

**COMMISSION ON THE NATIONAL GUARD
AND RESERVES**

**HEARING ON RESERVE COMPONENT
POLICY REFORM**

**10:30 AM SESSION:
JOINT STAFF PERSPECTIVE**

WITNESSES:

**MAJOR GENERAL THOMAS A. DYCHES, USAF,
ASSISTANT TO THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF
FOR RESERVE MATTERS**

**MAJOR GENERAL MICHAEL H. SUMRALL, ARNG,
ASSISTANT TO THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF
FOR NATIONAL GUARD MATTERS**

**MAJOR GENERAL MICHAEL A. VANE, USA, JOINT STAFF J-8,
VICE DIRECTOR FOR FORCE STRUCTURE,
RESOURCES AND ASSESSMENTS**

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ARNOLD PUNARO: Okay, the commission will come back to order. In this hearing session, the commission continues its exploration of the changes that are being considered or have been implemented by DOD to transform the reserve components to reduce stress on the reserve components caused by the current high operational tempo and to make the operational reserve a sustainable force for both the near term and long term. As I noted in the previous session, during this hearing we want to establish a baseline of where DOD is today on changes or reform to the reserve components, how it plans to proceed in the likely impacts.

Our witnesses for the previous panels, the operations deputies for the Army and Marine Corps gave us an overview of the initiatives underway in those two services, the ones that have experienced probably the greatest stress on the force currently and to get a ground force perspective on some of their issues and how they intend to implement Secretary Gates' revised mobilization policy. And I found their testimony both extremely informative and very insightful.

For our second panel today we welcome Major General Thomas A. "Tommy" Dyches, assistant to the chairman of the joint chiefs of staff for reserve matters, Major General Mike Sumrall, assistant to the chairman of the joint chiefs of staff for National Guard matters, and Major General Michael Vane, Joint Staff J-8, vice director for force structure, resources and assessments.

The assistants to the chairman are the Joint Chiefs of Staff's focal point for rebalancing, transformation and other change initiatives within the reserve component. The J-8 directorate, a directorate that came into its heyday in the post Goldwater-Nichols timeframe, provides total force resource and force structure analysis and advice to the chairman and is involved in all matters related to budgets, equipping, operational availability, things of that nature.

So we're going to ask each of the witnesses today to give us their assessments of the effectiveness of the changes underway and in the pipeline, how these changes address the sustainability and utilization of the reserve component and any potential unintended consequences.

We are going to try and put you on the spot and get you to identify any problems that are kind of in your too-hard pile, but that you believe this commission should address. We had a service specific view in our first panel, as advisors to the chairman, you have the task of evaluating these issues from a broader joint staff and total force perspective, so we welcome your insights there.

General Dyches, at our January hearing with General Pace, Commissioner Sherrard noted your forthcoming retirement, so on behalf of the commission I want to take a moment this morning to recognize your long and honorable service to the nation and especially the dynamic energy with which you've served in your current position as assistant to the chairman for reserve matters. You played a key role during these especially critical times of call-ups, mobilization, change and transformation with the reserve components. And as all our commissioners know, you've been extremely generous with your time and advice to this commission.

And I know that you're going to be sorely missed on the joint staff. I would say you'll be sorely missed by the commission, but I've been working hard and checking the laws and we think we may find a little loophole where we're going to be involuntarily activating you out of retirement to come work for free and help us on the commission. (Laughter.)

MAJOR GENERAL THOMAS A. DYCHES: Thank you, Chairman.

MR. PUNARO: So as you know, the door is going to be open and we expect to be able to consult with you, even in your extremely well-earned retirement. So I know all commissioners thank you for your tremendous service to the nation and I know we know that without your force behind the scenes, a lot of what's been happening in the department right now – particularly as they evaluate some of our commission's recommendations – certainly the outcome would not be as positive as we believe it will be – hope it will be, and certainly would not anywhere near be as timely as it's going to be.

I understand that – I'm not sure whether any of you have any written statements here this morning, but I'll turn to each of you in turn to make any comments you'd like to make.

General Dyches, why don't we start with you?

GEN. DYCHES: Well, first of all, Mr. Chairman, thank you for your overly kind words. It's very gratifying to hear that.

I must say that I need to echo at least a few of the remarks of the previous panel. Inasmuch as I am highly appreciative of what you all are doing and in fact have already produced, I guess one measure of merit for a group like this was whether or not any of your recommendations get acted upon.

