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Report to the Chairman, Committee on Government Reform, and Chairman, Subcommittee on National Security, Emerging Threats and International Relations, House of Representatives

October 2005

RESERVE FORCES

Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives

GAO-06-111

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GAO Accountability·Integrity·Reliability

Highlights

Highlights of GAO-06-111, a report to the Chairman, Committee on Government Reform, and Chairman, Subcommittee on National Security, Emerging Threats and International Relations, House of Representatives

Why GAO Did This Study

Recent military operations have required that the Army rely extensively on Army National Guard forces, which currently comprise over 30 percent of the ground forces in Iraq. Heavy deployments of Army National Guard forces and their equipment, much of which has been left overseas for follow-on forces, have raised questions about whether the Army National Guard has the types and quantities of equipment it will need to continue supporting ongoing operations and future missions.

GAO was asked to assess the extent to which (1) the Army National Guard has the equipment needed to support ongoing operations and (2) the Army can account for Army National Guard equipment left overseas. GAO also assessed the Army's plans, cost estimates, and funding strategy for equipping Guard units under its modular and rotational force initiatives.

What GAO Recommends

GAO is recommending that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress plans and funding strategies to address the Army National Guard's equipment shortfalls, accurately track and replace equipment its forces left overseas, and complete planning to integrate the Army National Guard into its modular and rotational force initiatives. DOD agreed with the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-111.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet St. Laurent, 202-512-4402, stlaurentj@gao.gov.

What GAO Found

While deploying Army National Guard units have had priority for getting the equipment they needed, readying these forces has degraded the equipment inventory of the Guard's nondeployed units and threatens the Guard's ability to prepare forces for future missions at home and overseas. Nondeployed Guard units now face significant equipment shortfalls because (1) they have been equipped at less than war-time levels with the assumption that they could obtain additional resources prior to deployment and (2) current operations have created an unanticipated high demand for certain items, such as armored vehicles. To fully equip its deploying units, as of July 2005, the Army National Guard had transferred more than 101,000 pieces of equipment from its nondeployed units. As of May 2005, such transfers had exhausted the Guard's inventory of more than 220 high demand equipment items, such as night vision equipment, trucks, and radios. Further, as equipment requirements for overseas operations continue to evolve, the Army has been unable to identify and communicate what items deploying units need until close to their scheduled deployments, which challenges the Guard to transfer needed equipment quickly.

To meet the demand for certain types of equipment for continuing operations, the Army has required Army National Guard units to leave behind many items for use by follow-on forces, but the Army can account for only about 45 percent of these items and has not developed a plan to replace them, as DOD policy requires. DOD has directed the Army to track equipment Guard units left overseas and develop replacement plans, but they have not yet been completed. The Army Guard estimates that since 2003 it has left more than 64,000 items, valued at more than $1.2 billion, overseas to support operations. Without a completed and implemented plan to replace all Guard equipment left overseas, Army Guard units will likely face growing equipment shortages and challenges in regaining readiness for future missions. Thus, DOD and Congress will not have assurance that the Army has an effective strategy for addressing the Guard's equipping needs.

Although Army National Guard units are scheduled to convert to new designs within the Army's modular force by 2008, they are not expected to be equipped for these designs until at least 2011. The Army has not developed detailed equipping plans that specify the Guard's equipment requirements to transform to a modular force while supporting ongoing operations. As of June 2005, the Army estimated that it would cost about $15.6 billion to convert most of the Guard's units, but this estimate did not include all expected costs and the Army was unable to provide detailed information to support the estimate. In the short term, units nearing deployment will continue to receive priority for equipment, which may affect the availability of equipment needed for modular conversions. Until the Army fully identifies the Guard's equipment requirements and costs for both the near and long term, DOD and Congress will not be in a sound position to weigh the affordability and effectiveness of the Army's plans.

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GAO
Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

October 4, 2005

The Honorable Tom Davis
Chairman
Committee on Government Reform
The Honorable Christopher Shays
Chairman
Subcommittee on National Security,
Emerging Threats and International Relations
Committee on Government Reform
House of Representatives

In response to the September 11, 2001, terrorist attacks and the subsequent launch of the Global War on Terrorism, the Army National Guard has been called upon to play a significant role in supporting active Army forces overseas while, at the same time, taking on new homeland defense missions, such as protecting critical infrastructure—all of which require that the Army National Guard have sufficient quantities and types of equipment items. In addition, the Army National Guard must use its allotted equipment to perform other domestic responsibilities, including responding to natural emergencies or incidents of civil unrest. Historically, the Army National Guard has been structured as a follow-on force that supports the active Army in overseas conflicts, and as such, Guard units have not been resourced with all of the equipment and personnel they require for their missions. Instead, it was assumed that there would be sufficient time for units to obtain the remainder of their resources prior to deployment. However, Army National Guard members now comprise 31 percent of the ground forces in Iraq. While Army officials anticipate Guard involvement to decline somewhat in 2006, the tempo of operations over the long term remains uncertain. The post-September 11 increase in the Army National Guard's responsibilities, particularly its increased involvement in overseas operations, raises concerns about whether the Army National Guard has the equipment it needs to continue to support operations in the future.

The Army recognizes that it needs to transform its forces, including the National Guard, to better meet the emerging threats of the 21st century and is undertaking two initiatives designed to enhance the capability of active and reserve forces. One of the Army's key initiatives—called the modular force initiative—is a multibillion dollar effort to restructure the entire Army. It involves increasing the flexibility and responsiveness of the

force by converting from a division-based structure to smaller brigade combat teams and increasing the pool of units available for deployment. In addition, the Army is in the process of developing a rotational force model in which active and reserve forces would progress through a cycle of increasing readiness, culminating in the availability of a specified number of units for deployment if needed. The Army also hopes the model will increase deployment predictability for Army National Guard soldiers, who have been heavily involved in recent operations and must balance their military duties with civilian careers.

The challenges the Department of Defense (DOD) faces in managing its reserve forces and allocating its resources across services and programs are some of the many issues that we have highlighted to Congress as the nation entered the 21st century.[1] We have previously reported on how the Army National Guard and Army Reserve have been used in recent operations.[2] In 2004, we reported on the effect of the continuing high use of National Guard forces and challenges to prepare the Guard for future overseas and domestic missions.[3] In addition, we recently testified on the Army's plans to convert to a modular force.[4] And, in August 2003 and September 2004, we reported on several reserve mobilization issues, including the limited use of the individual ready reserve and long-term availability issues.[5]

In response to your request that we examine Army National Guard equipment issues, the objectives of this report are to assess the extent to which (1) the Army National Guard has the types and quantities of equipment needed to support the Global War on Terrorism and (2) the

[1] GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: Feb. 1, 2005).

[2] GAO, *Reserve Forces: An Integrated Plan Is Needed to Address Army Reserve Personnel and Equipment Shortages*, GAO-05-660 (Washington, D.C.: July 12, 2005).

[3] GAO, *Reserve Forces: Actions Needed to Better Prepare the National Guard for Future Overseas and Domestic Missions*, GAO-05-21 (Washington, D.C.: Nov. 10, 2004).

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

[5] GAO, *Military Personnel: DOD Actions Needed to Improve the Efficiency of Mobilizations for Reserve Forces*, GAO-03-921 (Washington, D.C.: Aug. 21, 2003) and *Military Personnel: DOD Needs to Address Long-term Reserve Force Availability and Related Mobilization and Demobilization Issues*, GAO-04-1031 (Washington, D.C.: Sept. 15, 2004).

Army can account for Army National Guard equipment that has been transferred to the active component in theater and its plans for replacing this equipment. We also examined the Army's plans for converting the Army National Guard to a modular force and implementing a rotational force model to determine how Army National Guard units will be equipped for future missions and the estimated costs of the conversion.

