

OFFICE OF THE SECRETARY OF DEFENSE RESERVE FORCES POLICY BOARD

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FEB 1 1 2014

INFO MEMO

FOR: SECRETARY OF DEFENSE

DepSec Action

FROM: MajGen Arnold L. Punaro, USMCR (Ret), Chairman, Reserve Forces Policy Board

SUBJECT: Report of the Reserve Forces Policy Board on Reserve Component Use, Balance, Cost and Savings: A Response to Questions from the Secretary of Defense

- The RFPB is a federal advisory committee established to provide you with independent advice and recommendations on strategies, policies and practices designed to improve and enhance the capabilities, efficiency, and effectiveness of the Reserve Components.
- On September 5, 2012, then Secretary Leon Panetta met with the RFPB and tasked the Board with providing its advice and recommendations regarding four questions: the best ways to use the Reserve Components in support of the Defense Strategic Guidance; the right balance or mix of Active and Reserve Component forces; the cost to maintain a Strong Reserve; and how the Department can achieve cost savings in relation to the Reserve Components. The RFPB met on September 5, 2013 and December 12, 2013 and voted to make twelve recommendations to you concerning these questions.
- In summary, the Board recommends the following. Each recommendation is expanded upon in the attached report:

Recommendation #1 - Plan and Use the RC Operationally.

Recommendation #2 - Develop and Enforce a Revised DoD Total Force Policy.

Recommendation #3 - Study the Effectiveness of the RC.

Recommendation #4 - Preserve RC to Mitigate Risk from AC Cuts.

Recommendation #5 - Expand RC in Key Skill Areas.

Recommendation #6 - Improve AC/RC Integration.

Recommendation #7 - Effectively Use Available Manpower.

Recommendation #8 - Invest in Reserve Component Readiness.

Recommendation #9 - Conduct a Broad RC Programmatic Review.

Recommendation #10 - Review Reserve Component General and Flag Officer Usage.

Recommendation #11 - Review Reserve Component Infrastructure.

Recommendation #12 - Study Cross-Component Equipment Sharing.

 As required by the Federal Advisory Committee Act, these recommendations were deliberated and approved in an open, public session. The Report, including briefing slides presented to and approved by the Board, is at TAB A and has been posted to the RFPB public website. The basic overview of the RFPB is submitted as TAB B.

COORDINATION: NONE

Attachments(s):

As stated

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APPROVED REPORT

RESERVE FORCES POLICY BOARD

Reserve Component Use, Balance, Cost and Savings: A Response to Questions from the Secretary of Defense

Final Report to the Secretary of Defense

February 11, 2014

RFPB Report FY14-02

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Reserve Forces Policy Board Response to Questions from the Secretary of Defense

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EXECUTIVE SUMMARY

At the September 5, 2012 meeting of the Reserve Forces Policy Board (RFPB), Former Secretary of Defense Leon Panetta met with members of the Board and asked them (in accordance with Title 10, Section 10301) to provide him with advice and recommendations on several Reserve Component topics. Specifically, he was interested in determining: the best ways to use the Reserve Components in support of the Defense Strategic Guidance; the right balance or mix of Active and Reserve Component forces; the cost to maintain a Strong Reserve; and how the Department can achieve cost savings in relation to the Reserve Components. The purpose of this report is to provide the Secretary of Defense with thoughtful analysis, observations and recommendations in response to each of these questions, and constitutes the Board's complete and final report. The responses are intended (in accordance with the Board's Charter) to improve and enhance the capabilities, efficiency, and effectiveness of the Reserve Components.

Best Ways to Use the Reserve Components

It is the Board's view that the best way to use the Reserve Components is to, in fact, use them, and avoid the inclination to place them "on the shelf" while waiting for the next major conflict. The Reserve Components have a demonstrated record of sustained accessibility, readiness, and reliability. They should be used simultaneously in both strategic and operational roles. In the strategic role, Reserve Components should maintain capability and capacity to help reduce the national military risk associated with prosecuting major theater wars, long-term stability operations, or other combinations of significant or protracted force requirements. In the operational role, the Reserve Components should continue to provide forces to help meet both steady state peacetime engagement and contingency requirements of the Combatant Commanders; both at home and abroad. The Reserve Components should be employed operationally as an integral component of our National Defense Strategy, although at a level below their use over the past decade. Further, the Reserve Components should be used to support each of the ten primary missions of the Armed Forces of the United States described in the Defense Strategic Guidance, and in other capacities required by the President and Governors.

Right Balance of Active and Reserve Forces

In an era of limited fiscal resources, it is the Board's strong belief that the Reserve Components be used to preserve the Nation's capability and overall capacity to deter and defeat aggression, while simultaneously strengthening the Department's capacity to Defend the Homeland and Provide Support to Civil Authorities. It is the opinion of the Board that, to date, the Department has not seriously considered the question of how much force structure it truly needs, and what mix it can afford. The Department should be deliberate in their approach to force reductions and avoid simplistic "fair-share" cuts across all components for the sake of "being equitable." With reduced fiscal resources available to provide the necessary forces to

implement the nation's defense strategy, it is essential to strike the right balance between risk and cost when determining Active and Reserve Component force structure. However, numerous costing studies suggest that the Department can maintain more of our defense capability and capacity for less cost in the Reserve Components. Therefore, the Department should consider preserving Reserve Component end strength and force structure to mitigate the risk associated with increased Active Component force structure reductions, to hedge against fiscal and geostrategic uncertainty, and to do so in an even more cost–effective way. The Board is not advocating reduced active duty end strength but should the Department make that decision then the Board believes that preserving capabilities in the National Guard and Reserve is both sound strategy and cost-effective.

Cost of a Strong Reserve

The Department has built (through a decade of investment and war) a stronger, more capable, better equipped, battle tested Guard and Reserve force than we have had at any time in our recent history. Therefore, the Department should not squander the benefits derived from those investments and hard won experience gained in combat. For about \$50 billion a year, the Nation maintains a strong, operationally engaged National Guard and Reserve force that comprises about 39% of the Department's military end strength for approximately 9% of the Department's Budget. The Nation must maintain a Reserve Component that is accessible, available, and flexible to provide operational forces, when needed, to satisfy the full range of potential missions called for by our civilian and military leadership. In order to achieve this goal, The Department should institute policies and practices necessary for the continued efficient and effective use of the Reserve Components. Besides continuing the operational use of the Reserve Components, the Department should: improve AC/RC integration; use available manpower more effectively; invest in Reserve Component readiness; and improve Reserve Component cost advantages.

Potential Efficiencies

The Board believes that the Reserve Components are already a cost-effective solution, providing the nation with trained manpower that delivers skilled, seasoned capacity and capability at a reduced cost. However, there are opportunities for additional savings. Therefore, the Board consulted with DoD officials and outside experts, and then conducted its own examination of the budget submissions of the Reserve Components to identify potential efficiencies. As a result, the Board concentrated its efforts on the following areas: Headquarters structure; Operations and Maintenance budget overhead costs; Full-Time Support; General/Flag Officer numbers; Infrastructure; and Equipment. Although not significant, there are some savings to be found in these areas.

TASK

At the September 5, 2012 meeting of the Reserve Forces Policy Board, Former Secretary of Defense Leon Panetta met with members of the RFPB and charged them, in accordance with Title 10 Section 10301, to provide him with advice and recommendations in response to four specific questions. In that session, Secretary Panetta asked:

- 1. What are the best ways to use the Reserve Components in support of the Defense Strategic Guidance?
- 2. What is the right balance of Active and Reserve Component forces?
- 3. What does it cost to maintain a Strong Reserve?
- 4. How can the department achieve cost savings?

The Reserve Components include both National Guard and Reserve forces. Specifically, these encompass the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve and the Coast Guard Reserve.



Figure 1: Former Secretary Panetta addressing the Reserve Forces Policy Board (September 5, 2012).

On May 6, 2013, RFPB Chairman Arnold Punaro submitted an interim report to Secretary Hagel on "Strategic Choices and the Reserve Components." It provided initial observations on the first two questions. In short, it recommended: the continued operational use of the Reserve Components; preservation of Reserve Component capabilities; active consideration of the Reserve Components to mitigate increased risk reductions in Active Component force structure; and the inclusion of the Reserve Components in strategic reviews. This report expands on the observations provided in the interim report, provides the Board's advice and recommendations for each of the questions posed by Former Secretary Panetta, and constitutes the Board's complete and final report.

APPROACH

This report's primary purpose is to provide the Secretary of Defense with thoughtful analysis, observations and recommendation in response to questions posed to the Board by Former Secretary of Defense Leon Panetta. These responses are intended, in accordance with our Charter, to improve and enhance the capabilities, efficiency, and effectiveness of the Reserve Components.

A temporary Task Group of five Board members was established on October 31, 2012 with the mission of studying the questions posed by the Secretary of Defense, gathering information, conducting research, analyzing relevant facts, and developing for Board consideration a report or reports of advice and recommendations for the Secretary of Defense. The Task Group conducted 20 meetings, met with 26 officials from the Department and representatives of 13 outside organizations, and presented observations and recommendations for deliberation by the full Board in three public sessions.

Recognizing that there are many different voices within the defense community advocating for a number of varied solutions that address the size and shape of the force along with efficiencies that can be found within the Department, the Board sought inputs from a diverse array of experts and interested parties to inform its analysis. The Board's goal was to remain objective and avoid any appearance of parochialism or advocacy in favor of the Reserve Components over the Active Component. Since the Secretary's questions specifically addressed the Reserve Components, this report will focus its primary attention on the Reserve Components. However, the report will also make a number of recommendations that apply to both Active and Reserve Components in areas that require continued or improved integration between them.