And I think that you're going to be delighted soon that some of them will be acted upon – vigorously. So I think that that's a very, very good sign. And I am also optimistic about the future recommendations that you might make. I think that the landscape that you've laid out is the correct landscape. The questions you're asking are the correct questions. The solutions may not be so obvious to everybody, but if anybody can get at them, I certainly believe that you all are well on your way to doing that.

I also want to say one other thing, and that is that I do believe this is an opportunity to make a lasting difference that might only come along once in a generation. So I would certainly hope that no effort is spared and I know you won't spare any effort to make those changes that I believe we need in this perhaps once in a generation opportunity that's before you today.

So with that, I don't have any other prepared remarks. We'll save the time for whatever questions you may have and I look forward to them.

MR. PUNARO: Thank you.

General Sumrall?

MAJOR GENERAL MICHAEL H. SUMRALL: Yeah, I'd like to just echo what General Dyches said and then add a little different spin to it. There's two of us in this room that are former adjutants general. And when you serve as an adjutant general, you really have two things on your mind that you need to do. One is to prepare folks for war – for activation to support the federal forces – and the second thing is to be ready for state emergencies.

A lot of the discussion that was held this morning was, how you do one-half of the equation, but we really need to look at the second half of the equation, which is what happens if you have a state emergency and are you ready for that type of emergency and are you equipped for that type of emergency because the skill set is a little different, but not totally different and the equipment requirement is somewhat different.

So when we got to the question earlier about readiness for state active duty and state missions, I think that's a real important aspect.

I guess I'd like to share one more thought with you, too. When I was a first lieutenant – a long time ago – I was at Fort Picket and I saw a poster and it was a picture of a graveyard and there was a kind of a hologram of a soldier's outline there that's obviously resting in the grave, and the words over it said, "Let no soldier's soul cry out, 'Had I only had better training.'"

And so we really need to think about are we doing the very best we can to make sure that our men and women have the equipment and to have adequate time with that equipment to be properly trained before we deploy them. And that's a really big deal in my view. Thank you.

MR. PUNARO: General Vane?

MAJOR GENERAL MICHAEL A. VANE: Good morning, Chairman and honorable members of the commission. I too am happy to be here and talk about, I think, a very important subject. As Mr. Chairman has pointed out, I'm the vice director in J-8 where we're responsible for – in collaboration with primarily the COCOMs but the services as well – to develop capabilities, conduct analyses, perform assessments and help the chairman provide independent military advice to the secretary of Defense. And so I look forward to addressing your questions.

I might add personally that I also have had some extensive experience – prior to this job – as both commanding general of Fort Bliss, during a time period when Fort Bliss was given the mission to help mobilize and train a number of National Guard brigade combat teams in preparation for the early stages of OIF.

Prior to that, I also was fortunate, as a one-star commander, to be the commander of a reserve component multi-COMPO headquarters – the 32nd Army Air and Missile Defense Command – and had members in my command and in my headquarters from South Carolina, New Mexico and Florida National Guard, and so that had some extensive dealings and experiences in these regards – and all very positive. So I look forward to your questions.

MR. PUNARO: Great. Thank you.

Let me start with a broad question about the operational reserve. If – I think it was about two years ago, OSD sponsored a big reserve conference and we were just barely getting kicked off in the commission and I had the opportunity to attend and give a very short set of remarks. But the set of remarks that stuck with me – because there was a lot of talk about this thing called an operational reserve – and I, frankly, had been out of the loop – and was not as familiar with it as I should have been. And it really impressed on me, holy smokes, they really are looking at the guard and reserve in a totally different way than they had before.

One of the subsequent speakers said, “We are looking at an operational reserve,” he said, “but none of the laws, rules, regulations, procedures, policies, funding – none of that’s been changed to make it an operational reserve,” and you can’t just say it’s operational and it happens.

Well, that individual happened to be Major General Tommy Dyches. He was the one that said that. That kind of caught my attention and I said to our staff, look, we need to look and see. They’re saying it’s operational, yet I think General Dyches is on to something. And as you all know, we’ve made that same conclusion after a year’s worth of detailed analytical work, so you were spot on then.

And I think the key though, as you heard from the testimony here this morning, is I’m not sure we’re got a clear understanding of what it means to be an operational reserve. Now you all represent the joint staff. This is a concept you have to deal with all the time. I mean, it’s something you have to come to grips with. And certainly in the J-8, if you’re trying to assess what are the requirements that are valid and what are the forces that are available, seems to me you have to have a good understanding of what it means to be an operational reserve.

