



‘Every day you wait is a day the foundation of our national security gets weaker’

**T**O BORROW A term normally associated with pop culture, retired Maj. Gen. Arnold L. Punaro is trending at the Pentagon.

This is not to say the chairman of the Reserve Forces Policy Board suddenly has a slew of new friends. Issuing a report urging defense leaders to quit ignoring the increasingly “unsustainable” costs of active-component forces isn’t the fast lane to popularity in the building.

But he does now have their attention. And that was the point. In fact, he says, that’s one of the missions of his 20-member advisory panel.

The RFPB has been around since 1951, but only recently did it gain real independence and the authority to report directly to the defense secretary.

Punaro says the revamped board will call things as it sees them, or in the case of the January report on personnel costs, what the data reveals, regardless of the popularity of the position. The stakes are too high for anything less.

The retired Marine Corps Reserve officer sat down with NATIONAL GUARD last month to talk about the RFPB, its recent report and other matters.

**One of your staff officers likes to say that the 2010 law revamping the Reserve Forces Policy Board contains the word “independent” three times.**

**Congress obviously thought it was important for the RFPB to be independent. How vital is it for the RFPB to be independent of other Defense Department entities?**

I think it’s important to understand the background of what I would call the *new* RFPB as opposed to the *old* RFPB.

One of the reasons why the Commission on the National Guard and Reserves, which I had the privilege of chairing, recommended substantially reforming the old RFPB was that it had been basically subsumed under the existing organizations in the Department of Defense. There were as many, if not more members of the RFPB who were sitting active-duty personnel or political appointees or people who were working day-to-day issues in the Pentagon. The reserves comprised only about half of the board, so it was very, very difficult for the old RFPB to address things that the Pentagon was working on because half the board brought perspectives from their organizations. And ... the OSD [Office of the Secretary of Defense] bureaucracy would not let the RFPB work on some issues.

So, the CNGR recommended that if the RFPB wasn’t substantially reformed to make it independent ... they ought to get rid of it. And the RFPB ought to have the same standing as the Defense Business Board, the Defense Policy

# Chairman of the Reserve Forces Policy Board

**POINTED ISSUE** Punaro, speaking at last year's NGAUS conference, says the fully burdened and life-cycle costs of personnel is the "Achilles heel" of the Defense Department.

SGT. 1ST CLASS JIM GREENHILL

Board, the Defense Science Board and report directly to the secretary of defense. Fortunately, Congress, which has always supported the RFPB, changed the law and provided the statute for its independence. So by law, it has that independence. And it's vital.

It's essential that the RFPB can go direct to the secretary of defense. And because we have that ability, it gives us better positioning to work in a very cooperative and collegial manner with all the outfits in the Department of Defense. And that's how I've been running it as chairman.

We work very closely with Reserve Affairs [Office of the Assistant Secretary of Defense for Reserve Affairs], P&R [Office of the Under Secretary of Defense for Personnel and Readiness], with the military departments, with CAPE [Office of Director of Cost Assessment and Program Evaluation], with the comptroller, with all the organizations that we interface. I've told them that we're an open book. They're welcome in all our open and closed meetings.

**Omitting these costs ignores about 20 percent of compensation**

There is nothing we're trying to hide from anybody. We're not trying to surprise anybody. However, we're going to go to the SECDEF with our recommendations whether they agree with us or not.

That's what Congress intended, that the secretary of defense would get independent reserve advice from people outside the Pentagon.

**The charter that governs the RFPB calls for six staff officers and a total budget of only about \$500,000 annually. In a bureaucracy the size of the Pentagon, how do you get attention for the issues you champion with such limited resources?**

When you have the merits and the objective facts and you're dealing with a major issue and you can go directly to the secretary of defense, I really don't think the amount of your budget or the size of your staff is the determining factor. It doesn't limit us in our ability to provide very cogent, very forceful and very sound recommendations to the secretary of defense.

Look, it's a fact of life. No one, I don't care who you are, I don't care how much money you have, whether you're Congress or the CBO [Congressional Budget Office] or the GAO [Government Accountability Office] or a think tank, no one can out point-paper the Pentagon bureaucracy. The



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## Military Personnel Costs

Fiscal 2013 fully burdened per-service member cost to the U.S. government

	Active Component	Reserve Component
Military Personnel Account costs*	\$84,808	\$26,033
DoD Defense Health Program	\$19,233	\$8,157
DoD dependent education	\$2,034	\$33
DoD & service family housing	\$1,235	\$0
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 noncompensation costs</b>	<b>\$222,037</b>	<b>\$66,108</b>
DoD grand total	\$330,343	\$100,380
Dept. of Education "Impact Aid"	\$355	\$9
Dept. of Treasury - concurrent receipt	\$4,514	\$747
Dept. of Treasury - MERHCF	\$3,264	\$2,230
Dept. of Treasury - military 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 U.S. government</b>	<b>\$384,622</b>	<b>\$123,351</b>

\*Includes DoD contributions to Medicare Eligible Retiree Health Care Fund and Military Retirement Accrual.

Source: Reserve Forces Policy Board Cost Methodology Project Final Report, January 2013

# A Conversation with Retired Maj. Gen. Arnold L. Punaro



**RESERVE TALK** Defense Secretary Leon E. Panetta (left) and Punaro conduct a meeting of the RFPB in the Pentagon last year.

Pentagon bureaucracy can put out 100 point papers in the time you just begin to even think of yours. You would never want to try to compete with that.