FINDINGS & RECOMMENDATIONS

<u>SECDEF Question</u>: What are the best ways to use the Reserve Components in support of the Defense Strategic Guidance?

One of the most important ways to utilize Reserve Component members is to keep them "operationally trained". In other words, give them a viable mission; provide them with the proper training and equipment to accomplish that mission; and avoid the inclination to place them "on the shelf" while waiting for the next major conflict. Reserve Component members have a demonstrated record of sustained accessibility, readiness, and reliability. They should be employed operationally as an integral part of our National Defense Strategy. Going forward, the Reserve Components should be used to support all ten DoD "Primary Missions" that were identified in the Defense Strategic Guidance, as well as other missions required by the President and Governors. This section outlines the general organization and purpose of the Reserve Components; describes their traditional use in the past; and provides more specific advice and recommendations for their future use.

The Board conducted its review mindful of the key tenets of the current Defense Strategic Guidance released on January 5, 2012 titled, "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense." The guidance identifies our policy priorities: transitioning from today's wars to prepare for future challenges, and rebalancing to the Asia-Pacific region while remaining vigilant in the Middle East. It also requires that the Department maintain commitments to NATO and strengthen alliances and partnerships across all regions. In addition, the guidance stipulates that the Department maintain a ready and capable force able to perform the Department's ten primary missions (Figure 2), even as it reduces overall capacity, and retains the ability to surge and regenerate forces for unanticipated challenges. Finally, it requires the Department to keep the promises it made to the troops, families, and veterans.

Primary Missions of the US Armed Forces

Counter Terrorism and Irregular Warfare
Deter and Defeat Aggression
Maintain a Safe, Secure and Effective Nuclear Deterrent
Defend the Homeland and Provide Support to Civil Authorities
Project Power despite Anti-Access / Area Denial Challenges
Provide a Stabilizing Presence
Counter Weapons of Mass Destruction
Conduct Stability and Counterinsurgency Operations
Operate Effectively in Cyberspace and Space
Conduct Humanitarian, Disaster Relief, & Other Operations.

Figure 2: Primary Missions of the Armed Forces (2012 Defense Strategic Guidance)

As identified in Title 10, United States Code Section 10101, there are seven Reserve Components within the Armed Forces of the United States – the Army and Air National Guard, as well as the Army, Navy, Marine Corps, Air Force, and Coast Guard Reserve. For Fiscal Year 2014, the National Defense Authorization Act provided a total end strength number of 833,700 Reserve Component service members, which is approximately 40% of the total DoD military force structure. With that manpower pool, the Reserve Components provide the Department of Defense with a broad array of combat and support forces for use at home and abroad.

The purpose of the Reserve Components is "to provide trained units and qualified persons available for active duty in the armed forces, in time of war or national emergency, and at such other times as the national security may require, to fill the needs of the armed forces whenever more units and persons are needed than are in the regular components." The National Guard is both a Reserve Component and state militia. The statutory role of the National Guard is further articulated in Title 32 which states, "Whenever Congress determines that more units and organizations are needed for the national security than are in the regular components of the ground and air forces, the Army National Guard of the United States and the Air National Guard of the United States, or such parts of them as are needed, together with such units of other Reserve Components as are necessary for a balanced force, shall be ordered to active Federal duty and retained as long as so needed." The National Guard, in its militia role, exists to "execute the laws of the Union, suppress insurrections and repel invasions."

Prior to Operation Desert Shield/Storm, the Reserve Components were primarily used as a Strategic Reserve force – maintained for use in major contingencies, while remaining largely unused in peacetime. The Board reviewed the pattern of use of the Reserve Components, both before and after the First Gulf War. In the five years prior to 1991, the Reserve Components provided an average of about 3,000 man-years of support to operational missions. After OPERATION Desert Shield/Storm, the Reserve Components were used more regularly as a part of the "Operational" force. In fact, Reserve Component use grew to a point that, during the six years prior to 9/11, Reserve Component forces provided an average of approximately 35,000 man-years of support to operational missions – a greater than tenfold increase in operational use over the level prior to Desert Shield/Storm.

During Operations Iraqi Freedom/New Dawn and Enduring Freedom, the Reserve Components became a fully integrated partner, providing a significant number of forces for operational use. During the nine years of war from 2002 until 2010, National Guard and Reserve forces averaged about 146,000 man-years of support for operations at home and abroad. Since

¹ Title 10, United States Code Section 10102

² Title 32, United States Code Section 102

³ U.S. Constitution (Article 1, Section 8) and Title 10 United States Code Sections 311 and 12406

9/11, approximately 890,000⁴ Guardsmen and Reservists have been mobilized to serve on active duty. That service has, at times, demanded grave sacrifice. From September 11, 2011 through the end of Fiscal Year 2012, nearly 900 National Guard and Reserve service members were killed in action. Currently, there are 42,372⁵ Reserve Component members activated in support of operations around the world. They clearly and repeatedly have demonstrated their value to the Nation and Department during the conduct of both campaigns in Iraq and Afghanistan. Therefore, it is logical to assume that the operational use of Reserve Component forces should be considered when planning for the use of American forces in the future.

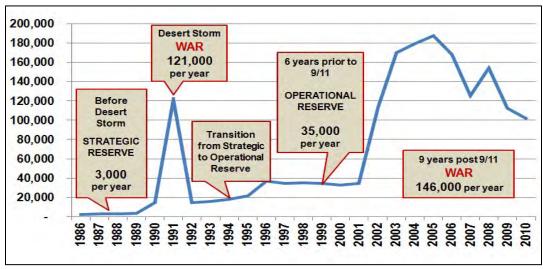


Figure 3: Use of the National Guard and Reserve since 1986

Frequently, the question regarding the proper role Reserve Component members should play in the nation's defense is posed as an either-or choice between competing ideas – strategic reserve versus operational reserve. It is not an either-or proposition. They can, have, and should continue to perform both roles simultaneously. The Reserve Components should be organized, manned, trained, and equipped to provide both strategic and operational capability and capacity to the nation when required.

In their strategic role, Reserve Components should maintain capability and capacity to help reduce the national military risk associated with prosecuting major theater wars, long-term stability operations, or other combinations of significant or protracted force requirements. A strategic reserve, while not officially defined, is that portion of the force kept at lower levels of readiness and availability than those forces ready for operational use. All or portions of the

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⁴ National Guard (In Federal Status) and Reserve Activated as of February 4, 2014 Available from http://www.defense.gov/documents/Mobilization-Weekly-Report-02-04-2014.pdf

⁵ National Guard (In Federal Status) and Reserve Activated as of February 4, 2014 Available from http://www.defense.gov/documents/Mobilization-Weekly-Report-02-04-2014.pdf

strategic reserve can be made ready in times of crisis should the nation require their skills. Keeping a strategic reserve capability and capacity serves to reduce the national military risk associated with unforeseen needs and is significantly cheaper to maintain. Both Active and Reserve Components have forces at lower readiness levels that could be considered a part of the strategic reserve. While there is a long standing stigma associated with keeping a portion of the force in reserve in some services, there is value in maintaining a strategic reserve.

In their operational role, Reserve Components should continue to provide forces to help meet the steady state peacetime engagement and contingency requirements of the Combatant Commanders – both at home and abroad. Continued operational use of the Reserve Components offers at least three clear benefits. First, it helps maintain the experience, skills, and readiness gained through twelve years of war for the hundreds of thousands of National Guard and Reserve personnel who have been mobilized. Second, it frees up Active Component forces to ensure their availability to respond immediately to no-notice contingency warfighting requirements. Third, it reduces Active Component deployment tempo and aids in the preservation of the All-Volunteer Force.

The Reserve Components have demonstrated since Operation Desert Storm that they can do much more than simply maintain forces in strategic reserve. That is why many of the services plan to, or have expressed their intent to continue using their Reserve Components to meet operational demands, albeit on a smaller scale than their use today. Under Title 10, Section 12304B, the Department may involuntarily mobilize Reserve Component units to augment active forces for a preplanned mission in support of a combatant command, but only if "the manpower and associated costs of such active duty are specifically included and identified in the defense budget materials for the fiscal year or years in which such units are anticipated to be ordered to active duty." The Department should ensure that adequate attention is given to reviewing and validating opportunities for the operational use of Reserve Components, and that the necessary resources are included in the Department's annual budget submission to pay for their use.

First and foremost, Reserve Component members should be used to support <u>all</u> of the missions described in the Defense Strategic Guidance. At home, the Reserve Components should provide Defense Support to Civil Authorities because their members live in communities across the nation, and to members of the public, they are the face of the Department of Defense. When these communities require assistance due to natural or manmade disasters, state and community leaders, emergency managers, and first responders turn to their Reserve Component neighbors for help. For the same reasons, Defense of the Homeland is another mission area

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⁶ Title 10, United States Code Section 12304B. This section also imposes the following additional limitation – "the budget information on such costs includes a description of the mission for which such units are anticipated to be ordered to active duty and the anticipated length of time of the order of such units to active duty on an involuntary basis."

perfectly suited for Reserve Component forces. Reserve Component units have been used to control and defend American airspace both prior to and since 9/11.

Abroad, the Reserve Components should be employed to meet predictable operational requirements including: enduring missions, forward presence requirements, and missions aimed at reinforcing alliances and building partner capacity. The Reserve Components have provided sustained support to operations in the Sinai Peninsula and in Kosovo, and should be used in the future to support similar predictable and enduring requirements that call for U.S. presence abroad. The Reserve Components have also helped to sustain alliances and build partner capacity. The National Guard State Partnership Program has been a particularly effective program in this regard.

