

## Value Testimony

Good morning. Thank you for the opportunity to address this National Commission on the future of the Army. I am the Adjutant General for the state of Wisconsin and today, I am speaking in my capacity as Wisconsin's senior military officer. I am not on active duty orders and no one in the Defense Department has seen, reviewed or approved my remarks.

I command over 7,700 soldiers in the Wisconsin Army National Guard and the vast majority have combat experience. I am not a soldier, but I know this - there is simply no substitute for land power in the joint fight of the 21<sup>st</sup> century. Further, only the active duty Army can provide the leadership necessary to assure effective land power.

This commission is charged to advise Congress on several core areas. Time will not permit discussion in depth; however, the foundation of your deliberations has to do with the AC/RC mix and what makes the most sense for our nation. One foundational area of consideration is the value provided by the National Guard to our nation's defense.

On May 19, 2015, this commission heard from Secretary McHugh and General Odierno. Our nation owes a debt of gratitude to these leaders and their testimony should hold gravitas on this issue of value.

If the National Guard did not exist and Congress received Secretary McHugh's and General Odierno's combined testimony, they would likely need to form a special committee

to determine the next steps to assure national defense. After all, they highlighted the demand signal for ground forces, which exceeded expectations. They explain that this ‘unpredictability’ has led to a most dangerous time for our nation and testify that the Army no longer has the luxury of time and distance to respond to these threats.

If such a committee were formed, it would likely seek a force that was efficient, effective, and scalable. A force that was trained to the Army standard across the full spectrum of capabilities, which responded only when needed to keep costs affordable. A force that would also be responsive to homeland threats when Governors needed military capabilities to respond to domestic events. In short, the select committee would likely advise Congress that we needed a National Guard.

Fortunately, we already have a National Guard and it is the finest National Guard in our nation’s history. It is absolutely prepared to respond across the full spectrum of conflict today and into the future....if, we make the right strategic choices.

Fortunately, the ARNG has already proven its capability and reliability over a sustained period of expeditionary combat operations. Fortunately, the ARNG meets or exceeds the USA readiness standard and is prepared to fight today if needed. Fortunately, the nation already has the requisite laws and policy in place to access the ARNG using mobilization and/or volunteerism – laws and policy that have a proven track record.

Today, the ARNG is at a level of readiness, reliability, accessibility, and combat experience never before seen in our nation's history. It is a national treasure.

Given the readiness of the operational ARNG, the level of unpredictability in the world, the frequency of land combat at the high end of the spectrum, the cost of personnel and readiness, and the proven track record of the total force under USA leadership; a greater percentage shift of the total force into the ARNG is a compelling argument. The National Guard's value seems self-evident and irrefutable.

However, this view was not shared in the Secretary of the Army and the Chief of Staff's written testimony when presented on May 19<sup>th</sup>. In their testimony, they make several statements that directly call into question the value or cost effectiveness of the National Guard. Specifically they state, "There is a long standing myth that the Reserve Component is cheaper. This is only true where collective training and combined arms integration requirements are minimal." This assertion is repeated several times in the testimony.

Their testimony reflects a rare view that is counter to conventional wisdom regarding relative cost between the Active and Reserve Components. In a 2013 report to Congress, the Department of Defense found that, when not mobilized, RC personnel are about 15% the cost of AC personnel. When mobilized, RC personnel costs range from 80-95 percent of AC personnel.

Your counterparts on the National Commission on the Structure of the Air Force listed as one of their foundational conclusions that “part-time force structure costs less than force structure provided by full-time personnel.”

Neither of these credible, unbiased reports suggests that the Reserve Component’s affordability is limited to “units where collective training and combined arms integration requirements are minimal.” If DOD and the Air Force Commission—among many others—agree on the clear affordability advantage of the Reserve Component, where does the claim that Reserve Component cost effectiveness is a “longstanding myth” originate?

Their testimony relies upon a 2014 RAND study entitled, “*Assessing the Army’s Active-Reserve Component Force Mix*,” which is cited on page ten of their written statement. Because the Secretary and Chief have placed so much emphasis on the RAND study, we found it prudent to analyze RAND’s findings. I won’t try to talk you through the logic and math that goes into the RAND study and our analysis, as there are many intertwined variables and graphs that make a verbal review cumbersome and lengthy. Instead, I will simply highlight four major issues and refer you to our white paper for an in-depth look at the calculations that inform my testimony.

