

GAO

Testimony

Before the Subcommittee on Military
Personnel, Committee on Armed Services,
House of Representatives

For Release on Delivery
Expected at 2:00 p.m. EST
Tuesday, January 30, 2007

MILITARY PERSONNEL

DOD Needs to Provide a Better Link between Its Defense Strategy and Military Personnel Requirements

Statement of Janet A. St. Laurent, Director
Defense Capabilities and Management





Highlights of [GAO-07-397T](#), a testimony before the Subcommittee on Military Personnel, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The war in Iraq along with other overseas operations have led to significant stress on U.S. ground forces and raised questions about whether those forces are appropriately sized and structured. In 2005, the Department of Defense (DOD) agreed with GAO's recommendation that it review military personnel requirements. The Office of the Secretary of Defense (OSD) concluded in its 2006 Quadrennial Defense Review (QDR) that the number of active personnel in the Army and Marine Corps should not change. However, the Secretary of Defense recently announced plans to increase these services' active end strength by 92,000 troops. Given the long-term costs associated with this increase, it is important that Congress understand how DOD determines military personnel requirements and the extent of its analysis.

GAO has issued a number of reports on DOD's force structure and the impact of ongoing operations on military personnel, equipment, training, and related funding. This statement, which draws on that prior work, focuses on (1) the processes and analyses OSD and the services use to assess force structure and military personnel levels; (2) the extent to which the services' requirements analyses reflect new demands as a result of the changed security environment; and (3) the extent of information DOD has provided to Congress to support requests for military personnel.

www.gao.gov/cgi-bin/getrpt?GAO-07-397T.

To view the full product, click on the link above. For more information, contact Janet A. St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

MILITARY PERSONNEL

DOD Needs to Provide a Better Link between Its Defense Strategy and Military Personnel Requirements

What GAO Found

Both OSD and the military services play key roles in determining force structure and military personnel requirements and rely on a number of complex and interrelated analyses. Decisions reached by OSD during the QDR and the budget process about planning scenarios, required combat forces, and military personnel levels set the parameters within which the services can determine their own requirements for units and allocate military positions. Using OSD guidance and scenarios, the Army's most recent biennial analysis, completed in 2006, indicated that the Army's total requirements and available end strength were about equal. The Marine Corps' most recent assessment led to an adjustment in the composition and mix of its units.

Both the Army and Marine Corps are coping with additional demands that may not have been fully reflected in OSD guidance, the QDR, or in recent service analyses. First, the Army's analysis did not fully consider the impact of converting from a division-based force to modular units, partly because modular units are a new concept and partly because the Army made some optimistic assumptions about its ability to achieve efficiencies and staff modular units within the QDR-directed active military personnel level of 482,400. Second, the Army's analysis assumed that the Army would be able to provide 18 to 19 brigades at any one time to support worldwide operations. However, the Army's global operational demand for forces is currently 23 brigades and Army officials believe this demand will continue for the foreseeable future. The Marine Corps' analyses reflected some new missions resulting from the new security environment. However, the Commandant initiated a new study following the 2006 QDR partly to assess the impact of requirements for a Special Operation Command.

Prior GAO work has shown that DOD has not provided a clear and transparent basis for military personnel requests that demonstrates how they are linked to the defense strategy. GAO believes it will become increasingly important to demonstrate a clear linkage as Congress confronts looming fiscal challenges facing the nation and DOD attempts to balance competing priorities for resources. In evaluating DOD's proposal to permanently increase active Army and Marine Corps personnel levels by 92,000 over the next 5 years, Congress should carefully weigh the long-term costs and benefits. To help illuminate the basis for its request, DOD will need to provide answers to the following questions: What analysis has been done to demonstrate how the proposed increases are linked to the defense strategy? How will the additional personnel be allocated to combat units, support forces, and institutional personnel, for functions such as training and acquisition? What are the initial and long-term costs to increase the size of the force and how does DOD plan to fund this increase? Do the services have detailed implementation plans to manage potential challenges such as recruiting additional personnel, providing facilities, and procuring new equipment?

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Department of Defense's (DOD) processes for determining force structure and military personnel requirements for the Army and Marine Corps. The war in Iraq, along with continuing operations in Afghanistan and elsewhere in the world, have led to significant stress on U.S. ground forces and have raised questions about whether they are appropriately sized and structured to meet the demands of the new security environment. Units are being tasked to stay in theater longer than anticipated, and some personnel are now embarking on their third overseas deployment since 2001. Although the department's 2006 Quadrennial Defense Review (QDR) concluded that the Army and Marine Corps should plan to stabilize at a level of 482,400 and 175,000 active military personnel respectively, the Secretary of Defense recently announced plans to permanently increase the size of the active Army and Marine Corps by a total of 92,000 troops over the next 5 years. Given the significant long-term costs associated with such an increase, it is important to understand how DOD determines military personnel requirements and the extent to which requirements are based on rigorous analysis. As our prior work has shown, valid and reliable data about the number of personnel required to meet an agency's needs are critical because human capital shortfalls can threaten an organization's ability to perform missions efficiently and effectively. This is particularly true for the DOD, where the lack of rigorous analysis of requirements could have significant consequences for military personnel called upon to execute military missions or, alternatively, could lead to inefficiencies in allocating funds within the defense budget.

