiness

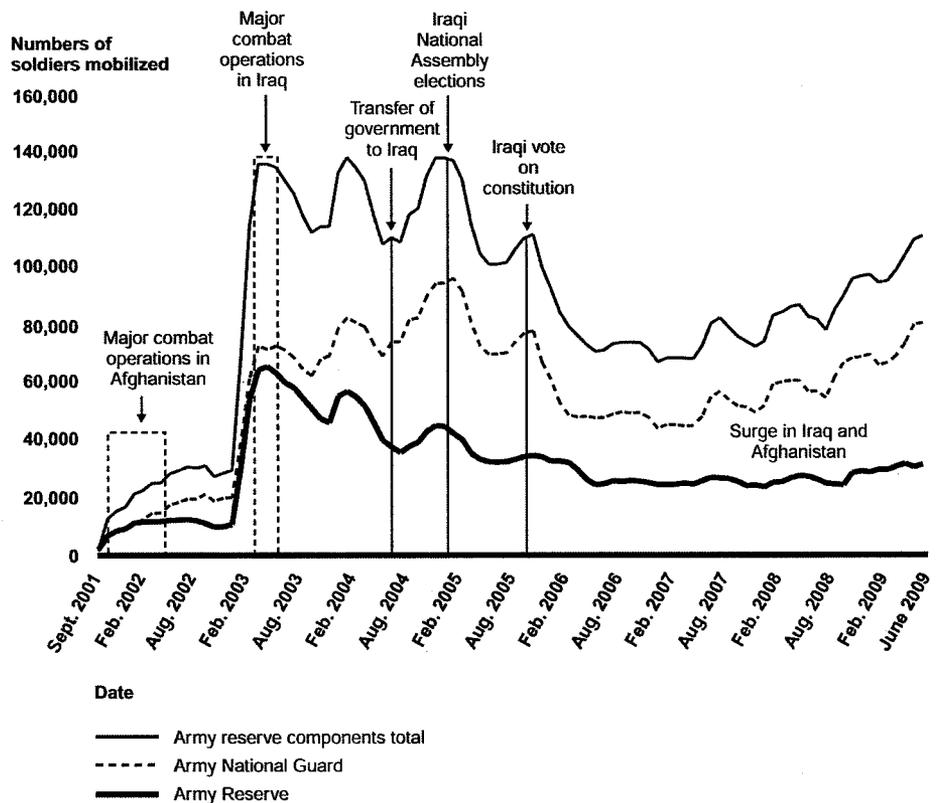
The Army faces challenges in limiting the frequency of mobilizations and increasing both personnel and unit readiness given the high pace of current operations.

The Army Faces Challenges in Achieving a Sustainable Mobilization Schedule

Despite changes to its force structure, manning, and equipping strategies, at the current pace of operations, the Army's reserve component force structure does not allow the Army to reach the Secretary of Defense's goal of providing reservists 5 years demobilized for each year mobilized. As figure 2 shows, the Army's reserve components have experienced a continued high level of mobilizations since 2001 in support of Operations Noble Eagle, Enduring Freedom, and Iraqi Freedom.⁴³

⁴³Operations to defend the United States from terrorist attacks are known as Operation Noble Eagle. Overseas operations to combat terrorism are known as Operation Enduring Freedom, which takes place principally in Afghanistan, and Operation Iraqi Freedom, which takes place in and around Iraq.

Figure 2: Army Reserve Component Members on Active Duty from September 2001 to June 2009 in Support of Operations Noble Eagle, Iraqi Freedom, and Enduring Freedom

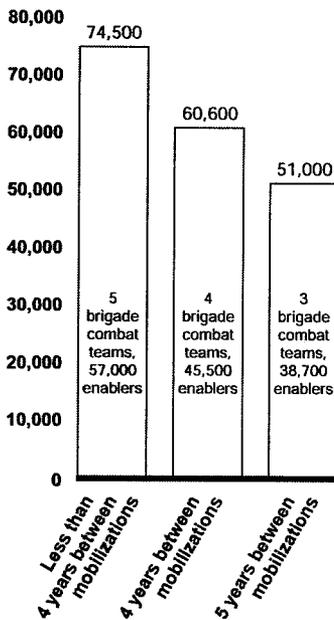


Source: GAO analysis of Army data.

As of June 2009, more than 110,000 Army National Guard and Army Reserve soldiers were mobilized in support of these operations. Due to this high demand for forces, the Army has only been able to provide its reserve component soldiers with less than 4 years at home between mobilizations on average. For example, many capabilities such as civil affairs, psychological operations, military police, transportation, and adjutant general companies and detachments are in high demand, so units with these skills are being mobilized much more frequently, sometimes with less than 3 years between deployments. Although unit mobilization frequency differs on a case-by-case basis, nearly all types of units are being mobilized more frequently than the Secretary's goal of no more than 1 year mobilized every 5 years. For reserve component forces to be provided 5

years at home between mobilizations given the current force structure, the total number of Army reserve component soldiers mobilized would have to decline by about 54 percent of the soldiers mobilized as of June 2009 to approximately 51,000 soldiers. As figure 3 below shows, the number of reserve component soldiers that could be available for deployment decreases as the required average amount of time between mobilizations increases.

Figure 3: Number of Army Reserve Component Soldiers Available for Deployment in Fiscal Year 2011 under Currently Planned Force Structure at Varying Average Amounts of Time between Mobilizations



Source: GAO analysis of Army data.

Note: Data are from the Department of the Army Force File (July 1, 2008).

The Army's current plans for its reserve component force structure would provide soldiers about 4 years at home between mobilizations, which is more than the current pace allows but less than the 5 year goal. According to Army officials, the current high pace is not expected to be permanent and the Army must balance mobilization frequency goals with the need to meet current operational demands, maintain capabilities to perform the full range of missions expected under the National Military Strategy, and remain within the constraints of mobilization policies and force-size limitations, as well as expected future budgets. The Army currently

Challenges Remain in
Achieving Desired Levels of
Personnel Readiness and Unit
Stability

projects that the high pace of operations will continue through fiscal year 2013, but it does not project when the Army will be able to achieve the Secretary's goal of 5 years between deployments. As a result, the Army has accepted the risk more frequent reserve mobilizations may pose to its personnel recruitment and retention in order to be better positioned to achieve its other goals.

Although officials report that the Army reserve component units are meeting the Army's required levels of ready personnel by the time that they deploy, the reserve component units continue to have difficulty in achieving goals for personnel readiness and unit stability prior to mobilization. As a result, the Army has had to continue to take steps to build readiness after mobilization. However, the Army has found that addressing issues such as medical and dental problems after mobilization may disrupt predeployment training and reduce the amount of time units are able to be provided to theater commanders under current limits on involuntary mobilizations. The Army has begun to implement additional initiatives to improve personnel readiness and unit stability but it is too early to evaluate their effectiveness.

Reserve component units continue to have difficulty in achieving personnel readiness and unit stability goals before they are mobilized because of the number of soldiers who do not meet medical, dental, and individual training qualification requirements as well as personnel attrition. A 2008 Army study of the pre- and postmobilization preparation of five Army National Guard brigade combat teams that mobilized between October 2007 and January 2008⁴⁴ found that none of the five units met deployment standards for the levels of personnel with individual training qualifications and medical readiness when they arrived at their mobilization stations. The study also found that these units had experienced significant attrition, with an average of 59 soldiers leaving their units per month between the time they were alerted for mobilization and 90 days before mobilization when the Army's stop-loss policy prevented them from leaving the Army.

⁴⁴Army Forces Command, *Pre- and Post-Mobilization Comprehensive Review: 4+1 Brigade Combat Teams (BCT)*, 2008. Forces Command conducted this review at the request of the Secretary of Defense and the Vice Chief of Staff of the Army between March and May of 2008. The review focused on the four most recent Army National Guard BCTs to mobilize, as well as the 39th BCT from Arkansas, which was specifically requested by the Secretary of Defense. The other four BCTs studied included the 27th BCT from New York, the 37th BCT from Ohio and Michigan, the 45th BCT from Oklahoma, and the 76th BCT from Indiana.

As a result of the challenges faced in achieving desired personnel readiness levels, the Army and its reserve components have had to continue taking steps to improve individual and unit readiness late in the force-generation cycle and after mobilization. Such steps include addressing medical and dental issues and transferring personnel from nondeployed to deploying units to fill shortages. For example, according to Army mobilization officials, one unit that mobilized in September 2008 required the transfer of more than 900 soldiers, or 22 percent of the 4,122 required personnel, from other units within 2 weeks of its mobilization date in order to fill shortages and man the unit to a deployable level. Further, our surveys of and interviews with 24 recently deployed reserve component units found that nearly all of those units had to receive personnel transfers from outside their units to achieve the required personnel levels for deployment. According to Army officials, such transfers disrupt unit stability and cause personnel turbulence at a time when the units are working to attain collective training proficiency in preparation for deployment. Additionally, Army officials stated that personnel transfers disrupt premobilization training plans when they occur within the last 6 months prior to a unit's mobilization date because more training has to be done after mobilization, which reduces operational availability to theater commanders. For these reasons, one of the chief lessons learned reported in a 2008 Army study of pre- and postmobilization is that early assignment of personnel and stabilization of deploying units is necessary to make efficient use of training time and build a cohesive force so that the units can efficiently achieve required levels of collective training proficiency and provide as much operational availability as possible to theater commanders.

**The Army Faces Challenges
Providing the Equipment
Needed to Train Reserve Units
for Ongoing Operations and
Meeting Longer-Term
Equipping Goals**

Although the Army has taken steps in recent years to improve reserve component equipment inventories, it faces challenges in equipping units for training while supporting current high operational demands and, over the long term, may face challenges in meeting its equipment goals amid competing demands for resources. From 2003 to 2010, the Army requested \$22.7 billion in its annual appropriations to equip the Army National Guard and Army Reserve.⁴⁵ Despite this effort, the Army National Guard reported in October 2008 that it had 76 percent of its required equipment with only

⁴⁵The Office of the Assistant Secretary of Defense for Reserve Affairs, Deputy Assistant Secretary of Defense (Material and Facilities) reports that from 2003 to 2009 Congress added \$7.3 billion in funding for Army National Guard and Army Reserve equipment in either DOD's appropriations or in the National Guard and Reserve Equipment Appropriations. We did not evaluate the accuracy or reliability of these amounts.

63 percent of the required items located within the United States and available for training use. Similarly, the Army Reserve reported that it had 74 percent of its required equipment with only 67 percent of the required items located within the United States.

The Army is finding it difficult to provide units access to the same equipment for training that they will use overseas so they can attain training proficiency before they deploy. The demand for some items, such as mine resistant ambush protected vehicles and night vision equipment, has increased across the Army as operations have continued, and equipment requirements to support ongoing operations continue to evolve. As previously reported, these evolving requirements have made it difficult for the Army to communicate to deploying units what equipment will be needed in-theater and has challenged the reserve components to identify and transfer the right items.⁴⁶ Moreover, the Army has directed reserve component units returning from overseas deployments to leave in-theater certain essential equipment items that are in short supply for use by follow-on forces. While this equipping approach has helped meet operational needs, it continues the cycle of reducing the pool of equipment available to nondeployed forces for unplanned contingencies and for training. We have previously reported that the continuing strategy of transferring equipment to deploying forces hampers the ability of nondeployed forces to train for future missions.⁴⁷

Furthermore, the transformation to the modular structure has also placed demands on the Army's equipment inventories because it requires modular units to have modern equipment as well as increased quantities of some items. Similarly, the initiative to expand the Army, which added six brigade combat teams and additional modular support units⁴⁸ to the overall Army force structure, required equipment and placed additional demands on the Army's inventories.

A 2008 Army study of lessons learned from the deployment of five Army National Guard Brigade Combat teams found that equipment shortages adversely affected the deployment training of these units and increased

⁴⁶GAO-06-111.

⁴⁷GAO-06-111.

⁴⁸The modular support units include two combat support brigades, one fires brigade, one air defense brigade, one engineer brigade, and two sustainment brigades.

the amount of time required to obtain collective training proficiency.⁴⁹ This study noted that training on the equipment a unit will use in-theater is essential to ensure tasks, conditions, and standards are met during premobilization training. However, the Army has not been able to provide some equipment to units to accomplish their training either prior to mobilization or deployment.

During our interviews with reserve component units that had returned from deployment within the past year, we found several instances where units did not train with the same equipment before they deployed that they used in theater. As a result, they had to accomplish this training in-theater, effectively reducing their operational availability to theater commanders. For example:

- A National Guard transportation company did not have the opportunity to train before mobilization with the armored trucks they drove in-theater. According to unit officials, these models maneuver differently and drivers need to practice driving the armored version. To accomplish this training, soldiers trained with armored versions upon arrival in-theater.
- A National Guard engineering battalion told us they did not have access to the heavy equipment transporter or cranes used in-theater when it was training at the mobilization station. Instead, soldiers trained with similar equipment before they deployed and then trained on some of the equipment upon arrival in-theater.
- National Guard officials from an aviation battalion told us that they did not have an opportunity to train on some equipment they used in-theater, including global positioning systems, communications systems, and intelligence systems. Instead, they trained on the equipment with the unit they were relieving after they arrived in-theater.
- An Army Reserve transportation company had to wait until it was in-theater to train on a pallet loading system.

Over the long term, the Army faces challenges in meeting its equipping goals amid competing demands for resources. The National Guard and Reserve Equipment Report for Fiscal Year 2009 included estimates of the resources required for the Army National Guard to achieve the 100 percent equipping goal by 2019. The report estimated that the Army National Guard will require an additional \$6 billion each year from 2014 to 2019 to achieve the 100 percent goal, not including the \$36.8 billion included in the Future Years Defense Program from 2005 to 2013 to purchase equipment.

⁴⁹ Army Forces Command, *Pre- and Post-Mobilization Comprehensive Review*.

In addition, this report estimated that the Army Reserve will need \$1.6 billion each year over its 2009 to 2015 projected spending plan to reach its equipping and modernization goals.

Despite the magnitude of the Army's projected investment in its reserve components, until operational demand eases, it seems unlikely that the Army will be able to achieve DOD's goal of a sustainable mobilization cycle for its reserve forces or fully implement the train-mobilize-deploy model. It is also not clear how long reserve component forces can sustain the current high pace of operations without difficulties in recruiting and retaining reserve component soldiers or compromising the viability of the all-volunteer citizen soldier reserve components, which are an important national resource critical for both domestic and overseas missions.

The Army Has Estimated and Budgeted for Some Costs to Transition Its Reserve Components to an Operational Force, but Has Not yet Finalized an Implementation Plan and Funding Strategy

The Army has estimated and budgeted for some costs that relate to the transition of its reserve components to an operational force, but the full cost of the transition remains uncertain and could vary widely from the initial estimates depending on Army decisions. The Army has decided to include the majority of funding needed for this effort in its fiscal year 2012 to 2017 projected spending plans⁵⁰ after costs are clarified by ongoing studies. However, the Army has not yet completed an implementation plan and funding strategy that fully describe the key tasks necessary for the transition, establish timelines for implementation, and identify metrics to measure progress.

⁵⁰The Army's projected spending plans are contained in its Program Objective Memorandum, which defines what the Army intends to do over a 6-year program period and presents the Army's proposal for a balanced allocation of its resources within specified constraints.

Army Has Prepared Some Preliminary Cost Estimates for the Transition to an Operational Role, but Actual Costs Could Vary Widely Depending on Army Decisions

The Army has developed and updated a preliminary estimate of the costs that are not already included in its budget and Future Years Defense Program for the operational transition, but actual costs could vary widely from the estimates depending on Army decisions, such as which cost categories are essential for an operational reserve and the level of resources that will be required. In response to initiatives established by the Chief of Staff of the Army in April 2007, the Army formed a working group to develop a concept plan to complete six critical transition tasks. These tasks include (1) adapting pre- and postmobilization training; (2) adapting forces that perform key functions such as training, equipping, construction, and maintenance; (3) providing Army incentives to retain citizen soldiers and support their families; (4) modifying reserve component premobilization equipping strategies; (5) updating human resource management processes; and (6) revising statutes, policies, and processes.

As a part of this effort, the Army developed a preliminary cost estimate for those transition tasks that were not already included in the Army's budget or program. The intent of the preliminary cost estimate was to determine the magnitude of the additional costs required to complete the transition in order to assess the feasibility of the effort and provide estimates that Army leadership could use in developing its projected spending plans for fiscal years 2010-2015. The working group estimated an incremental cost of about \$28 billion for fiscal years 2010-2015 for the transition. However, the Army continued to examine the estimates for pre- and postmobilization validation, training support, and installation support. As a result of ongoing studies, the Army decided to report a cost range of between \$24.4 billion and \$28.1 billion depending on implementation decisions. Of that total, the primary cost driver was for increasing full-time support, estimated at \$12.8 billion over the period.

In 2009, the Army revised its estimates to incorporate updated assumptions for some cost categories. Specifically, the estimates

- increased costs for medical readiness to reflect expanding medical treatment to reservists throughout the phases of the force-generation cycle;
- decreased costs for full-time support, which, according to Army officials, will provide 80 percent of the strategic reserve requirement rather than 100 percent of the strategic reserve requirement;
- increased costs for the Army Reserve homeland defense pilot program to include the cost of incentives for high-priority units; and

-
- increased premobilization training costs to incorporate updated cost factors for items such as participation rates, pay and allowances, and inflation.

At the time of this report, the Army had not completed updates for other cost categories such as recruiting and retention, information technology, predeployment training equipment, new equipment training, second-destination transportation, premobilization training, and community services. The most recent Army estimates show a cost range from \$12.7 billion to \$27 billion over a 6-year period. Table 2 shows the cost categories and the amounts the Army estimated in 2008, categories updated in 2009, and a summary incorporating the most recent Army estimates.

Table 2: Cost Estimates to Transition the Reserve Components to an Operational Force

Dollars in millions

Cost category	2008 Army cost estimate ^a	2009 updates to the estimate	GAO summary using the most recent Army estimate
Pre- and postmobilization validation and training support	0 to 481 ^b	Under study ^c	0 to 481 ^c
Installation support	0 to 144 ^b	Under study ^c	0 to 144 ^c
Predeployment training equipment, new equipment training, second-destination transportation	4	Not updated	4
Recruiting and retention	563	Not updated ^d	563
Medical readiness ^e	147	170 to 930	170 to 930
Unit validation tracking system	5	Not updated	5
Additional days for generating force	6	Not updated	6
Defense health program for full-time support	142	Under study ^c	142 ^c
Full-time support ^f	1,996	0 to 1,000 ^c	0 to 1,000 ^c
Army Reserve homeland defense pilot program (i.e., ready response reserve unit pilot program)	9	16	16
Information technology / secure internet / bandwidth	89	Not updated ^g	89
Premobilization training	349	370	370
Duty military occupational specialty qualification and schoolhouse support	42	Not updated	42
Temporary full-time support	122	Under study ^c	122 ^c
Increase annual training and inactive duty for training	560	Under study ^c	560 ^c
Increase surge capacity in training pipeline	Not included	Under study ^c	No estimate yet available ^c
Providing Army community services to reserve components (includes Yellow Ribbon)	31	Not updated ^h	31
Annual total	\$4,065 to \$4,689		\$2,120 to \$4,505 plus costs not yet estimated
Total over 6 years	\$24,388 to \$28,136		\$12,720 to \$27,030i plus costs not yet estimated

Source: GAO analysis of Army data.

^aThe costs in this column were obtained by dividing the total costs the Army identified over the fiscal years 2010-2015 time period by 6 to obtain a per year cost. The cost categories, assumptions, and methodology for the 2008 estimate were based on the Army's 2007 reserve component utilization technical guidance memorandum. This memorandum outlines program intent with respect to resourcing the Army's vision and provides instructions for building the budget.

^bThese costs were still being studied by the Army at the time of the analysis.

^cOngoing studies are examining these potential costs.

^dAccording to Army officials, the Fiscal Year 2010 President's Budget Request includes \$1.9 billion for reserve component recruiting and retention.

^eThe 2008 estimate included man-days for medical and dental screening only. The 2009 estimate includes medical treatment for soldiers; the cost range depends on whether soldiers in all phases of the force-generation cycle are provided treatment or just those in the later phases.

^fAmount varies depending on the number and rate of increase.

^gAccording to Army officials, the Fiscal Year 2010 President's Budget Request includes \$176 million for this category. In addition, \$43.6 million was included in the Fiscal Year 2009 Supplemental Request for Overseas Contingency Operations.

^hAccording to Army officials, the Fiscal Year 2010 President's Budget Request includes \$123 million for this category.

ⁱThe 6-year totals were obtained by multiplying the per-year cost by 6 to obtain a rough order of magnitude for comparison purposes only. These costs have not been adjusted for inflation, and some fixed costs, such as secure internet, may decrease over the period.

According to Army officials involved in cost estimating, the transition costs could vary widely from the initial estimates for four key reasons. First, the Army has not yet defined which cost categories are essential for an operational reserve component, so costs could be added or removed from the estimate. For example, the Army has not decided whether activities recommended by the Commission on National Guard and Reserves, such as providing housing allowance for activated reservists and reimbursing certain reservists for travel, are essential for an operational reserve and should be included as transition costs. Estimated costs for implementing these recommendations were not included in the preliminary estimate or the 2009 updates and, if included, could significantly increase costs. The Army has estimated that providing housing allowance for activated reservists could add from \$170 million to \$400 million annually and reimbursing travel expenses for certain reservists participating in individual training would add about \$580 million annually. The Army has not estimated costs to implement other commission recommendations, such as the costs to increase the capacity of training institutions and increase staff support to the Employer Support of Guard and Reserves program.⁵¹ Second, the Army has not decided on the level of resources that will be required in other cost categories. For example, the Army has not established the specific personnel, training, and equipment levels its reserve components will require in each phase of the force-generation cycle. Third, several studies are underway to examine the level of resources required for full-time support, medical and dental

⁵¹The Department of Defense carries out its responsibilities for educating servicemembers and employers about their rights and responsibilities under the Uniformed Services Employment and Reemployment Rights Act of 1994 (38 U.S.C. Sec. 4301-4334) and assisting reservists in resolving problems with their civilian employers related to reserve component service, largely through its National Committee for Employer Support of the Guard and Reserves.

benefits, and incentives changes for the operational role. If readiness requirements, full-time support, medical and dental benefits, or incentives are increased above current levels, costs for the transition to the operational role could increase. Finally, neither estimate includes any recurring or sustainment costs beyond 6 years; costs for incentives, policy, or legislative changes required for the operational role; or costs for implementing the human resource initiatives designed to increase flexibility for reservists transitioning to and from active duty—referred to as the “continuum of service initiatives”—that the Army has identified as critical to the transition.⁶² Moreover, costs that the Army considered part of other Army initiatives, such as increasing reserve component equipping levels or expanding the Army, were not included.

The Army Plans to Include the Majority of Estimated Transition Costs in Its Fiscal Year 2012 to 2017 Projected Spending Plans, but It Has Not Finalized an Implementation Plan and a Funding Strategy for Achieving Its Goals

According to Army officials, The Fiscal Year 2010 President’s Budget Request includes some funding that supports the reserves’ operational role, but the Army plans to include the majority of funding for transition costs in its fiscal year 2012-2017 projected spending plans after it obtains more information on the resources needed to support the operational role. Army officials identified \$2.2 billion in The Fiscal Year 2010 President’s Budget Request that the Army considers as supporting the transition to the reserves’ operational role. Specifically, the fiscal year 2010 budget includes \$123 million for community services (family support); \$34 million for dental care to facilitate timely mobilization; \$176 million for information technology, secure internet, and bandwidth; and \$1.9 billion for reserve component recruiting and retention.⁶³

In addition, Army officials stated that \$779 million of the funds requested in DOD’s fiscal year 2009 supplemental request for overseas contingency operations will also contribute to the transition to an operational force. For example, Army officials identified funding requested for items such as installing secure internet capability to reserve component units, temporary full-time support staff, additional training days, and other costs as contributing to the transition. However, it is not clear from Army documents how much of the transition costs identified in the preliminary

⁶²Facilitating a “continuum of service” refers to a variety of human resource initiatives that are intended to increase the efficiency of Army human resource management processes that affect a reservist over the course of a career.

⁶³At the time of this report, Army officials stated that DOD had not developed and provided to Congress its future budget and program plans.

cost estimates are included in the fiscal year 2009 supplemental or 2010 budget request.

Although, in an information paper provided to Congress in February 2008, the Army stated that its fiscal years 2010 to 2015 projected spending plans would capture the required capabilities to begin the formal transformation of the reserve components to an operational force, the Army has decided to defer including the majority of those resources until the fiscal years 2012 to 2017 projected spending plans. According to Army officials involved in estimating transition costs, the Army needed more information on the resources required for the reserve components to meet operational readiness requirements, such as levels of medical support and full-time support. Army officials noted that accurately estimating costs for the transition is challenging because specific information about the levels of personnel, equipment, training, and full-time support required of an operational reserve component in each phase of the Army's force-generation cycle has not been developed. Army officials have stated that more specific metrics, such as the level of training proficiency required in each phase of the cycle, would help them to develop a more refined cost estimate for the transition.

In February 2008, the Army formed a temporary task force to develop a comprehensive, coordinated implementation plan to transition the Army's reserve components from a strategic reserve to an operational force. At the time of this report, the task force had developed a draft implementation plan that identifies some of the key tasks, an approximate 10-year timeline to complete transition tasks and incorporate associated costs into the base budget, and some measures of success. According to Army officials, the Army is awaiting agreement on this plan, as well as the results of several ongoing studies, before it incorporates any additional transition costs into the fiscal year 2012 budget and program.

In the meantime, the Army continues to utilize its reserve components as an operational force without a complete and approved implementation plan that clearly defines what tasks and costs are essential to the transition or a comprehensive funding strategy that identifies a timeline and funding sources for key transition tasks. According to DOD's directive that governs managing the reserve components as an operational force, it is DOD policy that the reserve components shall be resourced to meet readiness requirements of federal missions and that resourcing plans shall ensure visibility to track resources from budget formulation, appropriation, and allocation through execution. Additionally, best practices for strategic planning have shown that effective and efficient

operations require detailed plans outlining major implementation tasks, defined metrics and timelines to measure progress, a comprehensive and realistic funding strategy, and communication of key information to decision makers. However, at the time of this report, the task force had not yet identified specifics for key tasks such as adapting the training base and institutional support functions, identifying measures of success for all transition tasks—such as synchronizing training cycles, sustaining volunteerism, and implementing human resource initiatives—and developing a resourcing strategy. In addition, the draft implementation plan does not explain how other Army initiatives, such as increasing the Army's end strength or transforming to the modular force contributes to the overall goal of transitioning the reserve components to an operational force.

According to Army officials, the task force is scheduled to disband in September 2009, and it is not clear who will have responsibility for managing the implementation of the transition to the operational role and tracking progress over the long term. Without an approved implementation plan that fully describes the key tasks necessary for the transition, establishes timelines for implementation, and identifies metrics to measure progress, it will be difficult for the Army to gauge whether it is moving toward its goal of fully supporting the transition of the Army National Guard and Army Reserve to operational roles. Furthermore, Congress will continue to have only a partial view of the potentially substantial cost and time required to complete the transition.

States Use Mutual Support Agreements to Mitigate Effects of National Guard Deployments, although Some Domestic Requirements Remain Undefined

The deployment of National Guard units as a federal operational force has reduced their availability for domestic missions, but the effect on the states remains unclear because states have mitigated shortfalls through mutual support agreements and requirements for some domestic missions, such as responding to large multistate events, remain undefined. In general, National Guard members may only serve in one duty status at a time.⁶⁴ Unless they are activated under Title 10, Guard members remain under command and control of the state governors in either state active duty or Title 32 status. When National Guard members are activated for federally controlled Title 10 duty, their Title 32 status generally stops and then begins again when they are released from Title 10 active duty.

Under the Army's force-generation model as designed, there is the potential for units to be unavailable to state governors for 1 year with 5 years between federal mobilizations. However, according to Army and state National Guard officials, the reality of the current operational environment is that National Guard units deploy more frequently and are unavailable to state governors for about 1 year every 3 years. For example, Washington's brigade combat team deployed in 2008 after 3-1/2 years at home.

The effect of the operational role on the National Guard's domestic readiness remains unclear because states have taken steps to mitigate any known shortfalls and, as we have previously reported, DOD, the Department of Homeland Security, and the states have not defined requirements, readiness standards, and measures for the National Guard's domestic missions that are likely to be conducted in Title 32 status.⁶⁵ Since National Guard units have begun deploying for their federal missions,

⁶⁴Section 325 of Title 32 of the U.S. Code provides members of the National Guard with relief from Guard duty when ordered to active duty. It also provides an exception that allows a National Guard officer to continue to serve in Title 32 status after activation under Title 10 if the dual status is authorized by the President and consented to by the officer's state governor.

⁶⁵Prior GAO work found that, although states plan for the National Guard's use in missions within their borders, they have only planned to a limited extent for the Guard's use in large-scale, multistate events such as those described in the Homeland Security Council's national planning scenarios. We also reported that, while DOD is taking steps to better assess the National Guard's preparedness for its domestic missions, these efforts are not yet complete and are limited by the lack of fully identified requirements for the Guard's domestic missions. We further concluded that until the National Guard's required capabilities are better defined and tracked, decision makers will lack information on whether the Guard has the equipment it needs to respond effectively to large-scale, multistate events.

states have made plans to compensate for any shortfalls in availability of their Guard forces either by relying on other capabilities and resources within the state or by relying on assistance from other states obtained through mutual support arrangements. National Guard officials from all of the four states that we visited reported that they routinely coordinate with other states and utilize mutual assistance agreements to ensure they can respond effectively to domestic requirements when state forces are deployed. For example, officials in Florida voiced a particular concern because a brigade combat team of more than 3,400 people would be deployed during the 2010 hurricane season. However, they noted that they routinely coordinate with other southeastern states to ensure that forces and capabilities that could be needed to respond to hurricanes are available within the region, and they anticipated being able to respond effectively. In addition, according to Washington National Guard officials, while they have typically been able to assign domestic response missions to units that are outside their deployment window, this becomes increasingly difficult when a large percentage of the state's forces are mobilized. At the time of our visit, the state had almost 50 percent of its forces mobilized. Similarly, Guard officials in Virginia told us that its brigade combat team, comprising about 54 percent of the state's National Guard forces, will be deployed at the same time as the state's aviation battalion resulting in a large loss of forces and essential capabilities for domestic response missions. To mitigate for this loss, Virginia National Guard officials stated they rely on mutual support arrangements with other states and cross training of the state's soldiers. In addition, state National Guard officials told us that they would have to rely on other states to provide support in the event of a catastrophic disaster regardless of the number of soldiers the state had mobilized for federal missions.

Conclusions

The Army's reserve components are likely to be used as an operational force supporting regular overseas rotations for the foreseeable future, and several studies and commissions have determined there is no viable alternative to the Army's continued reliance on reservists. Although the Army has taken steps to modify its force structure and adapted its personnel and equipping strategies for the operational role, heavy operational demands have hampered the Army's efforts to implement the force-generation model as intended. For example, the Army has not established firm readiness requirements for an operational reserve component or fully incorporated the resources needed to support the operational role into its budget and projected spending plan. Although the Army continues to study key costs, incorporating the necessary resources into its budget and projected spending plan is needed to effectively

implement the force-generation model and support the reserve components in their new role. Adapting the Army's institutions and incorporating the resources needed to support the cyclical readiness of an operational reserve component into its base budget will be a long-term effort estimated to take more than 10 years to complete. The implementation of these changes will span multiple administrations and Congresses and require many billions of dollars and, therefore, needs sound management controls to guide the effort and ensure success. The Army currently plans to request the majority of funding to complete the transition to an operational force in its fiscal year 2012-2017 budget; however, it has not finalized a cost estimate or detailed implementation plan that identifies what specific requirements have been and remain to be filled. The lack of outcome-related metrics also hampers the Army's ability to measure its progress towards fully operationalizing its reserve components and justifying the large expenditure of funds required to implement the transition. Until the Army adopts an implementation plan outlining its requirements for transitioning its reserve components to an operational force, identifying progress made to date, and detailing additional personnel and other resources required, DOD decision makers and Congress will not be in a sound position to determine the total costs to complete the transition and decide how to best allocate future funding. Moreover, without effective management controls over these initiatives to help measure progress and to accomplish effective and efficient operations, the Army risks continued challenges in preparing ready units and providing reservists a sustainable balance between military and civilian careers, which, over time, could threaten the viability of the all-volunteer citizen soldier force.

Recommendations for Executive Action

We recommend that the Secretary of Defense direct the Secretary of the Army to take the following three actions:

- Finalize an implementation plan for transitioning its reserve components to the operational role that describes the key tasks necessary for the transition, assigns responsibility for these tasks, defines metrics for measuring success, and establishes timelines for full implementation.
- Complete a cost estimate for the transition that, at a minimum, should include
- a clear definition of what costs the Army does and does not consider to be related to the transition to an operational force;
- estimates for key cost drivers; and
- identification of any uncertainties in the estimates due to pending changes to the reserve components' force structure, personnel, training, and

equipping strategies or other decisions that may affect costs, and updates to the plan as these decisions are made.

- Include the costs of the transition in the Army's budget and Future Years Defense Program.

Agency Comments and Our Evaluation

The Assistant Secretary of Defense for Reserve Affairs provided written comments on a draft of this report. The department agreed with each of our recommendations. DOD's comments are reprinted in their entirety in appendix II.

DOD agreed with our recommendation that the Secretary of Defense direct the Secretary of the Army to finalize an implementation plan for transitioning its reserve components to the operational role. In its comments, it cited DOD Directive 1200.17 that directs the Secretaries of the military departments to manage their respective reserve components as an operational force such that they provide operational capabilities while maintaining strategic depth. However, this directive does not provide detailed direction on how the services should transition the reserve forces, and we believe that a detailed plan is necessary to ensure key tasks in managing the reserves as an operational force are completed. DOD also drew a distinction between managing the reserve components as an operational force and transitioning reserves to an operational force. In this report, we defined transitioning reserves to an operational force as implementing those steps necessary to adapt the Army's institutions and resources to support the cyclical readiness requirements and implement the "train-mobilize-deploy" model. We believe that completing a detailed implementation plan that describes key tasks necessary for the transition, assigns responsibility for these tasks, defines metrics for measuring success, and establishes time lines for full implementation is an essential part of transitioning the reserve components to an operational force.

DOD agreed with our recommendation that the Secretary of Defense direct the Secretary of the Army to complete a cost estimate for the transition that includes a definition of costs, estimates for key cost drivers, and areas of uncertainties, such as pending policy decisions, that may affect costs. However, the department did not describe the steps it will take to complete the estimate. We therefore believe the Secretary of Defense should provide specific direction and guidance as outlined in our recommendation.

DOD agreed with our recommendation that the Secretary of Defense direct the Secretary of the Army to include the costs of the transition in

the Army's budget and Future Years Defense Program. In its comments, DOD noted its published guidance, Directive 1200.17, that resourcing plans should ensure visibility to track resources from formulation, appropriation, and allocation through execution. However, as discussed in the report, the Army does not plan to include the majority of the estimated costs for transitioning its reserve components to an operational role until fiscal year 2012. Until the Army includes the resources required in its future spending plans it will be hampered in its ability to transition its reserve components to the operational role.

We are sending copies of this report to other appropriate congressional committees and the Secretary of Defense. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>. Should you or your staff have any questions concerning 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 major contributions to this report are listed in appendix III.



John H. Pendleton
Director, Defense Capabilities and Management

Appendix I: Scope and Methodology

To conduct our work for this engagement, we analyzed data, reviewed documentation, and interviewed officials from the Office of the Under Secretary of Defense for Personnel and Readiness, the Office of the Under Secretary of Defense Comptroller, the Office of the Assistant Secretary of Defense for Reserve Affairs, the Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs, Headquarters Department of the Army, U.S. Army Forces Command, First Army, the National Guard Bureau, the Army National Guard, the Office of the Chief of the Army Reserve, the U.S. Army Reserve Command, RAND Corporation, and the Institute for Defense Analysis. We also reviewed documentation and interviewed officials from offices of National Guard Adjutants General in four case-study states: Florida, Missouri, Virginia, and Washington. These states were selected because they had a history of major disaster declarations; are geographically dispersed across the United States; have a brigade combat team presence or a Chemical, Biological, Radiological, Nuclear, and high-yield Explosive (CBRNE) Enhanced Response Force Package (CERFP) team (which are units that are dual-tasked with domestic responsibilities) or both; face a range of homeland security risks; and present a range of population sizes.

To identify the extent to which the Army has made progress but faces challenges in modifying the force structure, manning, and equipping strategies of its reserve components to meet the requirements of the operational role, we reviewed prior GAO work, reports of the Commission on the National Guard and Reserves, reports to Congress on related initiatives and issues, current Army plans and policy documents, including the Army Campaign Plan, Army Structure Memorandums, Army Forces Command's concept plan for Army Initiative 4 (transition the reserve components to an operational force), Army Forces Command's 4 + 1 Army National Guard Brigade Combat Team Comprehensive Review, the National Guard and Reserve Equipment Report, DOD Directive 1200.17, Managing the Reserve Components as an Operational Force, and Headquarters Department of the Army Execution Order 150-18 Reserve Component Deployment Expeditionary Force Pre- and Post-Mobilization Training Strategy. We also reviewed Army data on actual and planned modular unit restructuring, total force structure changes, and the expected number of reserve component soldiers available each year at varying mobilization rates under the currently planned rotational force structures in order to assess changes made to the reserve components' force structure for the operational role. In addition, we reviewed Army National Guard and Army Reserve force-structure allowances, personnel end strength, and equipment on hand to assess the extent to which the Army and reserve components have made changes to more fully man and equip

units for the operational role. Further, we incorporated information from surveys of a nonprobability sample of 24 Army National Guard or Army Reserve units, as well as follow-up interviews with officials from 15 of these units. We selected units of different types and sizes that had returned from deployments in the last 12 months. In addition, we chose the proportion of Army National Guard and Reserve units for our sample based on the proportion of mobilized forces from each of the components. The surveys and interviews addressed a range of training, equipment, and personnel issues. We supplemented this information by reviewing documents and interviewing officials from DOD, Army, National Guard Bureau, Army National Guard, Army Reserve, U.S. Army Forces Command, and First Army to discuss planned and ongoing policy and strategy changes for transitioning the reserve components to an operational force. Further, we incorporated information from interviews with officials from offices of National Guard Adjutants General in case-study states.

To determine the extent to which the Army has estimated costs for the transition of the reserve components to an operational force and included them in its current budget and Future Years Defense Program, we reviewed DOD's fiscal year 2009 supplemental appropriations request and DOD's fiscal year 2009 and 2010 budget requests. We also examined the Army's cost estimates for operationalizing the reserve components, including Army Forces Command's concept plan for Army Initiative 4 (AI4)—transitioning the reserve components to an operational force—and a Center for Army Analysis cost-benefit analysis of the AI4 concept plan. In addition, we interviewed officials from DOD, the Army, Army Forces Command, the National Guard Bureau, the Army National Guard, and the Army Reserve in order to understand assumptions made in estimating the cost for transforming the reserve components to an operational force, to assess the extent to which those costs have been included in DOD's budget and Future Years Defense Program, and to identify whether the Army has an implementation plan that includes the full cost of the transition.

To determine the effect of the National Guard's federal operational role on its availability to state governors for domestic missions, we reviewed relevant sections of Titles 10 and 32 of the U.S. Code, and DOD directives regarding management of the reserve components as an operational force and National Guard homeland defense activities. We also conducted interviews with the National Guard Bureau and offices of National Guard Adjutants General in the four states chosen for our case study concerning the possibility of conflicts between the states' National Guard

requirements and Title 32 requirements related to the operational role of the National Guard. Further, our review of prior GAO work, along with the interviews with officials from the National Guard Bureau and case-study states, allowed us to assess whether the requirements of the National Guard's operational role may affect the availability or readiness of National Guard forces for domestic missions.

We conducted this performance audit from July 2008 through July 2009 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



RESERVE AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
1500 DEFENSE PENTAGON
WASHINGTON, DC 20301-1500

SEP 8 2009

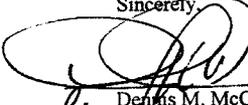
Mr. John Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Pendleton:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-09-898, "RESERVE FORCES: Army Needs to Finalize an Implementation Plan and funding Strategy for Sustaining an Operational Reserve Force, dated July, 2009." The Department has comments on the draft report, and concurs with the recommendations. The Department's comments are attached.

The primary action officer within DOD for this report is COL Bernard J. Hyland. He can be reached at (703) 693-8611.

Sincerely,


for Dennis M. McCarthy → Principal Deputy

Attachment:
As stated



GAO DRAFT REPORT – DATED JULY 24, 2009
GAO CODE 351378/GAO-09-898

"RESERVE FORCES: Army Needs to Finalize an Implementation Plan and Funding
Strategy for Sustaining an Operational Reserve Force"

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to finalize an implementation plan for transitioning its reserve components to the operational role that describes the key tasks necessary for the transition, assigns responsibility for these tasks, defines metrics for measuring success, and establishes timelines for full implementation:

DOD RESPONSE: Concur

DoDD 1200.17 directs the Secretaries of the Military departments to manage their respective Reserve Components as an operational force such that the RCs provide operational capabilities while maintaining strategic depth to meet U.S. military requirements across the full spectrum of conflict. A clear distinction must be maintained between managing the reserve components as an operational force vice "transitioning to an operational force", which implies that the entire RC force will be utilized in an operational mode at all times. Managing the RC as an operational force recognizes the need to ensure that, while providing strategic depth, RC units and individuals train and are available for missions in accordance with the National Defense Strategy.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to complete a cost estimate for the transition that, at a minimum, should include:

- A clear definition of what costs the Army does and does not consider to be related to the transition to an operational force;
- Estimates for key cost drivers; and
- Identification of any uncertainties in the estimates due to pending changes to the reserve components' force structure, personnel, training, and equipping strategies or other decisions that may affect costs, and updates to the plan as these decisions are made.

DOD RESPONSE: Concur.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to include the costs of the transition in the Army's budget and Future Years Defense Program.

DOD RESPONSE: Concur

DoDD 1200.17 directs the Services to ensure the RCs are resourced to meet readiness requirements per sections 3013, 5013, and 8013 of Title 10, United States Code and that RC resourcing plans shall ensure visibility to track resources from formulation, appropriation, and allocation through execution.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact above, Margaret Morgan, Assistant Director; Melissa Blanco; Susan Ditto; Nicole Harms; Kevin Keith; Susan Mason, Charles Perdue; John Smale, Jr.; Suzanne Wren; and Matthew Young made key contributions to this report.

Related GAO Products

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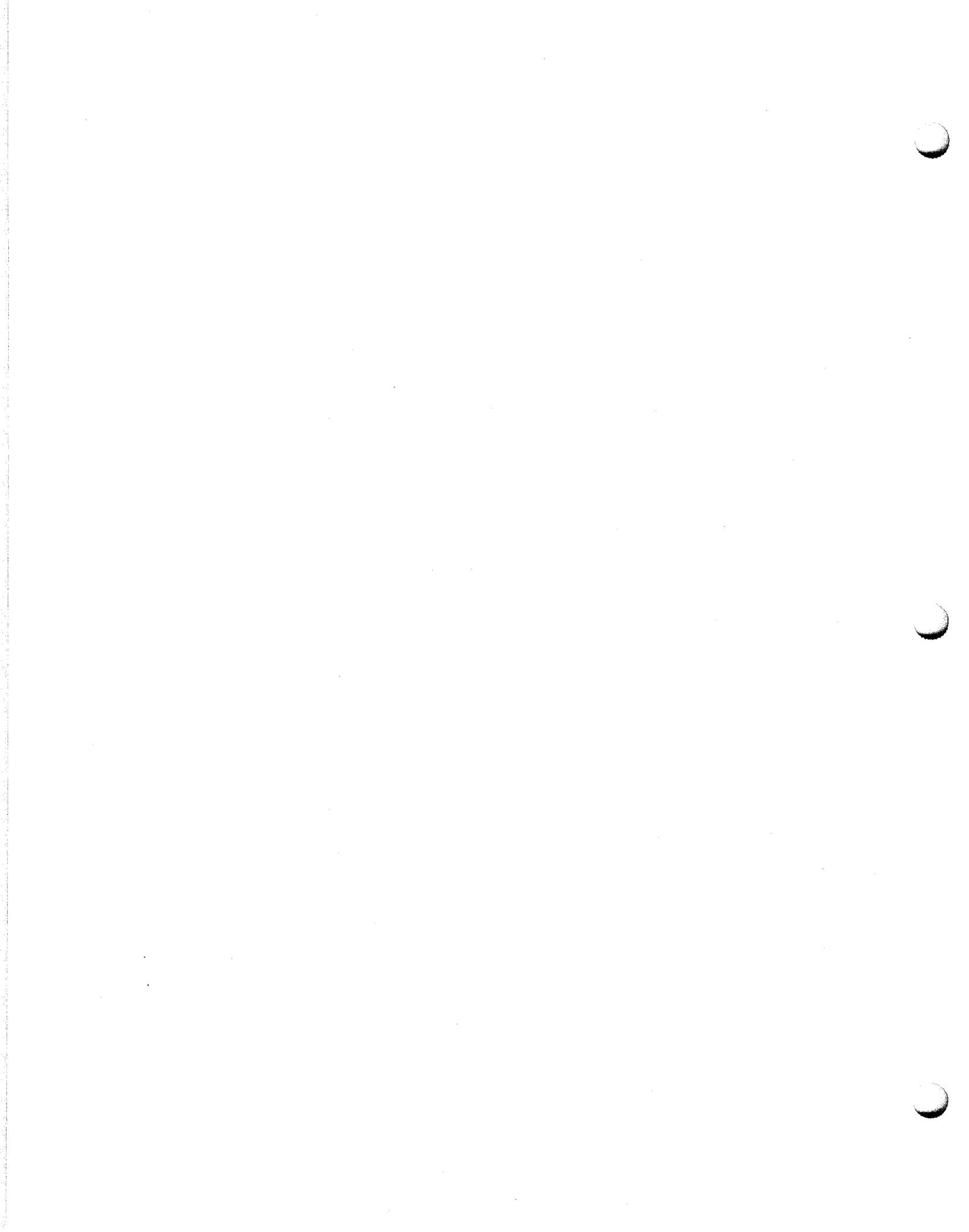
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GAO-09-720

July 2009

RESERVE FORCES

Army Needs to Reevaluate Its Approach to Training and Mobilizing Reserve Component Forces



GAO

Accountability * Integrity * Reliability



Highlights of GAO-09-720, a report to congressional committees

Why GAO Did This Study

The Army's strategy for training its reserve component calls for units to conduct training on the primary missions for which they were organized and designed as well as the missions units are assigned in support of ongoing operations. The training is to be conducted over a 5-year cycle with a focus on primary missions during the early years and assigned missions during the later years. In response to mandates, GAO assessed the extent to which (1) the Army is able to execute its strategy for training reserve component forces for their primary and assigned missions; (2) mobilization and deployment laws, regulations, goals, and policies impact the Army's ability to train and employ these forces; and (3) access to military schools and skill training facilities and ranges affects the preparation of reserve component forces. To address these objectives, GAO analyzed relevant training strategies and policies, laws, and data and surveyed 22 Army reserve component units returning from deployments in the past 12 months.

What GAO Recommends

To help assure that the Army maximizes the efficiency and effectiveness of its training, GAO recommends that DOD and the Army evaluate and adjust its training strategy and mobilization policy, and determine the range of resources and support necessary to fully implement the training strategy. DOD generally concurred with GAO's recommendations.

View GAO-09-720 or key components. For more information, contact Sharon Pickup at (202)512-9619 or pickups@gao.gov.

RESERVE FORCES

Army Needs to Reevaluate Its Approach to Training and Mobilizing Reserve Component Forces

What GAO Found

The Army is able to execute the portion of its reserve component training strategy that calls for units to effectively train for their assigned missions in support of ongoing operations, but faces challenges in executing the portion of the strategy that calls for units to effectively train on primary missions. Unit training for assigned missions, which is conducted in the later years of the 5-year training cycle, is generally effective because the Army prioritizes its available resources to support units that are preparing to deploy for ongoing operations—units receive increased training time; mission requirements and personnel levels are stabilized; and personnel and equipment shortages are addressed while support is increased. Conversely, units training for their primary missions in the early years of the cycle receive less time to train and experience equipment and personnel shortages, which adversely affect teamwork and unit cohesion. Also, support for their training is limited. These challenges limit the effectiveness of primary mission training and could impact their ability to conduct their primary missions within the current strategy's time frames.

While DOD's current 12-month mobilization policy has not hindered the Army's overall ability to train its reserve component forces and has reduced the length of deployments, it has not fully achieved its intended purpose of reducing stress on the force by providing predictability to soldiers. Because units must spend part of their mobilization periods in training, they are actually deploying for about 10 months under this 12-month mobilization policy, whereas they typically deployed for periods of 12 to 15 months under the previous policy. Under the current policy, the Army's reserve component forces are deploying more frequently and spending more time away from home in training when they are not mobilized. Moreover, unit leaders and personnel GAO interviewed said that the 12-month mobilization policy has decreased predictability and increased stress for individuals. GAO noted alternate approaches that can improve predictability. For example, the Air Force recently developed a deployment model categorizing five grouped occupational specialties based on operational requirements and length of time home between deployments. The model is intended to increase predictability for its forces and thus reduce their stress.

Reserve component forces are generally receiving access to training facilities necessary to prepare them for their assigned missions, but the Army lacks capacity to prepare all of its forces for the full range of training requirements. In addressing capacity shortages, the Army has given priority to deploying units and personnel. As a result, active and reserve component forces without assigned missions often experience delays in accessing training for their primary missions. Although the Army is reviewing some aspects of its training capacity, it has not fully identified its training requirements and capacity and therefore will not have a sound basis for prioritizing available resources and cannot be assured that the initiatives it has under way will fully address gaps in its training capacity.

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United States Government Accountability Office
Washington, DC 20548

July 17, 2009

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Howard McKeon
Ranking Member
Committee on Armed Services
House of Representatives

Ongoing operations in Iraq and Afghanistan have required the involvement of large numbers of Army National Guard and Army Reserve personnel and demands on the Army's reserve component forces are expected to continue for the foreseeable future.¹ In addition, the high demand for ground forces has led DOD to retrain some units for missions that are outside of their core competencies.² Our past reports have noted a number of personnel, equipment, and training challenges that the Army's reserve component forces have faced since the start of the global war on terrorism in 2001.³ For example, we have noted that preparation for ongoing operations has often required different types of training as units are being tasked to perform assigned missions such as convoy security or detainee operations, which may differ significantly from their primary missions, such as artillery.

¹ The Army's reserve component forces include the part-time forces of both the U.S. Army Reserve and the Army National Guard. Army Reserve forces support federal missions while Army National Guard forces support both federal and state missions.

² In this report we refer to training that supports the core competencies that the units are organized and designed to perform as "primary" mission training, and we refer to training that is conducted to support the specific requirements of an upcoming mission as "assigned" mission training. In some cases, assigned mission training may closely resemble primary mission training, particularly for combat support and combat service support forces.

³ For example, see GAO, *Reserve Forces: Army National Guard and Army Reserve Readiness for 21st Century Challenges*, GAO-06-1109T (Washington, D.C.: Sept. 21, 2006).

The Army has changed the approach it uses to train its reserve component forces. The Army had traditionally viewed its reserve component forces as a strategic reserve, and its training strategy called for 39 days of training per year,⁴ which was to be followed by extensive training after mobilization and prior to deployment.⁵ All of this training was supposed to prepare units for the primary missions they were designed or organized to perform. In the last two decades, the Army's reserve component forces have been called upon to support operational requirements in the Balkans and then the Middle East. The Army now views the reserve component as an operational reserve that regularly supports deployment requirements. Furthermore, the Army has made adjustments to its actual training of reserve component forces in order to support operational requirements. Specifically, it increased the amount of time forces spend in training prior to mobilization, referred to as pre-mobilization training, and training became more focused on units' assigned missions (i.e., missions that units are assigned to perform in support of current or ongoing operations) rather than their core or primary missions. In 2008, the Army issued two updated field manuals—*3-0 Operations* and *7-0 Training for Full Spectrum Operations*—which called for units to be trained and ready to operate across a full spectrum of operations. In accordance with that guidance, the Army's reserve components developed strategies that called for their forces to conduct training on both primary and assigned missions in order to progressively build capabilities across a 5-year cycle. During the early years of the cycle, the strategy calls for training which is similar to the traditional strategy—39 days of training focused on primary missions. However, in the later stages of the cycle, the current strategy calls for training that differs from the traditional strategy. Specifically, the new strategy calls for increased training—up to 109 days a year—prior to unit mobilizations and decreased training after units are mobilized. In addition, both the increased pre-mobilization training and the decreased post-mobilization training are to focus on assigned missions rather than units' primary missions.

⁴ Army National Guard forces typically trained 39 days per year—one weekend per month and 15 days of annual training per year. Army Reserve forces typically trained 38 days per year—one weekend per month and 14 days of annual training per year.

⁵ Mobilization is the process of assembling and organizing personnel and equipment, activating or federalizing units and members of the National Guard and Reserves for active duty, and bringing the armed forces to a state of readiness for war or other national emergency. Demobilization is the process necessary to release from active duty units and members of the National Guard and Reserve ordered to active duty.

Several variables can affect the numbers of forces that are available to support ongoing operations, including the size and structure of active and reserve component forces and policies concerning the length of deployments and reserve component mobilizations. On January 19, 2007, the Secretary of Defense issued a memorandum⁶ that changed DOD's mobilization and deployment policies. It eliminated a previous policy that had limited involuntary mobilizations to 24 cumulative months and thus made virtually all reserve component personnel available on an indefinite recurrent basis. However, the policy also limited involuntary mobilizations to a maximum of 12 months at a time.⁷

Section 344 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 directed GAO to report on the correlation between the preparation and operational use of the Army's reserve component forces to the Committees on Armed Services of the Senate and House of Representatives.⁸ This report addresses that mandate and also responds to a portion of Section 343 that directs GAO to report on training constraints that limit access to military schools and skill training as well as facilities and ranges, including the combat training centers, and that could provide challenges to the reserve components in their role as an operational reserve. In responding to both mandates, our objectives are to determine the extent to which 1) the Army is able to effectively implement its strategy for training reserve component forces for their primary and assigned missions, 2) mobilization and deployment laws, regulations, goals, and policies impact the Army's ability to train and employ reserve component forces, and 3) access to military schools and skill training, facilities, and ranges affect the preparation of reserve component forces.

To address these objectives we obtained and analyzed documentation concerning reserve component training strategies, policies, laws, and

⁶ Secretary of Defense Memorandum, *Utilization of the Total Force* (Jan. 19, 2007). The policy set out by the Secretary is implemented by the Under Secretary of Defense for Personnel and Readiness Memorandum, *Revised Mobilization/Demobilization Personnel and Pay Policy for Reserve Component Members Ordered to Active Duty in Response to the World Trade Center and Pentagon Attacks* (Mar. 15, 2007). The authority for mobilizing servicemembers under these policies is granted by 10 U.S.C. §12302.

⁷ Although DOD's mobilization policy limits mobilizations to 12 months, it allows for some exceptions to be made, at the service's discretion, for individual skill training required for deployment and post-mobilization leave.

⁸ Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-417 (2008).

goals, and data associated with the mobilizing, and deploying of the Army's reserve component forces. We also interviewed Army and other DOD officials concerning the impact of the current strategies, guidance, and goals. We surveyed 22 Army National Guard or Army Reserve units who returned from deployments in the last 12 months and conducted follow-up interviews with officials from 15 of these units. Our survey, based on a non-probability sample, and interviews addressed a range of issues including deployment notification time lines; the timing and effectiveness of pre-deployment, post-deployment, and in-theater training; and access to training facilities, schoolhouses, and ranges. Additionally, we interviewed leaders and personnel from two Army National Guard brigade combat teams during their training exercises at the National Training Center at Fort Irwin, California, and at Camp Blanding, Florida. We assessed the reliability of training, mobilization, and attrition data used in this report and determined the data was sufficiently reliable for the purposes of this report. We conducted this performance audit from September 2008 through May 2009 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 for this audit are described in further detail at appendix I.

Results in Brief

The Army is able to execute the portion of its reserve component training strategy that calls for units to effectively train for their assigned missions in support of ongoing operations, but it faces challenges in executing the portion of the strategy that calls for units to effectively train for their primary missions. The Army's Field Manual 7-0 Training for Full Spectrum Operations defines effective training as that which builds proficiency, teamwork, confidence, cohesiveness, and allows organizations to achieve their training objectives. The manual also specifies that organizations should train the way they intend to operate and efficiently make the best use of available training resources, including training time. The Army currently prioritizes its available training resources and time to support units that are preparing to deploy to meet operational requirements. As a result, the unit training for assigned missions, which is conducted in the later stages of the Army's 5-year training cycle, is generally effective. Units conduct up to 109 days training in the year prior to mobilization. Personnel levels are stabilized through policies that prevent personnel from leaving units and transfer additional personnel into the deploying units.

Equipment shortages are addressed, and units receive additional training support including personnel who support unit training events by acting as observers, controllers, and trainers. Conversely, units which are training for their primary missions in the early years of the cycle face challenges, in part, because they do not receive prioritized support. They conduct 39 days of training per year. In addition, annual reserve component attrition rates that typically approach 20 percent limit the effectiveness of unit training that is conducted to build teamwork and unit cohesion. Because the training strategy calls for a 5-year training cycle and attrition occurs each year, unit training that is conducted early in the cycle and designed to build teamwork and unit cohesion will become less beneficial with each passing year, as team members depart the unit. Units that are training for primary missions during the early stages of the cycle also experience personnel and equipment shortages, often because they are tasked to give up personnel and equipment to support deploying units. Finally, they receive less support for their training. For example, the Army's active component does not provide observers, controllers, and trainers for these units to support their training events. All these challenges have limited the effectiveness of the collective training for primary missions, which is conducted during the early years of the cycle. They also make it unlikely that units would be adequately prepared to deploy and conduct their primary missions following a reduced post-mobilization training period that is called for under the current reserve component training strategy. To ensure the Army has an executable strategy for effectively training its reserve component forces, we recommend that the Secretary of Defense direct the Secretary of the Army to reevaluate and adjust the Army's reserve component training strategy to fully account for the factors that limit the effectiveness of unit training for primary missions in the early years of the 5-year cycle.

While DOD's 12-month mobilization policy has not hindered the Army's overall ability to train its reserve component forces and has reduced the length of deployments, it has not fully achieved its intended purpose of reducing stress on the force by providing predictability. Because units must spend part of their mobilization periods in training, they are actually deploying for shorter periods of about 10 months under the current 12-month mobilization policy, whereas they typically deployed for periods of 12 to 15 months under the previous policy. However, under the current policy, the Army's reserve component forces are deploying more frequently and spending more time away from home in training when they are not mobilized in order to meet combatant commanders' requirements for forces. Leaders and soldiers in one of the larger units we contacted said that the 12-month mobilization policy, which has led to more frequent

deployments and training periods, has actually increased stress and decreased predictability. DOD's mobilization policy includes a goal of eventually achieving a tempo of 1-year mobilized to 5-years demobilized; however, for the foreseeable future, this goal will be difficult to achieve because operational demands for reserve component forces are expected to remain high and force structure levels are expected to remain relatively constant. We found that alternate approaches can improve predictability. For example, the Air Force recently developed a flexible deployment model that grouped occupational specialties into five different "tempo bands" based on ongoing operational requirements. Personnel in the first band should expect to be deployed about the same length of time as they are home between deployments. Personnel in the fifth band can expect to be home 5 times longer than they are deployed. The Air Force expects this model to increase predictability for its forces and thus reduce their stress. We are recommending that the Secretary of Defense reevaluate DOD's mobilization policy for Army reserve component personnel to determine whether there should be a more flexible policy that allows variations in the length of mobilizations or that establishes deployment goals based on occupational specialty or unit type in order to better meet the policy's goals of increasing predictability and reducing stress on the force.

In accordance with DOD Directive 1200.17, which states that training facilities should be available to support reserve component training requirements, reserve component forces are generally receiving the access to training facilities that is necessary to prepare them for their assigned missions. However, the Army's training facilities lack the capacity necessary to prepare all of the Army's forces for the full range of individual and unit training requirements, including those associated with primary as well as assigned missions. In addressing its capacity shortages, the Army has given priority access to personnel and units that have established mobilization dates or assigned missions. As a result, active and reserve component forces without assigned missions often experience delays in gaining access to training needed to prepare them for their primary missions. For example, the Army prioritizes access to its collective training sites that are used for unit training based on units' assigned mission requirements. It also prioritizes access to individual training sites based on missions and mobilization dates. As a result of the individual training capacity limitations, 22 percent of the Army National Guard's soldiers were awaiting individual training in March 2009, compared to a goal of 15 percent. While the Army is exploring or has several initiatives under way to address training constraints, it has not identified the total requirements associated with its reserve component training strategy or the training capacity necessary to support the strategy.