I think what you want to do is make sure that you've got the objective facts and make sure you give cogent, sound, thoughtful, objective recommendations. And it doesn't really matter then how much staff you have and how much money you have. I mean, the OMB [Office of Management and Budget] staff has got 5,000 people, the [Pentagon] joint staff has 3,000 people and I think our product that we provide is every bit as good as those who have thousands of more people working on the problem.

## Obviously, it's quality not quantity?

It's quality and cycle time. The Pentagon is famous for staffing things to death, meeting things to death and gumming 'em to death. We don't have that problem in the RFPB. We work on it, and then we send our stuff forward.

**The RFPB has issued five reports over the last 11 months. The last one, which found that the Defense Department has no formal policy on how to calculate personnel costs, seems to have gotten the most attention. The same report also found that three Guardsmen or Reservists can be maintained for the cost of one active-component service member. What has been the response to the report inside the Pentagon?**

First of all, we worked very, very carefully and coopera-

tively with all people in the department—active, Guard and Reserve; OSD; the comptroller; CAPE—and spent almost a year working on the analysis, making sure we had the objective facts, making sure we vetted it thoroughly in the building. We vetted it with GAO and CBO and a lot of outside experts.

I would say it has been very well-received in some quarters and not very well-received in others, but even where it was not well-received, they were very cooperative and very helpful. I think it's a very strong report. DoD has it under review, and we look forward to the secretary's response.

## What prompted the RFPB to take a look at the fully burdened and life-cycle costs of military personnel?

Several things. One, the statute allows the [RFPB] chairman to task the RFPB, which is a very, very important factor. But, mainly it was that so many senior people in the Pentagon kept coming up to me and other members of the RFPB asking the question, "Why is the Guard and Reserve more expensive than the active-duty military?" We knew that probably was not the case, but we wanted to deal with the facts and put out an objective report.

And the other thing is, the fully burdened and life-cycle costs of military personnel is the Achilles heel of DoD right now—the unsustainable, total life-cycle costs of the all-volunteer force. If the department doesn't begin to come to grips with it and deal with it, we are going to have a weaker military 20 years from now. These are just the kind of issues that the statute directs the RFPB to bring to the secretary of defense's attention.



## **Why do you think Pentagon leaders have avoided calculating the true and total cost of personnel?**

Because it makes them have to acknowledge that significant changes and reforms are required and they're going to have to take on some of the sacred cows in the Pentagon.

## **How much does that concern you?**

These are not things where you can put your hands over your eyes, your hands over your ears and your hands over their mouths and they're going to solve themselves. That's the problem.

We've got the same problem with military entitlements that we have with domestic entitlements. These are the things that are driving—including health care—the poor fiscal posture that our nation is in. And you can't sustain them any more in the military and the Department of Defense than you can on the domestic side. These aren't things you can change in a day, a week, a month, a year or even a decade because you have to grandfather everybody when you make the changes. And every day you wait is a day the foundation of our national security gets weaker.

## **The Military Officers Association of America has taken strong exception to the report. It said the report and its "cost per troop" formulas send the wrong message, adding that current discussions on the defense budget shouldn't focus only on cost to the government. What's your take on that?**

I would just say that MOAA are paid lobbyists for more benefits for their membership, which has some of the richest benefits our government provides. They're no different than any other paid lobbyists who advocate for their position. This is another reason the government is on such an unsustainable fiscal path, both because of the domestic entitlements and the military entitlements. So, they're no different than any of these outside groups that don't want to make any changes. Anytime anybody provides any information that does not support the status quo, they're opposed to it.

## **Another topic the RFPB has taken on is better defining the term "operational force." What prompted the board to take this on? Are you concerned that a lack of a universal definition could possibly impact on the roles and missions of the Guard and Reserve moving forward?**

We need to come to grips and get a definition everybody agrees to. The operational force definition has continued to change and continued to morph and the department has

used many different definitions and we felt that we needed to get one that everyone could rally behind. It's the key to future decisions.

## **The RFPB has also made some recommendations on homeland operations. One was to develop a policy to use Reservists in domestic response. DoD moved quickly on that. But progress has lagged on your recommendations for "clearer funding flows" for the Guard to respond to multistate incidents. Hurricane Sandy was yet another event in which the Pentagon denied state requests for 100-percent reimbursement under Title 32. This puts a burden on the states. It also means that Guardsmen are compensated less for their service during the response than their federal counterparts. What can be done to fix this?**

I think there are two things that can be done to fix it. No. 1, this really has its root cause in the fact that DoD has yet to address the recommendation in the Commission on the Guard and Reserves that we go from 32 different duty statuses down to two. Our recommendation was to have

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two statuses: You're either on duty or you're not on duty. Now, DoD said they want to reduce the number, they're working at reducing the number. The QRMC [Quadrennial Review of Military Compensation] recommended six duty statuses. That would certainly be better than 32, but we've gone over six or seven years and we still don't have that squared away.

So, the first thing that has to happen is we've got to go to a more rational number of duty statuses and then it makes it clear what status you're in.

Then, on the second part of it, Guard personnel serving in storm relief alongside a Title 10 Reservist, the pay ought to be the same.

OMB, DHS [Department of Homeland Security] and DoD need to acknowledge the reality of the kinds of natural and manmade threats and disasters the nation faces and get this funding put in place. There is a mechanism for it. There is a statute already on the book. It's almost like a revolving fund that we use for the defense agencies. And seed that revolving fund with the necessary money like we do in many, many other cases because we know full well these things are going to come up. 