To address these objectives, we analyzed data on the types and quantities of Army National Guard equipment that have been used in support of the Global War on Terrorism and the equipment status of nondeployed units; the extent to which Army National Guard equipment has been retained overseas in the theater of operations; and the Army's plans to create a modular force and its new rotational force model. We interviewed officials in the DOD, the Department of the Army, and the National Guard Bureau to obtain information on how equipment needs have evolved, the extent to which equipment has been transferred to the active component and the Army's plans for replacing it, and the Army's plans to include the Army National Guard in the modular force initiative and the rotational force model. We supplemented this information with visits to Army commands and conducted a case study of unit equipment experiences by visiting two units, the 30th Brigade Combat Team in North Carolina, which deployed in February 2004, and the 48th Brigade Combat Team in Georgia, which deployed in May 2005. We selected these units because they allowed us to evaluate how the process used to prepare units has changed with subsequent rotations to Operation Iraqi Freedom. We conducted our review in accordance with generally accepted government auditing standards between December 2004 and August 2005 and determined that the data used were sufficiently reliable for our objectives. The scope and methodology used in our review are described in further detail in appendix I.

Results in Brief

While Army National Guard units have deployed overseas with most of the equipment they have needed to support current operations, the Guard is experiencing growing equipment shortages which are decreasing the ability of its nondeployed forces to be ready for future operations at home and overseas. Equipment shortages have developed for two primary reasons. First, the Army National Guard has been equipped at less than war-time readiness levels under the assumption that there would be sufficient time for its forces to obtain additional equipment prior to deployment; in peacetime, units generally had only about 65 to 75 percent of the equipment they needed for their wartime missions. For recent operations, theater commanders have generally required Army National

Guard units to deploy with 90 to 100 percent of the equipment that is needed for their missions and, in some cases, to obtain different equipment, such as more modern communications systems, than Army National Guard units are authorized in peacetime. Thus, to fully equip its deploying units, as of July 2005 the Army National Guard had transferred more than 101,000 pieces of equipment from nondeployed units to prepare deploying units; an increase of 189 percent from the 35,000 equipment items that were transferred as of June 2004.[6] Providing this equipment has depleted its inventories of more than 220 critical items and reduced inventories of other mission-essential items[7] to only 61 percent of requirements by May 2005. Second, demand for some types of equipment, such as armored humvees and night vision equipment, has increased across the Army, and equipment requirements continue to evolve. This has made it very difficult for the Army to communicate to deploying units what equipment is needed in theater and further challenges the Army National Guard to identify and transfer the right equipment. The continuing strategy of transferring equipment to deploying forces hampers the ability of nondeployed forces to train for future missions. The Army has developed processes to ensure that deploying active and reserve forces are provided the equipment they need for their deployments through transferring equipment between units and concentrating high-demand equipment in theater. However, growing equipment shortages resulting from these processes among the Army National Guard nondeployed force make it unclear whether the Guard will be able to maintain acceptable levels of equipment readiness for missions overseas or at home.

Compounding the problem of equipment transfers within the Guard, Army National Guard units that have returned from overseas deployments have left behind many equipment items for use by follow-on forces by transferring equipment to active Army units. However, the Army does not have a complete accounting of these items or a plan to replace the equipment, as DOD policy requires. DOD Directive 1225.6, which implements this policy, requires the services to develop a replacement plan for equipment transferred from the reserve component to the active component for more than 90 days. The Army National Guard estimates that since 2003, it has transferred more than 64,000 pieces of equipment,

[6]GAO-05-21.

[7]Mission-essential items are those items that are critical for accomplishing missions, including principal weapon/mission systems and equipment and critical mission support items.

valued at more than $1.2 billion, to the Army to support Operation Iraqi Freedom. However, the Army is only centrally tracking the portion of the Guard's equipment that it expects will remain in the theater for the duration of current operations such as those items purchased specifically for units deploying to the theater or certain high-demand items in short supply. Items that units transfer to other units may also remain in theater for up to 3 years, but the Army does not have a complete accounting of these items because they are not tracked centrally. The Army expects that the items transferred from unit to unit will eventually be returned to the Guard, although the Guard does not know whether or when the items will be returned. Army officials told us they did not track and develop plans to replace Guard equipment because there were many other priorities in the early phases of the war, and the strategy of having units leave some equipment was expected to be a short-term measure. Yet, as operations continue, the amount of Guard equipment overseas has increased and, without a centralized process to account for all items that have been retained in theater, it is not clear how the Army will be able to develop the replacement plans required by the DOD directive. In May 2005, DOD expressed its concerns about the magnitude of equipment Guard units have left overseas and directed the Army to submit replacement plans for Guard equipment. Until these plans are completed and replacement equipment provided, Army National Guard units will face continuing equipment shortages while challenged to train and prepare for future missions.

Although Army National Guard units are converting to new designs within the Army's modular force by 2008 and entering the Army's new rotational cycle, some units are not expected to be equipped for the new designs until 2011. Further, the Army has not developed detailed equipping plans that specify the Guard's equipment requirements for each phase of the rotational cycle. One of the Army's chief goals of its modular force initiative is to create standardized unit designs in the active and reserve forces with similar structures and equipment that are as effective as current brigades. Under this initiative, the Army National Guard's new units will need different types and quantities of equipment for wartime missions and training. However, the Army is modifying the preferred designs to include the equipment it can reasonably expect to have based on current funding plans. As a result, Army National Guard units will continue to lack equipment items and have to use less modern equipment to fill gaps until at least 2011, and not be comparably equipped with their active duty counterparts. Our analysis of other DOD initiatives has shown that detailed plans which outline the major implementation tasks and identify realistic funding requirements are needed to facilitate success and

avoid unintended consequences, such as differing assumptions among key leaders in DOD and Congress about priorities or program performance. The Army has not completed detailed plans or cost estimates for these initiatives because it is moving quickly to implement them to better support continuing operations. Until the Army fully identifies the requirements and associated costs of these two initiatives and makes key implementation decisions, DOD and Congress will not be in a sound position to weigh their affordability and effectiveness, and the Army National Guard will face uncertainty as it prepares to implement the restructuring efforts.

We are recommending that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy that addresses the equipment needs of the Army National Guard and a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. DOD agreed with our recommendations and cited actions the Army is taking to posture the Army National Guard for prolonged operations by building a rotational force and developing a resource priority plan for all Army units. DOD stated that the details raised in our recommendations need to be addressed in the Army's strategy for equipping Army National Guard units to prepare for future state emergency response, homeland defense, and federal missions. DOD also stated that the Army is taking steps to implement stricter accountability over Guard equipment currently left in theater and is working to develop replacement plans for these items.

Background

The Army National Guard of the United States and the Air National Guard of the United States are two components of the armed forces Selected Reserve.[8] The National Guard Bureau is the federal entity responsible for the administration of both the Army National Guard and the Air National Guard. The Army National Guard, which is authorized 350,000 soldiers, makes up more than one-half of the Army's ground combat forces and one-third of its support forces (e.g., military police, transportation units). Army National Guard units are located at more than 3,000 armories and bases in

[8]The reserve components of the U.S. Armed Forces are the Army National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve. The Selected Reserve consists of military members assigned to organized reserve units and reservists who participate in at least 48 scheduled drills or training periods each year and serve on active duty for training of not less than 14 days during each year.