In November 2008, the Secretary of Defense directed the Secretaries of the military departments to review the capacity of their training institutions to determine if they were properly resourced to prepare all military members to meet mission requirements.⁹ However, the Army's ongoing reviews do not fully account for personnel and equipment constraints that have limited individual training in the past, and the Army's range requirements have been understated because they were based on planned mobilizations that have been lower than actual mobilizations. Until the Army fully identifies its training requirements and available training capacity, it will not know whether it has the resources needed to fully execute its reserve component training strategy, and it will not have a sound basis for prioritizing available resources. In addition, it cannot be assured that the initiatives it has under way will fully address any gaps in current training capacity. Therefore, we are recommending that the Army determine the range of resources and support that are necessary to fully implement its reserve component training strategy including personnel, equipment, and facilities and their costs.

In written comments on a draft of this report, DOD concurred or partially concurred with all of our recommendations. A discussion of DOD's comments and our evaluation of those comments appears later in this report. Additionally, the full text of DOD's written comments is included at appendix II.

Background

The Army has two reserve components, the Army National Guard and the Army Reserve. Both reserve components are composed primarily of citizen soldiers who balance the demands of civilian careers with military service on a part-time basis. During the Cold War, it was expected that the reserve forces would be a strategic reserve to supplement active forces in the event of extended conflict. However, since the mid-1990s, the reserves have been continuously mobilized to support operations worldwide, including those in Bosnia and Kosovo as well as operations in Afghanistan and Iraq. In today's strategic environment, the Army's reserve components have taken on a variety of different overseas missions as well as traditional and emerging domestic missions.

⁹ Secretary of Defense Memorandum, *Recommendations of the Commission on the National Guard and Reserves*, (Nov. 24, 2008).

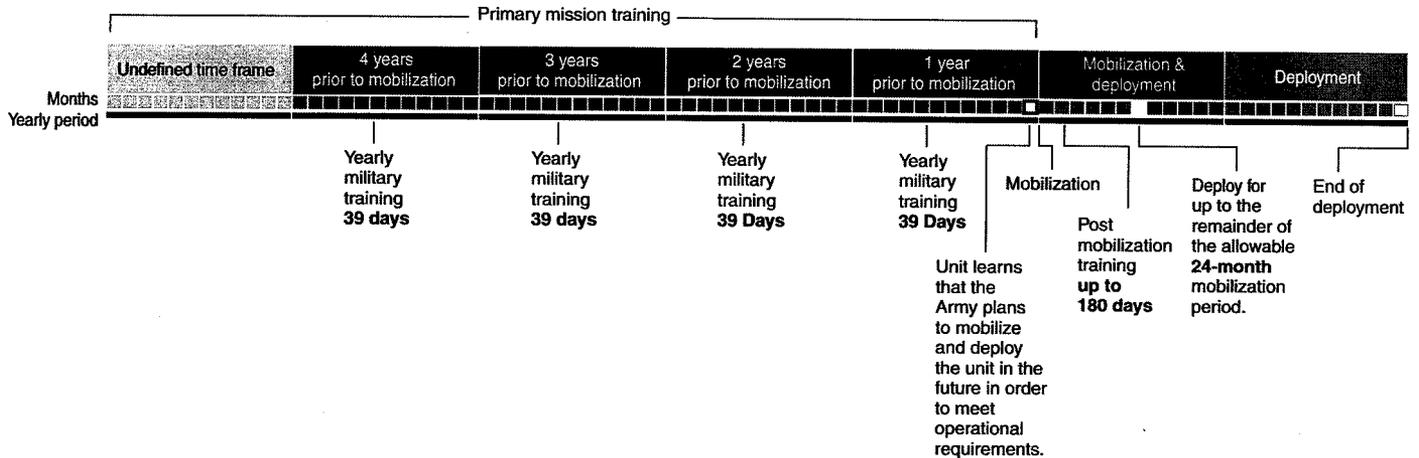
The Army Reserve and the Army National Guard are part of the total Army, which also includes the active component. The Army Reserve is a federal force that is organized primarily to supply specialized combat support and combat service support skills to combat forces. The Army National Guard is composed of both combat forces and units that supply support skills. The Army National Guard, when mobilized for a federal mission, is under the command and control of the President. When not mobilized for a federal mission, Army National Guard units act under the control of the governors for state missions, typically responding to natural disasters and more recently protecting state assets from terrorist attacks.

Individual training is a building block of the Army training process. It includes basic military training as well as occupational specialty training. Acquiring advanced individual skills enables a soldier to move into a unit, but acquisition of such skills does not necessarily equate with operational preparedness. It must be integrated with unit training in a group situation, which is referred to as collective training, to achieve operational objectives.

Traditionally, the Army used a mobilize-train-deploy strategy to prepare its reserve component units to act as a strategic reserve that was available to augment active forces during a crisis. Figure 1 shows that the traditional reserve component strategy called for a constant level of training until a unit was mobilized and underwent extensive post-mobilization training to prepare for deployment.

Figure 1: Reserve Component Training Strategy under the Army's Traditional Mobilize-Train-Deploy Model

Reserve component training strategy under the Army's traditional Mobilize-Train-Deploy model



Total training for 4 years prior to mobilization 156 days

Source: GAO analysis of Army data.

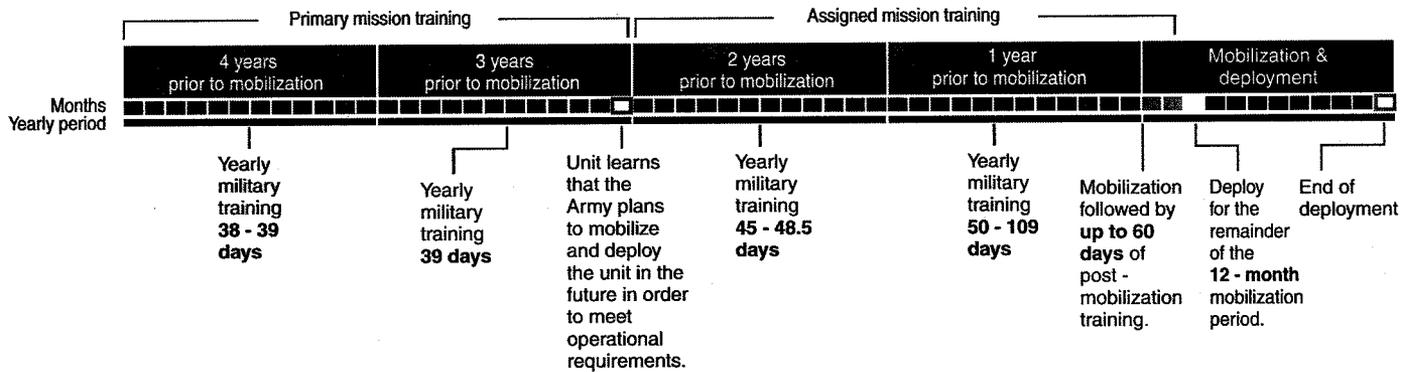
Under the traditional training strategy, all training was focused on a unit's primary missions and units were to be deployed to perform their primary missions.

As reserve component requirements increased in recent years, the Army began to move away from its traditional strategy and began adopting a train-mobilize-deploy strategy that prepares reserve component forces to serve as an operational reserve, which regularly supports deployment requirements. Figure 2 shows that the Army's current reserve component training strategy is based on a 5-year cycle during which training is increased to build capabilities.¹⁰

¹⁰ This strategy was formalized with the issuance of HQ Department of the Army Executive Order 150-8, Reserve Component Deployment Expeditionary Force Pre- and Post-Mobilization Training Strategy (March 2008).

Figure 2: Reserve Component Training Strategy under the Army's current Train-Mobilize-Deploy Model

Reserve component training strategy under the Army's current Train-Mobilize-Deploy model



Total training for 4 years prior to mobilization up to 232 days

Source: GAO analysis of Army data.

The current train-mobilize-deploy strategy is designed to train individuals and units to a prescribed level of readiness prior to mobilization in order to limit post-mobilization training.

Several variables can affect the numbers of forces that are available to support ongoing operations, including the size and structure of active and reserve component forces and policies concerning the length of deployments and reserve component mobilizations. On January 19, 2007, the Secretary of Defense issued a memorandum that changed DOD's mobilization and deployment policies.¹¹ It eliminated a previous policy that had limited involuntary mobilizations to 24 cumulative months and thus made virtually all reserve component personnel available on an indefinite recurrent basis. However, the policy also limited involuntary mobilizations to 12 months at a time.¹² It also established a reserve component unit planning objective of 1 year mobilized to 5 years demobilized, and created

¹¹ Secretary of Defense Memorandum, *Utilization of the Total Force* (Jan. 19, 2007). The policy set out by the Secretary is implemented by the Under Secretary of Defense for Personnel and Readiness Memorandum, *Revised Mobilization/Demobilization Personnel and Pay Policy for Reserve Component Members Ordered to Active Duty in Response to the World Trade Center and Pentagon Attacks* (Mar. 15, 2007). The authority for mobilizing servicemembers under these policies is granted by 10 U.S.C. §12302.

¹² Although DOD's mobilization policy limits mobilizations to 12 months, it allows for some exceptions to be made, at the service's discretion, for individual skill training required for deployment and post-mobilization leave.

a requirement for mobilizations, including training and deployment, to be managed on a unit basis.

In January 2008, the Commission on the National Guard and Reserves recommended that the Secretary of Defense ensure that training institutions and facilities were resourced to meet the needs of the total force.¹³ In particular, it recommended that institutions meet the current training needs of the reserve component personnel and that each service reassess the number of training and administrative days the reserve component units and members need prior to activation. The Commission further recommended that the services fund and implement policies to increase pre-mobilization training and focus training on mission requirements. The commission also stated that training equipment should be sufficient to give service members regular access to modern warfighting equipment so that they could train, develop, and maintain proficiency on the same types of equipment that they would use when deployed.

In February 2009, the Army Audit Agency reported that Army National Guard and Army Reserve units often were unable to complete pre-mobilization training tasks because they were not able to stabilize staffing levels and obtain equipment needed for training.¹⁴ They further reported that units did not execute training requirements in the most efficient manner.

The Army Faces Challenges in Executing Its Reserve Component Training Strategy

The Army is able to effectively execute the portion of its reserve component training strategy that calls for training units on their assigned missions, but faces challenges in effectively executing the portion of the strategy that calls for training units on their primary missions.

The Army's new training strategy is based on a five-year cycle that mirrors the former strategy in the early years of the cycle, but calls for alterations to the type and amounts of training conducted in the later years of the

¹³ 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).

¹⁴ U.S. Army Audit Agency, *Army National Guard Pre-Mobilization Training Requirements* (Feb. 19, 2009) and U.S. Army Reserve *Pre-Mobilization Training Requirements* (Feb. 20, 2009).

cycle. Specifically, in the early years of the cycle, units conduct 39 days of training that is focused on their primary missions just as they did under the former strategy. However, under the new strategy, after a unit is notified—generally in the middle to later stages of the training cycle (1 or 2 years prior to mobilization)—that it will be deploying for an operational mission, all the unit’s training becomes focused on that assigned mission, and training increases, up to 109 days in the year prior to mobilization.

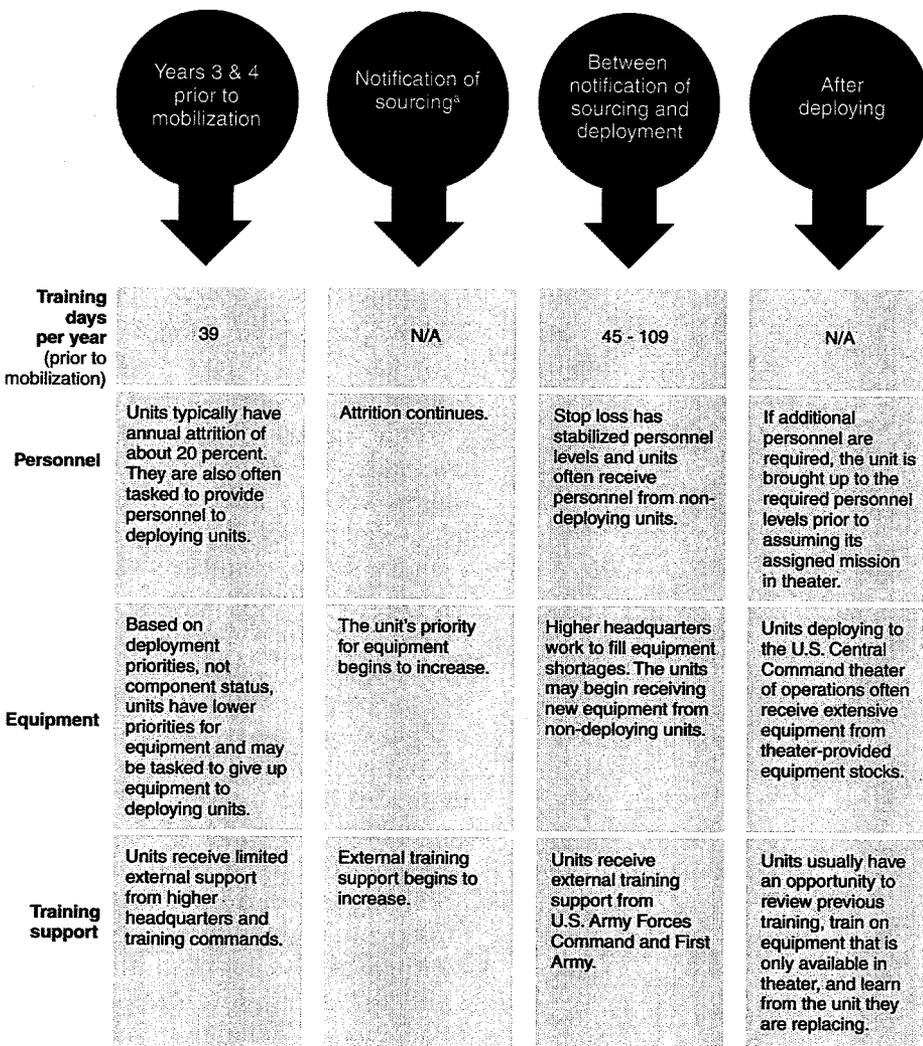
New Training Strategy Contains a Number of Assumptions

The Army’s Field Manual 7-0 *Training for Full Spectrum Operations* defines effective training as that which builds proficiency, teamwork, confidence, cohesiveness, and allows organizations to achieve their training objectives. The manual also specifies that organizations should train the way they intend to operate and be efficient by making the best of use of training resources, including training time. The Army’s reserve component training strategy contains a number of assumptions related to effective and efficient training. First, the strategy explicitly assumes that the amount of training conducted after mobilization can be reduced because of the increased training that is conducted prior to mobilization. Second, it implicitly assumes that the training conducted in the early years of the cycle lays a foundation that can be built upon throughout the later stages of the cycle. Third, it implicitly assumes that units will have the necessary time, personnel, equipment, and support to conduct effective training on both individual and unit tasks throughout the training cycle.

Conditions for Effective Unit Training Occur Late in the Cycle

The Army currently prioritizes its available training resources and time to support units that are preparing to deploy for ongoing operations. As a result, unit training for assigned missions, which is conducted in the later stages of the Army’s 5-year training cycle, is generally effective. Table 1 shows the typical status of reserve component units with respect to available training time, personnel, equipment, and training support throughout the 5-year cycle. The table shows that during the later stages of the cycle, units have the necessary training time, and necessary personnel, equipment, and support to support effective unit training.

Figure 3: Status of Resources and Support During a Reserve Component 5-year Cycle



Source: GAO analysis of Department of Defense and Army information.

^a Initial notification of assigned mission is supposed to occur 2 years prior to mobilization but actual notification dates have varied widely. The information in this chart is tied to events rather than to specific dates or times.

According to the reserve component training strategy, units have their yearly training increased during the 2 years prior to mobilization—up to 45 days, and up to 109 days, 1 year prior to mobilization. Because this increased pre-mobilization training is focused on the same assigned

missions as the units' post-mobilization training, the Army has been able to reduce the amount of post-mobilization training. Furthermore, in the later stages of the cycle, mission requirements are generally stabilized and the Army has traditionally stabilized unit personnel levels through the use of "Stop Loss" policies, which prevent personnel from leaving units. This stabilization allows the Army to conduct effective unit training that builds teamwork and unit cohesion. Units train the way they intend to operate—with the people who will deploy and on the missions they will perform. Under DOD's Stop Loss policy Army reserve component units were subject to stop loss 90 days prior to mobilization. However, the Army recently announced a comprehensive plan to eliminate stop loss, beginning in August 2009, while retaining the authority for future use under extraordinary circumstances.

Personnel from units in our sample indicated that they preferred to conduct unit training later in the training cycle. They indicated that their units generally had increased personnel levels during the later stages of the cycle. Of the 22 units in our non-probability sample, 21 received additional personnel from other units to help them achieve the units' required deployment strengths. The brigade combat teams that we met with also received significant numbers of personnel from other units to help prepare them for their deployments in 2009. In each of these cases, the units received the additional personnel during the later part of the training cycle—in the year prior to the units' mobilizations or at the mobilization station. Personnel from the units we sampled also noted that equipment is more available in the later stages of the training cycle when units also receive additional training support including personnel who support unit training events by acting as observers, controllers, and trainers. Furthermore, the Army has found that the later stages of the cycle are the optimum times to conduct unit training. In the Army's 2009 Posture Statement, the Army indicated that an extended training period close to, or contiguous with, mobilization station arrival, enabled commanders to attain the highest levels of readiness and unit capability.¹⁵ Additionally, two February 2009, Army Audit Agency reports on Army National Guard and Army Reserve pre-mobilization training found that the best practice for completing required pre-mobilization training tasks was to conduct the majority of those tasks immediately prior to mobilization when mission

¹⁵ Secretary of the Army Pete Geren and Chief of Staff of the Army, General George W. Casey Jr., statement to the committees and subcommittees of the United States Senate and House of Representative, May 2009.

specific equipment is more available. Finally, in a May 2009 letter to the Secretary of Defense, the Adjutants General Association of the United States stated that training late in the cycle just prior to mobilization is often required to enhance soldier readiness.

Availability of Unit Training Enablers Varies throughout the Training Cycle

As noted previously in table 1, the Army is unable to set the conditions required for effective unit training during the early years of the cycle, when units are focused on primary mission training. Training time, personnel, equipment, and training support are key enablers of effective unit training, but the Army faces challenges that are associated with each of these enablers during the early stages of the training cycle. In addition, our current and prior reviews have found that units that are not scheduled to deploy receive lower priorities for resources and training support. Therefore, a number of reasons make it unlikely that units would be adequately prepared to deploy and conduct their primary missions following a reduced post-mobilization training period such as the one called for under the current strategy.

First, units are receiving the same level of primary mission training as they were under the former strategy that called for more lengthy post-mobilization training periods. Second, annual reserve component attrition rates that typically approach 20 percent limit the effectiveness of unit training that is conducted to build teamwork and unit cohesion. Because the training strategy calls for a 5-year training cycle and attrition occurs each year, unit training that is conducted early in the cycle and designed to build teamwork and unit cohesion will become less beneficial with each passing year, as team members depart the unit. DOD reports indicate that attrition rates for the Army National Guard and Army Reserve have ranged from 17 percent to 22 percent from fiscal years 2003 through 2007. Because of these attrition rates, a significant percentage of the unit personnel who train on the units' primary missions during the early stages of the 5-year cycle will not be in the unit at the end of the cycle when the unit is available to deploy. Third, units that are training for primary missions during the early stages of the cycle also experience personnel and equipment shortages, often because they are tasked to give up personnel and equipment to support deploying units.

Personnel shortages result from a variety of reasons. Some personnel are not available for training because they are recovering from injuries or illnesses, while others are unavailable because of pending disciplinary actions. In addition, many soldiers have not met individual training requirements. According to the Army's 2009 Posture Statement, the Army

National Guard had 67,623 soldiers who were non-deployable in fiscal year 2008 because of incomplete initial entry training, medical, or other issues.¹⁶ For the same period, the Army Reserve had 36,974 soldiers who were non-deployable for similar reasons.¹⁷ These personnel shortages can directly impact the level of unit training that a unit is able to achieve prior to mobilization.

In addition, equipment and support issues are also a concern early in the training cycle when units are training for their primary missions. In his March 2009 statement before the Senate Armed Services, Subcommittee on Personnel, the Director of the Army National Guard stated that the lack of equipment availability for training remains an issue. Further, the 2008 Army Reserve Posture Statement noted that the Army Reserve was forced to expend significant resources to move equipment between units and training locations to address shortages. Units in our sample also experienced equipment challenges during the early stages of the training cycle when they were training for their primary missions. Specifically, 12 of the 22 units in our sample faced equipment shortages that impacted their ability to train early in the cycle. Furthermore, training support is limited during the early years of the cycle. For example, the Army's active component does not provide observers, controllers, and trainers to reserve component units to support their primary mission training, which is conducted early in the cycle.¹⁸

¹⁶ These 67,623 personnel constitute approximately 19 percent of the Army National Guard's 351,300 authorized end-strength in fiscal year 2008.

¹⁷ These 36,974 personnel constitute approximately 18 percent of the Army Reserve's 205,000 authorized end-strength in fiscal year 2008.

¹⁸ First Army mobilizes, trains, validates, and deploys reserve component units in accordance with DOD and Army directives. During post-mobilization training, when units are training for their assigned missions, First Army provides extensive support to the units both in terms of resources and by providing observers, controllers, and trainers for scheduled training events.

DOD's Mobilization Policy Has Presented Challenges as the Army Trains and Deploys Its Reserve Component Forces

While DOD's 12-month mobilization policy has not hindered the Army's overall ability to train its reserve component forces and has reduced the length of deployments, it has not fully achieved its intended purpose of reducing stress on the force by providing predictability. According to testimony by the Secretary of Defense, the intended purpose of DOD's mobilization policy was to reduce stress on the force by, in part, improving predictability.¹⁹ While the policy has led to shorter deployments, it has also caused units to mobilize and deploy more frequently, and units are also spending more time away from home in training when not mobilized.

The 12-Month Mobilization Policy Reduces Many Deployments to Less Than 10 Months

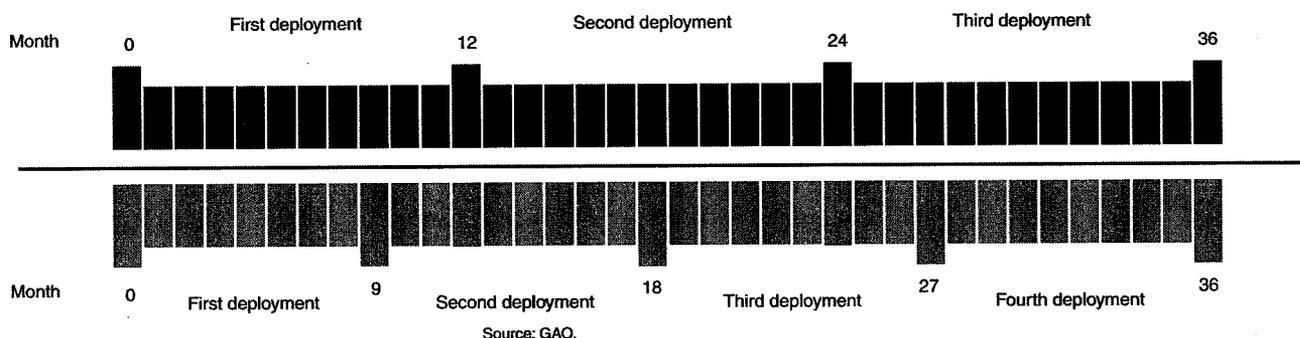
The 12-month mobilization policy has significantly reduced the length of deployments for the Army's reserve component forces. Because units must spend part of their mobilization periods training for their assigned missions, they are actually deployed for only part of the time that they are mobilized. Under the previous mobilization policy, reserve component mobilizations were limited to 24 cumulative months and many reserve component units were deploying to Iraq or Afghanistan for 12 to 15 months. Under the current policy, which limits mobilizations to 12 months, deployments are averaging 9 to 10 months.

Reduced Deployment Times Lead to More Frequent Deployments

Because the demand for reserve component forces has remained high and reserve component force levels have remained fairly stable, the 12-month mobilization policy, which has resulted in shorter deployments, has also resulted in more frequent deployments. Figure 3 illustrates the relationship between the length of deployments and the number of deployments when requirements and force structure are steady. It shows that 12-month deployments, which were typical under the previous policy, result in 3 deployments over a 36-month period. However, 9-month deployments, under the current policy, require 4 deployments to support the same requirements over a 36-month period.

¹⁹ Secretary of Defense, Robert M. Gates, testimony before the Senate Armed Services Committee, January, 27, 2009.

Figure 4: Deployment Rotation Requirements Based on 12- and 9-Month Deployments



Source: GAO.

More Deployments Result in Less Time at Home to Conduct Training

As previously noted, the Army’s reserve component strategy calls for reserve component units to have 4 years of training between deployments, but the 12-month mobilization policy, with its associated shorter deployments and more frequent mobilizations, has led to situations where units do not have 4 years available to conduct training. Demands for certain occupational specialties have remained particularly high. Army leadership recently testified that reserve component soldiers are experiencing less than 3 years between deployments,²⁰ and personnel in some high demand units, such as civil affairs units, are receiving as little 13 months between deployments. For example, personnel from one of the units in our sample, an aviation battalion, experienced frequent deployments. Personnel from the battalion returned from deployment in 2008 and were notified that the unit will be mobilized again in 2011.

Reduced Time at Home Leads to Additional Training under the Current Training Strategy

As previously noted, under the Army’s reserve component strategy, unit training requirements build from 39 days in the first 2 years of the training cycle to as high as 109 days in the year prior to mobilization. However, the 12-month mobilization policy is leading to more frequent deployments, and units are mobilizing and deploying after 3 years at home rather than after 4. Because units are supposed to receive initial notification of their assigned missions two years prior to mobilization, the extended assigned

²⁰ Vice Chief of Staff of the Army, General Peter Chiarelli, testimony before the Senate Armed Services Committee Subcommittee on Readiness and Management Support, April 22, 2009.

mission training that is scheduled to occur after notification is still maintained under the compressed schedule, but the 39 days of primary mission training that is scheduled to be conducted in the second year of the training cycle, just prior to notification, is often eliminated. Therefore, since the extended training periods are maintained and the shorter training periods are eliminated, units are required to spend a higher proportion of their “at home” time conducting training.

**Flexible Approaches
Provide Better
Predictability Than the
Firm 12-Month
Mobilization Policy**

As part of its mobilization policy, DOD has established a goal that calls for reserve component forces to be mobilized for 1 year and demobilized for 5 years. However, the Army’s reserve component forces are not meeting this goal because of high operational requirements, stable force structure, and the 12-month mobilization policy that is causing more frequent deployments. When the Secretary of Defense testified that the mobilization policy was intended to reduce stress on the force by, in part, improving predictability in the mobilization and deployment process, he also noted that the department is not achieving its goal of 1 year mobilized to 5 years demobilized.²¹ Earlier, in September 2007, the Defense Science Board evaluated DOD’s mobilization policy and concluded that the goal of 1 year mobilized and 5 years not mobilized could not be achieved given the level of operational demand and the end-strength increases that had been planned.²² Thus, for the foreseeable future, DOD’s goal will be difficult to achieve because operational demands for reserve component forces are expected to remain high and force structure levels are expected to remain relatively constant. Furthermore, the Army does not expect to reach the goal of 1 year mobilized and 5 years not mobilized in the near future. In its 2009 *Posture Statement*, the Army indicated that it expected to progress to 1 year mobilized to 4 years demobilized by 2011 due, in part, to the drawdown in Iraq. However, the statement does not address the impact that increased operations in Afghanistan may have on the projected progress.

Leaders and soldiers in one of the larger units we contacted said that the 12-month mobilization policy, which has led to more frequent deployments and training periods, has actually increased stress and decreased

²¹ Secretary of Defense testimony before the Senate Armed Services Committee, January 27, 2009.

²² Defense Science Board Task Force on Deployment of Members of the National Guard and Reserve in the Global War on Terrorism, September 2007.

predictability. Specifically, they stated that they would prefer to be away from home for a single longer period of time rather than many shorter periods of time. However, in our other readiness work, we have found that the Air Force has developed an alternative approach to provide better predictability for its deploying active and reserve component personnel. The Air Force deployment model groups occupational specialties into 5 different “tempo bands” based on ongoing operational requirements. Personnel in the first band should expect to be deployed about the same length of time as they are home between deployments. Personnel in bands two, three, four, and five can expect to respectively be home two, three, four, or five times longer than they are deployed.²³ The Air Force expects this model to increase predictability for its forces.

Reserve Component Forces Assigned Missions in Support of Ongoing Operations Have Access to the Training Needed, But Constraints Delay and Limit Training Opportunities for Some Forces

In accordance with DOD Directive 1200.17, which directs the Secretaries of the military departments to ensure that facilities and training areas are available to support reserve component training requirements, reserve component forces are generally receiving the access to training facilities that is necessary to prepare them for their assigned missions. However, the Army’s training facilities lack the capacity necessary to prepare all of the Army’s forces for the full range of individual and unit training requirements, including those associated with primary as well as assigned missions. In addressing its capacity shortages, the Army has given priority access to personnel and units that have established mobilization dates or assigned missions. As a result, active and reserve component forces without assigned missions often experience delays in gaining access to training needed to prepare them for their primary missions. While the Army is exploring or has several initiatives under way to address training constraints, it has not identified the total requirements associated with its reserve component training strategy or the training capacity necessary to support the strategy.

²³ For active component forces the ratios cover deployed to non-deployed time periods. For reserve component forces the ratios cover mobilized to non-mobilized time periods.

Reserve Component Forces That Have Assigned Missions in Support of Ongoing Operations Have Necessary Access to Training Facilities

DOD Directive 1200.17 directs the Secretaries of the Military Departments to ensure facilities and training areas are available to support reserve component training requirements.²⁴ It also directs the Secretaries to allocate resources where required to support a “train-mobilize-deploy” construct. As previously discussed, reserve component forces undergo individual training as well as collective (unit) training at various times in their training cycles in order to prepare them for their primary and assigned missions. Individual training is typically conducted at military schools or other specialized training sites while collective training occurs at larger training centers, such as the Combat Training Centers, and mobilization sites where units complete their final deployment preparations. Once units are assigned missions in support of ongoing operations, they are granted necessary access to training facilities. According to officials from the Army’s Training and Doctrine Command,²⁵ missions and mobilization dates are two key factors that drive individual training opportunities and access to training facilities. U.S. Forces Command²⁶ officials also said that priority access to training facilities is based on units’ mobilization and latest arrival in theater dates, rather than their status as part of the active or reserve component.

Based on information from the units we contacted, we found that units generally had access to training facilities once they were assigned missions. Personnel from the units in our sample and the brigade combat teams we met with reported that they had been granted priority access to individual and collective training once their units were assigned missions. Specifically, in preparing for their most recent missions, 23 of the 24 units reported that they did not have access issues involving collective training facilities and 22 units reported that they did not have access issues involving individual training facilities. Officials from one of the units that reported access issues explained that this was because their soldiers did not receive necessary orders until a few days before they were mobilized. Officials from one of the other units explained that the access issues were because of the fact that the unit was under tight time constraints because it was part of the 2007 surge force that deployed to Iraq. Officials from the third unit that reported access issues explained that it trained using a

²⁴ Department of Defense Directive 1200.17, *Managing the Reserve Components as an Operational Force* (Oct. 29, 2008).

²⁵ The Army’s Training and Doctrine Command oversees individual training.

²⁶ U.S. Army Forces Command trains, mobilizes, deploys, and sustains Army forces in support of Combatant Commander requirements.

motor pool to simulate a detention facility because it could not access a more appropriate training facility.

Constraints in Capacity Delay and Limit Training Opportunities for Some Forces at Individual and Collective Training Facilities

Capacity constraints involving personnel, equipment, and infrastructure, limit training opportunities for some forces at individual and collective training facilities. In some cases, the Army is exploring or has ongoing initiatives that are intended to help address constraints on individual and collective training.

Individual Training Facilities

Because deploying forces have higher priority and existing training facilities do not have sufficient capacity to accommodate all training needs, reserve component forces that have not been assigned missions often experience delays in gaining access to individual training needed to prepare them for their primary missions. While both the Army Reserve and Army National Guard are limited in their ability to fully train all soldiers on individual tasks within desired time frames, the effect of these limitations is particularly significant for the Army National Guard. The Army National Guard's individual training goal is to have no more than 15 percent of its soldiers awaiting individual training at any given time. However, table 3 shows that the Army National Guard has not been able to achieve this goal since 2001, as a result of the individual training capacity limitations.

Table 1: Percentage of Army National Guard Soldiers Awaiting Individual Training

Fiscal year	Percentage awaiting training
2001	27%
2002	24%
2003	20%
2004	17%
2005	17%
2006	23%
2007	23%
2008	22%
March 2009	22%

Source: GAO presentation based on Army National Guard data.

Note: Individual training includes basic training, advanced individual training, and change of specialty training.

Although the percentage of Army National Guard soldiers awaiting individual training declined to 17 percent in 2004 and 2005, it has remained at or above 22 percent since that time. Furthermore, Army National Guard training officials stated that they do not expect the number of soldiers awaiting training to change their specialty to decrease from the March 2009 level. In March 2009, 80,000 Army National Guard soldiers were awaiting various types of individual training, of whom 35,000 were awaiting training to change their specialty, such as from aviation to infantry.

In both the active and reserve components, incoming recruits often prefer to sign contracts to begin basic training in the summer. This Army-wide preference exacerbates capacity constraints at individual training facilities during the summer months. While the number of soldiers awaiting training decreases over the summer months because most soldiers begin training at that time, Army officials said backlog could be reduced further if the Army fully accounted for this summer surge during its planning process, but the Army plans as if individual training requirements are evenly distributed across the fiscal year. The Army National Guard expects to reduce the number of soldiers awaiting basic training from 30,000 to 10,000 by September 30, 2009, but this number could be reduced even further if capacity constraints were addressed. While capacity is not an issue during the fall and winter months, Army officials expect the number of soldiers awaiting training to increase during those months because incoming recruits generally do not want to begin training during those months. Army officials said they are exploring ways to even out the training demand such as offering bonuses for soldiers to enlist and attend basic training outside of the summer months. Additionally, the Army formed an integrated process team specifically to develop options for mitigating the summer surge, including options to expand capacity. At the time of our review, the team's work was ongoing, and it was too soon to know what, if any, actions would be taken as a result of its efforts.

The delays in individual training opportunities that are caused by capacity constraints are distributed across the Army in both the active and reserve components. The Army has a review process that compares Army-wide individual training requirements to the training capacity at the Army's active training facilities and allocates training quotas to the active and reserve components.²⁷ The 2008 data from the process is depicted in table

²⁷ The Army's Structure Manning Decision Review.

4 and shows that the active and reserve components have approximately the same level of unmet training requirements at Army Training and Doctrine Command schools.

Table 2: Number of Schools Where Required Seats Exceed Reserved Seats

Active Army	Army Reserve	Army National Guard
17	15	18

Source: GAO based on Army data.

Note: Total Number of Training and Doctrine Command Schools: 54.

Collective Training Facilities

Capacity constraints at collective training facilities such as the Army's combat training centers²⁸ and mobilization stations have limited training opportunities for both active and reserve component units. As we have previously reported, the Army's strategy requires that all brigade combat teams be trained at the combat training centers prior to deployment.²⁹ Because the combat training centers do not have adequate capacity, training opportunities are now limited to only those active and reserve brigade combat teams that have been assigned missions requiring them to control battle-space. As a result, most active and reserve components units, including brigade combat teams that are assigned detainee operations or convoy security missions, do not train at the combat training centers. These units conduct training at other locations such as the Army's mobilization stations.

In the past, capacity constraints have also limited reserve component access to facilities at certain mobilization stations. For example, officials from First Army, which is responsible for training mobilized reserve component units, stated that facilities have not always been accessible at sites such as Ft. Bragg and Ft. Dix because they were being used by active component forces. Because of this, First Army is realigning its resources and will no longer be using the constrained facilities to train mobilized reserve component forces. First Army officials expect the realignment to increase training capacity because its resources will be concentrated at mobilization stations where it has greater control over scheduling.

²⁸ The Army's combat training centers include the National Training Center at Fort Irwin, California and the Joint Reserve Training Center at Fort Polk, Louisiana.

²⁹ GAO, *Military Training: Actions Needed to More Fully Develop the Army's Strategy for Training Modular Brigades and Address Implementation Challenges*, GAO-07-936 (Washington, D.C.: Aug. 6, 2007).

However, DOD's *2008 Sustainable Ranges Report* identified shortfalls at a number of major collective training facilities, including the mobilization stations that First Army plans to continue to use. These shortfalls involve land and airspace, ranges, infrastructure and feedback/scoring systems, as well as a number of other resources. Four of the 24 units we contacted identified shortfalls at the mobilization stations where they conducted collective training in preparation for their most recent missions. Two of these units stated that their mobilization stations did not have adequate infrastructure, citing shortfalls in maintenance and hangar facilities respectively. The other two units stated that their mobilization stations were in geographic locations that hindered training because of the terrain, explaining that Mississippi and western Oklahoma did not realistically replicate conditions in Afghanistan and Iraq respectively. Army Reserve officials told us that similar shortfalls characterize many of the collective training facilities owned by the reserve components because the Army employed tiered resourcing for several years, which relegated reserve component requirements to a lower priority for funding than active component requirements. These facilities are commonly used by reserve component units to execute collective training prior to mobilization.

Initiatives to Help Address Training Capacity Constraints

The Army has several initiatives under way to help address individual and collective training capacity constraints. For example:

- The Army has developed a database, which is intended to account for both active and reserve component individual training facilities under a "One Army School" system. However, the Army has not accounted for reserve component individual training facilities when filling training requirements, and in its 2007 Training Capacity Assessment,³⁰ the Army's Training and Doctrine Command found that a significant reserve component infrastructure was available to meet individual training requirements.
- The Army is attempting to address individual training capacity constraints through the use of mobile training teams. These mobile training teams contain transportable training assets—facilities, equipment, and personnel—which deploy to units' home stations to provide individual training. Mobile training teams are currently being

³⁰ Total Army Training Capacity Assessment was limited to training facilities and did not assess personnel and equipment requirements.

used to provide classes that are in high demand, such as professional military education, foreign language, and cultural awareness. These mobile training teams partially relieve capacity constraints resulting from limited infrastructure at training facilities.

- The Army National Guard has established an Exportable Combat Training Center program, to address facility, personnel, and equipment limitations that impact pre-mobilization collective training for Army National Guard units. The program enhances training by providing instrumentation to collect and record individual and unit performance, exercise control personnel, opposition forces, and civilians on the battlefield; program officials also coordinate the use of appropriate facilities. Exportable Combat Training Center events are intended to serve as the culminating collective training event prior to a unit's mobilization and are designed to validate training proficiency up to the company level. The Army National Guard conducted four Exportable Combat Training Center program training events from 2005 through 2008, and it intends to conduct 5 training events from 2009 through 2010.
- The Army Reserve has a concept plan for a Combat Support Training Center to address capability constraints in combat support and combat service support collective training 1 to 2 years prior to a unit's mobilization. This concept has been approved at the Department of the Army level but is currently unfunded. The Combat Support Training Center would leverage existing active and reserve component combat support and combat services support expertise and thus not have to compete with active component forces capabilities. The Combat Support Training Center program is expected to provide instrumentation, an operations group, opposition forces, civilians on the battlefield, interpreters, media teams, and realistic training environments, similar to Combat Training Centers such as the National Training Center at Ft. Irwin, California. The first Combat Support Training Center event is scheduled to occur in July 2009 at Fort McCoy, Wisconsin.

The Army Has Not Identified the Total Personnel, Equipment, and Facility Requirements Needed to Meet Reserve Component Training Requirements

While the Army has a number of initiatives intended to relieve training capacity constraints, it has not identified the total personnel, equipment, and facility resources needed to support its reserve component training strategy. As previously discussed, DOD Directive 1200.17 directs the Secretaries of the Military Departments to ensure facilities and training areas are available to support reserve component training requirements. It also directs the Secretaries to allocate resources where required to support a “train-mobilize-deploy” construct. In November 2008, the Secretary of Defense directed the Secretaries of the Military Departments to review the capacity of their training institutions to determine if they are properly resourced to prepare all military members to meet mission requirements.³¹

The Army has ongoing efforts to address this tasking, but these efforts do not fully address all individual and collective training requirements. In June 2009, the Army’s Training and Doctrine Command is scheduled to produce an update to its 2007 Total Army Capacity Assessment of individual training requirements. However, both the 2007 and 2009 assessments focus exclusively on training infrastructure, and neither assessment addresses personnel and equipment constraints that have limited training in the past. Further, the Army’s efforts to identify collective training requirements are affected by inaccurate assumptions regarding the use of ranges. Specifically, the Army Range Requirements Model, which is used to determine Army range requirements, calculates requirements based on an assumption that reserve component forces will be mobilized for 1 of 6 years. Since reserve component forces are being mobilized more frequently—about 1 of 3 years, according to Army officials—the model understates actual training requirements. The model also understates active component range requirements since it calculates requirements based on planned operational tempos rather than the actual higher tempos that are occurring to support ongoing operations. Because the model understates current requirements, it does not accurately project the full magnitude of capacity constraints at the Army’s ranges.

Conclusions

In recent years, reserve component units have successfully deployed for a wide range of assigned missions, and the training and preparation for these assigned missions, which is conducted in the later stages of the

³¹ Secretary of Defense Memorandum, *Recommendations of the Commission on the National Guard and Reserves*, (Nov. 24, 2008).

Army's 5-year cycle, was generally effective. However, collective training for primary missions, conducted in the early stages of the 5-year cycle, generally is not optimized because of various challenges. Such challenges include limited training time, changing personnel because of attrition, personnel and equipment shortages, and limited training support. Given that ongoing operations are expected to continue for some time, it is imperative that the Army has a strategy that is executable and provides for efficient use of training resources. Otherwise, units may continue to use limited training time and resources to build teams that are unlikely to deploy together and to train units for collective tasks that they may not perform. In light of the continued high demand for reserve forces and the Army's existing force structure levels, DOD's 12-month mobilization policy is likely to continue to result in more frequent and less predictable deployment and training periods, particularly for personnel in high demand occupational specialties, raising questions about the need to reevaluate the policy and consider alternatives. Furthermore, without complete information concerning the personnel, equipment, and facilities support that is necessary to execute reserve component training strategy, the Army will not be able to identify total requirements for its strategy, establish priorities and related resource needs, and be assured that current initiatives are addressing priority needs.

Recommendations for Executive Action

To improve the Army's training strategy and DOD's mobilization policy for Army reserve component personnel, we recommend that the Secretary of Defense take the following three actions:

To better ensure the Army has an executable strategy for effectively training its reserve component forces, we recommend the Secretary of Defense direct the Secretary of the Army to reevaluate and adjust its reserve component training strategy to fully account for the factors that limit the effectiveness of unit training for primary missions in the early years of the 5-year cycle. Elements that should be considered in re-evaluating the training strategy should include:

- Whether the total training days allotted for reserve component training are adequate to train units for both primary and assigned missions, which may require significantly different resources and skill.
- Whether consolidating collective training later in the training cycle, as opposed to spreading it through the cycle, would enhance the effectiveness of the training and increase predictability.

To better ensure DOD's mobilization policy is having the intended effect of providing reserve component personnel with predictable training, mobilization, and deployment schedules while also improving DOD's ability to effectively train and employ its reserve component forces, we are recommending that the Secretary of Defense reevaluate DOD's mobilization policy for Army reserve component personnel and consider whether a more flexible policy that allows greater variations in the length of mobilizations or which establishes deployment goals based on occupational specialty or unit type would better meet DOD's goals to reduce stress on the force and improve predictability for personnel.

To better ensure that the Army has a reserve component training strategy that it is able to execute, we recommend that the Secretary of Defense direct the Secretary of the Army to determine the range of resources and support that are necessary to fully implement the strategy. Elements that should be accounted for include:

- the personnel, equipment, and facilities required to fully support individual training requirements;
- the range space required to fully support individual and collective training requirements; and
- the full support costs associated with the Army reserve component training strategy— including personnel, equipment, and facilities.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD concurred or partially concurred with all of our recommendations. Specifically, DOD concurred with the element of our first recommendation that calls for the Secretary of Defense to direct the Secretary of the Army to consider, when reevaluating the Army's reserve component training strategy, whether the total training days allotted for reserve component training are adequate to train units for both primary and assigned missions. DOD noted that reserve component units do not always have sufficient time in their baseline training year to prepare for both a primary and assigned mission when those missions are substantially different. DOD also stated that today's global demand for Army forces prevents reserve component units from sustaining their 5-year training cycle, since the Army must continuously balance its strategic depth against available resources to meet current operational requirements. DOD, however, did not state that it would take any action. We agree with DOD's comments, and in fact, these comments reflect the same conditions that led us to conclude that current operational realities necessitate a reevaluation of the Army's reserve component training strategy, including the adequacy of training time

allotted for reserve component training. Therefore, we continue to believe our recommendation has merit. DOD partially concurred with the second element of our first recommendation that the department, in reevaluating its training strategy, consider whether consolidating collective training later in the training cycle, as opposed to spreading it through the cycle, would enhance the effectiveness of the training and increase predictability. In comments, DOD noted that concentrating training later in the cycle compounds the existing resource-constrained environment and accentuates competition for limited training resources, facilities, equipment, and ranges. DOD, however, did not state that it plans to take any specific action. As noted in our report, the Army faces challenges associated with training time, personnel, equipment, and training support during the early stages of the training cycle and is, therefore, unable to set the conditions required for effective unit training during the early years of the cycle. Further, units we sampled indicated they preferred to conduct collective training later in the training cycle when personnel and equipment levels are more stable. The Army has also acknowledged, in its *2009 Posture Statement*, that an extended training period close to or contiguous with arriving at the mobilization station allowed commanders to achieve the highest levels of readiness and unit capability. We continue to believe that collective training should be conducted when training enablers such as personnel and equipment are present to ensure the training is most effective and that the Army should reevaluate its current approach.

DOD partially concurred with our second recommendation that the Secretary of Defense reevaluate DOD's mobilization policy for Army reserve component personnel and consider whether a more flexible policy, which allows greater variations in the length of mobilization or which establishes deployment goals based on occupational specialty or unit type, would better meet DOD's goals to reduce stress on the force and improve predictability for personnel. In DOD's response, the department noted the Secretary of Defense will continue to evaluate those circumstances that warrant changes or exceptions to the mobilization policy but commented that the 1-year mobilization has reduced stress on service members, their families and employers. DOD also acknowledged the challenge associated with implementing a 5-year training and preparation cycle and identified several innovations designed to enhance predictability and reduce stress on reserve component soldiers and units including the Regional Training Centers developed by the Army Reserves to assist units in preparing for mobilization and the consolidation of its training support structure at six mobilization training centers to better support all deploying units. Our report acknowledges department

initiatives to increase training capacity and support to units through initiatives like those pointed out by the department. However, we also note that in spite of these initiatives, DOD's mobilization policy is not achieving the intended purpose of reducing stress on the force by providing predictability. For example, our report discusses how the 1-year mobilization, while limiting the amount of time reserve component soldiers and units are deployed, is resulting in more frequent deployments and is, therefore, not reducing stress on soldiers and units. We continue to believe the mobilization policy needs to be reevaluated to determine whether a more flexible approach that recognizes variances in deployment frequency based on occupational specialty and unit type would improve predictability.

DOD partially concurred with our third recommendation that the Secretary of Defense direct the Secretary of the Army to determine the range of resources and support that are necessary to fully implement the Army's strategy for training its reserve components. In comments, DOD noted that an all volunteer force trained to meet its persistent operational requirements will require sufficient resources in order to be trained and ready. To do so, DOD further noted, will require a holistic approach that leverages the consolidation of training locations in conjunction with the utilization of live, distributed learning, virtual, and constructive technologies to deliver more training to home station locations. DOD also stated the Army will need to prioritize the allocation of funds supporting training initiatives while embedding the costs to implement them in its Program Objective Memorandum. We agree that the Army's various training initiatives, many of which are discussed in our report, should be prioritized and the costs associated with those initiatives should be reflected in the Army's Program Objective Memorandum. However, we believe the Army must first determine the full range of resources and support required to implement its training strategy in order to establish priorities and resource needs in order to be assured that current initiatives are addressing priority needs.

The full text of DOD's written comments is reprinted in appendix II.

We are sending copies of this report to other appropriate congressional committees and the Secretary of Defense. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

Should you or your staff have any questions concerning this report, please contact me at (202) 512-9619 or pickups@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 contributors to this report are listed in appendix III.



Sharon L. Pickup
Director, Defense Capabilities and Management

Appendix I: Scope and Methodology

To determine the extent to which the Army is able to effectively implement its strategy for training Reserve Component forces, we reviewed documentation outlining the Army's approach to training its reserve component forces such as Field Manual 7.0, *Training for Full Spectrum Operations* and Department of the Army Executive Order 150-08, *Reserve Component Deployment Expeditionary Force Pre-and Post-Mobilization Training Strategy*. Additionally, we discussed the training strategy, factors that limit execution of the strategy, and initiatives under way to address any limiting factors with officials responsible for training including officials from the Department of the Army Training Directorate, U.S. Army Forces Command, the Army National Guard Readiness Center, First Army, the Army Training and Doctrine Command, and the U.S. Army Reserve Command. To determine the impact personnel levels have on training effectiveness, we obtained and reviewed data on attrition. To assess the reliability of these data, we reviewed documentation and interviewed officials and determined these data to be sufficiently reliable.

To assess the extent to which mobilization and deployment laws, regulations, goals, and policies impact the Army's ability to train and employ Reserve Component forces, we reviewed laws, regulations, goals, and policies that impact the way the Army trains and employs its reserve component forces such as relevant sections of Titles 10 and 32 of the U.S. Code and DOD's January 2007 mobilization policy. Additionally, we interviewed Army officials from organizations such as U.S. Army Reserve Command, the National Guard Bureau, and U.S. Joint Forces Command to discuss the impact of mobilization and deployment documents. Lastly, we reviewed and analyzed data from units and various Army offices, including data showing trends in pre- and post-mobilization training time, to assess how mobilization and deployment laws, regulations, goals, and policies may be impacting reserve component units and personnel.

To determine the extent to which access to military schools and skill training, facilities, and ranges affect the preparation of reserve component forces to support ongoing operations, we reviewed documentation such as DOD's 2008 Sustainable Ranges Report, the 2007 Total Army Training Capacity Assessment, and outputs from DOD's Structure Manning Decision Review. To determine how training requirements are prioritized, we also interviewed officials from the Army's Training and Doctrine Command and the U.S. Army Forces Command. These commands schedule units and soldiers to attend individual and collective training. Further, we reviewed documentation and interviewed officials to determine initiatives that the Army has under way to address capacity constraints and to assess total training requirements. We also obtained and

reviewed data on Army National Guard soldiers awaiting individual training. We assessed the reliability of these data by reviewing existing documentation and interviewing knowledgeable officials and found these data to be sufficiently reliable for our purposes. Lastly, we observed Training at the Army's National Training Center at Fort Irwin, California, and the Army National Guard's exportable training conducted at Camp Blanding, Florida.

To inform all three of our objectives, we sent a list of questions to U.S. Central Command and to Northern Command and held a follow-on video teleconference to discuss in more detail Northern Command's response to our questions. Additionally, we surveyed a non-probability sample of 22 Army National Guard or Army Reserve units and conducted follow-up interviews with officials from 15 of these units. While the results of our survey and discussions are not projectable to the entire reserve component, we chose units of different types and sizes for our sample. In addition, we chose the proportion of Army National Guard and Reserve units for our sample based on the proportion of mobilized forces from each of the components. Our surveys and interviews addressed a range of issues including: deployment and notification timelines; the timing and effectiveness of pre-deployment, post-deployment, and in-theater training; and access to training facilities, schoolhouses, and ranges. Additionally, we interviewed commanders and personnel from two Army National Guard brigade combat teams that were training at the National Training Center at Fort Irwin, California, and at Camp Blanding, Florida. Of the total of 24 units in our non-probability sample, 22 had returned from supporting on-going operations in Iraq, Afghanistan, or Kosovo, and 2 were preparing for deployment. We conducted this performance audit from September 2008 through June 2009 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



RESERVE AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1500

JUL 7 2009

Ms. Sharon L. Pickup
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Pickup,

This is the Department of Defense (DoD) response to the GAO draft report, GAO-09-720, "RESERVE FORCES: Army Needs to Reevaluate its Approach to Training and Mobilizing Reserve Component Forces," dated June 1, 2009 (GAO Code 351237). The Department has comments on the draft report, and concurs/partially concurs with the recommendations. The Department's comments are attached.

The primary action officer within DOD for this report is COL Bernard J. Hyland. He can be reached at (703) 693-8611.

Sincerely,

Dennis M. McCarthy

Attachment:
As stated



GAO DRAFT REPORT – DATED JUNE 1, 2009
GAO CODE 351237 /GAO-09-720

"RESERVE FORCES: Army Needs to Reevaluate its Approach to Training and
Mobilizing Reserve Component Forces"

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to reevaluate and adjust its reserve component training strategy to fully account for the factors that limit the effectiveness of unit training for primary missions in the early years of the 5-year cycle. Elements that should be considered in re-evaluating the training strategy should include:

- whether the total training days allotted for reserve component training is adequate to train units for both primary and assigned missions, which may require significantly different resources and skill; and
- whether consolidating collective training later in the training cycle, as opposed to spreading it through the cycle, would enhance the effectiveness of the training and increase predictability.

DOD RESPONSE:

1. Concur. Reserve Component (RC) units do not always have sufficient time in their baseline training year to prepare for both a primary and assigned mission when those missions are substantially different. This accounts for the expansion in training days upon alert notification for units with an assigned mission that does not match their primary mission. Today's global demand for Army forces prevents RC units from sustaining their five-year training cycle, since the Army must continuously balance its strategic depth against available resources to meet Combatant Command capability requirements for current operations.
2. Partially Concur. Consolidating collective training later in the training cycle reflects adaptive practices that have evolved to meet the current demand for forces. Such conditions promote reliance on increased supplemental funding and training immediately prior to mobilization and deployment. Consolidating training later in the cycle compounds the existing resource constrained environment, accentuating competition for access to limited training resources, facilities, equipment, and ranges. The Army Force Generation (ARFORGEN) model provides enhanced predictability while increasing training and readiness over time. It further embodies a degree of flexibility, which provides the Army with the essential ability to accommodate both cyclic and unforeseen deployment requirements.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense reevaluate DoD's mobilization policy for Army reserve component personnel, and consider whether a more flexible policy, which allows greater variations in the length of mobilizations, or which establishes deployment goals based on occupational specialty or unit type would better meet DoD's goals to reduce stress on the force and improve predictability for personnel. (Page 28/GAO Draft Report)

DOD RESPONSE: Partially Concur.

The Army developed the Army Force Generation (ARFORGEN) model to establish a cycle of training and preparation that promotes predictability for individuals and units of each of the Army's three components (Active, Guard, Reserve). Transforming the Army's force structure and resetting the force while providing capabilities to multiple Overseas Contingency Operations and sustained forward deployments throughout the world, presents a set of challenges to the Army's ability to rapidly convert to the five-year ARFORGEN model. To meet this challenge, the Department of Defense and the Army have implemented a number of quality initiatives since January of 2007. Several examples of those innovations, specifically designed to enhance predictability and reduce stress on individual Reserve Component (RC) soldiers and units, include:

1. The Department is partnering with the Joint Staff and the Services to increase unit alert and notification times prior to mobilization, which increases predictability and accelerates the flow of funding for training and readiness to deploying units.
2. Through rebalancing initiatives, the Army is consolidating its training support structure at six Mobilization Training Centers to better support all deploying units.
3. DoD and the Services have implemented support programs such as Yellow Ribbon and Wounded Warrior and established outreach services that did not previously exist.
4. The Department is promoting new approaches to managing the RC as an operational force, such as continuum of service initiatives, volunteer incentives and accelerated rebalancing initiatives to address High Demand / Low Supply force structure.
5. The Army Reserve has developed Regional Training Centers to assist units in preparing for mobilization and to maximize in-theater boots on the ground time, which has reduced the average training time for mobilized Army Reserve units by as much as 30 days.
6. DoD and the Army have moved to eliminate previous stop loss policies.
7. DoD and the Services have partnered to develop a wide array of joint solutions for training, equipping, and sourcing Combatant Command capability requirements.
8. The Department has taken steps to leverage innovative technologies in training simulations and delivery methods to reduce pre-mobilization training time.

The Secretary of Defense will continue to evaluate those circumstances that warrant changes or exceptions to the mobilization policy. However, the Department has found that the one-year mobilization has reduced stress on service members, their families and employers.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to determine the range of resources and support that are necessary to fully implement the strategy. Elements that should be accounted for include:

- the personnel, equipment, and facilities required to fully support individual training requirements;
- the range space required to fully support individual and collective training requirements; and
- the full support costs associated with the Army reserve component training strategy -- including personnel, equipment and facilities.

DOD RESPONSE: Partially Concur.

An all volunteer force trained to meet its persistent operational requirements will require sufficient resources in order to be trained and ready. This requires a holistic approach that leverages the consolidation of training locations in conjunction with the utilization of live, distributed learning, virtual and constructive technologies to deliver more training to home station locations. Through exportable training technologies, a larger Reserve Component (RC) training audience may be reached at or near their home station location. The Army should prioritize the allocation of funds to these initiatives, and the costs to implement them should be embedded in the Program Objective Memorandum. This may drive the need to increase the Army's Total Obligation Authority to preclude decrementing other readiness accounts.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Sharon L. Pickup, (202) 512-9619 or pickups@gao.gov

Acknowledgments

In addition to the individual named above, Michael Ferren, Assistant Director; Grace Coleman; Nicole Harms; Ron La Due Lake; Susan Tindall; Nate Tranquilli; and John Vallario made key contributions to this report.

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GAO-08-497T



GAO

Testimony

Before the Armed Services Committee
House of Representatives

For Release on Delivery
Expected at 11:00 a.m. EST
Thursday, February 14, 2008

MILITARY READINESS

Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces

Statement of Sharon L. Pickup, Director
Defense Capabilities and Management



G A O

Accountability * Integrity * Reliability



Highlights of GAO-08-497T, a testimony before the Armed Services Committee, House of Representatives

MILITARY READINESS

Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces

Why GAO Did This Study

U.S. military forces, and ground forces in particular, have operated at a high pace since the attacks of September 11, 2001, including to support ongoing operations in Iraq and Afghanistan. Between 2001 and July 2007, approximately 931,000 U.S. Army and Marine Corps servicemembers deployed for overseas military operations, including about 312,000 National Guard or Reserve members.

To support ongoing military operations and related activities, Congress has appropriated billions of dollars since 2001, and through September 2007, the Department of Defense (DOD) has reported obligating about \$492.2 billion to cover these expenses, of which a large portion are related to readiness. In addition, DOD's annual appropriation, now totaling about \$480 billion for fiscal year 2008, includes funds to cover readiness needs.

GAO was asked to testify on (1) the readiness implications of DOD's efforts to support ongoing operations; and (2) GAO's prior recommendations related to these issues, including specific actions that GAO believes would enhance DOD's ability to manage and improve readiness.

This statement is based on reports and testimonies published from fiscal years 2003 through 2008. GAO's work was conducted in accordance with generally accepted government auditing standards.

To view the full product click on GAO-08-497T. For more information, contact Sharon L. Pickup, 202-512-9619, pickups@gao.gov.

What GAO Found

While DOD has overcome difficult challenges in maintaining a high pace of operations over the past 6 years and U.S. forces have gained considerable combat experience, our work has shown that extended operations in Iraq and elsewhere have had significant consequences for military readiness, particularly with regard to the Army and Marine Corps. To meet mission requirements specific to Iraq and Afghanistan, the department has taken steps to increase the availability of personnel and equipment for deploying units, and to refocus their training on assigned missions. For example, to maintain force levels in theater, DOD has increased the length of deployments and frequency of mobilizations, but it is unclear whether these adjustments will affect recruiting and retention. The Army and Marine Corps have also transferred equipment from nondeploying units and prepositioned stocks to support deploying units, affecting the availability of items for nondeployed units to meet other demands. In addition, they have refocused training such that units train extensively for counterinsurgency missions, with little time available to train for a fuller range of missions. Finally, DOD has adopted strategies, such as relying more on Navy and Air Force personnel and contractors to perform some tasks formerly handled by Army or Marine Corps personnel. If current operations continue at the present level of intensity, DOD could face difficulty in balancing these commitments with the need to rebuild and maintain readiness.