My testimony today will focus on three issues: (1) the processes and analyses used by the Office of the Secretary of Defense (OSD) and the Army and Marine Corps to assess force structure and military personnel levels; (2) the extent to which the services' recently completed requirements analyses reflect new demands resulting from the changed security environment; and (3) the extent of information provided to Congress to support the department's requests for military personnel. In light of the recent proposal to permanently increase the size of the Army and Marine Corps, my comments will focus largely on requirements for active personnel, although the service requirements process I will be discussing apply to both the active and reserve components, and our prior work has shown that ongoing operations have taken a toll on the reserve components as well. A congressionally-mandated commission has been tasked to conduct a comprehensive examination of how the National

Guard and Reserve are used in national defense. This commission's work is still ongoing.

My testimony today is based primarily on our past work on Army and Marine Corps force structure and military personnel issues as well as our work on human capital and military personnel issues defensewide. A list of our past reports can be found in the Related GAO Products section at the end of this statement. We updated some of our information during recent discussions with Army and Marine Corps officials. To obtain these updates we interviewed officials and obtained documents from Headquarters, Department of the Army; the U.S. Army Center for Army Analysis; Headquarters Marine Corps, Manpower and Reserve Affairs; and the Marine Corps Combat Development Command. To assess the processes and analyses used by the Office of the Secretary of Defense and the Army and Marine Corps to assess force structure and military personnel levels, we relied on our past reports on these subjects, as well as updated information from Total Army Analysis 08-13 and Marine Corps force structure plans from the sources noted. To assess the extent to which the services' recently completed requirements analyses reflect new demands resulting from the changed security environment, we relied on our past work, DOD's February 2006 Quadrennial Defense Review report, the Secretary of Defense's congressional testimony announcing his proposal to increase Army and Marine Corps force levels, and Total Army Analysis 08-13 and Marine Corps force structure plans. To assess the extent of information provided to Congress to support the department's requests for military personnel, we relied on our past reporting on human capital and end strength issues.

Summary

Both OSD and the military services play key roles in determining force structure and military personnel requirements and rely on a number of complex and interrelated processes and analyses—rather than one clearly documented process. Decisions reached by OSD in the QDR, and in budget and planning guidance, often set the parameters within which the services can determine their own force structure requirements and allocate military personnel to meet operational and institutional needs. For example, the 2006 QDR determined that the Army would have 42 active combat brigades and 482,400 active military personnel, and these numbers are a “given” in the Army's biennial force structure analysis. A major purpose of the Army's biennial analysis is to determine the number and types of support forces, such as transportation companies and military police units, to support combat forces. Also, if total support force requirements exceed available military personnel levels approved by OSD, the process helps the

Army determine where to accept risk. The Army's most recent biennial force structure analysis indicated that its total requirements and available military personnel levels (for all components) were about equal, although the Army decided to reallocate many positions to create more high-demand units, such as military police, and reduce numbers of lesser needed units. Similarly, the Marine Corps uses a number of modeling, simulation, and other analytical tools to identify gaps in its capabilities to perform its missions, to identify the personnel and skills needed to provide the capabilities using professional judgment, and to assess where to accept risk. The Marine Corps has also made changes to the composition and mix of its units as a result of its analyses.

Both the Army and Marine Corps are coping with additional demands that may not have been fully reflected in the 2006 QDR or in recent service analyses that were based on OSD guidance. These analyses predate the Secretary of Defense's recent announcement to increase Army and Marine Corps forces by 92,000. However, some of this work, and our own assessments, are only months old and should provide a useful baseline for helping the committee understand what has changed since the 2006 QDR and service analyses were completed. First, the Army's most recent analysis did not fully consider the impact of converting from a division-based force to modular brigades. The Army's recent analysis recognized that modular units would require greater numbers of combat forces than its prior division-based force and assumed this could be accomplished by reducing military positions in the Army's institutional forces, such as its command headquarters and training base, rather than increasing the size of the active force. In September 2006, we questioned whether the Army could reduce sufficient numbers of military positions in the institutional force and meet all of its modular force requirements with the QDR-directed active end strength of 482,400. Second, the Army's analysis assumed that the Army would be able to provide 18 to 19 brigades at any one time (including 14 active and 4 to 5 National Guard brigades) to support worldwide operations. However, the Army's global operational demand for forces is currently 23 brigades and Army officials believe this demand will continue for the foreseeable future. The Marine Corps is also supporting a high pace of operations that may not have been fully reflected in its recent analyses. For example, the 2006 QDR directed the Marine Corps to stand up a Special Operations Command requiring about 2,600 military personnel, but did not increase the size of the Marine Corps to reflect this new requirement. The Marines also are experiencing a higher operational tempo than anticipated and standing up specialized units to train Iraqi forces, which may not have been fully envisioned in their earlier analyses.