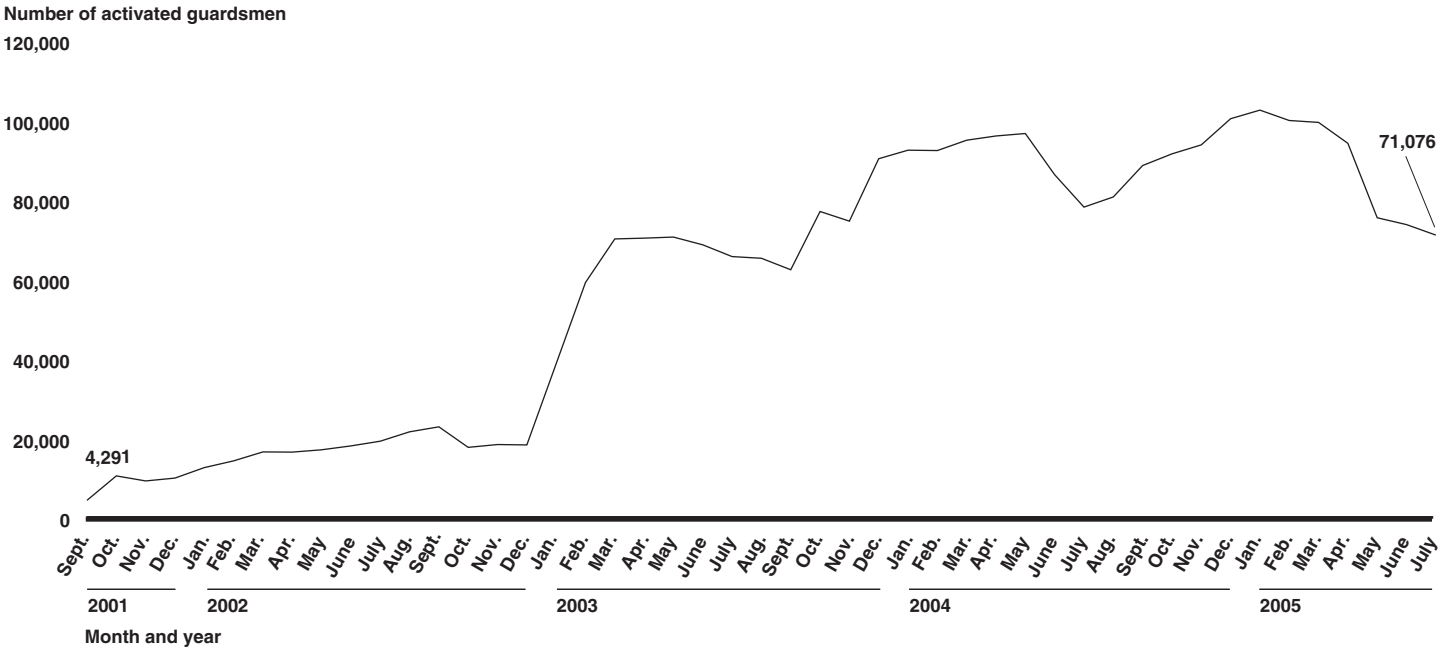
all 50 states and 4 U.S. territories. Traditionally, the majority of Guard members are employed on a part-time basis, typically training 1 weekend per month and 2 weeks per year. However, after September 11, 2001, the President authorized reservists to be activated for up to 2 years. As of July 2005, more than 70,000 Army National Guard personnel were activated under this authority to support ongoing operations. The Guard also employs some full-time personnel who assist unit commanders in administrative, training, and maintenance tasks.

Army National Guard personnel may be ordered to perform duty under three general statutory frameworks: Title 10 or 32 of the United States Code or pursuant to state law in a state active duty status. In a Title 10 status, Army National Guard personnel are federally funded and under federal command and control. Personnel may enter Title 10 status by being ordered to active duty, either voluntarily or under appropriate circumstances involuntarily (i.e., mobilization). Personnel in Title 32 status are federally funded but under state control. Title 32 is the status in which National Guard personnel typically perform training for their federal mission. Personnel performing state active duty are state-funded and under state command and control. Under state law, the governor may order National Guard personnel to perform state active duty to respond to emergencies, civil disturbances, and for other reasons authorized by state law.

While the Army National Guard performs both federal and state missions, the Guard is organized, trained, and equipped for its federal missions, and these take priority over state missions. The Global War on Terrorism, a federal mission, is a comprehensive effort to defeat terrorism and protect and defend the homeland and includes military operations such as Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom. As we reported in our November 2004 report on the National Guard, the Army National Guard's involvement in federal operations has increased substantially since the September 11 terrorist attacks, and Army National Guard members have participated in overseas warfighting operations in Afghanistan and Iraq, peacekeeping operations in Bosnia and Kosovo, and homeland missions, such as guarding Air Force bases. Figure 1 shows that while the number of activated Army National Guard personnel has declined since its peak in December 2004 and January 2005, it continues to provide a substantial number of personnel to support current operations. As of July 2005, about 35,500 of the 113,000 soldiers, or nearly one-third of the soldiers serving in Operation Iraqi Freedom, were Army National Guard members. In a June 30, 2005, testimony before the Senate Armed Services Committee the Army's Chief of Staff said that the Army National

Guard's participation in overseas operations is expected to decrease somewhat in the near future. Although the Army National Guard is expected to continue its participation in ongoing operations, decisions as to the level of participation have not been made.

Figure 1: Post-September 11, 2001 Army National Guard Activity under Federal Command and Control



Source: Army National Guard data.

The Department of the Army is responsible for equipping the Army National Guard. DOD policy requires that equipment be provided to units according to their planned wartime mission, regardless of their component. However, based on the Army's funding priorities, the most modern equipment is usually provided to units that would deploy first. Later deploying units, such as most Army National Guard units, are equipped with older items from the Army's inventory as active forces receive newer and more modern equipment. Army National Guard units are responsible for conducting some maintenance of their equipment.

Critical Equipment Shortages Have Degraded the Overall Equipment Readiness of Nondeployed Army National Guard Units

While deploying Army National Guard units have had priority for getting the equipment they needed, readying these forces has degraded the equipment inventory of the Guard's nondeployed units and equipment shortages threaten the Guard's ability to prepare forces for future deployments. Among nondeployed National Guard units, the amount of essential warfighting equipment on hand has continued to decrease since we last reported on the Army National Guard in 2004. Equipment shortages have developed because most Army National Guard units are still structured with lesser amounts of equipment than they need to deploy. To ready deploying units for overseas missions, the Guard has had to transfer large numbers of equipment items from nondeployed units—a practice that has left nondeployed units with increasing shortages of equipment and made it difficult to prepare units for future missions and maintain readiness for any unplanned contingencies. Moreover, the equipment requirements for deploying Army National Guard units have evolved as the nature of current operations has changed. This has meant that in some cases, the Army National Guard has had little time to identify sources of equipment and transfer needed items to deploying units. The Army is adapting some of its processes to help units address the evolving equipment requirements.

The Army National Guard's Initial Equipment Shortages and the Continuing Need for Fully Equipped Forces for Current Operations Have Resulted in Critical Equipment Shortages

Most Army National Guard units mobilized[9] for recent overseas operations had equipment shortages that had to be filled so that the unit could meet the combatant commander's equipment requirements for their mission. These shortages exist because the Army, following DOD planning guidance, has historically equipped all Army units, including the Army National Guard, according to a tiered resourcing strategy. Under tiered resourcing, those units expected to deploy overseas early in a conflict receive first priority for equipment, and most Army National Guard units were expected to deploy after the active component units to serve as follow-on forces. The Army therefore accepted some operational risks by providing lower priority Army National Guard units with less equipment than they would need for their mission under the assumption that there would be time to provide additional equipment to these units before they would be deployed. For example, Army National Guard enhanced separate

[9]Mobilization involves assembling and organizing personnel, supplies, and materiel for active military service. Deployment is defined as the relocation of forces, personnel or equipment from home station to meet operational requirements.

brigades[10] are generally supplied with about 75 percent of the equipment they require for their warfighting missions and divisional units, which comprise the majority of the Guard's combat forces, are supplied with about 65 percent. In addition to being given less equipment, most Army National Guard units did not have priority for the newest, most modern equipment, so much of the Guard's equipment is older and less modern than that of the active Army and is not always compatible with more modern items.

However, for recent operations, combatant commanders have required Army National Guard units to deploy with 90 to 100 percent of the equipment they are expected to need and with equipment that is compatible with active Army units. As an increasing number of Army National Guard forces have been needed to support current operations, the Army National Guard has supplied the equipment its deploying units need to meet combatant commander requirements by transferring equipment from within the Army National Guard. The Army National Guard first tries to identify the needed equipment within the same state as the deploying unit. If the equipment cannot be found within the state, the National Guard Bureau requests the equipment from Army National Guard units across the United States. If the equipment is not available in the Army National Guard, the Army National Guard notifies the Army that the equipment is not available, and the Army takes over the task of providing the equipment to the mobilized unit.

For example, although the 30th Brigade Combat Team needed about 8,810 night vision goggles to deploy, it only had about 40 percent of its requirement on hand when it was alerted to prepare to deploy, so the Army National Guard had to identify and transfer about 5,272 pairs of goggles to fully equip the unit. In another case, the Army tasked the National Guard to convert 40 nonmilitary police units, including field artillery companies, to security units capable of performing selected military police missions in Iraq during 2004 and 2005. While a military police company typically has 47 humvees in its inventory, field artillery companies have only about 3 humvees that are suitable for this new

[10]Enhanced separate brigades have between 3,000 and 5,000 soldiers and are the Army National Guard's highest priority combat units. These 15 brigades received specialized training and higher priority than other National Guard units for personnel and resources during peacetime. Once called to active duty, they are expected to be ready to deploy overseas within 90 days. In October 2004, the Army stopped using the enhanced separate brigade designation and now refers to these units as brigade combat teams.

mission. Therefore, the converted units had to obtain armored humvees from other units already in Iraq because the Army National Guard had depleted its inventory of armored humvees.

