



**NATIONAL  
COMMISSION ON  
THE FUTURE OF  
THE ARMY**

**PRESENTED BY**

**Major General Timothy A. Reisch**

The Adjutant General

South Dakota National Guard





*South Dakota*

DEPARTMENT OF THE MILITARY  
OFFICE OF THE ADJUTANT GENERAL

2823 West Main Street  
Rapid City, South Dakota 57702-8170  
(605) 737-6702  
FAX: (605) 737-6677



NGSD-TAG

27 Aug 2015

MEMORANDUM FOR National Commission on the Future of the Army, ATTN:  
Commission Staff, 2530 Crystal Drive, Arlington, VA 22202-1382

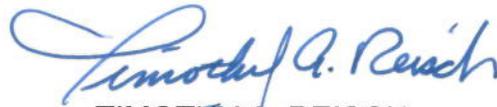
SUBJECT: Written Testimony on Proposed Budget Cuts; Timothy A. Reisch, MG,  
Adjutant General; 25-27 Aug, Minneapolis, Minnesota.

1. Thank you for the opportunity to submit written testimony for your consideration as you contemplate the serious topic of how our Army can be best postured for the challenges the future is most likely to bring. I am attaching a PowerPoint presentation with 11 slides to be viewed in conjunction with the narrative below.
2. It is no secret that the creation of this commission by Congress came as a direct result of disputes that were occurring between senior Army officials and the National Guard relating to budget cuts proposed by the Army to comply with the Budget Control Act. My testimony will concentrate on a single, albeit very important area of the Army cuts, that being troop reductions. (Advance to slide 2)
3. This slide shows the current (FY 2015) troop authorizations for the regular Army, the Army National Guard and the Army Reserve as well as what those numbers would be reduced to in 2017 and 2019. (Advance to slide 3)
4. The numbers depicted in the red font in the far right column on this slide show the number of troops that would be eliminated between now and federal fiscal year 2019 under the current plan. The total projected reduction of 122,200 Soldiers is catastrophic, and would take the Army far below its size on 9-11, which incidentally was relatively close to the size it is today. I think we can all agree that the world is a much more dangerous place today than we perceived it was prior to the attacks on 9-11. There is understandably a significant difference in the cost of active duty versus reserve component Soldiers. In 2012 the Reserve Forces Policy Board did a comprehensive study to determine the full-burdened cost to the federal government of active versus reserve component Soldiers. (Advance to slide 4)

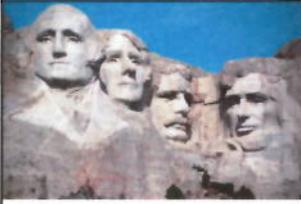
5. I have pulled the figures for DoD compensation costs and O&M costs from that study and placed them on this slide for comparison purposes. The figures in the blue font indicate the annual costs for an active component Soldier while the annual costs for a reserve component Soldier are shown in the purple font. (Advance to slide 5)
6. I carried forward those annual costs per Soldier for the active and reserve components on this slide and multiplied those figures by the total troop cuts for each component that the Army is proposing in order to comply with the Budget Control Act. This simple math equation reveals something very noteworthy highlighted in the red and purple boxes. While a significant portion (42.7%) of the BCA troop cuts come from the ranks of the National Guard & Reserve, a much smaller portion (17.2%) of the savings are derived therefrom! In my view, the savings derived from cutting those 52,500 reserve component Soldiers is simply not worth the risk. Furthermore, this proposal which levies almost half troop reductions against the reserve component is contrary to historical norms. (Advance to slide 6)
7. This slide shows the Active Army and National Guard personnel strength figures from 1948 to the present. You can see how the strength of the National Guard (red line) stays generally consistent while the Active Army (blue line) fluctuates much more dramatically over time. (Advance to slide 7)
8. Here is a detailed comparison of the end strength of the two since 9-11. The Active Army grew by approximately 87,000 while the National Guard only grew by about 8,000. This general policy of growing and shrinking the active component while keeping the reserve component generally consistent over time has served us well over the years. Since 9-11 the professionalism of, and reliance placed upon the National Guard & Reserve has reached a pinnacle. In order to help the Army achieve its share of the Budget Control Act cuts, any active duty unit that isn't required to be ready for deployment to theatre in under 90 days should be at least considered for movement to the reserve component in order to take advantage of the savings that can be achieved. (Advance to slide 8)
9. This slide uses those same direct cost figures from the Reserve Forces Policy Board study cited earlier to show that for every 10,000 personnel moved from the active component to the reserve component, the Army would save over one and a half billion dollars per year. Given this prospect for achieving significant savings while keeping the size of the Army as large as possible, this course of action should certainly be a consideration. (Advance to slide 9)
10. In closing, I acknowledge that the Budget Control Act is the law and that this nation needs to get its financial house in order. It should also be acknowledged that the National Guard has proven its reliability to take on a more comprehensive mission set in the future. Budget cutting proposals that fail to take full advantage of the cost

savings associated with reliance on the reserve component need to be reconsidered. As I mentioned during our meeting in Minneapolis, I sincerely hope that your commission encourages General Milley to give serious consideration to the cost-cutting proposal submitted by the National Guard that would pay for our share of the BCA cuts. (Advance to slide 10)