In addition, the Defense Strategic Guidance requires the Department to maintain a surge capacity. The National Guard and Reserve provide much of that capability should the Nation require it for the conduct of a protracted war or long-term stability operations, and can provide the Department with time to generate additional active forces to prosecute these conflicts if needed. The Reserve Components should also be used as a source of individual manpower to augment major service, joint, and combined headquarters units – manpower that provides crucial skills enhanced by their civilian employment. Finally, the Reserve Components should be used to meet new and emerging capability requirements, particularly when those requirements are technology-based, or when civilian acquired skills would facilitate rapid establishment of such capabilities. The cyber domain is an area where the Reserve Components are particularly well-suited to support increasing demand.

The Reserve Components played an essential role during the campaigns in Iraq and Afghanistan while effectively supporting efforts to build partner capacity, filling enduring operational mission requirements, and providing homeland defense and support to civil authorities here at home. They can be counted on to perform their assigned missions effectively and professionally. The Board strongly urges the inclusion of specific guidance directing continued use of the Reserve Components in appropriate departmental planning documents and offers the following recommendations to answer the Secretary's question on the best ways to use the Reserve Components.

Recommendation #1 - Plan and Use the RC Operationally: DoD should continue to use the Reserve Components operationally and should include requirements for such use in service force generation models, and DOD planning, programming, and budget documents.

a) The Department should plan, program and budget for the continued operational use of the Reserve Components.

- b) Guidance on Reserve Component use should be included in: a new Total Force Policy; the Quadrennial Defense Review Report; Defense Planning Guidance; and Guidance for Employment of the Force.
- c) Services should continue to include the Reserve Components in their force generation models.
- d) The Department should adapt the Global Force Management process to annually identify and validate those operational requirements suitable for Reserve Component use to facilitate service planning, programming, and budgeting for the activation and employment of Reserve Component forces under Title 10, Section 12304b authority.

During the conduct of our review, the Board found that senior defense leaders lack a total force perspective, and thus, focus on the Active Component as the default solution to overall force management challenges. Many senior defense leaders are unaware of the differences between the National Guard and the Reserves; the strengths of each Reserve Component; the capabilities resident in each of the Reserve Components; the cost to maintain and use the Reserve Components; or the limitations on their use. As a result, the Department fails to fully consider the Reserve Components in key strategic reviews. The 2010 Quadrennial Defense Review did not address the roles and missions of the Reserve Components as required by Title 10, Section 118. The Secretary of Defense's Strategic Choices and Management Review (SCMR) completed in July 2013 did not address the size, shape, and use of the Guard and Reserve in support of DoD Strategy. Finally, it appears that the 2014 Quadrennial Defense Review has missed the opportunity to deal with these questions in a meaningful way as well. At some point, the discussion must take place.

Recommendation #2 - Develop and Enforce a Revised DoD Total Force Policy: DoD should develop and enforce a revised Total Force Policy to encourage a Total Force culture and improve Active and Reserve Component integration. While the services have Total Force policies in place, the Department of Defense does not. This lack of Total Force perspective affects decision-making regarding the use of the Reserve Components, AC-RC Mix, and resourcing. The Department of Defense should develop and enforce a revised Total Force Policy that enumerates key principles necessary to encourage a Total Force culture. Throughout the Department, consideration should be given to the following principles by senior civilian and military leaders:

- Take responsibility for and ownership of the Total Force.
- Ensure military readiness.

- Develop a clear and mutual understanding of the roles and missions of each component (Active, Guard, and Reserve) in each service and in joint/combined operations, during peacetime and war.
- Provide the necessary resources to accomplish assigned missions.

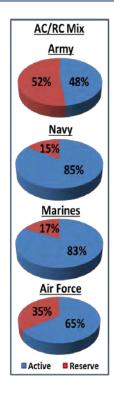
The Reserve Components have demonstrated their availability and reliability in providing forces for operational use through a decade of sustained combat operations. Commanders and senior Department of Defense officials have lauded the contributions and performance of the Reserve Components. Some have even stated that the Reserve Components are as effective as their active counterparts. However, the Department does not have thorough, deliberate analysis on the demonstrated operational effectiveness of Reserve Component units upon their arrival in a theater of operations.

Recommendation #3 - Study the Effectiveness of the RC: DoD should charter an independent and impartial study to assess the operational effectiveness of the Reserve Components. The Department should conduct an assessment of Reserve Component operational performance to better understand how well, or how poorly, operational missions were performed in Iraq and Afghanistan after 9/11, and to determine necessary changes to strategies, policies, and practices to maintain or improve their performance.

<u>SECDEF Question</u>: What is the right balance of Active and Reserve Component forces?

In an era of fiscal constraint, the Reserve Components should be used to preserve the Nation's capability and overall capacity to deter and defeat aggression, while simultaneously strengthening the Department's capacity to Defend the Homeland and Provide Support to Civil Authorities. The steadily increasing costs of active duty military manpower will continue to exert downward pressure on Active Component Force structure, particularly in the ground forces. The Reserve Components offer an affordable option, retaining capability and capacity that can be used when needed. The Board strongly recommends the preservation of Reserve Component capabilities and that the Department should actively consider the Reserve Components to mitigate the increased risk associated with further Active Component end strength reductions, either intentional or unavoidable, as a result of declining resources.

The Department of Defense, Joint Staff, and the Services have had little success in predicting future force structure to meet the operational



needs of Combatant Commanders with any degree of certainty in the past. However, there are a few assumptions that can be made about the demand signal for the future: 1) Military forces in Afghanistan are expected to decline; 2) The mission of deterring potential adversaries and defeating terrorists will likely continue; and 3) Force requirements in the homeland and in the cyber domain will almost certainly increase. These demands, along with judgments about roles and missions, should form the basis for decisions about Service end strengths, and inform decisions about the relative mix of AC and RC forces within each Service.

The AC-RC Mix for each Service differs greatly, as does their operational reliance on the Reserve Components. The Army is by far the largest service and the Service with the greatest proportion of Reserve Component end strength. The Army relied heavily on Reserve Component enablers (necessary combat support and service support units), and to a lesser extent on combat capabilities, to conduct operations in Iraq and Afghanistan. The Air Force depends more heavily on its Reserve Components for both structural and operational support. Navy and Marine Corps Reserve Component structure is proportionally much smaller and has, in fact, shrunk over the past decade. While there has been disagreement over proper force mix decisions in the past that have led to Congressional Commissions (Commission on the Structure of the Air Force), the Board hopes this practice is the exception rather than the rule when making force structure decisions in the future.

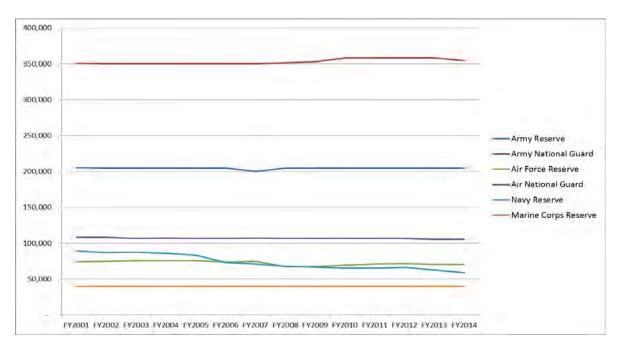


Figure 4: Authorized End Strength of the Reserve Components

The Board did not assess or make specific recommendations on AC-RC force mix at the tactical level. It is up to the Department and the Services to determine roles and missions, requirements, and what force structure is needed (to include AC-RC force mix) to meet current and future national defense needs. It is the opinion of the Board that the Department has not yet tackled this task in a serious way; however, the Department has acknowledged the need. In fact, the January 2012 Defense Strategic Guidance notes that "the Department will need to examine the mix of Active Component (AC) and Reserve Component (RC) elements best suited to the strategy." The Department is also required under Title 10, Section 118 to "define sufficient force structure... that would be required to execute successfully the full range of missions called for in that national defense strategy" during the conduct of its Quadrennial Defense Review. As stated earlier, neither the 2010 Quadrennial Defense Review nor the 2013 Strategic Choices and Management Review took on the challenge of addressing AC-RC Mix. Whether the 2014 Quadrennial Defense Review will consider the question in a meaningful way remains to be seen, but preliminary indications are that it does not.

The Department must grapple with the question of how much force structure it truly needs, and what mix it can afford. Reducing force structure results in increased risk in the Department's ability to implement Defense Strategy. Therefore, the Department should take some time to deliberate on its approach to force reductions and avoid simplistic, "fair-share" cuts across all of the components for the sake of "being equitable." Limited fiscal resources drive leaders to look at new and innovative ways to provide the proper force structure necessary for the strategy, but at reduced cost. Numerous costing studies suggest that the Department can maintain more capability and capacity in the strategic reserve, at a lower cost, by investing in the Reserve Components. DoD should consider preserving Reserve Component end strength and force structure to mitigate the risk associated with increased Active Component force structure reductions, to hedge against fiscal and geostrategic uncertainty, and to do so in an even more cost-effective way. The Board is not advocating reducing active duty end strength but should the Department make that decision then the Board believes that preserving capabilities in the National Guard and Reserve is both sound strategy and cost-effective. The Board believes that the resultant outcome of decisions on DoD force structure and mix should be a more capable force that is better integrated and smartly employed; an approach similar to that being employed by the United Kingdom.