Over the past several years, GAO has reported on a range of issues related to military readiness and made numerous recommendations to enhance DOD's ability to manage and improve readiness. Given the change in the security environment since September 11, 2001, and demands on U.S. military forces in Iraq and Afghanistan, rebuilding readiness will be a long-term and complex effort. However, GAO believes DOD can take measures that will advance progress in both the short and long terms. A common theme is the need for DOD to take a more strategic decision-making approach to ensure programs and investments are based on plans with measurable goals, validated requirements, prioritized resource needs, and performance measures to gauge progress. Overall, GAO recommended that DOD develop a near-term plan for improving the readiness of ground forces that, among other things, establishes specific goals for improving unit readiness, prioritizes actions needed to achieve those goals, and outlines an investment strategy to clearly link resource needs and funding requests. GAO also made recommendations in several specific readiness-related areas, including that DOD develop equipping strategies to target shortages of items required to equip units preparing for deployment, and DOD adjust its training strategies to include a plan to support full-spectrum training. DOD agreed with some recommendations, but has yet to fully implement them. For others, particularly when GAO recommended that DOD develop more robust plans linked to resources, DOD believed its current efforts were sufficient. GAO continues to believe such plans are needed.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss issues related to military readiness in light of the high pace of military operations since the attacks of September 11, 2001, and, in particular, the significant demand on U.S. forces to support ongoing operations in Iraq and Afghanistan. For the last 7 years, the Department of Defense (DOD) has supported a wide range of operations and activities in support of the administration's strategy to combat terrorism on a global basis, requiring many units and personnel to deploy for multiple tours of duty, and in some cases to remain for extended tours. As a result, the military now has a ground force that has gained considerable experience and is battle-tested but also stressed by the current pace of operations. As of July 2007, approximately 931,000 U.S. Army and Marine Corps servicemembers had deployed for overseas military operations since 2001, including about 312,000 National Guard or Reserve members.

In the past several months, DOD's senior leaders have publicly expressed concerns about the high demands on U.S. forces and the impact on military readiness, particularly for ground forces. While testifying last week that our military is capable of responding to all threats to our vital national interests, the Chairman of the Joint Chiefs of Staff expressed concern about the toll of the current pace of operations. Congress, and this committee in particular, has also voiced concerns and taken specific actions to give greater attention to readiness, including establishing a Defense Material Readiness Board to identify equipment and supply shortfalls and solutions for addressing them, and requiring DOD to develop a plan for rebuilding readiness. Further, it has also provided unprecedented levels of taxpayer money in response to the department's funding requests, which have consistently emphasized the need for resources to maintain readiness. More specifically, to support ongoing military operations and related activities, Congress has appropriated hundreds of billions of dollars since 2001, and through September 2007, DOD has reported obligating about \$492.2 billion to cover these expenses. In addition, DOD also has received its annual appropriation, which totals about \$480 billion for fiscal year 2008.

As you requested, my testimony will focus on the impact of current operations and the challenges DOD faces in rebuilding readiness, particularly for ground forces. Specifically, I will address (1) the readiness implications of DOD's efforts to support ongoing operations; and 2) GAO's prior recommendations related to these issues, including specific actions

we believe would enhance DOD's ability to manage and improve readiness.

My statement is based on reports and testimonies published from fiscal years 2003 through 2008. These reports are listed at the end of this testimony and include reviews of mobilization policies, DOD's equipping and reset strategies, prepositioned equipment, military training, and the use of contractors, as well as general reports on readiness and Iraq. We conducted our work in accordance with generally accepted government auditing standards.

Summary

While DOD has overcome difficult challenges in maintaining a high pace of operations over the past 6 years and U.S. forces have gained considerable combat experience, our work has shown that extended operations in Iraq and elsewhere have had significant consequences for military readiness, particularly with regard to the Army and Marine Corps. To meet mission requirements specific to Iraq and Afghanistan, the department has taken steps to increase the availability of personnel and equipment for deploying units, and to refocus their training on assigned missions. For example, to maintain force levels in theater, DOD has increased the length of deployments and frequency of mobilizations, but it is unclear whether these adjustments will affect recruiting and retention. The Army and Marine Corps have also transferred equipment from nondeploying units and prepositioned stocks to support deploying units, affecting the availability of items for nondeployed units to meet other demands. In addition, they have refocused training such that units train extensively for counterinsurgency missions, with little time available to train for a fuller range of missions. Finally, DOD has adopted strategies, such as relying more on Navy and Air Force personnel and contractors to perform some tasks formerly handled by Army or Marine Corps personnel. If current operations continue at the present level of intensity, DOD could face difficulty in balancing these commitments with the need to rebuild and maintain readiness.

Over the past several years, we have reported and testified on a range of issues related to military readiness and made multiple recommendations aimed at enhancing DOD's ability to manage and improve readiness. Given the change in the security environment since September 11, 2001, and related increases in demands on our military forces as well as the high level of commitment to ongoing operations, rebuilding readiness of U.S. ground forces is a long-term prospect. In addition, the department faces competing demands for resources given other broad-based initiatives to

grow, modernize, and transform its forces, and therefore will need to carefully validate needs and assess trade-offs. While there are no quick fixes to these issues, the department has measures it can take that will advance progress in both the short and long term. A common theme in our work has been the need for DOD to take a strategic approach to decision making that promotes transparency, and ensures that programs and investments are based on sound plans with measurable goals, validated requirements, prioritized resource needs, and performance measures to gauge progress. Overall, we have recommended that DOD develop a near-term plan for improving the readiness of the ground forces that, among other things, establishes specific goals for improving unit readiness, prioritizes actions needed to achieve those goals, and outlines an investment strategy to clearly link resource needs and DOD's funding requests. We have also recommended actions in each of the specific areas I will be discussing today. DOD agreed with some recommendations, but has yet to fully implement them. For others, particularly when we recommended that DOD develop more robust plans linked to resources, DOD believed its current efforts were sufficient. We continue to believe such plans are needed.

Ongoing Operations Have Challenged DOD's Ability to Sustain Readiness of Ground Forces, Particularly for Nondeployed Forces

To meet the challenges of ongoing operations in Iraq and Afghanistan, DOD has taken steps to increase the availability of personnel and equipment for units deploying to Iraq and Afghanistan, particularly with regard to the Army and Marine Corps. Among other things, DOD has adjusted rotation goals, and employed strategies such as to retrain units to perform missions other than those they were designed to perform. It has also transferred equipment from nondeployed units and prepositioned stocks to support deployed units. The Army and Marine Corps have refocused training to prepare deploying units for counterinsurgency missions. DOD has also relied more on Navy and Air Force personnel and contractors to help perform tasks normally handled by Army or Marine Corps personnel. Using these measures, DOD has been able to continue to support ongoing operations, but not without consequences for readiness. In the short term, ground forces are limited in their ability to train for other missions and nondeployed forces are experiencing shortages of resources. The long-term implications of DOD's actions, such as the impact of increasing deployment times on recruiting and retention, are unclear.

DOD Has Adjusted Policies to Increase Availability of Personnel, but Long-Term Implications Are Unclear

For the past several years, DOD has continually rotated forces in and out of Iraq and Afghanistan to maintain required force levels. While DOD's goals generally call for active component personnel to be deployed for 1 of every 3 years and reserve component personnel involuntarily mobilized 1 of 6 years, many have been mobilized and deployed more frequently. Additionally, ongoing operations have created particularly high demand for certain ranks and occupational specialties. For example, officers and senior noncommissioned officers are in particularly high demand due to increased requirements within deployed headquarters organizations and new requirements for transition teams, which train Iraqi and Afghan forces. Several support force occupations such as engineering, civil affairs, transportation, and military police have also been in high demand.

Since September 11, 2001, DOD has made a number of adjustments to its personnel policies, including those related to length of service obligations, length of deployments, frequency of reserve component mobilizations, and the use of volunteers. While these measures have helped to increase the availability of personnel in the short term, the long-term impacts of many of these adjustments are uncertain. For example, the Army has successively increased the length of deployments in Iraq—from 6 to 12 and eventually to 15 months. Also, the services have, at various times, used “stop-loss” policies, which prevent personnel from leaving the service, and DOD has made changes to reserve component mobilization policies. In the latter case, DOD modified its policy, which had previously limited the cumulative amount of time that reserve component servicemembers could be involuntarily called to active duty for the Global War on Terrorism. Under DOD's new policy, which went into effect in January 2007, there are no cumulative limits on these involuntary mobilizations, but DOD has set goals to limit the mobilizations to 12 months and to have 5 years between these Global War on Terrorism involuntary mobilizations. DOD has also stated that in the short term it will not be able to meet its goal for 5 years between rotations. By making these adjustments, DOD has made additional personnel available for deployment, thus helping to meet short-term mission requirements in Iraq and Afghanistan. However, it is unclear whether longer deployments or more frequent involuntary mobilizations or other adjustments will affect recruiting and retention.

In the near term, the Army and Marine Corps have taken a number of steps to meet operational requirements and mitigate the stress on their forces. Such actions include deploying units from branches with lower operational tempos in place of units from branches with higher operational tempos after conducting some additional training for the units. For example, after retraining units, the Army has used active component

field artillery units for convoy escort, security, and gun truck missions and has used active and reserve component quartermaster units to provide long-haul bulk fuel support in Iraq.

Equipment Shortages Affect Availability of Items for Nondeployed Units

As we have reported, ongoing military operations in Iraq and Afghanistan combined with harsh combat and environmental conditions are inflicting heavy wear and tear on equipment items that, in some cases, are more than 20 years old. In response to the sustained operations in Iraq and Afghanistan, the Army and Marine Corps developed programs to reset (repair or replace) equipment to return damaged equipment to combat-ready status for current and future operations. We also have reported that while the Army and Marine Corps continue to meet mission requirements and report high readiness rates for deployed units, nondeployed units have reported a decrease in reported readiness rates, in part due to equipment shortages. Some units preparing for deployment have reported shortages of equipment on hand as well as specific equipment item shortfalls that affect their ability to carry out their missions. The Army Chief of Staff has testified that the Army has had to take equipment from nondeployed units in order to provide it to deployed units. The Marine Corps has also made trade-offs between preparing units to deploy to Iraq and Afghanistan and other unit training. In addition, the Army National Guard and Army Reserve have transferred large quantities of equipment to deploying units, which has contributed to equipment shortages in nondeployed units. As a result, state officials have expressed concerns about their National Guard's equipment that would be used for domestic requirements.

Services Have Adjusted Training to Focus Primarily on Counterinsurgency Tasks

To meet current mission requirements, the services, especially the Army and the Marine Corps, have focused unit training on counterinsurgency tasks. Given limitations in training time, and the current focus on preparing for upcoming, scheduled deployments, nondeployed troops are spending less training time on their core tasks than in the past. Our analysis of Army unit training plans and discussions with training officials indicate that unit commanders' training plans have focused solely on preparing for their unit's assigned mission instead of moving progressively from preparing for core missions to training for full-spectrum operations. Since February 2004, all combat training rotations conducted at the Army's National Training Center have been mission rehearsal exercises to prepare units for deployments, primarily to Iraq and Afghanistan. As a result, units are not necessarily developing and maintaining the skills for a fuller range of missions. For instance, units do not receive full-spectrum operations training such as combined arms maneuver and high-intensity combat. In

addition, the Army has changed the location of some training. According to Army officials, the National Training Center has provided home station mission rehearsal exercises at three Army installations, but these exercises were less robust and on a smaller scale than those conducted at the center. Army leaders have noted that the limited time between deployments has prevented their units from completing the full-spectrum training that the units were designed and organized to perform. The Chief of Staff of the Army recently stated that units need 18 months between deployments to be able to conduct their entire full-spectrum mission training. While the Chairman of the Joint Chiefs of Staff expressed concerns about the impact of the current operational tempo on full-spectrum training during his testimony last week, he also noted that the military is capable of responding to all threats to our vital national interests.

Offloading of Prepositioned Equipment Could Affect DOD's Ability to Meet Other Demands

The Army's decision to remove equipment from its prepositioned ships impacts its ability to fill equipment shortages in nondeployed units and could impact DOD's ability to meet other demands if new demands were to cause requirements to rise above current levels to new peaks. The Army's decision to accelerate the creation of two additional brigade combat teams by removing equipment from prepositioned ships in December 2006 helps the Army to move toward its deployment rotation goals. However, the lack of prepositioned equipment means that deploying units will either have to deploy with their own equipment or wait for other equipment to be assembled and transported to their deployment location. Either of these options could slow deployment response times.

The most recent DOD end-to-end mobility analysis found that the mobility system could continue to sustain the current (post 9/11) tempo of operations with acceptable risk. The study found that when fully mobilized and augmented by the Civil Reserve Air Fleet and the Voluntary Intermodal Sealift Agreement ships, the United States has sufficient capability to support national objectives during a peak demand period with acceptable risk. The study highlighted the need for DOD to continue actions to reset and reconstitute prepositioned assets. However, some prepositioned stocks have been depleted. Since portions of the Army's prepositioned equipment are no longer available, transportation requirements may increase and risk levels may increase, which could increase timelines for delivery of personnel and equipment.

DOD Is Also Relying on Other Services to Help Accomplish Some Missions Typically Handled by Ground Forces

Shortly after September 11, 2001, the Army's pace of operations was relatively low, and it was generally able to meet combatant commander requirements with its cadre of active duty and reserve component personnel. For example, in the aftermath of September 11, 2001, the President, through the Secretary of Defense and the state governors, used Army National Guard forces to fill security roles both at Air Force bases and domestic civilian airports. Today, with the Army no longer able to meet the deployment rotation goals for its active and National Guard and Reserve forces due to the pace of overseas operations, DOD is increasingly turning to the Navy and the Air Force to help meet requirements for skills typically performed by ground forces.

The Navy and Air Force are filling many of these traditional Army ground force requirements with personnel who possess similar skills to the Army personnel they are replacing. According to Air Force and Navy testimony before this committee in July 2007, some examples of the personnel with similar skills included engineers, security forces, chaplains, and public affairs, intelligence, medical, communications, logistics, and explosive ordnance disposal personnel. The Navy and Air Force are also contributing personnel to meet emerging requirements for transition teams to train Iraqi and Afghan forces. Regardless of whether they are filling new requirements or just operating in a different environment with familiar sets of skills, Navy and Air Force personnel undergo additional training prior to deploying for these nontraditional assignments. While we have not verified the numbers, according to the July 2007 testimonies, the Air Force and Navy deployments in support of nontraditional missions had grown significantly since 2004 and at the time of the testimonies the Air Force reported that it had approximately 6,000 personnel filling nontraditional positions in the Central Command area of responsibility, while the Navy reported that it had over 10,000 augmentees making significant contributions to the Global War on Terror. Finally, the Air Force testimony noted that many personnel who deployed for these nontraditional missions came from stressed career fields—security force, transportation, air traffic control, civil engineering, and explosive ordnance disposal—that were not meeting DOD's active force goal of limiting deployments to 1 in every 3 years.

DOD's Reliance on Contractors Has Reached Unprecedented Levels

The U.S. military has long used contractors to provide supplies and services to deployed U.S. forces; however, the scale of contractor support in Iraq is far greater than in previous military operations, such as Operation Desert Shield/Desert Storm and in the Balkans. Moreover, DOD's reliance on contractors continues to grow. In December 2006, the Army estimated that almost 60,000 contractor employees supported

ongoing military operations in Southwest Asia. In October 2007, DOD estimated the number of DOD contractors in Iraq to be about 129,000. By way of contrast, an estimated 9,200 contractor personnel supported military operations in the 1991 Gulf War. In Iraq, contractors provide deployed U.S. forces with an almost endless array of services and support, including communication services; interpreters who accompany military patrols; base operations support (e.g., food and housing); maintenance services for both weapon systems and tactical and nontactical vehicles; intelligence analysis; warehouse and supply operations; and security services to protect installations, convoys, and DOD personnel. Factors that have contributed to this increase include reductions in the size of the military, an increase in the number of operations and missions undertaken, a lack of organic military capabilities, and DOD's use of increasingly sophisticated weapons systems.

DOD has long recognized that contractors are necessary to successfully meet current and future requirements. In 1990, DOD issued guidance that requires DOD components to determine which contracts provide essential services and gives commanders three options if they cannot obtain reasonable assurance of continuation of essential services by a contractor: they can obtain military, DOD civilian, or host-nation personnel to perform services; they can prepare a contingency plan for obtaining essential services; or they can accept the risk attendant with a disruption of services during a crisis situation.¹ While our 2003 report found that DOD has not taken steps to implement the 1990 guidance, DOD officials informed us that DOD has awarded a contract to deploy planners to the combatant commands. According to the DOD officials, the planners will focus on the contractor support portions of the operational plans, including requirements for contractor services. In addition, the planners will streamline the process through which the combatant commander can request requirements definition, contingency contracting, or program management support. DOD officials report that, as of February 7, 2008, eight planners have been deployed. Without firm contingency plans in place or a clear understanding of the potential consequences of not having the essential service available, the risks associated with meeting future requirements increase.

¹ Department of Defense Instruction 3020.37, Continuation of Essential DOD Contractor Services During Crises, Nov. 6, 1990 (Change 1, Jan. 26, 1996).

Actions Based on Transparency, Sound Plans, and Measurable Outcomes Are Needed to Guide DOD's Efforts to Rebuild Readiness of Ground Forces

Given the change in the security environment since September 11, 2001, and related increases in demands on our military forces as well as the ongoing high level of commitment to ongoing operations, rebuilding readiness of U.S. ground forces is a long-term prospect. In addition, the department faces competing demands for resources given other broad-based initiatives to grow, modernize, and transform its forces, and therefore will need to carefully validate needs and assess trade-offs. While there are no quick fixes to these issues, we believe the department has measures it can take that will advance progress in both the short and long terms. Over the past several years, we have reported and testified on a range of issues related to military readiness and made multiple recommendations aimed at enhancing DOD's ability to manage and improve military readiness.

To Rebuild Readiness While Modernizing and Transforming Force Capabilities, DOD's Plans Require a Substantial Commitment of Resources

DOD faces significant challenges in rebuilding readiness while it remains engaged in ongoing operations. At the same time, it has undertaken initiatives to increase the size of U.S. ground forces, and modernize and transform force capabilities, particularly in the Army. Although the cost to rebuild the U.S. ground forces is uncertain, it will likely require billions of dollars and take years to complete. For example, once operations end, the Army has estimated it will take \$12 billion to \$13 billion a year for at least 2 years to repair, replace, and rebuild its equipment used for operations in Iraq. Similarly, the Marine Corps has estimated it will cost about \$2 billion to \$3 billion to reset its equipment. Furthermore, current plans to grow, modernize, and transform the force will require hundreds of billions of dollars for the foreseeable future. Although the Army estimated in 2004 that it could largely equip and staff modular units by spending \$52.5 billion through fiscal year 2011, the Army now believes it will require additional funding through fiscal year 2017 to fully equip its units. In addition, we found that the Army's \$70 billion funding plan to increase its end strength by over 74,200 lacks transparency and may be understated because some costs were excluded and some factors are still evolving that could potentially affect this funding plan. We have also reported that the costs of the Army's Future Combat System are likely to grow. While the Army has only slightly changed its cost estimate of \$160.7 billion since last year, independent cost estimates put costs at between \$203 billion and nearly \$234 billion. While our testimony today is focused on the readiness of the Army and Marine Corps, we recognize that DOD is continuing to deal with determining the requirements, size, and readiness of the Air Force and Navy and that Congress is engaged with that debate. The Air Force for example, is dealing with balancing the requirements and funding for strategic and intratheater lift as well as its needs for aerial refueling

aircraft, tactical aircraft, and a new bomber fleet. The Navy is also reviewing its requirements and plans to modernize its fleet. Meeting these requirements will involve both new acquisitions as well upgrades to existing fleets, which will cost billions of dollars.

Recommended Actions to Improve Strategic Decision Making and Address Specific Readiness Concerns

A common theme in our work has been the need for DOD 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 goals, validated requirements, prioritized resource needs, and performance measures to gauge progress against the established goals. Due to the magnitude of current operational commitments and the readiness concerns related to the ground forces, we believe decision makers need to take a strategic approach in assessing current conditions and determining how best to rebuild the readiness of the Army and Marine Corps. As a result, in July 2007, we recommended that DOD develop near-term plans for improving the readiness of its active and reserve component ground forces, and specify the number of ground force units they plan to maintain at specific levels of readiness as well as the time frames for achieving these goals. Because significant resources will be needed to provide the personnel, equipment, and training necessary to restore and maintain readiness, and because DOD is competing for resources in an increasingly fiscally constrained environment, we also recommended that the plans contain specific investment priorities, prioritized actions that the services believe are needed to achieve the plans' readiness goals and time frames, and measures to gauge progress in improving force readiness. Such plans would be helpful to guide decision makers in considering difficult trade-offs when determining funding needs and making resource decisions.

We have also recommended that DOD and the services take specific actions in a number of areas I have discussed today. These recommendations are contained in the products listed at the end of my statement. In summary

- The services need to collect and maintain comprehensive data on the various strategies they use to meet personnel and unit requirements for ongoing operations and determine the impact of these strategies on the nondeployed force.
- The Army needs to develop planning and funding estimates for staffing and equipping the modular force as well as assess its modular force.
- The Army needs to provide to Congress transparent information on its plan to increase the force size, including data on the force structure to be

created by this initiative, implementation timelines, cost estimates, and a funding plan.

- DOD needs to identify mission essential services provided by contractors and include them in planning, and also develop doctrine to help the services manage contractors supporting deployed forces.
- The Army needs to revise and adjust its training strategy to include a plan to support full-spectrum training during extended operations, and clarify the capacity needed to support the modular force.
- DOD must develop a strategy and plans for managing near-term risks and management challenges related to its prepositioning programs.
- DOD must improve its methodology for analyzing mobility capabilities requirements to include development of models and data, an explanation of the impact of limitations on study results, and metrics in determining capabilities.

DOD agreed with some recommendations, but has yet to fully implement them. For others, particularly when we recommended that DOD develop more robust plans linked to resources, DOD believed its current efforts were sufficient. We continue to believe such plans are needed.

Given the challenges facing the department, we believe these actions will enhance DOD's ability to validate requirements, develop plans and funding needs, identify investment priorities and trade-offs, and ultimately to embark on a sustainable path to rebuild readiness and move forward with plans to modernize and transform force capabilities. In the absence of a strategic approach based on sound plans and measurable outcomes, neither Congress nor the department can be assured that it will have the information it needs to make informed investment decisions and to ensure that it is maximizing the use of taxpayer dollars in both the short and long terms.

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.

For questions regarding this testimony, please call Sharon L. Pickup at (202) 512-9619 or pickups@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

Related GAO Products

Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future Operations. GAO-08-436T. Washington, D.C.: January 24, 2008.

Force Structure: Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan. GAO-08-354R. Washington, D.C.: January 18, 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.

Military Training: Actions Needed to More Fully Develop the Army's Strategy for Training Modular Brigades and Address Implementation Challenges. GAO-07-936. Washington, D.C.: August 6, 2007.

Military Personnel: DOD Lacks Reliable Personnel Tempo Data and Needs Quality Controls to Improve Data Accuracy. GAO-07-780. Washington, D.C.: July 17, 2007.

Defense Acquisitions: Key Decisions to Be Made on Future Combat System. GAO-07-376. Washington, D.C.: March 15, 2007.

Defense Logistics: Improved Oversight and Increased Coordination Needed to Ensure Viability of the Army's Prepositioning Strategy. GAO-07-144. Washington, D.C.: February 15, 2007.

Defense Logistics: Preliminary Observations on the Army's Implementation of Its Equipment Reset Strategies. GAO-07-439T. Washington, D.C.: January 31, 2007.

Reserve Forces: Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness. GAO-07-60. Washington, D.C.: January 26, 2007.

Securing, Stabilizing, and Rebuilding Iraq: Key Issues for Congressional Oversight. GAO-07-308SP. Washington, D.C.: January 9, 2007.

Defense Transportation: Study Limitations Raise Questions about the Adequacy and Completeness of the Mobility Capabilities Study and Report. GAO-06-938. Washington, D.C.: September 20, 2006.

Defense Logistics: Preliminary Observations on Equipment Reset Challenges and Issues for the Army and Marine Corps. GAO-06-604T. Washington, D.C.: March 30, 2006.

Defense Logistics: Better Management and Oversight of Prepositioning Programs Needed to Reduce Risk and Improve Future Programs. GAO-05-427. Washington, D.C.: September 6, 2005.

Military Personnel: DOD Needs to Address Long-term Reserve Force Availability and Related Mobilization and Demobilization Issues. GAO-04-1031. Washington, D.C.: September 15, 2004.

Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD's Plans. GAO-03-695. Washington, D.C.: June 24, 2003.

Military Personnel: DOD Actions Needed to Improve the Efficiency of Mobilizations for Reserve Forces. GAO-03-921. Washington, D.C.: August 21, 2003.

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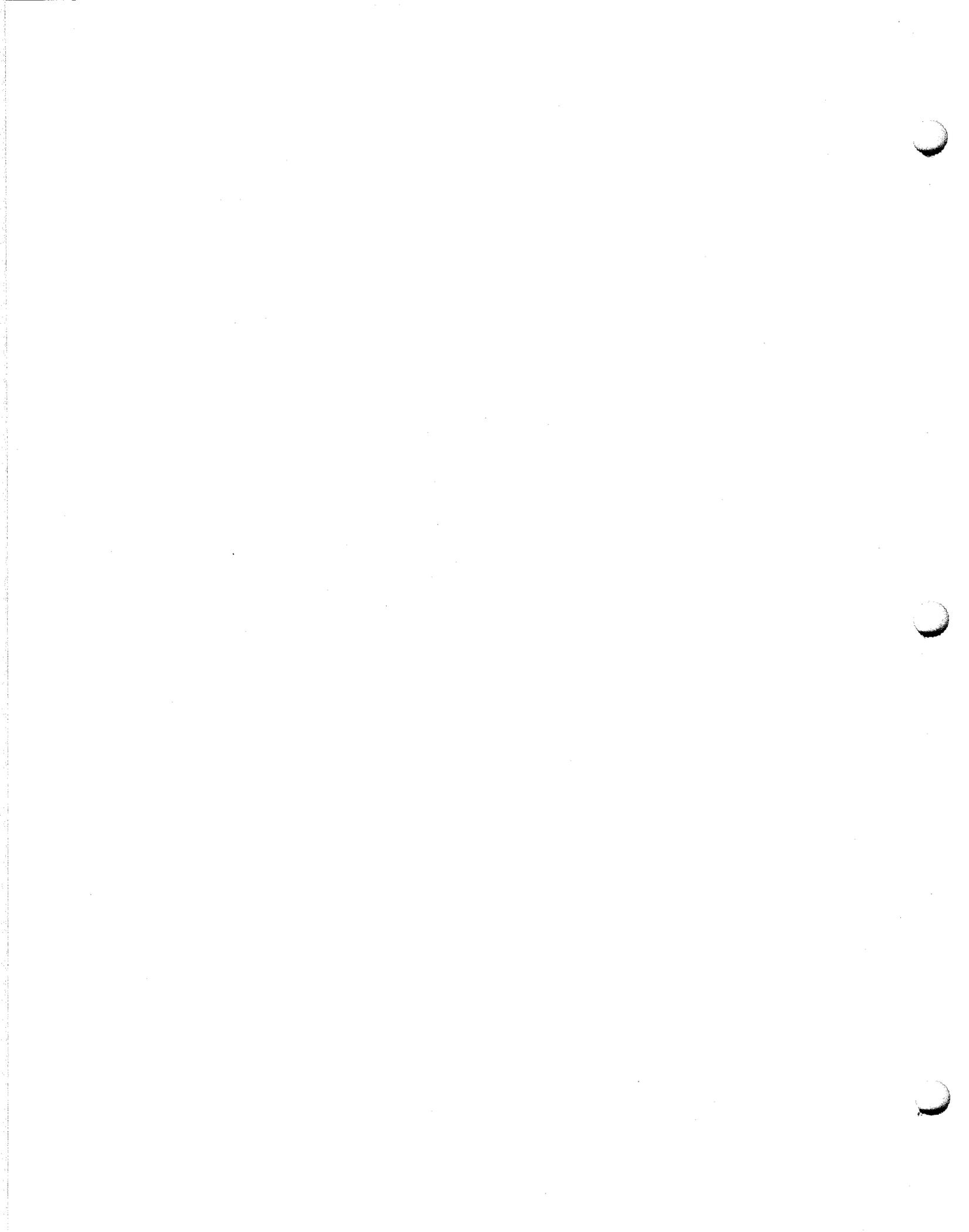
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GAO-07-60



GAO

Report to the Ranking Minority Member, Committee on Oversight and Government Reform, and Ranking Minority Member, Subcommittee on National Security and International Relations, House of Representatives

January 2007

RESERVE FORCES

Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness





Highlights of GAO-07-60, a report to the Ranking Minority Member, Committee on Oversight and Government Reform, and Ranking Minority Member, Subcommittee on National Security and International Relations, House of Representatives

RESERVE FORCES

Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness

Why GAO Did This Study

The high use of the National Guard for federal overseas missions has reduced equipment available for its state-led domestic missions, at the same time it faces an expanded array of threats at home. The massive state-led, federally funded response to Hurricane Katrina illustrates the Guard's important role in responding to the effects of large-scale, multistate events as well as the difficulty of working with multiple state and federal agencies. To address congressional interest in the Guard's domestic preparedness, GAO assessed the extent to which (1) the Guard's domestic equipment requirements have been identified, (2) the Department of Defense (DOD) measures and reports to Congress the equipment readiness of non-deployed Guard forces for domestic missions, and (3) DOD actions address the Guard's domestic equipping challenges. GAO examined the National Guard's plans and equipment status and included case studies in California, Florida, New Jersey, and West Virginia.

What GAO Recommends

GAO recommends updating the National Guard Bureau's charter and civil support regulation and improved reporting of the Guard's domestic readiness. DOD partially agreed to report on plans to assess domestic readiness but disagreed with our other recommendations. GAO reiterates the need for changes in matters for congressional consideration.

www.gao.gov/cgi-bin/getrpt?GAO-07-60.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet A. St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

What GAO Found

The types and quantities of equipment the National Guard needs to respond to large-scale terrorist events and natural disasters have not been fully identified because the multiple federal and state agencies that would have roles in responding to such events have not completed and integrated their plans. The Homeland Security Council has developed 15 catastrophic scenarios to guide federal and state governments in planning their response activities. While DOD is responsible for equipping the Guard for its federal missions and states plan for the National Guard's activities within their borders, neither is comprehensively planning for the Guard's role in responding to events like the national planning scenarios that may involve more than one state and be federally funded. Such planning has not been completed primarily because there is no formal mechanism for facilitating planning for the Guard's role in large-scale events. As a liaison between the Army, the Air Force, and the states, the National Guard Bureau is well positioned to facilitate state planning for National Guard forces. The bureau has facilitated some limited interstate planning for multistate events, although neither its charter nor its civil support regulation identifies this activity as its responsibility. Until the bureau's charter and its civil support regulation are revised to define its role in facilitating state planning for multistate events, such planning for the National Guard's role in these events may remain incomplete, and the National Guard may not be prepared to respond as efficiently and effectively as possible.

DOD does not routinely measure or report to Congress the equipment readiness of nondeployed National Guard forces for domestic missions. DOD's legacy readiness reporting system and its annual National Guard equipping report to Congress address warfighting readiness but do not address the Guard's domestic missions. While DOD has recognized the need for greater visibility over the Guard's domestic capabilities, its process and measures for assessing the Guard's domestic readiness have not yet been fully defined. Until DOD reaches agreement on a specific approach for measuring readiness for domestic missions and requirements are defined, it will remain unclear whether the Guard is equipped to respond effectively to the consequences of a large-scale terrorist attack or natural disaster.

DOD is taking some actions to address National Guard equipment challenges but the extent to which these actions will improve the Guard's domestic capabilities is uncertain because DOD has not finalized specific plans to implement and fund several initiatives. Some officials in case study states expressed concerns about the adequacy of equipment for nondeployed units under current Army plans. For example, until the Army defines the types and amounts of equipment that nondeployed Army National Guard units can expect to retain on hand within the United States, National Guard officials in the states may be hampered in their ability to plan and train for responding to large-scale domestic events.

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United States Government Accountability Office
Washington, DC 20548

January 26, 2007

The Honorable Tom Davis
Ranking Minority Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Christopher Shays
Ranking Minority Member
Subcommittee on National Security
and International Relations
Committee on Oversight and Government Reform
House of Representatives

The global security environment has changed significantly since the terrorist attacks of September 11, 2001, and the nation now faces adversaries who are committed to attacking American interests both overseas and at home. The National Guard with its dual federal and state roles has been in demand to meet both evolving overseas operations and emerging homeland security¹ requirements. Since the launch of the Global War on Terrorism, the National Guard has experienced the largest activation of its forces since World War II. At the same time, the Guard's domestic missions have expanded from routine duties, such as responding to hurricanes and forest fires, to include activities such as flying armed air patrols over U.S. cities, providing radar coverage for the continental United States, protecting critical infrastructure against terrorist threats, and securing U.S. borders.

Multiple state and federal agencies have roles in planning the response to the broad range of domestic events to which the National Guard may be called with the federal government providing more than 90 percent of the Guard's funding. The Department of Defense (DOD) is responsible for

¹According to the Office of Homeland Security's *National Strategy for Homeland Security* (Washington, D.C.: July 2002), homeland security is a broad term that encompasses efforts to reduce America's vulnerability to terrorism and prevent terrorist attacks as well as respond to an attack that might occur. DOD refers to its contributions to the overall homeland security efforts it expects to lead as "homeland defense" and activities DOD will perform in support of efforts led by other federal, state, or local agencies as "defense support of civil authorities."

planning for the Guard's use and the services for equipping its units for federal missions performed under the command of the President. In addition, the Assistant Secretary of Defense for Homeland Defense has been established to supervise DOD's homeland defense activities and the U.S. Northern Command is responsible for planning, organizing, and executing DOD's civil support missions within the continental United States. The Department of Homeland Security is responsible for developing a system to integrate federal, state, and local domestic emergency response and provides grants to the states to build their emergency response capabilities. Also at the federal level, the President's Homeland Security Council² provides strategic guidance on terrorism prevention and has developed 15 national planning scenarios to guide federal, state, and local planning for catastrophic events (see app. I). States are responsible for planning for National Guard missions performed under the command of the governors. National Guard units are generally expected to perform their state missions using the equipment DOD has provided for federal missions. However, the National Guard's equipment inventories in the United States have significantly decreased because of overseas operations, particularly in the Army National Guard, at a time when the nation faces an increasing array of threats at home.

We have previously reported that the high pace of operations has caused a strain on the Army National Guard's equipment inventories that could be used for domestic missions and that planning for the military's response to large-scale, catastrophic events is not complete. In October 2005, we reported that nondeployed Army National Guard units had only about one-third of the equipment they needed for their overseas missions.³ We also reported on the National Guard's response to help manage the consequences of Hurricane Katrina, a large-scale catastrophic event.⁴ Over 50,000 National Guard members from all 50 states were activated to assist in the Katrina response effort, demonstrating the pivotal role National Guard forces play in responding to large-scale, multistate events. However,

²The Homeland Security Council is composed of cabinet-level officials and coordinates homeland security-related activities among executive departments and agencies.

³GAO, *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).

⁴GAO, *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).

we noted a number of serious deficiencies in planning for such events on the federal and state levels. Two significant shortfalls of DOD's pre-Katrina planning were that (1) the capabilities DOD could be called upon to provide had not been assessed and (2) planning did not fully address the division of tasks between National Guard resources under the governors' control and federal resources under presidential control. DOD is now considering steps to address some of the deficiencies identified in Hurricane Katrina lessons learned reports. A list of related GAO products is included at the end of this report.

Because of the National Guard's important role in homeland security, you asked us to assess whether the National Guard has the equipment it needs to train and maintain readiness for the full range of its domestic missions. Specifically, we assessed the extent to which (1) the National Guard's equipment requirements for domestic missions have been identified using an analytically based process, (2) DOD measures and reports to Congress the equipment readiness of nondeployed National Guard forces for domestic missions, and (3) DOD actions address the National Guard's domestic equipment challenges.

To determine the extent to which the National Guard's equipment requirements for domestic missions have been identified using an analytically based process, we reviewed the status of requirements planning for National Guard forces. We also conducted case studies in four states—California, Florida, New Jersey, and West Virginia—which face a range of homeland security threats to understand the status of the National Guard's equipment and state planning efforts for the National Guard's state missions. We also met with U.S. Northern Command, National Guard Bureau, and Department of Homeland Security officials to discuss planning processes for the Guard's missions. To assess the extent to which DOD measures and reports on the equipment readiness of nondeployed National Guard forces for domestic missions, we reviewed documentation on DOD's readiness reporting systems and its annual report to Congress on National Guard equipping, analyzed the inventory status of equipment items determined by the Army National Guard as having a high value for domestic missions, reviewed state assessments of domestic capability shortfalls, and discussed these issues with state National Guard officials in four case study states. Further, we reviewed documentation on DOD, Army, Air Force, and National Guard Bureau actions to address National Guard equipping challenges to determine the extent to which they were derived from approved requirements and focused on high-priority needs. We conducted our review from December 2005 through November 2006 in accordance with generally accepted

government auditing standards and determined that the data used were sufficiently reliable for our objectives. The scope and methodology used in our review are described in further detail in appendix II.

Results in Brief

The types and quantities of equipment the National Guard needs to perform its domestic missions have not been fully identified using an analytically based process, particularly for large-scale, multistate natural disasters and terrorist attacks, because states and federal agencies have not completed an integrated set of plans identifying the capabilities the National Guard would be expected to provide in response to events like those described in the Homeland Security Council's 15 national planning scenarios. The Department of Homeland Security, through the National Response Plan, has established a framework for federal, state, and local agencies to use in planning for domestic emergencies. While DOD is developing plans for the use of federal military forces in domestic missions, it assumes that the National Guard will respond to large-scale, multistate events such as Hurricane Katrina under the command of the governors and therefore does not prepare plans for the Guard's use in those types of events. States plan for the National Guard's use in the missions they will lead within their borders, such as responding to wildfires and floods. However, neither the states nor DOD have comprehensively planned and identified requirements for the National Guard's role in responding to events such as the Homeland Security Council's national planning scenarios that may involve more than one state and be federally funded. Such planning has not been completed in part because there is no formal mechanism for facilitating state planning across borders for the Guard's role in large-scale events. As the response to Hurricane Katrina illustrated, the National Guard Bureau can play a significant role in facilitating National Guard support among states. As the liaison between the Army, the Air Force, and the states' National Guard forces, the bureau is well positioned to facilitate interstate planning for the use of National Guard forces in large-scale, multistate events. However, neither the National Guard Bureau's charter nor its regulation on military support to civil authorities specifically defines a role for it in working with the states to facilitate the kind of comprehensive, pre-event planning that is needed for a coordinated, efficient, and effective response to large-scale, multistate events. Moreover, neither the National Guard Bureau's charter nor its regulation on military support to civil authorities has been updated to reflect the post-September 11, 2001, security environment, including the bureau's role with respect to new organizations such as the Department of Homeland Security, the Office of the Assistant Secretary of Defense for Homeland Defense, and the U.S. Northern Command. Unless the National

Guard Bureau's charter and regulation on military support to civil authorities are revised to address the expanded set of homeland security issues the National Guard faces, the extent to which the National Guard Bureau will continue or expand its efforts to assist states with planning for and responding to these events will likely remain uneven. As a result, planning that fully identifies the Guard's requirements for domestic missions and is integrated with plans for using other military and civilian forces is likely to remain incomplete, and the National Guard may not be prepared to respond to domestic events, such as those described in the national planning scenarios, as efficiently and effectively as possible. We are recommending that the Secretary of Defense direct the Secretaries of the Army and Air Force to (1) revise the National Guard Bureau's charter to clearly define its roles in facilitating interstate planning for the National Guard's role in large-scale, multistate events, such as those contained in the national planning scenarios, and monitoring the Guard's status to perform those missions, and (2) update the National Guard's civil support regulation. We are also recommending that the Secretary of Defense direct the Secretaries of the Army and Air Force to direct the Chief, National Guard Bureau, in coordination with DOD, U.S. Northern Command, U.S. Pacific Command, the states, and other civilian authorities, to facilitate and coordinate interstate National Guard planning to identify the capabilities and equipment the National Guard would need to respond to large-scale, multistate events, consistent with the Homeland Security Council's national planning scenarios and state and federal plans.

DOD does not routinely measure the equipment readiness of nondeployed National Guard forces for domestic civil support missions or report this information to Congress. The Secretary of Defense is required by law to establish a comprehensive readiness reporting system with which DOD can measure in an objective, accurate and timely manner the military's capability to carry out the National Security Strategy, defense planning guidance, and the National Military Strategy. Until recently, it has been assumed that the National Guard could perform its typical state missions with the equipment it had on hand for its federal missions. However, the equipment demands for overseas operations have decreased the supply of equipment available to nondeployed National Guard units, particularly in the Army National Guard. DOD has recognized the need to have more visibility over the capability that the National Guard has for its domestic missions and has begun to collect data on units' preparedness; however, these efforts are not yet fully mature. DOD is implementing a new readiness reporting system that will include readiness information on the Guard's federally funded state-led missions, but this system is not fully operational and it is not clear how equipment readiness will be assessed

without fully identified domestic mission requirements. The National Guard Bureau has developed a database to collect domestic capability assessments from the states, but in the absence of fully identified requirements for domestic missions the system relies on the subjective assessments of state National Guard officials and does not provide detailed information on National Guard equipping for large-scale, multistate events. Our analysis of these data found that a majority of state National Guard leaders assessed the capability of resources within their states to respond to typical state missions as adequate, although the Army National Guard has shortages of some equipment, such as generators and trucks, which could be useful for domestic events. In addition, National Guard officials in states we visited expressed concerns about whether they would have enough equipment to respond to large-scale natural or manmade disasters such as Hurricane Katrina or those described in the Homeland Security Council's national planning scenarios. Until DOD's efforts to improve its readiness measures and reports are mature, decision makers will lack information on whether the National Guard has the equipment it needs to respond effectively to the consequences of a large-scale, multistate event. Further, Congress will have limited information making it more difficult to mitigate risks and prioritize investments for the Guard's missions. We are recommending actions intended to improve congressional visibility over DOD's efforts to assess the readiness of National Guard forces for their domestic missions. In addition, we are suggesting for congressional consideration the revision of the annual *National Guard and Reserve Equipment Report* requirements to include an assessment of the Guard's equipping preparedness to provide support to civil authorities, the risks to those missions associated with any shortfalls, and mitigation strategies and investment priorities.

DOD is taking some actions to address National Guard equipment challenges; however, it is not clear how these initiatives will affect the Guard's preparedness for domestic missions since some of the initiatives are in the early stages of implementation and specific plans are still being developed. DOD plans to procure additional Army National Guard and Air National Guard equipment, such as trucks and communications gear, using \$900 million that Congress provided in the 2006 Department of Defense Appropriations Act. In addition, the National Guard Bureau has begun implementing several initiatives, such as establishing joint force headquarters within each state and expanding chemical and biological response capabilities. However, these initiatives were recently approved by DOD and have not yet been included in DOD's Future Years Defense Program. The Army has also budgeted \$21 billion for fiscal years 2005 through 2011 to modernize the Army National Guard and augment its

equipment inventory. However, this equipment may be deployed to meet overseas demands and the Army has not specified how much equipment will remain in the United States to be available for domestic missions because it has not finalized plans for allocating equipment to nondeployed units under its new cyclical readiness and deployment model. In the absence of a specific plan that outlines how Army National Guard equipment will be allocated among nondeployed units, state National Guards may be hampered in their ability to plan for responding to large-scale domestic events. We are recommending that the Secretary of Defense direct the Secretary of the Army to develop a plan and funding strategy for resourcing nondeployed Army National Guard baseline equipment sets.

In reviewing a draft of this report, DOD partially agreed with our recommendation to report to Congress on its plans for assessing National Guard domestic readiness, but disagreed with our recommendations to update the National Guard Bureau's charter and civil support regulation for the new security environment, to direct the National Guard Bureau to facilitate and coordinate interstate planning for the use of Guard forces in large-scale, multistate events, and for the Army to provide a plan and funding strategy for providing baseline equipment sets to nondeployed Army National Guard units. DOD stated that the National Guard Bureau's existing charter authorizes a planning role for the bureau for large-scale, multistate events. However, because we found that planning for multistate events is currently uneven and the charter does not clearly define the bureau's role in planning, we believe that clarifying the language in the charter to highlight the importance of these activities would improve preparedness for such emergencies. Further, DOD stated that it did not see a need to update its civil support regulation and that it is not appropriate for the National Guard Bureau to coordinate directly with other federal agencies because this is the responsibility, if required, of the Secretary of Defense and the combatant commanders and would infringe on the authority of the Assistant Secretary for Homeland Defense and the governors. Our recommendation was not intended to designate the National Guard Bureau as the DOD entity to coordinate with other federal agencies or infringe on the governor's role in coordination with federal agencies. However, the current regulation does not specifically address how coordination with organizations established since September 11, 2001, should occur or how new planning tools should be used, and we believe that updating the regulation is an important step in strengthening pre-event planning and minimizing confusion about the use of National Guard forces. DOD further stated in its comments that it does not see a need for a report to Congress on the Army's plans to equip nondeployed

Army National Guard units, and it did not specify any actions the department would take to measure and report to Congress on the National Guard's equipment readiness for domestic missions. We continue to believe that the actions we recommend are important to improve interstate planning and visibility of National Guard readiness for domestic missions. Therefore, we are suggesting that Congress consider amending the statute prescribing the National Guard Bureau's charter to include coordinating and facilitating interstate planning for the National Guard's use in large-scale, multistate events such as those contained in the national planning scenarios and requiring DOD to revise the National Guard Bureau's civil support regulation to reflect this change. In addition, to provide information on what equipment will be available for the National Guard's domestic missions under the Army's force generation model, we are also suggesting that Congress consider requiring the Secretary of Defense to include in the 2009 *National Guard and Reserve Equipment Report* a plan and funding strategy for providing baseline equipment sets to nondeployed Army National Guard units. DOD's comments and our evaluation are discussed in detail in the Agency Comments and Our Evaluation section of this report.

Background

The National Guard performs a range of domestic and overseas missions in its dual roles as a federal reserve of the Army and Air Force and as a state militia. DOD is responsible for planning and equipping the National Guard for its federal missions conducted under the command and control of the President. Within DOD, the Office of the Assistant Secretary of Defense for Homeland Defense⁵ supervises DOD's homeland activities, including the execution of domestic military missions and military support to U.S. civil authorities, and develops policies, conducts analyses, provides advice, and makes recommendations for these activities to the Under Secretary for Policy and the Secretary of Defense. The Assistant Secretary of Defense for Homeland Defense is also the DOD office responsible for coordinating with the Department of Homeland Security. While the Office of the Assistant Secretary of Defense for Homeland Defense supervises DOD's homeland activities, U.S. Northern Command is the unified military command responsible for planning, organizing, and executing DOD's homeland defense and federal military support to civil authorities'

⁵The office was established by the Bob Stump National Defense Authorization Act for Fiscal Year 2003, Pub. L. No. 107-314, § 902 (2002).

missions within the continental United States, Alaska, and territorial waters.⁶

The services are responsible for organizing, training, and equipping military forces, including the National Guard. The Army and the Air Force have different strategies for structuring and providing resources for their Guard components that reflect each service's planned use and available resources. Using DOD planning guidance, Army National Guard units are provided varying levels of equipment according to their unit's priority for resources, which generally increases as a unit nears availability for overseas deployment. Prior to the beginning of current overseas operations, the majority of the Army National Guard's combat forces were supplied with 65 to 79 percent of their required equipment. Our prior work (see Related GAO Products) has shown that in order to fully equip units deploying overseas to Iraq and Afghanistan, the Army National Guard had to transfer large quantities of items from nondeployed units, which depleted the inventories of equipment available for the Guard's domestic missions. In addition, operational requirements to leave equipment overseas for follow-on forces and DOD's lack of approved plans to replace these items have further compounded the Army National Guard's equipment shortages and threaten its ability to maintain readiness for future missions. In contrast, the Air National Guard has been integrated into the Air Force's operational force and is maintained at readiness levels comparable to its active component counterparts. This approach enables the Air National Guard units to be ready to deploy on short notice and its units have not been as negatively affected by recent overseas operations as Army National Guard units.

As a state militia, the National Guard responds to domestic events under the command and control of a state governor. When not participating in DOD's federal missions, National Guard members and equipment are available to their respective state governors to perform state missions, such as responding to emergencies, disasters, civil disturbances, and other events authorized by state laws. National Guard state-unique equipment requirements are funded by the state. In some circumstances, National Guard personnel can also perform duty under state control that is

⁶U.S. Pacific Command has homeland defense and civil support responsibilities for Hawaii and the U.S. territories in the Pacific Ocean.

federally funded.⁷ Since September 11, 2001, the President has authorized federal funding for several National Guard domestic missions conducted under the command of the governors, such as providing security at the nation's airports in the immediate aftermath of the September 11 terrorist attacks, assisting the Gulf Coast in the aftermath of Hurricane Katrina, and providing security along the southwest border in 2006. Table 1 compares some differences—including differences in command and control responsibility, where the National Guard has been deployed, and how the National Guard was funded—in its different state and federal roles.

Table 1: Comparison of National Guard State and Federal Roles

	State role		Federal role
	State funded	Federally funded	Federally funded
Command and control entity	Governor	Governor	President
Mobilization authorities used	In accordance with state law	Title 32 (32 U.S.C 502(f))	Various Title 10 authorities
Where deployed	In accordance with state law	United States	Worldwide
Mission types	In accordance with state law	Training and other federally authorized missions	Overseas training and as assigned after mobilization
Examples of domestic missions	Forest fires, floods, civil disturbances	Post-9/11 airport security, Hurricane Katrina, southwest border security	Air sovereignty, missile defense, guarding DOD infrastructure
Support law enforcement activities	Yes	Yes	As limited by Posse Comitatus ^a

Source: GAO analysis.

^aThe 1878 Posse Comitatus Act, 18 U.S.C. §1385, prohibits the direct use of federal military troops for domestic civilian law enforcement except where authorized by the Constitution or an act of Congress. This act applies to the Army National Guard and the Air National Guard, which are reserve components of the armed forces under 10 U.S.C. §10101.

Although it is equipped by the Army and the Air Force for its federal role, the National Guard can use its equipment and capabilities, such as airlift,

⁷National Guard members train for their federal missions under state control with federal funding. Federal laws also authorize federal funding for some other state-controlled missions, such as the National Guard's counterdrug support operations and weapons of mass destruction civil support teams.

transportation, engineering, communications, logistics, medical, maintenance, and security capabilities, to support state and local officials in its domestic role. For example, in the aftermath of Hurricane Katrina, the National Guard supported response and recovery operations in a number of ways. Among other activities, National Guard units performed helicopter search-and-rescue missions, augmented security efforts, supplied satellite phone communications, and provided humanitarian and medical treatment for victims of the disaster. The National Guard also can provide capabilities for responding to domestic weapons of mass destruction events, such as detection, assessment, and decontamination capabilities.

In its domestic role, the National Guard works with the multiple state and federal agencies that have responsibilities for different aspects of homeland security. The National Guard works with state emergency management agencies to provide military support to state civilian authorities. In addition, the states have entered into mutual assistance agreements to provide cross-border assistance, including National Guard forces, when an event exceeds a state's capacity to respond. The National Guard Bureau, established by statute⁸ as a joint bureau of the Army and the Air Force, is responsible for the administration of the National Guard, including participating with Army and Air Force staff in developing and coordinating policies, programs, and plans affecting Army National Guard and Air National Guard personnel, and it serves as the channel of communication between the Army and the Air Force and the National Guard in the several states. The Secretaries of the Army and Air Force are directed by statute to jointly develop and prescribe a charter for the National Guard Bureau that sets out the bureau's responsibilities.⁹ The Chief of the National Guard Bureau has overall responsibility for the National Guard's military support to civil authorities programs. As was demonstrated in the response to Hurricane Katrina, during civil support missions the National Guard Bureau provides policy guidance and facilitates National Guard assistance to the executing adjutants general who lead National Guard forces within the states under the command and control of the governors. National Guard forces also have some federal domestic missions, such as air and missile defense activities, that are federally funded and conducted under the command of the President.

⁸10 U.S.C. §10501.

⁹10 U.S.C. §10503.

Also at the federal level, the Department of Homeland Security and the Homeland Security Council both have responsibilities that could affect the National Guard's domestic role. The Department of Homeland Security, which was established in 2002¹⁰ to reduce America's vulnerability to terrorism and to prevent terrorist attacks as well as respond to attacks that might occur, is the lead federal agency responsible for preventing, preparing for, and responding to a wide range of major domestic disasters and other emergencies. In December 2004, the department issued the National Response Plan,¹¹ which provides a framework for federal, state, and local agencies to use in planning for domestic emergencies. To assist in integrating state and federal responses to domestic emergencies, the Homeland Security Council developed 15 national planning scenarios in 2004 whose purpose was to form the basis for identifying the capabilities needed to respond to a wide range of emergencies. The scenarios focus on the consequences that federal, state, and local first responders may have to address and are intended to illustrate the scope and magnitude of large-scale, catastrophic emergencies for which the nation needs to be prepared. The 15 scenarios include a wide range of terrorist attacks involving nuclear, biological, and chemical agents, as well as catastrophic natural disasters, such as an earthquake or hurricane, and a large-scale cyber attack. These scenarios are described in further detail in appendix I.

National Guard Equipment Requirements for Domestic Missions Not Fully Identified

The types and quantities of equipment the National Guard needs to perform domestic missions have not been fully identified using an analytically based process, particularly for large-scale, multistate natural disasters and terrorist attacks, because state and federal agencies have not completed an integrated set of plans identifying the capabilities the National Guard would be expected to provide in response to events like those described in the Homeland Security Council's national planning scenarios. DOD is developing plans for the use of federal military forces in domestic missions, but assumes the National Guard will respond to large-scale, multistate events such as Hurricane Katrina under the command of the governors. States plan for the National Guard's use in missions within their borders, but have only planned to a limited extent for the Guard's use in large-scale, multistate events such as those described in the Homeland

¹⁰The Homeland Security Act of 2002, Pub. L. No. 107-296, §101 (2002).

¹¹The Homeland Security Act of 2002 required the Department of Homeland Security to consolidate existing federal government emergency response plans into a single integrated and coordinated national response plan.

Security Council's national planning scenarios. While neither the National Guard Bureau's charter nor its civil support regulation explicitly defines its role in working to facilitate comprehensive and integrated planning for the National Guard's use in large-scale, multistate events, the bureau has taken steps to facilitate limited interstate planning for potential domestic events like hurricanes, wildfires, and an influenza pandemic. However, without a formal mechanism to facilitate the development of comprehensive plans for the National Guard's role in large-scale, multistate events, such plans are unlikely to be developed. As a result, the National Guard may not be prepared to respond to large-scale, multistate events as efficiently and effectively as possible.

DOD and State Planning for the National Guard's Use in Domestic Missions Is Incomplete

The multiple state and federal agencies likely to be involved in the response to a large-scale, multistate event are a factor that complicates planning for how the National Guard should be used and equipped to respond to domestic events, particularly for events such as terrorist attacks and natural disasters described in the Homeland Security Council's national planning scenarios. DOD, Department of Homeland Security, and National Guard documents, as well as our prior work on Hurricane Katrina, indicate that comprehensive pre-event planning that is coordinated and integrated to take into account the roles of federal and state responders, including the National Guard, is a key step in facilitating an effective, efficient, and well-coordinated response to unexpected domestic emergencies. As was illustrated in the aftermath of Hurricane Katrina, the response to large-scale, multistate events may involve a combination of state and local civilian authorities; National Guard forces from across the nation operating in state status; federal civilian agencies, such as the Federal Emergency Management Agency; and federal military forces, such as active duty Army, Navy, Air Force and Marine Corps forces operating under the command of the President. However, the number of state and federal agencies that have responsibilities for different aspects of emergency response combined with their divided and decentralized planning responsibilities complicate the task of comprehensive planning and identification of the equipment the National Guard would need for the full range of potential domestic missions. National Guard assistance to civil authorities is normally provided when an event is so severe and widespread that local and state governments are overwhelmed and civil resources are exhausted. As a result, in order to identify the capabilities the Guard will be expected to provide for domestic response efforts, state National Guard plans must be integrated with other responders' plans and account for the contributions expected to be made by civil authorities as well as federal military forces.

DOD plans for the domestic use of federal military forces—which may include National Guard units in federal status—in the homeland defense missions it leads, such as air defense of the United States and missile defense, and the federal military support it provides to civil authorities as a result of natural or man-made disasters. The department, through the U.S. Northern Command, is currently developing a group of plans to address homeland defense missions and the missions federal forces may undertake in support of civilian authorities. However, DOD assumes that National Guard forces will respond to most domestic events, including large-scale, multistate events such as Hurricane Katrina and those described in the Homeland Security Council’s national planning scenarios, under the command of the governors. Therefore, the department does not plan for the types of Guard units or establish equipment requirements for the National Guard’s use under state control in responding to these types of events. Moreover, a DOD directive prohibits the procurement of equipment exclusively for providing support to civilian authorities in civil emergencies unless specifically directed by the Secretary of Defense.¹² Consistent with this directive, DOD’s 2005 *Strategy for Homeland Defense and Civil Support* states that DOD will continue to rely on forces with both warfighting and domestic mission capabilities for consequence management and other defense support of civil authorities.¹³

States are responsible for preparing and maintaining emergency plans for the employment of the National Guard in response to civil disturbances; natural, man-made, or technological disasters; and other potential emergencies within their borders, such as wildfires and floods. In responding to such events, states generally have relied on the equipment that DOD has provided to their National Guard units for their federal missions. The degree to which states have developed plans for the use of National Guard forces and identified equipment requirements for the range of the National Guard’s missions, including large-scale, multistate events, varies. A recent Department of Homeland Security review of state emergency operations plans, which are the basis for state National Guard plans, found that a majority of state plans and planning processes are not

¹²DOD Directive 3025.1, *Military Support to Civil Authorities*, par. 4.4.8.2 (Jan. 15, 1993). DOD is developing a new directive for defense support to civil authorities that will supersede several existing directives, including its current military support to civil authorities directive.

¹³Two exceptions to this are the Joint Task Force-Civil Support (a dedicated command and control element) and the National Guard’s weapons of mass destruction civil support teams.

fully adequate, feasible, or acceptable to manage catastrophic events.¹⁴ According to the report, many state plans are created in isolation and are insufficiently detailed, and the states do not conduct adequate collaborative planning as a part of normal preparedness efforts. Further, the report asserted that the lack of specificity and poorly defined resource requirements in state plans would hinder the timely identification, deployment, and employment of equipment, personnel, and other resources to support emergency response efforts.

States have not completed the comprehensive and integrated planning necessary to identify National Guard requirements for responding to large-scale events that may involve more than one state and be federally funded, such as the Homeland Security Council's national planning scenarios, for a number of reasons, including limited state National Guard planning resources and the lack of a formal mechanism to facilitate planning across state borders for the Guard's role in these events. In some of the states we visited, National Guard officials stated that their planning resources are limited, and this affects their ability to develop detailed, integrated plans for the Guard's use in domestic events. For example, the West Virginia National Guard had a single planning officer who was tasked with other duties, while California National Guard officials stated they lacked funding for full-time planners. States must work with each other to conduct planning for the National Guard's use in large-scale, multistate events and have done so to a limited extent for events like hurricanes and wildfires. In some cases, states have used mutual assistance agreements to supplement their National Guard forces when such events occur. However, there is no formal mechanism to facilitate comprehensive interstate planning for the National Guard's role in large-scale domestic events that is integrated with the plans of the multiple federal and state agencies expected to be involved in response efforts. In the absence of such a mechanism, planning is likely to remain incomplete and the Guard's full equipment requirements for domestic missions will remain unknown.

¹⁴Department of Homeland Security, *Nationwide Plan Review Phase 2 Report* (Washington, D.C.: June 16, 2006). The report presents the results of reviews and assessments of the status of state emergency operations plans as well as the emergency operations plans of 75 of the nation's largest urban areas. For the purposes of this report, we have focused on report findings as they relate to state emergency operations plans.