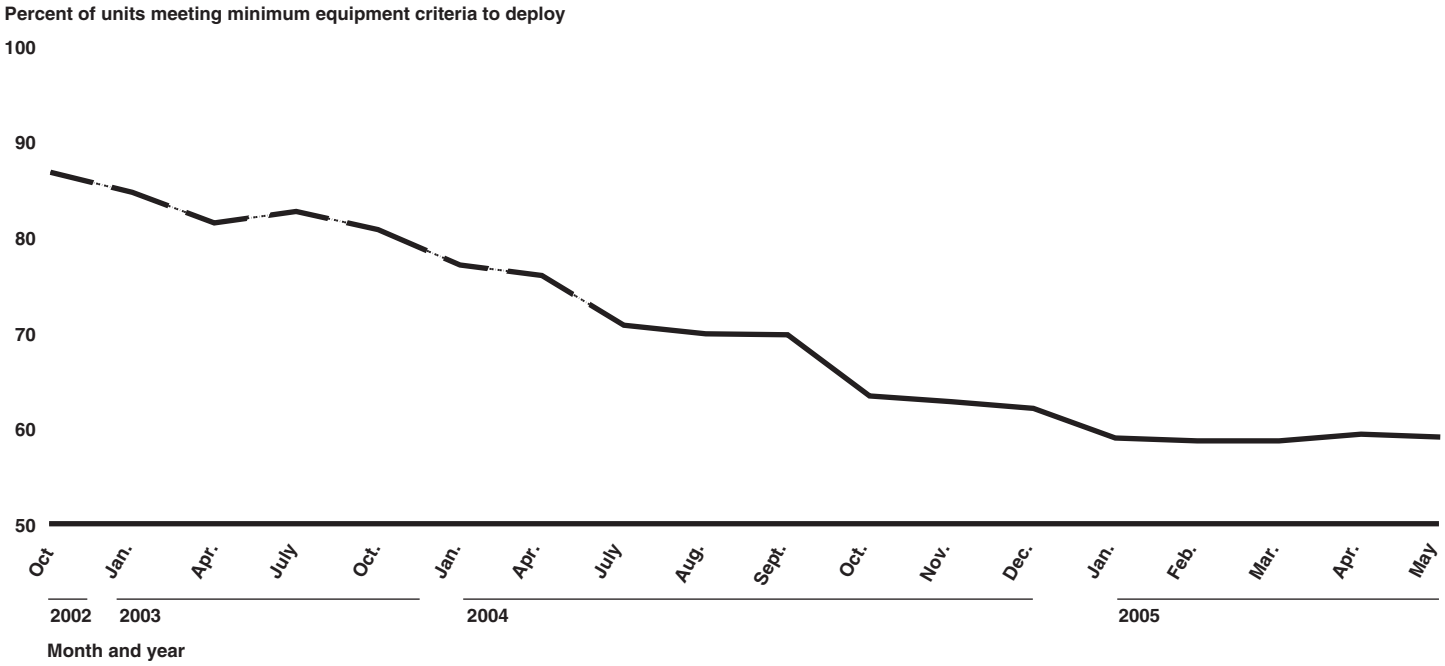
As current operations have continued, the pool of equipment from which the Army National Guard can draw has been reduced because so many items have been transferred to deploying units or left overseas. Shortages of some equipment items have forced the Army National Guard to take measures that have further exacerbated existing shortages in nondeployed units to provide training equipment for deploying units. For example, because the Army National Guard's supply of armored humvees was depleted, the Army directed the Army National Guard to transfer more than 500 humvees from nondeployed Guard units to create training sets for units to use when preparing for deployment.

Significant numbers of equipment transfers have persisted as operations overseas have continued. We previously reported that as of June 2004 the Army National Guard had transferred more than 35,000 pieces of equipment to ready units for recent operations.[11] By July 2005, the number of equipment items transferred among Army National Guard units had grown to more than 101,000. As a result of these transfers, the equipment readiness of nondeployed Army National Guard units has declined. As figure 2 shows, the percentage of nondeployed units that reported having the minimum amount of equipment they would need to deploy[12] dropped from 87 percent in October 2002 to 59 percent in May 2005. However, this estimate includes units that have older, less modern equipment referred to as substitute equipment. While these substitute items are useful for training purposes, commanders may not allow these items in the theater of operations because they may not be compatible with the equipment other units are using and cannot be sustained logistically in theater. In addition, this estimate includes units that have equipment that is undergoing maintenance after returning from deployment or was left overseas, so these items are not readily available for deployment. The National Guard Bureau estimates that when substitute items, equipment undergoing maintenance, and equipment left overseas for follow-on forces are subtracted, its nondeployed units had available only about 34 percent of essential warfighting equipment as of July 2005.

[11] GAO-05-21.

[12] To meet minimum deployment criteria, a unit must generally have at least 80 percent of its mission-essential equipment items on hand.

Figure 2: Percentage of Nondeployed Army National Guard Units Meeting Minimum Equipment Criteria to Deploy



Source: Army National Guard data.

Note: Units must have at least 80 percent of their mission-essential equipment to meet minimum deployment criteria. Because data were not available for all months between October 2002 and July 2004, some chart points in this period were estimated based on trends.

With respect to some equipment items, transfers of equipment to deploying units have depleted the inventories of many key items in nondeployed units. Table 1 shows selected items needed for current mobilization for which inventory levels in nondeployed Guard units have fallen below 20 percent of authorized levels.

Table 1: Examples of Current Mobilization Equipment Shortages among Nondeployed Army National Guard Units

	Number of items authorized	Number of items on hand	Percentage of authorized in inventory
Equipment for handling truck containers	25	4	16
Machine guns	1,088	150	14
Chemical decontamination equipment	514	73	14
Armament carrier humvees	2,240	220	10
Truck flatbed semitrailers	2,287	180	8
Lightweight rifles	16,839	788	5
Individual night vision goggles	127,000	1,000	1
Weapon night vision sights	11,400	0	0
Up-armored scout humvees	3,922	0	0
Chemical agent monitoring equipment	7,200	0	0

Source: GAO analysis of National Guard Bureau data as of May 2005.

As of July 2005, the Army National Guard reported that equipment transfers had reduced its inventory of more than 220 items to less than 5 percent of the required amount or a quantity of fewer than 5 items. Among these 220 high-demand items are generators, trucks, and radios.

While the Army can supply deploying forces with additional equipment after they are mobilized, nondeployed units will be challenged to maintain readiness for future missions because they do not have the equipment to train with or to use for other contingencies. The effect of equipment shortages on nondeployed units' ability to perform homeland defense missions is not known because, as we reported in 2004, DOD has not developed requirements or preparedness standards and measures for the homeland missions in which the Army National Guard is expected to participate. However, as previously reported, some of these items such as humvees, night vision goggles, and chemical protective suits are useful for the Guard's domestic missions, such as responding to potential terrorist threats.

Evolving Equipment Requirements Challenge Efforts to Equip Units for the Global War on Terrorism

As current military operations have evolved, equipment requirements for the Global War on Terrorism have continued to change. This has challenged Guard units preparing to deploy because equipment requirements are not defined and communicated to them until close to their deployment dates. Equipment that was not considered essential for some units' expected missions has become important for ongoing operations, and units have been required to have equipment that is newer than or different from that on which they have been trained. For example, the 30th Brigade Combat Team from North Carolina, which deployed in the spring of 2004, and the 48th Brigade Combat Team from Georgia, which deployed in 2005, were directed to deploy as motorized brigade combat teams with humvees instead of the heavy-tracked equipment, such as Bradley fighting vehicles and tanks, with which they had trained for their expected missions. Overall, the combatant commander required that the 30th Brigade deploy to Operation Iraqi Freedom with more than 35 types of items that were previously not authorized for the unit, including different radios and weapons.