As a result of their 2010 Strategic Defense and Security Review, the British military initiated a significant reform of its Reserve Component force. The reforms include increasing the size of their Reserve Components (doubling the size of their Army Reserve), increasing investment in Reserve Component readiness, and regularly using their Reserve Components to complement their active forces.⁷ While there are significant differences between the Reserve

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⁷ Future Reserves 2020: Delivering the Nation's Security Together, November 2012, available at: www.official-documents.gov.uk/document/cm84/8475/8475.pdf

Components of our two nations – including the significantly greater size and much higher level of operational use of the Reserve Components in the United States – some consideration should be given to the approach taken by the United Kingdom.

Reserve Component end strength and force structure to mitigate risk associated with increased Active Component force structure reductions and to hedge against fiscal and geostrategic uncertainty.

Recommendation #5 - Expand RC in Key Skill Areas: DoD should examine those mission capabilities where the Reserve Components have a distinct advantage due to their civilian acquired skills and exposure to new technologies in the workplace (i.e. Cyber, ISR and UAV/RPA). The 2011 "Comprehensive Review of the Future Role of the Reserve Components" prepared by the Office of the Vice Chairman of the Joint Chiefs of Staff and the Office of the Assistant Secretary of Defense for Reserve Affairs remains a valid document that serves as the basis for such an examination.

SECDEF Question: What does it cost to maintain a Strong Reserve?

The Secretary's question suggests that the Department already has a strong National Guard and Reserve. The Board agrees with this view! The reason – our Nation, through a decade of investment and war, has built a more capable, better equipped, battle-tested Guard and Reserve force than we have had at any time in our recent history. More than 889,000 Reserve Component personnel have been activated in support of DoD requirements since September 11, 2001, both at home and abroad. More than \$399 billion in Base Budget funding and \$13 billion in Overseas Contingency Funding has been invested in Reserve Component readiness and operational use since 2002.

The Department should not squander the benefits gained and hard won experience derived from those investments. Therefore, the Nation must maintain a Reserve Component that is accessible, available, and flexible to provide operational forces (when needed) to satisfy the range of potential missions required by Governors and the Combatant Commanders. For about \$50 billion a year, the Nation maintains a strong National Guard and Reserve force that comprises approximately 40% of DoD military end strength. The Department should institute policies and practices necessary for the continued efficient and effective use of the Reserve

⁸ National Guard (In Federal Status) and Reserve Activated as of February 4, 2014 Available from http://www.defense.gov/documents/Mobilization-Weekly-Report-02-04-2014.pdf

Pay and Allowances and Operations and Maintenance Costs

Components. Besides the continued use of the Reserve Components operationally, the Department should: improve AC/RC integration; use available manpower more effectively; and invest in Reserve Component readiness.

The Board noted that while the force is fully integrated on the battlefield, fiscal pressures are undermining Total Force integration here in Washington. The Commission on the Structure of the Air Force and the recent Army discussions on Reserve Component missions and force size are two recent examples that show that the Total Force is not fully integrated yet. However, there are examples of "best practices" that reside within each of the Services. Among those practices are: the Marine Corps' Inspector-Instructor (I&I) program; the Air Force's Associate Unit construct; Navy Reserve Component personnel integration; and the Army's modular force construct and Combat Support and Service Support integration in operational environments. While the Services have each made individual efforts to integrate their Components, more can be done. Better integration between the components will improve overall Total Force readiness and help to reduce institutional friction. As previously discussed, it is the Board's view that a lack of a DoD-level Total Force Policy contributes to this problem.

<u>Recommendation #6 - Improve AC/RC Integration</u>: The Services should better integrate its forces organizationally, in training, and during operational employment.

- a) The Army should move toward stronger integration of its combat forces through a test integrating Reserve Component maneuver battalions into Active Component Brigade Combat Teams. While the Army has made laudable efforts to integrate its enabler formations in operational settings, it has done less to integrate its formations in peacetime. The Board notes, with approval, that the Army has recently begun to reexamine the establishment of multicomponent units in its enabler formations in peacetime. While the Board is encouraged by this step, it recommends the integration of Army Brigade Combat Teams as well.
- b) The Department should reinvigorate the Title XI program, which commits Active Component manpower to enhance Reserve Component Combat Readiness. After Operation Desert Storm, the Congress mandated the establishment of a program to enhance the readiness of the Reserve Component Ground Forces. As a result, the Army committed Active Component manpower to facilitate training and readiness. After 2001, global operational commitments reduced the ability of the Army to allocate personnel to staff the Title XI requirements. As operational augmentee commitments for mid-grade officers and Non-Commissioned Officers decline, the Army should reinvest in this program. Such a re-investment would carry three important benefits. First, it would accomplish its statutory goal to sustain our hard-won Reserve Component readiness. Second, it would restore a valuable mechanism to breakdown cultural barriers and foster cooperation and integration between the components. Third, it would retain a sizeable pool of mid-grade leaders on active duty, which is essential for rapidly reestablishing Active Component force structure should it become necessary.

- c) Increase Reserve Component opportunities for attendance at Senior Enlisted Courses, Senior Service Colleges, and CAPSTONE. The Services should also ensure continued access, and where feasible, increased access to senior leader development courses, in addition to those opportunities provided through shared experiences on the battlefield or during operational training.
- d) Consider implementing an AC-RC teaming or pairing program to encourage integrated operational training. Beyond increasing the interaction between Active and Reserve Component members, the Army should consider implementing a program to pair/partner Active and Reserve Component units together to sustain or improve training readiness in the Reserve Components by: enabling partnered training activities; improving opportunities for leader and staff development; sharing operational experiences; and promoting personal and professional relationships between Active and Reserve Component members. The Board supports the Army's recently proposed Total Force Partnership Program and looks forward to its successful implementation not only among the Army's Brigade Combat Teams, but within and among its enablers as well.

Recommendation #7 - Effectively Use Available Manpower: As Active Component end strength and force structure declines, the Department of Defense should make better use of its available Total Force manpower.

- a) Reduce the number of Reserve Component Duty Statuses. A number of Boards and Commissions, including the RFPB ¹⁰, have recommended that the Department work with Congress to reduce the number of Reserve Component Duty Statuses, but little has been done to implement these recommendations. There are currently 32 Reserve Component Duty Statuses that are derived from a convoluted array of duty authorities, purposes, funding mechanisms, and restrictions. The Department should take immediate action to reduce the number of duty statuses from 32 to as few as 6, while retaining the ability to track and report on the duty purpose.
- b) Ease Personnel Transitions between components. Yet again, there are a number of Boards, Commissions, and studies that have recommended increasing the flexibility of the manpower models and management systems of the Services to allow for a more seamless ability to transition between components a real Continuum of Service. Service members, whether in the Active or Reserve Components, have different personal and professional needs and priorities as they progress through their careers, and a more flexible manpower model that allowed for the seamless transition between components could benefit both the Department and the service member.
- c) Encourage Active to Reserve Component transfers to retain talent and combat experience. The Department should make every effort to retain as much talent as possible as it draws down the Active force, particularly the ground forces whose directed end strength

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¹⁰ Report of the Reserve Forces Policy Board on Reserve Component (RC) Duty Status Reform, 16 July 2013, available on the RFPB website at http://ra.defense.gov/rfpb/reports/

reductions are the largest. The Department should encourage, and where appropriate, incentivize Reserve Component transitions to preserve the strength and readiness of the Total Force. In past drawdowns, the Department failed to incentivize Reserve Component Service, and in fact, established disincentives for active members moving into the Reserve Components. 11

- d) Implement an integrated Pay and Personnel System. It has been a goal of the Department to implement an integrated Pay and Personnel System for both the Active and Reserve Components for some time. The Department's recent effort, the Defense Integrated Military Human Resource System (DIMHRS), was a joint-service program that was discontinued in 2010. As a result, the effort was left to the individual Services. The Board encourages the Services to aggressively move to complete implementation of their respective Integrated Pay and Personnel Systems in order to hasten our transition and allow for a true continuum of service.
- e) Improve the readiness of the Individual Ready Reserve (IRR). Beyond its authorized end strength, the Department has a robust pool of over 200,000 personnel in the Individual Ready Reserve. This policy is inconsistent with a flexible continuum of service manpower model.
- f) Implement a Reserve Component Unit Variable Participation Program. Units in the Reserve Components require varying degrees of training and readiness; some need significantly more or less training than others. As mentioned earlier in this report, service members have different personal and professional needs and priorities, and have varying degrees of availability for military service as they progress through their careers. The 39 duty day model may be appropriate for some Reserve units, but should not be viewed as the absolute rule, since the actual needs of the Services may require a more robust use of these units. A more flexible unit manning model that recognizes the unique capabilities and availability of Reserve units would benefit the Department.

Recommendation #8 - Invest in Reserve Component Readiness: In order to use the Reserve Components operationally and take advantage of the capabilities that migrate from the Active to Reserve Components, DoD must invest in Reserve Component readiness. Using Reserve Component forces that are trained for specific mission sets can reduce both pre and post mobilization training time in the following areas:

¹¹ Report of the Reserve Forces Policy Board on Avoiding Past Drawdown Mistakes to Enhance Future Total Force Capabilities, 9 April 2012, available on the RFPB website at http://ra.defense.gov/rfpb/reports/

¹² Defense Budget Announcement, February 01, 2010 available at http://www.defense.gov/speeches/speech.aspx?speechid=1416

¹³ Congressional Research Service Report: Reserve Component Personnel Issues: Questions and Answers, dated 12 July 2013

<u>Allocated Reserve Component Forces</u>: Those Reserve Component units allocated to Geographic Combatant Commanders in the Global Force Management Allocation Plan (GFMAP) for use during a specified period.