**National Guard Bureau
Charter and Civil Support
Regulation Do Not Clearly
Define National Guard
Bureau's Role in
Facilitating
Comprehensive Planning
for the Guard's Domestic
Roles**

While the National Guard Bureau is charged with performing a liaison function between the Army, the Air Force, and the states, neither its charter nor its regulation on military support to civil authorities specifically defines its role in working with the states to facilitate comprehensive and integrated planning for the National Guard's use in large-scale, multistate events, such as those described in the Homeland Security Council's national planning scenarios.

The National Guard Bureau's charter, signed by the Secretaries of the Army and the Air Force in 1995, assigns the Chief of the National Guard Bureau responsibility for facilitating and supporting the training of members and units of the National Guard to meet state requirements, as well as responsibility for facilitating and coordinating with the Departments of the Army and the Air Force on the use of National Guard personnel and resources for several functions, including natural disasters and military support to civil authorities.¹⁵ The National Guard Bureau's regulation on military support to civil authorities, last updated in 1996, describes the Chief of the National Guard Bureau's overall responsibility for National Guard civil support programs and for issuing planning guidance on the National Guard's role in providing military support to civil authorities. The regulation also provides guidance to the states on preparing emergency plans for the use of National Guard forces in a civil support role, including coordination for external assistance beyond state capabilities.¹⁶ In its role as a liaison between the Army, the Air Force, and the states and territories on National Guard issues, the National Guard Bureau played a significant role in facilitating Guard support among states during Hurricane Katrina. For example, the bureau acted as a conduit for communicating requirements for assistance in Louisiana and Mississippi to state National Guard leaders in the rest of the country.

In line with these existing roles, the National Guard Bureau is well positioned to facilitate state planning for the use of National Guard forces in large-scale, multistate events. However, neither the bureau's charter nor its regulation on military support to civil authorities specifically defines a role for it in working with the states to facilitate comprehensive and integrated pre-event planning for the use of National Guard forces in

¹⁵Army Regulation 130-5/Air Force Mission Directive 10, Organization and Functions of National Guard Bureau (Jan. 30, 2002). The National Guard Bureau Charter, dated September 1, 1995, is contained within this regulation.

¹⁶National Guard Regulation 500-1, Military Support to Civil Authorities (Feb. 1, 1996).

responding to large-scale, multistate events. Moreover, neither the National Guard Bureau's charter nor its regulation on military support to civil authorities has been updated to reflect the post-September 11, 2001, security environment or how the state National Guards and the National Guard Bureau will work with new organizations such as the Department of Homeland Security, the Office of the Assistant Secretary of Defense for Homeland Defense, and U.S. Northern Command in facilitating planning for the National Guard's response to domestic events. In addition, the bureau's regulation on military support to civil authorities does not provide guidance on how the National Guard state leadership and the National Guard Bureau should use the new planning tools that have been developed since 2001, to facilitate national preparedness, such as the National Response Plan and the Homeland Security Council's national planning scenarios.

In the absence of clearly defined responsibilities for facilitating state planning, the National Guard Bureau has taken some steps to facilitate limited interstate planning for the use of National Guard forces and equipment in large-scale, multistate events. For example, according to state and National Guard Bureau officials, during the past year the National Guard Bureau has helped facilitate a conference of southeastern states to discuss how those states can cooperate and share equipment in response to a hurricane as well as a similar conference of western states to address response efforts for the wildfire season. The National Guard Bureau has also facilitated state planning for the Guard's role in an influenza pandemic, and is coordinating the development of state National Guard plans to support U.S. Northern Command's new homeland defense plan and providing general planning guidance. While we believe these are positive steps, they do not provide the comprehensive and integrated planning that would help identify the specific equipment the National Guard would need to respond to the types of events described in the Homeland Security Council's national planning scenarios. Unless the National Guard Bureau's charter and its regulation on military support to civil authorities are revised to address the expanded set of homeland security issues the National Guard faces and the roles the bureau will play in facilitating state planning for and the Guard's response to large-scale, multistate events, the extent to which the National Guard Bureau will continue or expand its efforts to assist states with planning for and responding to large-scale, multistate events will likely remain uneven. As a result, comprehensive planning that fully identifies equipment requirements for the National Guard's use in domestic missions and is integrated with plans for using other military and civilian forces may remain incomplete.

DOD Is Taking Some Steps to Measure National Guard Preparedness for Domestic Missions, but Efforts Are Not Yet Complete

DOD's legacy readiness reporting system and its annual report to Congress on National Guard equipment provide information about the National Guard's readiness for its warfighting missions, but do not include reporting on its preparedness for its domestic missions. While DOD is taking steps to better assess the National Guard's preparedness for its domestic missions, these efforts are not yet complete and are limited by the lack of fully identified requirements for the Guard's domestic missions. Although DOD cannot quantify the degree to which the National Guard has the equipment it needs to respond to domestic missions, our analyses of the limited data collected by the department and the National Guard Bureau on the National Guard's capability for domestic missions found that most state National Guard leaders assessed their forces' capability as adequate to respond to typical state missions. National Guard officials in the four states we visited expressed views that were consistent with our analyses, but some officials expressed concern about whether they have sufficient equipment to respond to large-scale, multistate events. Until the National Guard's equipment requirements for domestic missions are fully identified and DOD collects and reports information that compares equipment on hand to those requirements, the department cannot provide Congress with detailed information on the National Guard's equipment status for its domestic missions, and decision makers lack information to both assess whether the National Guard is appropriately equipped to respond to a large-scale domestic event and to target resources to assist the National Guard in mitigating any shortfalls.

Current Readiness Assessments and Reports on National Guard Equipment Do Not Address Domestic Mission Requirements

The Secretary of Defense is required by law to establish a comprehensive readiness reporting system for DOD to use to measure in an objective, accurate and timely manner the military's capability to carry out the National Security Strategy, defense planning guidance, and the National Military Strategy.¹⁷ The Secretary is required to measure the capability of military units to conduct their assigned warfighting missions, identify any critical warfighting deficiencies in those units' capabilities, and measure the risk those shortfalls pose to the units' ability to carry out their federal warfighting missions. DOD's legacy readiness reporting system—the Global Status of Resources and Training System—contains data that enable DOD to assess the capability of National Guard forces to carry out their warfighting missions. However, the system does not contain data that would enable DOD to assess the preparedness of National Guard forces

¹⁷10 U.S.C. § 117.

for domestic civil support missions, including the extent to which those forces have the equipment they need, because DOD's focus is on its units' readiness to perform their warfighting missions.

The Secretary of Defense is also required to submit an annual report to Congress on the equipment the National Guard and reserve components have and how DOD plans to meet the wartime equipment requirements of its reserve components.¹⁸ The report, known as the *National Guard and Reserve Equipment Report*, is required to include

- recommendations on the type and quantity of major equipment items that should be in the National Guard's and the reserves' inventory;¹⁹
- a list of each type of major equipment item required by the National Guard and reserves, indicating their full requirement for warfighting missions and the amount of that equipment in the inventory, as well as a separate list of deployable and nondeployable substitute equipment for that item; and
- a narrative explaining the Secretary of Defense's plan to fill warfighting requirements for each type of major equipment.

DOD is not currently required to include in the report information on the adequacy of the equipment that nondeployed National Guard forces have available to perform the full range of their domestic missions. Without this information, the report provides Congress with limited information to help it prioritize investments for the full range of National Guard missions, warfighting and domestic. The readiness of units for these two different types of missions might vary widely. For example, a National Guard armor unit might not have the tanks it requires to successfully perform its warfighting mission and therefore be assessed as not ready in the Global Status of Resources and Training System, but still have adequate equipment to provide support to civil authorities for a domestic event like a hurricane. Conversely, a National Guard unit may be assessed as ready for its warfighting missions but not have the equipment, such as trucks,

¹⁸10 U.S.C. § 10541.

¹⁹Specifically, the language in the statute refers to equipment requirements for the Selected Reserve of the Ready Reserve of each component of the armed forces, including the Army National Guard and Air National Guard. The Selected Reserve includes individual mobilization augmentees—individuals who train regularly, for pay, with active component units—as well as members who participate in regular training as members of National Guard and Reserve units.

generators, communications gear, and engineering equipment, needed for its domestic missions. Until recently, it has been assumed that the National Guard could perform its typical state missions with the equipment it had on hand for its federal missions. However, some Guard units, particularly in the Army National Guard, may be less ready for domestic missions than they were 2 or 3 years ago because, as we have previously reported, large quantities of equipment have been sent overseas to support operations in Iraq and Afghanistan, decreasing the supply of equipment available to nondeployed units.

**Some Efforts Are Under
Way to Better Assess
National Guard
Preparedness for Domestic
Missions**

DOD has recognized the need to have greater visibility over the National Guard's capabilities for domestic missions and has begun taking steps to assess the Guard's preparedness for those missions. In a September 2005 memorandum to the Chairman of the Joint Chiefs of Staff, the Secretary of Defense called for improved visibility over the readiness of National Guard forces operating in state status with federal funds. To achieve this improved visibility, DOD has decided to include information on the National Guard's readiness to perform both its federal warfighting missions and its state-led, federally funded missions in the department's new Defense Readiness Reporting System.²⁰ Additionally, the National Guard Bureau has developed the Joint Capabilities Database as a mechanism to collect information on state capabilities, including those of the National Guard, to respond to domestic events. Both efforts are being implemented and refined, but the lack of requirements for the full range of the National Guard's domestic missions limits their usefulness as a basis for identifying shortfalls and targeting future equipment investments.

DOD's new readiness reporting system, which will replace the Global Status of Resources and Training System, is expected to be fully operational by the end of fiscal year 2007. In contrast to the Global Status of Resources and Training System, which focuses on resource levels, the new system reports on assessed mission capabilities. Commanders will use their military judgment to assess readiness based on unit performance as well as the availability of resources, such as personnel and equipment. The system will also contain measures describing the status of major equipment items, including the quantities of those items units require for their missions, the equipment units are authorized to have, and the

²⁰The Under Secretary of Defense for Personnel and Readiness is responsible for overseeing the fielding of the Defense Readiness Reporting System.

equipment they have on hand, as well as its condition and location. DOD officials plan to use that information to identify equipment deficiencies.

DOD has directed National Guard units to report in the Defense Readiness Reporting System on their capabilities to perform state-led but federally funded domestic missions, such as border security. As a step toward assessing these capabilities, the National Guard Bureau has begun to identify the essential tasks that National Guard forces need to be capable of performing for their domestic roles and missions. For example, the bureau is developing lists of essential tasks for state joint force headquarters, state joint task forces, and weapons of mass destruction civil support teams. Commanders will use these task lists to assess the readiness of their units to perform assigned domestic missions, such as counterdrug operations and hurricane response. However, in the absence of equipment requirements based on events like those described in the Homeland Security Council's national planning scenarios to include in the Defense Readiness Reporting System, the system may not enable DOD or the states to fully assess whether nondeployed National Guard forces have an appropriate amount of equipment to respond to those missions.

In addition to the information that will be available in the Defense Readiness Reporting System, the National Guard Bureau has developed a database that captures information on state capabilities to support domestic missions. This unclassified database, introduced in 2005 and called the Joint Capabilities Database, is a voluntary reporting by the states' National Guard leaders to identify capability gaps in each state and help the states and the National Guard Bureau develop appropriate mitigation strategies. The database compiles subjective assessments from state National Guard leaders on whether their states have sufficient capabilities in their Army National Guard and Air National Guard units to effectively respond to state missions. In reporting on their state's capabilities for domestic missions, state National Guard leaders assess whether their Army National Guard and Air National Guard units collectively can provide adequate amounts of 10 core capabilities the National Guard Bureau has identified as being essential to supporting domestic missions. Table 2 lists these capabilities and provides examples of the type of tasks they represent.

Table 2: The 10 Core Capabilities Identified by the National Guard Bureau as Essential to Support Domestic Missions

Core capability	Examples of tasks associated with core capability
Aviation/airlift	<ul style="list-style-type: none"> • Provide aircraft to transport personnel and cargo during times of emergency • Provide aircraft to facilitate reconnaissance, command and control, and communications during emergencies • Support first responders using air assets
Engineering	<ul style="list-style-type: none"> • Provide engineer units to assist local and state agencies in debris removal; construction of roads, bridges, and emergency housing; search and rescue; water purification and distribution; and power generation
Chemical, biological, radiological, nuclear, and high-yield explosive	<ul style="list-style-type: none"> • Maintain a certified civil support team • Identify chemical, biological, radiological, nuclear, and high-yield explosive agents and substances • Assess consequences, advise responders, and assist with requests for more support
Communications	<ul style="list-style-type: none"> • Establish and maintain interoperable communications with local, state, and federal agencies, and volunteer organizations as necessary for domestic missions
Command and control	<ul style="list-style-type: none"> • Operate a Joint Operations Center to process information and serve as a focal point for the National Guard response • Provide reception, staging, onward movement, and integration for arriving forces • Coordinate and act as a liaison with state and federal agencies
Logistics	<ul style="list-style-type: none"> • Plan for and provide sustainment support to civil authorities to ensure continuity of operations • Rapidly deploy and monitor movement and placement of forces and equipment during support operations • Sustain deployed forces
Medical	<ul style="list-style-type: none"> • Support civilian emergency medical system during mass casualty operations • Assist the public health system in distributing and administering vaccines and antidotes to the public
Maintenance	<ul style="list-style-type: none"> • Ensure equipment is available for state missions • Sustain equipment during all phases of state missions
Security	<ul style="list-style-type: none"> • Provide a military force capable of assisting civil law enforcement agencies in maintaining law and order • Provide security to critical infrastructure
Transportation (surface)	<ul style="list-style-type: none"> • Deploy the force and support first responders using ground transportation assets • Provide transportation assets to remove civilian personnel from affected areas and move supplies

Source: GAO analysis of National Guard Bureau data.

State National Guard leaders are asked to assess the adequacy of their state's capabilities for two levels of events: (1) state missions that have been routinely conducted by the Army National Guard and Air National Guard in the past 10 years and (2) larger, nonroutine events that are expected to rapidly overwhelm state assets and require immediate external National Guard or federal assistance. State National Guard leaders' subjective assessments are to be based on the state's unique needs

for National Guard capabilities as described in its emergency response plan and consider factors such as equipment on hand, training, and unit availability, although the assessments do not provide detailed information on the status of National Guard equipment. State National Guard leaders rate a capability as adequate if they think their National Guard units possess the resources and assets necessary to accomplish their missions; they rate a capability as inadequate if they do not think their National Guard units possess the resources and assets required to complete the mission without external assistance and explain the reasons why the capability is rated as inadequate. The National Guard Bureau has requested that state National Guards submit new assessments quarterly or when events change their capability assessment.

Data Indicate the Majority of State National Guards Have Capability for Typical Missions, but Shortages Exist and Concerns Remain about Ability to Respond to Large-Scale, Multistate Events

Without analytically based equipment requirements for the National Guard's domestic missions to compare against the National Guard's current inventory of available equipment, we could not determine the extent to which nondeployed National Guard forces have the equipment they need to perform their full range of domestic missions. However, we collected and examined information from two sources—the National Guard Bureau's Joint Capabilities Database and an Army National Guard equipment inventory—as rough substitute measures of the adequacy of National Guard equipping for domestic missions. To supplement this information, we visited four states—California, Florida, New Jersey, and West Virginia—and discussed the capabilities, including equipment, that would be available within the states for their typical missions as well as large-scale, multistate events.

National Guard Capability to Respond to Typical State Missions

Our analysis indicated that the majority of states report having the National Guard capabilities they need to respond to typical state missions; however, some states and territories report capability shortfalls in one or more areas.²¹ As of July 2006, 34 of the 54 states and territories (63 percent) reported having adequate amounts of all 10 core domestic mission capabilities for responding to typical state missions.²² Of the 20 states and territories (37 percent) that reported an inadequate capability,

²¹We did not analyze state assessments in the Joint Capabilities Database of their National Guard capabilities for responding to larger, nonroutine events because National Guard Bureau officials did not consider these data to be fully mature at the time of our audit.

²²The Joint Capabilities Database includes assessments from all 50 states as well as Washington, D.C., Guam, Puerto Rico, and the U.S. Virgin Islands.

13 reported being inadequate in only one capability, and 4 reported being inadequate in two capabilities. Table 3 shows the number and percentage of states and territories reporting either adequate or inadequate for each of the National Guard Bureau's core domestic mission capabilities. Aviation; engineering; and chemical, biological, radiological, nuclear, and high-yield explosive capabilities were most frequently reported by state National Guards as being inadequate for responding to typical state missions. Most states and territories that rated their chemical, biological, radiological, nuclear, and high-yield explosive capability as inadequate did so because their weapons of mass destruction civil support teams had not been certified or were in the process of being established.²³ For all other capabilities, the deployment of units was the most common reason state National Guard leaders gave for rating a capability as inadequate.

²³Civil support teams are designed to support civil authorities in the event of a domestic weapons of mass destruction event by identifying weapons of mass destruction agents and substances, assessing current and projected consequences, advising on response measures, and assisting with appropriate requests for additional support. There are 55 civil support teams—two in California and one in every other state as well as Washington, D.C., Puerto Rico, the U.S. Virgin Islands, and Guam. Thirty-six of these teams had been certified as fully capable as of May 2006; the remaining 19 will be certified by the end of fiscal year 2007.

Table 3: Number and Percent of State and Territory National Guards Reporting Adequate and Inadequate Capabilities to Respond to Typical State Missions

	Adequate capability, number and (percentage)	Inadequate capability, number and (percentage)
Aviation	46 (85)	8 (15)
Engineering	48 (89)	6 (11)
Chemical, biological, radiological, nuclear, and high-yield explosive	43 (80)	11 (20)
Communications	52 (96)	2 (4)
Command and control	54 (100)	0 (0)
Logistics	54 (100)	0 (0)
Medical	52 (96)	2 (4)
Maintenance	53 (98)	1 (2)
Security	53 (98)	1 (2)
Transportation	53 (98)	1 (2)

Source: GAO analysis of National Guard Bureau data in the Joint Capabilities Database as of July 2006.

Note: Typical state missions are those missions that have routinely been conducted by the Army National Guard and Air National Guard of each individual state or territory in the past 10 years. State National Guard leader assessments consider factors such as equipment on hand, training, and unit availability.

Equipment Available for Warfighting and Domestic Missions

We also used the Army National Guard's equipment inventory to determine the extent to which the Army National Guard has particular types of equipment, referred to as dual-use items, which units are authorized for their warfighting missions but could be highly useful in responding to domestic events. In 2005, the Army National Guard, in coordination with the Army and the National Guard Bureau, used military judgment and historical experience to identify more than 300 of these dual-use items. The list of equipment the Army National Guard identified includes types of trucks, generators, radios, medical gear, and engineering equipment.

Our analysis of the Army National Guard's equipment inventory as of November 2006 showed that nondeployed Army National Guard forces had less dual-use equipment overall than they were authorized and small available quantities of some specific types of dual-use equipment. However, since requirements have not been fully identified for the amount of equipment National Guard units need to respond to domestic events like those described in the Homeland Security Council's national planning scenarios, the extent to which amounts of equipment authorized for warfighting meet or exceed domestic requirements is unknown. According to Army National Guard officials, having the full amount of equipment

authorized for their warfighting missions would leave their units well positioned to respond effectively to domestic events.

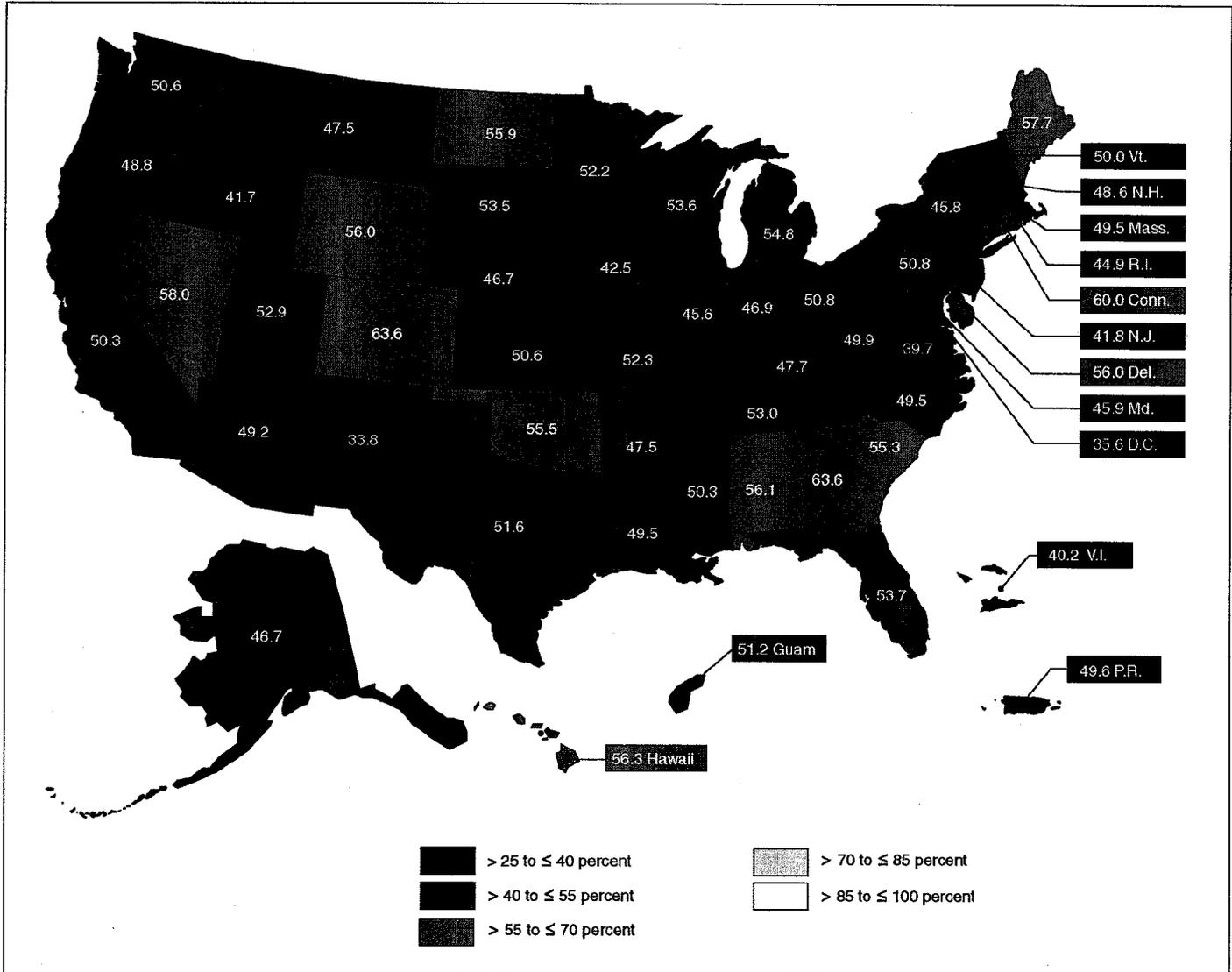
As of November 2006, nondeployed Army National Guard forces nationwide had about 64 percent of the total amount of dual-use equipment they are authorized to have based on their warfighting missions.²⁴ However, inventory levels of the different types of dual-use equipment varied widely, from 0 to 100 percent.²⁵ The average inventory level by type of equipment was roughly 42 percent nationwide.²⁶ As figure 1 illustrates, the average inventory level of dual-use equipment items also varied by state and territory, from under 40 percent in New Mexico, Washington, D.C., and Virginia to more than 60 percent in Georgia and Colorado. On average, states and territories had about 50 percent of their authorized inventory of dual-use equipment available for domestic missions.

²⁴This figure includes substitute equipment authorized by Army regulation. Army Regulation 700-138, Army Logistics Readiness and Sustainability (Feb. 26, 2004), defines substitute items as items authorized for issue instead of authorized standard items when the authorized standard items are not available for issue to the unit.

²⁵At the time of our analysis, the Army National Guard had identified a total of 342 types of dual-use equipment. Of these, 319 had available data and were included in our analysis.

²⁶The Army National Guard has over 90 percent of its authorized amount of 19 types of dual-use equipment. For some of these types of equipment, such as rifles, the Guard is authorized large numbers of individual items. These large numbers of individual items make up nearly half of the Guard's inventory of dual-use equipment. When these large numbers are included in the Guard's inventory, the overall percentage of equipment available is greater than the average of many of the other types of equipment.

Figure 1: Average Inventory Level of Dual-Use Equipment, Including Substitutes, Available to Nondeployed Army National Guard Forces as of November 3, 2006



Sources: GAO Analysis of Army National Guard Data; Copyright © Corel Corp. All rights reserved; MapArt (map).

Percentages of dual-use equipment available to nondeployed Army National Guard units vary significantly by equipment type. Table 4 provides examples of some of the dual-use equipment items for which the national inventory is at 15 percent or less of the authorized amount for

warfighting missions, including substitute items. Items at 15 percent or less of their authorized amount include types of trucks, generators, communications equipment, and chemical protective gear.

Table 4: Examples of Army National Guard Dual-Use Equipment Items where the National Inventory is 15 Percent or Less of the Amount Authorized for Warfighting Missions, Including Substitutes

	Number of items authorized	Percentage available to nondeployed forces
Chemical biological protective shelter	168	0
Radio set (AN/PRC-148 urban version)	468	0
Dump truck (MTV W/E)	733	0
Diesel generator set (28 volt)	267	2
Navigation set: GPS receiver	25,382	5
Electromagnetic radiation meter (ME-513/U)	33	9
Thermal sight (AN/PAS-13A)	7,647	9
High mobility cargo trailer (3/4 ton)	5,656	9
Satellite communications terminal (AN/TSC-154)	40	10
Expanded capacity HMMWV (4x4, W/E, M1113) ^a	2,591	15

Source: GAO analysis of Army National Guard data as of November 2006.

Note: Percentages rounded to the nearest whole number.

^aA high-mobility, multipurpose wheeled vehicle is a type of utility truck.

However, without clearly defined requirements for the National Guard's domestic missions based on events like those described in the Homeland Security Council's national planning scenarios, there is no benchmark to judge how many of these items Army National Guard units need to effectively respond. Amounts required for domestic missions may differ significantly from the amounts required for the National Guard's warfighting missions. For example, a nondeployed National Guard force in a state may have only a small percentage of the amount of a type of truck required for its warfighting missions, reflecting a shortfall. However, it may still have enough of that type of truck to perform its domestic missions, or may have other types of trucks it could use.

National Guard officials in California, Florida, New Jersey, and West Virginia generally expressed the opinion that, while stressed by overseas operations, their forces have the capability and equipment to address typical state missions. For example, New Jersey National Guard officials

said their units had enough equipment to respond to all state missions that took place during the peak of the state National Guard's overseas deployments in 2004. Officials noted that nondeployed Army National Guard units continue to face equipment shortages caused by the need to transfer significant quantities of equipment to units deploying overseas.²⁷ While reduced equipment levels caused by overseas operations complicated its response, the New Jersey National Guard adapted and used the equipment it had available to effectively respond to its missions. National Guard officials in California, Florida, and West Virginia expressed similar levels of confidence in their forces' ability to respond to typical state missions using currently available equipment. However, some state National Guard officials expressed concerns about whether they would have enough equipment to respond to large-scale events similar to Hurricane Katrina or those described in the Homeland Security Council's national planning scenarios.

DOD Has Some Efforts Under Way to Address National Guard Equipment Challenges, but Long-term Effect on Domestic Preparedness Is Unclear

We have previously reported that ongoing operations in Iraq and Afghanistan have significantly decreased the amount of equipment available to nondeployed Guard units to respond to domestic events. Moreover, the Guard's experience with Hurricane Katrina helped to illustrate the types of equipment that are valuable in responding to domestic disasters. In response to these events, DOD is taking some actions to address National Guard equipment challenges and improve the Guard's preparedness for both overseas and domestic missions. However, the long-term effect of these initiatives is unclear because some initiatives are in the early stages of implementation and specific plans are still being developed. For example, the Army plans to procure additional equipment for National Guard units during the next few years but has not clearly defined how much equipment will be available for nondeployed units.

²⁷GAO-06-111.

DOD Is Procuring Items and Transforming Units to Increase National Guard's Equipment Readiness

To improve the equipment readiness of National Guard units, DOD has several initiatives under way. For example, DOD plans to use \$900 million Congress provided in the 2006 Department of Defense Appropriations Act²⁸ to procure equipment for the Army National Guard and Air National Guard that are useful for both warfighting and domestic missions, such as communications gear, tactical vehicles, trucks, and engineering equipment. In addition, DOD also plans to use \$290 million Congress provided in the 2007 Department of Defense Appropriations Act to procure additional National Guard and Reserve equipment.²⁹

The National Guard Bureau has also begun implementing four initiatives intended to improve coordination and training of nondeployed National Guard units for domestic missions. These four initiatives, which involve both the Army National Guard and the Air National Guard, include establishing (1) a joint force headquarters in each state and territory to provide military command and control capabilities; (2) 12 National Guard teams trained and equipped to deploy within 6 hours to respond to domestic chemical, biological, radiological, nuclear, or high-yield explosive incidents;³⁰ (3) 10 detachments—one for each Federal Emergency Management region—trained and equipped to conduct mission assessments of defense industrial-base critical infrastructure; and (4) at least one joint interagency training capability to provide training to National Guard personnel on domestic missions. To date, the National Guard Bureau has funded these initiatives on a yearly basis by reprogramming funds, but it has submitted formal proposals to DOD to

²⁸Title IX of the Department of Defense Appropriations Act for 2006, Pub. L. No. 109-148 (2005) provided \$1 billion for National Guard and Reserve equipment. The conference report accompanying that act specified that of the \$1 billion, \$700 million should go to the Army National Guard and \$200 million should go to the Air National Guard. H.R. Conf. Rep. No. 109-359, at 483 (2005).

²⁹Department of Defense Appropriations Act for 2007, Pub. L. No. 109-289 (2006). The conference report accompanying the act states that the conferees intend for \$150 million of the \$290 million to go toward equipping the National Guard. In addition, the conferees directed that \$2.94 billion of procurement funds provided in Title IX of the act shall be available for the Army National Guard and the Army Reserve, and that \$500 million of these funds should be used specifically to meet the 10 core capabilities identified by the National Guard Bureau as essential to support domestic missions. H.R. Conf. Rep. No. 109-676, at 223, 372 (2006).

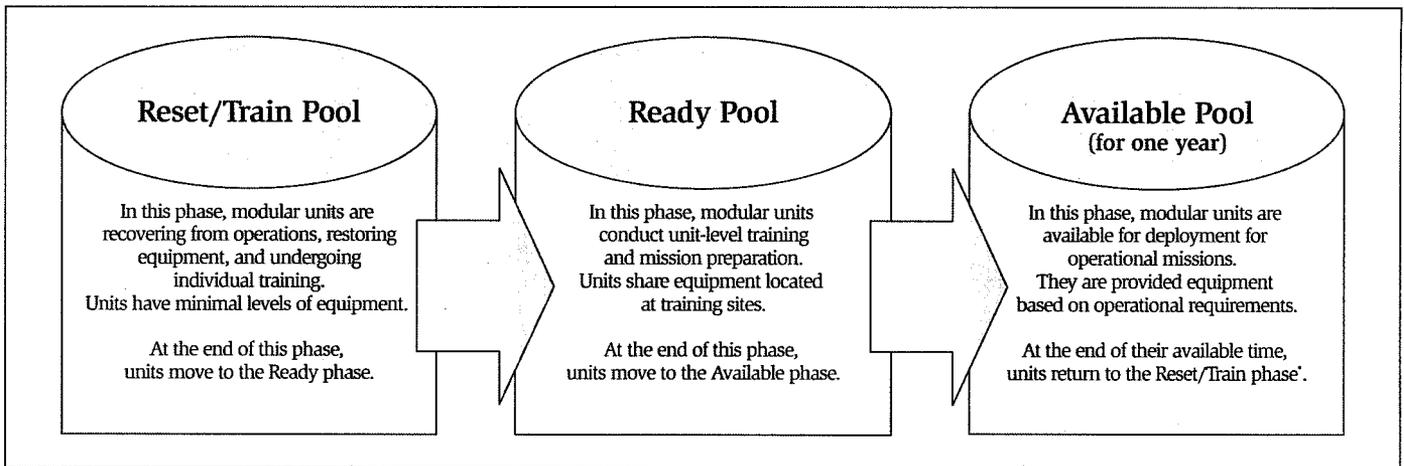
³⁰Section 412 of the National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163 (2006), authorized end strengths for reserves on active duty in support of the reserves. In the accompanying conference report, the conferees specified that the end strength would include five additional teams. H.R. Conf. Rep. No. 109-360, at 687 (2005).

incorporate the initiatives into DOD's departmentwide programming and budgeting process. At the time of our report, DOD had formally approved the joint force headquarters and the establishment of 12 National Guard chemical, biological, radiological, nuclear, or high-yield explosive incident response teams. Formal approval from DOD means that these two initiatives were approved by the Joint Requirements Oversight Council, which approves all new DOD requirements, and may now compete to be included in DOD's Future Years Defense Program. However, because DOD's priority remains its overseas warfighting mission, the extent to which these domestically focused initiatives will be funded remains uncertain.

Army Plans for Balancing Equipment for Deployed and Nondeployed National Guard Units Are Not Well Defined

The Army has budgeted approximately \$21 billion for fiscal years 2005 through 2011 to modernize the Army National Guard and augment its equipment inventory. These funds are intended to facilitate the Army National Guard's conversion to modular brigades as well as to help fill long-standing equipment shortages. According to Army officials, items procured will be standard warfighting equipment and may be deployed to meet overseas demands and therefore may not always be available for domestic missions. The Army plans to manage all of its equipment for the active and reserve units using a new cyclical readiness and deployment model for its forces, including Army National Guard forces, which has implications for the National Guard's readiness for its homeland missions. Under this model, Army National Guard units will have access to three types of equipment sets over time as they prepare for possible deployment once every 6 years: (1) a baseline set that would vary by unit type and assigned mission; (2) a training set that would include more of the equipment units would need to be ready for deployment; and (3) a deployment set that would include all equipment needed for deployment, including theater-specific equipment and equipment from Army prepositioned stock. Figure 2 illustrates the movement of units through the reset and train, ready, and available phases of the force generation model.

Figure 2: The Army's Proposed Force Generation Model



Source: GAO analysis of Army data.

Note: The Army's force generation model proposes that Army National Guard units will be available for deployment 1 year in every 6 years.

Army plans call for the baseline set to provide Army National Guard units in the reset/train pool, at a minimum, the equipment they would need for their domestic missions. As of September 2006, the Army was still developing proposals for what would be included in each of the three equipment sets. Therefore, it is difficult to assess the risks or the ability of units in the earlier stages of the cycle to respond to unforeseen domestic crises, such as large-scale natural disasters or terrorist attacks. Although the Army has worked with the Army National Guard to identify warfighting equipment that is highly useful for domestic missions, it is not clear whether nondeployed Army National Guard units will have sufficient quantities of such equipment during the early phases of the Army's force generation model to respond effectively to their domestic missions. State National Guard officials in California and Florida expressed concerns that their Army National Guard units will not have enough equipment for their domestic missions during the first 3 years of the Army's new force generation model, which is when units' equipment levels would be at their lowest. The Army has taken some temporary actions to mitigate this concern. In preparation for the 2006 hurricane season, the Army directed the temporary transfer of equipment such as trucks, night vision goggles, and floodlights from active Army units to Army National Guard units in the coastal states of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas. However, these states' Army National

Guard units were expected to return this equipment no later than the end of the 180-day loan period. Moreover, until the Army makes decisions as to what equipment should be included in the baseline equipment set for nondeployed Army National Guard units, National Guard officials in the states may be hampered in their ability to plan and respond to large-scale, multistate events.

Conclusions

With the challenging nature of the new security environment and potential for large-scale, multistate events depicted in the national planning scenarios, the nation expects the National Guard to be prepared to provide an efficient and effective response to domestic events. Without a designated agency to serve as a mechanism to facilitate interstate planning for the National Guard's role in large-scale, multistate events, the National Guard may lack plans that are complete and integrated with other DOD, state, and federal plans so that risks are identified and mitigated efficiently. Currently, the National Guard Bureau has facilitated limited multistate planning, but comprehensive planning that identifies equipment requirements and is integrated with plans for using civilian and federal military forces may remain incomplete unless the bureau's charter and civil support regulation are updated to reflect this facilitation role. As a result, the National Guard may not be prepared to respond to domestic events, particularly large-scale, multistate events such as those described in the national planning scenarios, as efficiently and effectively as possible.

DOD's current readiness measures and reports do not provide a rigorous assessment of the extent to which the National Guard's nondeployed units have the equipment they need to respond to the full range of their domestic missions. While DOD has begun to collect data on the readiness of nondeployed National Guard units using proxy measures and subjective assessments of military commanders, this effort is not fully mature and faces limitations. Without validated requirements for the types and quantities of equipment the National Guard needs for domestic missions, it will be difficult to measure units' preparedness for those missions. Until DOD's efforts to improve its measures and reports are mature and the Guard's required capabilities are better defined and tracked, decision makers will lack information on whether the Guard has the equipment it needs to respond effectively to large-scale, multistate events. Moreover, Congress and federal and state decision makers will have limited information with which to mitigate risks and prioritize investments for the National Guard's missions.

While DOD is taking steps to address the Army National Guard's and the Air National Guard's equipment challenges, the effectiveness of these initiatives to improve the National Guard's domestic preparedness is not clear. Moreover, unless DOD, in coordination with other federal and state agencies that will be involved in responding to large-scale events such as the national planning scenarios, defines the requirements for nondeployed National Guard forces, there is no benchmark with which to assess the effectiveness of the initiatives. In addition, because the Army has not yet defined the amount and types of equipment that will be available to nondeployed Army National Guard units, state and federal agencies lack information they could use to plan to respond to domestic emergencies. Specifically, they lack information on whether the Army National Guard will have sufficient quantities of equipment during the early phases of the Army's force generation model to respond effectively to domestic missions. Until the Army makes decisions as to what equipment nondeployed Army National Guard forces can expect to have on hand, it will remain unclear whether the National Guard has the equipment it needs to successfully perform its domestic missions, including responding to large-scale, multistate events.

Recommendations for Executive Action

We recommend the Secretary of Defense take the following five actions:

- Direct the Secretaries of the Army and Air Force to add clarifying language to the National Guard Bureau's charter to clearly define its roles in coordinating and facilitating interstate planning for the National Guard's use in large-scale, multistate events, such as those contained in the national planning scenarios, and monitoring the Guard's status to perform these missions.
- Direct the Secretaries of the Army and Air Force to direct the Chief, National Guard Bureau, to update the National Guard Bureau's 1996 civil support regulation to reflect the National Guard Bureau's role in coordinating and facilitating interstate planning for large-scale, multistate events. The regulation should also be updated to formalize procedures for coordination with organizations that have been established since the regulation was last updated, such as the Department of Homeland Security, the Office of the Assistant Secretary of Defense for Homeland Defense, and U.S. Northern Command, as well as for the use of new planning tools like the National Response Plan and the Homeland Security Council's national planning scenarios.

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- Direct the Secretaries of the Army and Air Force to direct the Chief, National Guard Bureau, in coordination with DOD, U.S. Northern Command, U.S. Pacific Command, the states, and other civilian authorities, to take actions to facilitate and coordinate interstate National Guard planning to identify the capabilities, including equipment, the National Guard would need to respond to large-scale, multistate events, consistent with the Homeland Security Council's national planning scenarios and state and federal plans.
 - Direct the Undersecretary of Defense for Personnel and Readiness to submit a report to Congress on DOD's plans for assessing and reporting on the readiness of National Guard units to perform domestic missions in response to natural disasters or terrorist events. This report should include
 - DOD's progress to date in incorporating these missions into the Defense Readiness Reporting System;
 - the specific missions for which National Guard units will report their readiness; and
 - the standards, including any equipment measures, given to National Guard unit commanders to consider when making their readiness assessments for these missions.
 - Direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy for resourcing nondeployed Army National Guard baseline equipment sets. Specifically, the plan should include
 - a timeline for defining the requirements of nondeployed Army National Guard baseline equipment sets,
 - the analytical basis and domestic mission requirements used to determine the equipment required in the baseline set,
 - readiness standards and measures that will be used to track the status of the baseline equipment sets, and
 - the Army's plan for funding and filling baseline equipment sets.

Matters for Congressional Consideration

Congress should consider amending the statute prescribing the National Guard Bureau's charter to require language clarifying the National Guard Bureau's role in coordinating and facilitating interstate planning for the National Guard's use in large-scale, multistate events, such as those contained in the national planning scenarios, and require DOD to revise the National Guard Bureau's civil support regulation to reflect the clarification in the charter.

In addition, to ensure that it is kept informed of the National Guard's equipment status for its domestic missions, Congress should consider revising the statutory requirement for the annual *National Guard and Reserve Equipment Report* to include an assessment of (1) the Guard's equipping preparedness to provide support to civil authorities, particularly for large-scale, multistate events; (2) the risks to those missions associated with any equipment shortfalls; and (3) mitigation strategies and investment priorities. Further, to provide information on what equipment will be available for the National Guard's domestic missions under the Army's force generation model, Congress should consider requiring the department to include in the 2009 *National Guard and Reserve Equipment Report* a plan and funding strategy for providing baseline equipment sets to nondeployed Army National Guard units.

Agency Comments and Our Evaluation

The Assistant Secretary of Defense for Reserve Affairs provided written comments on a draft of this report. The department partially agreed with our recommendation that the department report to Congress on DOD's plans for assessing and reporting on the readiness of National Guard units to perform domestic missions in response to natural disasters or terrorist events. The department disagreed with our recommendations that (1) the National Guard Bureau's charter be revised to include language clarifying the National Guard Bureau's role in coordinating and facilitating interstate planning for the National Guard's use in large-scale, multistate events, (2) the National Guard Bureau's 1996 civil support regulation be updated to reflect the change to the National Guard Bureau's charter and to establish procedures for state National Guards and the National Guard Bureau to use to coordinate with new organizations and for using new planning tools, (3) the National Guard Bureau take actions to facilitate interstate Guard planning to identify capabilities the National Guard would need to respond to large-scale, multistate events, and (4) the Secretary of the Army develop and submit to Congress a plan and funding strategy for resourcing nondeployed Army National Guard baseline equipment sets. As we discussed in our report, state planning for the Guard's role in catastrophic events contained in the national planning scenarios has not

been consistent or thorough. We continue to believe that the actions we recommend are important to improve interstate planning and visibility of the National Guard's readiness for domestic missions. Therefore, we have included these actions as matters for congressional consideration. Specifically, Congress should consider (1) amending the statute prescribing the National Guard Bureau's charter to include coordinating and facilitating interstate planning for the National Guard's use in large-scale, multistate events, such as those contained in the national planning scenarios, (2) requiring DOD to revise the National Guard Bureau's civil support regulation to implement this change, and (3) in addition to requiring DOD to report on the National Guard's equipment readiness for domestic missions, require DOD to submit the Army's plans and funding strategy for providing equipment to nondeployed Army National Guard forces for domestic missions in its 2009 *National Guard and Reserve Equipment Report*.

In its written comments on a draft of this report, the department stated that our recommendation to change the National Guard Bureau's charter is not needed because the current charter already authorizes the Chief of the National Guard Bureau's role in coordinating and facilitating state planning for the National Guard's use in large-scale, multistate events. As our report discusses in detail, the charter, signed by the Secretaries of the Army and the Air Force in 1995, assigns the Chief of the National Guard Bureau responsibility for facilitating and supporting the training of members and units of the National Guard to meet state requirements as well as responsibility for facilitating and coordinating with the Departments of the Army and the Air Force the use of National Guard personnel and resources for several functions, including natural disasters and military support to civil authorities. Despite the fact that the department believes that the Chief of the National Guard Bureau has a key role in coordinating and facilitating state planning for the National Guard's use in large-scale, multistate events, the charter does not contain language specifically defining this role. Since the charter was last updated, the security environment in which the National Guard operates has changed significantly, with the National Guard now being used extensively for overseas military operations while needing to remain prepared for additional threats at home. Furthermore, new planning tools, such as the National Response Plan and the national planning scenarios, have been developed to guide federal, state, and local planning for large-scale domestic emergencies. As the response to Hurricane Katrina illustrated, there is a need for detailed planning for the Guard's use in large-scale natural or man-made domestic emergencies. As we discussed in this report, planning for the National Guard's use in responding to events such

as the national planning scenarios is currently uneven. Although this interstate planning role is not clearly defined in its charter, the National Guard Bureau has taken some steps to perform this role to a limited extent. Our recommendation to add clarifying language to the National Guard Bureau's charter to clearly define the bureau's role in coordinating and facilitating multistate planning is intended to highlight the importance of these activities so that the National Guard is prepared to respond to multistate events as efficiently and effectively as possible. We continue to believe that this role is important and that making this activity an explicit responsibility of the National Guard Bureau would further the goal of facilitating multistate planning and would increase the states' and the nation's capability to respond to large-scale incidents. Therefore, we have included as a matter for congressional consideration amending the statute prescribing the National Guard Bureau's charter to include language clarifying this role.

The department also disagreed with our recommendation that the Chief, National Guard Bureau, should update the National Guard Bureau's 1996 civil support regulation to include the National Guard Bureau's role in facilitating interstate planning and to address the creation of new organizations and planning tools. In its comments, the department raised two major concerns. First, the department asserted that the direction to update the regulation should come from the Secretaries of the Army and the Air Force. Therefore, we have modified our report to direct the recommendation to the Secretaries of the Army and Air Force to direct the Chief, National Guard Bureau, to update the regulation. Second, the department also commented that it is not appropriate for the National Guard Bureau to coordinate directly with other federal agencies because this is the responsibility, if required, of the Secretary of Defense and the Combatant Commanders—in the case of homeland missions, U.S. Northern Command or U.S. Pacific Command—and would infringe on the authority of the Assistant Secretary of Defense for Homeland Defense over homeland activities. We understand the responsibilities of the Secretary of Defense and the Combatant Commanders with regard to coordinating with federal agencies, and we understand that the Assistant Secretary of Defense for Homeland Defense has authority over the department's homeland defense activities and responsibility for representing DOD on homeland defense-related matters in the interagency environment and for coordinating federal military support to civil authorities. Further, we agree with the comment that governors have responsibility for the coordination and use of National Guard forces in state status and that the governors could coordinate with federal agencies if necessary. Our recommendation was not intended to designate the National Guard Bureau as the DOD

entity to coordinate with other federal agencies or to infringe on the governors' role in coordination with federal agencies. Our intent was to recommend that the National Guard's civil support regulation be updated in order to more accurately reflect the National Guard Bureau's role in coordinating and facilitating interstate planning for the National Guard's use in large-scale, multistate events, and to formalize procedures for state and National Guard Bureau coordination with organizations established since September 11, 2001 and for the use of new planning tools. We have changed the language of our recommendation in the final report accordingly. Since September 11, 2001, many changes have occurred in the security environment, including the creation of entities such as the Department of Homeland Security as well as the Assistant Secretary of Defense for Homeland Defense and U.S. Northern Command within DOD. Planning tools have also been created, including the National Response Plan and the Homeland Security Council's national planning scenarios. The National Guard Bureau's civil support regulation sets out the Chief of the National Guard Bureau's overall responsibility for civil support programs and for issuing planning guidance on the National Guard's role in providing military support to civil authorities, and provides guidance to the states on preparing emergency plans for the use of National Guard forces in a civil support role, including coordination for assistance beyond state capabilities. This regulation, last updated in 1996, pre-dates the changes to the security environment and does not specifically address how coordination with these organizations should occur or how these planning tools should be used. The changed security environment since September 11, 2001, has increased the need for federal, state, and local authorities to work together to enhance preparedness. As the response to Hurricane Katrina illustrated, the nation relies on the National Guard to respond to the effects of large-scale, multistate emergencies and the National Guard Bureau can play a significant role in facilitating Guard support among the states when such an event takes place. The Katrina response also showed that there is a lack of pre-event planning and understanding among federal and state responders about the type of assistance and capabilities that the National Guard can provide. Updating the regulation is an important step to minimize confusion about how the bureau and state Guard forces should work with organizations and planning tools established since September 11, 2001, how coordination of planning efforts for the Guard's use among federal, state, and local authorities should take place, and where the accountability for coordination lies. The National Guard Bureau's position as a channel of communication between the states and the Army and Air Force makes it uniquely positioned to facilitate interstate planning for events that may require support from multiple states or across state boundaries; we agree

with the department that it does play a key role in this capacity. We continue to believe that updating the National Guard Bureau's regulation to reflect changes to the security environment and to clarify how the state National Guards and the National Guard Bureau will work with new organizations and use national planning tools to strengthen pre-event planning for large-scale, multistate events is needed. Therefore, we have included as a matter for congressional consideration a requirement for the department to revise the National Guard Bureau's civil support regulation.

In its comments, the department also disagreed that the National Guard Bureau should take actions to facilitate and coordinate state National Guard planning to identify capabilities the Guard would need to respond to multistate events and asserted that the responsibility for overall supervision of homeland defense activities within DOD resides with the Assistant Secretary of Defense for Homeland Defense. First, while we understand that the Assistant Secretary of Defense for Homeland Defense is in charge of federal defense support to civilian authorities, the Assistant Secretary is not charged with planning for National Guard activities that will likely be conducted under the command and control of the state governor. We are not recommending that the National Guard Bureau undertake the responsibilities of the state governors, but rather provide a facilitating and coordinating function between states for those events that may involve the use of National Guard forces from multiple states. Second, in its comments, DOD said that the overall supervision of homeland defense activities within DOD is a function that should remain with a civilian official rather than a military officer. We agree and are not recommending that the National Guard Bureau supervise either federal or state-led forces but rather that the bureau facilitate and coordinate interstate planning for domestic emergencies that involve Guard forces from multiple states and which may be federally funded. Third, in its comments, DOD also stated that training and equipping the National Guard is the responsibility of the Secretaries of the Army and Air Force. As we stated in this report, DOD is responsible for planning for DOD's federal missions and training and equipping the National Guard for these missions. As mentioned, training for the Guard's federal missions is also federally funded. We did not recommend changes to the responsibilities for training and equipping the National Guard. Rather, our recommendation is directed to improving interstate planning for the use of National Guard forces for large-scale domestic events in their state roles that are likely to be federally funded. As DOD acknowledges in its comments on our first recommendation, the Chief, National Guard Bureau, plays a key role in coordinating and facilitating state-level planning for the employment of National Guard forces to meet large-scale

disasters. We agree with this assessment and therefore continue to believe that the National Guard Bureau is well-positioned to facilitate planning and promote cooperation in identifying regional and national assets needed for response efforts so that decision makers can prioritize investments to mitigate risks. This recommendation is consistent with a recommendation we made in our previous report examining the response to Hurricane Katrina with which the department agreed. In that report, we recommended that the Chief, National Guard Bureau, should work with the state governors and state Guards to identify capabilities the National Guard will likely provide for homeland security missions and make that information available to other organizations with federal military support to civil authorities planning responsibilities.³¹ We have raised as a matter for congressional consideration amending the statute that prescribes the National Guard Bureau's charter to include this interstate planning role.

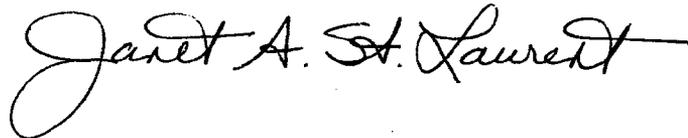
DOD partially agreed with our recommendation that the Under Secretary of Defense for Personnel and Readiness submit a report to Congress on DOD's plans for assessing and reporting on the readiness of National Guard units to perform domestic missions. DOD agreed that readiness reporting and tracking is critical to ensuring the execution of the *Strategy for Homeland Defense and Civil Support*, but commented that this includes the readiness to perform domestic missions of all 10 military components, not just the Army National Guard and Air National Guard. We agree that readiness reporting and tracking are critical and recognize that all 10 military components may participate in homeland defense and civil support missions; however, the scope of our review was limited to the Army National Guard and Air National Guard. Moreover, in recognition that the National Guard has a unique role in domestic response, the Under Secretary of Defense for Personnel and Readiness' guidance for the Defense Readiness Reporting System specifically directed the National Guard to include assessments of its readiness for state-led, federally-funded missions in the new readiness reporting system. This information on the National Guard's domestic readiness would be useful to Congress as it deliberates improvements to national preparedness. As a result, we continue to believe that the department should report to Congress on the status of efforts to measure National Guard readiness for domestic missions.

³¹GAO-06-643.

DOD also disagreed with our recommendation that the Army should develop and submit to Congress a plan and funding strategy for resourcing nondeployed Army National Guard baseline equipment sets. The department asserted that such a report would be unnecessary because Reserve component requirements are evaluated and prioritized within the department's budget process and presented to Congress as part of the department's overall budget. We did not recommend changes to the department's budgeting process. Rather, our recommendation that the Army provide Congress a separate report on nondeployed forces' equipment is based on the fact that Congress does not have visibility over the effects of the recent high use of National Guard equipment for overseas operations and the risks that depleted domestic equipment inventories pose to the National Guard's ability to respond to domestic missions. Because nondeployed National Guard forces rely on the equipment they have on hand to respond to domestic events, the equipment they can expect to have available at all times is of primary importance to the state National Guard's ability to plan for their domestic missions. Therefore, we continue to believe the Congress should be informed of the specifics of the department's plans, including timelines and funding strategies, to enable it to consider current and future risks against proposed investments. As a result, we have included as a matter for congressional consideration a requirement for the department to include in the 2009 *National Guard and Reserve Equipment Report* the Army's plan and funding strategy for providing equipment for nondeployed Army National Guard units.

As we agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. We will then send copies to the Secretary of Defense; the Secretaries of the Army and the Air Force; the Chief, National Guard Bureau; and the Director, Office of Management and Budget. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you have any questions about this report, please contact me at (202) 512-4402. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. Major contributors to this report are listed in appendix IV.



Janet A. St. Laurent
Director, Defense Capabilities and Management

Appendix I: National Planning Scenarios

The Homeland Security Council has developed 15 national planning scenarios, whose purpose is to form the basis for identifying the capabilities needed to respond to a wide range of emergencies. The scenarios focus on the consequences that federal, state, and local first responders will have to address and are intended to illustrate the scope and magnitude of large-scale, catastrophic events for which the nation needs to be prepared. Table 5 summarizes the 15 scenarios that have been developed to assess the emergency response and preparedness capabilities of federal, state, local, and tribal governments as well as the private sector and describes their projected consequences. These scenarios have not been developed to identify events that are likely to occur; instead, they facilitate efforts by all government agencies to assess the full range of needs that might be required if events similar to these scenarios take place.

Table 5: Homeland Security Council's National Planning Scenarios and Summary Descriptions

Threat	Description summary	Projected consequences ^a
Nuclear detonation	Terrorists detonate a 10-kiloton nuclear device in a large city	450,000 or more evacuees, 3,000 square miles contaminated, and hundreds of billions of dollars in economic impact
Biological attack	Terrorists spray anthrax spores in a city using a concealed spray device	13,000 fatalities and injuries, extensive contamination, and billions of dollars in economic impact
Biological disease outbreak—pandemic influenza	Natural outbreak of pandemic influenza that begins in China and spreads to other countries	87,000 fatalities, 300,000 hospitalizations, and \$70 billion to \$160 billion impact
Biological attack—plague	Terrorists release pneumonic plague into three areas of a large city	2,500 fatalities, 7,000 injuries, millions of dollars in economic impact, and possible evacuations
Chemical attack—blister agent	Terrorists spray a combination of blister agents into a crowded football stadium	150 fatalities, 70,000 hospitalized, more than 100,000 persons evacuated, and \$500 million in economic impact
Chemical attack—toxic industrial chemicals	Terrorists use grenades and explosive devices at petroleum facilities	350 fatalities, 1,000 hospitalizations, 50 percent of facility damaged, and up to 700,000 persons evacuated
Chemical attack—nerve agent	Terrorists spray Sarin into the ventilation system of three commercial buildings in a city	6,000 fatalities in buildings, 350 injuries downwind, evacuation of unknown number of people, and \$300 million in economic impact
Chemical attack—chlorine tank explosion	Terrorists use explosives to release a large quantity of chlorine gas	17,500 fatalities, 100,000 hospitalizations, up to 70,000 persons evacuated, and contamination at site and waterways
Natural disaster—major earthquake	A 7.2 magnitude earthquake occurs in a major metropolitan area	1,400 fatalities, 100,000 hospitalizations, 150,000 buildings destroyed, and hundreds of billions of dollars in economic impact
Natural disaster—major hurricane	Category 5 hurricane strikes a major city	1,000 fatalities, 5,000 hospitalizations, 1 million people evacuated, and millions of dollars in economic impact
Radiological attack— radiological dispersal device (RDD)	Terrorists detonate “dirty bombs” in three cities in close proximity	180 fatalities, 20,000 detectable contaminations in each city, and billions of dollars in economic impact
Explosives attack—bombing using improvised explosive devise (IED)	Terrorists detonate IEDs in a sports arena, use suicide bombers in a public transit concourse, and in a parking facility	100 fatalities, 450 hospitalizations, local economic impact, and minimal evacuations
Biological attack—food contamination	Terrorists contaminate food with anthrax in processing facilities	300 fatalities, 400 hospitalizations, and millions of dollars in economic impact
Biological attack—Foreign Animal Disease (Foot and Mouth Disease)	Terrorists infect livestock at specific locations	No casualties, huge loss of livestock, and hundred of millions of dollars in economic impact
Cyber attack	Terrorists conduct cyber attacks on U.S. financial infrastructure	No casualties, millions of dollars in economic impact

Source: Congressional Research Service.

^aThese hypothetical results are among those presented in the scenarios. They are intended to be illustrative to use in identifying the types of situations responding units should be prepared to address.

Appendix II: Scope and Methodology

To conduct our work for this engagement, we analyzed data, reviewed documentation, and interviewed officials from the Office of the Assistant Secretary of Defense for Reserve Affairs, the Office of the Assistant Secretary of Defense for Homeland Defense, U.S. Northern Command, Headquarters Department of the Army, U.S. Air Force North (previously First Air Force), the National Guard Bureau, the Army National Guard, the Air National Guard, and the Department of Homeland Security. We also developed case studies of four states: California, Florida, New Jersey, and West Virginia. These states were selected because they had an average to high number of disaster declarations in the last 53 years, are geographically dispersed across the United States, reported varying levels of National Guard domestic response capability, faced a range of homeland security risks, and were involved in National Guard Bureau domestic capability initiatives.

To identify the extent to which the National Guard's equipment requirements for its full range of domestic missions have been identified, we reviewed domestic operational planning documents, including the Department of Defense's (DOD) Strategic Planning Guidance, the Army Campaign Plan, planning documents provided by case study states, and the National Response Plan. We supplemented this information by interviewing officials in DOD, U.S. Northern Command, the National Guard Bureau, the Department of Homeland Security, and our case study states to review their planning processes for the full range of the National Guard's domestic mission. In each case study state, we reviewed plans for the use of National Guard forces and assessed the extent to which they addressed the national planning scenarios and the extent to which these plans identified specific equipment requirements. We also discussed with state National Guard leaders processes for planning and coordinating with multiple state and federal agencies and challenges to planning for large-scale, multistate emergencies. We did not review case study state budget documents to independently verify the level of planning resources available to their state National Guards.

To assess the extent to which DOD measures and reports on the equipment readiness of nondeployed National Guard forces for the full range of their domestic missions, we reviewed documentation on DOD's readiness reporting system, the Global Status of Resources and Training System, as well as the new system DOD plans to have fully operational in late 2007, the Defense Readiness Reporting System. We also analyzed data, reviewed documentation, and interviewed officials about the National Guard Bureau's state capability tracking system, the Joint Capabilities Database. Specifically, using data from the National Guard's Joint

Capabilities Database, we determined the number of states that reported adequate capabilities for typical state missions, the capabilities most frequently reported as inadequate, and the reasons why. In addition, using Army National Guard data on equipment useful for both warfighting and domestic missions, we compared the amount of equipment available for Army National Guard forces by state and item against the amount they are authorized for warfighting missions. Further, we examined DOD's annual report to Congress on National Guard equipping, the *National Guard and Reserve Equipment Report*.

To determine the extent to which DOD is taking actions to address the National Guard's domestic equipment challenges, we reviewed and analyzed information about steps being taken to enhance the National Guard's capabilities and increase equipment for nondeployed National Guard units. Information we reviewed included DOD appropriations documents, Army budget information, and National Guard Bureau change request packages. Further, we reviewed and analyzed relevant DOD, Army, Air Force, and National Guard equipping strategies and policies and discussed the impact of the Army transformation plans on nondeployed forces. We also reviewed Army documentation on plans for implementing its force generation model to determine the extent to which the plans define equipment available to nondeployed Army National Guard units for domestic missions.