Our past work has also shown that DOD has not provided a clear and transparent basis for its military personnel requests to Congress that demonstrates how these requests are linked to the defense strategy. We believe that it will become increasingly important to demonstrate a clear linkage as Congress confronts looming fiscal challenges facing the nation and DOD attempts to balance competing priorities for resources in personnel, operations, and investments accounts. DOD's February QDR 2006 report did not provide much insight into the basis for its conclusion that the size of today's forces is appropriate to meet current and projected operational demands. Further, the Marine Corps' decision to initiate a new study to assess its active military requirements shortly after the QDR report was issued is an indication that the QDR did not achieve consensus on required military personnel levels. In evaluating DOD's proposal to permanently increase active Army and Marine Corps personnel levels by 92,000 over the next 5 years, Congress should carefully weigh the long-term costs and benefits. While the Army and Marine Corps are currently experiencing a high operating tempo, increasing personnel levels will entail billions of dollars for both start-up and recurring costs, not just for the personnel added to the force, but for related equipment and training. Given the significant implications of this request, DOD should be prepared to fully explain and document the basis for the proposed increases and how the additional positions will be used. To help illuminate the basis for DOD's request, Congress may wish to consider requiring DOD to answer the following questions: What analysis has been done to demonstrate how the proposed increases are linked to the defense strategy? How will the additional personnel be allocated to combat units, support forces, and institutional personnel, for functions such as training and acquisition? What are the initial and long-term costs to increase the size of the force and how does DOD plan to fund this increase? Do the services have detailed implementation plans to manage potential challenges, such as recruiting additional personnel, providing facilities, and procuring new equipment? Our prior work on recruiting and retention challenges, along with our prior reports on challenges in equipping modular units, identify some potential challenges that could arise in implementing an increase in the size of the Army and Marine Corps at a time when the services are supporting ongoing operations in Iraq and Afghanistan.

Background

The 2005 National Defense Strategy provided the strategic foundation for the 2006 QDR and identified an array of traditional, irregular, catastrophic, and disruptive challenges that threaten U.S. interests. To operationalize the defense strategy, the 2006 QDR identified four priority areas for further examination: defeating terrorist networks, defending the homeland,

shaping the choices of countries at strategic crossroads, and preventing hostile state and non-state actors from acquiring or using weapons of mass destruction. These areas illustrated the types of capabilities and forces needed to address the challenges identified in the defense strategy and helped DOD to assess that strategy and review its force planning construct. Changes in the security environment and the force planning construct may require DOD and the services to reassess force structure requirements—how many units and of what type are needed to carry out the national defense strategy. Likewise, changing force structure requirements may create a need to reassess active end strength—the number of military personnel annually authorized by Congress which each service can have at the end of a given fiscal year.

The services allocate their congressionally authorized end strength among operational force requirements (e.g., combat and support force units), institutional requirements, and requirements for personnel who are temporarily unavailable for assignment. Operational forces are the forces the services provide to combatant commanders to meet mission requirements, such as ongoing operations in Iraq and Afghanistan. Institutional forces include command headquarters, doctrine writers, and a cadre of acquisition personnel, which are needed to prepare forces for combat operations. Personnel who are temporarily unavailable for assignment include transients, transfers, holdees, and students.

The Secretary of Defense's recent proposal to permanently increase the size of the Army and Marine Corps represents a significant shift in DOD's plans, as reflected in the 2006 QDR. In fiscal year 2004, the Army's authorized end strength was 482,400 active military personnel. Since that time, the Army has been granted authority to increase its end strength by 30,000 in order to provide flexibility to implement its transformation to a modular force while continuing to deploy forces to overseas operations. Rather than return the Army to the 482,400 level by fiscal year 2011, as decided in the 2006 QDR, DOD's new proposal would increase the Army's permanent end strength level to 547,000 over a period of 5 years. DOD's plans for Marine Corps end strength have also changed. In fiscal year 2004, the Marine Corps' was authorized to have 175,000 active military personnel. For the current fiscal year, Marine Corps end strength was authorized at 180,000, although DOD's 2006 QDR planned to stabilize the Marine Corps at the 175,000 level by fiscal year 2011. The Secretary's new proposal would increase permanent Marine Corps end strength to a level of 202,000 over the next 5 years. In terms of funding, DOD is currently authorized to pay for end strength above 482,400 and 175,000 for the Army and Marine Corps, respectively, with emergency contingency reserve

funds or from supplemental funds used to finance operations in Iraq and Afghanistan. Until Congress receives the President's budget request, it is unclear how DOD plans to fund the proposed increases.