Reserve Component Homeland Response Forces: Those Reserve Component units necessary to provide Defense Support to Civil Authorities (DSCA) (Chemical, Biological, Radiological, Nuclear, and High Explosive (CBRNE)/Disaster Response) requirements of the Governors and Standing Homeland Defense Requirements of the Department (Ballistic Missile Defense/Air Sovereignty Alert).

Reserve Component Contingency Forces: Those Reserve Component units requiring enhanced readiness for early mobilization and deployment in support of existing Geographic Combatant Command Operation Plans.

<u>SECDEF Question</u>: How can the Department achieve cost savings (with a Reserve Component nexus)?

The Board believes that the Reserve Components are already a cost-effective solution in meeting the Defense needs of the nation with trained manpower that provides skilled, seasoned capacity and capability. Relative to the rest of the Department of Defense, the Reserve Components provide an extremely high level of military capability for a comparatively small portion of the DoD budget. Retaining already-lean Reserve Component force structure and using it operationally is the most significant efficiency. The Department maintains about 39% of its end strength in the Reserve Components for approximately 9% of the Department's Budget. As the RFPB has previously reported, the fully-burdened and life-cycle cost of a Reservist or Guardsman is less than a third of their Active Component counterpart. Therefore, the Reserve Components are an effective solution for maintaining future force structure at a reduced cost.

Even though the Reserve Components have proven to be cost effective, there are opportunities for additional savings. Within all organizations there are areas where savings can be found if you look hard enough. Thus, the Board consulted with DoD officials and outside experts, and then conducted its own examination of the budget submissions of the Reserve Components to identify potential efficiencies. As a result, the Board found several areas where DoD review could result in some Reserve Component cost-savings.

Reserve Component Headquarters Structure/Staffing

The Board examined the headquarters structure of the Reserve Components and found 85 Reserve Component, flag-level, non-deployable headquarters that administer to approximately 840,000 Reserve Component personnel 14. The Board examined the headquarters structure of the Reserve Components and found 85 Reserve Component, flaglevel, non-deployable headquarters that administer to approximately 840,000 Reserve Component personnel 15. The ratio of administrative headquarters to personnel is about one headquarters per 10,000 personnel.

TABLE E-1

Non-Deployable Headquarters						
Component	Headquarters					
National Guard	57					
Army Reserve	17					
Navy Reserve	4					
Marine Corps Reserve	1					
Air Force Reserve	6					
Totals	85					

Ten of the 85 headquarters are derived from statutes directing the establishment of the Reserve Component Chiefs and Reserve Component Commands. A majority (64%) of the 85 headquarters are National Guard State Joint Force Headquarters (SJFHQ). Established in accordance with DoD Directive 5105.83, these 54 National Guard State Joint Force Headquarters provide support for both National Guard Federal and State missions, when appropriate. One of the Federal mission requirements of the SJFHQ is operational versus administrative. In addition to maintaining trained and equipped National Guard forces and providing command and control for those forces, the SJFHQ, in accordance with policies and procedures established by the Secretary of Defense and the Secretaries of the Army and the Air Force, is prepared to provide one or more JTF command elements (or to serve as component elements of (larger) JTFs that might be established by proper authority) that are able to exercise command and control of military forces to execute assigned missions. ¹⁶

There are approximately 36,000 billets in the Reserve Component administrative headquarters. About 75% of the 36,000 billets belong to the National Guard. A review of the ratio of administrative headquarters to personnel suggests that the National Guard has the greatest administrative overhead (1 per 8,139 troops); followed by the Air Force Reserve (1 per 11,813) and Army Reserve (1 per 12,059). SJFHQ manpower is managed using joint manpower documents in accordance with the Chairman of the Joint Chiefs of Staff Instruction 1001.01. Each Service has a process to review and validate manpower requirements associated with Reserve Component headquarters.

¹⁴ The numbers do not include Reserve Component deployable operational headquarters or non-deployable administrative headquarters below Flag-level command.

¹⁵ The numbers do not include Reserve Component deployable operational headquarters or non-deployable administrative headquarters below Flag-level command.

¹⁶ DoD Directive 5105.83, January 5, 2011, Subject: National Guard Joint Force Headquarters – State (NG JFHQs-State).

The Government Accountability Office recently completed a review of Army and Air Force Reserve Component Headquarters and their staffing levels in GAO Report 14-71, *Actions Needed to Ensure National Guard and Reserve Headquarters Are Sized to be Efficient.* In the report, GAO found that staffing at Reserve Component Administrative Headquarters has grown over the last four years by 6%. GAO also noted that while the Joint Staff and the Services have processes for reviewing and validating Reserve Component headquarters manning structure, they have not been consistently applied. Thus, GAO concluded that DoD lacks proper assurance that Army and Air Force Reserve Component headquarters are staffed with the minimum personnel needed to efficiently perform required functions. GAO's review did not recommend eliminating or reducing the size of Reserve Component headquarters. Instead, they stated that the Services should regularly review their Reserve Component headquarters manning requirements.

Other GAO recommendations worthy of note include the following:

- 1. The Secretary of Defense should direct the Chief of the National Guard Bureau to implement the Joint Chief of Staff's Joint Manpower and Personnel Process, and have its personnel requirements periodically validated by a DOD organization external to the National Guard Bureau.
- 2. The Secretary of Defense should include the National Guard Bureau among its list of Major DOD Headquarters Activities, and report personnel associated with the National Guard Bureau in the Defense Manpower Requirements Report. In addition, The Secretary of Defense should direct the Chief of the National Guard Bureau to develop a process for the Army and Air National Guard to collaborate when determining personnel requirements for joint functions at their headquarters, and assess and validate all personnel requirements at the state Joint Force headquarters, to include the Army and Air staff elements.
- 3. The Secretary of Defense should direct the Secretary of the Army to ensure that these headquarters are reassessed and have their personnel requirements validated within required time frames by including them in the U.S. Army Manpower Analysis Agency's schedule for reassessment and validation.
- 4. The Secretary of Defense should direct the Secretary of the Air Force to modify the Air Force's guidance to require that Reserve Component headquarters have their personnel requirements reassessed on a recurring basis, and establish and implement a schedule for reassessing their personnel requirements.

The Board recommends that the Department conduct a thorough review of Reserve Component programs to identify potential efficiencies, and that such a review should include a detailed examination of Reserve Component headquarters management structures to streamline management layers and eliminate unnecessary headquarters.

Reserve Component Overhead Costs

Next, the Board examined Reserve Component overhead costs found within the Operations and Maintenance budgets of each of the components. It found that the Department's combined FY14 Base Budget Request for the Reserve Component totaled \$48B. ¹⁷ The budget included approximately \$21.9B in personnel-related funding and \$21.3B in Operations and Maintenance (O&M) funding. A majority of the O&M funds (96%) are associated with Budget Activity 1 (BA1) - Operating Forces that include Operations, Force Readiness and Training, Weapons Maintenance, and Facility Operations and Maintenance. A small portion of the O&M funding is associated with Budget Activity 4 (BA4) - Administration and Service wide Support (approximately \$754.4M). BA4 funding includes costs for Recruiting and Advertising, Personnel and Financial Administration, Communications, Transportation, and other General Administrative program costs. Table E-2 depicts planned Reserve Component BA4 funding for Fiscal Year 2014 by subcategory.

	Total O&M	BA4 Admin &	BA4% of	BA4 SAGs (\$K)						
Component	(\$K)	Svcwide Spt (\$K)	0&M	Admin	Comms	Per/Fin Admin	Recruiting & Advertising	Other		
Navy	1,197,800.00	22,944	2%	2,905	2,485	14,425		3,129		
Marines	263,300.00	21,795	8%	11,743			9,158	894		
Army	3,095,000.00	93,412	3%	24,197	10,304	10,319	37,857	10,735		
ARNG	7,054,200.00	441,100	6%	78,284	46,995	6,390	297,150	12,363		
Air Force	3,164,600.00	110,472	3%	64,362		23,617	15,056	7,437		
ANG	6,566,000.00	64,700	1%	32,117			32,585			
Total	21.340.900.00	754.423	4%	213.608	59.784	54.751	391.806	34.558		

TABLE E-2

Overall Reserve Component funding for Budget Activity 4 has declined by 25% from FY12 to the current FY14 budget. BA4 funding is down in the Air and Army Reserve Components (ARNG - 27%; USAR - 40%; USAFR - 15%; and ANG - 21%); flat for the USNR; and up for the USMCR (12%). The largest BA4 activity that is driving the current downward trend is Recruiting and Advertising, which constitutes more than 50% of FY14 BA4 funding. Recruiting and Advertising funding has declined by 25% since FY12. This account provides funding for:

Reserve Component recruiting operations; recruiter-specific costs; recruiter related training; recruit military entrance processing; travel and transportation costs; commercial facilities; vehicle and communications leasing; equipment procurement; and civilian pay associated with recruiting program operations and management.

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¹⁷ Reserve Component Fiscal Year 2014 Budget Submission documents are available from the following Service websites: Army: http://asafm.army.mil/offices/BU/BudgetMat.aspx?OfficeCode=1200

Air Force: http://www.saffm.hq.af.mil/budget/

Navy and Marine Corps: http://www.finance.hq.navy.mil/fmb/14pres/books.htm

¹⁸ The Marine increase is primarily associated with a programmatic increase for administrative support.

- National, regional and local advertising presence through television, on-line, and printed publication media to maintain Reserve Component specific brand awareness; generate recruiting leads; and support recruiting operations.
- Support of a Total Reserve Component accessions goal of 110,338 Soldiers,
 Airmen and Marines (Officer and Enlisted).
- Support of 3,635 Full-time military, civilian and contractor personnel (2,960/59/616) associated with Reserve Component recruiting, advertising and related activities.