We conducted our review from December 2005 through November 2006 in accordance with generally accepted government auditing standards and determined that the data were sufficiently reliable to answer our objectives. For example, we interviewed data sources about how they ensured their own data reliability and reviewed their data collection methods, standard operating procedures, and other internal control measures. We reviewed available data for inconsistencies, and when applicable, performed computer testing to assess data validity and reliability.

Appendix III: Comments from the Department of Defense



RESERVE AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
1500 DEFENSE PENTAGON
WASHINGTON, DC 20301-1500

DEC 13 2006

Ms. Janet St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, Northwest
Washington, DC 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the GAO draft report, "RESERVE FORCES: Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness", dated November 21, 2006, (GAO Code 350768/GAO-07-60).

The Department appreciates the insightful and thorough approach that your team has taken with this important issue. The National Guard plays a critical role in performing both federal and state missions, and we are taking positive steps to address equipment challenges to ensure our soldiers are the very best equipped and trained. Thank you for the opportunity to provide the enclosed comments.

The point of contact for this office is Lieutenant Colonel Kevin Burke, OASD/RA, at 703-693-4207.

Sincerely,

T.F. Hall
Thomas F. Hall



GAO DRAFT REPORT - DATED NOVEMBER 21, 2006
GAO CODE 350768/GAO-07-60

**“RESERVE FORCES: Actions Needed to Identify National Guard Domestic Equipment
Requirements and Readiness”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Secretaries of the Army and Air Force to revise the National Guard Bureau's charter to clearly define its roles in coordinating and facilitating state planning for the National Guard's use in large-scale, multistate events such as those contained in the national planning scenarios and monitoring the Guard's status to perform these missions.

DOD RESPONSE: Non-concur. This function is already authorized in the existing Charter, as signed by the two Service Secretaries. The Chief of the National Guard Bureau, although not in command of Army or Air National Guard forces, does play a key role in coordinating and facilitating state-level planning for the employment of National Guard forces to meet large-scale domestic disasters.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Chief of the National Guard Bureau to update the National Guard Bureau's civil support regulation to reflect both the National Guard Bureau's role in coordinating and facilitating state planning for large-scale, multistate events and coordinating with new organizations that have been established since the regulation was last updated in 1996, such as the Department of Homeland Security, the Office of the Assistant Secretary of Defense for Homeland Defense, and U.S. Northern Command, as well as new planning tools like the National Response Plan and the Homeland Security Council's national planning scenarios.

DOD RESPONSE: Non-concur. The Chief of the National Guard Bureau does not work for the Secretary of Defense, but for the Secretaries of the Army and the Air Force. Therefore, it is appropriate that any direction to update the National Guard Bureau's civil support regulation will come directly from them.

It is not appropriate for the Chief of the National Guard Bureau to coordinate directly with other Federal agencies. This is the responsibility, if required, of the Secretary of Defense and the Combatant Commanders. Further, this infringes on the authority of the Assistant Secretary of Defense for Homeland Defense over the homeland defense activities of the Department of Defense under 10 U.S.C. 138(b)(3). It would also infringe on the Assistant Secretary of Defense for Homeland Defense's responsibility to represent the Department of Defense on homeland matters, including defense support to civil authorities, in dealings with the Executive Office of the President, the Department of Homeland Security and other Federal departments and agencies, and State and local authorities.

**Appendix III: Comments from the
Department of Defense**

If National Guard forces are used to respond to a natural disaster or provide support to civil authorities in a Federal status, the National Guard Bureau should continue to be the channel of communications as currently prescribed in its charter. This is working well and need not be changed. If National Guard forces are used in a State duty status, the coordination of the use of those forces would be the responsibility of the governor of the State, not the Chief of the National Guard Bureau, and the governor could coordinate with the Department of Homeland Security, if other federal agencies are involved.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Chief of the National Guard Bureau, in coordination with DoD, U.S. Northern Command, U.S. Pacific Command, the states, and other civilian authorities, to take actions to facilitate and coordinate state National Guard planning to identify the capabilities, including equipment, the National Guard would need nationally to respond to large-scale, multistate events, consistent with the Homeland Security Council's national planning scenarios and state and federal plans.

DOD RESPONSE: Non-concur. The Chief of the National Guard Bureau plays a key role in coordinating National Guard domestic disaster response. However, by law, the responsibility for overall supervision of Homeland Defense activities within the Department of Defense resides with Assistant Secretary of Defense for Homeland Defense. As written, the recommendation would infringe upon the Assistant Secretary of Defense for Homeland Defense's responsibility regarding defense support to civil authorities. This function should remain with a civilian official rather than a military officer, especially here at home. The Chief of the National Guard Bureau already coordinates with the Assistant Secretary of Defense for Homeland Defense as the Assistant Secretary carries out his responsibilities.

Also, by law, the responsibility for training and equipping the National Guard resides with the Secretaries of the Army and the Air Force. These responsibilities should not be split depending upon the type of activity that the National Guard might perform.

These functions should remain with the Assistant Secretary of Defense for Homeland Defense, and the Secretaries of the respective Military Department, in consultation with the Chief of the National Guard Bureau.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to submit a report to Congress on DoD's plans for assessing and reporting on the readiness of National Guard units to perform domestic missions in response to natural disasters or terrorist events. This report should include:

- DoD's progress to date in incorporating these missions into the Defense Readiness Reporting System;
- The specific missions on which National Guard units will report their readiness; and,
- The standards, including any equipment measures, given to National Guard unit commanders to consider when making their readiness assessments for these missions.

**Appendix III: Comments from the
Department of Defense**

DOD RESPONSE: Partially concur. Readiness reporting and tracking is critical to ensuring the execution of the Department's Strategy for Homeland Defense and Civil Support. This includes the readiness to perform domestic missions by all ten military components, not just the Army and Air National Guard.

RECOMMENDATION 5: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy for resourcing nondeployed Army National Guard baseline equipment sets. Specifically, the plan should include:

- A timeline for defining the requirements of nondeployed Army National Guard baseline sets;
- The analytical basis and domestic mission requirements used to determine the equipment required in the baseline set;
- Readiness standards and measures that will be used to track the status of the baseline equipment sets; and
- The Army's plan for funding and filling baseline equipment sets.

DOD RESPONSE: Non-concur. Another report to Congress is deemed to be unnecessary. The National Guard's needs and requirements are presented, debated, validated and prioritized right along with all organizations in the Department. All of the Reserve components (RCs), including the National Guard, are integrated into their respective parent Service's Planning Programming and Budgeting process. The Services all utilize a layered resource review process, with various boards and panels that rigorously prioritize funding requirements from the lower to the higher levels, so that in the end, those requirements deemed highest priority are funded above those deemed of lesser priority. At the start of the process, each RC is given a portion of the parent Service's top-line to fund their programs; such as, pay and allowances, recruiting, training, and equipping. Many requirements compete for funding within each RC's budget, and when the RC's estimates are completed, they are forwarded to their parent Service for review and integration with Service-wide priorities.

The Services' proposals, including the RCs, are then provided to OSD for analysis and balancing across the Defense Department. During this phase, OSD reviews each Service's estimates, prioritizes with other DoD requirements to ensure that the Defense Department's highest priorities are resourced, and coordinates with OMB. The end product presented to the Congress is one that specifically integrates the Reserve components, has been reviewed at many levels, usually multiple times, and represents the Department's best judgment of the resources needed to accomplish DoD's assigned overall mission.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Janet A. St. Laurent, (202) 512-4402 or stlaurentj@gao.gov

Acknowledgments

In addition to the person named above, Margaret Morgan, Assistant Director; Alissa Czyz; Matthew Dove; Paul Gvoth; Nicole Harms; Catherine Humphries; David Marroni; Kenneth Patton; Jerome Sandau; Jay Smale; and Suzanne Wren made major contributions to this report.

Appendix IV: Related Products

Reserve Forces: Army National Guard and Army Reserve Readiness for 21st Century Challenges. GAO-06-1109T. Washington D.C.: September 21, 2006.

Catastrophic Disasters: Enhanced Leadership, Capabilities, and Accountability Controls Will Improve the Effectiveness of the Nation's Preparedness, Response, and Recovery System. GAO-06-618. Washington, D.C.: September 6, 2006.

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.

Influenza Pandemic: DOD Has Taken Important Actions to Prepare, but Accountability Funding, and Communications Need to be Clearer and Focused Departmentwide. GAO-06-1042 Washington, D.C.: September 21, 2006.

Homeland Defense: National Guard Bureau Needs to Clarify Civil Support Teams' Mission and Address Management Challenges. GAO-06-498. Washington, D.C.: May 31, 2006.

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.

Emergency Preparedness and Response: Some Issues and Challenges Associated with Major Emergency Incidents. GAO-06-467T. Washington, D.C.: February 23, 2006.

Reserve Forces: Army National Guard's Role, Organization, and Equipment Need to be Reexamined. GAO-06-170T. Washington, D.C.: October 20, 2005.

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.: October 4, 2005.

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.

Homeland Security: DHS' Efforts to Enhance First Responders' All-Hazards Capabilities Continue to Evolve. GAO-05-652. Washington, D.C.: July 11, 2005.

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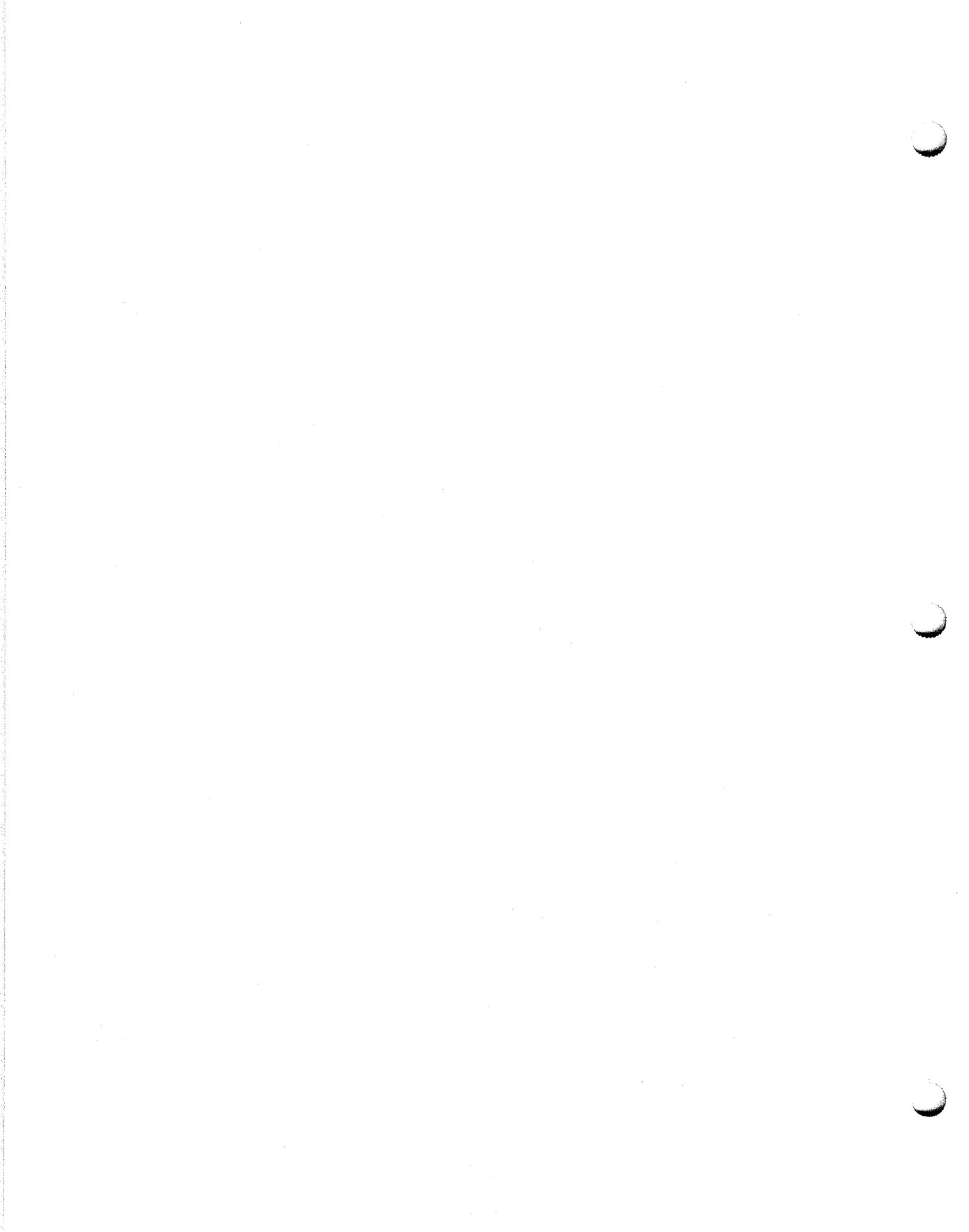
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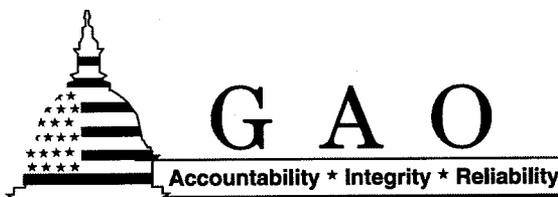
Before the Commission on the National
Guard and Reserves

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RESERVE FORCES

**Army National Guard and
Army Reserve Readiness for
21st Century Challenges**

Statement of Janet A. St. Laurent, Director
Defense Capabilities and Management





Highlights of GAO-06-1109T, a testimony before the Commission on the National Guard and Reserves

RESERVE FORCES

Army National Guard and Army Reserve Readiness for 21st Century Challenges

Why GAO Did This Study

Ongoing operations in Iraq and Afghanistan have required the deployment of large numbers of Army National Guard and Army Reserve personnel. The Department of Defense (DOD) faces the unprecedented challenge of sustaining large-scale, long-duration operations with an all-volunteer military force. In addition, DOD's homeland defense missions have taken on higher priority, and National Guard forces have state responsibilities for homeland security activities as well as their traditional roles in responding to natural disasters. Over the past few years, GAO has examined the effects of ongoing military operations and domestic missions on the Army National Guard and Army Reserve.

This statement, which draws on prior GAO work, focuses on (1) challenges in sustaining Army reserve component equipment and personnel readiness while supporting ongoing operations and (2) the extent to which the Army's planned transformation initiatives will alleviate equipment and personnel shortages and enhance readiness.

What GAO Found

The Army National Guard and Army Reserve have made significant contributions to ongoing military operations, but equipment shortages and personnel challenges have increased and, if left unattended, may hamper the reserves' preparedness for future overseas and domestic missions. To provide deployable units, the Army National Guard and the Army Reserve have transferred large quantities of personnel and equipment to deploying units, an approach that has resulted in growing shortages in nondeployed units. Also, reserve units have left significant quantities of equipment overseas and DOD has not yet developed plans to replace it. The Army National Guard reports that its units have less than one-third of their required equipment, and the Army Reserve reports that its units have about half of the modern equipment they need to deploy. These shortages could also adversely affect reserve units' ability to perform homeland defense missions and provide support to civil authorities in the event of natural disasters or terrorist attacks. The Army also faces shortages of personnel trained in some high-demand skills. These readiness challenges have occurred because the Army reserve components' role has shifted from a strategic reserve force to an operational force that is being used on an ongoing basis. However, DOD has not fully reassessed its equipment, personnel, and training needs and developed a new model for the reserves appropriate to the new strategic environment. GAO has made recommendations that DOD conduct a comprehensive reassessment of equipment, personnel, training, and funding requirements given the reserve components' shift to an operational role, but DOD's progress to date in addressing them has been limited. Without a comprehensive reassessment of equipment and personnel policies, the Army's reserve components may not be well prepared to deal with future events at home or abroad.

The Army has begun two transformational initiatives intended to enhance reserve units' ability to conduct 21st century operations and plans to spend over \$24 billion for equipment over the next 5 years. These initiatives are significant, but the extent to which they will alleviate equipment and personnel challenges is unclear. The Army faces challenges in managing both initiatives' costs and achieving intended capabilities. First, although the Army is making progress in transforming its forces to more flexible modular units, it has not provided detailed information on the capabilities, costs, and risks of its plans, and reserve units are likely to lack some key equipment items well into the future. Second, the Army is implementing a force generation model through which reserve units' readiness will be increased as units move closer to eligibility for deployment. However, the Army has not fully determined the equipment, personnel, and training that units will require at each stage of the cycle or fully identified the resources to implement its plans. Without detailed implementation plans, decision makers will not have sufficient information with which to assess both DOD's progress and performance in transforming the Army reserve components and whether investment decisions are being targeted to the highest priority areas.

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Mr. Chairman and Members of the Commission:

I am pleased to be here today to discuss the work GAO has undertaken regarding the changing roles and readiness of the Army National Guard and Army Reserve. The Congress has given the Commission on the National Guard and Reserves (Commission) a very significant charge, and I hope that our work will be useful to the Commission in its deliberations on how reserve forces should be structured and equipped for the 21st century given new threats to our national security, both overseas and at home. Ongoing operations in Iraq and Afghanistan have required the involvement of large numbers of reservists, particularly ground forces, and the Department of Defense (DOD) now faces the unprecedented challenge of sustaining large-scale, long-duration operations with an all-volunteer military force. Since 2001, over 500,000 reservists have been mobilized in support of ongoing operations, the largest mobilization of reserve forces since World War II. The high pace of operations has led to personnel and equipment shortages among Army reserve component units. Further, in addition to its traditional homeland missions, such as responding to storms and fighting forest fires, the National Guard's homeland missions have expanded to include guarding against terrorist threats.

Over the last few years, we have examined the effects of expanded mission requirements on the Army National Guard and Army Reserve, including their new operational roles in supporting both large-scale, long-duration overseas operations and emerging domestic requirements. My testimony today focuses on (1) the Army reserve components' challenges in sustaining equipment and personnel readiness while supporting ongoing military operations and (2) the extent to which Army's planned transformation initiatives will alleviate the Army reserve components' equipment and personnel shortages and enhance their readiness for overseas and domestic operations.

My testimony draws upon several GAO reports related to reserve component personnel and equipment issues, including requirements for personnel with high-demand skills to support ongoing overseas operations. A list of these reports appears at the end of this statement.

In preparing these reports, we performed extensive analysis of DOD's documentation on the status of Army National Guard and Army Reserve equipment and personnel, focusing primarily on the status of nondeployed units. We also reviewed and assessed DOD's and the Army's strategies and plans for the future including the Army Campaign Plan, key plans related to the Army's transition to a modular force, rotational force management

data, equipping and funding plans, and unit readiness reports. We also discussed these issues with officials from the Office of the Secretary of Defense; the Departments of the Army and the Air Force; the National Guard Bureau; the Army Reserve; the Office of the Chairman, Joint Chiefs of Staff; and the U.S. Joint Forces Command. In addition, we visited selected Army National Guard units that had been deployed or were preparing to deploy as well as Army Reserve units performing homeland defense missions. This work was conducted in accordance with generally accepted government auditing standards.

We are continuing to conduct work relating to reserve component issues, which will enable us to provide more information in the coming months on issues of interest to the Commission. For example, we have begun work examining reserve pay and compensation issues. We also have ongoing engagements examining employer support for reservists; emergency management assistance compacts among states; reserve deployment reporting; and the status of the National Guard's equipment for its domestic homeland defense missions and support to civilian authorities.

Summary

The Army National Guard and Army Reserve have made significant contributions to ongoing military operations since September 11, 2001; however, equipment shortages and personnel challenges have increased over time and could hamper the Army's reserve components' preparedness for future overseas and domestic missions if left unattended. These readiness challenges have occurred for two primary reasons. First, the Army has provided resources to reserve units based primarily on the assumption that they would deploy overseas only in the latter stages of major combat operations and would receive additional resources during a mobilization phase. However, the Army National Guard's and Army Reserve's shift to more of an operational role in response to the new security environment has led to a situation in which the Army's traditional resourcing strategies for managing personnel and equipment may no longer be in balance with how the reserves are being used. Second, mobilization authorities, DOD's policies, and Army deployment practices limit the number and duration of reservists' deployments for ongoing operations so that the Army's reserve components will be challenged to involuntarily mobilize and deploy large numbers of personnel with needed skills. To provide deployable units for Iraq and Afghanistan, the Army National Guard and the Army Reserve have transferred large numbers of uniformed personnel and equipment from nondeployed units to deploying units. This approach has resulted in growing shortages among nondeployed units. Equipment shortages have been further compounded because DOD has required reserve units to leave large amounts of

equipment overseas for use by other forces, and much of this equipment has not been replaced. As a result, the Army National Guard reports that units have less than one-third of their required equipment, and the Army Reserve currently reports that its units have about half of the modern equipment they would need to deploy. In addition to creating potential risk to the nation's ability to respond to unforeseen events overseas, Army National Guard and Army Reserve equipment shortages could also adversely affect reserve units' ability to perform homeland defense missions and provide support to civil authorities in the event of natural disasters or terrorist events. Moreover, under current policies, the Army is challenged to identify and mobilize reserve personnel in some high-demand skills. We have made recommendations to DOD intended to bring about a comprehensive reassessment of equipment, personnel, training, and funding requirements given the Army reserve components' shift to a more operational role. However, DOD's progress in implementing these recommendations has been limited. Unless such a comprehensive reassessment and rethinking of the equipment and personnel policies is completed—in other words, unless DOD reaches consensus on a new model for the reserves that matches policies and resources with the Army reserve components' expected missions—DOD may find itself ill prepared to deal with future events at home or abroad.

The Army has recently begun two major transformational initiatives that are intended to improve the ability of Army Reserve and Army National Guard units to respond to 21st century threats; however, the extent to which these initiatives will help to alleviate personnel and equipment challenges and enhance readiness is unclear. These initiatives include the creation of modular units in the active and reserve components and the creation of a new model to manage readiness and provide reservists with more predictable deployment schedules. Although both these initiatives have some merit from a conceptual standpoint, the Army faces significant challenges in managing their costs, risks, and performance. Specifically, the Army is making progress in transforming its division-based structure to more easily deployable modular units, but it has not provided detailed plans showing the extent to which DOD will be able to fund new equipment required by modular units in the reserve components. The Army has budgeted \$21 billion to improve the Army National Guard's equipment and \$3.8 billion for the Army Reserve over the next 5 years; however, it has not yet provided detailed information about the types and amounts of equipment it will buy or described the extent to which this funding will provide equipment compatibility with the active component. Further, the Army has not provided sufficient information with which DOD and congressional decision makers can assess the capabilities, costs,

affordability, and risks of the Army's modular force implementation plans. Because the need to equip units deploying overseas is likely to continue to take priority over nondeployed units for equipment funds, reserve units are likely to have shortfalls of some key equipment items well into the future. The Army's second major initiative is the development of a force generation model in which units' readiness for deployment would move through phases of increasing readiness as they move closer to deployment eligibility—once every 5 to 6 years for reserve forces. However, the Army has not yet developed a transparent plan for national-level decision makers that identifies the equipment, personnel, and training that will be required at each phase of the model nor has it fully identified the resources it will need to implement its plans. We reported in 2005 that the Army needs to fully define how the reserve components will be integrated into its modular force and rotational cycle, and although DOD agreed with our recommendations, many questions remain about the risks inherent in the Army's plans.¹ Until the Army completes such plans and identifies funding for its transformational initiatives, the reserve components' preparedness for future overseas and domestic missions is not likely to increase and may continue to erode. Moreover, unless the Army completes more detailed implementation plans, decision makers will not have sufficient information to assess both DOD's progress and performance in transforming the Army's reserve components and whether investment decisions are being targeted to the highest priority areas.

Background

The Army has two reserve components, the Army National Guard and the Army Reserve. Both reserve components are composed primarily of citizen soldiers who balance the demands of civilian careers with military service on a part-time basis. During the Cold War, it was expected that the reserve forces would be a strategic reserve to supplement active forces in the event of extended conflict. However, since the mid-1990s, the reserves have been continuously mobilized to support operations worldwide, including those in Bosnia and Kosovo as well as operations in Afghanistan and Iraq. In today's strategic environment, the Army's reserve components have taken on a variety of different overseas missions as well as traditional and emerging domestic missions.

¹ 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) and *Reserve Forces: An Integrated Plan Is Needed to Address Army Reserve Personnel and Equipment Shortages*, GAO-05-660 (Washington, D.C.: July 12, 2005).

The Army Reserve and the Army National Guard are part of the total Army, which also includes the active component. The Army organizes, trains, and equips its reserve components to perform assigned missions. The Army Reserve is a federal force that is organized and trained primarily to supply specialized combat support and combat service support skills to combat forces. The Army National Guard is composed of both combat forces and units that supply support skills. The Army National Guard, when mobilized for a federal mission, is under the command and control of the President. When not mobilized for a federal mission, Army National Guard units act under the control of the governors for state missions, typically responding to natural disasters and more recently protecting state assets from terrorist attacks. Using DOD planning guidance, the Army provides reserve units varying levels of resources according to the priority assigned to their federal warfighting missions.

Reserve forces may be involuntarily called to active duty under three mobilization authorities. As shown in table 1, two authorities authorize the President to involuntarily mobilize forces, but with size and time limitations. Full mobilization, which would authorize the mobilization of forces for as long as they are needed, requires a declaration by the Congress. The Office of the Secretary of Defense implements the activation of reservists.

Table 1: Mobilization Authorities for Reserve Forces

Statute	Provisions
10 U.S.C. 12301(a) "Full Mobilization"	Declared by Congress: In time of war or national emergency No limit on numbers of soldiers called to active duty For duration of war plus 6 months
10 U.S.C. 12302 "Partial Mobilization"	Declared by the President: In time of national emergency No more than 1,000,000 reservists can be on active duty No more than 24 consecutive months
10 U.S.C. 12304 "Presidential Reserve Call-up"	Determined by the President: To augment the active duty force for operational missions No more than 200,000 reservists can be on active duty No more than 270 days

Source: GAO analysis of U.S. Code provisions.

On September 14, 2001, President Bush declared that a national emergency existed as a result of the terrorist attacks of September 11, 2001. On September 20, 2001, DOD issued mobilization guidance that among other things allowed the services to mobilize reservists for up to 24 cumulative months under the President's partial mobilization authority. The Army's current guidance is that soldiers should serve 12 months with their "boots on the ground" in support of Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom in Iraq, not including the time spent in mobilization and demobilization activities, which could add several more months to the time a reserve member spends on active duty.

Army Reserve Components Have Significant Equipment Shortages and Personnel Challenges That Hinder Readiness for Future Missions

The Army's reserve components have provided ready forces for ongoing military operations since September 11, 2001, but personnel and equipment challenges have led to declining readiness and hamper their ability to prepare for future overseas and domestic missions. A resourcing structure that is inconsistent with the reserve components' new operational role as well as limiting mobilization policies and practices have led to equipment and personnel shortages. These shortages have required nondeployed reserve units to transfer equipment and personnel to deploying units, further degrading readiness. In the absence of a major effort to reassess equipment, personnel, and training requirements and policies, it will become increasingly difficult for the Army reserve components to prepare for future missions.

Reserve Components' Transfers of Equipment to Deploying Units and Equipment Left Overseas Exacerbate Existing Shortages

Two major issues that have degraded the readiness of Army reserve forces are (1) the transfers of equipment among units to deploy ready forces and (2) the significant amounts of equipment reserve units have left overseas. The resulting equipment shortages could adversely affect reserve units' ability to contribute to overseas and homeland missions.

Transferring Equipment to Ready Deploying Units Has Degraded Nondeployed Units' Equipment Inventories

The Army National Guard and the Army Reserve currently have shortages in the equipment they need to train and deploy and, in the case of the Army National Guard, to respond to domestic emergencies. As noted earlier, equipment shortages exist because the Army, following DOD planning guidance, has historically equipped Army units, including the Army reserve components, according to a strategy known as tiered resourcing. Under the tiered resourcing strategy, units expected to deploy overseas first in a conflict, generally active combat units, receive first priority for equipment. Following this approach, the Army accepted some operational risk by providing lower-priority reserve units with less

equipment than they would need for their missions, under the assumption that there would be time to provide additional equipment to them before they would be deployed. For example, the Army National Guard's divisions, which constitute the majority of its combat forces, have been maintained with about 65 percent of the equipment they would need to perform their missions. In addition, much Army reserve component equipment is older and less modern than that of the active Army and is not always compatible with active force logistics. The Army National Guard reports that units have less than one-third of their required equipment, and the Army Reserve currently reports that its units have about half of the modern equipment they would need to deploy.

Despite this tiered resourcing structure, for recent operations, combatant commanders have required Army National Guard and Army Reserve units to deploy with 90 to 100 percent of the equipment they are expected to need and with equipment that is compatible with that of active Army units. To meet the combatant commander requirements for fully manned and equipped units, the Army National Guard and the Army Reserve have transferred equipment to deploying units. For example, when Army National Guard's 30th Brigade Combat Team from North Carolina was alerted to prepare to deploy to Iraq in 2004, it had only about 40 percent of its deployment requirement of about 8,810 night vision goggles. The Army National Guard had to transfer about 5,272 pairs of goggles to fully equip the unit, leaving other units with even fewer goggles available for training and future missions. In another case, to support requirements for high-demand military police skills during 2004 and 2005, the Army tasked the Army National Guard to convert 40 non-military police units, including field artillery companies, to security units capable of performing selected military police missions in Iraq. While a military police company typically has 47 humvees in its inventory, field artillery companies have only about 3 humvees that are suitable for this new mission. The Army National Guard had already depleted its inventory of armored humvees to prepare units that had deployed previously, so the converted units had to obtain armored humvees from other units already in Iraq.

While transferring equipment has enabled the Army National Guard and Army Reserve to meet immediate needs, transfers have decreased the equipment available to nondeployed units for training and other purposes. Early transfers of equipment to deploying units created a cycle of additional ad hoc transfers as reserve units that had provided equipment to deploying forces were themselves alerted for mobilizations.

In 2004, we reported that as of May of that year, the Army National Guard had transferred more than 35,000 pieces of equipment to ready units for recent operations.² We subsequently reported that by July 2005, the number of equipment items transferred among Army National Guard units had grown to more than 101,000.³ With respect to some equipment items, transfers of equipment to deploying units have completely or almost completely exhausted the inventories of many nondeployed Army National Guard units. As of July 2005, the Army National Guard reported that equipment transfers had largely exhausted its inventory of more than 220 critical items, including some items useful to nondeployed units for training and domestic missions. Among the items for which the Army National Guard had shortages of over 80 percent of the authorized inventory were chemical warfare monitoring and decontamination equipment and night vision goggles.

These continuing transfers have resulted in significant declines in the amount of equipment available to nondeployed Army National Guard units since the beginning of current overseas operations. As we previously reported, the percentage of nondeployed units that reported having the minimum amount of equipment they would need to deploy⁴ dropped from 87 percent in October 2002 to about 59 percent in May 2005. (See fig. 1.) However, this estimate includes units that have older, less modern equipment, referred to as substitute equipment. While these substitute items may be useful for training purposes, commanders may not allow these older items in the theater of operations because they may not be compatible with the equipment other units are using and cannot be sustained logistically overseas. In addition, this estimate includes units that have equipment that is undergoing maintenance after returning from deployment or was left overseas, so these items are not readily available for use.

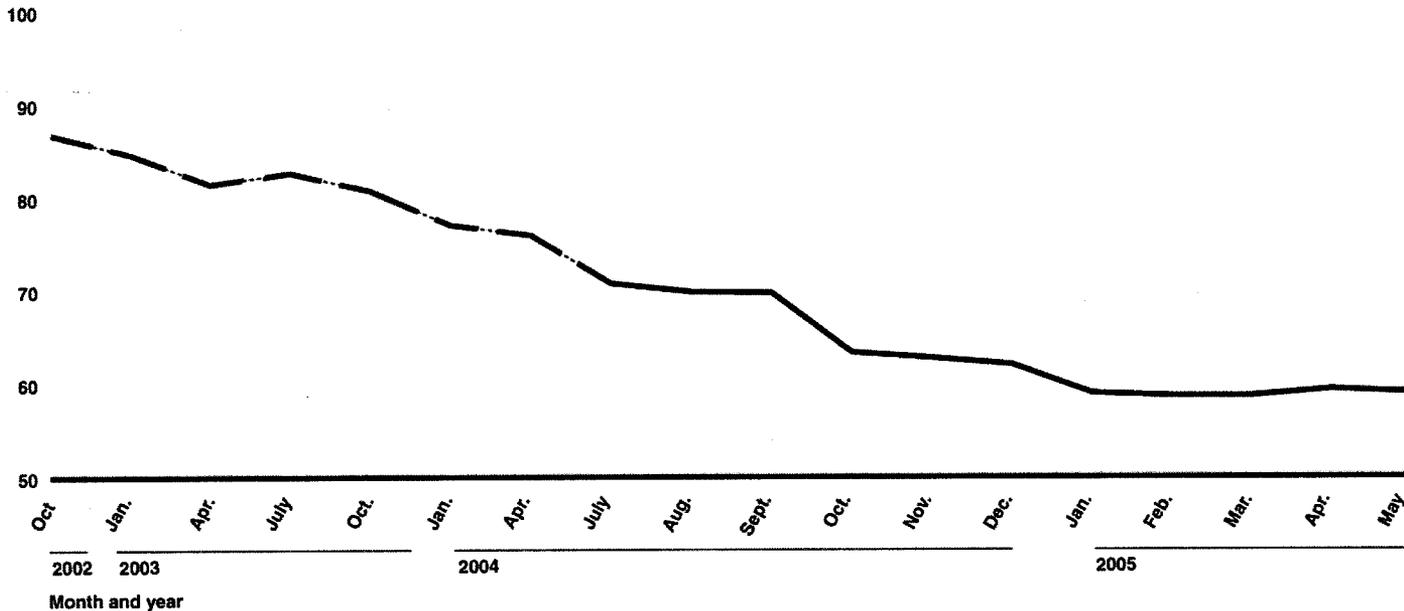
² GAO, *Reserve Forces: Actions Needed to Better Prepare the National Guard for Future Overseas and Domestic Missions*, GAO-05-21 (Washington, D.C.: Nov. 10, 2004).

³ GAO-06-111.

⁴ To meet minimum deployment criteria, a unit must generally have at least 80 percent of its mission-essential equipment on hand.

Figure 1: Percentage of Nondeployed Army National Guard Units Meeting Minimum Equipment Criteria to Deploy

Percent of units meeting minimum equipment criteria to deploy



Source: Army National Guard data.

National Guard officials stated that the number of Army National Guard units meeting the minimum criteria to deploy has continued to decline since our last report. The National Guard Bureau estimates that when substitute equipment items, equipment undergoing maintenance, and equipment left overseas for follow-on forces are subtracted, its nondeployed units had available only about 34 percent of essential warfighting equipment as of July 2005. Senior National Guard officials now estimate that the Army National Guard has less than 30 percent of its essential warfighting equipment.

Like the Army National Guard, the Army Reserve is also facing problems resulting from equipment transfers to deploying units. According to our analysis, from September 2001 through April 2005, the Army Reserve transferred about 236,000 pieces of equipment worth about \$765 million to fill equipment shortages among deploying units. The items most transferred were (1) individual equipment, such as clothing and boots; (2) unit equipment, such as tents, generators, and communications equipment; and (3) weapons.

In the fiscal year 2007 *National Guard and Reserve Equipment Report*, the Army Reserve reported that it had about 78 percent of the equipment it requires, but about one-third of the equipment is obsolete and not interoperable with the active Army. Therefore, the percentage of equipment Army Reserve units have that is acceptable for deployment is lower than the overall figure indicates. In addition, the Army Reserve has reported that its equipment is aging more quickly than planned because of high use and a harsh operational environment. Accordingly, the Army Reserve has estimated that as much as 44 percent of its equipment needs servicing, including equipment that has been returned from overseas. These shortfalls in equipment that could be used to equip deploying forces or in training for future missions challenge the Army Reserve's ability to train and prepare units for future deployments.

Requirement to Leave
Significant Quantities of
Equipment in Theater Has
Further Decreased Equipment
Available to Nondeployed Units

Compounding the degrading effect of equipment transfers on the equipment available to nondeployed reserve component units has been the requirement that units leave significant amounts of equipment in Afghanistan and Iraq for follow-on forces. In July 2005, we reported that Army Reserve units had been required to leave some equipment items, such as vehicles that have had armor added to them, which exacerbated shortages in equipment available for training.⁵ Moreover, in October 2005, we reported that the Army National Guard estimated it had left more than 64,000 equipment items valued at over \$1.2 billion overseas since 2003 to be used to support ongoing operations.⁶ For example, when the North Carolina 30th Brigade Combat Team returned from its deployment to Iraq in 2005, it left 229 humvees, about 73 percent of its predeployment inventory of those vehicles, for other units to use. Similarly, according to Army National Guard officials, three Illinois National Guard units were required to leave almost all of their humvees, about 130, in Iraq when they rotated back from deployment. Moreover, we reported that the Army had not fully accounted for this equipment and had not prepared plans to replace it as required under DOD policy. DOD Directive 1225.6, *Equipping the Reserve Forces*, issued April 7, 2005, requires a replacement plan for reserve component equipment transferred to the active component for more than 90 days.⁷ However, according to Army officials, the Army did

⁵ GAO-05-660.

⁶ GAO-06-111.

⁷ Replacement plans for removed equipment and supplies are not required for transfers in support of force restructuring adopted as a result of planning, programming, budgeting, and execution process decisions approved by the Secretary of Defense.

not initially track the Army National Guard's equipment or prepare replacement plans in the early phases of the war because the practice was intended to be a short-term measure and there were other priorities. In addition, the Army did not have a centralized process to track equipment and develop replacement plans. Instead, transfers of equipment between units were only documented at the unit level in unit property records. According to Army and National Guard officials, the Army only planned to track certain high-demand equipment items, such as armored humvees, that were designated to remain in theater for the duration of the conflict. The National Guard estimates untracked items, such as cargo trucks, rough terrain forklifts, and palletized load trucks, to be about 45 percent of all the items its units left overseas.

In May 2005, the Assistant Secretary of Defense for Reserve Affairs noted that while the exact amount of equipment transferred between the reserve and active components was unknown, overall the magnitude of these transfers has been significant and was an area of concern. He requested that the Army submit a replacement plan for all Army National Guard equipment retained in theater by June 17, 2005. In October 2005, we recommended that the Secretary of Defense direct the Army to prepare the replacement plans required by DOD Directive 1225.6.⁸ The department agreed with that recommendation, but the Army still has not completed plans for replacing the majority of the equipment. As of June 2006, the Army had developed some plans for replacement of Army National Guard equipment, but only three plans, which only covered a portion of the equipment the Army National Guard units left behind, had been approved.

Equipment Shortages Could Adversely Affect Reserve Units' Ability to Contribute to Homeland Security Missions as Well as Overseas Missions

In addition to creating potential risk to the nation's ability to respond to unforeseen events overseas, Army National Guard and Army Reserve equipment shortages could also adversely affect reserve units' ability to perform homeland defense missions and provide support to civil authorities in the event of natural disasters or terrorist attacks. Until recently, it has been assumed that the National Guard could perform its typical state missions, such as storm relief and firefighting, with the equipment it had on hand for its federal missions. However, with the heavy use of the Army National Guard in the new security environment, this assumption may not be a sound one, especially in the event of non-traditional threats, such as chemical or biological attacks, or pandemic disease. Moreover, while DOD's Office of the Assistant Secretary of

⁸ GAO-06-111.

Defense for Homeland Defense and the U.S. Northern Command, which are charged with leading DOD's efforts in homeland defense, have taken some actions to plan DOD's response to potential threats, they have not completed developing requirements or preparedness standards and measures for homeland missions in which the National Guard may be likely to participate. We have previously reported that some items, such as humvees, night vision goggles, and chemical protective suits, which are in short supply among the Army National Guard's nondeployed forces, may also be extremely useful for responding to domestic events, including terrorism.⁹ Although planning for large-scale events, whether natural or man-made, is not complete and requirements are not fully known, it is likely that at a minimum, National Guard forces—under control of the states or the President—will be involved in responding to any large-scale threat or catastrophe. Hurricane Katrina, which hit the Gulf Coast in August 2005, highlighted the Army National Guard's and DOD's key roles in responding to catastrophic events as over 50,000 National Guard forces, as well as 20,000 additional active duty military forces, participated in responding to the devastation the hurricane left behind.¹⁰ We reported in May 2006 that many challenges that the military faced during Katrina pointed to the need for better plans and more robust exercises for disaster response and noted that without actions to help address planning and exercise inadequacies, a lack of understanding will continue to exist within the military and among federal, state, and local responders as to the types of assistance and capabilities that DOD might provide in response to a catastrophe; the timing of this assistance; and the respective contributions of the active, reserve, and National Guard forces.

Given the National Guard's role in responding to domestic emergencies, in November 2004, we recommended that the Secretary of Defense (1) establish the full range of the National Guard's homeland missions, including those led by DOD and those conducted in support of civilian authorities; (2) identify the National Guard's capabilities to perform these missions and any shortfalls in personnel, equipment, and training that need to be addressed to perform these missions successfully; (3) develop a plan to address any shortfalls including identifying funding; and (4) establish readiness standards and measures for the National Guard's

⁹ GAO-06-111.

¹⁰ 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).

homeland security missions so that the readiness for these missions can be systematically measured and accurately reported.¹¹ DOD agreed with our recommendations and is now taking a more active role in working with its federal and state partners to improve its ability to respond to catastrophic incidents. In addition, this year the Army has taken some steps to provide equipment to National Guard units in hurricane-prone states to temporarily improve their ability to respond to hurricanes. Specifically, the Army transferred equipment, such as trucks, floodlights, and night vision devices, from its active component units to National Guard units. Further, the Under Secretary of Defense for Personnel and Readiness has directed that the department begin tracking its readiness for some domestic missions in the new Defense Readiness Reporting System.

Army National Guard and Army Reserve Face Significant Personnel Challenges, Especially in Some Critical Skills

In addition to equipment shortages, other factors have negatively affected Army's reserve components' personnel readiness: (1) the transfer of personnel among units to deploy ready forces, (2) fewer full-time support staff than authorized, and (3) the increasing difficulty of identifying trained personnel available to deploy for future rotations.

Personnel Transfers among Units to Support Deployments Have Led to Shortages in Nondeployed Units

Under tiered resourcing, Army National Guard and Army Reserve units have generally been assigned fewer personnel than they require to perform their assigned missions, under the assumption that the shortages could be filled before the units would deploy. For example, the Army Reserve has been assigned about 80 to 85 percent of its required personnel. Additionally, some personnel assigned to units may not be deployable because of unfulfilled training requirements or for personal reasons, such as family situations or health reasons. However, for Operation Iraqi Freedom, the combatant commander has required that Army National Guard and Army Reserve units be deployed with 100 percent of the personnel they need for their missions. Therefore, to fill shortages in deploying units to support the first rotations of troops to Operation Iraqi Freedom in March 2003, the Army National Guard and the Army Reserve had to transfer personnel from units that were not yet alerted to deploy. Initial transfers worsened existing personnel shortages in non-mobilized units and increased the numbers of personnel that had to be transferred when additional units were subsequently mobilized. Moreover, transfers

¹¹ GAO-05-21.

Requirements for Full-time Personnel to Provide Support Have Not Been Fully Reassessed in Light of the Army's Reserve Components' Changing Role

are continuing as reserve personnel continue to be deployed to support ongoing rotations to Iraq. Shortages of available personnel in non-mobilized units now limit their ability to conduct training for future missions and will require them to receive significant infusions of personnel from other units if they are alerted for mobilization. Without a comprehensive reassessment of its reserve staffing policies, the reserve components will have difficulty improving readiness.

Another significant challenge the Army National Guard and Army Reserve face in continuing to provide support for ongoing operations is that they have not been authorized all of the full-time support staff units need to perform critical readiness duties at home. These personnel play a key role in maintaining reserve component unit readiness and participating in mobilization/deployment planning and preparation by performing the day-to-day equipment maintenance, administrative, recruiting and retention, and training tasks for the Army National Guard and Army Reserve forces. However, in accordance with the Army's tiered resourcing strategy, the Army's reserve components have not been authorized all the full-time personnel they need to be fully manned. For example, based on a pre-September 11, 2001, analysis, the Army Reserve identified a requirement for about 38,000 full-time support personnel, which equates to about 18.5 percent of the 205,000 members it is authorized by law. However, the Army Reserve is only authorized about 26,350 full-time support personnel, or about 68 percent of its requirement. The Army National Guard was authorized full-time support equal to only 59 percent of its full-time requirement, in contrast with the Air National Guard, which is staffed at 100 percent of its required full-time support personnel. In 2005, we recommended that the Army should reassess the Army Reserve's requirement for full-time staffing support given its new operational role, but such a reassessment has not yet been completed.¹² Without sufficient full-time personnel, critical administrative, maintenance, and training tasks may not be completed in a timely manner and unit readiness may suffer.

Identifying Trained Personnel Available to Deploy for Future Rotations Is Increasingly Difficult

As current operations have continued, under DOD's current policies, the Army National Guard and Army Reserve will be challenged to involuntarily mobilize and deploy large numbers of personnel with needed skills. Reservists serving in Afghanistan and Iraq have been activated under a partial mobilization authority that enables the secretary of a military department to involuntarily mobilize reservists for up to 24 consecutive

¹² GAO-05-660.

months. Limitations imposed by DOD policies implementing the mobilization authority have contributed to increasing difficulties in identifying reserve personnel, especially personnel trained in some high-demand skills, to fill ongoing requirements.

Some of the skills in highest demand for current operations are the combat support and combat service support skills that reside heavily or primarily in the Army National Guard and Army Reserve—sometimes in small numbers of critical personnel. Skills that are in high demand include military police, engineering, and civil affairs. Because so many of the Army reservists in these skills areas have already been deployed and are not eligible for future deployment under current policies, DOD has developed strategies, such as reassigning and retraining personnel from within the Army and the other services according to Army doctrine, to fill combatant commander requirements. While new recruits are constantly entering the Army Reserve and National Guard, training them with specialized skills, such as intelligence analysis, takes time.

As we reported earlier this month, there are various options that DOD can consider to make more reserve personnel available for future rotations overseas, such as reconsidering its policy of involuntarily activating reservists only once for current operations, changing deployment durations, and transferring more positions to high-demand areas.¹³ Each of these options has both advantages and disadvantages. However, DOD has not conducted a comprehensive, data-driven analysis of its options. Without such an analysis, DOD will be challenged to plan effectively for future requirements. Moreover, the Secretary of Defense and the Congress will not have complete information on which to base decisions about the size and composition of the force, mobilization and deployment policies, and other issues.

¹³ GAO, *Force Structure: DOD Needs to Integrate Data into Its Force Identification Process and Examine Options to Meet Requirements for High-Demand Support Forces*, GAO-06-962 (Washington, D.C.: Sept. 5, 2006).

Two Major Army Transformation Initiatives Are Under Way, But Effect On Reserve Component Readiness Is Unclear

The Army has two major initiatives—the creation of modular units and development of a force generation model to provide more predictability to unit rotations—that are intended to enhance the ability of both active and reserve units to conduct 21st century operations; however, implementation plans for these initiatives are still evolving, funding plans lack sufficient details and could change, and the risks associated with the initiatives have not been clearly identified. As a result, the potential impact of these initiatives on the reserve components' sustainability as part of a 21st century operational force is very uncertain. Further details about how both these initiatives will work are critical so that national decision makers can make accurate assessments, manage risk, and ensure that the initiatives will result in a sustainable model for the reserves that will provide adequate levels of readiness commensurate with expected roles and missions of the Army National Guard and Reserves.

Army's Plans to Transform Its Forces into Modular Brigades Face Significant Personnel and Equipment Challenges

The Army considers its modular force transformation the most extensive restructuring it has undertaken since World War II. Restructuring the Army from a division-based force to a force of modular brigades that are intended to be more rapidly deployable and better able to conduct joint operations will require extensive investments in equipment and retraining of personnel. The Army currently estimates this initiative will cost \$52.5 billion, including \$41 billion for new equipment. These funds are intended to cover the costs for equipping, training, and procuring new facilities for active, reserve, and National Guard units—including those designed for combat, support, and headquarters functions. The Army estimated in June 2005 that it would cost about \$15.6 billion to convert the Army National Guard's units.

We have given testimony that although the Army is making progress in creating modular units, it faces significant challenges in managing costs and meeting equipment and personnel requirements associated with modular restructuring in both the active and reserve components.¹⁴ Specifically, we have noted that it is not clear to what extent the Army can achieve the expected capabilities of the new modular units within its cost estimate and planned time frames for completing unit conversions. As of April 2006, the Army had not met its near-term equipping goals for its active modular combat brigades, which have traditionally been equipped at a higher level than most reserve component units. In both the active

¹⁴ GAO, *Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain*, GAO-06-548T (Washington, D.C.: Apr. 4, 2006).

component and Army National Guard, combat brigades will initially lack some of the key equipment that Army force design analyses determined were essential for achieving their planned capabilities. This will occur because the Army's plans to fund new equipment for its modular force do not match the schedule for converting units to new modular organizational designs.

In addition, we have also reported that the Army will face greater challenges in meeting its modular equipping requirements for its 28 planned National Guard combat brigades.¹⁵ Army National Guard and Army Reserve units will start their modular conversions with less and much older equipment than most active units. This will add to the challenge the Army faces in achieving its plans and timelines for equipping Army National Guard units at comparable levels to active units. The Army plans to spend a total of \$21 billion cumulatively over the next few years on Army National Guard equipment and \$3.8 billion on Army Reserve equipment. However, Army National Guard officials believe that even after the Army's planned investment, the Army National Guard will have to accept risk in certain equipment, such as tactical wheeled vehicles, aircraft, and force protection equipment.

In the near term, modular conversions will likely exacerbate current equipment shortfalls in the Army National Guard. First, according to current Army plans, the units are expected to convert to their new designs with the equipment they have on hand. However, because of existing shortages and the large number of equipment items that deployed units left in Iraq or that need repair or replacement because of heavy use, units will not have equipment needed for the Army's modular unit designs. For example, converted Army National Guard units initially expect to be without some equipment items that provide the basis for the improved capability of the new brigades, such as unmanned aerial vehicles, single channel ground and airborne radio systems, and Javelin antitank missiles. Second, although most Army National Guard units are scheduled to be reorganized by 2008, the Army has not planned funding to provide equipment to the units until 2011 at the earliest, and equipment for ongoing operations may continue to take priority away from replacing equipment of nondeployed units. The lack of detailed plans for equipping Army National Guard units makes it difficult to determine how the Army

¹⁵ GAO-06-548T.

intends to transition these units from the old to the new organizational structure effectively.

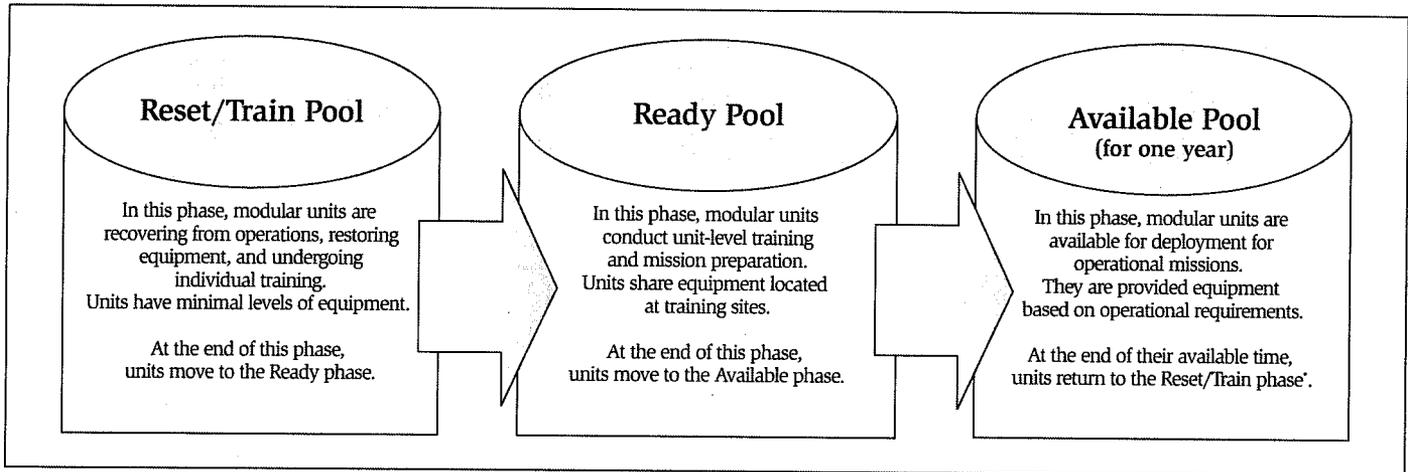
Moreover, our work highlighted several limitations to the Army's cost estimate for Army National Guard modular force conversions.¹⁶ First, the estimate was based on a unit design that is less modern than one the Army plans to use in the near term. Second, the estimate does not include costs for 10 of the Army National Guard's support units or military construction costs associated with its 40 support units. Furthermore, the cost estimates assume that Army National Guard equipment inventories will be at prewar levels and available for modular conversions, which may not be a reasonable assumption given the large amounts of equipment that units have left overseas for which replacement plans have not yet been developed. Supplemental funds for repairing and replacing equipment worn out overseas could help improve reserve equipment levels; however, the amount and duration of the funding that might be allocated to the reserve components is uncertain.

Equipping and Personnel Levels Associated with Army's Force Generation Model Are Unclear

The Army has adopted a new force generation model that is intended to improve units' readiness over time as they move through phased training to prepare for a potential deployment window that would occur once every 5 to 6 years for reserve component units. The early phases of the cycle would entail formation and staffing of the unit and beginning individual and collective training. Figure 2 illustrates the movement of units through reset and train, ready, and available phases.

¹⁶ GAO-06-548T.

Figure 2: Army Proposed Force Generation Model



Source: GAO analysis of Army data.

*The Army's force rotation model proposes that active component units in the Available phase will be available for deployment 1 year in every 3 years, and reserve component units will be available for deployment 1 year in every 6 years.

According to Army officials, providing units increasing amounts of equipment as they move through the phases of the model will enable the Army to better allocate available equipment and help manage risks associated with specific equipment shortages. Under this model, three types of equipment sets—a baseline set, a training set, and a deployment set—would be provided to units as they progress through the cycle. The baseline set would vary by unit type and assigned mission and the equipment it includes could be significantly reduced from the amount called for in the modular brigade design. Training sets would include more of the equipment units need to be ready for deployment, but the equipment would be located at training sites throughout the country and units would not have immediate access to the equipment. The deployment set would include all equipment needed for deployment, including theater-specific equipment. With this cyclical equipping approach, the Army believes it can have up to 14 active combat brigades and up to 5 Army National Guard combat brigades equipped and mission ready at any time.

The Army has developed a general proposal to equip both active and reserve units according to the readiness requirements of each phase of the force generation model, but it has not yet fully determined equipping requirements for units as they progress through the rotational cycles. Specifically, plans do not yet detail the types and quantities of items

required in each phase, and the levels of equipment the deploying and non-deploying units would receive are currently not clear. Therefore, it is difficult to assess the risks or the ability of units in the earlier stages of the cycle to respond to unforeseen crises overseas or domestically, if required. Such unforeseen crises could include both events overseas requiring a U.S. military response or domestic events, such as large-scale natural disasters or terrorist attacks. In either case, reserve units may be expected to contribute units to conduct homeland defense missions or to support civilian authorities. Although the Army has recently worked with the Army National Guard to assess equipment needs for some homeland security scenarios, it is not clear whether Army National Guard units will have sufficient quantities of such equipment during the early phases of the Army's force generation model to respond effectively under each scenario. Further, because the requirements for the military to support civilian authorities in a national crisis have not been determined, there is no yardstick for measuring how ready nondeployed forces are to respond to these potential emergencies.

In 2005 we recommended that the Army define the end state of the units, personnel, skills, and equipment the Army reserve components would need to fit into the Army's modular force and rotational cycle.¹⁷ Although DOD agreed with our recommendations, many questions remain about the risks inherent in the Army's plans. The Army has developed, and continues to refine, a plan that will guide the implementation of its modular unit designs and force generation model. However, to date, the plan has not contained the level of detail needed to define the types and numbers of units that will be required, the process for coordinating the implementation steps of these two initiatives, or the funding streams needed to fully implement them. Until this information is developed, it will not be possible to assess the implementation risks and determine whether the proposed changes will provide the desired objectives of a more capable, flexible, and expeditionary force with reserve components fully ready for deployments no more than once in 5 or 6 years.

Concluding Observations

While strategies such as transferring large numbers of Army reserve component equipment and personnel from non-deploying units to deploying units and leaving reserve component equipment overseas have met DOD's immediate needs to support overseas operations, these strategies are not sustainable over the long term. Growing equipment and

¹⁷ GAO-05-660 and GAO-06-111.

personnel shortages in nondeployed units are symptoms of an outdated model for balancing reserve unit capabilities, costs, and risks. While DOD's strategies for supporting Army reserve component units during the Cold War may have been appropriate to that era, significant changes in the national security environment have led to greater use of the Army reserve components on an ongoing basis and spurred the need for a comprehensive reassessment of reserve component equipping, personnel, and training policies. In the absence of a comprehensive reassessment and development of a new model that matches requirements and resources with expected roles and missions, trends toward declining equipment and personnel readiness could persist well into the future and Army reserve component units may not be as well prepared for future overseas and homeland security missions as expected. For example, at a time when threats to the nation from terrorist attacks have increased, the Army National Guard has less equipment than it did in 2002 with which to respond to natural or man-made events that could potentially be catastrophic. Although DOD and the Army have some initiatives under way to enhance Army reserve component readiness, they have not yet fully developed a comprehensive model for managing personnel, equipment, and training in light of the Army reserve components' new operational role.

The Army's key initiatives of building a modular force and establishing a cyclical force generation model represent important changes in how the reserve components will be organized and will operate in the future. However, many questions remain about how these initiatives will affect reserve component readiness. Until the Army develops a more detailed implementation plan that identifies equipment, personnel, and training requirements that are consistent with the Army reserve components' new operational roles, and until funding requirements to provide an acceptable and affordable level of readiness are identified, the Army's reserve components will continue to be challenged to support ongoing operations or prepare for the future. Moreover, until the details of such a plan are communicated to a broader audience, national-level decision makers will not have sufficient information with which to assess DOD's progress and performance in transforming the Army reserve components.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or other members of the Commission may have.

Contact and Acknowledgments

For more information regarding this testimony, please contact Janet St. Laurent at (202) 512-4402 or stlaurentj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. Individuals making key contributions to this testimony include Margaret Morgan, Assistant Director; Alissa Czyz; Paul Gvoth; Nicole Harms; Catherine Humphries; David Marroni; Terry Richardson; John Van Schaik; and Suzanne Wren.

Related GAO Products

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: DOD Needs to Integrate Data into Its Force Identification Process and Examine Options to Meet Requirements for High-Demand Support Forces. GAO-06-962. Washington, D.C.: September 5, 2006.

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Reserve Forces: Army National Guard's Role, Organization, and Equipment Need to be Reexamined. GAO-06-170T. Washington, D.C.: October 20, 2005.

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.: October 4, 2005.

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.

Reserve Forces: An Integrated Plan Is Needed to Address Army Reserve Personnel and Equipment Shortages. GAO-05-660. Washington, D.C.: July 12, 2005.

