

Written Testimony
to the
NATIONAL COMMISSION ON THE FUTURE OF THE ARMY
By
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Mr. Chairman and members of the Commission, I am pleased to submit testimony on the future of the United States Total Force Army—active, Guard and Reserve. I will summarize my views and ask consent that my entire statement be entered into the record. I appear here as a private citizen and do not represent the Secretary of Defense Reserve Forces Policy Board which I Chair, nor the National Defense Industrial Association which I also Chair.

I believe, however, that my personal experience is relevant to your duties. I have 24 years of service with the Senate Armed Service Committee with 14 as the Staff Director when the Committee dealt with many of the same issues you face and 35 years in uniform in the U.S. Marine Corps. I chaired the Independent National Commission on the National Guard and Reserves from 2005-2008 which Congress established to assess the future roles of the reserve components. As a Marine Major General, I served on the Reserve Forces Policy Board for 5 years prior to retiring in 2003 and I have chaired the newly structured independent RFPB for three Secretaries of Defense since 2011.

I want to thank the members of the Commission for serving our Nation and for serving on this commission. I know you will call it as you see it, independent of the Pentagon, Congress, or outside stakeholders. I am highly confident your recommendations will improve our national security and make a positive difference in the way the Total Army is structured for the future and make it stronger.

I am also confident of this outcome because your recommendations will be considered by General Mark Milley, who should be confirmed as the next Chief of Staff of the Army prior to the August recess. General Milley is a true visionary in the mold of General Creighton Abrams. He is a battlefield commander and a doer of the stature of General Max Thurman. And as FORSCOM Commander he is responsible for the warfighting readiness of all three essential components of the Total Force Army—active, Guard and Reserve. He understands it is “we” instead of “us” vs. “them.” He could be joined, according to media reports, by acting Undersecretary of the Army Eric Fanning as Secretary of the Army. I hope that is the case as Secretary Fanning is a bold and decisive leader with extensive accomplishments and experience. As Undersecretary of the Air Force, he began to mend the rift between the Active Air Force and the Air Guard and Air Reserve prior to the arrival of Secretary Debbie James and General Mark Welsh. These three restored the traditional hand and glove relationship of the three Air Force components. I am confident that under Eric Fanning and Mark Milley, the same will occur in the Army.

The Sequester

What I do worry about is that our national security is currently hostage to the mindless mechanism of sequester created by the failures of Congress and the Administration.

Your duties are significantly complicated by the current law requiring DOD's topline for Fiscal Year 2013 through Fiscal Year 2021 to be reduced to sequester levels, which cuts over \$500 billion from their planned budgets. Since the sequester first hit in FY 2013, the Total Force Army—active, Guard and reserve—is smaller, less ready, less well trained, and less well equipped. Unless sequester is lifted, these trends will only get worse. This should not be an acceptable solution to any of us. It certainly is not to me.

As a result, the Department of Defense continues to face pressure from two ends: topline budgets are decreasing and the internal costs of personnel, acquisition, and overhead are increasing. This double blow severely limits the Army's options for end strength, force structure, training, and modernization—and ultimately, warfighting readiness. And sequestration has done nothing to change the country's adverse fiscal trends. It did not and does not reduce spending in any of the areas that are the principal drivers of our long-term debt and deficits—that is, the entitlement programs, including some in the military.

The only thing sequester has done is harmed military readiness and modernization and those elements in the domestic discretionary budgets essential to protecting our nation at home and abroad. Despite the growing storm cloud of threats surrounding our country and the proliferation of unpredictable bad actors across the world, the new Congressional majority did not lift the sequester caps for FY 16. And many of the mainstream Presidential candidates are preaching fiscal austerity at the federal level.

I urge the Commission to assess what the sequester has already done to our warfighting capabilities and the future ramifications of these arbitrary budget caps, and include your conclusions and recommendations in your report to the President and the Congress.

The Abrams Doctrine

As you approach your duties, there is one constant that should be the strategic underpinning for your decisions: the Abrams Doctrine, first articulated by the legendary Army leader General Creighton Abrams. That doctrine is just as relevant today as it was coming out of the divisive Vietnam War: the Army should not go to war unless the nation goes to war, and the nation goes to war only if the Guard and Reserve are mobilized to join the fight.