11. Thank you very much for the opportunity to provide this testimony for your serious consideration.



TIMOTHY A. REISCH  
Major General, SDNG  
The Adjutant General



## National Commission on the Future of the Army

**MG Tim Reisch**  
**The Adjutant General**  
**South Dakota National Guard**

### 2011 Budget Control Act Future Impacts on the Size of the Army

Unless Congress intervenes, the Budget Control Act will significantly reduce the number of personnel in the Army

<u>Component</u>	<u>2015</u>	<u>2017</u>	<u>2019</u>
Regular Army	490,000	450,000	420,000
Army Reserve	202,000	195,000	185,000
Army Guard	<u>350,200</u>	<u>335,000</u>	<u>315,000</u>
<i>totals</i>	<i>1,042,200</i>	<i>980,000</i>	<i>920,000</i>

## 2011 Budget Control Act Future Impacts on the Size of the Army

**BCA cuts will reduce the size of the Army as follows:**

<u>Component</u>	<u>2015</u>	<u>2017</u>	<u>2019</u>	<u>BCA troop cuts</u>
Regular Army	490,000	450,000	420,000	(-70,000)
Army Reserve	202,000	195,000	185,000	(-17,000)
Army Guard	<u>350,200</u>	<u>335,000</u>	<u>315,000</u>	<u>(-35,200)</u>
<i>totals</i>	<i>1,042,200</i>	<i>980,000</i>	<i>920,000</i>	<i>(-122,200)</i>

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## Reserve Component Soldiers are Much Less Expensive

Cost savings are significant

Direct costs per capita per year	AC	RC
Personnel.....	\$ 108,307*	\$ 34,272*
O&M.....	\$ 110,532*	\$ 26,477*
cost per Soldier per year	\$ 218,839	\$ 60,749

\* Cost figures taken from the Reserve Forces Policy Board report dated 12 December 2012

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## 2011 Budget Control Act Future Impacts on the Size of the Army

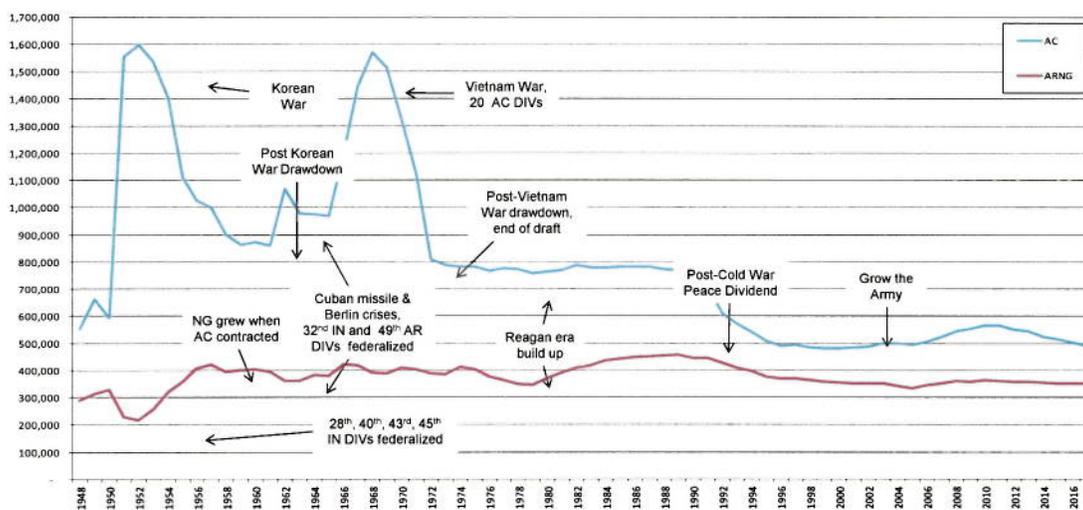
A significant portion (42.7%) of the troop cuts come from the Guard & Reserve