The major issues I will discuss are 1) the scope of the RAND study, 2) the effect of General Grass’s “All-In” memo on the study’s findings, 3) RAND’s decision to use “Annual Equipment Costs” in their analysis, and 4) Missing emphasis—

that is, information that is pivotal to any force mix discussion but which was omitted from the study.

First, the scope of the paper. The title of the RAND Study is “*Assessing the Army’s Active-Reserve Component Force Mix.*” This title insinuates an analysis of various factors influencing force mix decisions. Despite the broad scope suggested by the title, the study examines only two factors: 1) Time needed to prepare AC/RC forces to deploy abroad, and 2) Cost to provide a sustained level of deployed ground forces for rotational missions. Another speaker will address their analysis of deployment timelines, so my testimony deals only with their cost analysis.

The RAND study’s comparison of relative costs between the Active Component and Reserve Component analyzes only the cost of *output during sustained rotational operations*—and absolutely nothing else. Their numbers don’t apply to unplanned contingency operations, they don’t apply to national emergencies during which the Army Guard will not rotate home, and they most certainly do not apply to times during which the Army Guard is forward deployed in the homeland performing its dual mission as the primary combat reserve of the Army and the homeland’s first military responders. Without rotations, their data doesn’t apply. Absent long-term sustained operations, their data doesn’t apply. Even during sustained rotations, their data only applies to the *cost of output*.

This caveat is critical to a proper understanding of the RAND study and is repeated on every page of the study except page five. However, this important distinction is absent from

the SECAR/CSA testimony. Without this stipulation that the RAND study cost analysis refers only to the cost of equal output during sustained rotational operations, the Secretary's and Chief's remarks lack context and are simply incorrect. Any force mix decisions must be informed by cost analysis that includes the cost of the Reserve Component across the full spectrum; including during peacetime, during emergencies, and during a time of war.

The second issue focuses on rotation rates. RAND uses a 1 to 5 mobilization to dwell rate during sustained operations as a baseline for the Army Guard. However, General Grass's "All-In" memo commits the Army Guard—with the full support of the 54 Adjutants General—to "boots on the ground deployments for one year within a five year period." This changes the Guard's participation in sustained rotational operations from a 1 to 5 *mobilization to dwell* to a 1 to 4 *deployment to dwell*. This important change to the rotation rate planning factor has a profound impact on the Active Component's supposed output cost advantage—in fact, it virtually eliminates it as you will see when you study our attached white paper.

The third issue deals with RAND's decision to use "Annual Equipment Costs" in their analysis. In deriving the cost of the various units they studied, RAND included the price of the unit's equipment "spread over thirty years" as part of the overall annual cost of each unit. There is simply no basis for this analysis and it is an illogical decision given the method of accounting and procurement used by DOD and Congress. Annual budgets for Army formations do not include accrued

equipment costs and procurement costs are borne in the year in which the items are actually purchased.

It is hard to imagine a reason to include annual equipment costs other than to skew the data and present the RC as more expensive. Absent the inclusion of annualized equipment costs, Reserve Component units of all types are cheaper than their Active Component Counterparts.

When adjusted, either issue - the correct rotation rates *or* the removal of annualized equipment costs - changes the study's results dramatically. When *both* of these variables are taken into consideration, the RC's cost advantage over the Active Component—even in measuring output cost during sustained rotational operations—is overwhelming.

Finally I want to briefly address what I've referred to as the "Missing Emphasis." Absent from all RAND analysis heralding the purported cost advantage of AC output—which we demonstrate in our attached white paper is no longer valid—is the fact that along with that cost comes the clear benefit to the Army and nation of having additional RC formations. By focusing the reader solely on the *cost of output*, RAND minimizes the strategic reality that **along with RC output cost comes additional RC force structure**. In every notional scenario in which 2 RC units are required to equal the output of 1 AC unit, the nation derives the benefit of having *two* Reserve Component units instead of one Active Component unit.