As a relatively new Senate staffer in 1973 with a tour as an infantry platoon commander in Vietnam in 1969-1970, I had a chance to meet General Abrams when he came to see my boss, Senator Sam Nunn. General Abrams outlined to Senator Nunn how to maintain a powerful Army as the size of the active Army was decreasing since the U.S. combat role in Vietnam was drawing down. 1973 also marked the first year the All-Volunteer Force came into effect. Abrams embedded a relationship between the Active and Reserve

Components within his new force structure so close that it would be impossible to employ the active Army in major conflicts without relying on the Guard and Reserves. And he ensured, as the active force was drawn down, that the Army's combat power was increased. He made the Guard the combat reserve of the Army and placed significant combat support and combat service support capabilities in the Army Reserve. Secretary of Defense Melvin Laird used this philosophy to create the Total Force policy perfected by Secretary of Defense Jim Schlesinger. It has proven incredibly successful.

Before I met General Abrams, I had no intention of going into the Marine Corps Reserves—the Reserves were not viewed with the same prestige in the 1970s as they are today. But his vision of their importance convinced me to join. But the capabilities and the cultural barriers did not change overnight, until the call-up of the Guard and Reserve in Desert Shield and Desert Storm, the increased use of the Guard and Reserve during the 1990s, and the over 910,000 that have been mobilized for Iraq and Afghanistan. General Abrams' vision has been proven correct many times over.

The country requires a powerful ground force, and the Total Force Army is embedded in the fabric of our nation from its revolutionary roots. There is a notion going around in some circles that ground forces are becoming less and less relevant. And that notion has been proven wrong time and time again. Former Commandant of the Marine Corps General Chuck Krulak said it well: "The Marine Corps wins battles, the Army wins wars."

Therefore, we should not backslide on the Abrams Doctrine. I recommend the Commission reaffirm the Abrams Doctrine and further revalidate that the National Guard is the combat reserve of the Army, and the Army Reserve will retain its premier role in the combat support and combat service support areas. But, most importantly, that the Army is just as important to our national security tomorrow as it is today.

It is also essential that we maintain an operational reserve. This was one of the fundamental issues the Commission on the Guard and Reserve was asked to study. I was a skeptic going into this task—I knew the difficulties associated with the changes in policies, budgets, and laws that would be needed. After two and a half years of study we came down fully in support of the operational reserve as supported by DOD. I am even more convinced 7 years later that maintaining an operational reserve is essential.

This does not mean the balance and mix of the Total Force Army should remain static and conform to the current plans, or that every unit can always be at full-combat readiness at all times. Your duties require recommendations in this area.

Fully-Burdened and Life Cycle Costs

Your duties also require you to address the fully-burdened and life cycles costs of personnel—one of the most difficult and highly debated issues.

The All-Volunteer Force (AVF) has been a great success. It has provided the military with high quality personnel. It has proven effective in both peace and war. Military leaders, politicians and the American people themselves all prefer it to the alternative, the draft. It is here to stay. But it is expensive and the cost growth trends are unsustainable on their current path for both current and deferred compensation. Former Secretary of Defense Thomas Gates, Chairman of the Commission in 1970 that recommended the All-Volunteer Force, warned that three fundamental changes were needed to be made to the AVF to make it sustainable: first, reform the up or out promotion system; second, eliminate the cliff retirement system, which only benefits those who stay 20 years and then incentivizes them to leave right away; and third, change pay and compensation from time in-grade to skills and performance. 45 years later, none of those changes have yet to be made, so it should not surprise us that former Secretaries of Defense, such as Gates, Panetta, and Hagel, and many former senior military leaders, like General Ron Fogleman and Admiral Gary Roughead have all stated that the “all in” costs of the AVF are unsustainable.

The independent Congressional Budget Office and Government Accountability Office have released a number of analytical reports documenting this fact, as have many members of the think tank community. A definitive work is the interim report by the Military Retirement and Modernization Commission. Highly overlooked, this report was published in June 2014 and consisted of over 300 pages of all the costs related to running the All-Volunteer Force both inside and outside DOD. They avoided any opinions, but just stated the facts, which are inescapable: the all-in costs are well over \$410 billion per year, well in excess of the 30 percent of the DOD budget benefits-based lobby groups are fond of quoting. This does not include the staggering \$1 trillion in unfunded liabilities for military retirees; today, we have over 2.4 million retirees compared to the 1.1 million on active duty. There is a consensus among defense experts from the left and right that we need to correct these adverse trends.