Just a small portion (17.2%) of the savings result from the Guard & Reserve cuts

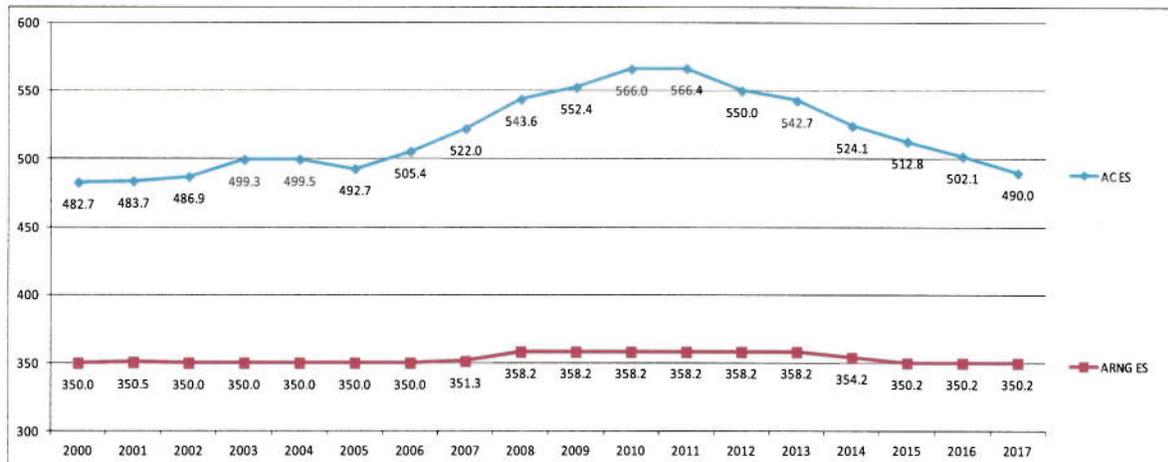
<u>Component</u>	<u>BCA troop cuts</u>	<u>Cost/Soldier</u>	<u>Annual Savings</u>
Regular Army	<b>70,000</b>	<b>x \$218,839</b>	<b>= \$15,318,730,000</b>
Army Reserve	<b>17,000</b>	<b>x \$ 60,749</b>	<b>= \$ 1,032,733,000</b>
Army Guard	<b>35,200</b>	<b>x \$ 60,749</b>	<b>= \$ 2,138,364,800</b>
	<b>total 122,200 Soldiers</b>		<b>\$18,489,827,800</b>

## Active Army and ARNG End Strength Trends

1948 - Present



The **Active Component** end strength has historically risen and dropped more dramatically during time of war while the **Army National Guard** end strength has generally remained more stable.



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## Save “The Million Soldier” Army

How to Mitigate Security Risks with Less Cost

- ✓ **Retain** the Army at its currently level of **1,042,000 soldiers** (490K in the AC, 350K in the ARNG and 202K in the USAR).
- ✓ **Modify** the AC/RC Component mix: This reduces security risks, boosts homeland defense and saves money!
- ✓ **Cost savings are significant** (RFPB report 12DEC2012)

Direct Cost per capita per year  
 Personnel  
 O&M

	AC	RC
Personnel	\$ 108,307	\$ 34,272
O&M	\$ 110,532	\$ 26,477
<b>Total</b>	<b>\$ 218,839</b>	<b>\$ 60,749</b>

### Potential Courses of Action:

Move AC to RC	AC (savings)	RC (spend)	Net savings per year
10,000 personnel	\$2.188B	\$.607B	\$1.58B
20,000 personnel	\$4.376B	\$1.21B	\$3.16B
30,000 personnel	\$6.565B	\$1.82B	\$4.74B
40,000 personnel	\$8.75B	\$2.42B	\$6.33B

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## CLOSING STATEMENT

- The Budget Control Act is the law.
- Since 9-11 the National Guard has proven it can be relied upon to fight this nation's wars.
- The Army's proposal to levy 42.7% of its future personnel cuts against the reserve component resulting in a mere 17.2% of the overall savings needs to be reconsidered.
- The threats present in the world today certainly continue to justify a "Million Soldier Army."

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# THANK YOU!

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<b>FY 2013 Fully-Burdened Per-Capita Cost to the US Government</b>			
	<b>Active Component</b>	<b>Reserve Component</b>	
Military Personnel Account Costs*	\$ 84,808	\$ 26,033	<div style="border: 1px solid black; padding: 2px;">           Personnel and O&amp;M            Costs used in the Save            "The Million Soldier"            Army slide (from RFPB report)         </div>
DoD Defense Health Program	\$ 19,233	\$ 8,157	
DoD Dependent Education	\$ 2,034	\$ 33	
DoD & Service Family Housing	\$ 1,235	\$ -	
DoD Commissary Agency	\$ 996	\$ 49	
<b>TOTAL DoD Compensation Costs</b>	<b>\$ 108,307</b>	<b>\$ 34,272</b>	
O&M (Less DoD Dependent Education)	\$ 110,532	\$ 26,477	
Procurement	\$ 71,601	\$ 3,771	
Military Construction	\$ 5,556	\$ 1,512	
RDTE & Other	\$ 34,348	\$ 34,348	
<b>TOTAL DoD Non-Compensation Costs</b>	<b>\$ 222,037</b>	<b>\$ 66,108</b>	
<b>Dept of Defense Grand Total</b>	<b>\$ 330,343</b>	<b>\$ 100,380</b>	
<b><u>Non-DoD Costs</u></b>			
Dept of Education "Impact Aid"	\$ 355	\$ 9	
Dept of Treas - Concurrent Receipt	\$ 4,514	\$ 747	
Dept of Treas - MERHCF	\$ 3,264	\$ 2,230	
Dept of Treas - Mil Retirement	\$ 39,800	\$ 13,638	
Dept of Veteran Affairs	\$ 6,334	\$ 6,334	
Dept of Labor for Vet Education / Training	\$ 12	\$ 12	
<b>TOTAL COST TO US GOVERNMENT</b>	<b>\$ 384,622</b>	<b>\$ 123,351</b>	