So I’d like to ask of each of you – starting with General Dyches – you know, what is your definition and how would you describe the operational reserve?

GEN. DYCHES: Well, let me just describe it by practical observation. What’s happened is that all of the facts and assumptions associated with our previous strategic notion of what a reserve force ought to be are failed – they have been failed since the wall came down.

The force, as a practical matter, has been used operationally to a greater extent on a sustained basis since 9/11 and since this campaign than we’ve seen since World War II. We are in a campaign; this is the first campaign that the all-volunteer force has been asked to prosecute of this magnitude and of this duration.

So just observing it, both the regular component and the reserve components are being used to a greater extent and operationally engaged. So there’s a portion of the force – the whole force that is operationally engaged all the time. And then there’s everybody else. And everybody else is in various stages of readiness that could be used to respond to any other contingency crisis, major combat op, domestic catastrophe, what have you, and that’s how I have come to look at it right now.

The blending of just – of having a reserve force that is – that’s the only thing we have in reserve, that’s a failed motion too. There’s a portion of the regular force that is being used in much the same way as to respond to the unforeseen contingencies as we have thought of it in the past. So the lines are blurred.

So the reason you don’t have a clear definition of what a quote, “operational reserve,” close quote is is because I believe the lines have blurred. I think we have a portion of the force that is operational – it’s made up of reserves and regulars – and I think we have – the rest of the force that’s also made up of reserves and regulars. And that’s how I think we should – would be thinking about it these days.

MR. PUNARO: You – I mean, you were there I believe when General Odierno testified. It sounds to me like you’re kind of identifying with his description of what the operational reserve is. Is that correct?

GEN. DYCHES: It is a part of the operational force that is –

MR. PUNARO: Yeah. And if it is, then that has significant implications for all the issues that you identified rules, regulations, processes, mobilization, training, equipping, et cetera.

GEN. DYCHES: It begs the complete reexamination of all the facts and assumptions, of all the key and vital process in the department to include the way we organize training equip, and resource ourselves.

MR. PUNARO: Yep, Amen.

General Sumrall?

GEN. SUMRALL: Yeah, I’d just like to add a little bit to that is if you go back to what General Lovelace said this morning about the demand, he’s anticipating that the reserve will take a permanent portion of that demand for however long it takes.

And so what we’ve got to do is develop the models and develop the resourcing strategies to satisfy that requirement. And then you have to look beyond that and say once that requirement goes away, are we going to anticipate that we’ll continue to do this from now on? If so, that changes the expectation of the individual that join the units.

MR. PUNARO: And that turns us to the man in charge of models, General Vane?

GEN. VANE: I think what I would say in addition to all that is that while some progress has already been made over the last year, as we recognize the role of the National Guard and Reserves more like the way we would resource the rest of the force, there is more work to be done. And we’re in the middle – in conjunction with the services primarily – at looking at the force generation models and how should the resourcing models and equations change to reflect this need in the future?

But I think there's still one challenge we have as we define the operational reserve – is the operational reserve to do what? And that probably is the area we have still some work to do, particularly in homeland security, as we are a support force to Homeland Security. We are actually homeland defense and defense disappeared to support to those activities within the homeland.

And so there's work in conjunction with the Department of Homeland Security that Department of Defense has now begun, and we expect that quite a bit of that work will start to be put in place over the summer and have already made some resource decisions to assist northern command to develop this plan over the next 18 months – from which we'll get clearer insight into what the plans would be, what are the specific capabilities necessary that we haven't resources for. So far the budget that's been submitted is in recognition of what we think those requirements are.

MR. PUNARO: Okay. Thanks.

I was at a function last night, the National Defense Industrial Association, and one of our – your reserve component three-star colleagues were there and we were just chit-chatting. And I was saying, “Well, how much longer is your tour?” et cetera, and he says, well, he said in the department, someone is looking at basically legislating or mandating or establishing about policies, he said, that 38-year high tenure rule and pushing out people that are the reserves that beyond 38 years. And even though my recollection is the law allows people to serve until – it's a year thing, not terms of service until 64 – and actually that can be waived. I remember when we did it for General Rogers when he was going out – over from being chief of staff to the command of the U.S.-European command, so that – even the age waiver can be – but I was thinking to myself, well, the reserves take a lot longer to kind of go up because they're not on active duty 360 – and I said, “Oh, well, why are they doing that?” And he said, “Well, because that's the way they do it on the active side.”