In 2004, the Army began its modular force transformation to restructure itself from a division-based force to a modular brigade-based force—an undertaking it considers the most extensive reorganization of its force since World War II. This initiative, according to Army estimates, will require an investment exceeding \$52 billion through fiscal year 2011. The foundation of the modular force is the creation of standardized modular combat brigades in both the active component and National Guard. The new modular brigades are designed to be self-sufficient units that are more rapidly deployable and better able to conduct joint and expeditionary operations than their larger division-based predecessors. The Army planned to achieve its modular restructuring without permanently increasing its active component end strength above 482,400, in accordance with a decision reached during the 2006 QDR. The February 2006 QDR also specified that the Army would create 70 active modular combat brigades in its active component and National Guard.

According to the Army, the modular force will enable it to generate both active and reserve component forces in a rotational manner. To do this, the Army is developing plans for a force rotation model in which units will rotate through a structured progression of increased unit readiness over time. For example, the Army's plan is for active service members to be at home for 2 years following each deployment of up to 1 year.

Determination of Force Structure and Military Personnel Requirements Is A Complex Process Involving Both OSD And The Services

Both OSD and the military services play key roles in determining force structure and military personnel requirements and rely on a number of complex and interrelated process and analyses—rather than on one clearly documented process. Decisions made by OSD can have a ripple effect on the analyses that are conducted at the service level, as I will explain later.

OSD is responsible for the QDR—the official strategic plan of DOD—and provides policy and budget guidance to the services on the number of active personnel. The QDR determines the size of each services' operational combat forces based on an analysis of the forces needed to meet the requirements of the National Defense Strategy. For example, the 2006 QDR specified the Army's operational force structure would include 42 active Brigade Combat Teams and that the Army should plan for an active force totaling 482,400 personnel by fiscal year 2011. The QDR also

directed the Marine Corps to add a Special Operations Command and plan for an active force totaling 175,000 military personnel by fiscal year 2011.

In order to provide a military perspective on the decisions reached in the QDR, Congress required the Chairman of the Joint Chiefs of Staff to conduct an assessment of the review including an assessment of risk. In his assessment of the 2006 QDR, the Chairman concluded that the Armed Forces of the United States stood “fully capable of accomplishing all the objectives of the National Defense Strategy.” In his risk assessment, he noted that the review had carefully balanced those areas where risk might best be taken in order to provide the needed resources for areas requiring new or additional investment.

Another area where the Office of the Secretary of Defense plays an important role is in developing various planning scenarios that describe the type of missions the services may face in the future. These scenarios are included in planning guidance that the Office of the Secretary of Defense provides the services to assist them in making more specific decisions on how to allocate their resources to accomplish the national defense strategy. For example, these scenarios would include major combat operations, stability operations, domestic support operations, and humanitarian assistance operations.

GAO examined whether DOD had established a solid foundation for determining military personnel requirements. While we are currently reviewing the plans and analyses of the 2006 QDR, our February 2005 assessment of DOD’s processes identified several concerns that, if left uncorrected, could have hampered DOD’s QDR analysis.¹ First, we found that DOD had not conducted a comprehensive, data-driven analysis to assess the number of active personnel needed to implement the defense strategy. Second, OSD does not specifically review the services’ requirements processes to ensure that decisions about personnel levels are linked to the defense strategy. Last, a key reason why OSD had not conducted a comprehensive analysis was that it has sought to limit personnel costs to fund competing priorities such as transformation.

¹ GAO, *Military Personnel: DOD Needs to Conduct a Data-Driven Analysis of Active Military Personnel Levels Required to Implement the Defense Strategy*, [GAO-05-200](#) (Washington, D.C.: Feb. 1, 2005).

The Army Has a Biennial Process to Assess Force Structure and Allocate Military Personnel Positions to Units

The Army uses a biennial, scenario-based requirements process to estimate the number and types of operational and institutional forces needed to execute Army missions. This process involves first determining the number and type of forces needed to execute the National Military Strategy based on OSD guidance, comparing this requirement with the Army's present force structure, and finally reallocating military positions to minimize the risks associated with any identified shortfalls. Taken together, this process is known as "Total Army Analysis." The Army has conducted this analysis for many years and has a good track record for updating and improving its modeling, assumptions, and related processes over time, as we noted in our last detailed analysis of the Army's process.² Active and reserve forces are included in this analysis in order to provide a total look at Army requirements and the total end strength available to resource those requirements. Also, the number of combat brigades is specified by OSD in the QDR and is essentially a "given" in the Army's requirements process. The Army's process is primarily intended to assess the support force structure needed to meet the requirements of the planning scenarios, and to provide senior leadership a basis for better balancing the force.

