

STATEMENT OF ROBERT F. HALE
PRINCIPAL ANALYST, CONGRESSIONAL BUDGET OFFICE
BEFORE THE MILITARY PERSONNEL SUBCOMMITTEE,
HOUSE ARMED SERVICES COMMITTEE
ON READINESS IMPROVEMENTS FOR THE
ARMY RESERVE COMPONENTS

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Mr. Chairman:

I appreciate the opportunity to appear before this Subcommittee to discuss proposals to improve the readiness of U.S. reserves. I will focus this morning on reserves in the two Army reserve components--the Army National Guard and the Army Reserve--both because of their readiness problems and because they employ most U.S. reserves. Together these Army components have about one million reservists. Of that number, 544,000 are selected reservists--that is, they are in units or are paid to drill.

In recent years U.S. defense planning has come to rely more heavily on the Army reserve components. Today they are expected not only to provide support in a long war, but also to assist active-duty forces in the early, critical days of a major conflict with a foreign enemy. At the same time, today's Army reserve components have problems--such as shortages of people, equipment, and time to train--that could delay their entry into a war.

This situation has led to numerous proposals to improve the readiness of the Army reserve components. Suggestions include employing more reservists, offering higher pay and bonuses, and increasing the numbers of full-time personnel to assist the reserves. During this session of the Congress and into next year, this Subcommittee will be making decisions about these proposals. The choices could eventually increase defense costs by as much as \$750 million a year.

My purpose this morning is to provide you a framework for evaluating the defense capability that could be added by this increased spending. The added capability depends on what role is chosen for the reserves. Where would they fight? In what kind of conflict? And, particularly, when would they enter a war? What I will do is lay out alternative roles for the Army reserve components and assess the value of the readiness improvements within each.

But first, to provide some basis for choosing among these roles, I would like to discuss some major factors that should govern the choice: the relative costs of actives versus reserves, the nature of a war the reserves must help fight, and their readiness to assist the active forces.

CRITERIA FOR CHOOSING A ROLE FOR THE RESERVES

Relative Cost

Considering both pay and operating costs, the average Army selected reservist is about five times cheaper than an active-duty soldier. Even with extensive readiness improvements, the reserves would still be cheaper. Thus the more reserves that can be included in the active/reserve mix, the cheaper the mix will be. The number that can be included in that mix depends in part on what kind of wars the reserves must help fight.

Nature of a War

The Army reserve components have important domestic responsibilities, and they could also be used in many kinds of foreign conflicts. But the conflict that would demand the most of them--and the one usually used in planning reserve forces--is a major, non-nuclear war in Europe. Such a war would pit the USSR and her Warsaw Pact allies against the United States and our NATO allies. Despite the considerable uncertainty of such a conflict, and the many unknowns about its nature, I think there are two general statements that provide a useful basis for selecting a role for the reserves.

The first is that overall assessments of the military balance between NATO and the Warsaw Pact, although much debated, show no clear advantage for the NATO allies. This suggests that a NATO/Warsaw Pact war would be a demanding one for the NATO forces and would require substantial U.S. presence.

The second point is that the number of reserves who can assist in such a war may depend largely on the timing of the conflict. If a war lasts many months, large numbers of reserves could be used. The Warsaw Pact, and particularly the Soviet Union, has substantial numbers of reserves. Thus in a long war U.S. reserves would probably be needed to meet the situation.

But in recent years, trends in strategic thinking have postulated a rapid buildup by the Warsaw Pact in the early days of a war. Such an assault would call for heavy and early U.S. presence. Thus, emphasis on getting the reserves into a war early has been increasing. Today plans call for substantial numbers of reserves to mobilize, deploy, and assist active-duty forces during the first month or so of a major NATO war.

Readiness

Can the Army reserve components be sufficiently ready to accomplish this demanding task? A key point of my statement today is that, even with proposed readiness improvements, the answer to this question is uncertain. Let me substantiate that point by looking first at the current readiness of the reserves and then at likely future trends.

The most widely used readiness rating system shows that, at present, the average reserve unit is rated as "marginally ready". Given limits on personnel and equipment imposed by today's funding, this rating of marginally ready is the target for most reserve units. So the rating does not necessarily reflect poorly on any unit's efforts. But by definition, such a rating does mean that the unit has major deficiencies that limit severely its ability to carry out its mission. Moreover, a substantial but classified number of reserve units are rated "not ready".

CBO's review of reserve readiness showed that the early-deploying reserve units tend to have slightly higher readiness ratings than later-deploying units. But a substantial number of these important units are still rated not ready.

Other indications of readiness problems also exist. A key one is shortages of personnel, which impede team training and would delay preparations for war. As of the beginning of fiscal year 1978 the Army reserve components were short 49,000 personnel, or 8 percent of their authorized strength for selected reservists. They were short 116,000 or 18 percent of the strength they want to maintain in peacetime. (This objective strength equals the 660,000 selected reservists they had in 1972, before the post-draft decline in recruits.)