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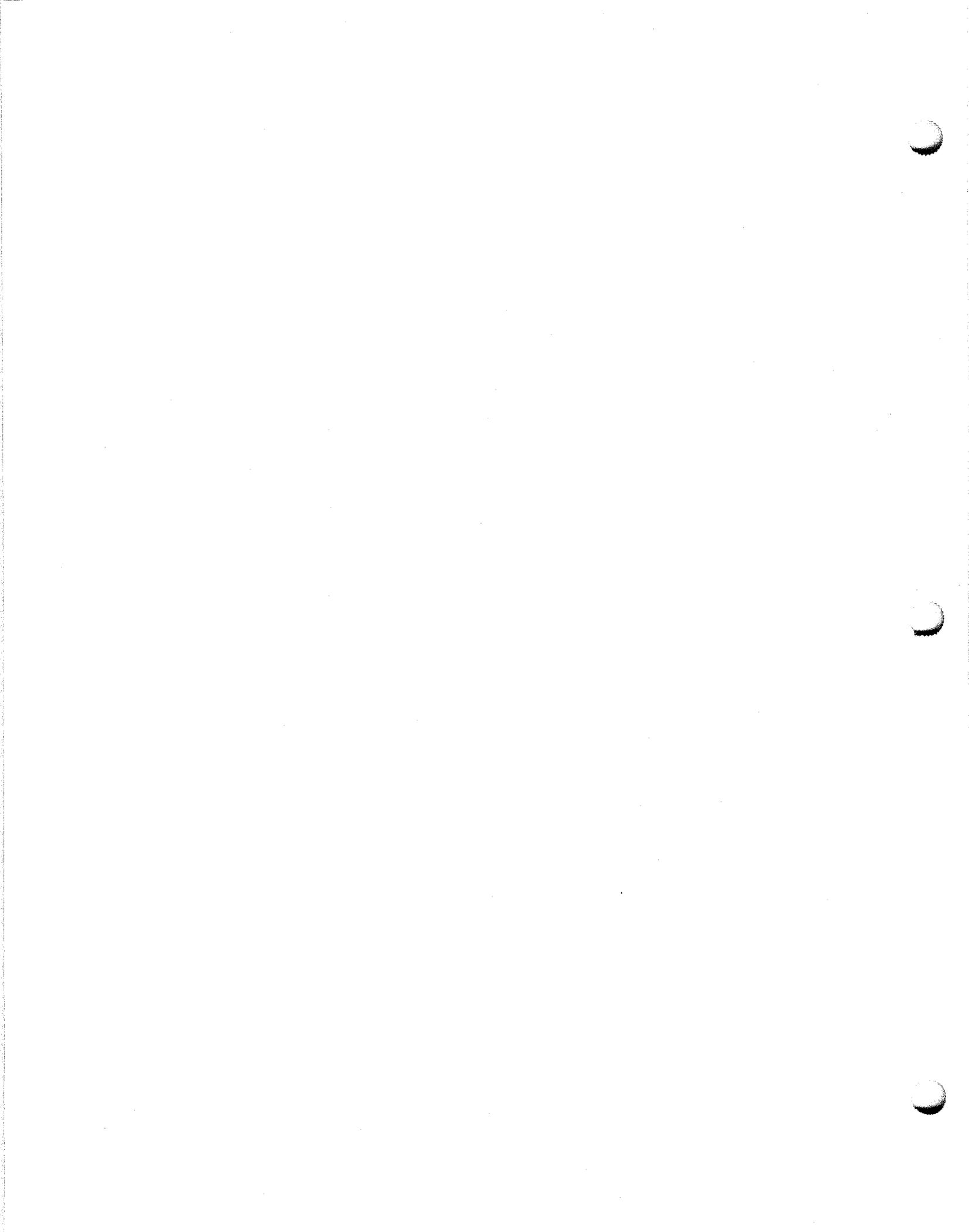
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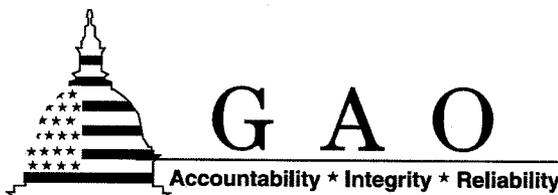
Before the Committee on Government Reform, House of Representatives

For Release on Delivery
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RESERVE FORCES

Army National Guard's Role, Organization, and Equipment Need to be Reexamined

Statement of David M. Walker
Comptroller General of the United States





Highlights of GAO-06-170T, a testimony before the Committee on Government Reform, House of Representatives

Why GAO Did This Study

Since September 2001, the National Guard has experienced the largest activation of its members since World War II. Currently, over 30 percent of the Army forces now in Iraq are Army National Guard members, and Guard forces have also carried out various homeland security and large-scale disaster response roles. However, continued heavy use of the Guard forces has raised concerns about whether it can successfully perform and sustain both missions over time. In the short term, the National Guard is seeking additional funding for emergency equipment. GAO was asked to comment on (1) the changing role of the Army National Guard, (2) whether the Army National Guard has the equipment it needs to sustain federal and state missions, and (3) the extent to which DOD has strategies and plans to improve the Army National Guard's business model for the future.

What GAO Recommends

For this statement, GAO drew on previous work, primarily on a report titled: *Reserve Forces: Plans Needed to Improve Army Guard Equipment Readiness and Better Integrate Guard into Army Transformation Initiatives* (GAO-06-111). In this report, GAO makes recommendations intended to improve the structure and readiness of the Army National Guard for overseas and homeland operations. DOD agreed with the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-170T.

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RESERVE FORCES

Army National Guard's Role, Organization, and Equipment Need to Be Reexamined

What GAO Found

The heavy reliance on National Guard forces for overseas and homeland missions since September 2001 has resulted in readiness problems which suggest that the current business model for the Army National Guard is not sustainable over time. Therefore, the business model should be reexamined in light of the current and expected national security environment, homeland security needs, and fiscal challenges the nation faces in the 21st century. Under post-Cold War planning assumptions, the Army National Guard was organized as a strategic reserve to be used primarily in the later stages of a conflict after receiving additional personnel, equipment and training. Therefore, in peacetime Army National Guard units did not have all the equipment and personnel they would need to perform their wartime missions. However, over 70,000 Guard personnel are now deployed for federal missions, with thousands more activated to respond to recent natural disasters. To provide ready forces, the Guard transferred large numbers of personnel and equipment among units, thereby exacerbating existing personnel and equipment shortages of non-deployed units. As a result, the preparedness of non-deployed units for future missions is declining.

The need to reexamine the business model for the Army National Guard is illustrated by growing equipment shortages. As of July 2005, the Army National Guard had transferred over 101,000 equipment items to units deploying overseas, exhausting its inventory of some critical items, such as radios and generators, in non-deployed units. Nondeployed Guard units now face significant equipment shortfalls because: (1) prior to 2001, most Army National Guard units were equipped with 65 to 79 percent of their required war-time items and (2) Guard units returning from overseas operations have left equipment, such as radios and trucks for follow-on forces. The Army National Guard estimates that its units left over 64,000 items valued at over \$1.2 billion overseas. However, the Army cannot account for over half of these items and does not have a plan to replace them, as DOD policy requires. Nondeployed Guard units now have only about one-third of the equipment they need for their overseas missions, which hampers their ability to prepare for future missions and conduct domestic operations. Without a plan and funding strategy that addresses the Guard's equipment needs for all its missions, DOD and Congress do not have assurance that the Army has an affordable plan to improve the Guard's equipment readiness.

DOD is taking some steps to adapt to the new security environment and balance the Army National Guard's overseas and homeland missions. For example, the Army has embarked on reorganization to a modular, rotational force. Also, DOD issued a strategy for homeland defense and civil support in June 2005. However, until DOD develops an equipping plan and funding strategy to implement its initiatives, Congress and DOD will not have assurance that these changes will create a new business model that can sustain the Army National Guard affordably and effectively for the full range of its future missions.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the critical role of the National Guard in conducting missions at home and overseas as well as equipment issues affecting the Army National Guard. Recent and ongoing military operations in Afghanistan and Iraq and new homeland missions have led to higher demands on the reserve component, particularly the Army National Guard. As we described in our previous report and testimony on the Department of Defense's (DOD) use of the National Guard, the launch of the Global War on Terrorism has resulted in the largest activation of National Guard forces for overseas missions since World War II. In addition, Guard members have been called upon to perform new homeland security missions as well as state missions ranging from fighting forest fires to providing hurricane relief. As of July 2005, more than 30 percent of the Army forces deployed to Operation Iraqi Freedom are National Guard members and as of September 2005 over 50,000 National Guard personnel from over 48 states, 2 U.S. territories and the District of Columbia supported the hurricane disaster response in the Gulf Coast.

Before I address the primary subject of this hearing, I would like to bring an important matter to the attention of this committee relating to the Guard and Reserves. This past Saturday evening, I had the privilege and pleasure to attend the Annual Freedom Awards Banquet sponsored by the National Committee of Employer Support for the Guard and Reserve here in Washington. This year's banquet honored 15 employers, including Enterprise Rent-a-Car and Toyota Motor Sales, USA, Inc. who demonstrated their above and beyond commitment to their employees who are members of the Guard or Reserves. During the evening it became clear to me that the U.S. Government is not leading by example or practicing what it preaches in connection with employer support for the Guard and Reserves. GAO would like to be able to do what many of the awardees have already done but we are limited in doing so under current law. Namely, we believe federal agencies should be able to make up any salary differential that activated Guard and Reserve members might otherwise lose out of our annual appropriation. We would also like to be able to be sure that applicable employees and their family members continue to receive their employer provided benefits. We and other federal employers need your help to make this a reality.

The Army National Guard's heavy involvement in recent operations and growing equipment problems are a reflection of the significant changes in the security environment—changes that are occurring at a time when our nation is threatened by growing fiscal imbalances stemming, in large part,

from an aging population and rising health care costs. If left unchecked, these fiscal imbalances will ultimately impede economic growth, which could impact our ability to address key national and homeland security needs. To assist the Congress in reviewing and reconsidering federal programs in light of changing security threats and fiscal challenges, we have identified a number of fundamental questions that we believe policymakers will need to address in the coming years to ensure that federal programs and organizations are focused on the nation's highest priority challenges and are affordable in light of fiscal projections. To facilitate a process of reexamining the base of federal government, we issued a report in February 2005 that identifies a number of 21st century challenges and includes 12 reexamination areas.¹ One of these areas is the need to reassess defense programs and practices that stem from the Cold War era. Within defense, a specific issue we believe bears review is the need to reexamine the current business model for the reserve component. The current business model is unsustainable, especially in light of recent changes in how the DOD uses its reserve units. In essence, we believe that policymakers need to focus on helping to assure that DOD has an appropriate model for the National Guard that adequately balances the demand for forces with appropriate human capital policies, readiness standards, and equipping policies for all of the National Guard's missions.

My statement today focuses on (1) challenges facing the Army National Guard as a result of its changing role and high pace of operations, (2) whether the Army National Guard has the equipment needed to maintain readiness for future missions, and (3) the extent to which DOD is transforming the Army National Guard to enhance its equipment posture and preparedness for the future. In conjunction with this testimony, we have also prepared a report² at the committee's request, on Army National Guard equipment issues and the Army's plans to convert the Army National Guard to a modular force that equips units to support continuous overseas operations.

¹ GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: Feb., 2005).

² GAO, *Reserve Forces: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Transformation Initiatives*, GAO-06-111 (Washington, D.C.: Oct. 4, 2005).

To address these objectives, we drew from previous reports on the National Guard's use for overseas and homeland security missions³ and collected and analyzed data to assess the status of Army National Guard equipment. To determine the status of equipment, we analyzed information on the types and quantities of Army National Guard equipment that have been used in overseas operations; determined the equipment status of nondeployed units; assessed the extent to which Army National Guard equipment has been retained overseas to support ongoing operations; and identified some of the equipment issues associated with responding to homeland security missions and natural disasters, such as Hurricane Katrina. To assess DOD's transformation plans, we evaluated the Army's plans to convert Guard units to modular brigades and develop a rotational deployment model to equip units to support continuous overseas operations. We interviewed officials in the DOD, the Department of the Army, the National Guard Bureau, and the Army National Guard and supplemented this information with visits to Army commands and two units—the 30th Brigade Combat Team in North Carolina, which deployed in February 2004, and the 48th Brigade Combat Team in Georgia, which deployed in May 2005. We selected these units because they enabled us to evaluate how the process used to prepare units has changed with subsequent rotations to Operation Iraqi Freedom. We also discussed the National Guard's response to Hurricane Katrina with senior leaders of the National Guard and visited National Guard officials in Louisiana and Mississippi to gain their perspectives. We conducted our review of the National Guard's equipment status from December 2004 to October 2005 and determined that the data used were sufficiently reliable for our objectives.

Summary

The significant use of Army National Guard forces for overseas and homeland missions since September 11, 2001 has resulted in declining readiness, weakening the Army National Guard's preparedness for future missions and indicating that DOD's business model for the Army National Guard is unsustainable and needs to be reassessed. The current heavy reliance on the Army National Guard for overseas operations represents a fundamental change from the Guard's planned role as a strategic reserve force whose principal role was to deploy in the later stages of a major

³GAO, *Reserve Forces: Observations on Recent National Guard Use in Overseas and Homeland Missions*, GAO-04-670T (Washington, D.C.: Apr. 29, 2004.) and *Reserve Forces: Actions Needed to Better Prepare the National Guard for Future Overseas and Domestic Missions*, GAO-05-21 (Washington, D.C.: Nov. 10, 2004).

conflict if needed. Under this model, which still governs how resources are provided to the Guard, the majority of Army National Guard combat forces are only provided with 65 to 74 percent of the people and 65 to 79 percent of the equipment needed to conduct their assigned wartime missions. Units are generally expected to receive additional personnel, training, and equipment during a mobilization period before deploying to support military operations. However, for operations in Iraq and Afghanistan, combatant commanders have required the Army National Guard to provide large numbers fully manned and equipped units to conduct stability operations on an ongoing basis. To meet these demands, the Army National Guard has transferred thousands of personnel and equipment from nondeployed units to support deploying units. As a result, the preparedness of nondeployed units for future missions is declining, and DOD's strategy of transferring large numbers of equipment and personnel among units is showing signs of increased stress. The declining readiness of nondeployed units could also make it more difficult for the Guard to respond to homeland security and disaster response missions. Importantly, DOD has not developed a system for measuring the Guard's preparedness for such missions.

Worsening equipment shortfalls affecting the Army National Guard illustrate the need for DOD to reexamine its strategy and plans for the Army National Guard. As we noted in our report, National Guard Bureau officials estimate that the Guard's nondeployed units had only about 34 percent of their essential warfighting equipment as of July 2005, after subtracting equipment that has been left overseas, substitute items that may be incompatible with the active component's equipment, or items that are undergoing maintenance after being overseas. As of July 2005, the National Guard had transferred more than 101,000 pieces of equipment from nondeploying units to fully equip deploying units. This practice has depleted the Army National Guard's inventories of more than 220 critical items, such as armored humvees, and reduced the Guard's remaining inventory of other mission-essential items. In addition to planned equipment shortfalls, another key reason why the equipment condition of nondeployed units has worsened in recent months is that the Army has required units returning from deployment to leave significant quantities of equipment overseas for use by follow-on forces. As of June 2005, Army National Guard units had left more than 64,000 pieces of equipment, valued at more than \$1.2 billion, overseas to support continuing operations. Moreover, the Army cannot account for over half the equipment Army National Guard units have left overseas and has not developed replacement plans for the equipment as, DOD policy requires. Further, extensive use of the Guard's equipment overseas has significantly

reduced the amount of equipment available to state governors for domestic needs. National Guard officials believe that the National Guard's response to Hurricane Katrina was more complicated because significant quantities of critical equipment, such as satellite communications equipment, radios, trucks, helicopters, and night vision goggles, were deployed to Iraq. In the absence of a plan and funding strategy that addresses the Guard's equipment needs for all its missions, DOD and the Congress currently do not have assurance that the Army National Guard will be well prepared for future missions at home or abroad, particularly those that arise on short notice.

DOD is undertaking some initiatives to improve the Guard's equipment readiness and to balance its multiple roles in overseas and domestic operations. However, it is not clear whether these initiatives will be effective in enhancing the Army National Guard's equipment posture because DOD has not yet developed detailed plans and included funding for all the initiatives in its budget. The Army has begun reorganizing Army National Guard units into modular brigades and is planning to implement a rotational deployment model in which it expects Guard units would deploy overseas no more than about once every 6 years. However, the Army has not yet worked out many details of these initiatives, such as what readiness standards units will be required to maintain after returning from deployments, what specific types of equipment Guard modular brigades will receive and how their equipping levels will differ from the active component, and how quickly Guard units will be provided new equipment needed for modular formations after converting to the new modular structure. In addition, DOD has not yet fully assessed the Guard's role and requirements for homeland defense and civil support missions. In June 2005, DOD published a strategy for homeland defense and civil support missions that recognizes the Army National Guard's federal and state roles and sets out the department's overall approach to securing the nation from attack. However, the department has not determined how it will implement the strategy, nor has it clarified the responsibilities of the National Guard or established specific personnel and equipment requirements for these missions, as we recommended in our 2004 report. Until these initiatives are more fully developed and key implementation decisions are made, the Congress will not be in a sound position to weigh the affordability and effectiveness of DOD's strategy for positioning the Army National Guard to remain a relevant and sufficiently equipped force for the future.

In the report we are publishing with this testimony, we are recommending that DOD develop and submit to Congress a plan and funding strategy that

addresses the equipment needs of the Army National Guard and a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. DOD agreed with our recommendations and said that it is taking actions to posture Army National Guard forces for prolonged operations by building a rotational force and developing resource plans for all Army units. It further noted that the Army is taking steps to implement stricter accountability over Guard equipment currently left in theater and is working to develop replacement plans for these items.

Background

As we have previously testified,⁴ legislative proposals involving substantial long-term costs and commitments should be considered in the context of the serious fiscal challenges facing this country. The federal government's liabilities and commitments have grown from \$20.4 trillion to \$43.3 trillion from fiscal year 2000 through fiscal year 2004. This amount continues to increase due to continuing deficits, known demographic trends, and compounding interest costs. Furthermore, our long-range budget simulations show that this nation faces a large and growing structural deficit. Given the size of our projected deficit, we will not be able to eliminate the deficit through economic growth alone. The long-term fiscal pressures created by the impending retirement of the baby boom generation, rising health care costs, and increased homeland security and defense commitments intensify the need to weigh existing federal budgetary resources against emerging new priorities. In our 21st Century Challenges report,⁵ we noted that it is time for a baseline review of all major federal programs and policies, including the military's reserve components.⁶ We have previously reported on a number of military force management issues in the active and reserve components, including roles

⁴ See GAO, *Long-Term Fiscal Issues: The Need for Social Security Reform*, GAO-05-318T (Washington, D.C.: Feb. 9, 2005); *Budget Process: Long-term Focus Is Critical*, GAO-04-585T (Washington, D.C.: Mar. 23, 2004); *Long-term Budget Issues: Moving from Balancing the Budget to Balancing Fiscal Risk*, GAO-01-385T (Washington, D.C.: Feb. 6, 2001).

⁵ See GAO-05-325SP.

⁶ The reserve components of the U.S. Armed Forces are the Army National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve. The Selected Reserve consists of military members assigned to organized reserve units and reservists who participate in at least 48 scheduled drills or training periods each year and serve on active duty for training of not less than 14 days during each year.

and missions of the Army and Air National Guard⁷ and the Army Reserve⁸ and the process for assessing the numbers of active duty military forces.⁹ We have also reported on a number of military personnel issues, including military compensation, health care, and recruiting and retention. In each of these areas, questions have arisen as to whether DOD has the right strategies to cost effectively sustain the total force in the future. In the case of the National Guard, how this is accomplished is of particular importance in light of its dual missions of supporting overseas operations as well as its considerable responsibilities in its state and homeland security roles.

The National Guard of the United States consists of two branches: the Army National Guard and the Air National Guard. The National Guard Bureau is the federal entity responsible for the administration of both the Army National Guard and the Air National Guard. The Army National Guard, which is authorized 350,000 soldiers, makes up more than one-half of the Army's ground combat forces and one-third of its support forces (e.g., military police and transportation units). Army National Guard units are located at more than 3,000 armories and bases in all 50 states and 4 U.S. territories. Traditionally, the majority of Guard members are employed on a part-time basis, typically training 1 weekend per month and 2 weeks per year. The Guard also employs some full-time personnel who assist unit commanders in administrative, training, and maintenance tasks. In the past 2 years, the Army National Guard has faced increasing challenges in recruiting new soldiers to fill authorized positions.

Army National Guard personnel may be ordered to duty under three general statutory frameworks – Titles 10 or 32 of the United States Code or pursuant to state law in a state active duty status. In a Title 10 status, Army National Guard personnel are federally funded and under federal command and control. Personnel may enter Title 10 status by being ordered to active duty, either voluntarily or involuntarily (i.e., mobilization) under appropriate circumstances. When Army National

⁷ See GAO-05-21.

⁸ See GAO, *Reserve Forces: An Integrated Plan is Needed to Address Army Reserve Personnel and Equipment Shortages*, GAO-05-660 (Washington, D.C.: Jul. 2005).

⁹ See GAO, *Military Personnel: DOD Needs to Conduct a Data-Driven Analysis of Active Military Personnel Levels Required to Implement the Defense Strategy*, GAO-05-200 (Washington, D.C.: Feb. 2005).

Guard forces are activated¹⁰ under Title 10, the National Guard is subject to the Posse Comitatus Act,¹¹ which prohibits it from law enforcement activities unless expressly authorized by the Constitution or law. Personnel in Title 32 status are federally funded but under state control. Title 32 is the status in which National Guard personnel typically perform training for their federal mission. In addition, the federal government reimburses states for Guard units' activities in response to federally-designated disasters, such as hurricane response. Personnel performing state missions are state funded and under state command and control. Under state law, a governor may order National Guard personnel to respond to emergencies, civil disturbances, or perform other duties authorized by state law. While the Army National Guard performs both federal and state missions, the Guard is organized, trained, and equipped for its federal missions, and these take priority over state missions.

The Guard can also be tasked with homeland security missions under the state governors or, when activated, by DOD under command of the President. DOD refers to its contributions to the overall homeland security effort as "homeland defense." Homeland defense activities include military missions within the United States, such as flying armed patrols over U.S. cities and guarding military installations. DOD also supports civilian authorities to provide quick response or capabilities that other agencies do not have. The U.S. Northern Command provides command and control for DOD's homeland defense missions, including land, air, aerospace, and maritime defense operations, and coordinates DOD's support to civil authorities for homeland security missions.

¹⁰ Activation refers to the ordering of units and individual members of the reserve component, which includes the Army National Guard, to active duty under the statutory authority granted to the President, the Congress, or the secretaries of the military departments.

¹¹ 18 U.S.C. § 1385. The Army and Air Force are prohibited by the Act and the Navy and Marine Corps are prohibited by Defense Directive 5525.5.E.4.1.3.

Declining Preparedness from High Pace of Operations Signifies A Need to Reexamine the Army National Guard's Business Model

As we previously reported, the high number of Army National Guard forces used to support overseas and homeland missions since September 11, 2001, has resulted in decreased preparedness of nondeployed Guard forces¹² which suggests the need to reassess DOD's business model for the Army National Guard. We have previously reported that high-performing organizations must reexamine their business models to ensure that their structures and investment strategies enable them to meet external changes in their operational environments efficiently and effectively.¹³ To meet the demand for forces since September 11, especially for forces with special skills that reside heavily in the Army National Guard, such as military police, over 50 percent of Army National Guard members have been called upon to deploy. At the same time, the Army National Guard's involvement in operations at home has taken on higher priority since 2001. The change in the roles and missions of the Army National Guard has not been matched with a change in its equipping strategy that reflects its new high pace of operations, and as a result the Army National Guard's ability to continue to support ongoing operations is declining.

In keeping with post-Cold War planning assumptions, most Army National Guard units were not expected to deploy in the early days of a conflict, but to augment active duty units in the event of an extended conflict. Therefore, the Army accepted some operational risk by providing the Army National Guard fewer soldiers than it would need to fully equip its units and less equipment than it would need to deploy, on the assumption that there would be time to provide additional personnel, equipment, and training during the mobilization process before units would deploy. For example, as of 2004, the Army National Guard's force structure called for about 375,000 soldiers, but it was authorized about 350,000 soldiers. In addition, Army National Guard combat units are only provided from 65 to 74 percent of the personnel and from 65 to 79 percent of the equipment they would need to deploy, depending on the priority assigned to their warfighting missions.

However, after September 11, 2001, the President authorized reservists to be activated for up to 2 years, and approximately 280,000 Army National Guard personnel have been activated to support recent operations. As of July 2005, about 35,500 Army National Guard members were deployed to

¹² See GAO-05-21.

¹³ See GAO, *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002).

Iraq—nearly one-third of the 113,000 U.S. forces in theater. Army National Guard personnel deployed to Afghanistan and Iraq are expected to serve 1 year in these countries and to spend up to several additional months mobilizing and demobilizing. As figure 1 shows, the number of activated Army National Guard personnel for federal missions has declined since its peak in December 2004 and January 2005. However, the Army National Guard continues to provide a substantial number of personnel to support current operations.

Figure 1: Army National Guard Activity under Federal Command and Control from September 2001 through July 2005



Source: Army National Guard data.

The Army National Guard has begun adapting its forces to meet the warfighting requirements of current operations, but some measures taken to meet immediate needs have made sustaining future operations more challenging. Because its units did not have all the resources they needed to deploy at the outset of current operations, the Army National Guard has had to transfer personnel and equipment from nondeploying units to prepare deploying units. We reported in November 2004 that as of May 2004, the Army National Guard had performed over 74,000 personnel transfers and shifted over 35,000 pieces of equipment to deploying units. These initial transfers worsened personnel and equipment shortages in

units that were then alerted for deployment and had to be staffed and equipped through more transfers. The cumulative effect of these personnel and equipment transfers has been a decline in the readiness of Army National Guard forces for future missions, both at overseas and at home.

Even as significant numbers of personnel and equipment are supporting overseas operations, since September 11, 2001, the Army National Guard's role in homeland security and civil support has taken on greater priority, as demonstrated by the Guard's recent involvement in responding to Hurricane Katrina. Since September 11, 2001, the Guard has performed other operational duties such as providing airport security and supporting events such as the 2004 Democratic and Republican national conventions. In the pre-September 11 security environment, it was assumed that the National Guard could perform its domestic roles with the personnel and equipment it was supplied for its warfighting missions. While the Army National Guard is implementing pilot programs to strengthen capabilities to respond to homeland security needs, such as improving critical infrastructure protection, there has been no comprehensive analysis of the full spectrum of the Guard's roles and requirements for homeland security, as we recommended.¹⁴ Until such an analysis is completed, congressional policymakers may not be in the best position to assess whether the Army National Guard's current structure and equipment can enable it to sustain increased homeland security responsibilities in addition to its overseas missions.

¹⁴ See GAO-05-21.

Critical Equipment Shortages Have Degraded the Readiness of Nondeployed Army National Guard Units for Future Overseas and Domestic Missions

Increasing equipment shortages among nondeployed Army National Guard units illustrate the need for DOD to reexamine its equipping strategy and business model for the Army National Guard. The amount of essential warfighting equipment nondeployed National Guard units have on hand has continued to decrease since we last reported on the Army National Guard in 2004. Compounding the equipment shortages that have developed because most Army National Guard units are still structured with lesser amounts of equipment than they need to deploy, Army National Guard units have left more than 64,000 equipment items valued at over \$1.2 billion in Iraq for use by follow-on forces; however, the Army has not developed replacement plans for this equipment as required by DOD policy. In addition, DOD has not determined the Army National Guard's equipment requirements for homeland security missions, and some states are concerned about the Guard's preparedness for future missions.

Equipment Status of Nondeployed Units Has Worsened in Recent Months due to Challenges in Supporting Overseas Operations with Current Inventory Levels

While most Army National Guard combat units are typically provided from 65 to 79 percent of the equipment they would need for their wartime missions, for recent operations, combatant commanders have required units to deploy with 90 to 100 percent of the equipment they are expected to need and with equipment that is compatible with active Army units. While the Army can supply deploying Army National Guard forces with additional equipment after they are mobilized, nondeployed Guard units will be challenged to maintain readiness for future missions because they transferred equipment to deploying units and have less equipment to train with or to use for other contingencies.

The Army National Guard began transferring people and equipment to ready units deploying to Iraq and Afghanistan in the early days of the Global War on Terrorism and the number of transfers has grown as overseas operations have continued. In June 2004 the Army National Guard had transferred more than 35,000 pieces of equipment to ready units for overseas operations.¹⁵ By July 2005, the number of equipment items transferred among Army National Guard units had grown to more than 101,000 items. As a result of these transfers, the proportion of nondeployed units that reported having the minimum amount of equipment they would need to deploy¹⁶ dropped from 87 percent in

¹⁵ See GAO-05-21.

¹⁶ To meet minimum deployment criteria, a unit must generally have at least 80 percent of its mission-essential equipment items on hand.

October 2002 to 59 percent in May 2005. However, Army National Guard officials estimated that when substitute items which may be incompatible with active forces, equipment undergoing maintenance, and equipment left overseas for follow-on forces are subtracted, nondeployed units had only about 34 percent of their essential warfighting equipment as of July 2005. Further, as of July 2005, the Army National Guard reported that it had less than 5 percent of the required amount or a quantity of fewer than 5 each of more than 220 critical items. Among these 220 high-demand items were generators, trucks, and radios, which could also be useful for domestic missions.

Retaining Army National Guard Equipment Overseas without Plans for Replacement Hinders the Guard's Ability to Prepare and Train Units

To address equipment requirements for current overseas operations, the Army now requires units, in both the active and reserve components, to leave certain essential items that are in short supply in Iraq for follow-on units to use,¹⁷ but it has not developed plans to replace Army National Guard equipment as DOD policy requires.¹⁸ The Army's requirement for leaving equipment overseas is intended to reduce the amount of equipment that has to be transported from the United States to theater, to better enable units to meet their deployment dates, and to maintain stocks of essential equipment in theater where it is most needed. While this equipping approach has helped meet current operational needs, it has continued the cycle of reducing the pool of equipment available to nondeployed forces for responding to contingencies and for training.

The Army National Guard estimates that since 2003, it has left more than 64,000 equipment items valued at over \$1.2 billion overseas to support continuing operations, but the Army lacks visibility and cannot account for all this equipment and has not developed plans to replace it. According to Army officials, even though DOD policy requires the Army to replace equipment transferred to it from the reserve component for more than 90 days,¹⁹ the Army neither created a mechanism in the early phases of the

¹⁷ The Army has directed that equipment purchased specifically for Operation Iraqi Freedom or Operation Enduring Freedom, or other key items currently in short supply such as armored vehicles, improvised explosive device jammers, long-range surveillance systems, and generator sets, remain in theater for the duration of operations.

¹⁸ DOD Directive 1225.6, Equipping the Reserve Forces, April 7, 2005.

¹⁹ Replacement plans for removed equipment and supplies are not required for transfers in support of force restructuring adopted as result of the planning, programming, budgeting, and execution process decisions approved by the Secretary of Defense.

war to track Guard equipment left in theater nor prepared replacement plans for this equipment because the practice of leaving equipment behind was intended to be a short-term measure. As operations continued, in June 2004, the Army tasked the Army Materiel Command with overseeing equipment retained in theater. However, according to Army and National Guard officials, the Army Materiel Command developed plans to track only certain high-demand equipment items that are in short supply, such as armored humvees and other items designated to remain in theater for the duration of the conflict. As of July 2005, the National Guard Bureau estimates that the Army Materiel Command was only tracking about 45 percent of the over 64,000 equipment items the Army National Guard units have left in theater. The tracking effort does not include over half of the equipment items, such as cargo trucks, rough terrain forklifts, and palletized load trucks Guard units have left behind that were only documented at the unit level through unit property records, even though these items may remain in theater for up to 3 years. As a result, the Guard does not know when or whether its equipment will be returned, which challenges its ability to prepare and train for future missions.

As operations have continued, the amount of Guard equipment retained in theater has increased and has hampered the ability of returning Guard units to maintain a high level of readiness and train new personnel. For example, according to Army National Guard officials, three Illinois Army National Guard military police units were required to leave almost all of their humvees, about 130, in Iraq when they returned home from deployment, so they could not conduct training to maintain the proficiency they acquired while overseas or train new recruits. In all, the National Guard reported that 14 military police companies left over 600 humvees and other armored trucks overseas, and these items are expected to remain in theater for the duration of operations.

In May 2005, the Assistant Secretary of Defense for Reserve Affairs expressed concerns about the significant amount of equipment Army National Guard units have left overseas and directed the Army to develop replacement plans as required by DOD policy.²⁰ The Army expects to complete its plans to replace stay behind equipment by October 2005. While Army officials have stated that the equipment tracked by individual

²⁰ The Comptroller General plans to initiate additional work on accountability for equipment left overseas this fall. That work will further explore strategies to manage this equipment and address the ramifications of plans for the disposition of this equipment.

units may eventually be returned to the Guard, both Army and Army National Guard officials said that even if this equipment is eventually returned, its condition is likely to be poor given its heavy use and some of it will likely need to be replaced. Until the Army develops plans to replace the equipment, including identifying timetables and funding sources, the National Guard will continue to face critical equipment shortages that reduce its readiness for future missions and it will be challenged to train and prepare for future missions. In the report we are publishing concurrently with the testimony,²¹ we recommended that DOD develop and submit to the Congress a plan and funding strategy that address the equipment needs of the Army National Guard for the Global War on Terrorism and how the Army will transition from short-term equipping measures to long-term equipping solutions. DOD agreed with this recommendation, stating in its written comments that the Army needs to determine how Army National Guard forces will be equipped to meet state disaster response and potential homeland defense requirements and include these requirements in its resource priorities. We believe that such a plan should address the measures the Army will take to ensure it complies with existing DOD directives to safeguard reserve component equipment readiness.

States Are Concerned about Preparedness for Future Domestic Missions in Light of Growing Army National Guard Equipment Shortages

While Army National Guard forces have supported a range of homeland security missions since September 11, 2001, states are concerned about the Guard's ability to perform future domestic missions given its declining equipment status. For example, New Jersey officials told us that Army National Guard units lacked some essential equipment, such as chemical protective suits and nerve agent antidotes; they needed to respond to a terrorist threat in December 2003. More recently, Louisiana Army National Guard units lacked some key items they needed to conduct large-scale disaster response. According to National Guard officials, at the time Hurricane Katrina hit the Gulf coast, much of the Guard's most modern equipment was deployed to Iraq while less capable equipment remained in the United States. We are currently examining the federal response to Hurricane Katrina, including the roles of DOD's active duty and reserve forces. At the time of the hurricane over 8,200 personnel and two brigade sets of equipment from the 155th Armored Brigade of Mississippi and the 256th Infantry Brigade of Louisiana were deployed in support of Operation Iraqi Freedom and were not available to perform their domestic missions.

²¹ See GAO-06-111.

Furthermore, the Adjutant General of Louisiana reported to the Army National Guard in August 2005 that based on their analysis of the state Guard's equipment for state missions, even after the 256th Infantry Brigade returned home from deployment, the brigade would lack about 350 essential equipment items needed for hurricane response including trucks, humvees, wreckers, and water trailers because it was required to leave a majority of its equipment items in Iraq. When we visited the area in October 2005, Louisiana National Guard officials particularly noted that more radios would have enabled them to communicate with other forces and more vehicles that could be used in high water would have been very helpful.

Louisiana and Mississippi, like many other states, have entered into mutual assistance agreements with other states to provide additional National Guard forces in times of need, typically to facilitate natural disaster response.²² Under such agreements, in August and September 2005, over 50,000 National Guard personnel from 48 states, 2 U.S. territories and the District of Columbia responded to the devastation caused by Hurricanes Katrina and Rita in the Gulf Coast region. According to Louisiana officials, state partners were proactive in identifying troops to send to the area when the magnitude of the storm was anticipated. These forces brought with them additional equipment such as key command and control equipment and aviation assets.

²² While the mutual support arrangements, called Emergency Management Assistance Compacts, have been useful in responding to natural disasters, it is not clear whether these arrangements will always meet the states' needs for forces or capabilities for homeland security missions because states can withhold forces if they are needed in their home state.

DOD and Army Have Some Initiatives to Improve Future Readiness of Army National Guard Forces but Has Not Developed Detailed Implementation and Funding Plans

DOD, and the Army have recognized the need to transform the Army National Guard to meet the new threats of the 21st century and support civil authorities, and are undertaking some initiatives to improve the Guard's organization and readiness for these missions. However, it is too early to determine whether these initiatives together comprise a sustainable equipping and funding model for the future because implementation plans are not complete and funding strategies have not been fully identified. For example, the Army has not decided how to manage equipment to ready forces as they move through the proposed rotational force model. In addition, while DOD has produced a strategy for homeland defense and civil support in June 2005, it has not yet completed a plan to implement that strategy, including clarifying the Army National Guard's role and assessing what capabilities the Guard will require for domestic missions, as we previously recommended. Until these initiatives are more fully developed and key implementation decisions are made, DOD and the Congress will not be in a sound position to weigh their affordability and effectiveness, and the Army National Guard will be challenged to train and prepare for all its future missions.

Army Converting Guard to Modular Designs, but Plans and Cost Estimates for Equipping Units Are Incomplete

In 2004, the Army developed a plan to restructure Army forces, including the Army National Guard, to become more flexible and capable of achieving a wide range of missions, but it has not yet completed detailed implementation plans or cost estimates for its transformation. Rather than being organized around divisions, the Army will transform to an organization based on standardized, modular brigades that can be tailored to meet the specific needs of the combatant commander. Two primary goals of this new structure are to standardize designs and equipment requirements for both active and reserve units and maintain reserve units at a higher level of readiness than in the past. While the Army plans to convert most Army National Guard units to the modular organizational structure by 2008, Guard forces will not be fully equipped for the new design until 2011 at the earliest. The Army had originally planned to convert Guard units on a slower schedule by 2010, but at the request of the Army National Guard, accelerated the conversions so that Guard units would share the new standardized organizational designs with the active component at least 2 years earlier, which is expected to help avoid training soldiers for the previous skill mix and better facilitate recruiting and retention efforts. However, our work indicates that accelerated modular conversions will exacerbate near-term equipment shortfalls for three key reasons. First, according to current plans, units will be expected to convert to the new modular designs with the equipment they have on hand. However, because of existing shortages and the large number of

equipment items that deployed units have left in Iraq or that need repair or replacement due to heavy use, units will not have the equipment needed for their new unit designs. For example, converted Guard units expect initially to be without some key equipment items that provide improved capabilities, such as unmanned aerial vehicles, single channel ground and airborne radio systems, and Javelin antitank missiles. Second, the Army has not planned funding to provide equipment based on the new conversion schedule. Instead, the Army plans to proceed with the original equipping schedule, which will not equip the Guard's modular force until at least 2011. Army resourcing policy gives higher priority to units engaged in operations or preparing to deploy than those undergoing modular conversions. As a result, the requirements of ongoing operations will continue to deplete the Army National Guard's equipment resources and will affect the pace at which equipment will be available for nondeployed units to transform to the modular design. In the meantime, modular Guard units are expected to continue using equipment that may be older than their active counterparts' and will initially lack some key enablers, such as communications systems, which are the basis for the improved effectiveness of modular units.

In addition to the equipment shortfalls and lack of comparability that are projected for near-term Guard conversions, the Army's initial estimate of \$15.6 billion through 2011 for converting Guard units to modular designs is incomplete and likely to grow for several reasons. First, the Army's cost estimate was based on a less modern equipping plan than the design the Army tested for the new brigades. Second, the estimate does not include costs for 10 of the Guard's support units, nor does it include nearly \$1.4 billion that the Guard currently estimates is needed for military construction costs associated with the modular conversion of the Guard's 40 support units. Third, current cost estimates assume that Guard equipment inventories will be at prewar levels and available for modular conversions. This, however, may not be a reasonable assumption because as discussed previously, Army National Guard units have left large amounts of equipment overseas, some of which will be retained indefinitely, and the Army has not provided plans for its replacement. The lack of complete equipping requirements and cost estimates for converting the Army National Guard to the new modular structure raises concerns about the affordability and effectiveness of this multibillion dollar restructuring effort. Furthermore, without more detailed data, the Congress may not have sufficient information to fully evaluate the adequacy of the Army's funding requests for its modular force initiative.

Army Plans for Managing Equipment under Its Rotational Force Model Are Not Complete

While the Army plans to transform into a rotational force, it has not yet finalized plans for how Army National Guard units will be equipped under its new model. The rotational force model is intended to provide units with a predictable cycle of increasing readiness for potential mobilization once every 6 years. As such, it involves a major change in the way the Army planned to use its reserve forces and has implications for the amount and types of equipment that Army National Guard units will need for training to improve their readiness as they progress through the cycle. Under the rotational force concept, rather than maintain units at less than full readiness, the Army would cycle Army National Guard units through phases of increasing readiness and provide increasing amounts of equipment to units as they move through three training phases and near readiness with the goal of predictable availability for potential deployment once in a 6-year period.

While the Army has developed a general proposal to equip units according to the readiness requirements of each phase of the rotational force model, it has not yet detailed the types and quantities of items required in each phase. Under this proposal, the Army National Guard would have three types of equipment sets: baseline sets, training sets, and deployment sets. The baseline set would vary by unit type and assigned mission and the equipment it includes could be significantly reduced from the amount called for in the unit design, but plans call for it to provide at least the equipment Guard units would need for domestic missions, although this standard has not been defined. Training sets would include more of the equipment units will need to be ready for deployment, but units would share equipment that would be located at training sites throughout the country. The deployment set would include all equipment needed for deployment, including theater-specific equipment, items provided through operational needs statements, and equipment from Army prepositioned stocks. At the time of our report, the Army was still developing the proposals for what would be included in the three equipment sets and planned to publish the final requirements in December 2005.

At present, it is not clear how the equipment requirements associated with supporting deployment under the new rotational readiness cycle will affect the types and quantities of items available for converting the Army National Guard to a modular force. Until the near-term requirements for the rotational model and long-term requirements for a modular force are fully defined and integrated, the cost of equipment needed to most efficiently implement the two initiatives will not be clear. Without firm decisions as to requirements for both the new modular structure and rotational deployment model and a plan that integrates requirements, the

Army and Army National Guard are not in a position to develop complete cost estimates or to determine whether the modular and rotation initiatives will maintain the Guard's readiness for all its missions, including warfighting, homeland security, and traditional state missions such as disaster response. In our report,²³ we recommend that DOD develop and submit to the Congress a plan for the effective integration of the Army National Guard into the Army's rotational force model and modular initiatives. We recommended that this plan include the equipment requirements, costs, timelines and funding strategy for converting Army National Guard units to the modular force and the extent to which the Army National Guard will have the types of equipment and equipment levels comparable to the active modular units. We further recommended that the plan include an analysis of the equipment the Army National Guard's units will need for their missions in each phase of the rotational cycle and how the Army will manage implementation risks to modular forces if full funding is not provided on expected timelines. DOD agreed with our recommendation.

DOD Has Developed a Strategy for Homeland Defense and Civil Support, but Identification of Requirements and Readiness Measures Are Not Complete

In June 2005, DOD published its Strategy for Homeland Defense and Civil Support, which recognizes the National Guard's critical role in these missions in both its federal and state capacities. However, the strategy does not detail what the Army National Guard's role or requirements will be in implementing the strategy. DOD has not yet completed a review of the full range of the Army National Guard's missions and the assets it will need to successfully execute them. In the absence of such requirements, National Guard units will continue to be structured and funded largely for their warfighting roles, and with the exception of certain specialized units, such as weapons of mass destruction civil support teams, Army National Guard forces are generally expected to perform civil support missions with either the resources supplied for their warfighting missions or equipment supplied by states.

In its homeland defense and civil support strategy,²⁴ DOD sets goals of

- (1) maximizing threat awareness;
- (2) deterring or defeating threats away from the U.S. homeland;
- (3) achieving mission assurance in performance

²³ See GAO-06-111.

²⁴ Department of Defense, *Strategy for Homeland Defense and Civil Support* (Washington, D.C.: Jun. 2005).

of assigned duties under attack or after disruption; (4) supporting civil authorities in minimizing the damage and recovering from domestic chemical, biological, radiological, nuclear, or high-yield explosive mass casualty attacks; and (5) improving national and international capabilities for homeland defense and homeland security. The strategy recognizes the need to manage risks in the homeland defense and civil support mission areas given resource challenges the department faces in performing all its missions. Therefore, the strategy puts first priority on homeland defense missions that the department will lead, with second priority on ensuring the department's ability to support civil authorities in the event of multiple mass casualties from chemical, biological, radiation, or nuclear incidents within the United States.

To accomplish these goals, DOD has noted that it will have to integrate strategy, planning, and operational capabilities for homeland defense and civil support more fully into its processes. It plans to implement its strategy with dual-purpose forces that are simultaneously trained and equipped for warfighting and homeland missions. The strategy recognizes that National Guard forces not on federal active duty can respond quickly to perform homeland defense and homeland security within U.S. territory and are particularly well suited for civil support missions because of their locations across the nation and experience in supporting neighboring communities in times of crisis. Based on this strategy, U.S. Northern Command has been tasked to develop detailed contingency plans to identify the full range of forces and resources needed for the homeland missions DOD may lead or the civil support missions in which active or reserve forces should be prepared to assist federal or state authorities. However, it is not clear when this effort will be completed.

DOD has taken some steps to develop additional information on the National Guard's readiness for some of its domestic missions. In August 2005, the Under Secretary of Defense (Personnel and Readiness) directed the National Guard to include readiness assessments for both its Title 10 (federal missions) and Title 32 (state missions conducted with federal funding) in the department's new readiness reporting system, the Defense Readiness Reporting System, which is scheduled for implementation in 2007. The new system is expected provide officials better visibility into unit readiness by reporting standardized metrics rather than general categories of readiness. The National Guard Bureau is also preparing a report for the Under Secretary of Defense (Personnel and Readiness) on concepts for reporting the Guard's readiness for domestic missions and plans to prepare a detailed implementation plan by mid-January 2006. Until detailed concepts and implementation for these plans for domestic

readiness reporting are developed and approved, it is not clear whether they will fully meet the recommendation in our prior report that DOD establish readiness standards and measures for the full range of the Guard's homeland missions so that readiness for these missions can be systematically measured and accurately reported.

As we reported in 2004, some states expressed concerns about the Army National Guard's preparedness to undertake state missions, including supporting homeland security missions and disaster relief, given the increase in overseas deployments and the shortages of personnel and equipment among the remaining Guard units. Moreover, to meet new threats, some homeland security missions could require training and equipment, such as decontamination training and equipment that differ from that needed to support warfighting missions. Some Guard officials noted that states have limited budgets and that homeland security requirements compete with other needs, although the states have funded some homeland security activities, such as guarding critical infrastructure, and have purchased some equipment for homeland security purposes.

To address some potential homeland security needs, DOD began establishing weapons of mass destruction civil support teams within the Army National Guard, as authorized by Presidential Directive and the Congress in fiscal year 1999. These teams, which are comprised of 22 full-time personnel, are maintained at high readiness levels and can respond rapidly to assist local officials in determining the nature of an attack, provide medical and technical advice, and help identify follow-on federal and state assets that might be needed. These teams are unique because they are federally funded and trained, but perform their missions under the command and control of the state governor. In the wake of Hurricane Katrina, the Louisiana civil support team provided command and control technology that was valuable in responding to this natural disaster.

Conclusions

While strategies such as transferring large numbers of Army National Guard personnel and equipment from non-deploying units to deploying units and leaving Guard equipment overseas have met DOD's immediate needs to support overseas operations, these strategies are not sustainable in the long term, especially as increasing numbers of Army National Guard personnel have already been deployed for as long as 2 years, recruiting challenges have arisen, and equipment challenges have increased. The current status of the Army's equipment inventory is one symptom of the much larger problem of an outdated business model. Critical shortages of deployable equipment and the Army's lack of accountability over the Army

National Guard's equipment retained overseas have created considerable uncertainty about what equipment the Guard will have available for training and domestic missions, and DOD has not developed detailed plans that include timeframes and identify resources for replacing equipment that has been heavily used or left overseas in the short term. Without replacement plans for equipment its units left overseas, Army National Guard units are unable to plan for training and equipping forces for future missions. Moreover, without a broader rethinking of the basis for Army National Guard equipment requirements that considers both overseas and homeland security requirements, preparedness will continue to decline and the Guard may not be well positioned to respond to future overseas or homeland missions or contingencies. As a result, we are recommending that DOD develop an equipping strategy that addresses how the Army National Guard will transition from short-term equipping measures to long-term solutions.

DOD and the Army are implementing some initiatives to transform the Army National Guard so that it can better support a broader range of missions in light of the new security environment characterized by new threats, including global terrorism. These initiatives include establishing modular brigades; establishing a rotational model that seeks to target equipment to a unit's expected mission; and clarifying the Guard's role, training, and equipment needs for homeland security missions. However, supporting ongoing operations will continue to strain Army National Guard equipment inventories, and, under current plans, equipping Guard units for new modular designs will take several years. Further, it is not clear that these initiatives will result in a comprehensive and integrated strategy for ensuring that the Army National Guard is well prepared for overseas missions, homeland security needs, and state missions such as responding to natural disasters. We are therefore making recommendations to better integrate its initiatives. In this regard, we believe that the Congress and senior DOD leadership must be ready to play a key role in pressing the Army to provide more detailed plans for these initiatives and outlining the specific funding required to implement them in the most efficient manner.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or other Members of the Committee may have.

GAO Contacts and Acknowledgments

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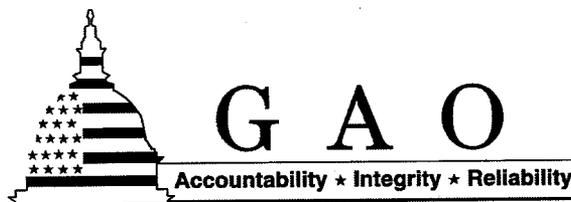
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Report to the Chairman, Committee on
Government Reform, and Chairman,
Subcommittee on National Security,
Emerging Threats and International
Relations, House of Representatives

October 2005

RESERVE FORCES

Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives





Highlights of GAO-06-111, a report to the Chairman, Committee on Government Reform, and Chairman, Subcommittee on National Security, Emerging Threats and International Relations, House of Representatives

Why GAO Did This Study

Recent military operations have required that the Army rely extensively on Army National Guard forces, which currently comprise over 30 percent of the ground forces in Iraq. Heavy deployments of Army National Guard forces and their equipment, much of which has been left overseas for follow-on forces, have raised questions about whether the Army National Guard has the types and quantities of equipment it will need to continue supporting ongoing operations and future missions.

GAO was asked to assess the extent to which (1) the Army National Guard has the equipment needed to support ongoing operations and (2) the Army can account for Army National Guard equipment left overseas. GAO also assessed the Army's plans, cost estimates, and funding strategy for equipping Guard units under its modular and rotational force initiatives.

What GAO Recommends

GAO is recommending that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress plans and funding strategies to address the Army National Guard's equipment shortfalls, accurately track and replace equipment its forces left overseas, and complete planning to integrate the Army National Guard into its modular and rotational force initiatives. DOD agreed with the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-111.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet St. Laurent, 202-512-4402, stlaurentj@gao.gov.

RESERVE FORCES

Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives

What GAO Found

While deploying Army National Guard units have had priority for getting the equipment they needed, readying these forces has degraded the equipment inventory of the Guard's nondeployed units and threatens the Guard's ability to prepare forces for future missions at home and overseas. Nondeployed Guard units now face significant equipment shortfalls because (1) they have been equipped at less than war-time levels with the assumption that they could obtain additional resources prior to deployment and (2) current operations have created an unanticipated high demand for certain items, such as armored vehicles. To fully equip its deploying units, as of July 2005, the Army National Guard had transferred more than 101,000 pieces of equipment from its nondeployed units. As of May 2005, such transfers had exhausted the Guard's inventory of more than 220 high demand equipment items, such as night vision equipment, trucks, and radios. Further, as equipment requirements for overseas operations continue to evolve, the Army has been unable to identify and communicate what items deploying units need until close to their scheduled deployments, which challenges the Guard to transfer needed equipment quickly.

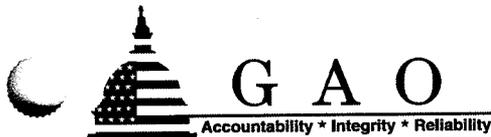
To meet the demand for certain types of equipment for continuing operations, the Army has required Army National Guard units to leave behind many items for use by follow-on forces, but the Army can account for only about 45 percent of these items and has not developed a plan to replace them, as DOD policy requires. DOD has directed the Army to track equipment Guard units left overseas and develop replacement plans, but they have not yet been completed. The Army Guard estimates that since 2003 it has left more than 64,000 items, valued at more than \$1.2 billion, overseas to support operations. Without a completed and implemented plan to replace all Guard equipment left overseas, Army Guard units will likely face growing equipment shortages and challenges in regaining readiness for future missions. Thus, DOD and Congress will not have assurance that the Army has an effective strategy for addressing the Guard's equipping needs.

Although Army National Guard units are scheduled to convert to new designs within the Army's modular force by 2008, they are not expected to be equipped for these designs until at least 2011. The Army has not developed detailed equipping plans that specify the Guard's equipment requirements to transform to a modular force while supporting ongoing operations. As of June 2005, the Army estimated that it would cost about \$15.6 billion to convert most of the Guard's units, but this estimate did not include all expected costs and the Army was unable to provide detailed information to support the estimate. In the short term, units nearing deployment will continue to receive priority for equipment, which may affect the availability of equipment needed for modular conversions. Until the Army fully identifies the Guard's equipment requirements and costs for both the near and long term, DOD and Congress will not be in a sound position to weigh the affordability and effectiveness of the Army's plans.

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United States Government Accountability Office
Washington, DC 20548

October 4, 2005

The Honorable Tom Davis
Chairman
Committee on Government Reform
The Honorable Christopher Shays
Chairman
Subcommittee on National Security,
Emerging Threats and International Relations
Committee on Government Reform
House of Representatives

In response to the September 11, 2001, terrorist attacks and the subsequent launch of the Global War on Terrorism, the Army National Guard has been called upon to play a significant role in supporting active Army forces overseas while, at the same time, taking on new homeland defense missions, such as protecting critical infrastructure—all of which require that the Army National Guard have sufficient quantities and types of equipment items. In addition, the Army National Guard must use its allotted equipment to perform other domestic responsibilities, including responding to natural emergencies or incidents of civil unrest. Historically, the Army National Guard has been structured as a follow-on force that supports the active Army in overseas conflicts, and as such, Guard units have not been resourced with all of the equipment and personnel they require for their missions. Instead, it was assumed that there would be sufficient time for units to obtain the remainder of their resources prior to deployment. However, Army National Guard members now comprise 31 percent of the ground forces in Iraq. While Army officials anticipate Guard involvement to decline somewhat in 2006, the tempo of operations over the long term remains uncertain. The post-September 11 increase in the Army National Guard's responsibilities, particularly its increased involvement in overseas operations, raises concerns about whether the Army National Guard has the equipment it needs to continue to support operations in the future.

The Army recognizes that it needs to transform its forces, including the National Guard, to better meet the emerging threats of the 21st century and is undertaking two initiatives designed to enhance the capability of active and reserve forces. One of the Army's key initiatives—called the modular force initiative—is a multibillion dollar effort to restructure the entire Army. It involves increasing the flexibility and responsiveness of the

force by converting from a division-based structure to smaller brigade combat teams and increasing the pool of units available for deployment. In addition, the Army is in the process of developing a rotational force model in which active and reserve forces would progress through a cycle of increasing readiness, culminating in the availability of a specified number of units for deployment if needed. The Army also hopes the model will increase deployment predictability for Army National Guard soldiers, who have been heavily involved in recent operations and must balance their military duties with civilian careers.

The challenges the Department of Defense (DOD) faces in managing its reserve forces and allocating its resources across services and programs are some of the many issues that we have highlighted to Congress as the nation entered the 21st century.¹ We have previously reported on how the Army National Guard and Army Reserve have been used in recent operations.² In 2004, we reported on the effect of the continuing high use of National Guard forces and challenges to prepare the Guard for future overseas and domestic missions.³ In addition, we recently testified on the Army's plans to convert to a modular force.⁴ And, in August 2003 and September 2004, we reported on several reserve mobilization issues, including the limited use of the individual ready reserve and long-term availability issues.⁵

In response to your request that we examine Army National Guard equipment issues, the objectives of this report are to assess the extent to which (1) the Army National Guard has the types and quantities of equipment needed to support the Global War on Terrorism and (2) the

¹ GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: Feb. 1, 2005).

² GAO, *Reserve Forces: An Integrated Plan Is Needed to Address Army Reserve Personnel and Equipment Shortages*, GAO-05-660 (Washington, D.C.: July 12, 2005).

³ GAO, *Reserve Forces: Actions Needed to Better Prepare the National Guard for Future Overseas and Domestic Missions*, GAO-05-21 (Washington, D.C.: Nov. 10, 2004).

⁴ GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005).

⁵ GAO, *Military Personnel: DOD Actions Needed to Improve the Efficiency of Mobilizations for Reserve Forces*, GAO-03-921 (Washington, D.C.: Aug. 21, 2003) and *Military Personnel: DOD Needs to Address Long-term Reserve Force Availability and Related Mobilization and Demobilization Issues*, GAO-04-1031 (Washington, D.C.: Sept. 15, 2004).

Army can account for Army National Guard equipment that has been transferred to the active component in theater and its plans for replacing this equipment. We also examined the Army's plans for converting the Army National Guard to a modular force and implementing a rotational force model to determine how Army National Guard units will be equipped for future missions and the estimated costs of the conversion.

To address these objectives, we analyzed data on the types and quantities of Army National Guard equipment that have been used in support of the Global War on Terrorism and the equipment status of nondeployed units; the extent to which Army National Guard equipment has been retained overseas in the theater of operations; and the Army's plans to create a modular force and its new rotational force model. We interviewed officials in the DOD, the Department of the Army, and the National Guard Bureau to obtain information on how equipment needs have evolved, the extent to which equipment has been transferred to the active component and the Army's plans for replacing it, and the Army's plans to include the Army National Guard in the modular force initiative and the rotational force model. We supplemented this information with visits to Army commands and conducted a case study of unit equipment experiences by visiting two units, the 30th Brigade Combat Team in North Carolina, which deployed in February 2004, and the 48th Brigade Combat Team in Georgia, which deployed in May 2005. We selected these units because they allowed us to evaluate how the process used to prepare units has changed with subsequent rotations to Operation Iraqi Freedom. We conducted our review in accordance with generally accepted government auditing standards between December 2004 and August 2005 and determined that the data used were sufficiently reliable for our objectives. The scope and methodology used in our review are described in further detail in appendix I.

Results in Brief

While Army National Guard units have deployed overseas with most of the equipment they have needed to support current operations, the Guard is experiencing growing equipment shortages which are decreasing the ability of its nondeployed forces to be ready for future operations at home and overseas. Equipment shortages have developed for two primary reasons. First, the Army National Guard has been equipped at less than war-time readiness levels under the assumption that there would be sufficient time for its forces to obtain additional equipment prior to deployment; in peacetime, units generally had only about 65 to 75 percent of the equipment they needed for their wartime missions. For recent operations, theater commanders have generally required Army National

Guard units to deploy with 90 to 100 percent of the equipment that is needed for their missions and, in some cases, to obtain different equipment, such as more modern communications systems, than Army National Guard units are authorized in peacetime. Thus, to fully equip its deploying units, as of July 2005 the Army National Guard had transferred more than 101,000 pieces of equipment from nondeployed units to prepare deploying units; an increase of 189 percent from the 35,000 equipment items that were transferred as of June 2004.⁶ Providing this equipment has depleted its inventories of more than 220 critical items and reduced inventories of other mission-essential items⁷ to only 61 percent of requirements by May 2005. Second, demand for some types of equipment, such as armored humvees and night vision equipment, has increased across the Army, and equipment requirements continue to evolve. This has made it very difficult for the Army to communicate to deploying units what equipment is needed in theater and further challenges the Army National Guard to identify and transfer the right equipment. The continuing strategy of transferring equipment to deploying forces hampers the ability of nondeployed forces to train for future missions. The Army has developed processes to ensure that deploying active and reserve forces are provided the equipment they need for their deployments through transferring equipment between units and concentrating high-demand equipment in theater. However, growing equipment shortages resulting from these processes among the Army National Guard nondeployed force make it unclear whether the Guard will be able to maintain acceptable levels of equipment readiness for missions overseas or at home.

Compounding the problem of equipment transfers within the Guard, Army National Guard units that have returned from overseas deployments have left behind many equipment items for use by follow-on forces by transferring equipment to active Army units. However, the Army does not have a complete accounting of these items or a plan to replace the equipment, as DOD policy requires. DOD Directive 1225.6, which implements this policy, requires the services to develop a replacement plan for equipment transferred from the reserve component to the active component for more than 90 days. The Army National Guard estimates that since 2003, it has transferred more than 64,000 pieces of equipment,

⁶GAO-05-21.

⁷Mission-essential items are those items that are critical for accomplishing missions, including principal weapon/mission systems and equipment and critical mission support items.

valued at more than \$1.2 billion, to the Army to support Operation Iraqi Freedom. However, the Army is only centrally tracking the portion of the Guard's equipment that it expects will remain in the theater for the duration of current operations such as those items purchased specifically for units deploying to the theater or certain high-demand items in short supply. Items that units transfer to other units may also remain in theater for up to 3 years, but the Army does not have a complete accounting of these items because they are not tracked centrally. The Army expects that the items transferred from unit to unit will eventually be returned to the Guard, although the Guard does not know whether or when the items will be returned. Army officials told us they did not track and develop plans to replace Guard equipment because there were many other priorities in the early phases of the war, and the strategy of having units leave some equipment was expected to be a short-term measure. Yet, as operations continue, the amount of Guard equipment overseas has increased and, without a centralized process to account for all items that have been retained in theater, it is not clear how the Army will be able to develop the replacement plans required by the DOD directive. In May 2005, DOD expressed its concerns about the magnitude of equipment Guard units have left overseas and directed the Army to submit replacement plans for Guard equipment. Until these plans are completed and replacement equipment provided, Army National Guard units will face continuing equipment shortages while challenged to train and prepare for future missions.