In the first phase of the Army's requirements determination process, the Army uses several models, such as a model to simulate warfights using the scenarios provided by OSD and the number of brigades OSD plans to use in each scenario. The outcomes of the warfighting analyses are used in further modeling to generate the number and specific types of units the Army would need to support its brigade combat teams. For example, for a prolonged major war, the Army needs more truck companies to deliver supplies and fuel to front line units. For other types of contingencies, the Army may use historical experience for similar operations to determine requirements since models are not available for all contingencies. The Army also examines requirements for the Army's institutional force, such as the Army's training base, in order to obtain a total bottom line requirement for all the Army's missions.

In the second phase of the Army's process—known as the "resourcing phase"—the Army makes decisions on how to best allocate the active and reserve military personnel levels established by OSD against these requirements. In order to provide the best match, the Army will develop a

² GAO, *Force Structure: Projected Requirements for Some Army Forces Not Well Established*, [GAO-01-485](#) (Washington, D.C.: May 11, 2001).

detailed plan to eliminate lower priority units, and stand up new units it believes are essential to address capability gaps and meet future mission needs. For example, in recent years, the Army has made an effort to increase units needed for military police, civil affairs, engineers, and special operations forces. These decisions are implemented over the multiple years contained in DOD's Future Years Defense Program. For example, the intent of the Army's most recent analysis was used to help develop the Army's budget plans for fiscal years 2008–2013.

Historically, the Army has had some mismatches between the requirements it estimated and its available military personnel levels. When shortfalls exist, the Army has chosen to fully resource its active combat brigades and accept risk among its support units, many of which are in the reserve component.

The Marine Corps Conducts a Variety of Analyses to Assess Force Structure and Military Personnel Requirements

The Marine Corps uses a number of modeling, simulations, spreadsheet analyses, and other analytical tools to periodically identify gaps in its capabilities to perform its missions, and identify the personnel and skills needed to provide the capabilities based largely on the professional judgment of manpower experts and subject-matter experts. The results are summarized in a manpower document, updated as needed, which is used to allocate positions and personnel to meet mission priorities. This document is an assessment of what core capabilities can and cannot be supported within the authorized end strength, which may fall short of the needed actual personnel requirements. For example, in 2005, we reported that the Marine Corps analysis for fiscal year 2004 indicated that to execute its assigned missions, the Corps would need about 9,600 more personnel than it had on hand. At the time of this analysis, OSD fiscal guidance directed the Marine Corps to plan for an end strength of 175,000 in the service's budget submission.

New Demands on Services Have Not Been Fully Reflected In Recent Requirements Analyses

Both the Army and Marine Corps are coping with additional demands that may not have been fully reflected in the QDR or their own service requirements analyses, which have been based on OSD guidance. While the Army's most recent analysis, completed in 2006, concluded that Army requirements were about equal to available forces for all three components, this analysis did not fully reflect the effects of establishing modular brigades—the most significant restructuring of the Army's operational force structure since World War II. In addition, OSD-directed planning scenarios used by the Army in its analysis to help assess rotational demands on the force may not have reflected real-world

conditions such as those in Iraq and Afghanistan. While the requirements phase of the Army's analysis, completed in the mid-2005 time frame, may have been based on the best information available at the time, the Army's transformation concepts have continued to evolve and the mismatch between the planning scenarios and actual operations are now more apparent. The Marine Corps is also undergoing a high pace of operations, as well as QDR-directed changes in force structure. This has caused the Marine Corps to initiate a new post-QDR analysis of its force structure requirements.

The service analyses I am about to discuss all preceded the Secretary of Defense's announcement of his intention to increase Army and Marine Corps end strength by 92,000. However, some of GAO's reporting on these plans is only months old and should provide a baseline to help the committee understand what has changed since the 2006 QDR and service analyses were completed.

Army's Most Recent Biennial Analysis Did Not Fully Consider Requirements for Modular Units and Force Rotation Demands

The Army's most recent requirements analysis, which examined force structure and military personnel needs for fiscal years 2008 through 2013, considered some of the Army's new transformation concepts, such as the Army's conversion to a modular force. However, the Army did not consider the full impact of this transformation in its analysis, in part because these initiatives were relatively new at the time the analysis was conducted. The Army's recent analysis recognized that modular units would require greater numbers of combat forces than its prior division-based force and assumed this could be accomplished by reducing military positions in the Army's institutional forces, such as its command headquarters and training base, rather than increasing the size of the active force. However, in our September 2006 report discussing the Army's progress in converting to a modular force, we questioned whether the Army could meet all of its modular force requirements with a QDR-directed, active component end strength of 482,400.³ Under its new modular force, the Army will have 42 active brigades compared with 33 brigades in its division-based force. In total, these brigades will require more military personnel than the Army's prior division-based combat units. Therefore, as figure 1 illustrates, the Army planned to increase its