Questions also exist about the system for mobilizing reserves. In late 1976, the Army tested its mobilization system and found serious problems that made it unlikely that many reserve units could have deployed within 30 days; some might not have deployed within 60 days. The Army is working to solve these problems and plans another test this coming October.

Together, these and other indicators suggest that, at this moment, many reserve units would have trouble mobilizing, deploying, and effectively assisting active forces--particularly in the first month or so of a war.

Reserve readiness may well improve in the next few years. Improvement may come in part because the reserves will get more and better equipment that should improve the realism of training. The Administration has said the reserves will have their authorized levels of most major types of equipment by the early 1980s. Encouraging though this is, however, there are other policy decisions--such as the one to preposition in Europe equipment for three more active-duty Army divisions--that could cause this timetable to slip.

Reserve readiness may also improve because of increases in the manning of the selected reserves. Even without higher pay or bonuses, CBO's projections show that the size of the selected reserve is likely to begin increasing over the next few years, as the last of the large numbers of draft-induced volunteers leave. The increase assumes continuation of current levels of experience and recruit quality. The increases may be enough to raise the two Army reserve components from their current level of about 544,000 selected reservists to about 575,000 by 1983. That would be 97 percent of their currently authorized strength but still well short of their peacetime objective strength of 660,000.

Finally, of course, reserve readiness may improve over the next few years because of the added resources I have mentioned earlier. But there are constraints on readiness that even the added resources are not likely to eliminate. Today reservists devote about 38 days a year to drilling--less than one-fifth

the time available to active-duty soldiers. It may be unrealistic, however, to expect more from part-time reservists. Also, reserve units must be organized in hometowns. This makes it difficult to recruit persons with special skills, and it sometimes means that training facilities are not available for weekend drills. Added to these constraints is the difficulty of predicting the effects on readiness of added resources.

These points underscore my earlier conclusion: that the judgment about whether the reserves can be ready to effectively assist active forces--particularly in the first month or so of a major war--is uncertain.

I have now briefly discussed three important factors that should govern a choice of role for the Army reserve components. I have noted that on a man-for-man basis, the reserves are cheaper than active-duty forces. I have pointed out the need for reserves if a war lasts a long time, and the increasing emphasis on using some reserves early in a conflict. And I have noted that, while their readiness is likely to improve over the next few years, it is difficult to be sure that the reserves can be ready enough to assist active forces early in a war.

ROLES FOR THE RESERVES

Differing judgments about the importance of the factors I have just outlined lead to alternative roles for the Army reserve components. The roles in turn suggest the value of the

proposals to improve readiness. I'd like to turn now to a description and discussion of three possible roles. Since CBO's purpose is to provide objective analysis, I will not recommend among them.

Highly Ready Reserves for All Phases of a War

The United States could choose to stress a highly ready reserve intended for use in all phases of a war. Such a reserve might be substantially larger than today's. Part of this larger force would be expected to supply support in the first month or so of a NATO/Warsaw Pact war. And all the remaining reserves would attempt to meet the Administration's goal of entering a war within the first three months.

The choice of this role for the Army reserve components would be consistent with the judgment that a NATO/Warsaw Pact war would require heavy U.S. presence early, and that reserves could supply a substantial part of these U.S. forces. This choice of role would also be consistent with other recent defense policy changes. For example, the Army has announced its desire to preposition in Europe equipment for three more active-duty divisions. In the event of a war, this prepositioning will speed up deployment for all U.S. forces, including reserves. Finally, this first role is perhaps most consistent with the Administration's Total Force Policy, formalized in 1973. This policy emphasizes reserves as the primary backup for active-duty personnel.

The various readiness improvements proposed by both the Administration and the Congress offer the highest payoff for the Army reserve that assumes this demanding role. One improvement might be an increase in the size of the selected or drilling reserves, perhaps up to their peacetime objective strength of 660,000. A fully-manned selected reserve could train better and should be able to mobilize more quickly. Higher pay and bonuses would be necessary to attract these added people. CBO estimates that reaching the 660,000 strength by 1983 would not only require continuation of the education assistance and the re-enlistment bonus authorized by the Congress for this year, but would also require an additional cash enlistment bonus of about \$500. Along with increases in the size of the selected reserve, increasing the size of the nondrilling, individual ready reserve may be desirable. These individual ready reserves provide fillers for active-duty and reserve units and also provide combat replacements. The Army says it will soon be short more than 250,000 of this type of reservist and may attempt to recruit as many as 50,000 people a year directly into the individual ready reserve. Another important readiness improvement would provide more full-time personnel to assist the reserves. At present, much of the reserves' scarce training time is taken up by administrative work that could be performed by these full-time assistants. A recent Army study estimated that 4,000 to 18,000 additional full-time technicians

are needed. Finally, it may be desirable to provide more paid time for training, particularly during the productive summer training period.