The Board noted that the Army National Guard spends significantly more of its resources on Recruiting and Advertising than the other Reserve Components (roughly \$5,830 per recruit); followed by the Air National Guard (roughly \$2,880 per recruit); the Air Force Reserve (roughly \$1,770 per recruit); and the Army Reserve (roughly \$950 per recruit). Of the 110,338 planned Fiscal Year 2014 Reserve Component accessions, the Army National Guard constitutes about half of the total requirement.

The Board recommends that the Department conduct a thorough review of Reserve Component overhead costs to identify potential efficiencies, and that the review should include a detailed examination of Recruiting and Advertising costs to ensure efficient performance of assigned functions.

Reserve Component Full-Time Support

The Board examined the Reserve Component Full-Time Support program. Our review considered overall numbers and not grade distribution and use; however, future reviews should consider these questions. Today, the common view of Reserve Component Full-Time Support is that it includes only Reserve Personnel on Active Duty in Support of the Reserves and Dual Status/Non-Dual Status Military Technicians. The actual Full-time Support program also includes Active Component personnel provided by the parent Service and non-technician Civilian employees. Average Full-Time Support distribution across the Reserve Components is about 20% of end strength. Full-Time Support personnel assist in the organization, administration, recruitment, instruction, training, maintenance, and supply support of the Reserve Components, and are absolutely essential for Reserve Component unit readiness.

Authorizations for Reserve Personnel on Active Duty in Support of the Reserves and Dual Status/Non-Dual Status Military Technicians are established annually in the National Defense Authorization Act.²⁰ Reserve Personnel on Active Duty in Support of the Reserves include Active Guard and Reserve (AGR) personnel in the Army and Air Force Reserve and

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¹⁹ USNR receives no direct funding for recruiting and advertising.

The annual National Defense Authorization Act (NDAA) authorizes Reserve Component Full Time Support. Section 412 identifies Authorizations for Reserve Component personnel on Active Duty; Section 413 identifies Dual Status Technician Authorizations and Section 414 identifies Non-Dual Status Technician Authorizations.

Guard force, as well as Full-Time Support (FTS) personnel in the Navy and Marine Corps Reserve. Fiscal Year 2013 authorizations for Reserve Personnel on Active Duty in Support of the Reserves (AGR) and Dual Status/Non-Dual Status Military Technicians totaled 150,960. Fiscal Year 2013 Full-Time Support authorizations to the Reserve Components, from all sources of manpower, totaled 165,681 Personnel (See Table E-3).

TABLE E-3

FY13 Authorizations										
End DS NDS FT:								FTS% of		
Component	Strength	AGR	MILTECH	MILTECH	AC	Civilian	Total FTS	ES		
Army National Guard	358,200	32,060	28,380	1,600	184	1,116	63,340	18%		
Army Reserve	205,000	16,277	8,445	595	72	1,394	26,783	13%		
Navy Reserve	62,500	10,114			2,242	854	13,210	21%		
Marine Corps Reserve	39,600	2,261			3,778	257	6,296	16%		
Air National Guard	105,700	14,871	22,313	350	208	208	37,950	36%		
Air Force Reserve	70,880	2,888	10,716	90	511	3,897	18,102	26%		
Totals	841,880	78,471	69,854	2,635	6,995	7,726	165,681	20%		

Note: AGR and Technician authorizations are from NDAA 2013. AC and civilian numbers from the Congressional Research Service report (Reserve Component Personnel Issues: Questions and Answers, dated 12 July 2013) with data as of 30 September 2012.

Authorizations for Reserve Personnel on Active Duty in Support of the Reserves and Dual Status/Non-Dual Status Military Technicians have grown by 24,373 since 2001. Most of the growth in FTS (approximately 22,000 personnel) is associated with the Army. Over the same period, Air Force grew by about 6,000; Marine authorizations remained the same; and Navy Reserve authorizations declined by about 4,500. Over the same time period, Reserve Component end strength authorizations declined by 3%. The Army deliberately grew AGR and Technician authorizations to meet critical requirements and facilitate operational use of the Reserve Components. Despite the significant growth of Army FTS authorizations, the Army Reserve has the lowest percentage of Full-Time Support when compared to end strength. The Air National Guard, on the other hand, has the highest level. However, there are reasons for these differences

Each Reserve Component is unique in the way they are organizationally structured, and how they choose to use their Full-Time Support force. Both Air Force Reserve Components are authorized a greater percentage of Full-Time Support resources to enable them to maintain a high state of readiness. Both Guard Components and the Air Force Reserve rely heavily on Dual Status Technicians, while the Army and Navy Reserve rely more heavily on AGR personnel versus Technicians. The Marine Corps Reserve, on the other hand, is heavily weighted toward Active Component Full-Time Inspector-Instructors to maintain operational experience in its Reserve formations.

The Board recommends that the Department conduct a thorough review of Reserve Component Full-Time Support requirements, authorizations, and distributions to ensure these programs are manned to efficiently meet critical unit administrative, operational, and combat readiness requirements.

Recommendation #9 - Reserve Component Programmatic Review: The Secretary of Defense should direct the Director, Cost Assessment Program Evaluation (CAPE), in conjunction with the Under Secretary (Personnel and Readiness), the Under Secretary (Comptroller), and the Services to conduct a thorough review of Reserve Component programs to identify potential efficiencies. That review should include a detailed examination of:

- a) Reserve Component headquarters management structures to streamline management layers and eliminate unnecessary headquarters.
- b) Reserve Component Overhead Costs to ensure efficient performance of assigned functions.
- c) Reserve Component Full-Time Support requirements, authorizations, and distributions to ensure these programs are manned to efficiently meet critical unit administrative, operational, and combat readiness requirements.

In the case of the Army and Air National Guard, these reviews should be conducted in conjunction with the Chief of the National Guard Bureau.

Reserve Component General/Flag Officers

The Board explored the topic of senior leadership positions within the Reserve Components to determine the required number and use of General and Flag Officers. As of October 1, 2013, there were 664 Genera/Flag Officers currently serving in the Reserve Components. There are, by contrast, 943 General/Flag Officers in the Active Component. The distribution of Reserve and Active General/Flag Officers is roughly equivalent to the distribution of end strength between the components; roughly 40% Reserve and 60% Active.

The Services are authorized 422 Reserve Component General/Flag Officers under Title 10, Section 12004. Exceptions allow additional authorizations for those officers counted against Active End strength (Title 10, Section 526); Joint requirements (Title 10, Chapter 38); or those serving as State Adjutants General, Assistant Adjutants General, or at the National Guard Bureau. Title 32, Section 314 authorizes an Adjutant General for each State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, and the Virgin Islands. There is no statutory limit on the number of Assistant State Adjutant Generals; however, they are limited by the National Guard Bureau.

The number of Reserve Component General/Flag officers has grown since 2006 when there were approximately 620 versus 664. Over the same period, the number of Active Component General/Flag Officers grew from 906 to 943 (and was as high as 981 in 2010). Reserve Component General/Flag Officers serve in a variety of capacities. They serve in both operational and administrative roles in Reserve Component units, at service major command headquarters and their parent service staffs, or in a joint duty billet (See Table E-4²¹). The inclusion of Reserve Component General/Flag officers on Service Staffs and at Service Major Commands sustains cross-component integration. While using Reserve Component Flag/General officers in Joint billets helps them build the significant Joint Experience required for selection as a Reserve Component Chief.

TABLE E-4

Component	ANG	ARNG	USAFR	USAR	USMCR	USNR	Total
Adjutant General	18	36					54
Assistant Adjutant General	43	82					125
Joint	17	17	15	17	4	10	80
NGB	13	12					25
Not assigned		1				1	2
RC-Administrative	45	36	18	24		4	127
RC-Operational	3	28	1	40	4		76
RC-Training & Mobilization				20			20
Service Major Command	11	12	35	21	1	28	108
Service Staff	5	2	21	7	3	9	47
Total	155	226	90	129	12	52	664

The Board examined the ratio of General/Flag Officers to both end strength numbers and the number of Commissioned/Warrant Officers for each component (Table E-5²²). It became apparent that the Air National Guard has the greatest proportion of General Officers when compared to either Total End Strength or its Officer Corps. In fact, the Air National Guard has one General Officer per 686 members/90 Officers compared to one General Officer per 3,300 members/308 Officers in the Marine Corps Reserve. Overall, 57% of all Reserve Component Flag/General Officers are located in the National Guard.

A number of factors are important when evaluating the number of General/Flag Officers in each component. First, the Air Force uses a large number of officers to operate their combat,

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²¹ General and Flag Officer basic data was provided by the Reserve Components. The Categories, other than those that are self-explanatory, are subjective groupings developed by the RFPB staff. Roughly a third are assigned to positions on Service Major Command Staffs, the Service Staffs or Secretariats, or in Joint positions. Another third are Adjutant Generals, Assistant Adjutant Generals, or are serving at the National Guard Bureau. The final third includes General and Flag officers in positions that administratively manage Reserve Component units and personnel; lead Reserve Component operational units; or provide training assistance.

²² For Flag Officers per Service Member and Flag Officers per Officer, larger numbers are better.

bomber, tanker, trainer, airlift, and space platforms, which requires a higher percentage of General Officers than found in the ground components. By contrast, the ground components employ small formations of enlisted soldiers as their lowest warfighting formations – people are their platforms. Second, the Army and Air National Guard perform a Dual Federal-State Mission, which require State Adjutants General and Assistant Adjutants General; not found in the other Reserve Components.