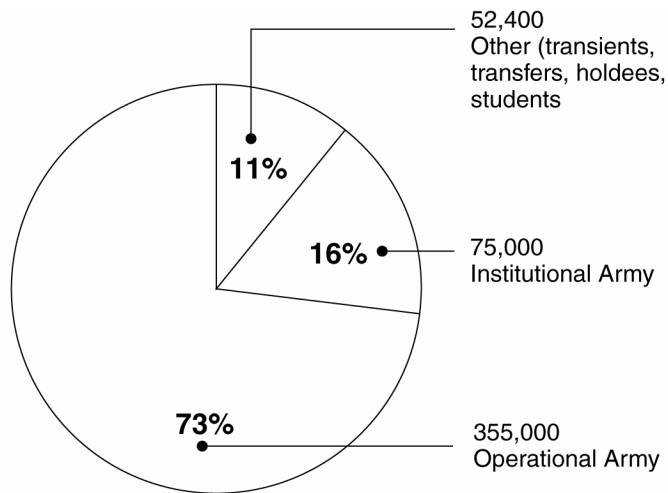
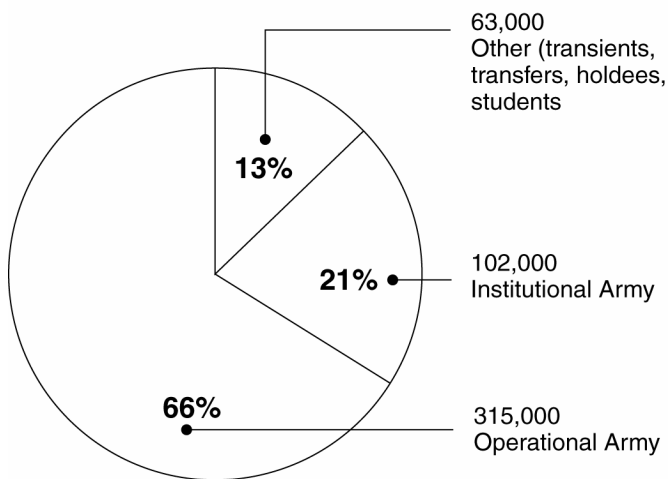
³ GAO, *Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans*, [GAO-06-745](#) (Washington, D.C.: Sept. 6, 2006).

active component operational force—that is, its combat forces—from 315,000 to 355,000 personnel to fully staff 42 active modular brigade combat teams. To accomplish this with an active end strength level of 482,400, the Army had hoped to substantially reduce the size of its active component institutional force—that is, its training base, acquisition workforce, and major command headquarters—from 102,000 to 75,000 military personnel. The Army also planned to reduce the number of active Army personnel in a temporary status at any given time, known as transients, transfers, holdees, and students, or TTTHS. In fiscal year 2000, this portion of the force consisted of 63,000 active military personnel and the Army planned to reduce its size to 52,400.

Figure 1: A Comparison of Active Army End Strength Allocations before and after the Modular Force Conversion

Before modular conversion—fiscal year 2000

After modular conversion—fiscal year 2013



Source: GAO analysis of Army data.

While the Army has several initiatives under way to reduce active military personnel in its institutional force, our report questioned whether those initiatives could be fully achieved as planned. The Army had made some progress in converting some military positions to civilian positions, but Army officials believed additional conversions to achieve planned reductions in the noncombat force would be significantly more challenging to achieve and could lead to difficult trade-offs. In addition, cutting the institutional force at a time when the Army is fully engaged in training forces for overseas operations may entail additional risk not fully

anticipated at the time the initiatives were proposed. Last, we noted that the Army is still assessing its modular unit concepts based on lessons learned from operations in Iraq and Afghanistan and other analyses led by the Army's Training and Doctrine Command, and the impact on force structure requirements may not yet be fully known.

We should note that, at the time of our report, the Army did not agree with our assessment of its personnel initiatives. In written comments on a draft of our report, the Army disagreed with our analysis of the challenges it faced in implementing its initiatives to increase the size of the operational force within existing end strength, noting that GAO focused inappropriate attention on these challenges. The Army only partially concurred with our recommendation that the Secretary of the Army develop and provide the Secretary of Defense and Congress with a report on the status of its personnel initiatives, including executable milestones for realigning and reducing its noncombat forces. The Army stated that this action was already occurring on a regular basis and another report on this issue would be duplicative and irrelevant. However, the reports the Army cited in its response were internal to the Army and the Office of the Secretary of Defense. The comments did not address the oversight needs of Congress. We stated in our report that we believe that it is important for the Secretary of Defense and Congress to have a clear and transparent picture of the personnel challenges the Army faces in order to fully achieve the goals of modular restructuring and make informed decisions on resources and authorized end strength.

Another factor to consider is that the Army's most recent requirements analysis was linked to planning scenarios directed by OSD and did not fully reflect current operational demands for Iraq and Afghanistan. The Army's analysis assumed that the Army would be able to provide 18 to 19 brigades at any one time (including 14 active and 4 to 5 National Guard brigades) to support worldwide operations. However, the Army's global operational demand for forces is currently 23 brigades and Army officials believe this demand will continue for the foreseeable future.