Although Army National Guard units are converting to new designs within the Army's modular force by 2008 and entering the Army's new rotational cycle, some units are not expected to be equipped for the new designs until 2011. Further, the Army has not developed detailed equipping plans that specify the Guard's equipment requirements for each phase of the rotational cycle. One of the Army's chief goals of its modular force initiative is to create standardized unit designs in the active and reserve forces with similar structures and equipment that are as effective as current brigades. Under this initiative, the Army National Guard's new units will need different types and quantities of equipment for wartime missions and training. However, the Army is modifying the preferred designs to include the equipment it can reasonably expect to have based on current funding plans. As a result, Army National Guard units will continue to lack equipment items and have to use less modern equipment to fill gaps until at least 2011, and not be comparably equipped with their active duty counterparts. Our analysis of other DOD initiatives has shown that detailed plans which outline the major implementation tasks and identify realistic funding requirements are needed to facilitate success and

avoid unintended consequences, such as differing assumptions among key leaders in DOD and Congress about priorities or program performance. The Army has not completed detailed plans or cost estimates for these initiatives because it is moving quickly to implement them to better support continuing operations. Until the Army fully identifies the requirements and associated costs of these two initiatives and makes key implementation decisions, DOD and Congress will not be in a sound position to weigh their affordability and effectiveness, and the Army National Guard will face uncertainty as it prepares to implement the restructuring efforts.

We are recommending that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy that addresses the equipment needs of the Army National Guard and a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. DOD agreed with our recommendations and cited actions the Army is taking to posture the Army National Guard for prolonged operations by building a rotational force and developing a resource priority plan for all Army units. DOD stated that the details raised in our recommendations need to be addressed in the Army's strategy for equipping Army National Guard units to prepare for future state emergency response, homeland defense, and federal missions. DOD also stated that the Army is taking steps to implement stricter accountability over Guard equipment currently left in theater and is working to develop replacement plans for these items.

Background

The Army National Guard of the United States and the Air National Guard of the United States are two components of the armed forces Selected Reserve.⁸ The National Guard Bureau is the federal entity responsible for the administration of both the Army National Guard and the Air National Guard. The Army National Guard, which is authorized 350,000 soldiers, makes up more than one-half of the Army's ground combat forces and one-third of its support forces (e.g., military police, transportation units). Army National Guard units are located at more than 3,000 armories and bases in

⁸The reserve components of the U.S. Armed Forces are the Army National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve. The Selected Reserve consists of military members assigned to organized reserve units and reservists who participate in at least 48 scheduled drills or training periods each year and serve on active duty for training of not less than 14 days during each year.

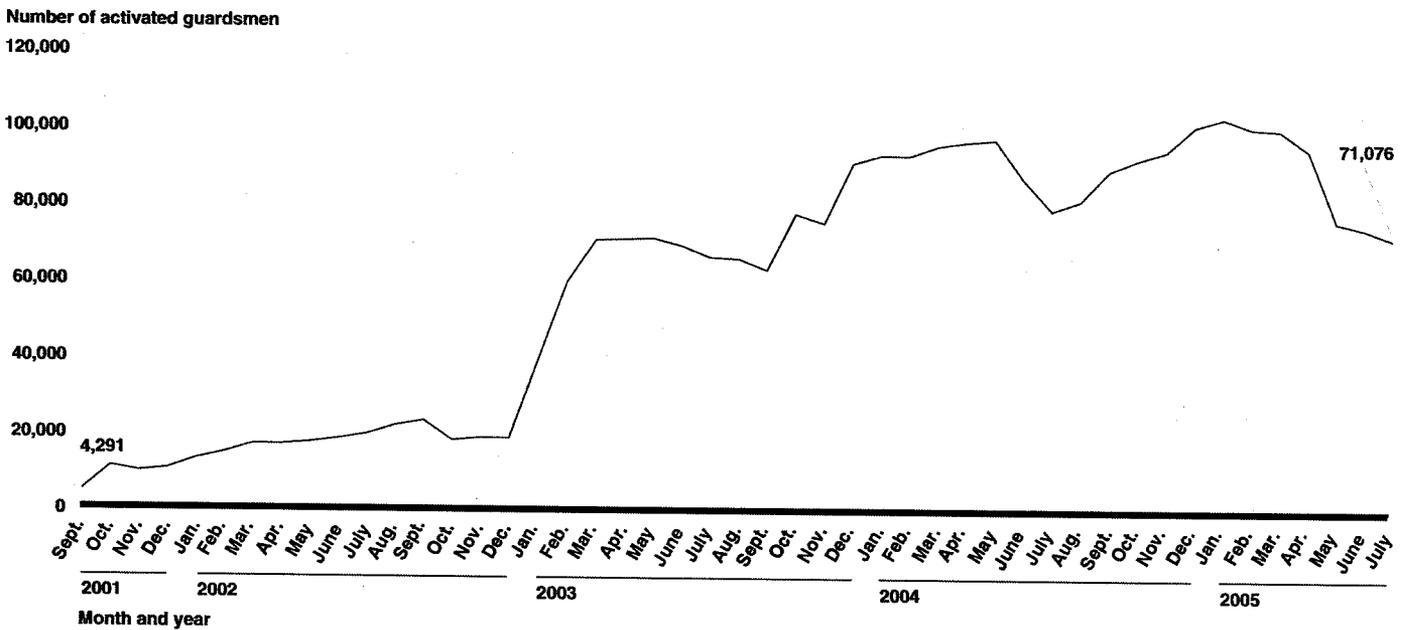
all 50 states and 4 U.S. territories. Traditionally, the majority of Guard members are employed on a part-time basis, typically training 1 weekend per month and 2 weeks per year. However, after September 11, 2001, the President authorized reservists to be activated for up to 2 years. As of July 2005, more than 70,000 Army National Guard personnel were activated under this authority to support ongoing operations. The Guard also employs some full-time personnel who assist unit commanders in administrative, training, and maintenance tasks.

Army National Guard personnel may be ordered to perform duty under three general statutory frameworks: Title 10 or 32 of the United States Code or pursuant to state law in a state active duty status. In a Title 10 status, Army National Guard personnel are federally funded and under federal command and control. Personnel may enter Title 10 status by being ordered to active duty, either voluntarily or under appropriate circumstances involuntarily (i.e., mobilization). Personnel in Title 32 status are federally funded but under state control. Title 32 is the status in which National Guard personnel typically perform training for their federal mission. Personnel performing state active duty are state-funded and under state command and control. Under state law, the governor may order National Guard personnel to perform state active duty to respond to emergencies, civil disturbances, and for other reasons authorized by state law.

While the Army National Guard performs both federal and state missions, the Guard is organized, trained, and equipped for its federal missions, and these take priority over state missions. The Global War on Terrorism, a federal mission, is a comprehensive effort to defeat terrorism and protect and defend the homeland and includes military operations such as Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom. As we reported in our November 2004 report on the National Guard, the Army National Guard's involvement in federal operations has increased substantially since the September 11 terrorist attacks, and Army National Guard members have participated in overseas warfighting operations in Afghanistan and Iraq, peacekeeping operations in Bosnia and Kosovo, and homeland missions, such as guarding Air Force bases. Figure 1 shows that while the number of activated Army National Guard personnel has declined since its peak in December 2004 and January 2005, it continues to provide a substantial number of personnel to support current operations. As of July 2005, about 35,500 of the 113,000 soldiers, or nearly one-third of the soldiers serving in Operation Iraqi Freedom, were Army National Guard members. In a June 30, 2005, testimony before the Senate Armed Services Committee the Army's Chief of Staff said that the Army National

Guard's participation in overseas operations is expected to decrease somewhat in the near future. Although the Army National Guard is expected to continue its participation in ongoing operations, decisions as to the level of participation have not been made.

Figure 1: Post-September 11, 2001 Army National Guard Activity under Federal Command and Control



Source: Army National Guard data.

The Department of the Army is responsible for equipping the Army National Guard. DOD policy requires that equipment be provided to units according to their planned wartime mission, regardless of their component. However, based on the Army's funding priorities, the most modern equipment is usually provided to units that would deploy first. Later deploying units, such as most Army National Guard units, are equipped with older items from the Army's inventory as active forces receive newer and more modern equipment. Army National Guard units are responsible for conducting some maintenance of their equipment.

Critical Equipment Shortages Have Degraded the Overall Equipment Readiness of Nondeployed Army National Guard Units

While deploying Army National Guard units have had priority for getting the equipment they needed, readying these forces has degraded the equipment inventory of the Guard's nondeployed units and equipment shortages threaten the Guard's ability to prepare forces for future deployments. Among nondeployed National Guard units, the amount of essential warfighting equipment on hand has continued to decrease since we last reported on the Army National Guard in 2004. Equipment shortages have developed because most Army National Guard units are still structured with lesser amounts of equipment than they need to deploy. To ready deploying units for overseas missions, the Guard has had to transfer large numbers of equipment items from nondeployed units—a practice that has left nondeployed units with increasing shortages of equipment and made it difficult to prepare units for future missions and maintain readiness for any unplanned contingencies. Moreover, the equipment requirements for deploying Army National Guard units have evolved as the nature of current operations has changed. This has meant that in some cases, the Army National Guard has had little time to identify sources of equipment and transfer needed items to deploying units. The Army is adapting some of its processes to help units address the evolving equipment requirements.

The Army National Guard's Initial Equipment Shortages and the Continuing Need for Fully Equipped Forces for Current Operations Have Resulted in Critical Equipment Shortages

Most Army National Guard units mobilized⁹ for recent overseas operations had equipment shortages that had to be filled so that the unit could meet the combatant commander's equipment requirements for their mission. These shortages exist because the Army, following DOD planning guidance, has historically equipped all Army units, including the Army National Guard, according to a tiered resourcing strategy. Under tiered resourcing, those units expected to deploy overseas early in a conflict receive first priority for equipment, and most Army National Guard units were expected to deploy after the active component units to serve as follow-on forces. The Army therefore accepted some operational risks by providing lower priority Army National Guard units with less equipment than they would need for their mission under the assumption that there would be time to provide additional equipment to these units before they would be deployed. For example, Army National Guard enhanced separate

⁹Mobilization involves assembling and organizing personnel, supplies, and materiel for active military service. Deployment is defined as the relocation of forces, personnel or equipment from home station to meet operational requirements.

brigades¹⁰ are generally supplied with about 75 percent of the equipment they require for their warfighting missions and divisional units, which comprise the majority of the Guard's combat forces, are supplied with about 65 percent. In addition to being given less equipment, most Army National Guard units did not have priority for the newest, most modern equipment, so much of the Guard's equipment is older and less modern than that of the active Army and is not always compatible with more modern items.

However, for recent operations, combatant commanders have required Army National Guard units to deploy with 90 to 100 percent of the equipment they are expected to need and with equipment that is compatible with active Army units. As an increasing number of Army National Guard forces have been needed to support current operations, the Army National Guard has supplied the equipment its deploying units need to meet combatant commander requirements by transferring equipment from within the Army National Guard. The Army National Guard first tries to identify the needed equipment within the same state as the deploying unit. If the equipment cannot be found within the state, the National Guard Bureau requests the equipment from Army National Guard units across the United States. If the equipment is not available in the Army National Guard, the Army National Guard notifies the Army that the equipment is not available, and the Army takes over the task of providing the equipment to the mobilized unit.

For example, although the 30th Brigade Combat Team needed about 8,810 night vision goggles to deploy, it only had about 40 percent of its requirement on hand when it was alerted to prepare to deploy, so the Army National Guard had to identify and transfer about 5,272 pairs of goggles to fully equip the unit. In another case, the Army tasked the National Guard to convert 40 nonmilitary police units, including field artillery companies, to security units capable of performing selected military police missions in Iraq during 2004 and 2005. While a military police company typically has 47 humvees in its inventory, field artillery companies have only about 3 humvees that are suitable for this new

¹⁰Enhanced separate brigades have between 3,000 and 5,000 soldiers and are the Army National Guard's highest priority combat units. These 15 brigades received specialized training and higher priority than other National Guard units for personnel and resources during peacetime. Once called to active duty, they are expected to be ready to deploy overseas within 90 days. In October 2004, the Army stopped using the enhanced separate brigade designation and now refers to these units as brigade combat teams.

mission. Therefore, the converted units had to obtain armored humvees from other units already in Iraq because the Army National Guard had depleted its inventory of armored humvees.

As current operations have continued, the pool of equipment from which the Army National Guard can draw has been reduced because so many items have been transferred to deploying units or left overseas. Shortages of some equipment items have forced the Army National Guard to take measures that have further exacerbated existing shortages in nondeployed units to provide training equipment for deploying units. For example, because the Army National Guard's supply of armored humvees was depleted, the Army directed the Army National Guard to transfer more than 500 humvees from nondeployed Guard units to create training sets for units to use when preparing for deployment.

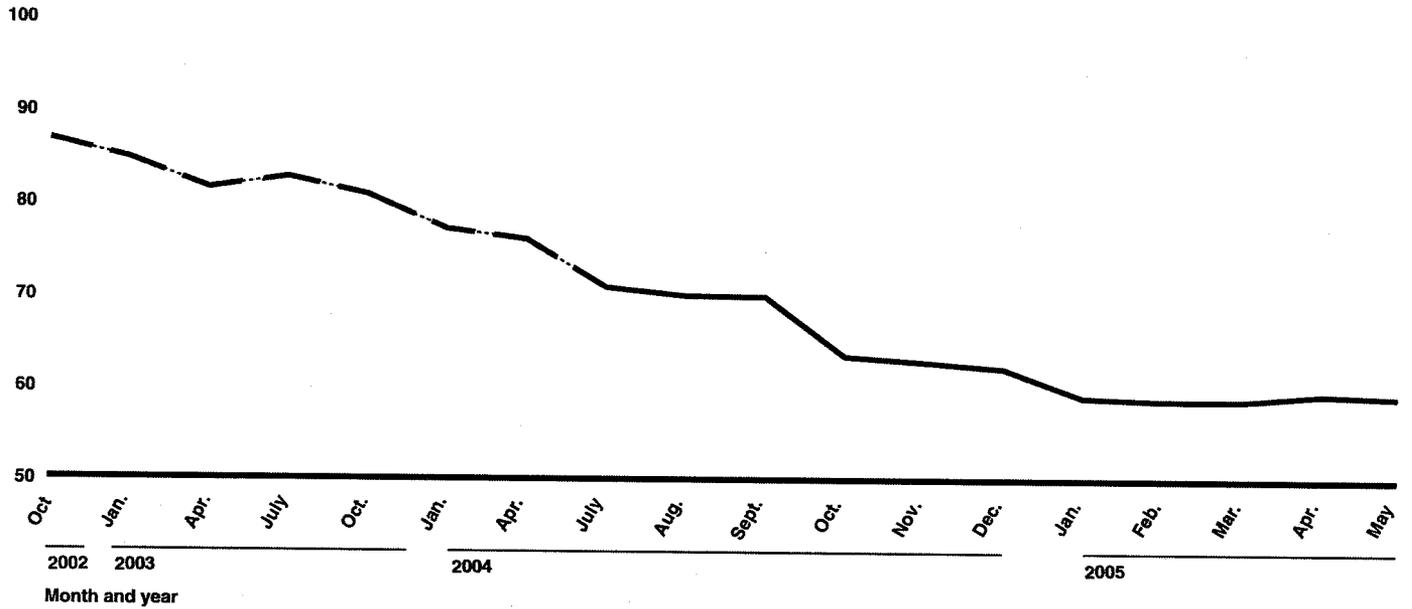
Significant numbers of equipment transfers have persisted as operations overseas have continued. We previously reported that as of June 2004 the Army National Guard had transferred more than 35,000 pieces of equipment to ready units for recent operations.¹¹ By July 2005, the number of equipment items transferred among Army National Guard units had grown to more than 101,000. As a result of these transfers, the equipment readiness of nondeployed Army National Guard units has declined. As figure 2 shows, the percentage of nondeployed units that reported having the minimum amount of equipment they would need to deploy¹² dropped from 87 percent in October 2002 to 59 percent in May 2005. However, this estimate includes units that have older, less modern equipment referred to as substitute equipment. While these substitute items are useful for training purposes, commanders may not allow these items in the theater of operations because they may not be compatible with the equipment other units are using and cannot be sustained logistically in theater. In addition, this estimate includes units that have equipment that is undergoing maintenance after returning from deployment or was left overseas, so these items are not readily available for deployment. The National Guard Bureau estimates that when substitute items, equipment undergoing maintenance, and equipment left overseas for follow-on forces are subtracted, its nondeployed units had available only about 34 percent of essential warfighting equipment as of July 2005.

¹¹GAO-05-21.

¹² To meet minimum deployment criteria, a unit must generally have at least 80 percent of its mission-essential equipment items on hand.

Figure 2: Percentage of Nondeployed Army National Guard Units Meeting Minimum Equipment Criteria to Deploy

Percent of units meeting minimum equipment criteria to deploy



Source: Army National Guard data.

Note: Units must have at least 80 percent of their mission-essential equipment to meet minimum deployment criteria. Because data were not available for all months between October 2002 and July 2004, some chart points in this period were estimated based on trends.

With respect to some equipment items, transfers of equipment to deploying units have depleted the inventories of many key items in nondeployed units. Table 1 shows selected items needed for current mobilization for which inventory levels in nondeployed Guard units have fallen below 20 percent of authorized levels.

Table 1: Examples of Current Mobilization Equipment Shortages among Nondeployed Army National Guard Units

	Number of items authorized	Number of items on hand	Percentage of authorized in inventory
Equipment for handling truck containers	25	4	16
Machine guns	1,088	150	14
Chemical decontamination equipment	514	73	14
Armament carrier humvees	2,240	220	10
Truck flatbed semitrailers	2,287	180	8
Lightweight rifles	16,839	788	5
Individual night vision goggles	127,000	1,000	1
Weapon night vision sights	11,400	0	0
Up-armored scout humvees	3,922	0	0
Chemical agent monitoring equipment	7,200	0	0

Source: GAO analysis of National Guard Bureau data as of May 2005.

As of July 2005, the Army National Guard reported that equipment transfers had reduced its inventory of more than 220 items to less than 5 percent of the required amount or a quantity of fewer than 5 items. Among these 220 high-demand items are generators, trucks, and radios.

While the Army can supply deploying forces with additional equipment after they are mobilized, nondeployed units will be challenged to maintain readiness for future missions because they do not have the equipment to train with or to use for other contingencies. The effect of equipment shortages on nondeployed units' ability to perform homeland defense missions is not known because, as we reported in 2004, DOD has not developed requirements or preparedness standards and measures for the homeland missions in which the Army National Guard is expected to participate. However, as previously reported, some of these items such as humvees, night vision goggles, and chemical protective suits are useful for the Guard's domestic missions, such as responding to potential terrorist threats.

Evolving Equipment Requirements Challenge Efforts to Equip Units for the Global War on Terrorism

As current military operations have evolved, equipment requirements for the Global War on Terrorism have continued to change. This has challenged Guard units preparing to deploy because equipment requirements are not defined and communicated to them until close to their deployment dates. Equipment that was not considered essential for some units' expected missions has become important for ongoing operations, and units have been required to have equipment that is newer than or different from that on which they have been trained. For example, the 30th Brigade Combat Team from North Carolina, which deployed in the spring of 2004, and the 48th Brigade Combat Team from Georgia, which deployed in 2005, were directed to deploy as motorized brigade combat teams with humvees instead of the heavy-tracked equipment, such as Bradley fighting vehicles and tanks, with which they had trained for their expected missions. Overall, the combatant commander required that the 30th Brigade deploy to Operation Iraqi Freedom with more than 35 types of items that were previously not authorized for the unit, including different radios and weapons.

Due to changing conditions in theater and a desire to tailor a unit's equipment as closely as possible to its expected mission, the Army has continued to modify equipment requirements after units are alerted. These changes have resulted in requirements not being communicated to some Army National Guard units in a timely manner so that the units could be equipped as efficiently as possible for current operations or be provided ample time for training. In some instances, Army National Guard units have not known exactly what equipment they would require to deploy and what they could expect to receive in theater until close to their deployment dates, which has made it more difficult for Army National Guard officials to gather the equipment deploying units need to fill equipment shortages. For example, the 48th Brigade Combat Team, which was preparing for deployment in May 2005, had still not received a complete list of all of the equipment it would need at the time of our visit in April 2005. Because officials did not know exactly what they would need to take with them overseas, the brigade packed and transported 180 different vehicles to be shipped to theater. When officials learned that this equipment was already available in theater, these vehicles had to be shipped back to the brigade's mobilization station at Fort Stewart, Georgia.

In some cases, delays caused by the changing equipment requirements reduced the amount of time units had to train with their new equipment. For example, the 30th Brigade did not have a chemical agent identification set to train with until its final exercise before deploying, and it did not

have access to a Blue Force Tracker, a digital communications system that allows commanders to track friendly forces across the battlefield in real time, for training until the unit was in theater. In some cases, the 30th Brigade did not receive some items until they could be transferred from nondeployed units or they were provided in theater. For example, the unit received the 4,000 ceramic body armor inserts needed to protect soldiers from small arms fire upon arrival in Kuwait. According to Army officials, in such instances units may undergo training upon arrival in the theater of operations to acquaint them with new equipment. However, we did not evaluate the adequacy of the training units received in the theater of operations.

Army Has Adapted Its Equipping Process to Better Address Critical Equipment Shortages and Evolving Equipment Requirements for Ongoing Operations

To address critical equipment shortages and the evolving equipment requirements for current operations, the Army has adapted its equipping process in two ways. First, rather than having units bring all their equipment to the theater of operations and take it back to their home stations when they return home, the Army now requires units, in both the active and reserve components, to leave certain essential equipment that is in short supply in theater for follow-on units to use.¹³ This is intended to reduce the amount of equipment that has to be transported from the United States to theater, to better enable units to meet their deployment dates, and to maintain stocks of essential equipment in theater where it is most needed. While this equipping approach has helped meet current operational needs, it has continued the cycle of reducing the pool of equipment available to nondeployed forces for unplanned contingencies and for training.

Second, the Army has instituted a process, known as a predeployment site survey, to allow large¹⁴ units preparing to deploy to send a team to the mission area to determine equipment needs. The team generates a list of equipment, known as an operational needs statement, which the unit will need in theater but was not previously authorized and will need to obtain before deployment. Once the Army has approved the items, the unit can

¹³ The Army has directed that equipment purchased specifically for Operation Iraqi Freedom or Operation Enduring Freedom, or other key items currently in short supply such as armored vehicles, improvised explosive device jammers, long-range surveillance systems, and generator sets, remain in theater for the duration of operations.

¹⁴ Units that are smaller than a brigade complete a virtual pre-deployment site survey by communicating with units already in theater to determine the equipment they need to request.

obtain them through transfers from other units or procurement. Over the course of current operations, the Army has improved the operational needs statement process by pre-approving packages of equipment that are in high-demand for current operations so that deploying units do not have to request these items separately. For example, more than 160 items, such as interceptor body armor; Javelin, a medium antitank weapon system; kits to add armor to humvees; and night vision goggles, among other items, are pre-approved. For example, in 2003, the 30th Brigade Combat Team prepared about 35 lists of additional equipment it would need to deploy in January 2004. By the time the 48th Brigade was preparing for deployment in 2005, changes to the process resulted in the unit preparing only one operational needs statement.

In addition, an existing Army program, the Rapid Fielding Initiative, has provided individual equipment to soldiers, including those in the Army National Guard, more quickly than the standard acquisition process by fielding commercial-off-the-shelf technology. The Army provides 49 items such as body armor, helmets, hydration systems, goggles, kneepads, and elbow pads through this initiative to units preparing to deploy at their home stations and in theater.

Filling shortages in deploying units has left nondeployed forces with worsening equipment shortages and hampers their ability to train for future missions. Growing shortages make it unclear whether the Guard will be able to maintain acceptable levels of equipment readiness for missions overseas or at home.

Army's Lack of Accountability and Plans to Replace All Army National Guard Equipment Retained in Theater Hinder the Guard's Ability to Prepare and Train Units

The Army National Guard estimates that, since 2003, it has left more than 64,000 equipment items valued at over \$1.2 billion overseas to support continuing operations. But, the Army lacks a full accounting of this equipment and has not prepared plans to replace it as required under DOD policy. As a result, the Guard is challenged in its ability to prepare and train for future missions. The policy reflected in DOD Directive 1225.6, *Equipping the Reserve Forces*, April 7, 2005, requires a replacement plan for reserve component equipment transferred to the active component for more than 90 days.¹⁵ According to Army officials, the Army did not initially track the Guard's equipment or prepare replacement plans in the early phases of the war because the practice was intended to be a short-term measure and there were other priorities. In addition, the Army did not have a centralized process to develop plans to replace the equipment Army National Guard units left overseas and transfers of equipment between units were only documented at the unit level in unit property records.

However, as operations have continued, the amount of Guard equipment retained in theater has increased, which has further exacerbated the shortages in nondeployed Army National Guard units. For example, when the North Carolina 30th Brigade Combat Team returned from its deployment to Iraq in 2005, it left 229 humvees, about 73 percent of its pre-deployment inventory of those vehicles, for other units to use. Similarly, according to Army National Guard officials, three Illinois Army National Guard units were required to leave almost all of their humvees, about 130, in Iraq when they returned from deployment. As a result, the units could not conduct training to maintain the proficiency they acquired while overseas or train new recruits. In all, the National Guard reports that 14 military police companies left over 600 humvees and other armored trucks which are expected to remain in theater for the duration of operations. While the Army has now instituted processes to account for certain high-demand equipment items that are being left in theater for the duration of the conflict and expects replacement plans for this equipment to be developed by August 2005, it does not appear that these replacement plans will account for all items transferred to the active component because the Army has not been tracking all Guard equipment left in theater in a centralized manner.

¹⁵Replacement plans for removed equipment and supplies are not required for transfers in support of force restructuring adopted as result of the planning, programming, budgeting, and execution process decisions approved by the Secretary of Defense.

In June 2004, six months after the first Army National Guard units left equipment overseas when they returned from deployment, the Army tasked the Army Materiel Command with overseeing equipment retained in theater. However, according to Army and National Guard officials, the Army Materiel Command developed plans to track only certain high-demand equipment items that are in short supply, such as armored humvees and other items designated to remain in theater for the duration of the conflict. However, Guard units have also left behind equipment that was not designated to stay for the duration of the conflict, but which may remain in theater for up to three years, such as cargo trucks, rough terrain fork lifts, and palletized load trucks, which the Army Materiel Command does not plan to track. Of the over 64,000 equipment items the Army National Guard estimates Guard units have left behind, the National Guard Bureau estimates that as of July 2005, the Army Materiel Command was only tracking about 45 percent of those items. Given the lack of tracking of all Guard equipment left in theater, it is not clear how the Army will develop replacement plans for these items as required by DOD policy.

In May 2005 the Assistant Secretary of Defense for Reserve Affairs requested that the Army submit a replacement plan for all Army National Guard equipment retained in theater by June 17, 2005. The Assistant Secretary noted that while the exact amount of equipment transferred between the reserve and active components is unknown, overall the magnitude of these transfers has been significant and was an area of concern. The Assistant Secretary of Defense for Reserve Affairs subsequently extended the date replacement plans were due to August 15, 2005. According to Army officials, the equipment tracked by individual units may eventually be returned to the Guard. However, Army and Army National Guard officials said that even if it is eventually returned, equipment condition is likely to be poor given its heavy use during current operations and some of it will likely need to be replaced. The National Guard estimates it will cost at least \$1.2 billion to replace the equipment it has left in Iraq, if it is not returned or is not useable. Until the Army develops plans to replace the equipment, including identifying timetables and funding sources, the National Guard will continue to face critical equipment shortages which reduce readiness for future missions.

Army National Guard Units Are Changing to New Designs, but Will Continue to Lack Equipment Comparable to Active Forces

Army National Guard units are scheduled to convert to new designs within the Army's modular force by 2008, but they are expected to convert with the equipment they have on hand and will lack some equipment for these designs until at least 2011. However, the Army is modifying the designs it tested and found to be as effective as current brigades to include the equipment it can reasonably expect to have based on current funding plans. As a result, Army National Guard units will continue to lack equipment items and have to use less modern equipment to fill gaps until at least 2011 and will not be comparably equipped with their active duty counterparts. While the Army estimated in June 2005 that it would cost about \$15.6 billion to convert most of the Guard's units, this estimate did not include all expected costs and the Army was unable to provide detailed information to support the estimate. Further, it has not developed detailed equipping plans that specify the Guard's equipment requirements as it progresses through the new rotation cycle used to provide ready forces for ongoing operations. The Army is quickly implementing its initiatives to transform its forces into modular units and a rotational cycle of deployment without detailed plans and cost estimates because it views these initiatives as critical to sustaining current operations. In the short term, units nearing deployment will continue to receive priority for equipment, which may delay when units will receive the equipment needed for modular conversions. In 2004 and 2005, the Army published and subsequently updated the Army Campaign Plan,¹⁶ to establish the broad goals, assumptions, and time frames for converting to the modular force and implementing the rotational force model. However, the plan does not include detailed equipping plans, cost estimates, or resources needed for implementing the modular and rotational deployment initiatives. Our analysis of best practices in strategic planning has shown that detailed plans, which describe how the objectives will be achieved and identify resources, facilitate success and avoid unintended consequences, such as differing assumptions among key leaders in DOD and Congress about priorities or program performance. Until equipping requirements for implementing the modular designs and the rotational model are specified, costs are better defined, and funding is identified, the Guard faces risks as it prepares to implement the Army's restructuring while supporting the high pace of operations at home and overseas.

¹⁶ The Army updated the plan in October 2004 and June 2005.

Army National Guard Units Will Continue to Face Equipment Shortfalls That May Delay Transformation to Modular Designs and Hinder Comparability with Active Forces

The Army has recognized that it needs to become more flexible and capable of achieving a wide range of missions. To this end, in 2004, the Army began to reorganize its forces from a structure organized around divisions to one based on standardized, modular brigades that can be tailored to meet the specific needs of the combatant commander. The Army is in the process of developing and approving detailed designs,¹⁷ including equipment requirements, for active¹⁸ and reserve combat units, support units, and warfighting headquarters so that the first Guard units can begin their scheduled conversions in September 2005. Among the goals of the new structure are to maximize the flexibility and responsiveness of the force by standardizing designs and equipment requirements for both active and reserve units and maintaining reserve units at a higher level of readiness than in the past. However, under current plans, Guard units will continue to be equipped with items that may be older than their active counterparts and less capable than the new modular unit designs require. The Army's initial estimate for converting Guard units to modular designs is about \$15.6 billion through 2011, but this estimate is incomplete because it does not include the costs for converting all units to the new structure or the full costs of equipping them for the design the Army tested and determined was as effective as current brigades. Moreover, the Army has not developed plans to equip Guard units to the tested modular unit design and instead plans to equip them for a less modern design. Without a detailed equipping plan that identifies funding priorities over time, the Army National Guard is likely to continue to face challenges in its ability to train and maintain ready forces in the future.

The Army expects that the new modular brigades, which will include about 3,000 to 4,000 personnel,¹⁹ will be as capable as the current brigades of between 3,000 and 5,000 personnel through the use of enhanced military intelligence capability, introduction of key technology enablers, such as weapons and communications systems, and by having support capabilities

¹⁷Unit designs prescribe the unit's wartime mission, capabilities, organizational structure, and mission-essential personnel and equipment requirements.

¹⁸The Army plans to reorganize its 10 active divisions by the end of fiscal year 2006, expanding from the current 33 to 43 modular, standardized brigade combat teams and creating new types of command headquarters.

¹⁹The Army's plan calls for three variants of the modularized brigade combat team. The infantry variant will have about 3,300 personnel, the armored variant 3,700 personnel, and the Stryker variant 4,000 personnel.

contained in the brigade itself instead of at a higher echelon of command. The Army tested the new modular brigade designs and found that they were as effective as current brigades. However, the Army has modified the tested designs based on the equipment it can reasonably expect to provide to units undergoing conversion based on its current inventory of equipment, planned procurement pipelines, and other factors, such as expected funding. At the time of this report, the Army had not tested the modified designs to determine whether they are as capable as the current brigades or the tested design. The Army plans to equip modular Guard units for the modified design by 2011. In the meantime, modular Guard units are expected to continue the practice of using approved substitute equipment and will initially lack some of the key enablers, such as communications systems, which are the basis for the improved effectiveness of modular units.

As of June 2005, the Army had approved modified designs for the 25 Army National Guard brigade combat teams and 25 support brigades scheduled to convert to the modular structure between 2005 and 2007, and all eight warfighting headquarters converting between 2005 and 2008. Under current plans, all the Army National Guard units will be converted to the modular organizational structure by 2008 with the exception of 3 support brigades which will be converted in 2011. The Army expects to complete modular designs for the remaining 9 brigade combat teams and 15 support brigades by September 2005. The Army had originally planned to convert Guard units on a slower schedule by 2010, but at the request of the Army National Guard, accelerated the plan so that Guard units would share the new standardized organizational designs with the active component at least two years earlier, avoid training soldiers for the previous skill mix, and better facilitate recruiting and retention efforts.

However, our work indicates that accelerated modular conversions will exacerbate near-term equipment shortfalls. There are significant shortfalls in the Army's ability to equip Guard units for the modified design in the short term for three key reasons. First, according to current plans, the units are expected to convert to their new designs with the equipment they have on hand. However, because of existing shortages and the large number of equipment items that deployed units left in Iraq or that need repair or replacement due to heavy use, units will not have the equipment needed to reach even the modified design. For example, converted Guard units expect initially to be without some equipment items, such as unmanned aerial vehicles, single channel ground and airborne radio systems, and Javelin antitank missiles that provide the basis for the improved capability of the new brigades. Second, the Army has not

planned funding to provide equipment to the additional Guard units converting to the modular structure on the accelerated schedule. Although most Guard units are scheduled to be reorganized by 2008, they are expected to receive equipment for their new designs on a slower schedule, and in some cases are not expected to receive their equipment until 2 to 3 years after they reorganize. The lack of detailed plans for equipping Army National Guard units makes it difficult to determine how the Army intends to transition Guard units from the old to the new organizational structure effectively.

Finally, the Army's cost estimates for converting Guard units to the modular structure are incomplete and likely to grow. The Army's current cost estimate for converting all its active and reserve units to the modular force is \$48 billion, a 71 percent increase from its initial rough order of magnitude estimate of \$28 billion made in 2004. Of the \$48 billion, the Army estimated in June 2005 that Army National Guard modular conversions would cost about \$15.6 billion. This estimate included costs to convert all eight of the Guard's warfighting headquarters and 33 of the Guard's 34 combat units between 2005 and 2011. It also includes procurement of some high-demand equipment such as tactical unmanned aerial vehicles, humvees, and antitank guided-missile systems. During our work, we obtained summary information on the types of cost and key assumptions reflected in the Army's estimates; however, we were unable to fully evaluate the estimate because the Army did not have detailed supporting information.

Our work highlighted several limitations to the Army's cost estimate for Army National Guard modular force conversions. First, the estimate was based on a less modern design than both the modified design that the Army plans to use in the near term and the tested design it intends to evolve to over time. The estimate assumes that Guard units will continue to use substitute equipment items that may be older and less capable than that of active units and does not include costs for all the technology enablers that are expected to provide additional capability for modular units. As a result, the estimate does not include costs for all the equipment Guard units would require to reach the capabilities of the tested modular brigade design. Second, the estimate does not include costs for 10 of the Guard's support units, nor does it include military construction costs associated with the Guard's 40 support units. According to the Army National Guard, military construction costs for converted support units are expected to near the \$1.4 billion in military construction costs already included for the Guard's warfighting headquarters and combat units. Furthermore, current cost estimates assume that Guard equipment

inventories will be at prewar levels and available for modular conversions. However, this may not be a reasonable assumption because, as discussed previously, Army National Guard units have left large amounts of equipment overseas – some of which will be retained indefinitely and the Army has not provided plans for its replacement.

Further, the Army has currently identified funding sources for only about 25 percent (\$3.9 billion) of the current estimate— \$3.1 billion programmed in the fiscal year 2006-2011 future years defense program and \$.8 billion expected from fiscal year 2005 supplemental funding. Approval for funding the remaining \$11.7 billion is pending within DOD. However, equipping priorities and the amount designated for equipment have not been decided.

In the long term, according to the Army, the intent is to equip all active and reserve component units to the tested design over time. However, it will take until at least 2011 under current plans for the Army National Guard units to receive the equipment they will need for the modified designs which are still less modern than the one the Army tested and found as effective as current brigades, and the pace of operations may further delay equipping Guard units. Moreover, the Army does not have detailed plans or cost estimates that identify the funding required for equipping Guard units for the tested design. Without detailed plans for when Guard units will get the equipment they need for the tested design, it is unclear when the Army National Guard will achieve the enhanced capabilities the Army needs to support ongoing operations. Further, without more complete equipment requirements and cost estimates, the DOD and Congress will not have all the information they need to evaluate funding requests for the Army National Guard's transition to the modular force.

Army Plans for Equipping Army National Guard Units Under Its Rotational Force Model Are Not Complete

The Army's initiative to transform into a rotational force, which is intended to provide units with a predictable cycle of increasing readiness for potential mobilization once every 6 years, involves a major change in the way the Army planned to use its reserve forces and has implications for the amount and types of equipment that Army National Guard units will need over time. Historically, Army National Guard units have been provided only a portion of the equipment they needed to train for their wartime missions because they were generally expected to deploy after active units. However, current military operations have called for the Army National Guard to supply forces to meet a continuing demand for fully equipped units, a demand the Army National Guard met through transfers of equipment to deploying units and which undermined the readiness of

nondeployed units. Under the rotational force concept, the Army would provide increasing amounts of equipment to units as they move through training phases and near readiness for potential deployment so they would be ready to respond quickly with fully equipped forces if needed. However, the Army has not yet finalized equipping requirements for Army National Guard units as they progress through the rotational cycle. In addition, it is not clear how the equipment needed to support units in the new rotational cycle will affect the types and quantities of items available for modular conversions and affect the pace of the Army National Guard's transformation. Without firm decisions as to requirements for both the new modular structure and rotational force model and a plan that integrates requirements, the Army and Army National Guard are not in the best position to develop complete cost estimates or to determine whether the modular and rotational initiatives are working together to reach the goal of improving Army National Guard readiness.

While the Army has developed a general proposal to equip units according to the readiness requirements of each phase of the rotational force model, it has not yet detailed the types and quantities of items required in each phase. Under this proposal the Army National Guard will have three types of equipment sets: a baseline set, a training set, and a deployment set. The baseline set would vary by unit type and assigned mission and the equipment it includes could be significantly reduced from the amount called for in the unit design, but plans call for it to provide at least the equipment Guard units need for domestic missions. Training sets would include more of the equipment units will need to be ready for deployment, but units would share the equipment that would be located at training sites throughout the country, so the equipment would not be readily available for units' state or homeland missions. The deployment set would include all equipment needed for deployment including theater specific equipment, items provided through operational needs statements, and equipment from Army prepositioned stock. At the time of this report, the Army was still developing the proposals for what would be included in the three equipment sets and planned to publish the final requirements in December 2005.

Army resourcing policy gives higher priority to units engaged in operations or preparing to deploy than those undergoing modular conversions. As a result, the requirements of ongoing operations will continue to drain the Army National Guard's equipment resources and affect the pace at which equipment will be available for nondeployed units to transform to their new design. At the present time, it is not clear how the equipment requirements associated with supporting deployment under the new

rotational readiness cycle will affect the types and quantities of equipment available to convert the Army National Guard to a modular force. Until the near-term requirements for the rotational force and long-term requirements for a modular force are fully defined, the Army and Army National Guard will not be in a position to prioritize funding to achieve readiness goals in the near and long term. Further, although Army leaders have made it a priority to ensure that Army National Guard units have the equipment they need to continue to perform their domestic missions, it is not possible to assess whether units will have the equipment they need until unit designs and training set configurations are finalized and homeland defense equipment requirements are known.

Conclusions

Evolving equipment requirements for the Global War on Terrorism have challenged the Army National Guard in equipping its units for deployment while trying to maintain the readiness of its nondeployed force for training and future missions. While strategies such as transferring needed equipment from nondeploying units to ready deploying units, completing operational needs statements, and leaving equipment overseas when Guard units return home have helped to equip deploying units, these strategies may not be sustainable in the long term, especially as the Guard's equipment inventories continue to diminish. In the meantime, as the Army National Guard's equipment stocks are depleted, risks to its ability to perform future overseas and domestic missions increase.

The Army's lack of accountability over the Guard's equipment stocks retained in theater has created a situation in which deploying Guard units face considerable uncertainty about what equipment they need to bring overseas and what equipment they will have for training when they return from deployment. DOD Directive 1225.6 requires a plan to replace reserve component equipment that is transferred to the active component, but the Army has not prepared these plans. Without a replacement plan, the Army National Guard faces depleted stocks of some key equipment items needed to maintain readiness and is unable to plan for how it will equip the force for future missions.

Supporting ongoing operations will continue to strain Army National Guard equipment inventories, which will likely delay the pace of its transformation to a modular force. Further, current modular plans for the Guard's conversion will not provide for equipping Guard units to the less modern modified design and there are no plans to equip the Guard for the design the Army found as capable as current brigades. As a result, Guard units will continue to face equipment shortages and have to use older

equipment than their active counterparts. If units are not comparable, the Army National Guard will have to continue its current practice of transferring equipment to fill the shortfalls in deploying units, thereby undermining the readiness of nondeployed forces. With lower readiness of Guard forces, the nation faces increased risk to future overseas operations, unplanned contingencies, and the homeland missions the Guard may be called upon to support.

Recommendations

We recommend that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy that addresses the equipment needs of the Army National Guard for the Global War on Terrorism and addresses how the Army will transition from short-term equipping measures to long-term equipping solutions. This plan should address the measures the Army will take to ensure it complies with existing DOD directives to safeguard reserve component equipment readiness and provide a plan to replace depleted stocks resulting from equipment transferred to the active Army, so that the Guard can plan for equipping the force for future missions.

We further recommend that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. This plan should include:

- the specific equipment requirements, costs, timelines, and funding strategy for converting Army National Guard units to the modular force and the extent to which Guard units will have comparable types of equipment and equipment levels as the active modular units,
- an analysis of the equipment the Army National Guard's units will need for their missions in each phase of the rotation cycle, and
- how the Army will manage implementation risks to modular forces if full funding is not provided on the expected timeline.

Agency Comments and Our Evaluation

The Assistant Secretary of Defense for Reserve Affairs provided written comments on a draft of this report. The department agreed with our recommendations and cited actions it is taking to implement them. DOD's comments are reprinted in their entirety in appendix II. DOD also provided technical comments, which we incorporated as appropriate.

DOD agreed with our recommendation to develop and submit a plan and funding strategy to Congress that addresses the equipment needs of the

Army National Guard for the Global War on Terrorism, specifically addressing how the Army will transition from its short-term equipping measures to long-term equipping solutions. In its comments, DOD said that the Army needs to determine how Army National Guard forces will be equipped to meet state disaster response and potential homeland defense requirements as well as federal missions and include these requirements in its resource priorities. DOD also said that the Army is working to implement stricter accountability over equipment currently left in theater and to comply with DOD guidelines which require replacement plans for these items.

DOD also agreed with our recommendation to develop and submit a plan to Congress that details the effective integration of the Army National Guard into the Army's rotational force model and modular force initiatives. DOD said that the Army plans to develop resourcing alternatives to mitigate potential risks should full funding for transformation initiatives not be realized. DOD also agreed that readiness goals for the Army National Guard in the 6-year rotational model need to be established and that the Army's equipping strategy for the Army National Guard must include the resources required to be prepared to carry out both their federal and state missions.

As we agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. We will then send copies to the Secretary of Defense; the Secretary of the Army; the Chief, National Guard Bureau; and the Director, Office of Management and Budget. 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 have any questions about this report, please contact me at (202) 512-4402. Major contributors to this report are listed in appendix III.

Janet A. St. Laurent

Janet A. St. Laurent
Director, Defense Capabilities and Management

Appendix I: Scope and Methodology

To conduct our work for this engagement, we analyzed data, reviewed documentation and interviewed officials from the Army National Guard, the National Guard Bureau, the Department of the Army, and the Office of the Assistant Secretary of Defense for Reserve Affairs. We supplemented this information with visits to the United States Army Forces Command, the Coalition Forces Land Component Command, and the First Army of the United States. We also developed case studies of two units: the 30th Brigade Combat Team located in North Carolina and the 48th Brigade Combat Team in Georgia. These states were chosen to provide representative examples of how Army National Guard units were prepared for deployment to Operation Iraqi Freedom in support of the Global War on Terrorism. The 30th Brigade Combat Team was one of the first National Guard units to deploy for Operation Iraqi Freedom and had just returned from deployment when we visited in March 2005. The 48th Brigade Combat Team was preparing for deployment to Operation Iraqi Freedom at the time of our visit in April 2005. In both states we met with unit logistics staff who had visibility over how the unit prepared for deployment.

To examine the extent to which Army National Guard units have the equipment needed for the Global War on Terrorism, we obtained and analyzed data on critical shortages and the types and quantities of equipment transferred from nondeployed units to deploying units from the National Guard Bureau and our two case study states. Additionally, we supplemented these data with interviews, briefings, and documentation from officials at the National Guard Bureau, the Department of the Army, the Office of the Assistant Secretary of Defense for Reserve Affairs, the U.S. Army Forces Command, the Coalition Forces Land Component Command, and the First Army of the United States. We did not examine whether shortages of particular items were the result of industrial base issues. To understand the processes the Army adapted to equip units as equipment requirements evolved for the Global War on Terrorism, we interviewed officials from and analyzed data provided by the 30th Brigade Combat Team in North Carolina, the 48th Brigade Combat Team in Georgia, the National Guard Bureau, the Department of the Army, the U.S. Army Forces Command, the Coalition Forces Land Component Command, and the First Army of the United States.

To assess the Army National Guard equipment retained in theater, we analyzed Army National Guard data and the Guard's estimate of the cost to replace the equipment if it is not returned. Additionally, we interviewed officials and reviewed documentation and data from the Army National Guard, Department of the Army, the Office of the Assistant Secretary of

Defense for Reserve Affairs, U.S. Army Forces Command, and the Coalition Forces Land Component Command about the lack of reliable data and whether any plans exist to replace the Guard's equipment. We supplemented data on how much of the Army National Guard's equipment has been left in theater with briefings and reviewed internal Army messages regarding the accountability and visibility of this equipment.

To evaluate how the Army National Guard has been integrated into the Army's plans for a modular structure and force generation model, we interviewed officials at the Army National Guard, the Department of the Army, and U.S. Army Forces Command. We reviewed documents such as the Army Campaign Plan, the Army Transformation Roadmap, the Army's force generation model, and numerous briefings on the Army's plans for a modular force and the new force generation model. Additionally, we interviewed Guard officials from both of our case study states about the units' plans to convert to modular force given Army time frames and cost estimates.

To assess the reliability of data used during the course of this engagement, we interviewed data sources about how they ensured the accuracy of their data and reviewed their data collection methods, standard operating procedures, and other internal control measures. In addition, we reviewed available data for inconsistencies, and, when applicable, performed computer testing to assess data reliability. We determined that the data were sufficient to answer each of our objectives.

We conducted our review between December 2004 and August 2005 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Defense

Agency comments were made on GAO-05-954. This report number was subsequently changed to GAO-06-111.



RESERVE AFFAIRS

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1500

SEP 15 2005

Ms. Janet A. St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
Washington, DC 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the GAO draft report, "RESERVE FORCES: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives," dated August 18, 2005 (Code 350607/GAO-05-954).

The Army Campaign Plan includes the Army Force Generation Model that is designed to posture the Army National Guard for prolonged operations by building a rotational force. The Army has also developed the Army Resource Priority List that identifies the priority for providing resources to all units in all components of the Army. As the Army moves forward in the implementation of these initiatives, the details raised in your recommendations need to be addressed in order to determine the appropriate readiness levels for Army National Guard units at each phase of the rotational model. The equipping strategy for the Guard must include the resources required to be prepared to carry out their state emergency response requirements, Homeland Defense missions, and to be trained and equipped to mobilize under Title 10, U.S.C.. In today's environment where support to our deployed forces is paramount, it is equally important that we do not lose sight of the readiness of our Army National Guard forces at home.

We appreciate the opportunity to comment on the draft report. I concur with the recommendations as stated, and will work to resolve the issues addressed in this report. Detailed comments on the GAO recommendations and report are enclosed. The point of contact for this office is Captain Scott Walton, OASD/RA (M&F), at 703-693-7485.

Sincerely,

A handwritten signature in black ink that reads "T.F. Hall".

Thomas F. Hall
Assistant Secretary of
Defense for Reserve Affairs

Enclosure: As stated

GAO DRAFT REPORT - DATED AUGUST 18, 2005
GAO CODE 350607/GAO-05-954

**"RESERVE FORCES: Plans Needed to Improve Army National Guard Equipment
Readiness and Better Integrate Guard into Army Force Transformation Initiatives"**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy that addresses the equipment needs of the Army National Guard for the Global War on Terrorism and addresses how the Army will transition from the short-term equipping measures to long-term equipping solutions. This plan should address the measures the Army will take to ensure it complies with existing DoD directives to safeguard reserve component equipment readiness and provide a plan to replace depleted stocks resulting from equipment transferred to the active Army, so that the Guard can plan for equipping the force for future missions. (page 26/GAO Draft Report)

DOD RESPONSE: Concur. The Army has developed the Army Resource Priority List that identifies the priority for providing resources to all units in all components of the Army. The Army must now determine how Army National Guard forces will be equipped to meet state disaster response and potential DoD Homeland Defense requirements and include them in their resource priority list. In today's environment where support to our deployed forces is paramount, it is equally important that we do not lose sight of the readiness of our Army National Guard forces to meet their traditional state emergency response requirements here at home.

The Army has begun to implement stricter accountability of their assets and is in the process of identifying Army Reserve and Army National Guard equipment currently left in theater. As the report states, this is a significant amount of equipment. The Army is working to comply with the guidelines in DoD Directive 1225.6 to request future transfers of equipment from the Reserve to the Active component and provide the Secretary of Defense replacement plans prior to this equipment transfer.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. This plan should include:

- The specific equipment requirements, costs, timelines, and funding strategy for converting Army National Guard units to the modular force and the extent to which

Appendix II: Comments from the Department
of Defense

Guard units will have comparable types of equipment and equipment levels as the active modular units;

- An analysis of the equipment the Army National Guard's units will need for their missions in each phase of the rotation cycle; and
- How the Army will manage implementation risks to modular forces if full funding is not provided on the expected timeline. (page 26/GAO Draft Report)

DOD RESPONSE: Concur. The Army Campaign Plan (ACP) includes the Army Force Generation Model that is designed to posture the Army National Guard for prolonged operations by building a rotational force. The budget process has many entities competing for scarce resources and for that reason, the Army must prepare a plan to manage implementation risks if full funding is not realized in the expected timeline to meet the requirements of the ACP. The cyclical construct of the Army Force Generation Model was developed to ensure the reserve component units of the Army returning from operations outside the Continental United States reset and reorganize into modular formations and are placed on a ramp to combat readiness over a six-year period. As the Army moves forward in the implementation of these initiatives, the details addressed in recommendation 2 need to be answered in order to determine the appropriate readiness level for Army National Guard units at each phase of the six year rotational model. The equipping strategy for the Guard must include the resources required to be prepared to carry out their state emergency response requirements, Homeland Defense missions, and to be trained and equipped to mobilize under Title 10, U.S.C..

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Janet A. St. Laurent (202) 512-4402

Acknowledgments

In addition to the person named above, Margaret Morgan, Assistant Director; Frank Cristinzio; Alissa Czyz; Curtis Groves; Nicole Harms; Tina Morgan Kirschbaum; Kim Mayo; Kenneth Patton; Jay Smale; and Suzanne Wren also made major contributions to this report.

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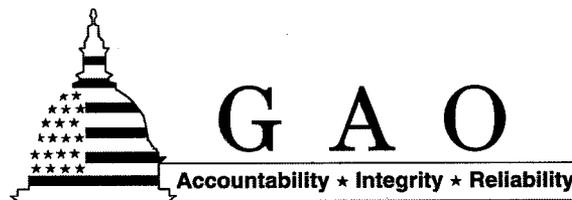
GAO-05-660



July 2005

RESERVE FORCES

An Integrated Plan Is Needed to Address Army Reserve Personnel and Equipment Shortages





Highlights of GAO-05-660, a report to Congressional Committees

RESERVE FORCES

An Integrated Plan Is Needed to Address Army Reserve Personnel and Equipment Shortages

Why GAO Did This Study

The Department of Defense (DOD) cannot meet its global commitments without continued reserve participation. The Army Reserve provides critical combat support and combat service support units, such as medical and transportation units, to the Army. While Army Reserve members historically could expect to train one weekend a month and 2 weeks a year with activations for limited deployments, since September 11 some have been called upon to support ongoing military operations for a year or more.

GAO (1) identified the challenges the Army Reserve faces in continuing to support overseas operations and (2) assessed the extent to which the Army and Army Reserve have taken steps to improve the Army Reserve's readiness for future missions.

What GAO Recommends

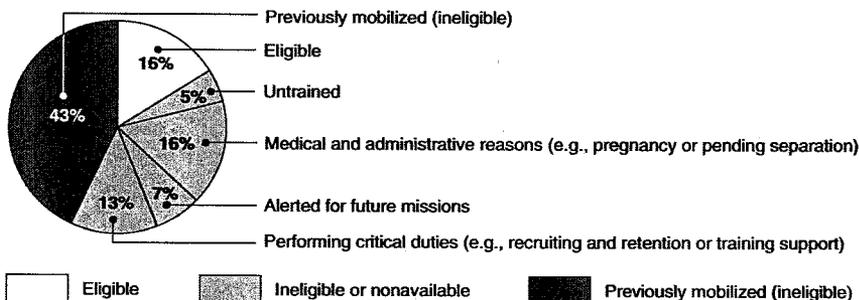
GAO makes two recommendations to enhance planning and implementation of Army and Army Reserve initiatives related to readiness and predictability of deployments, including identifying funding to implement them. DOD agreed with the recommendations.

What GAO Found

While the Army Reserve has provided ready forces to support military operations since September 11, 2001, GAO found that it is becoming increasingly difficult for the Army Reserve to continue to provide these forces due to personnel and equipment shortages. The three primary causes of these shortages are (1) the practice of not maintaining Army Reserve units with all of the personnel and equipment they need to deploy, (2) current DOD and Army personnel policies that limit the number of reservists and length of time reservists may be deployed, and (3) a shortage of full-time support staff to develop and maintain unit readiness. These challenges are compounded by emerging recruiting shortfalls.

The Army and Army Reserve have recently begun several initiatives to improve the Army Reserve's readiness and provide more deployment predictability for its soldiers; however, the Army lacks a comprehensive management strategy for integrating the initiatives to ensure that each initiative most efficiently contributes to the achievement of its overall readiness and predictability goals. One of the Army Reserve's major initiatives has been to develop a rotational force model. However, the model cannot be fully implemented until the Army determines the types and number of Army Reserve units it will need to carry out its plans to restructure into a more modular and flexible force. Because the Army has not defined what personnel, units, and equipment the Army Reserve will need under the new modular and rotational models, it cannot be assured that its initiatives are most efficiently working together to meet readiness goals and that funding is appropriately targeted to meet those goals. Until plans that integrate the initiatives are completed and approved and adequate resources are provided to implement them, the Secretary of Defense and the Congress will continue to lack assurance that DOD has an effective and efficient plan for resolving the Army Reserve's growing challenges.

Army Reserve Personnel Still Eligible for Overseas Deployment, Ineligible to Deploy Again under Personnel Policies, and Ineligible/Not Available to Deploy for Other Reasons as of March 28, 2005



Source: GAO analysis of Army Reserve data.

Note: Based on 196,219 soldiers in the Selected Reserve.

www.gao.gov/cgi-bin/getrpt?-GAO-05-660

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet A. St. Laurent, (202)512-4402, or stlaurentj@gao.gov.

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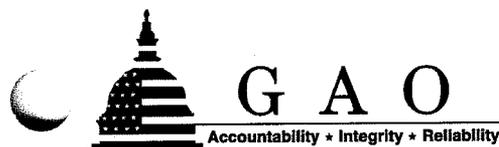
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United States Government Accountability Office
Washington, D.C. 20548

July 12, 2005

The Honorable John W. Warner
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Duncan L. Hunter
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
U.S. House of Representatives

The Army Reserve is a citizen-soldier force that is trained and organized to complement the combat forces of the active Army by providing specialized combat service and combat service support skills. For example, the Army Reserve provides over 95 percent of the Army's internment brigades, railway units, Judge Advocate General units, training and exercise divisions, and civil affairs units. It also provides over two-thirds of the Army's psychological operations units, chemical units, hospitals, and medical groups. As of March 2005, the Army Reserve had about 196,000 readily accessible members who participated in drills and training.

Prior to the September 11, 2001, terrorist attacks, the Army Reserve's primary role was to provide support forces for major combat operations and limited support to operations around the world, such as those in the Balkans and Kosovo. However, since September 11, the Army Reserve has provided large numbers of soldiers and units on an ongoing basis to meet requirements for ongoing military operations in Afghanistan and Iraq. Some skills, such as civil affairs specialists, that have been in particularly high demand reside heavily in the Army Reserve. Moreover, while Army Reserve soldiers historically could expect their military service to be part time—including attending training for 2 weeks each year and attending drills one weekend each month with potential activations for limited deployments—many reservists have been on active duty for over a year to support current operations.

The challenges in mobilizing large numbers of reservists on an ongoing basis have led to questions about whether changes are needed in the way

the Army Reserve is structured and resourced. In light of new security threats and increased operational demands, the Army has recently embarked on several new initiatives to increase its flexibility and responsiveness. For example, as outlined in 2004 in the Army Campaign Plan, the Army, including its reserve components, is in the midst of a major transformation to a more flexible modular force based on brigades rather than divisions. In addition, the Army plans to implement a force rotation model that would enable it to better predict when soldiers might be mobilized.¹

We have previously reported on issues related to how the reserve components have been mobilized and used for recent operations and made recommendations on actions the Department of Defense (DOD) and the services need to take to improve the efficiency of mobilization for reserve forces. In August 2003 and September 2004, we reported on several reserve mobilization issues, including the mobilization approval process, DOD's limited use of the Individual Ready Reserve, and long-term reserve force availability issues.² We also reported on the effect of the continuing high use of National Guard forces and challenges to prepare the National Guard for future overseas and domestic missions.³ In addition, we recently provided observations on the Army's plans to convert to a modular force.⁴

We prepared this report focused on the Army Reserve under the Comptroller General's statutory authority and are sending it to you because it contains information that will be useful for your oversight responsibilities for reserve personnel and readiness issues. The objectives of this report are to (1) identify the challenges the Army Reserve faces in continuing to support overseas operations and (2) assess the extent to

¹ Mobilization is the process of assembling and organizing personnel and equipment, activating units and members of the reserves for active duty, and bringing the armed forces to a state of readiness for war or other national emergency.

² GAO, *Military Personnel: DOD Actions Needed to Improve the Efficiency of Mobilizations for Reserve Forces*, GAO-03-921 (Washington, D.C.: Aug. 21, 2003) and *Military Personnel: DOD Needs to Address Long-term Reserve Force Availability and Related Mobilization and Demobilization Issues*, GAO-04-1031 (Washington, D.C.: Sept. 15, 2004).

³ GAO, *Reserve Forces: Actions Needed to Better Prepare the National Guard for Future Overseas and Domestic Missions*, GAO-05-21 (Washington, D.C.: Nov. 10, 2004).

⁴ GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, GAO-05-443T (Washington, D.C.: Mar. 16, 2005).

which the Army and Army Reserve have taken steps to improve the Army Reserve's readiness for future missions.