Due to changing conditions in theater and a desire to tailor a unit's equipment as closely as possible to its expected mission, the Army has continued to modify equipment requirements after units are alerted. These changes have resulted in requirements not being communicated to some Army National Guard units in a timely manner so that the units could be equipped as efficiently as possible for current operations or be provided ample time for training. In some instances, Army National Guard units have not known exactly what equipment they would require to deploy and what they could expect to receive in theater until close to their deployment dates, which has made it more difficult for Army National Guard officials to gather the equipment deploying units need to fill equipment shortages. For example, the 48th Brigade Combat Team, which was preparing for deployment in May 2005, had still not received a complete list of all of the equipment it would need at the time of our visit in April 2005. Because officials did not know exactly what they would need to take with them overseas, the brigade packed and transported 180 different vehicles to be shipped to theater. When officials learned that this equipment was already available in theater, these vehicles had to be shipped back to the brigade's mobilization station at Fort Stewart, Georgia.

In some cases, delays caused by the changing equipment requirements reduced the amount of time units had to train with their new equipment. For example, the 30th Brigade did not have a chemical agent identification set to train with until its final exercise before deploying, and it did not

have access to a Blue Force Tracker, a digital communications system that allows commanders to track friendly forces across the battlefield in real time, for training until the unit was in theater. In some cases, the 30th Brigade did not receive some items until they could be transferred from nondeployed units or they were provided in theater. For example, the unit received the 4,000 ceramic body armor inserts needed to protect soldiers from small arms fire upon arrival in Kuwait. According to Army officials, in such instances units may undergo training upon arrival in the theater of operations to acquaint them with new equipment. However, we did not evaluate the adequacy of the training units received in the theater of operations.

Army Has Adapted Its Equipping Process to Better Address Critical Equipment Shortages and Evolving Equipment Requirements for Ongoing Operations

To address critical equipment shortages and the evolving equipment requirements for current operations, the Army has adapted its equipping process in two ways. First, rather than having units bring all their equipment to the theater of operations and take it back to their home stations when they return home, the Army now requires units, in both the active and reserve components, to leave certain essential equipment that is in short supply in theater for follow-on units to use.[13] This is intended to reduce the amount of equipment that has to be transported from the United States to theater, to better enable units to meet their deployment dates, and to maintain stocks of essential equipment in theater where it is most needed. While this equipping approach has helped meet current operational needs, it has continued the cycle of reducing the pool of equipment available to nondeployed forces for unplanned contingencies and for training.

Second, the Army has instituted a process, known as a predeployment site survey, to allow large[14] units preparing to deploy to send a team to the mission area to determine equipment needs. The team generates a list of equipment, known as an operational needs statement, which the unit will need in theater but was not previously authorized and will need to obtain before deployment. Once the Army has approved the items, the unit can

[13] The Army has directed that equipment purchased specifically for Operation Iraqi Freedom or Operation Enduring Freedom, or other key items currently in short supply such as armored vehicles, improvised explosive device jammers, long-range surveillance systems, and generator sets, remain in theater for the duration of operations.

[14] Units that are smaller than a brigade complete a virtual pre-deployment site survey by communicating with units already in theater to determine the equipment they need to request.

obtain them through transfers from other units or procurement. Over the course of current operations, the Army has improved the operational needs statement process by pre-approving packages of equipment that are in high-demand for current operations so that deploying units do not have to request these items separately. For example, more than 160 items, such as interceptor body armor; Javelin, a medium antitank weapon system; kits to add armor to humvees; and night vision goggles, among other items, are pre-approved. For example, in 2003, the 30th Brigade Combat Team prepared about 35 lists of additional equipment it would need to deploy in January 2004. By the time the 48th Brigade was preparing for deployment in 2005, changes to the process resulted in the unit preparing only one operational needs statement.

In addition, an existing Army program, the Rapid Fielding Initiative, has provided individual equipment to soldiers, including those in the Army National Guard, more quickly than the standard acquisition process by fielding commercial-off-the-shelf technology. The Army provides 49 items such as body armor, helmets, hydration systems, goggles, kneepads, and elbow pads through this initiative to units preparing to deploy at their home stations and in theater.

Filling shortages in deploying units has left nondeployed forces with worsening equipment shortages and hampers their ability to train for future missions. Growing shortages make it unclear whether the Guard will be able to maintain acceptable levels of equipment readiness for missions overseas or at home.

Army's Lack of Accountability and Plans to Replace All Army National Guard Equipment Retained in Theater Hinder the Guard's Ability to Prepare and Train Units

The Army National Guard estimates that, since 2003, it has left more than 64,000 equipment items valued at over $1.2 billion overseas to support continuing operations. But, the Army lacks a full accounting of this equipment and has not prepared plans to replace it as required under DOD policy. As a result, the Guard is challenged in its ability to prepare and train for future missions. The policy reflected in DOD Directive 1225.6, Equipping the Reserve Forces, April 7, 2005, requires a replacement plan for reserve component equipment transferred to the active component for more than 90 days.[15] According to Army officials, the Army did not initially track the Guard's equipment or prepare replacement plans in the early phases of the war because the practice was intended to be a short-term measure and there were other priorities. In addition, the Army did not have a centralized process to develop plans to replace the equipment Army National Guard units left overseas and transfers of equipment between units were only documented at the unit level in unit property records.

However, as operations have continued, the amount of Guard equipment retained in theater has increased, which has further exacerbated the shortages in nondeployed Army National Guard units. For example, when the North Carolina 30th Brigade Combat Team returned from its deployment to Iraq in 2005, it left 229 humvees, about 73 percent of its pre-deployment inventory of those vehicles, for other units to use. Similarly, according to Army National Guard officials, three Illinois Army National Guard units were required to leave almost all of their humvees, about 130, in Iraq when they returned from deployment. As a result, the units could not conduct training to maintain the proficiency they acquired while overseas or train new recruits. In all, the National Guard reports that 14 military police companies left over 600 humvees and other armored trucks which are expected to remain in theater for the duration of operations. While the Army has now instituted processes to account for certain high-demand equipment items that are being left in theater for the duration of the conflict and expects replacement plans for this equipment to be developed by August 2005, it does not appear that these replacement plans will account for all items transferred to the active component because the Army has not been tracking all Guard equipment left in theater in a centralized manner.

[15]Replacement plans for removed equipment and supplies are not required for transfers in support of force restructuring adopted as result of the planning, programming, budgeting, and execution process decisions approved by the Secretary of Defense.

In June 2004, six months after the first Army National Guard units left equipment overseas when they returned from deployment, the Army tasked the Army Materiel Command with overseeing equipment retained in theater. However, according to Army and National Guard officials, the Army Materiel Command developed plans to track only certain high-demand equipment items that are in short supply, such as armored humvees and other items designated to remain in theater for the duration of the conflict. However, Guard units have also left behind equipment that was not designated to stay for the duration of the conflict, but which may remain in theater for up to three years, such as cargo trucks, rough terrain fork lifts, and palletized load trucks, which the Army Materiel Command does not plan to track. Of the over 64,000 equipment items the Army National Guard estimates Guard units have left behind, the National Guard Bureau estimates that as of July 2005, the Army Material Command was only tracking about 45 percent of those items. Given the lack of tracking of all Guard equipment left in theater, it is not clear how the Army will develop replacement plans for these items as required by DOD policy.

In May 2005 the Assistant Secretary of Defense for Reserve Affairs requested that the Army submit a replacement plan for all Army National Guard equipment retained in theater by June 17, 2005. The Assistant Secretary noted that while the exact amount of equipment transferred between the reserve and active components is unknown, overall the magnitude of these transfers has been significant and was an area of concern. The Assistant Secretary of Defense for Reserve Affairs subsequently extended the date replacement plans were due to August 15, 2005. According to Army officials, the equipment tracked by individual units may eventually be returned to the Guard. However, Army and Army National Guard officials said that even if it is eventually returned, equipment condition is likely to be poor given its heavy use during current operations and some of it will likely need to be replaced. The National Guard estimates it will cost at least $1.2 billion to replace the equipment it has left in Iraq, if it is not returned or is not useable. Until the Army develops plans to replace the equipment, including identifying timetables and funding sources, the National Guard will continue to face critical equipment shortages which reduce readiness for future missions.