The Marine Corps Is Also Facing New Demands That May Not Have Been Fully Reflected in Recent Requirements Analyses

The Marine Corps is also experiencing new missions and demands as a result of the Global War on Terrorism. However, these new requirements do not appear to have been fully addressed in its requirements analyses. The following is a summary of the principal analyses that were undertaken to address Marine Corps force structure personnel requirements in the past few years.

-
- In 2004, the Marine Corps established a Force Structure Review Group to evaluate what changes in active and reserve capabilities needed to be created, reduced, or deactivated in light of personnel tempo trends and the types of units in high demand since the Global War on Terrorism. As a result of this review, the Marine Corps approved a number of force structure changes including increases in the active component's infantry, reconnaissance, and gunfire capabilities and decreases in the active component's small-craft company and low-altitude air defense positions. However, this review was based on the assumption that the Marine Corps would need to plan for an end strength of 175,000 active personnel. As a result, the Marine Corps' 2004 review focused mostly on rebalancing the core capabilities of the active and reserve component rather than a bottom-up review of total personnel requirements to meet all 21st century challenges.
 - In March 2006, shortly after the QDR was issued, the Marine Corps Commandant formed a Capabilities Assessment Group to assess requirements for active Marine Corps military personnel. One of the group's key tasks was to determine how and whether the Marine Corps could meet its ongoing requirements while supporting the QDR decision to establish a 2,600 personnel Marine Corps Special Operations Command. The group was also charged with identifying what core capabilities could be provided at a higher end strength level of 180,000. We received some initial briefings on the scope of the group's work. Moreover, Marine Corps officials told us that the group completed its analysis in June 2006. However, as of September 2006 when we completed our work, the Marine Corps had not released the results of its analysis. Therefore, it is not clear whether and to what extent this review formed the basis for the President's recent announcement to permanently expand the size of the active Marine Corps.

DOD Has Not Clearly Demonstrated the Basis For Military Personnel Requests

Our past work has also shown that DOD has not provided a clear and transparent basis for its military personnel requests to Congress, requests that demonstrate a clear link to military strategy. Ensuring that the department provides a sound basis for military personnel requests and can demonstrate how they are linked to the military strategy will become increasingly important as Congress confronts looming fiscal challenges facing the nation. During the next decade, Congress will be faced with making difficult trade-offs among defense and nondefense-related spending. Within the defense budget, it will need to allocate resources among the services and their respective personnel, operations, and investment accounts while faced with multiple competing priorities for funds. DOD will need to ensure that each service manages personnel levels efficiently since personnel costs have been rising significantly over the

past decade. We have previously reported that the average cost of compensation (including cash, non-cash, and deferred benefits) for enlisted members and officers was about \$112,000 in fiscal year 2004.⁴ The growth in military personnel costs has been fueled in part by increases in basic pay, housing allowances, recruitment and retention bonuses, incentive pay and allowances, and other special pay. Furthermore, DOD's costs to provide benefits, such as health care, have continued to spiral upward.

As noted earlier, we have found that valid and reliable data about the number of personnel required to meet an agency's needs are critical because human capital shortfalls can threaten an agency's ability to perform its missions efficiently and effectively. Data-driven decisionmaking is one of the critical factors in successful strategic workforce management. High-performing organizations routinely use current, valid, and reliable data to inform decisions about current and future workforce needs. In addition, they stay alert to emerging mission demands and remain open to reevaluating their human capital practices. In addition, federal agencies have a responsibility to provide sufficient transparency over significant decisions affecting requirements for federal dollars so that Congress can effectively evaluate the benefits, costs, and risks.

DOD's record in providing a transparent basis for requested military personnel levels can be improved. We previously reported that DOD's annual report to Congress on manpower requirements for fiscal year 2005 broadly stated a justification for DOD's requested active military personnel, but did not provide specific analyses to support the justification. In addition, DOD's 2006 QDR report did not provide significant insight into the basis for its conclusion that the size of today's forces—both the active and reserve components across all four military services—is appropriate to meet current and projected operational demands. Moreover, the Marine Corps' decision to initiate a new study to assess active military personnel requirements shortly after the 2006 QDR was completed is an indication that the QDR did not achieve consensus in required end strength levels.

⁴ GAO, *Military Personnel: DOD Needs to Improve the Transparency and Reassess the Reasonableness, Appropriateness, Affordability, and Sustainability of its Military Compensation System*, [GAO-05-798](#) (Washington, D.C.: July 19, 2005).