To address our objectives, we analyzed data generated by the Total Army Personnel Data Base - Reserves and provided by the U.S. Army Reserve Command on the numbers of reservists that were mobilized for operations since September 11, 2001, and their military occupations and numbers of personnel that had not been mobilized. We assessed the reliability of data from the Total Army Personnel Data Base - Reserves and the Reserve End Item Management System by 1) reviewing existing information about the data and the systems that produced them; 2) performing electronic testing of the relevant data elements; and 3) interviewing Army Reserve officials knowledgeable about the data. We determined that the data used were sufficiently reliable to address our objectives. We analyzed DOD publications and reports on equipment shortages to identify trends in the status of equipment the Army Reserve has on hand. We supplemented this information with visits to Army and Army Reserve commands and units, including training units and an Army mobilization station. We reviewed documentation on the status of initiatives to improve long-term readiness and predictability. We also discussed the challenges the Army Reserve faced in providing ready forces and initiatives to improve readiness and deployment predictability with officials in the Office of the Secretary of Defense, the Army, and the Army Reserve. We conducted our review from April 2004 through June 2005 in accordance with generally accepted government auditing standards. Details on the scope and methodology used in our review are described in further detail in appendix I.

Results in Brief

While the Army Reserve has provided ready forces to support military operations since September 11, 2001, we found that it is becoming increasingly difficult for the Army Reserve to continue to provide ready forces in the near term due to worsening personnel and equipment shortages. There are three primary causes of these shortages: (1) the practice of not maintaining Army Reserve units with all of the personnel and equipment they need to deploy, (2) current DOD and Army personnel policies that limit the number of reservists and length of time reservists may be deployed, and (3) a shortage of full time support staff to develop and maintain unit readiness. First, because Army Reserve units are not generally maintained with all the required personnel and equipment, based on the expectation that there would be time to supplement personnel and equipment after mobilization, the Army Reserve has had to transfer personnel and equipment from nonmobilizing units to mobilizing units so

that when these units deployed overseas they would meet combatant commanders' requirements for fully manned and equipped units. From September 2001 through March 2005, the Army Reserve transferred about 53,000 soldiers from nonmobilizing units to mobilizing units. Similarly, from September 2001 to April 2005, the Army transferred about 235,900 pieces of equipment among units. While these actions met immediate requirements, transfers continue to decrease the capabilities of the units from which the personnel and equipment were transferred, which hampers their ability to prepare for potential future missions. Second, the Army Reserve also faces challenges in continuing to provide ready forces because so many of its personnel have already been mobilized and cannot be mobilized again under current DOD and Army policies regarding the length of time reservists may serve overall and in the theater of operations. As of March 2005, the number of Army Reserve personnel eligible for mobilization under current policies had decreased to about 31,000 soldiers, or about 16 percent of Army Reserve personnel, and all of these personnel may not have the required skills and ranks needed to support ongoing operations. Senior Army Reserve officials have expressed concern that without change in personnel policies the Army Reserve will soon be unable to continue to provide forces with the necessary skills and grades to support Army operations. Recent recruiting and retention problems have further reduced the available pool of reservists. Finally, the Army Reserve has been authorized only about 68 percent (26,354) of the 38,846 full-time staff it required during peacetime to perform the critical readiness tasks, such as training and maintenance. Collectively, personnel and equipment problems have hampered the Army Reserve's ability to train and effectively support ongoing operations efficiently and predictably in the near term, and emerging recruiting challenges could exacerbate these problems in the future.

The Army and Army Reserve have recently begun several initiatives to improve the Army Reserve's readiness and provide more deployment predictability for its soldiers; however, the Army lacks a comprehensive description of how the Army Reserve will be structured, manned, and equipped after the transformation and a detailed plan for funding priority initiatives and integrating the independently developed initiatives to ensure that each most efficiently contributes to the achievement of its goals of improved readiness and predictable deployments. One of the Army Reserve's major initiatives has been to develop a rotational force proposal designed to train and equip units over a 5-year cycle for possible deployment in the sixth year. The rotational force model cannot be fully implemented, however, until the Army determines the types and number of

Army Reserve units it will need to support its reorganized, modular combat forces and identifies the resources it will need to implement the plan. Meanwhile the Army Reserve is implementing another initiative designed to increase the percentage of required personnel that units are authorized by eliminating units in low-demand skills and moving personnel to high-demand skills. But, without the final determination of the Army's requirement for modular support units, the Army Reserve cannot be sure that it is not closing units with the skills the Army will need under its modular structure. Furthermore, the Army and Army Reserve have not yet developed detailed estimates for the Reserve's reorganization to a rotational and modular force. Another initiative, begun in fiscal year 2001, will increase the number of full-time personnel assigned to support the Army Reserve performing day-to-day administrative, training, and maintenance activities. However, despite increases in these tasks due to ongoing operations, the initiative is not planned to increase full-time support to meet even peacetime requirements and may not provide the level of support needed under the new rotational model. Until more detailed plans are completed and approved that integrate the initiatives and adequate resources are provided to implement them, the Congress will continue to lack assurance that DOD has an effective and efficient plan for resolving the Army Reserve's growing personnel and equipment challenges.

We are recommending that the Secretary of Defense direct the Secretary of the Army, in consultation with the Chief of Staff of the Army and the Chief, Army Reserve, to develop a detailed plan that addresses how the Army will integrate and manage the initiatives it has developed and is implementing to improve readiness and mobilization predictability for Army Reserve personnel. In its comments on a draft of this report, DOD agreed with GAO's recommendations.

Background

The Army Reserve is composed primarily of citizen soldiers who balance the demands of a civilian career with military service on a part-time basis. During the Cold War, it was expected that the Army Reserve would be a force to supplement active forces in the event of extended conflict. However, since the mid-1990s, the Army Reserve's citizen soldiers have been continuously mobilized to support operations worldwide, including those in Bosnia and Kosovo. In today's strategic environment, the Army Reserve's role has evolved to a complementary force, continuously supplying specialized skills for combat support and combat service support for Operations Enduring Freedom (Afghanistan) and Iraqi Freedom. Rather than the historical part-time employment in the Army Reserve,

some Army Reserve personnel have now been involuntarily activated for over a year.

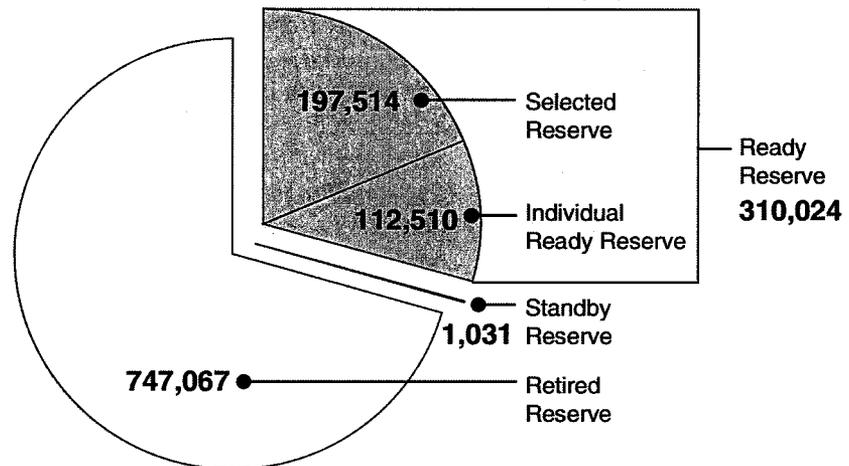
The members of the Army Reserve fall into three major categories: the Ready Reserve, the Standby Reserve, and the Retired Reserve. (See fig. 1.) Members of all three categories are subject to mobilization in the event of national emergency.

- The Army's Ready Reserve includes about 310,000 members and is made up of two subcategories: the Selected Reserve, which has about 197,500 members, and the Individual Ready Reserve, which comprises about 112,500 members. The Selected Reserve includes soldiers who are assigned to units and participate in at least 48 scheduled drills or training periods each year and serve on active duty for training at least 14 days each year; soldiers who voluntarily serve on extended tours of active duty; and soldiers assigned on an individual basis to various headquarters where they would serve if mobilized and train on a part-time basis to prepare for mobilization. Members of the Individual Ready Reserve include individuals who were previously trained during periods of active service, but have not completed their service obligations⁵; 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.
- The Army's Standby Reserve represents about 1,030 personnel who maintain their Army affiliation without being in the Ready Reserve. Standby Reserve personnel have been designated key civilian employees who have responsibilities that would keep them from being mobilized, such as members of the Congress, or have temporary hardships or disabilities that prevent them from participating in reserve activities. These personnel can be mobilized if necessary to fill manpower needs in specific skills.
- The Army Retired Reserve comprises all reserve officers and enlisted personnel who receive retired pay on the basis of active or reserve

⁵ While enlistment contracts can vary, a typical enlistee would incur an 8-year military service obligation, which could consist of a 4-year active duty obligation followed by a 4-year Individual Ready Reserve obligation.

service and may be ordered to active duty in emergency situations. Currently, about 747,000 personnel⁶ are in the Retired Reserve.

Figure 1: Composition of the Army Reserve by Category



Source: GAO analysis of Army Reserve data.

Note: Data as of February 28, 2005.

The majority of the reserve forces mobilized for current operations have been members of the Selected Reserve, who are members of units and attend monthly drills. Some members of the Individual Ready Reserve and Retired Reserve have also been mobilized to provide specialized skills.

In addition to personnel in these categories, the Army Reserve relies on a small number of full-time personnel to provide the day-to-day administrative, training, and maintenance tasks that units need to be able to attain readiness for their missions and deploy. The Army Reserve full-time support personnel are equal to about 13 percent of the authorized number of reservists.

The Army Reserve is headed by the Chief, Army Reserve who is the principal advisor to the Chief of Staff of the Army for all Army Reserve matters. Among other duties, the Chief, Army Reserve provides reports to the Secretary of Defense and the Congress, through the Secretary of the

⁶ The Army Retired Reserve includes retirees from both the active and reserve components.

Army, on the state of the Army Reserve and the ability of the Army Reserve to meet its missions; manages the full-time support program; justifies and executes the personnel, operation and maintenance, and construction budgets for the Army Reserve; and participates in formulation and development of Army policies.

The Army Reserve is a part of the total Army, which also includes the active Army and the Army National Guard. The Chief of Staff of the Army is charged with integrating reserve component matters into Army activities and provides strategic guidance to the Army Reserve on transformation. The Chief of Staff of the Army, as senior military leader of the Army, participates in the development of Army plans, policies, programs, and activities and supervises their execution. The Secretary of the Army, as the senior official of the Department of the Army, is responsible for its effective and efficient functioning.

Reserve forces may be called to active duty under a number of mobilization authorities. As shown in table 1, two authorities enable the President to mobilize forces, but with size and time limitations. Full mobilization, which would enable the mobilization of forces for as long as they are needed, requires a declaration by the Congress.

Table 1: Mobilization Authorities for Reserve Forces

Statute	Provisions
10 U.S.C. 12301(a) "Full Mobilization"	Declared by Congress : In time of war or national emergency No limit on numbers of soldiers called to active duty For duration of war plus 6 months
10 U.S.C. 12302 "Partial Mobilization"	Declared by the President : In time of national emergency No more than 1,000,000 reservists can be on active duty No more than 24 consecutive months
10 U.S.C. 12304 "Presidential Reserve Call-up"	Determined by the President : To augment the active duty force for operational missions No more than 200,000 reservists can be on active duty No more than 270 days

Source: GAO analysis of U.S. Code provisions.

The Office of the Secretary of Defense implements the activation of reservists under mobilization authority. The Assistant Secretary of Defense

for Reserve Affairs, who reports to the Under Secretary of Defense for Personnel and Readiness, is responsible for providing policy, programs, and guidance for the mobilization and demobilization of the reserve components.

On September 14, 2001, President Bush declared that a national emergency existed as a result of the attacks on the World Trade Center in New York and the Pentagon in Washington, D.C., and he invoked the partial mobilization authority. On September 20, 2001, DOD issued mobilization guidance that among other things directed the services as a matter of policy to specify in initial orders to Ready Reserve members that the period of active duty service would not exceed 12 months. However, the guidance allowed the service secretaries to extend orders for an additional 12 months or remobilize reserve component members under the partial mobilization authority as long as an individual member's cumulative service did not exceed 24 months under the President's partial mobilization authority.

Since September 11, there have been six separate rotations of troops to support Operation Enduring Freedom and four rotations of troops to support Operation Iraqi Freedom, which began in 2001. The Army has identified the personnel and units that are expected to deploy in 2005 in the seventh rotation of forces for Operation Enduring Freedom and the fifth rotation for Operation Iraqi Freedom.

To address the continuing demand for ground forces, in 2004, the Army extended the time that reservists must be deployed overseas for missions related to Operation Iraqi Freedom in Iraq or Operation Enduring Freedom in Afghanistan. The Army's current guidance is that soldiers should serve 12 months with their "boots on the ground" in the theater of operations, not including the time spent in mobilization and demobilization activities, which could add several more months to the time a Reserve member spends on active duty. The Army's Forces Command identifies the Army units and personnel to be deployed to meet the requirements of the combatant commanders.

Personnel and Equipment Shortages Will Make It Increasingly Difficult for the Army Reserve to Continue to Support Overseas Operations

The Army Reserve has provided ready forces for ongoing military operations since September 11, 2001, by transferring personnel and equipment to deploying units; however, it is running out of personnel who can be mobilized under current policies and equipment that meets deployment standards for three key reasons. First, the Army Reserve is having difficulty continuing to support ongoing operations because its units are not routinely resourced with all the personnel and equipment needed to deploy. Therefore, to meet combatant commanders' requirements that deploying units have all the personnel they require for their missions and have equipment that is compatible with other units in the theater of operations, the Army Reserve has had to transfer uniformed personnel and equipment from nonmobilized units to prepare mobilized units. This has left nondeploying units with shortages in personnel and equipment, which hampers their ability to train for future missions. Second, based on data provided by the Army Reserve, about 40 percent of Army Reserve personnel have already been mobilized once and under personnel policies cannot be mobilized again. This, in addition to emerging recruiting issues that contribute to the availability of personnel, has led to a smaller pool of reservists eligible for deployment and is making it more difficult for the Army Reserve to provide trained and ready personnel with the specific grades and skills needed for future operations. Third, the Army Reserve has been experiencing increasing shortages of the full-time support staff who maintain equipment, train personnel, and conduct the day-to-day administration of nonmobilized and returning units. This hampers the Army Reserve's ability to maintain unit readiness. These challenges, when viewed collectively and in view of emerging recruiting challenges, threaten the Army Reserve's ability to provide ready units for ongoing operations and prepare units for future missions.

The Army Reserve Has Prepared Mobilized Units by Transferring Personnel and Equipment from Nonmobilizing Units, but It Faces Shortages of Personnel and Equipment in the Near Term

To provide the ready forces required to meet mission requirements since September 11, 2001, the Army Reserve has had to transfer personnel and equipment from nonmobilized units to mobilized units—a practice that has left nonmobilized units with shortages of resources and challenges the Army Reserve to continue to support near-term operations. The Army Reserve, like the National Guard, has been structured according to a "tiered resourcing" approach. Under tiered resourcing, the Army has accepted some operational risks to save money by funding Army Reserve units to maintain fewer personnel and less equipment than they would need in the event of a deployment. Instead, units train at lower states of readiness with the expectation that there would be sufficient time to add the required

personnel and equipment prior to a deployment. Units anticipated to be needed earlier in an operation are provided a larger portion of their required personnel and equipment, while units that are not likely to be needed until later during an operation, if at all, are given lower levels of resources. This strategy effectively supported the types of operations that were anticipated before September 11, 2001, but in the current environment combatant commanders have required that Army Reserve units deploy with all the personnel and equipment they needed for their missions. While the Army Reserve has met these requirements, it has done so by transferring resources from nonmobilized units, which has impaired its ability to train for future missions. It has used this approach because its personnel and equipment levels have not increased significantly since September 11, 2001, despite the high pace of operations. In addition, the overall number of personnel in the Army's Selected Reserve has declined as recruiting and retention issues have emerged.⁷ Senior Army Reserve officials have expressed concern that without change in the policies, the Army Reserve will soon be unable to continue to provide forces with the necessary skills and grades to support Army operations.

Personnel Transfers Have Enabled the Army Reserve to Mobilize Ready Units, but the Pool of Deployable Units and Personnel Is Declining

To meet combatant commander requirements for fully manned units, the Army Reserve has had to transfer large numbers of personnel from nonmobilizing units to provide specifically required capabilities and to prepare mobilizing units for deployment. From September 11, 2001, through March 2005, the Army Reserve mobilized about 118,270 soldiers from the Selected Reserve.⁸ Of the total number of soldiers mobilized, approximately 53,000 (45 percent) were transferred from nonmobilized units to fill shortages in mobilized units and to provide personnel to fill specialized requirements, such as medical teams, that did not require an entire unit. Over 50 percent of the requests for Army Reserve personnel have been for groups of six soldiers or less. As a result of these personnel transfers, existing shortages in nonmobilized units are growing, which limit these units' ability to conduct training and require them to receive significant infusions of personnel from other units if they are alerted for mobilization. Additionally, the pool of reservists from which to fill requirements for certain skills and grades is decreasing.

⁷ GAO, *Military Personnel: Preliminary Observations on Recruiting and Retention Issues within the U.S. Armed Forces*, GAO-05-419T (Washington, D.C.: Mar. 16, 2005).

⁸ According to the U.S. Army Human Resources Command as of May 2, 2005, 10,361 members of the Individual Ready Reserve, individual mobilization augmentees, and members of the Retired Reserve have been ordered to active duty.

Under tiered resourcing, Army Reserve units have generally been assigned about 80 to 85 percent of the personnel they require to perform their assigned missions, under the assumption that the shortages could be filled before the units would deploy. Additionally, some personnel assigned to units may not be deployable for personal reasons, such as unfulfilled training requirements, health problems, or family situations. However, for Operation Iraqi Freedom, combatant commanders requested that the Army mobilize Army Reserve units with 100 percent of the required personnel. Therefore, to support the first rotation of Army Reserve troops for Operation Iraqi Freedom in March 2003, the Army Reserve had to transfer about 20 percent of the required personnel from nonmobilized units. These initial transfers worsened existing personnel shortages in nonmobilized units and increased the numbers of personnel that had to be transferred when these units were subsequently mobilized. To meet the combatant commander's personnel requirements during the second rotation of troops for Operation Iraqi Freedom in 2004, about 40 percent of the required personnel were transferred from other units. Beginning in fall 2004, combatant commanders have required that Army Reserve units mobilize with 102 percent of their required personnel so that casualties or other personnel losses during the mobilization process or during deployment can be replaced from within the unit. This requirement means that units will require even more personnel to be transferred to them before they deploy and will increase personnel shortages in remaining units even further. According to Army Reserve officials, units mobilizing in the near future may have to receive over half of their required personnel from outside the units.

As current conflicts have continued, the Army Reserve has experienced recruitment shortfalls and lost personnel from resignations and retirement. Although the Army Reserve is authorized to have 205,000 personnel in its Selected Reserve, the number of participating members was about 197,000 in February 2005. The number of members had decreased to about 196,000 in March 2005.

As the number of Army Reserve personnel available for mobilization continues to decrease, the personnel who remain do not necessarily have the ranks or skills needed to fulfill combatant commander requirements. For example, captains are the Army Reserve's unit-level leaders, responsible for filling key command and staff positions. In 2001, the Army Reserve lacked about 42 percent of the 14,996 captains it required, and as of January 2005, this percentage had increased to about 52 percent. The Army Reserve attributes the shortage of captains to fewer officers

transferring to the Army Reserve from the active Army. Similarly, the number of warrant officers—the Army Reserve’s technical experts and pilots—has also been decreasing. In September 2003, the Army Reserve lacked 28 percent of its required 2,730 warrant officers, and as of February 2005, it lacked 37 percent. In order to meet requirements with these shortages, the Army Reserve has had to fill requirements by assigning personnel in other grades who may not have as much training and experience as these officers.

Furthermore, the Army Reserve is experiencing increasing shortages of personnel who have certain skills that have been in high demand since September 11, 2001. For example, there has been a large requirement for truck drivers to support current military operations. Of the over 11,200 truck drivers assigned to the Army Reserve, over 8,690 have already been mobilized since September 11, 2001, leaving only about 2,510 (or 22 percent) still available for deployment. As table 2 shows, over 70 percent of enlisted personnel in some occupations have already been deployed and are no longer eligible for deployment. While some of these skills have been in high demand across the Army, some, such as civil affairs, reside primarily in the Army Reserve and sometimes in small numbers of critical personnel. While new recruits are constantly entering the Army Reserve, training them with specialized skills, such as intelligence analysis, takes time.

Table 2: Army Reserve Enlisted Occupations with over 70 Percent of Personnel Mobilized since September 11, 2001

Military occupation	Number of soldiers assigned	Percentage of soldiers mobilized since September 11, 2001
Construction manager	891	89
Supervisor of construction equipment operators	683	87
Concrete and asphalt equipment operator	194	84
Truck driver	11,226	78
Supervisor of general engineers	313	76
Civil affairs specialist (emergency management specialist)	2,439	74
Carpenter and mason	1,999	74
Transportation manager	578	73
Mortuary affairs specialist	228	73
Ammunition specialist	1,774	72

Source: GAO analysis of U.S. Army Reserve Command data.

Note: Data as of March 2005.

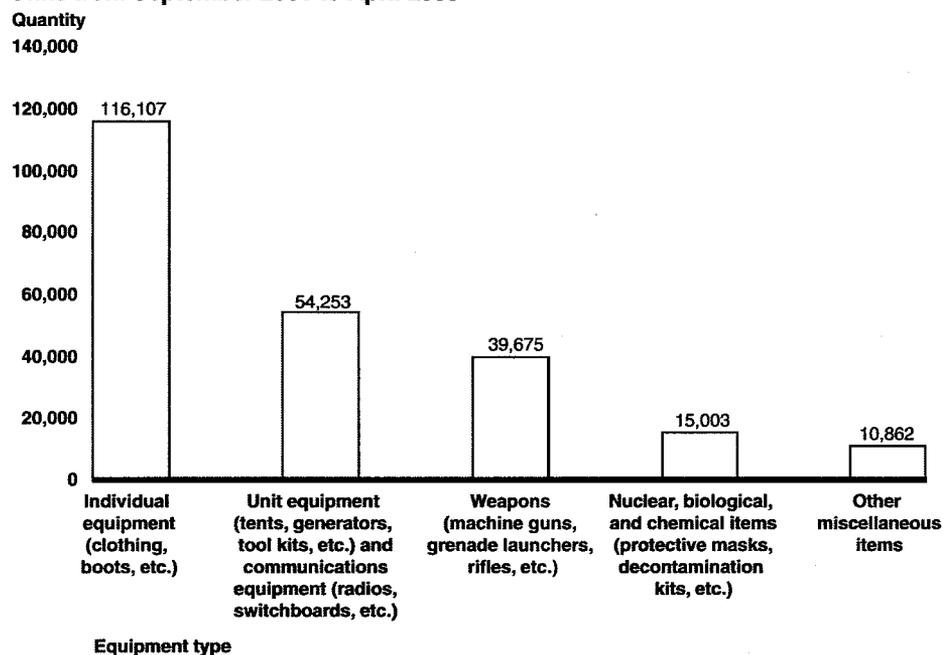
As the pool of Army Reserve personnel considered available for deployment continues to decrease, the Army Reserve is becoming increasingly challenged to find qualified soldiers to perform key functions needed to support ongoing operations.

The Army Reserve Has Transferred Equipment between Units to Prepare Mobilized Units but Is Experiencing Increasing Equipment Shortages

Since September 11, 2001, the Army Reserve has mobilized its units with the most modern and highest quantity of equipment it has had available, but increasing shortages threaten the Army Reserve's ability to continue to meet equipment requirements in the near term. As with personnel, Army Reserve units are not generally allotted all of the equipment they need to deploy; they receive a percentage based on the mobilization sequence of war plans, with those units expected to deploy first receiving priority for equipment. Since September 11, combatant commanders have required deploying units to have 90 percent of their required equipment, even though Army Reserve units are typically maintained with less than 80 percent of their equipment requirement. In order to meet equipment requirements, the Army Reserve has had to fill shortages from other sources within the Army Reserve. According to our analysis, the Army Reserve transferred 235,900 pieces of equipment worth about \$765 million from September 13, 2001 through April 5, 2005. As figure 2 shows,

individual (49 percent) and unit (23 percent) equipment represented the two largest categories of equipment transferred.

Figure 2: Equipment Items Most Transferred from Nonmobilized Units to Mobilizing Units from September 2001 to April 2005



Source: GAO analysis of Army Reserve data.

In the fiscal year 2006 *National Guard and Reserve Equipment Report*,⁹ the Army Reserve reported that in February 2005 it had about 76 percent of the equipment it requires. However, this estimate includes equipment items that are older than those used by the active component, such as previous generations of trucks and older models of night vision goggles, rifles, and generators. The Army Reserve does not generally receive new equipment at the same time as the active Army. When the active Army receives newer, modern equipment items, it often passes the older equipment to the Army Reserve. While these items are considered substitutes for newer items for some purposes, such as training, combatant

⁹ Department of Defense, *National Guard and Reserve Equipment Report for Fiscal Year 2006* (Washington, D.C.: February 2005).

commanders barred many of them from current operations because the Army cannot provide logistics support for the older items in theater. Therefore, the equipment Army Reserve units have that is acceptable for deployment is lower than the overall figure indicates. For example, Army Reserve units often train with older less capable versions of radios than their active duty counterparts have, so deploying Army Reserve units have had to be supplied with the new radios after they deployed. In addition, Army Reserve units have far fewer than the overall average for some equipment items. For example, the Army Reserve has less than half of its requirement of night vision goggles, and a portion of the goggles it has are not the most modern type. While units can be provided additional equipment from the Army after they deploy, these units do not have much time to train with new equipment prior to conducting actual operations. Moreover, continuing equipment shortages in nondeploying units also result in loss of training opportunities and increase the number of equipment items that must be transferred to prepare units for mobilization.

As the Army Reserve struggles to continue to provide the required equipment to its mobilized units, its existing equipment inventory is aging more quickly than originally planned due to high use and a harsh operational environment. According to the 2006 *National Guard and Reserve Equipment Report*, equipment is being used in theater at rates five times higher than under peacetime conditions, and several major equipment items, including some light and light-medium truck fleets and engineering equipment, are nearing or past their anticipated lifetime use. The report noted that higher use is resulting in increased costs for parts and maintenance as well as a reduction in overall unit readiness. Additionally, according to the report, the Army Reserve estimates that currently as much as 44 percent of its equipment needs servicing. This includes equipment returned from the first rotation of troops in support of Operation Iraqi Freedom, about one-fourth of which still requires maintenance before it can be reused. Moreover, returning Army Reserve units are being required to leave certain equipment items, such as vehicles that have had armor added to them, in theater for continuing use by other forces, which further reduces the equipment available for training and limits the Army Reserve's ability to prepare units for mobilizations in the near term.

The Army Reserve's Ability to Provide Ready Forces Is Affected by Current Personnel Policies

The Army Reserve's ability to continue to provide ready forces in support of ongoing operations is further affected by current DOD and Army personnel policies, which affect the number of reserve personnel eligible for deployment. As we have reported previously, the availability of reserve component forces to meet future requirements is greatly influenced by DOD's implementation of the partial mobilization authority under which personnel serving in Operations Iraqi Freedom and Enduring Freedom were mobilized and by the department's personnel policies. Specifically, we reported that the policies that affect mobilized reserve component personnel were focused on the short-term needs of the services and reserve component members rather than on long-term requirements and predictability of deployment.¹⁰

Army Reserve personnel serving in Operations Iraqi Freedom and Enduring Freedom have been activated under a partial mobilization authority, which enables the secretary of a military department, in a time of national emergency declared by the President or when otherwise authorized by law, to involuntarily mobilize reservists for up to 24 consecutive months.¹¹ However, DOD's policy implementing the mobilization authority is that any soldier who has served 24 cumulative months during the current conflicts is ineligible for any further activation unless the President signs an additional executive order or that soldier volunteers for additional duty. Time for pre- and postmobilization activities and accrued leave days are also counted toward time served on a reservist's "24-month clock" under this policy. While the DOD policy limits the time a reservist can serve on active duty to 24 months, Army policy¹² states that reservists who have been mobilized for Operations Iraqi Freedom or Enduring Freedom will serve no more than 12 months in the theater of operations. Thus, under this policy, an Army reservist who completes an in-theater rotation of 12 months, along with pre- and postmobilization activities (adding an average of 6 months to mobilization), serves about 18 months of the 24 months allowed under the DOD policy. In addition, because these deployments cannot be less than 12 months under Army policies, the Army Reserve considers these reservists ineligible to deploy again.

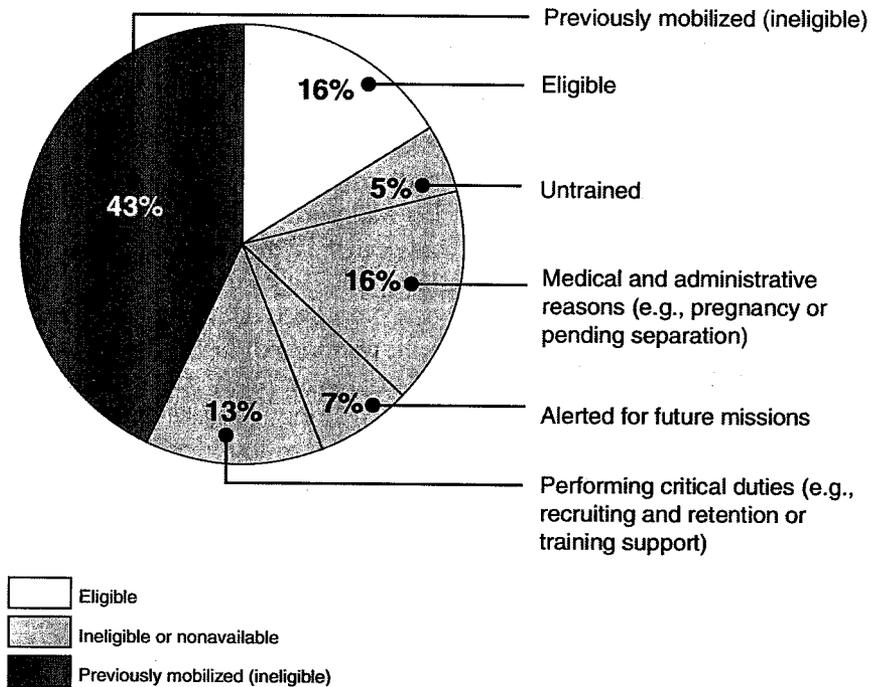
¹⁰GAO-04-1031.

¹¹ 10 U.S.C. § 12302.

¹² Department of the Army, *Department of the Army Personnel Planning Guidance* (Washington, D.C.: Apr. 20, 2005).

As figure 3 shows, as of March 2005, about 43 percent of Army Selected Reserve personnel have been mobilized since September 11, 2001, and are not eligible to be remobilized under current DOD and Army policies. Only about 16 percent, or 31,300 personnel, are considered eligible for mobilization. The other 41 percent are ineligible or not available at this time for a variety of reasons, including the nature of their current assignments—such as providing recruiting and retention support, training for mobilizing units, and other critical duties; lack of required training; or various medical and administrative issues, such as pregnancy or pending separations. Those soldiers who complete the required training or resolve medical and family issues may become available for mobilization in the future.

Figure 3: Percentage of Army Reserve Personnel Eligible, Previously Mobilized, or Ineligible/Not Available for Mobilization as of March 2005



Source: GAO analysis of Army Reserve data.

Note: Based on 196,219 soldiers in the Selected Reserve as of March 28, 2005.

In a December 2004 memorandum, the Chief, Army Reserve reported to the Chief of Staff of the Army that the Army Reserve's ability to provide ready personnel was impaired by the DOD's implementation of mobilization authorities and the Army's deployment policies, among other issues. He noted that the overall ability of the Army Reserve to continue to provide ready forces was declining quickly. He reiterated similar concerns during testimony to the House Committee on Armed Services' Subcommittee on Military Personnel, in February 2005. Senior DOD officials maintained that the military services have enough personnel available to meet requirements, and the policies have not changed since then.

The Army Reserve Lacks Required Full-time Support Staff

Another significant challenge the Army Reserve faces in continuing to provide support for near-term operations is that it has not been authorized all of the full-time support staff it needs to perform critical readiness duties at home. These personnel play a key role in maintaining Army Reserve unit readiness and participating in mobilization/deployment planning and preparation by performing the day-to-day equipment maintenance, administrative, recruiting and retention, and training tasks for the Army Reserve force. These staff fall into three categories: reservists who have been selected to serve on extended active duty, civilian employees, and active Army personnel.

Based on a pre-September 11, 2001, analysis, the Army Reserve identified a requirement for about 38,000 full-time support personnel during peacetime, which equates to about 18.5 percent of the 205,000 members it is authorized by law. These personnel are needed to perform ongoing equipment maintenance, administrative, recruiting and retention, and training tasks. However, the Army Reserve is only authorized about 26,350 full-time support personnel, or about 68 percent of its full-time requirement and 12.8 percent of the authorized number of reservists. The Army Reserve's full-time staffing is the lowest proportion of all the reserve components. By comparison, in 2004, the Army National Guard was authorized full-time support equal to 15 percent of its end strength, and the Air Force Reserve was authorized full-time support equal to about 22 percent of its end strength. Moreover, the Army Reserve's authorized full-time support does not take into consideration recent increases in the pace of operations. The Army Reserve has not been authorized all of the full-time support staff it requires because, under the tiered resourcing planning strategy, it was assumed that Army Reserve units would not need to deploy quickly, and thus the risk associated with lowered unit readiness was acceptable.

While the Army Reserve has not been authorized the full-time personnel necessary to meet its requirements, the number of full-time personnel available for day-to-day activities is being further reduced because of the ongoing requirements for active duty and reserve personnel. First, some full-time civilian employees, called military technicians, must as a condition of employment be members of Army Reserve units. According to Army Reserve data, as of May 2005, about 1,100 (14 percent) of the Army Reserve's military technicians were deployed in support of current operations, in some instances resulting in a gap in support for day-to-day operations in nonmobilized units. In addition, in March 2005, the Army announced its decision to reassign 223 (about 88 percent) of the 254 active Army staff who perform critical training and readiness support positions in the Army Reserve because these soldiers are needed in the active component. In announcing the planned reduction, the Army noted that the planned decrease will reduce premobilization training; threaten the Army Reserve's ability to activate units at required levels of capability; and reduce or limit support for approval of training plans, oversight of readiness reports, and annual assessments of personnel, equipment, and training. The Army Reserve is in the process of determining ways to mitigate the loss of the active Army personnel.

The Army and the Army Reserve Have Initiatives to Improve Readiness and Deployment Predictability, but Full Implementation Depends on Detailed Coordination and Funding Decisions

The Army and Army Reserve have taken several steps to plan and implement a number of initiatives to address the readiness challenges described above and improve deployment predictability for soldiers, but they have not yet made decisions on the numbers and types of units the Army Reserve will need in the future and several key decisions about the Army Reserve's structure and funding have not yet been finalized. One of the Army Reserve's primary initiatives is to transition to a rotational force model, which would enable reservists to know in advance when they might be expected to deploy to overseas operations and would break the cycle of unanticipated and ad hoc transfers of personnel from nondeploying units to deploying units. While the Army Reserve plans to begin implementing its rotational force model with the return of currently deployed units, it is awaiting several Army decisions concerning the structure, number, and types of Army Reserve support units the Army will require for its new modular force and how the Army Reserve's rotational force model will be funded. The Army Reserve is also undertaking a number of other initiatives designed to make the most efficient and effective use of its personnel—including reducing its force structure to provide remaining units with all the personnel they are authorized, increasing full-time support, establishing a process for centrally managing soldiers who are ineligible for

deployment, and changing the command and control of some units—but these initiatives are not all linked by a detailed management plan. While the Army's Campaign Plan defines overall goals to improve readiness of Army units, including Army Reserve units, it does not describe the personnel, units, and equipment the Army Reserve will need under the Army's modular structure and rotational force generating model. Until the Army determines these future requirements for the Army Reserve and integrates the various initiatives under way in a detailed plan, the Army and Army Reserve will not be in a position to determine their needs, so the Secretary of Defense and the Congress will not have assurance that the current problems of degrading readiness and unpredictable deployments will be fully and efficiently addressed.

Implementation of the Army Reserve's Rotational Force Model Awaits Critical Funding and Structure Decisions

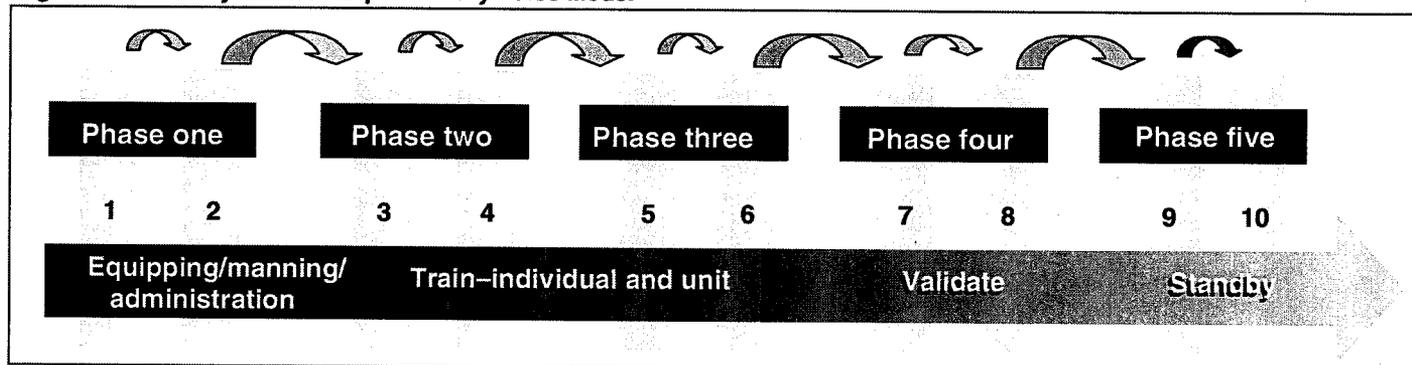
The initiative to transform the Army Reserve into a rotational force, within which units are provided a predictable cycle for conducting individual and unit training followed by potential mobilization, involves a major change in the way the Army planned to train and use Army Reserve forces in the past. The Army Reserve has completed significant planning on its rotational force model, and its plan appears to address the critical issue of providing forces continuously without undue stress on reservists. However, the Army Reserve is awaiting several key decisions by the Department of the Army before it can implement the model, and full implementation could take several years.

At present, Army Reserve units are assigned to missions based on war plans and, under tiered resourcing, are maintained at varying levels of readiness based on when they are expected to be needed to deploy in accordance with war plans. Units that are not expected to be needed early in existing war plans are not expected to be ready to deploy without significant time following the outbreak of a war to improve their readiness with additional personnel and equipment. However, current military operations associated with the Global War on Terrorism have called for units and personnel earlier and for longer periods than anticipated in previous war plans and have raised issues about the impact of unforeseen deployments of Army Reserve forces on reservists, their families, and their employers.

In July 2003, the Secretary of Defense issued a memorandum to the Army directing it to develop a plan that would enable the service to better predict when personnel and units might expect to be mobilized. The Secretary's objective was to limit a reservist's involuntary call-up to active duty to 1

year in every 6 years. The Army's 2004 Campaign Plan assigned responsibility to the Army Reserve for developing a method to meet this objective.¹³ When the plan was issued in April 2004, the Army Reserve had already begun developing a proposal for a new rotational force generation model based on cyclical readiness, called the Army Reserve Expeditionary Force model. As shown in figure 4, under the Army Reserve Expeditionary Force model, reserve forces would be divided into 10 groups called packages, each containing several units with the range of capabilities that might be needed to conduct military operations. Army Reserve units would move through the phases of the cycle and be ready to serve as a standby deployable force during the fifth year of the 5-year cycle.¹⁴

Figure 4: The Army Reserve Expeditionary Force Model



Source: GAO analysis of Army Reserve data.

The Army Reserve designed the Army Reserve Expeditionary Force model with the intention of keeping units and packages intact and on a predictable schedule. In addition, unlike the tiered resourcing strategy based on when units would be needed for combat operations under existing war plans, the plan assigns priority based on when units will be ready and available for deployment. It also reflects an assumption that in the future the United States will be less able to predict and plan for specific

¹³ In October 2004, the Army issued Change 1 to the Army Campaign Plan which assigned the Army Forces Command responsibility for implementing a rotational force for the total Army.

¹⁴ Army Reserve officials estimate that about 60 percent of Army Reserve forces could be available to meet demands—40 percent at any given time and an additional 20 percent by accelerating the process.

threats, so the services will have to maintain a certain portion of their active and reserve forces ready at all times to conduct a range of potential military operations should the need arise. The Army has included the rotational concept in the Army Campaign Plan and intends to implement it across the Army. We believe that the concept is a step toward balancing the need for a continuing supply of ready units with the need for more predictability of deployments, but plans are in the preliminary stages and implementation issues, such as training standards and funding needs, have yet to be decided.

Under the Army Reserve Expeditionary Force model, Army Reserve units would not be expected to have all the personnel and equipment they would need to complete their missions until they were in the later phases of the model. During the beginning phases of the cycle, units would begin to receive new or replacement equipment and additional personnel and begin other administrative, logistical, or personnel activities necessary to increase their level of readiness. During the next phases, individuals would receive training to develop the skills needed for their specific occupations, and units would train together on unit tasks. For example, truck drivers would be initially expected to improve their individual ability to drive a particular truck. After achieving a specific level of driving proficiency, they would train with the other drivers and learn how to drive in a truck convoy. Over the training period, units would have access to all the modern equipment they would need to deploy, so there would be no need for large-scale, unscheduled transfers of equipment to ready mobilizing units. At the end of the training phase, units would undergo a validation process to determine whether they would be capable of mobilizing in support of Army operations. Units in the final phase of the Army Reserve Expeditionary Force model would be trained, manned, and equipped to perform their missions, so the time needed to mobilize these units would be significantly reduced compared to current operations.

In addition to the improved ability to provide ready forces, the Army Reserve expects the Army Reserve Expeditionary Force model to improve the quality of life for its members by enabling soldiers, their families, and their employers to better predict when a reservist could be mobilized. The planned rotational model is intended to meet the Secretary of Defense's goal of limiting involuntary mobilizations, although under the model proposed by the Army Reserve, units could be mobilized once every 5 years rather than every 6 years, the Secretary's original goal. The Army Reserve's current force rotational planning model would enable it to inform

reservists of their deployment eligibility schedules several years ahead of a possible deployment so they could make family and career plans.

According to the Army Reserve Expeditionary Force plans, if requests for forces exceed those that are within their deployment time frame, the Army Reserve could accelerate training for forces nearing the final phases of the model. This would mean earlier deployment than anticipated for some forces. However, according to Army Reserve analysis, no historical deployments since World War II have required more forces than would be contained in 4 of the planned 10 Army Reserve Expeditionary Force packages.

While the Army agrees with the Army Reserve's concept of the rotational force model and intends to implement the concept for the active forces as well as Army Reserve and Army National Guard forces, Army and Army Reserve officials have not come to agreement on the specifics of how the Army Reserve model will be implemented. Key issues currently under discussion are the number of packages that should be created and the duration of the rotational cycle. Although the Army Reserve proposal would create 10 force packages and establish a rotational cycle of between 5 and 6 years, some Army officials advocate creating 12 force packages and a 6-year cycle that would comply with the Secretary of Defense's initial guidance. Army Reserve officials noted that the model could be adjusted to accommodate a deployment cycle of 6 years. However, the Army Reserve proposal advocates creating 10 packages rather than 12 packages because each package could contain a larger percentage of the force. Likewise, Army and Army Reserve officials have not agreed on a plan for how the Army Reserve would provide additional forces if the Army Reserve Expeditionary Force model cannot provide enough deployable forces to meet operational requirements. Army officials anticipate that final plans for the Army Reserve's rotational model will be approved in midsummer 2005 and will detail the rotational cycle and the number of expeditionary packages the Army Reserve will need to build. However, even if all the planning decisions were finalized in the near future and the Army Reserve could begin implementation immediately, full implementation will likely take several years to complete because the rotational concept is based on the sequential flow of units through the model, and the first units would not reach readiness until at least 2010.

While the Army Reserve intends to implement its Army Reserve Expeditionary Force model with troops returning in 2005 from military operations overseas, continued demands for units and individuals may

make it difficult for the Army Reserve to adhere to the model and avoid having to take deployment-eligible reservists out of their units' rotational cycles to meet immediate needs for personnel. Further, the Army and Army Reserve have not fully estimated the costs associated with the Army Reserve's rotational model and programmed funding to begin the process of resetting and reconstituting returning forces as they enter the rotational model. As of May 2005, Army Reserve planning officials were still in the process of reviewing what equipment, training, and personnel will be required for both the units rotating through the model and the support structure that will be required for those units once the model is implemented. Army Reserve officials explained that they cannot begin to develop funding requirements until the Army determines the units the Army Reserve will need. If funding requirements are not carefully estimated and included in the Army's budget, the model's eventual effectiveness in providing a more orderly and predictable process for supporting overseas operations may be diminished.

The Army Is Reorganizing Its Forces, but Plans Detailing the Numbers and Types of Army Reserve Support Units It Needs Are Not Completed

The Army has recognized that it needs to become more flexible and capable of achieving a wide range of missions. To this end, in fiscal year 2004, the Army began to reorganize its active duty combat forces from a force structure organized around divisions to one that is based on more flexible modular brigades. However, as we have previously reported, the design of the modular units is still evolving and not all the equipment required is fully known or funded.¹⁵ The Army has not completed planning for how active and Army Reserve component combat support and combat service support units will be organized to support the new modular brigade combat teams.

The Army is currently completing a review of its force structure—called the Total Army Analysis—to determine the number and type of units it needs to meet the goals of the National Defense Strategy. Previously conducted Total Army analyses did not include an assessment of the support forces that would be needed under the Army's modularity initiative. In 2004, the Army began another review to determine what active and reserve support units it will need to support its new multifunctional modular brigades. The Army plans to use the results of the analysis to compile a detailed list of the numbers and types of units the Army Reserve

¹⁵GAO-05-443T.

will need to provide in support of the modular combat forces. As of March 2005, the Army was still analyzing the results of the process and was continuing to assess the requirements for support forces. Until the results are released, the Army Reserve cannot identify the numbers and types of units that it will need to support the Army requirements in each of the rotational packages.

In addition, the Army and Army Reserve have not yet developed detailed estimates for the Army Reserve's reorganization into modular units. The Army Campaign Plan assumes that supplemental resources the Congress provides to the Army to fund the Global War on Terrorism will be available to pay some of the costs of the modular conversion for reserve component support units. However, until the Army completes all of its force structure designs for support brigades, the Army Reserve will not have a total picture of its personnel and equipment requirements and will not have all the information it needs to evaluate funding requests for modularity.

The Army and the Army Reserve Have Several Other Initiatives Currently Under Way to Improve Capabilities, but Stages of Implementation Vary

The Army and the Army Reserve have other initiatives under way for the purposes of improving readiness and capability. However, these initiatives are in varying stages of planning and implementation. While all the transformational initiatives seek to improve the Army Reserve's ability to provide ready forces, they have not been coordinated as part of a comprehensive plan that would establish goals for initiatives, coordinate their objectives and time frames, and set funding priorities. Moreover, the Army has not determined the personnel, units, and equipment the Army Reserve will need to transform to a modular, rotational force and effectively support Army operations in the future.

In July 2003, the Secretary of Defense directed the services to begin to rebalance the capabilities that reside in the active and reserve forces to better meet the continued high demand for personnel with certain skills in support of ongoing operations. Key objectives of this initiative are to improve unit readiness and increase services' ability to meet the requirements of continuous operations by eliminating units with low-demand skills and moving personnel into units with high-demand skills. It also aims to provide units with more of the required personnel by ensuring that all personnel assigned to units are eligible to deploy. When the initiative is fully implemented in 2009, the rebalancing will result in force structure changes affecting about 34,000 Army Reserve positions and 236 Army Reserve units. Although intended to increase the Army Reserve's readiness and capability, this rebalancing effort was begun before the Army

began its modular restructuring effort. The two initiatives—rebalancing and modular restructuring—have not been coordinated within a management framework that is needed in light of the potential impact of major organization changes. Senior Army Reserve leaders have raised concerns that because the initiatives are not well integrated, the Army Reserve may be eliminating some of the types of units that it will eventually need to supplement the modular support brigades.

To increase units' readiness by assigning only deployable personnel, the Army Reserve is also establishing a process to centrally manage soldiers who are not eligible for deployment because they are untrained, awaiting administrative discharge, pending medical evaluations for continued service, or in the process of voluntarily moving between units. Until this initiative is fully implemented some soldiers will remain assigned to units where they occupy positions, but because they are not eligible for mobilization, they do not contribute to unit readiness. By accounting for these soldiers centrally in a separate "Trainees, Transients, Holdees, and Students" account, as exists in the active Army, the Army Reserve anticipates that it can relieve units of a major administrative responsibility and enhance overall unit readiness. The Army Reserve has begun implementing this initiative and estimated that at the end of June 2004 about 12.8 percent of its assigned strength met the requirements for assignment to one of the four categories. The Army Reserve expects the number of personnel in this account to eventually level off at about 10 percent of the number of soldiers it is authorized, or about 20,000 soldiers.

Recognizing the need for more full-time support staff, in fiscal year 2001, the Army started to implement an initiative to increase the number of full-time support positions for reservists on active duty and civilians by 4,551 positions by the end of fiscal year 2011. When complete, the planned increase would bring the number of full-time support staff for the Army Reserve to 28,806 personnel, about 14 percent of the Army Reserve's end strength. However, planned increases would not provide the Army Reserve's peacetime requirement for full-time support, even as the high pace of current operations has increased demands for the training, administrative, and maintenance skills full-time staff provide. Moreover, the Army Reserve will lose the full-time support of about 223 active duty Army soldiers because they are needed in the active component, which will offset some of the benefit of increases in reservist and civilian full-time support. The Army Reserve has not yet developed a management plan to offset these risks in the near term or address the increasing shortage of full-time support staff due to deployments.

Another initiative is designed to address the readiness problem that is created when personnel are transferred out of some units to provide capabilities to other units in the active or reserve component. The Army Reserve's Individual Augmentee initiative is designed to provide a pool of volunteer soldiers, trained in high-demand specialties, who are ready to mobilize quickly as individuals rather than units. According to the Army Reserve, it is currently working to implement this initiative and has established a goal of 3,000 to 9,000 Individual Augmentee positions by the end of 2007.

The Army Reserve is also in the process of changing the command and control of some of its units to better focus on soldier and unit readiness. For example, the Army Reserve plans to reduce the number of commands charged with readiness activities and establish a training command in order to clarify responsibilities and standardize training. In addition, the Army Reserve is implementing plans to transfer some installation and facility support activities to the Army so that Army Reserve readiness personnel can focus on training programs. Furthermore, the Army Reserve is in the process of establishing a consolidated medical command and a consolidated intelligence command to more effectively manage these specialized skills. While the Army Reserve expects these actions to support the goals of the Army Campaign Plan, the details of how that will be accomplished are not specified in that plan.

Conclusions

While the Army's acceptance of military risk in maintaining the Army Reserve in peacetime with fewer people and less equipment than it needed for its mission was an effective strategy for containing costs during the Cold War, the security environment has changed dramatically since the September 11, 2001, terrorist attacks, and that strategy is no longer viable. Threats are no longer as predictable, so the services will need to maintain more forces ready to deploy as needed. In addition, operations related to the Global War on Terrorism are expected to last a long time and require the continuing support of the Army Reserve. The Army and Army Reserve's previous tiered readiness policy has created the need for wholesale transfers of personnel among units to meet wartime requirements and degraded the Army Reserve's ability to continue to provide forces for ongoing operations. In particular, the Army Reserve is running out of personnel who are eligible to mobilize under current personnel policies and who have the grades and skills required for current operation. The current operations are not expected to end soon, and without change, the Army Reserve will not be able to provide the personnel and units needed for

future rotations of Operations Enduring Freedom and Iraqi Freedom, or other needs.

The Army's Campaign Plan sets out overall goals for improved readiness of Army units, including Army Reserve units, but it does not describe the personnel, units, and equipment the Army Reserve will need under the Army's modular structure and rotational force generating model. Without a clear indication of what the Army Reserve will look like in the future, the Army and Army Reserve cannot be sure that the changes they are undertaking in the short term will enable it to achieve the desired end state of a flexible and ready force and ensure that funding is targeted to priority activities. While the Army and Army Reserve have various initiatives under way to improve Army Reserve readiness over time, not all of these initiatives are being integrated and coordinated to ensure they most efficiently achieve overall goals. Lacking a mechanism that coordinates and synchronizes initiatives that are in various stages of implementation, the Army and Army Reserve cannot be sure that all of the separately developed initiatives work together in timing and scope to achieve readiness goals efficiently and set funding priorities for various activities. For example, without information on the types of units that the Army Reserve will need under modularity, the Army Reserve cannot be sure that its other rebalancing efforts are not eliminating the types of units that will be needed in the future when additional costs would be generated and delays incurred to re-create them.

The Army Reserve's key initiative of establishing a rotational force cannot be fully implemented until the Army finalizes decisions concerning how the Army Reserve will fit into the Army's planned transformation to a modular force and funding needs and sources have been determined. Until these decisions are finalized and an implementation plan is agreed upon that details how the Army Reserve can ready units and individuals to meet requirements on an ongoing basis, the Army Reserve will have to continue transfers from its dwindling levels of personnel and equipment.

Recommendations for Executive Action

We recommend that the Secretary of Defense direct the Secretary of the Army, in consultation with the Chief of Staff of the Army; the Chief, Army Reserve; and the Under Secretary of Defense for Personnel and Readiness, to define the end state of the units, personnel, skills, and equipment the Army Reserve will need to fit into the Army's modular force and develop a detailed plan to ensure that the ongoing diverse initiatives collectively support the desired outcome of improved readiness and predictable

deployments within current and expected resource levels. The plan should, at a minimum, include

- an assessment of the types and numbers of units that the Reserve needs in its force structure to support future Army and joint missions,
- a process for coordinating the implementation steps and time frames of the different initiatives,
- a method of assessing the progress and effectiveness of the initiatives,
- a reassessment of the Army Reserve's requirement for full-time staffing support given its new operational role, and
- identification of resources needed to implement each of the Army's and the Army Reserve's initiatives to improve the Army Reserve's readiness.

We recommend that the Secretary of Defense direct the Secretary of the Army, in conjunction with the Chief of Staff of the Army; the Chief, Army Reserve; and the Under Secretary of Defense for Personnel and Readiness, to develop an implementation plan for a force rotation model for the Army Reserve that describes

- the types and numbers of units that should be available for deployment during each year,
- the funding the Army Reserve will need to support its transition to a rotational force, and
- the readiness levels for each phase of the rotation, including a description of the associated levels of personnel and equipment and the strategy for providing them, and how readiness will be evaluated.

Agency Comments

The Assistant Secretary of Defense (Reserve Affairs) provided written comments on a draft of this report. The department agreed with our recommendations. The department's comments are reprinted in their entirety in appendix II. In addition, the department provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the Chairmen and Ranking Minority Members, House and Senate Committees on Armed Services, and other interested committees. We are also sending a copy to the Director of the Office of Management and Budget, the Secretary of the Army, the Chief of Staff of the Army, and the Chief, U.S. Army Reserve, and we will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have questions, please contact me on (202) 512-4402 or by e-mail at stlaurentj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Major contributors to this report are included in appendix III.

Janet A. St. Laurent

Janet A. St. Laurent
Director, Defense Capabilities and Management

Scope and Methodology

To assess whether the Army Reserve has provided forces required by the combatant commanders since September 11, 2001, and the challenges it faces in sustaining near-term operations, we analyzed the Department of the Army's Manpower and Reserve *Employment of Reserve Component Forces & Effect of Usage* report data for fiscal years 1986 through 2003 and discussed the sources and uses of the information with officials from the Office of the Secretary of Defense for Reserve Affairs. We obtained information on personnel mobilized and remaining from the Army Reserve's Personnel Division. We analyzed data generated by the Total Army Personnel Data Base - Reserves and provided by the U.S. Army Reserve Command on the numbers of reservists that were mobilized for operations since September 11, 2001, and their military occupations and numbers of personnel that had not been mobilized. We obtained and analyzed data detailing the amounts, types, and costs of completed equipment transfers by the Army Reserve from September 13, 2001 through April 5, 2005, from the Reserve End Item Management System. We assessed the reliability of data from the Total Army Personnel Data Base - Reserves and the Reserve End Item Management System by 1) reviewing existing information about the data and the systems that produced them; 2) performing electronic testing of the relevant data elements; and 3) interviewing Army Reserve officials knowledgeable about the data. We determined that the data were sufficiently reliable for our purposes. We analyzed Department of Defense publications and reports information on equipment shortages, including the 2004, 2005, and 2006 National Guard and Reserve Equipment reports to analyze trends in the status of the equipment the Army Reserve has on hand. We obtained and analyzed data on the numbers and types of full-time staff assigned to Army Reserve units and the metrics used in identifying full-time staff requirements from the Office of the Chief, Army Reserve, Force Programs Office. We also discussed full-time support issues with readiness and training officials. To understand how current personnel and equipment policies affect the Army Reserves' capability to provide support for near-term operations, we gathered and reviewed copies of relevant documents, including presidential executive orders and the Army's personnel planning guidance.

To assess the extent to which the Army Reserve is planning and implementing initiatives designed to improve its readiness and provide predictability of deployment for its members, we reviewed and analyzed policy guidance; instructions; documents; and implementation plans related to Army and Army Reserve initiatives, including the Total Army Plan; the 2004 Army Campaign Plan with change 1; the 2003 and 2004 Army Transformation Roadmap; the Army's 2004 and 2005 posture statements;

the Army Reserve's 2005 posture statement; the Army's 2004 and 2005 modernization plans; the Army Reserve's expeditionary force planning documents; and other Army Reserve planning and budget documents. We also discussed the status of planning for the Army Reserve's conversion to a rotational force and a modular structure with Army and Army Reserve officials. To assess ongoing initiatives to improve readiness and force management, we reviewed status reports and discussed implementation challenges with Army Reserve officials managing the initiatives.

We conducted our review from April 2004 through July 2005 in accordance with generally accepted government auditing standards.

Comments from the Department of Defense



RESERVE AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1500

JUN 22 2005

Ms. Janet A. St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the GAO draft report, 'Reserve FORCES: An Integrated Plan is Needed to Address Army Reserve Personnel and Equipment Shortages, dated May 25, 2005 (GAO Code 350505/GAO-05-660).

Should you have any questions reference this response please direct them to my point of contact, COL Charles Barham, 703-693-2217, charles.barham@osd.mil.

We appreciate the opportunity to comment on the draft report.

Sincerely,

T. F. Hall

Enclosure:
As stated



GAO DRAFT REPORT - DATED MAY 25, 2005
GAO CODE 350505/GAO-05-660

"RESERVE FORCES: An Integrated Plan Is Needed to Address
Army Reserve Personnel and Equipment Shortages"

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of the Defense direct the Secretary of the Army, in consultation with the Chief of Staff of the Army, the Chief of the Army Reserve, and the Under Secretary of Defense for Personnel and Readiness to define the end state of the units, personnel, skills, and equipment the Army Reserve will need to fit into the Army's modular force and develop a detailed management plan to ensure that the ongoing diverse initiatives collectively support the desired outcome of improved readiness and predictable deployment. The plan should include:

- an assessment of the types and numbers of units that the Reserve needs in its force structure to support future Army and joint missions;
- a process for coordinating the implementation steps and time frames of the different initiatives;
- a method of assessing the progress and effectiveness of the initiatives;
- a reassessment of the Army Reserve's requirement for full time staffing support given its new operational role; and
- identification of resources needed to implement each of the Army's and Army Reserve's initiatives to improve the Army Reserve's readiness. (Page 36/GAO Draft Report)

DOD RESPONSE: DoD concurs with the recommendation as written.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Secretary of the Army, in conjunction with the Chief of Staff of the Army, the Chief of the Army Reserve, and the Under Secretary of Defense for Personnel and Readiness, to develop an implementation plan for a force rotation model for the Army Reserve that describes:

- the types and numbers of units that should be available for deployment during each year;
- the funding the Army Reserve will need to support its transition to a rotational force; and
- the readiness levels for each phase of the rotation, including a description of the associated levels of personnel and equipment and the strategy for providing them and how readiness will be evaluated. (Page 36 and 37/GAO Draft Report)

Appendix II
Comments from the Department of Defense

DOD RESPONSE: DoD concurs with the recommendation as written.

GAO Contact and Staff Acknowledgments

GAO Contact

Janet St. Laurent, (202) 512-4402

Acknowledgements

In addition to the contact named above, the following individuals also made major contributions to the report: Margaret Morgan, Timothy A. Burke, Alissa Czyz, Ronald La Due Lake, Kenneth Patton, Rebecca Medina, and Eileen Peguero.

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