Military personnel costs have increased sharply over the past 15 years. Since 2001, pay per active duty service member has grown over 80 percent (in current year dollars, or about 50 percent in constant dollars). Military pay has increased 40 percent more than civilian pay since 2000 and enlisted service members are now paid more than 90 percent of what civilians with comparable education and experience make (83 percent more for officers). Non-cash benefits cost a further \$48 billion a year—mostly for health care, but also for commissaries, housing, and family programs.

One way DOD has adapted to these higher costs is to substitute capital for labor, but also to rely more on the Guard and Reserves, a true bargain for the taxpayers in terms of cost. Before the Vietnam War, the Guard and Reserves comprised only 26 percent of the Total Force. With the end of the draft and the establishment of the Total Force policy in the early 1970s, the proportion began to rise. By the end of the Cold War, when the full cost of sustaining the All-Volunteer Force were hitting, the Guard and Reserves comprised 36 percent of the Total Force. In FY 15, the proportion is 39 percent.

As the Department faces fiscal challenges from internal cost growth and external budget pressures, the question arises whether to continue with this long-term trend. That requires an assessment of relative costs and capabilities for active duty, Guard and Reserve personnel. How much money is really saved by moving missions and capabilities into the Reserves? How much capability should we retain as the active force gets smaller?

All analyses show that Guard and Reserve forces cost much less in peacetime. At the individual level, Guardsmen or reservists cost 15 percent (according to GAO) or 17 percent (according to the National Commission on the Structure of the Air Force) of comparable active duty personnel. However, the relative cost increases when full time support, equipment, and operations are added. For ground units, analyses found that Guard and Reserve forces cost the following proportion of active duty forces:

- Congressional Budget Office: 30%
- RAND: 23-25%
- DOD's Total Force Policy Report to Congress: 25-26%
- Commission on the National Guard and Reserves: 23%
- Reserve Forces Policy Board: 22-32% (all functions, not just ground)

These standard comparisons capture pay, unit costs, and some benefits. However, they leave out benefits that significantly increase the active duty costs: PCS, commissaries, family housing, day care, health care, dependent schools, and parts of retirement, as well as costs borne by the Departments of Labor, Education, Treasury and Veterans Affairs.

The Reserve Forces Policy Board has shown that these benefits add hundreds of thousands of dollars to the annual costs of one full time active duty soldier. I have provided a copy of this report to the Commission. Some observers have argued that these benefits should not be considered compensation, but are incidental to military life. I disagree. These are services that civilians and reservists also use but must pay for themselves. Further, like compensation, these benefits exist to help recruiting and retention; if they do not, then they should be eliminated. At the very least, we should agree with the RFPB's recommendation that DOD needs to assess and better understand these costs so future manpower analyses can be informed by accurate cost data.

While preparing our cost methodology report for the Secretary of Defense, the Reserve Forces Policy Board found a very useful tool, developed and adopted by the United States Air Force, called the Individual Cost Assessment Model. I highly recommend this tool to this Commission for examining component cost differences when considering force structure changes in the future.

Analyses by CAPE and RAND has noted that, when mobilized, Guard and Reserve forces cost the same as active duty forces and in addition include some preparation time. While that statement is generally true (it is slightly less as the RC, when activated, does not accrue retirement and health care benefits at the same level as their active counterparts), it should not affect force structure decisions for several reasons:

- First, wars that require major Reserve mobilizations are rare. Thus, periods when Reserve costs increase will also be rare. Mostly, military forces are preparing for

- possible conflicts, and for that Guard and Reserve forces are much less expensive. They also do not count in their analyses the costs of an active duty brigade as it prepares for deployment with individual personnel skill training, enhanced unit training, fixing their equipment, and ensuring medical and dental readiness.
- Second, war costs are funded separately. Higher wartime Guard and Reserve costs will therefore come out of different funds and will not offset readiness and modernization budgets in the base budget.
 - CAPE and RAND conducted their analyses at a time when it looked as if the U.S. would need to maintain large forces—both Active and Reserve—deployed overseas through unit rotations. However, the 2014 Quadrennial Defense Review eliminated “large-scale prolonged stability operations” as a force-sizing criterion, so the “boots on the ground” comparisons that they did are no longer as relevant.
 - And the most recent DOD report to Congress on “Unit Cost and Readiness for the Active and Reserve Components” has detailed data on the costs of the RC compared to the AC. It indicates the annual cost of an AC BCT ready to deploy is \$285 million while the cost of the RC BCT ready to deploy is \$163 million—including the mobilization costs and extra training—so only 57 percent of the active in an apples-to-apples mode. This is from DOD’s own report.