Army National Guard Units Are Changing to New Designs, but Will Continue to Lack Equipment Comparable to Active Forces

Army National Guard units are scheduled to convert to new designs within the Army's modular force by 2008, but they are expected to convert with the equipment they have on hand and will lack some equipment for these designs until at least 2011. However, the Army is modifying the designs it tested and found to be as effective as current brigades to include the equipment it can reasonably expect to have based on current funding plans. As a result, Army National Guard units will continue to lack equipment items and have to use less modern equipment to fill gaps until at least 2011 and will not be comparably equipped with their active duty counterparts. While the Army estimated in June 2005 that it would cost about $15.6 billion to convert most of the Guard's units, this estimate did not include all expected costs and the Army was unable to provide detailed information to support the estimate. Further, it has not developed detailed equipping plans that specify the Guard's equipment requirements as it progresses through the new rotation cycle used to provide ready forces for ongoing operations. The Army is quickly implementing its initiatives to transform its forces into modular units and a rotational cycle of deployment without detailed plans and cost estimates because it views these initiatives as critical to sustaining current operations. In the short term, units nearing deployment will continue to receive priority for equipment, which may delay when units will receive the equipment needed for modular conversions. In 2004 and 2005, the Army published and subsequently updated the Army Campaign Plan,[16] to establish the broad goals, assumptions, and time frames for converting to the modular force and implementing the rotational force model. However, the plan does not include detailed equipping plans, cost estimates, or resources needed for implementing the modular and rotational deployment initiatives. Our analysis of best practices in strategic planning has shown that detailed plans, which describe how the objectives will be achieved and identify resources, facilitate success and avoid unintended consequences, such as differing assumptions among key leaders in DOD and Congress about priorities or program performance. Until equipping requirements for implementing the modular designs and the rotational model are specified, costs are better defined, and funding is identified, the Guard faces risks as it prepares to implement the Army's restructuring while supporting the high pace of operations at home and overseas.

[16] The Army updated the plan in October 2004 and June 2005.

Army National Guard Units Will Continue to Face Equipment Shortfalls That May Delay Transformation to Modular Designs and Hinder Comparability with Active Forces

The Army has recognized that it needs to become more flexible and capable of achieving a wide range of missions. To this end, in 2004, the Army began to reorganize its forces from a structure organized around divisions to one based on standardized, modular brigades that can be tailored to meet the specific needs of the combatant commander. The Army is in the process of developing and approving detailed designs,[17] including equipment requirements, for active[18] and reserve combat units, support units, and warfighting headquarters so that the first Guard units can begin their scheduled conversions in September 2005. Among the goals of the new structure are to maximize the flexibility and responsiveness of the force by standardizing designs and equipment requirements for both active and reserve units and maintaining reserve units at a higher level of readiness than in the past. However, under current plans, Guard units will continue to be equipped with items that may be older than their active counterparts and less capable than the new modular unit designs require. The Army's initial estimate for converting Guard units to modular designs is about $15.6 billion through 2011, but this estimate is incomplete because it does not include the costs for converting all units to the new structure or the full costs of equipping them for the design the Army tested and determined was as effective as current brigades. Moreover, the Army has not developed plans to equip Guard units to the tested modular unit design and instead plans to equip them for a less modern design. Without a detailed equipping plan that identifies funding priorities over time, the Army National Guard is likely to continue to face challenges in its ability to train and maintain ready forces in the future.

The Army expects that the new modular brigades, which will include about 3,000 to 4,000 personnel,[19] will be as capable as the current brigades of between 3,000 and 5,000 personnel through the use of enhanced military intelligence capability, introduction of key technology enablers, such as weapons and communications systems, and by having support capabilities

[17]Unit designs prescribe the unit's wartime mission, capabilities, organizational structure, and mission-essential personnel and equipment requirements.

[18]The Army plans to reorganize its 10 active divisions by the end of fiscal year 2006, expanding from the current 33 to 43 modular, standardized brigade combat teams and creating new types of command headquarters.

[19] The Army's plan calls for three variants of the modularized brigade combat team. The infantry variant will have about 3,300 personnel, the armored variant 3,700 personnel, and the Stryker variant 4,000 personnel.

contained in the brigade itself instead of at a higher echelon of command. The Army tested the new modular brigade designs and found that they were as effective as current brigades. However, the Army has modified the tested designs based on the equipment it can reasonably expect to provide to units undergoing conversion based on its current inventory of equipment, planned procurement pipelines, and other factors, such as expected funding. At the time of this report, the Army had not tested the modified designs to determine whether they are as capable as the current brigades or the tested design. The Army plans to equip modular Guard units for the modified design by 2011. In the meantime, modular Guard units are expected to continue the practice of using approved substitute equipment and will initially lack some of the key enablers, such as communications systems, which are the basis for the improved effectiveness of modular units.

As of June 2005, the Army had approved modified designs for the 25 Army National Guard brigade combat teams and 25 support brigades scheduled to convert to the modular structure between 2005 and 2007, and all eight warfighting headquarters converting between 2005 and 2008. Under current plans, all the Army National Guard units will be converted to the modular organizational structure by 2008 with the exception of 3 support brigades which will be converted in 2011. The Army expects to complete modular designs for the remaining 9 brigade combat teams and 15 support brigades by September 2005. The Army had originally planned to convert Guard units on a slower schedule by 2010, but at the request of the Army National Guard, accelerated the plan so that Guard units would share the new standardized organizational designs with the active component at least two years earlier, avoid training soldiers for the previous skill mix, and better facilitate recruiting and retention efforts.

However, our work indicates that accelerated modular conversions will exacerbate near-term equipment shortfalls. There are significant shortfalls in the Army's ability to equip Guard units for the modified design in the short term for three key reasons. First, according to current plans, the units are expected to convert to their new designs with the equipment they have on hand. However, because of existing shortages and the large number of equipment items that deployed units left in Iraq or that need repair or replacement due to heavy use, units will not have the equipment needed to reach even the modified design. For example, converted Guard units expect initially to be without some equipment items, such as unmanned aerial vehicles, single channel ground and airborne radio systems, and Javelin antitank missiles that provide the basis for the improved capability of the new brigades. Second, the Army has not

planned funding to provide equipment to the additional Guard units converting to the modular structure on the accelerated schedule. Although most Guard units are scheduled to be reorganized by 2008, they are expected to receive equipment for their new designs on a slower schedule, and in some cases are not expected to receive their equipment until 2 to 3 years after they reorganize. The lack of detailed plans for equipping Army National Guard units makes it difficult to determine how the Army intends to transition Guard units from the old to the new organizational structure effectively.

Finally, the Army's cost estimates for converting Guard units to the modular structure are incomplete and likely to grow. The Army's current cost estimate for converting all its active and reserve units to the modular force is $48 billion, a 71 percent increase from its initial rough order of magnitude estimate of $28 billion made in 2004. Of the $48 billion, the Army estimated in June 2005 that Army National Guard modular conversions would cost about $15.6 billion. This estimate included costs to convert all eight of the Guard's warfighting headquarters and 33 of the Guard's 34 combat units between 2005 and 2011. It also includes procurement of some high-demand equipment such as tactical unmanned aerial vehicles, humvees, and antitank guided-missile systems. During our work, we obtained summary information on the types of cost and key assumptions reflected in the Army's estimates; however, we were unable to fully evaluate the estimate because the Army did not have detailed supporting information.

Our work highlighted several limitations to the Army's cost estimate for Army National Guard modular force conversions. First, the estimate was based on a less modern design than both the modified design that the Army plans to use in the near term and the tested design it intends to evolve to over time. The estimate assumes that Guard units will continue to use substitute equipment items that may be older and less capable than that of active units and does not include costs for all the technology enablers that are expected to provide additional capability for modular units. As a result, the estimate does not include costs for all the equipment Guard units would require to reach the capabilities of the tested modular brigade design. Second, the estimate does not include costs for 10 of the Guard's support units, nor does it include military construction costs associated with the Guard's 40 support units. According to the Army National Guard, military construction costs for converted support units are expected to near the $1.4 billion in military construction costs already included for the Guard's warfighting headquarters and combat units. Furthermore, current cost estimates assume that Guard equipment

inventories will be at prewar levels and available for modular conversions. However, this may not be a reasonable assumption because, as discussed previously, Army National Guard units have left large amounts of equipment overseas – some of which will be retained indefinitely and the Army has not provided plans for its replacement.