And I thought to myself, it sounds like a pretty bubble-headed notion to me, some bubblehead somewhere is dreaming this up because they're not looking at – it takes longer – I mean, here we are saying we need to give the reserves an opportunity to have more joint billets, joint training et cetera, et cetera.

I'm hoping when I ask you this question, it isn't something one of you is pushing or what do you know about this? And what do you think about it? Is it accurate?

GEN. DYCHES: First of all, I'd like to disassociate myself from the bubblehead remark. (Laughter.) And in the interest of keeping my job for another three weeks or so – but I guess on a somewhat more serious note, Mr. Chairman, I would like to say that anything like this, any sort of policy change or legislative proposal, ought to consider the cause and effect.

The effect of this, I do believe, just by some cursory analysis would tend to limit the pool of folks that might be available to fill in behind the gentlemen that are presently there. So irrespective of who's there now, I just – not counting them – if you were to look at the Air Force Reserves Command, for example, has 25 two-star generals, six of whom would be eligible under those rules to take over as the chief. That's a 75 percent reduction from what is presently is.

MR. PUNARO: So why would somebody want to be putting a policy in that would reduce the pool of eligible people to be considered?

GEN. DYCHES: Well, I think we would need to do that very carefully. There would have to be a real good benefit associated with that. And I, for one, have suggested that we reexamine – carefully – that particular legislative proposal with the – so that we could better understand the potential effects. There may be some unintended consequences of that –

MR. PUNARO: Well, based on your description of the adverse consequences, I stick to my description of what bubbleheads dreamed this up. Who's pushing it? Is this coming from the joint staff?

GEN. DYCHES: No, sir.

MR. PUNARO: Where's it coming from?

GEN. DYCHES: Well, I believe the legislative proposal – I can't speak with certainty about the exact source of it. So I guess I'd have to get back to you and tell you what the rationale would be.

MR. PUNARO: So do you know where it's coming from?

GEN. DYCHES: I am not –

MR. PUNARO: Well, let me give you some hypotheticals. It's not coming from the joint staff, correct?

GEN. DYCHES: No, sir. We –

MR. PUNARO: Is it coming from the Army?

GEN. DYCHES: I don't believe so.

MR. PUNARO: Is it coming from the Navy?

GEN. DYCHES: I don't – again, I don't believe so.

MR. PUNARO: Is it coming from the Air Force?

GEN. DYCHES: I'm fairly certain it's not coming from the Air Force.

MR. PUNARO: Is it coming from the Marine Corps?

GEN. DYCHES: I don't believe – I have no reason to believe that it would be.

MR. PUNARO: Is it coming from the Defense Logistics Agency?

GEN. DYCHES: I don't believe so.

MR. PUNARO: Is it coming from the Defense Information Systems Agency?

GEN. DYCHES: I think I see where you're going with this, Mr. Punaro. (Laughter.)

MR. PUNARO: Is it possibly coming from the office of the secretary of Defense?

GEN. DYCHES: That's possible. (Laughter.)

MR. PUNARO: Possible? And if it's possibly coming from the office of the secretary of Defense, where would something like this originate from? Would it be coming from perhaps Reserve Affairs?

GEN. DYCHES: That's possible.

MR. PUNARO: That's possible. So, okay.

General Sumrall, do have any comments on this bubble-headed idea that's coming out of OSD Reserve Affairs?

GEN. SUMRALL: Well, I'd like to disassociate myself from the bubble-headed comment as well. (Laughter.) But if you do the math, if you look at the traditional time when the average person is commissioned at approximately 21 years and then you add 38 years, that would take you out at age 59.

And we just had legislation last year that authorized three-stars to stay until age 66. So there's a fundamental disconnect in what was done last year and what's being done this year. And it really does need a close examination. The career tracks are totally different for RC and AC guys. The standards are the same, but the promotion periods are totally different and we need to be looked at a little differently.

MR. PUNARO: I'm sure you don't want to jump in this. Correct, General Vane?

Okay. Let me close out my question by asking General Dyches and General Sumrall their professional military judgment. As you're required as you know – congressional commissions and Congress – which you are required to give even if it differs from the administration in power and since you haven't identified who's pushing it, but we know the office it's coming from, is this a sound policy decision? Do you agree with this or would you suggest an alternative?

GEN. DYCHES: My personal and professional opinion is that you would never want to limit the pool of qualified folks from whom to choose so as to best perform a mission. We're in the mission-performance business around here. And you need leadership that can perform the mission, period.