Another factor that skews analyses is assumptions about dwell time—the amount of time an active or reserve component unit is back at a home station compared to when they are deployed. Your duties require you to reexamine the current assumptions. I personally believe the dwell time for active forces should be extended and the dwell time for reserve components should be shortened. The active forces need more time at home between deployments and the Reserves can serve less time at home between deployments. Reserve deployments do need to be predictable.

I would urge this Commission to refrain from adding new benefits for the reserve components, particularly those that are deferred. We need our reserve components to remain a true bargain for the taxpayers. There are also many ways the Guard and Reserves can become even more efficient, especially in reducing overhead, management layers, streamlining headquarters, and reducing the number of senior officers. The RFPB has also produced a report for the Secretary of Defense with these recommendations, and I have provided a copy of that report to the Commission as well.

Force of the Future

We must also take into account the major initiative of Secretary of Defense Ash Carter: the “Force of the Future.” Secretary Carter has correctly concluded that we will risk the high quality, career military force in the 2020s under the current personnel policies. Acting Undersecretary of Defense for Personnel and Readiness Brad Carson is challenging both the status quo and conventional wisdom and is spot on in his thorough examination of the options for major change. This is not an area for fine tuning, but one for complex overhaul.

With a reduced budget and shrinking force, it is time to capitalize on lessons learned in Force Structure by other services. The Commission on the Guard and Reserve had a section with recommendations in this area that is relevant today. I have provided the Commission with a copy. On the RFPB we are preparing a report for Secretary Carson and the Secretary of Defense on how the reserve components should adjust to the Force of the Future and we aim to have this ready by early August. I urge this Commission to aggressively address the Force of the Future for all three Army components.

Integration and Association

One successful concept that we can all learn from is the U.S. Air Force and U.S. Navy's successful integration of their RC forces as Associate Units and Blended Units through shared AC and RC Platforms. Under these concepts, an RC unit aligns and co-locates with an AC unit in order to utilize their platforms; or, conversely, an AC unit aligns and co-locates with an RC unit in order to utilize their platforms. This model of Associate Units and Blended Units with shared platforms has been successfully tested and proven by the Air Force and the Navy during Operation Enduring Freedom and Operation Iraqi Freedom. The Army could adopt a similar model. A Multi-Component Apache Helicopter unit could co-locate and integrate AC and RC pilots, leaders, and soldiers that train, mobilize, and deploy together as one unit. This model effectively integrates and consolidates AC and RC Apache units, streamlines the Total Army's Apache force, enhances cost savings, and keeps Apache pilots and support personnel in the Army's RC inventory (ARNG and USAR).

As a cost efficient and an effective integration measure of RC units and soldiers, the concept of multi-component units (with or without platforms) that are co-located with AC units could be expanded to other units and to headquarters. For example, as a result of the Chief of Staff of the Army's directive for a 25 percent staff reduction to Corps and Divisions, the 18th Airborne Corps Headquarters has successfully piloted use of an RC Augmentation unit to fill the gap of lost staff members. As a result, the 18th Airborne Corps headquarters has become a Multi-Component Unit. Similarly, the 100th BN 442 Infantry, a USAR Infantry Battalion from Hawaii, deployed as part of 3rd Brigade Combat Team 25th Infantry Division (based in Hawaii) to the Joint Readiness Training Center (JRTC). The Brigade Commander, COL Scott Kelly, stated, "The teamwork we have is great. The Partnership couldn't be any better, and we are going to continue to work together into the future." BG Fenton, the 25th Infantry Division's Deputy Commanding General, stated, "This is truly what we talk about in terms of Multi-Component Army." Both examples are an effective utilization and integration of AC and RC units and are good news for the Total Army.

Conversely, this same model can be used to have AC Soldiers co-locate and share RC platforms with RC units, like the Army National Guard's Divisions, BCTs, and below and the Army Reserve's Theater Commands, Functional Brigades, and unique support enablers. By combining AC and RC capabilities into Multi-Component Units, there is potential for large cost savings and increased readiness within the RC operational force due to an increase of active personnel in the units. Alternatively, there should be

enhanced opportunities for Guard and Reserve personnel to serve on active duty staffs and in key positions that are traditionally held by active personnel to help prepare them for major assignments. It would also create a larger pool from which to select senior reserve component leaders.