Further, the Army has currently identified funding sources for only about 25 percent ($3.9 billion) of the current estimate— $3.1 billion programmed in the fiscal year 2006-2011 future years defense program and $.8 billion expected from fiscal year 2005 supplemental funding. Approval for funding the remaining $11.7 billion is pending within DOD. However, equipping priorities and the amount designated for equipment have not been decided.

In the long term, according to the Army, the intent is to equip all active and reserve component units to the tested design over time. However, it will take until at least 2011 under current plans for the Army National Guard units to receive the equipment they will need for the modified designs which are still less modern than the one the Army tested and found as effective as current brigades, and the pace of operations may further delay equipping Guard units. Moreover, the Army does not have detailed plans or cost estimates that identify the funding required for equipping Guard units for the tested design. Without detailed plans for when Guard units will get the equipment they need for the tested design, it is unclear when the Army National Guard will achieve the enhanced capabilities the Army needs to support ongoing operations. Further, without more complete equipment requirements and cost estimates, the DOD and Congress will not have all the information they need to evaluate funding requests for the Army National Guard's transition to the modular force.

Army Plans for Equipping Army National Guard Units Under Its Rotational Force Model Are Not Complete

The Army's initiative to transform into a rotational force, which is intended to provide units with a predictable cycle of increasing readiness for potential mobilization once every 6 years, involves a major change in the way the Army planned to use its reserve forces and has implications for the amount and types of equipment that Army National Guard units will need over time. Historically, Army National Guard units have been provided only a portion of the equipment they needed to train for their wartime missions because they were generally expected to deploy after active units. However, current military operations have called for the Army National Guard to supply forces to meet a continuing demand for fully equipped units, a demand the Army National Guard met through transfers of equipment to deploying units and which undermined the readiness of

nondeployed units. Under the rotational force concept, the Army would provide increasing amounts of equipment to units as they move through training phases and near readiness for potential deployment so they would be ready to respond quickly with fully equipped forces if needed. However, the Army has not yet finalized equipping requirements for Army National Guard units as they progress through the rotational cycle. In addition, it is not clear how the equipment needed to support units in the new rotational cycle will affect the types and quantities of items available for modular conversions and affect the pace of the Army National Guard's transformation. Without firm decisions as to requirements for both the new modular structure and rotational force model and a plan that integrates requirements, the Army and Army National Guard are not in the best position to develop complete cost estimates or to determine whether the modular and rotational initiatives are working together to reach the goal of improving Army National Guard readiness.

While the Army has developed a general proposal to equip units according to the readiness requirements of each phase of the rotational force model, it has not yet detailed the types and quantities of items required in each phase. Under this proposal the Army National Guard will have three types of equipment sets: a baseline set, a training set, and a deployment set. The baseline set would vary by unit type and assigned mission and the equipment it includes could be significantly reduced from the amount called for in the unit design, but plans call for it to provide at least the equipment Guard units need for domestic missions. Training sets would include more of the equipment units will need to be ready for deployment, but units would share the equipment that would be located at training sites throughout the country, so the equipment would not be readily available for units' state or homeland missions. The deployment set would include all equipment needed for deployment including theater specific equipment, items provided through operational needs statements, and equipment from Army prepositioned stock. At the time of this report, the Army was still developing the proposals for what would be included in the three equipment sets and planned to publish the final requirements in December 2005.

Army resourcing policy gives higher priority to units engaged in operations or preparing to deploy than those undergoing modular conversions. As a result, the requirements of ongoing operations will continue to drain the Army National Guard's equipment resources and affect the pace at which equipment will be available for nondeployed units to transform to their new design. At the present time, it is not clear how the equipment requirements associated with supporting deployment under the new

rotational readiness cycle will affect the types and quantities of equipment available to convert the Army National Guard to a modular force. Until the near-term requirements for the rotational force and long-term requirements for a modular force are fully defined, the Army and Army National Guard will not be in a position to prioritize funding to achieve readiness goals in the near and long term. Further, although Army leaders have made it a priority to ensure that Army National Guard units have the equipment they need to continue to perform their domestic missions, it is not possible to assess whether units will have the equipment they need until unit designs and training set configurations are finalized and homeland defense equipment requirements are known.

Conclusions

Evolving equipment requirements for the Global War on Terrorism have challenged the Army National Guard in equipping its units for deployment while trying to maintain the readiness of its nondeployed force for training and future missions. While strategies such as transferring needed equipment from nondeploying units to ready deploying units, completing operational needs statements, and leaving equipment overseas when Guard units return home have helped to equip deploying units, these strategies may not be sustainable in the long term, especially as the Guard's equipment inventories continue to diminish. In the meantime, as the Army National Guard's equipment stocks are depleted, risks to its ability to perform future overseas and domestic missions increase.

The Army's lack of accountability over the Guard's equipment stocks retained in theater has created a situation in which deploying Guard units face considerable uncertainty about what equipment they need to bring overseas and what equipment they will have for training when they return from deployment. DOD Directive 1225.6 requires a plan to replace reserve component equipment that is transferred to the active component, but the Army has not prepared these plans. Without a replacement plan, the Army National Guard faces depleted stocks of some key equipment items needed to maintain readiness and is unable to plan for how it will equip the force for future missions.

Supporting ongoing operations will continue to strain Army National Guard equipment inventories, which will likely delay the pace of its transformation to a modular force. Further, current modular plans for the Guard's conversion will not provide for equipping Guard units to the less modern modified design and there are no plans to equip the Guard for the design the Army found as capable as current brigades. As a result, Guard units will continue to face equipment shortages and have to use older

equipment than their active counterparts. If units are not comparable, the Army National Guard will have to continue its current practice of transferring equipment to fill the shortfalls in deploying units, thereby undermining the readiness of nondeployed forces. With lower readiness of Guard forces, the nation faces increased risk to future overseas operations, unplanned contingencies, and the homeland missions the Guard may be called upon to support.

Recommendations

We recommend that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy that addresses the equipment needs of the Army National Guard for the Global War on Terrorism and addresses how the Army will transition from short-term equipping measures to long-term equipping solutions. This plan should address the measures the Army will take to ensure it complies with existing DOD directives to safeguard reserve component equipment readiness and provide a plan to replace depleted stocks resulting from equipment transferred to the active Army, so that the Guard can plan for equipping the force for future missions.

We further recommend that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. This plan should include:

- the specific equipment requirements, costs, timelines, and funding strategy for converting Army National Guard units to the modular force and the extent to which Guard units will have comparable types of equipment and equipment levels as the active modular units,
- an analysis of the equipment the Army National Guard's units will need for their missions in each phase of the rotation cycle, and
- how the Army will manage implementation risks to modular forces if full funding is not provided on the expected timeline.

Agency Comments and Our Evaluation

The Assistant Secretary of Defense for Reserve Affairs provided written comments on a draft of this report. The department agreed with our recommendations and cited actions it is taking to implement them. DOD's comments are reprinted in their entirety in appendix II. DOD also provided technical comments, which we incorporated as appropriate.

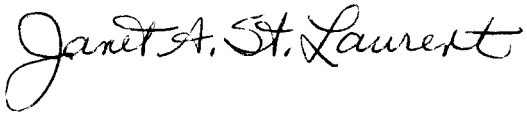
DOD agreed with our recommendation to develop and submit a plan and funding strategy to Congress that addresses the equipment needs of the

Army National Guard for the Global War on Terrorism, specifically addressing how the Army will transition from its short-term equipping measures to long-term equipping solutions. In its comments, DOD said that the Army needs to determine how Army National Guard forces will be equipped to meet state disaster response and potential homeland defense requirements as well as federal missions and include these requirements in its resource priorities. DOD also said that the Army is working to implement stricter accountability over equipment currently left in theater and to comply with DOD guidelines which require replacement plans for these items.