In evaluating DOD's proposal to permanently increase active Army and Marine Corps personnel levels by 92,000 over the next 5 years, Congress should carefully weigh the long-term costs and benefits. It is clear that Army and Marine Corps forces are experiencing a high pace of operations due to both the war in Iraq and broader demands imposed by the Global War on Terrorism that may provide a basis for DOD to consider permanent increases in military personnel levels. However, it is also clear that increasing personnel levels will entail significant costs that must be weighed against other priorities. The Army has previously stated that it costs about \$1.2 billion per year to increase active military personnel levels by 10,000. Moreover, equipping and training new units will require billions of additional dollars for startup and recurring costs.

DOD has not yet provided a detailed analysis to support its proposal to permanently increase the size of the Army and Marine Corps. Given the significant implications for the nation's ability to carry out its defense strategy along with the significant costs involved, additional information will be needed to fully evaluate the Secretary of Defense's proposal.

To help illuminate the basis for its request, DOD will need to provide answers to the following questions:

- What analysis has been done to demonstrate how the proposed increases are linked to the defense strategy? To what extent are the proposed military personnel increases based on supporting operations in Iraq versus an assessment of longer-term requirements?
- How will the additional personnel be allocated to combat units, support forces, and institutional personnel, for functions such as training and acquisition?
- What are the initial and long-term costs to increase the size of the force and how does the department plan to fund this increase?
- Do the services have detailed implementation plans to manage potential challenges such as recruiting additional personnel, providing facilities, and procuring new equipment?

Our prior work on recruiting and retention challenges, along with our prior reports on challenges in equipping modular units, identify some potential challenges that could arise in implementing an increase in the size of the Army and Marine Corps at a time when the services are supporting ongoing operations in Iraq and Afghanistan. For example, we have reported that 19 percent of DOD's occupational specialties for enlisted personnel were consistently overfilled while other occupational specialties were underfilled by 41 percent for fiscal years 2000 through

2005.⁵ In addition, we have reported that the Army is experiencing numerous challenges in equipping modular brigades on schedule, in part due to the demands associated with meeting the equipment needs of units deploying overseas.⁶ Such challenges will need to be carefully managed if Congress approves the Secretary of Defense's proposal.

Mr. Chairman and members of the subcommittee, this concludes my prepared remarks. I would be happy to answer any questions you may have.

Contacts and Acknowledgments

For questions about this statement, please contact Janet St. Laurent at (202) 512-4402. Other individuals making key contributions to this statement include: Gwendolyn Jaffe, Assistant Director; Kelly Baumgartner; J. Andrew Walker; Margaret Morgan; Deborah Colantonio; Harold Reich; Aisha Cabrer; Susan Ditto; Julie Matta; and Terry Richardson.

⁵ GAO, *Military Personnel: DOD Needs Action Plan to Address Enlisted Personnel Recruitment and Retention Challenges*, [GAO-06-134](#) (Washington, D.C.: Nov. 17, 2005).

⁶ [GAO-06-745](#).

Related GAO Products

Force Structure: Army Support Forces Can Meet Two-Conflict Strategy With Some Risks. [GAO/NSIAD-97-66](#). Washington, D.C.: Feb. 28, 1997.

Force Structure: Army's Efforts to Improve Efficiency of Institutional Forces Have Produced Few Results. [GAO/NSIAD-98-65](#). Washington, D.C.: Feb. 26, 1998.

Force Structure: Opportunities Exist for the Army to Reduce Risk in Executing the Military Strategy. [GAO/NSIAD-99-47](#). Washington, D.C.: Mar. 15, 1999.

Force Structure: Army is Integrating Active and Reserve Combat Forces, but Challenges Remain. [GAO/NSIAD-00-162](#). Washington, D.C.: July 18, 2000.

Force Structure: Army Lacks Units Needed for Extended Contingency Operations. [GAO-01-198](#). Washington, D.C.: Feb. 15, 2001.

Force Structure: Projected Requirements for Some Army Forces Not Well Established. [GAO-01-485](#). Washington, D.C.: May 11, 2001.

Military Personnel: DOD Needs to Conduct a Data-Driven Analysis of Active Military Personnel Levels Required to Implement the Defense Strategy. [GAO-05-200](#). Washington, D.C.: Feb. 1, 2005.

Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces. [GAO-05-443T](#). Washington, D.C.: Mar. 16, 2005.

Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force. [GAO-05-926](#). Washington, D.C.: Sep. 29, 2005.

Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain. [GAO-06-548T](#). Washington, D.C.: Apr. 4, 2006.

Force Structure: DOD Needs to Integrate Data into Its Force Identification Process and Examine Options to Meet Requirements for High-Demand Support Forces. [GAO-06-962](#). Washington, D.C.: Sep. 5, 2006.

Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans. [GAO-06-745](#). Washington, D.C.: Sep. 6, 2006.

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "Subscribe to Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Gloria Jarmon, Managing Director, JarmonG@gao.gov (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, D.C. 20548

Public Affairs

Paul Anderson, Managing Director, AndersonP1@gao.gov (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, D.C. 20548