At the same time, emerging missions, such as cyber warfare, lend themselves to the type of expertise inherent in the reserve components. Instead of considering active duty manpower options and solutions first, consider the significant capabilities inherent in the reserve components. The AC and RC have the potential to come together as one unit to combat domestic and international cyber-attacks against the United States. There is a critical need for a Multi-Component Cyber Command. The RFPB has also provided the Secretary of Defense with a detailed set of recommendations in this area, and I have provided a copy of that to this Commission.

Another model is to increase the numbers of AC Soldiers serving in RC units (under the NDAA 1992 instituted AC/RC Title 11 program), but ensuring that they receive proper recognition from the Department of the Army. History suggests that Title 11 programs have never been fully manned. Additionally, AC soldiers serving in RC units had lower promotion rates, and the Title 11 program was not highly regarded as career enhancing—particularly for O-6s competing for General Officer/Flag Officer promotion. Therefore, in order to have better integration in the Total Army, there should be serious consideration of instituting Branch Qualification (BQ), Centralized Selection for Key Billets, and Command Slating opportunities for AC Soldiers serving in RC units. As an example, the USMC Reserve's Inspection & Instructor Program could serve as a model for the U.S. Army to utilize as a Title 11 RC Integration tool.

The Army's RC is the largest contributor to Unified Land Operations and Domestic Disaster Response. But, the Army's RC is the only DOD RC that separates RC forces by function. This separation has created inflexibility within the Total Army. Currently, the Army National Guard has all of the RC Combat Forces in their inventory (i.e. Infantry, Armor, Artillery, Special Forces, etc.), and it could enhance its capabilities by having more support enablers for homeland security and domestic response. Conversely, the Army Reserve has a majority of Support Enablers (Logistics, Medical, Transportation, Engineers, Civil Affairs, etc.), and could enhance its capabilities by having combat forces in its inventory for strategic depth and added capacity. As the Total Army moves forward to the Force of the Future, the Army National Guard and U.S. Army Reserves should be more balanced in order to add flexibility, additional capabilities, and depth. In addition, our nation is woefully unprepared to mitigate the consequences of the use of weapons of mass destruction, and this is a mission uniquely suited to the Army Guard and reserve components and they should be organized, trained, and equipped to operate in chemically, biologically, and radiologically contaminated environments.

If a further reduction in active duty end strength appears to be inevitable, it would be prudent for the Total Army to preserve within the Total Force as much of the hard won combat experience and skills built over the past decade of war as possible. This requires a

shift in focus from military separation to a transition into a Reserve Component service. In order to create spaces for the preservation of these skilled and experienced personnel, the RC needs to modify its recruitment of non-prior service applicants to accommodate accessing prior Service/trained personnel to stay within currently programmed end-strengths. This action preserves the taxpayers' return on investment by maintaining readily accessible skills and capabilities in the RC, and reduces the RC's overall cost of training new personnel. This action can significantly change the paradigm of separation from Active Duty to a "Continuum of Service" culture in the Reserve Component. We also need to move away from the highly rigid personnel management structure of DOPMA and ROPMA.

We also need to streamline the number of duty statuses under which Guard and Reserve personnel serve. This has been a consistent recommendation for years from the Commission on the Guard and Reserve, the 11th Quadrennial Review of Military Compensation, and, most recently, the Military Compensation and Retirement Modernization Commission. While the DOD has consistently agreed with these recommendations and the Secretary of Defense has even issued a directive on it—it never happens. I hope this Commission will add emphasis to the urgency to get this done.

Another perennial recommendation is to create a civilian skills database and management system to ensure that reservists can bring their wealth of outside knowledge to bear when they are needed. This would fit well with Secretary Carter's vision of innovation and flexibility in the Force of the Future. I have personally recommended we manage the Guard and Reserve by skills instead of military occupational specialty. I urge this Commission to address this issues as well.

In conclusion, the relationship between the Active and Reserve Components can be strained from time to time. But the important thing is that they come together when it matters—when it's time to defend our nation. The Gulf War, Iraq, and Afghanistan are evidence of this. But now that the guns are falling mostly silent after a 15 yearlong partnership, the relationship is challenged by cultural differences, constrained resources, and some myths. We must find a way to continue the wartime partnership in peacetime. There is only one Army, the Total Force Army, and it is more important to our nation's future now than any time in our recent history.