In an endnote that attempts to sweep this foundational truth under the rug, RAND states, "*In some missions there may be an*

*intrinsic operational or strategic value in having multiple RC units rather than one AC unit, but addressing this question was beyond the scope of this study.”* This is a stunning admission for a study that claims to make an assessment of AC/RC force mix. It clearly calls into question the accuracy of the report and its basis for the testimony provided.

I believe, if properly briefed, both the Secretary and Chief of Staff would have concluded – unequivocally – that **The Reserve Component is cheaper**. Regardless of equipment type used or training required, regardless of any caveat to include the cost of output, the Reserve Component is clearly the more affordable option. Value is one variable that can be removed from the force/mix equation once and for all.

Once the value of the National Guard is recognized and understood, it can be used to inform analysis of how to address the growing concerns of unpredictability & instability in this budgetary constrained environment. To address these issues, the Army must maintain the total force and leverage the constitutionally unique National Guard. We must assure a rotational readiness model that adopts the 1:4 dwell to deploy commitment and rotates each unit from reset to ready every five years.

No one anticipates or should expect that every unit will mobilize every five years for a mission, but we must develop a system to assure their readiness to mobilize. This is critical for several reasons.

First, the units, commanders, and soldiers benefit from the process of meeting readiness gates that start with individual and small unit training, and then progress to increased complexity over time until certification of complex (battalion and brigade) readiness occurs as necessary. Adjutants General would structure drill periods and annual training over several years to achieve higher readiness as they navigated required gates and assure certification of higher level proficiency at the start of the available year. This focus would generate better soldiers, better leaders, and better units.

If needed for a mission, final readiness would likely still require post mobilization training, but DOD has certified that this can be accomplished quickly. DOD estimates that a BCT at Company level proficiency would only require approximately eight weeks to achieve Brigade readiness competency. Given the National Guard's 20 infantry BCT's and the five year rotational cycle, we could generate four BCT's at Company level proficiency or higher every year and, if necessary, generate Brigade level readiness within eight weeks of mobilization.

Similar models would work for other formations, such as Division HQ's, Armored BCT's, and enabler units.

If not required to mobilize for a mission, these units would reset and begin again. Clearly, there is an increased cost to generate this readiness beyond the National Guard's foundational readiness, but it is a cost our nation cannot afford to avoid. It is minimal compared to maintaining additional active duty BCT's and assures a deeper connection to the

American people, communities, families and employers who are critical to supporting our military when our nation goes to war.

The second reason this is critical is that it provides operational and strategic depth. If the Army needs additional units for predictable land power requirements, they have a steady source of operational depth. When caught off guard, as articulated by the Secretary and Chief of Staff, they have predictable capacity to meet unanticipated strategic requirements. If the environment worsens, the Army can rely not only on the four BCT's being generated this year, but could accelerate next year's four BCT's and/or reach back to units not mobilized and recently reset. This might require a few more weeks of post mobilization training, but it provides a substantial hedge for national security.

The third reason is that the Army is responsible to assure a sufficient generating force to meet mobilization needs. As stated by the Secretary and Chief, we no longer have the luxury of time. We cannot wait for a catastrophe to occur and then seek additive capacity by opening up new training venues, hiring cadre, and developing a curriculum. We must utilize a readiness model that is sustainable for the foreseeable future, which assures our ability to generate National Guard forces if needed.

This provides our best operational and strategic leverage to assure national defense in this unpredictable environment. The takeaway is not that the ARNG is better – the takeaway is that the ARNG consistently performs at the same level as the active duty, when mobilized, and is an extraordinary value for America.

This framework has proven best for our nation. It meets or exceeds national security requirements while providing critical and essential capabilities to our nation's Governors during disasters. It provides the Army with a much deeper presence in our nation's home towns and provides a hedge against future contingencies by distributing primary combat reserve capability. This framework preserves the professional active duty cadre necessary to ensure land power fully supports joint force requirements. This framework allows our nation to have a more robust and capable total force Army at a substantially reduced cost.

In closing, we do not possess a crystal ball. We do not know when the next Pearl Harbor or September 11th will occur - but it will occur. We can never be fully prepared as a nation. However, our best preparation is a course of action that provides surge capacity and reversibility. The best course of action is a return to our constitutional framework – a total force Army led by a smaller active duty supported by a larger ARNG. That is the best value for the United States Army and the United States of America.

Thank you.