DOD also agreed with our recommendation to develop and submit a plan to Congress that details the effective integration of the Army National Guard into the Army's rotational force model and modular force initiatives. DOD said that the Army plans to develop resourcing alternatives to mitigate potential risks should full funding for transformation initiatives not be realized. DOD also agreed that readiness goals for the Army National Guard in the 6-year rotational model need to be established and that the Army's equipping strategy for the Army National Guard must include the resources required to be prepared to carry out both their federal and state missions.

As we agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. We will then send copies to the Secretary of Defense; the Secretary of the Army; the Chief, National Guard Bureau; and the Director, Office of Management and Budget. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO web site at http://www.gao.gov.

If you have any questions about this report, please contact me at (202) 512-4402. Major contributors to this report are listed in appendix III.



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

Appendix I: Scope and Methodology

To conduct our work for this engagement, we analyzed data, reviewed documentation and interviewed officials from the Army National Guard, the National Guard Bureau, the Department of the Army, and the Office of the Assistant Secretary of Defense for Reserve Affairs. We supplemented this information with visits to the United States Army Forces Command, the Coalition Forces Land Component Command, and the First Army of the United States. We also developed case studies of two units: the 30th Brigade Combat Team located in North Carolina and the 48th Brigade Combat Team in Georgia. These states were chosen to provide representative examples of how Army National Guard units were prepared for deployment to Operation Iraqi Freedom in support of the Global War on Terrorism. The 30th Brigade Combat Team was one of the first National Guard units to deploy for Operation Iraqi Freedom and had just returned from deployment when we visited in March 2005. The 48th Brigade Combat Team was preparing for deployment to Operation Iraqi Freedom at the time of our visit in April 2005. In both states we met with unit logistics staff who had visibility over how the unit prepared for deployment.

To examine the extent to which Army National Guard units have the equipment needed for the Global War on Terrorism, we obtained and analyzed data on critical shortages and the types and quantities of equipment transferred from nondeployed units to deploying units from the National Guard Bureau and our two case study states. Additionally, we supplemented these data with interviews, briefings, and documentation from officials at the National Guard Bureau, the Department of the Army, the Office of the Assistant Secretary of Defense for Reserve Affairs, the U.S. Army Forces Command, the Coalition Forces Land Component Command, and the First Army of the United States. We did not examine whether shortages of particular items were the result of industrial base issues. To understand the processes the Army adapted to equip units as equipment requirements evolved for the Global War on Terrorism, we interviewed officials from and analyzed data provided by the 30th Brigade Combat Team in North Carolina, the 48th Brigade Combat Team in Georgia, the National Guard Bureau, the Department of the Army, the U.S. Army Forces Command, the Coalition Forces Land Component Command, and the First Army of the United States.

To assess the Army National Guard equipment retained in theater, we analyzed Army National Guard data and the Guard's estimate of the cost to replace the equipment if it is not returned. Additionally, we interviewed officials and reviewed documentation and data from the Army National Guard, Department of the Army, the Office of the Assistant Secretary of

Defense for Reserve Affairs, U.S. Army Forces Command, and the Coalition Forces Land Component Command about the lack of reliable data and whether any plans exist to replace the Guard's equipment. We supplemented data on how much of the Army National Guard's equipment has been left in theater with briefings and reviewed internal Army messages regarding the accountability and visibility of this equipment.

To evaluate how the Army National Guard has been integrated into the Army's plans for a modular structure and force generation model, we interviewed officials at the Army National Guard, the Department of the Army, and U.S. Army Forces Command. We reviewed documents such as the Army Campaign Plan, the Army Transformation Roadmap, the Army's force generation model, and numerous briefings on the Army's plans for a modular force and the new force generation model. Additionally, we interviewed Guard officials from both of our case study states about the units' plans to convert to modular force given Army time frames and cost estimates.

To assess the reliability of data used during the course of this engagement, we interviewed data sources about how they ensured the accuracy of their data and reviewed their data collection methods, standard operating procedures, and other internal control measures. In addition, we reviewed available data for inconsistencies, and, when applicable, performed computer testing to assess data reliability. We determined that the data were sufficient to answer each of our objectives.

We conducted our review between December 2004 and August 2005 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Defense

Agency comments were made on GAO-05-954. This report number was subsequently changed to GAO-06-111.

RESERVE AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1500

SEP 15 2005

Ms. Janet A. St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
Washington, DC 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the GAO draft report, "RESERVE FORCES: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives," dated August 18, 2005 (Code 350607/GAO-05-954).

The Army Campaign Plan includes the Army Force Generation Model that is designed to posture the Army National Guard for prolonged operations by building a rotational force. The Army has also developed the Army Resource Priority List that identifies the priority for providing resources to all units in all components of the Army. As the Army moves forward in the implementation of these initiatives, the details raised in your recommendations need to be addressed in order to determine the appropriate readiness levels for Army National Guard units at each phase of the rotational model. The equipping strategy for the Guard must include the resources required to be prepared to carry out their state emergency response requirements, Homeland Defense missions, and to be trained and equipped to mobilize under Title 10, U.S.C.. In today's environment where support to our deployed forces is paramount, it is equally important that we do not lose sight of the readiness of our Army National Guard forces at home.

We appreciate the opportunity to comment on the draft report. I concur with the recommendations as stated, and will work to resolve the issues addressed in this report. Detailed comments on the GAO recommendations and report are enclosed. The point of contact for this office is Captain Scott Walton, OASD/RA (M&F), at 703-693-7485.

Sincerely,

T. F. Hall

Thomas F. Hall
Assistant Secretary of
Defense for Reserve Affairs

Enclosure: As stated

GAO DRAFT REPORT – DATED AUGUST 18, 2005
GAO CODE 350607/GAO-05-954

"RESERVE FORCES: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives"

DEPARTMENT OF DEFENSE COMMENTS TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan and funding strategy that addresses the equipment needs of the Army National Guard for the Global War on Terrorism and addresses how the Army will transition from the short-term equipping measures to long-term equipping solutions. This plan should address the measures the Army will take to ensure it complies with existing DoD directives to safeguard reserve component equipment readiness and provide a plan to replace depleted stocks resulting from equipment transferred to the active Army, so that the Guard can plan for equipping the force for future missions. (page 26/GAO Draft Report)

DOD RESPONSE: Concur. The Army has developed the Army Resource Priority List that identifies the priority for providing resources to all units in all components of the Army. The Army must now determine how Army National Guard forces will be equipped to meet state disaster response and potential DoD Homeland Defense requirements and include them in their resource priority list. In today's environment where support to our deployed forces is paramount, it is equally important that we do not lose sight of the readiness of our Army National Guard forces to meet their traditional state emergency response requirements here at home.

The Army has begun to implement stricter accountability of their assets and is in the process of identifying Army Reserve and Army National Guard equipment currently left in theater. As the report states, this is a significant amount of equipment. The Army is working to comply with the guidelines in DoD Directive 1225.6 to request future transfers of equipment from the Reserve to the Active component and provide the Secretary of Defense replacement plans prior to this equipment transfer.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Secretary of the Army to develop and submit to Congress a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. This plan should include:

- The specific equipment requirements, costs, timelines, and funding strategy for converting Army National Guard units to the modular force and the extent to which

Guard units will have comparable types of equipment and equipment levels as the active modular units;

- An analysis of the equipment the Army National Guard's units will need for their missions in each phase of the rotation cycle; and
- How the Army will manage implementation risks to modular forces if full funding is not provided on the expected timeline. (page 26/GAO Draft Report)

DOD RESPONSE: Concur. The Army Campaign Plan (ACP) includes the Army Force Generation Model that is designed to posture the Army National Guard for prolonged operations by building a rotational force. The budget process has many entities competing for scarce resources and for that reason, the Army must prepare a plan to manage implementation risks if full funding is not realized in the expected timeline to meet the requirements of the ACP. The cyclical construct of the Army Force Generation Model was developed to ensure the reserve component units of the Army returning from operations outside the Continental United States reset and reorganize into modular formations and are placed on a ramp to combat readiness over a six-year period. As the Army moves forward in the implementation of these initiatives, the details addressed in recommendation 2 need to be answered in order to determine the appropriate readiness level for Army National Guard units at each phase of the six year rotational model. The equipping strategy for the Guard must include the resources required to be prepared to carry out their state emergency response requirements, Homeland Defense missions, and to be trained and equipped to mobilize under Title 10, U.S.C..

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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