TABLE E-5

				Flag Officers	
	Generals and	Component	Officer Strength	per Service	Flag Officers
Component	Flag Officers	End Strength	(Comm/Warrant)	Member	per Officer
Army National Guard	226	358,200	44,400	1,585	196
Army Reserve	129	205,000	42,100	1,589	326
Navy Reserve	52	62,500	14,900	1,202	287
Marine Corps Reserve	12	39,600	3,700	3,300	308
Air National Guard	154	105,700	13,900	686	90
Air Force Reserve	90	70,880	15,600	788	173

A number of recent Department and Congressional efforts have sought to find efficiencies through the reduction of General/Flag Officers. In 2010, Secretary Gates directed that an Efficiency Review be done to examine all General/Flag Officer billets. As a result of this review, 140 positions were eliminated, reduced, or realigned. That review did not specifically examine the number and use of Reserve Component Flag/General Officers, although it did direct the elimination of some Joint billets filled by Reserve Component Officers.

The House Armed Services Committee Report 112-78, which accompanied the 2012 National Defense Authorization Act (NDAA), applauded Secretary Gates' efforts to reduce the number of General/Flag officers on active duty. However, the committee expressed disappointment that the Department made no substantial proposal in the budget request to reduce the statutory limits. The 2012 NDAA imposed modest new restrictions on exceptions for counting Active Duty General/Flag Officers against their respective service's limits, but did not impose new limits on Reserve Component General/Flag Officers.

Subsequently, Senate Appropriations Committee Report 113-85, which accompanied the recently passed 2104 Defense Appropriations Act, added its support for DoD efforts to reduce the overall number of General/Flag Officers in the Department. The report also expressed concern about General/Flag officer costs, and directed the Comptroller General to provide a report to the Congress identifying all direct and support costs associated with these officers.

Worthy of note, the committee report did not explicitly include or exclude Reserve Component General/Flag Officers. However, the Board feels that the Department should conduct a broad review of the number and use of Reserve Component General/Flag Officers; it should understand the associated costs; and include Reserve Component General/Flag Officers in relevant reports to Congress.

Recommendation #10 - Reserve Component General/Flag Officer Usage: The Secretary of Defense should direct the Under Secretary (Personnel and Readiness), in conjunction with the Chairman of the Joint Chiefs and the Services, to conduct a thorough review of the number and use of Reserve Component General/Flag officers to ensure efficient use within the Reserve Components; support their respective parent Service, and meet Joint General/Flag Officer requirements. In the case of the Army and Air National Guard, these reviews should be conducted in conjunction with the Chief of the National Guard Bureau.

Reserve Component Infrastructure

Another area where the Board searched for efficiencies is in the Reserve Component's physical infrastructure inventory. Every year the Department prepares a Base Structure Report (BSR) that lists all DoD sites. In the 2012 BSR, the Department reported that the Reserve Components operate a total of 4,377 sites, on 2.6 million acres, with a replacement value of \$83B. Generally, there are two types of Reserve Component sites – DoD and Army National Guard State-Managed sites. DoD Sites are DoD-owned or those sites that receive significant funding from the Department of Defense. State-Managed sites are National Guard sites managed by the Army National Guard that are state-owned or receive state funding. Of the 4,377 Reserve Component sites, 1,637 are DoD sites (with a replacement value of \$53B), and 2,740 are Army National Guard State-Managed sites (with a replacement value of \$29B).

The 4,377 Reserve Components sites include: Camps, Forts, and Bases; Armories and Centers; Ranges and Training Areas; Airfields; Maintenance Facilities; and Recruiting Offices, including leased facilities. Table E-6²⁴ lists the various categories developed by the RFPB Staff and gives the total number of sites in each Reserve Component.

The Fiscal Year 2014 budget includes \$693M for Reserve Component Military Construction (MILCON) to plan for and design Reserve Component facilities; build Reserve

²³ The Board used data, provided by the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics to prepare the 2012 Base Structure Report. It was the most current and detailed information available at the time of the review. ²⁴ The Chart depicts the total number of sites, from the DoD 2012 Base Structure Report, associated with each of the subjective categories developed by the RFPB staff to describe the uses of Reserve Component facilities. The numbers include both DoD-Managed sites and Army National Guard State-Managed sites.

Component facilities; or significantly modify Reserve Component facilities. \$2.7B is allocated for funding Base Operations and \$1.5B for facility Sustainment, Restoration and Modernization.

TABLE E-6

Categories	ANG	USAFR	ARNG	USAR	USMCR	USNR	Total
Airfield or Related Site	127	3	74	2	7		206
Armory or Center	30		2327	726	36	106	3225
Base, Camp, Fort	15	10	73	4			102
Closed	1	2	1	1			4
Maintenance and Storage	2		153	40	1		196
Other	15	1	72	14	5		107
Range	9	3	16				28
Recruiting			270	13			283
Training Area	10	1	190	24		1	226
Grand Total	209	20	3175	824	42	107	4377

In order to identify potential opportunities for efficiency, the Board looked for large densities of Armories and Centers in metropolitan areas across the nation to consolidate many of the 4,377 sites. Research found that the Reserve Components operate 3,255 readiness centers and armories, and have a presence in or near 2,731 cities. Most communities have just one Reserve Component site (usually an Armory or Center), but there is a significant site presence in or near 14 U.S. cities. Thus, DoD should look at areas with the greatest number of centers and armories for opportunities to consolidate facilities to achieve long-term savings.

During the 2005 Base Realignment and Closure (BRAC), consolidation of Reserve Component units into Armed Forces Reserve Centers (AFRC) was employed in a limited but successful way. There were 125 AFRCs built to support the closure of 387 Army Reserve Component facilities (about 10% of the Army Reserve Component facility inventory), and 37 Navy and Marine Reserve Centers; 32 of the 125 were Joint facilities (housing Reserve Components other than the Army). The 2005 BRAC helped established Armed Forces Reserve Centers in 8 of the 14 cities with the greatest density of Centers and Armories.

A recently-completed Joint Construction Efficiencies Analysis Study, sponsored by the Office of the Assistant Secretary of Defense for Reserve Affairs, found that it is cheaper to build and operate joint Reserve Component Armories and Centers. The study found that joint Reserve Component construction projects saved an average of 27.9% off of the estimated unilateral construction costs. Additionally, the study reported that it costs approximately 47% more to

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²⁵ Significant presence is subjective. The Board considered 7 Armories and Centers significant. Cities with significant presence include: Birmingham, Alabama; Montgomery, Alabama; Sacramento, California; Indianapolis, Indiana; Baltimore, Maryland; Jackson, Mississippi; Kansas City, Kansas; New York City, New York; Columbus, Ohio; Oklahoma City, Oklahoma; Portland, Oregon; Philadelphia, Pennsylvania; Houston, Texas; and Madison, Wisconsin.

operate unilateral facilities than an equivalent joint facility. However, it should be noted that while long-term savings can certainly be achieved through consolidation, there is always an upfront cost to build these Joint Reserve Centers before savings can be achieved. Even with upfront costs, the data validates the assertion that potential savings could be garnered with further Reserve Component facility consolidation.

Recommendation #11 - Reserve Component Infrastructure: The Secretary of Defense should direct the Under Secretary (Acquisition, Logistics, and Technology), in conjunction with the Under Secretary (Personnel and Readiness) and the Services, to conduct a thorough review of Reserve Component infrastructure and to aggressively seek opportunities to consolidate Reserve Component centers, armories, bases, training areas, and other administrative facilities. In the case of the Army and Air National Guard, these reviews should be conducted in conjunction with the Chief of the National Guard Bureau.

In addition, the Secretary of Defense should direct the Under Secretary (Personnel and Readiness) to establish a Reserve Component Facility Consolidation Board to more efficiently develop, in conjunction with the Services, Reserve Component Facility Consolidation Plans for integration into the Department's Program and Budget Submissions.

Finally, within the Department's BRAC Governance Structure, The Secretary of Defense should direct the Under Secretary (Acquisition, Logistics, and Technology) to establish a Reserve Component Facility Consolidation Cross Service Working Group to more efficiently analyze, develop, and coordinate Reserve Component facility consolidation proposals.

Reserve Component Equipment

The final area examined for possible efficiencies is Reserve Component Equipment. Reserve Component equipment requirements total some \$244B²⁶. Since 2009, Reserve Component equipment requirements have increased by about \$28B. In the most recent National Guard and Reserve Equipment Report (NGRER), the Reserve Components reported having 803 major equipment items. A portion of the equipment listed is Critical Dual Use equipment; organizational equipment necessary for the accomplishment of Reserve Component Federal and (in the case of the National Guard) State missions. The ground Reserve Components report the greatest number of major equipment items, followed by the Navy Reserve and Air Reserve Components with the fewest²⁷. Reserve Component major equipment items mirror those found

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²⁶ Fiscal Year 2014 National Guard and Reserve Equipment Report (NGRER) published in March 2013

²⁷ In the FY14 NGRER the Reserve Components reported the following numbers of Major Items of Equipment: ARNG-271, USAR-230, USCMR-212, USNR-42, ANG-30 and USAFR-18.

in the Active Component and include the following: fixed-wing and rotary aircraft; simulators and support equipment; ships and other watercraft; ground combat and support vehicles; radios, computers, and other communications support equipment; individual protective equipment; and rifles and night vision goggles.

To fund these Reserve Component equipment requirements, Congress appropriates funding in three distinct ways: through the Services for Reserve Component equipment procurement (detailed in the annual P-1R budget exhibit); through supplemental funding (National Guard and Reserve Equipment Appropriation); and through direct Congressional adds. Between 2009 and 2014, the Services procurement for the Reserve Components totaled approximately \$33B²⁸. Most of that sum was procurement for the Army's Reserve Components. In addition, appropriations for the same period through the National Guard and Reserve Equipment Appropriation (NGREA) totaled some \$5.5B. Direct Congressional adds from 2009 through 2012 increased Reserve Component equipment funding by another \$1.1B (see Table E-7).