MR. PUNARO: Right.

General Sumrall, would you agree with that?

GEN. SUMRALL: I would agree with that. And I would just tell you that what we really need to do is go the other direction, expand the pool of people available to be promoted into these positions because the number of choices are somewhat limited

MR. PUNARO: And that's kind of what our commission report recommended.

General Vane, do you want to agree with General Dyches and General Sumrall?

GEN. VANE: First of all, I agree. The second thing I'd like to say is that based on my own personal experience, there is a large qualified pool of people that ought to be considered for this – not only active component, the reserve component as well. And so I'm not sure where that comes from.

MR. PUNARO: Okay.

And since the staff's going to jump all over me, I'll correct the record by saying I have no clue as to where this came from or who's looking at it, so whether that person's a bubblehead or not, we'll reserve judgment. (Laughter.)

Okay, Commissioner Ball?

WILLIAM L. BALL, III: Thank you, Mr. Chairman. And thank you, gentlemen, for being with us this morning.

I want to first take a tip from General Huck, who on the subject on mobilization – which is the first area I want to ask a question or two about – he cited in his statement, of course, when asked about policies and laws and things that might be changed, he said well, maybe you should look into how implementation of the new total force utilization policy is progressing since Secretary Gates signed this January, I believe, 19th. So that's – we're coming up on 90 days from that and I'd just like you to comment on – specifically on the mobilizations side of the equation.

How do you see some of the changes that have been implemented since then? Do you have any comment after 90 days that you can put into the record to give us some idea about how progress –

GEN. DYCHES: I can start. Okay.

MR. BALL: We've been given – let me just say as a predicate to that – we, of course, have received a lot of testimony from previous witnesses about some of the success stories of the mobilization and training effort and then we've also received some anecdotes about some unfortunate oversights and mistakes and some lack of coordination. So we just – I think it would help us now 90 days into an effort to make some changes to get your assessment as to how –

GEN. SUMRALL: Okay. I'll start and then General Dyches can follow up.

If you visualize the process along a continuum which normally is – up until the 19th of January memo, took about 18 months to get a unit ready, deploy a unit for 12 months and bring it home, what you've got to do is move those things that were done in the – from the mobilization period from the time you get it mobilized until they deployed – you've got to move as much of that into the inactive duty training period as possible, okay? So we really only had 90 days to sort out what can be repackaged, what can be moved to the left, and how to do it, and then once we accomplished that, it also has to be resourced. So we're really kind of in the middle of getting that done right now.

Some of the units that were already in the queue stayed on the original mobilization plan – this was all worked out when all this took place – but all the new units are going for the 12 months and the process now is to figure out how to get all those things done in the early periods of the first month or two of mobilization, or we'll get a shorter mobilization period. So if it takes four months to get a unit ready, then you're only going to have eight months effective utilization.

So the short answer is we're working on it, but we're not there yet.

GEN. DYCHES: I guess I would add that it's been universally accepted as a positive thing by every reserve component chief I've talked to – for starters. We are only 90 days into it and the implementing instructions that go along with it have just now been signed.

The compensation instructions are very surely to be signed that also would go along with the January policy. However, comma, I would also say that many times very, very good decisions can be made and unless they're followed carefully with a well-crafted set of metrics, the execution of this is very important – to be watched – and so the performance indicators – are we performing according to that implementation plan, that's a very important thing. And I think as time goes on, we'll see whether or not we're living up to that decision or not.

MR. BALL: And within the – you know, within the framework of policies that bare on the success of that execution, that's one thing we as a commission need to know, have some better understanding about policies that inhibit the execution, or policies that, if changed, might make the execution more effective and efficient. So we look forward to more comment on this. General Vane, do you have anything to add to that?

GEN. VANE: Nothing other than the fact that we do know the services are doing an assessment of this and that all the assessments are early on in the process. What the resourcing impact will be – are yet to be determined.

MR. BALL: I'd like to shift – a component of that to managing the total force. If you'd set down and designed a structure for the management of a total force in 1973, I don't think you would have put together the kind of diagram that exists today – somewhat bifurcated oversight and management of different functions in the office of secretary of Defense and throughout the services in the military department.