Taken together, these proposals would increase costs. CBO estimates that costs could eventually go up by about \$750 million a year. The table at the end of my statement provides a breakdown of these increases, and they are discussed more fully in the CBO paper on the Army reserve components.

Perhaps the greatest drawback of this role for the reserves is that it would invest heavily in added resources; but there is risk that these added resources would not make the reserves able to accomplish this demanding role. Until planners know how ready the reserves can be, investing more selectively may be desirable. This suggests a second role for the reserves.

Emphasize Early-Deploying Reserves

The Congress and the Administration could emphasize the early-deploying reserve units, made up primarily of those units intended for use in the first month or so of a war. If the reserves assume this role, the readiness improvements discussed above--added personnel, higher pay, more full-time assistance, and longer training--would be provided to the early-deploying units but not to later-deploying ones.

Without added resources, the readiness of these later-deploying units would probably not improve much above its current level. This may make it less likely that all reserves can enter a war

within the first three months, which is the Administration's stated goal.

But the choice of this role would be consistent with an emphasis on the need for U.S. presence early in a war. It would also be consistent with shifts in defense policy--such as the repositioning of equipment--that would put increased pressure on the early-deploying reserves. Perhaps most important, this option would amount to a large-scale test of how ready reserve units can be. And it would do so while holding down cost increases. CBO estimates that providing the readiness improvements to the limited numbers of early-deploying units would increase costs by only about \$80 million a year, as opposed to the \$750 million a year under the first role.

Reserves as a Long-War Hedge

Given the reserves' readiness problems and such constraints as limited time to train, it may be that most reserve units would not be effective in assisting active-duty forces early, even with readiness improvements. Clearly, this judgment is uncertain. But assuming it is so, it would argue for reliance on reserves only in the later stages of a war that lasts many months. Under this third role for the Army reserve components, readiness improvements would have a low payoff, since the reserves would have time after mobilization to build up their ability to fight. Thus improvements would probably not be implemented, except perhaps in a few small units that might still be used early in a war.

Given this third role, the Administration and the Congress could take one of several courses. They could cut the size of the selected reserve by the numbers now designated for early use, or they could replace reserves intended for early use with active-duty troops. The former course, although it would cut costs, would go against the notion that a NATO/Warsaw Pact conflict would demand a large U.S. presence early in the war. The latter course would be consistent with a demand for a heavy U.S. presence early, but replacing reserves with active-duty troops would substantially increase costs.

This morning, then, I have laid out three alternative roles for the Army reserve components. (The alternatives are summarized on the next page of my statement.) The choice among them depends on one's willingness to increase reserve spending and on judgments about the demands of a NATO/Warsaw Pact war. It also depends heavily on a judgment about the ability of the reserves to be ready.

ALTERNATIVE ROLES FOR ARMY RESERVE COMPONENTS a/

Roles	Changes to Reserve Resources	Criteria for Choice		
		Nature of NATO/ Warsaw Pact War	Can Reserves Be Ready to Fight Early?	Costs (1983)
1. Highly Ready Reserve for All Phases of War	Make numerous changes to improve readiness, including more reservists, higher pay, more full-time support, and longer training	Intense war that demands heavy U.S. presence in first few months	Confident that extra resources will lead to adequate readiness	Up as much as \$750 million a year
2. Emphasis on Early-Deploying Reserves	Make changes to improve readiness of early-deploying units	Similar to Role 1 but emphasis on war that ends more quickly	Not convinced; desire inexpensive test of whether extra resources will lead to adequate readiness	Up \$80 million a year
3. Emphasis on Reserves for Long-Run War				
Fewer Reserves, Replace With Active Troops	No readiness improvements; substitute active forces for early-deploying reserves	Similar to Role 2	Reserves unable to fight effectively early in war	Up \$800 million a year
Fewer Reserves	No readiness improvements; reduce size of selected reserve by numbers in early-deploying units	Similar to Role 2, but level of threat suggests U.S. active forces plus NATO manpower are adequate in early stages	Same as above	Down \$140 million a year

a/ For details, see CBO Budget Issue Paper, Improving the Readiness of the Army Reserve and National Guard, February 1978.

ADDITIONAL COSTS OF READINESS IMPROVEMENTS
(Constant 1978 Dollars)

	1979	1983	Total 1979-1983
660,000 Selected Reserves (pay, training, operating costs)	95	275	955
Higher Pay and Bonuses			
Re-enlistment Bonus	30	5	60
Enlistment Educational Assistance	20	55	210
\$500 Enlistment Bonus	20	20	95
50,000 Additional IRR Recruits	30	245	660
9,200 Additional Full-Time Technicians	15	145	395
Three-Week Summer Camp for 10 Percent of Reserves	<u>5</u>	<u>15</u>	<u>40</u>
Total	215	760	2,415

Note: For details see Appendix to CBO Budget Issue Paper, Improving the Readiness of the Army Reserve and National Guard, February 1978.