TABLE E-7

(\$M)	2009	2010	2011	2012	2013	2014	Total
P-1R	8,649.2	5,999.5	6,303.0	4,814.2	2,948.5	4,077.3	32,791.7
NGREA	1,247.5	950.0	850.0	1,000.0	1,500.0		5,547.5
Direct	95.0	210.2	792.1	47.2			1,144.5
Totals	9,991.7	7,159.7	7,945.1	5,861.4	4,448.5	4,077.3	39,483.7

Despite the considerable investment in Reserve Component Equipment, the Reserve Components remain about \$51B or about 21% short of the total equipment requirements (not including authorized substitutes). For comparison, in Fiscal Year 2009, the Reserve Components were \$42B or about 20% short of the total equipment requirements. From Fiscal Year 2009 to 2013, Air Force Reserve Component equipment requirements rose from about \$59B to \$88B and Army Reserve Component equipment requirements fluctuated between \$132B and \$143B. In 2009, Army Reserve Component shortages constituted about 95% of DoD's total Reserve Component equipment shortages; however, in 2013 they declined to 78%. Meanwhile, the Air Force Reserve Component's equipment shortages rose to 21% of the total for DoD. In both cases, the rapidly escalating cost of new weapons systems; the cost to deploy modern capabilities to aging air and ground systems; and increased budget pressure will continue to challenge the Services as they try to meet the equipment needs of their Reserve Components.

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²⁸ Procurement Programs Reserve Components (P-1R) Reports are available for each Budget Year from the website of the Under Secretary of Defense (Comptroller). The FY2014 P-1R Report is available at http://comptroller.defense.gov/Budget2014.html ²⁹ FY14 NGRER, page 1-3.

³⁰ FY10 NGRER, page 1-6.

Modernization of Reserve Component Equipment remains both a challenge and a concern. The age of aircraft in the Air National Guard and Air Force Reserve has increased relative to aircraft age in the regular Air Force. Despite high overall equipment levels in the Army Reserve (86%) and Army National Guard (91%), modern equipment levels are lagging behind their active counterparts at 66% and 84% respectively. During recent operations in Iraq and Afghanistan, theater commanders often restricted the deployment of non-modernized equipment into combat theaters. Thus, the lack of modernized equipment degrades the training readiness and interoperability of Reserve Component units with their active partners.

Co-locating and sharing equipment is another efficient way to reduce equipment procurement costs by reducing equipment procurement quantities; lowering maintenance costs by consolidating maintenance activities; and potentially facilitating cross-component training with recently modernized equipment sets not fully deployed across the force. In a limited way, DoD already uses equipment sharing to reduce costs. Air Force Associate Units share equipment for training and operational use. The Army Combat Training Centers use shared equipment pools to equip units visiting the centers for training. The Army's Reserve Components often concentrate equipment for storage, maintenance, and training. Therefore, DoD should explore creative opportunities to collocate and share AC and RC equipment for training and operational use.

Recommendation #12 - Cross-Component Equipment Sharing: The Secretary of Defense should direct the Secretaries of the Military Departments to review options and explore creative opportunities to co-locate and share Active and Reserve Component equipment for training and operational use with a view toward improving Active and Reserve Component integration and reducing overall equipment procurement requirements. In the case of the Army and Air National Guard, these reviews should be conducted in conjunction with the Chief of the National Guard Bureau and the Secretary of Homeland Security.

CONCLUSION

The Reserve Forces Policy Board makes these recommendations to the Secretary of Defense under our statutory charter. The RFPB stands ready to make its members and staff available for further consultation or discussion on these matters as the Department shall require.

Respectfully submitted,

Arnold L. Punaro

Major General, USMCR (Ret)

Chairman, Reserve Forces Policy Board

APPENDIX A SLIDES APPROVED BY RFPB ON 12 DECEMBER 2013

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APPENDIX B SUMMARY OF RECOMMENDATIONS

Recommendation #1 - Plan and Use the RC Operationally: DoD should continue to use the Reserve Components operationally and should include requirements for such use in service force generation models, and DOD planning, programming, and budget documents.

<u>Recommendation #2 - Develop and Enforce a Revised DoD Total Force Policy</u>: DoD should develop and enforce a revised Total Force Policy to encourage a Total Force culture and improve Active and Reserve Component integration.

Recommendation #3 - Study the Effectiveness of the RC: DoD should charter an independent and impartial study to assess the operational effectiveness of the Reserve Components.

Reserve Component end strength and force structure to mitigate risk associated with increased Active Component force structure reductions and to hedge against fiscal and geostrategic uncertainty.

Recommendation #5 - Expand RC in Key Skill Areas: DoD should examine those mission capabilities where the Reserve Components have a distinct advantage due to their civilian acquired skills and exposure to new technologies in the workplace (i.e. Cyber, ISR and UAV/RPA).

<u>Recommendation #6 - Improve AC/RC Integration</u>: The Services should better integrate its forces organizationally, in training, and during operational employment.

<u>Recommendation #7 - Effectively Use Available Manpower</u>: As Active Component end strength and force structure declines, the Department of Defense should make better use of its available Total Force manpower.

Recommendation #8 - Invest in Reserve Component Readiness: In order to use the Reserve Components operationally and take advantage of the capabilities that migrate from the Active to Reserve Components, DoD must invest in Reserve Component readiness.

<u>Recommendation #9 - Reserve Component Programmatic Review</u>: The Secretary of Defense should direct the Director, Cost Assessment Program Evaluation (CAPE), in conjunction with the Under Secretary (Personnel and Readiness), the Under Secretary (Comptroller), and the Services to conduct a thorough review of Reserve Component programs to identify potential efficiencies. That review should include a detailed examination of:

- a) Reserve Component headquarters management structures to streamline management layers and eliminate unnecessary headquarters.
- b) Reserve Component Overhead Costs to ensure efficient performance of assigned functions.
- c) Reserve Component Full-Time Support requirements, authorizations, and distributions to ensure these programs are manned to efficiently meet critical unit administrative, operational, and combat readiness requirements.

Recommendation #10 - Reserve Component General and Flag Officer Usage: The Secretary of Defense should direct the Under Secretary (Personnel and Readiness), in conjunction with the Chairman of the Joint Chiefs and the Services, to conduct a thorough review of the number and use of Reserve Component General/Flag officers to ensure efficient use within the Reserve Components; support their respective parent Service, and meet Joint General/Flag Officer requirements.

Recommendation #11 - Reserve Component Infrastructure: The Secretary of Defense should direct the Under Secretary (Acquisition, Logistics, and Technology), in conjunction with the Under Secretary (Personnel and Readiness) and the Services, to conduct a thorough review of Reserve Component infrastructure and to aggressively seek opportunities to consolidate Reserve Component centers, armories, bases, training areas, and other administrative facilities. In the case of the Army and Air National Guard, these reviews should be conducted in conjunction with the Chief of the National Guard Bureau.

Recommendation #12 - Cross-Component Equipment Sharing: The Secretary of Defense should direct the Secretaries of the Military Departments to review options and explore creative opportunities to co-locate and share Active and Reserve Component equipment for training and operational use with a view toward improving Active and Reserve Component integration and reducing overall equipment procurement requirements.

The Reserve Forces Policy Board (RFPB) is a federal advisory committee mandated by law in the Office of the Secretary of Defense to "serve as an independent adviser to the Secretary of Defense to provide advice and recommendations to the Secretary on strategies, policies, and practices designed to improve and enhance the capabilities, efficiency, and effectiveness of the reserve components." As required by statute, the board also produces an annual report which the Secretary of Defense transmits to the President and Congress on reserve component matters the board considers appropriate to include in the report.

The board consists of 20 members; a civilian chairman, a general/flag officer from each of the seven reserve components, a two-star military executive, a senior enlisted advisor, plus ten other U.S. citizens, who may or may not be government employees, with significant knowledge of and experience in policy matters relevant to national security and reserve component matters.

The board is supported by a staff consisting of a Colonel or Navy Captain from each of the six DoD reserve components. There is also a Coast Guard staff officer. These officers also serve as liaisons between their respective components and the board. The law requires them "to perform their staff and liaison duties under the supervision of the military executive officer of the board in an independent manner reflecting the independent nature of the board."

Established in 1951, the board is one of the oldest advisory committees in the Department of Defense.

In the National Defense Authorization Act of 2011, Congress significantly revised the operating framework and membership of the RFPB. Previously, other than the chairman, the board included only DoD officials and made recommendations through the Assistant Secretary of Defense for Reserve Affairs. In 2008, the Commission on the National Guard and Reserves recommended that the RFPB's governing statute (10 USC 10301) be amended because the board was not structured to obtain and provide directly to the Secretary of Defense a wide range of independent advice on National Guard and Reserve matters due to the nature of its membership and its subordination to other offices within DoD. The revised law was effective 1 July 2011.

On 12 September 2011, retired Marine Corps Major General Arnold Punaro was sworn in as the first chairman of the board under the revised structure. Other new members were sworn in at an organizational meeting on 13 October.

The board is organized into four subcommittees: Sustainment, Readiness & Availability of the Operational Reserve; Continuum of Service / Personnel Policies; Homeland Operations; and Support for Service Members, Families & Employers. Subcommittees meet as required. The full board meets quarterly. The RFPB website is at http://ra.defense.gov/rfpb/.