So I just want to ask an open-ended question given the perspective that you bring to this issue. And one example the staff has cited is reserve recruiting and retention of course, under responsibility of the deputy assistant secretary of Defense for reserve affairs, active recruiting retention overseen by the deputy undersecretary of Defense for military personnel policy, both of whom report to the principal deputy the undersecretary of Defense for personnel and readiness, who has overall responsibility – and in this – if we were to create a total force management czar, would we do it this way? And is there a way – are there any documents or reviews that might be useful to us that address ways in which management of the total force could be better executed in the future?

GEN. DYCHES: Well, let me just take a stab at this. I would, first of all, say that the services present their forces to the war-fighting commander in different ways for very logical and compelling reasons. And the notion of having an overarching reserve component czar may actually complicate the problems that the services have.

It is very true that one size does not fit all. But if you were trying to establish a coin of the realm, so to speak, it would have to be return on – best value for America. How do we go about achieving best value for America?

And that I think is in a policy realm, there's an obvious evaluation that has to take place there and it's complicated. It's not an easy thing to reduce it down to return on investment. But, if I could, that's how I would go about doing it. I would have a management scheme that allowed me to have my decisions informed primarily by return on investment and risk.

GEN. SUMRALL: I guess the only thing I would add is I'm certainly not an expert on the department of Defense as far as management goes, but I would tell you that from my point of view, the effect that we were having in the recruiting business is very good right now. When you retain your force at the levels we're retaining and when you recruit at the levels we're recruiting, everybody is getting the job done. I mean, we've got some small issues on the margins, but by and large, we're in great shape right now. So it does work – it may not be pretty, but it works very well.

MR. BALL: Status quo.

GEN. SUMRALL: Not necessarily. No, I said I wasn't an expert on it. (Laughs.).

MR. BALL: Well, I've always – you know, Ronald Reagan had a view of government that the government closest to the people works best and this may be an area where we've drifted so far away from management of the force, away from – into a hierarchy that is somewhat confusing and perhaps we as a commission will look at some remedies for making it – I don't mean to suggest concentration of authority, but I mean to suggest rational way to ensure that policies are not overseen by separate and sometimes competing components in the Defense Department.

But your mentioning of recruiting or retention – let me ask a separate question that is concerned me. In Iraq, in Afghanistan and to a lesser extent across installations in the continental

United States, we are observing greater, far greater, employment of private contractors to serve in various capacities far more aggressively than was the case 15 or 20 years ago.

And I wonder every time I read or hear anecdotes about truck drivers who get paid six-figure salaries for performing in Iraq – performing these duties – if this is having, if this economic development and this is something relatively new, is this showing up as a factor complicating a retention for the National Guard and Reserves? And is it – are those resources, private sector resources – being applied in such a way that it's, that is taking some of the talented people away from Guard and Reserve units as well as the active force, that –

GEN. DYCHES: I don't know that I could point to a clear connection there. I don't know that an analysis has actually been done –

MR. BALL: I don't think –

GEN. DYCHES: – on that sort of thing, and I wouldn't – it would, so it'd pretty much speculation on my part if I were to ask, or the make a statement about it.

I have heard, anecdotally, that obviously a lot of Special Forces folks, who are very highly paid as contractors, one would naturally believe that there could be an incentive there that perhaps we do not really appreciate the full extent of. I'd say that, but that's all I would offer.

Mike, do you have any –

GEN. SUMRALL: Yeah, I'd just add one more – one more comment. I've worked as the deputy director for logistics and engineering at Central Command for two years – and did not get into the cost-benefit analysis of it, but got into the effect of the contracting – and I will tell you it was very effective. Our soldiers got what they needed and when they needed it. I mean, once again, it took a lot of work to get it all in place, but even now when you go over there – the last time I was over was in December, everything is very well done, it's well-maintained, the soldiers get the things they need and I think they're doing a great job.

(Cross talk.)

GEN. SUMRALL: – my view is they are completely part of the team.

MR. BALL: – from the taxpayers point of view, I don't think anybody's calculated what these costs are and for the – for those resources could be applied elsewhere. That's my only – (inaudible) – no question about caliber of the services being provided.

Finally, a question on cross-leveling for units that are being mobilized. We understand that the secretary of defense, in his policy, is making a concerted effort to stop this policy. And I want to just put the question on that specific issue as – how does this – do you see notable improvements in an effort to eliminate some of the readiness complications that have occurred because of this practice in the past, and, what comment can you make about our recommendations that we make on this issue?

GEN. DYCHES: I would revert back to my previous comment regarding execution. The intent's clear. We just going to have to execute this in all of our key and vital processes. General Vane may wish to comment about some of the monies that have been applied to this problem – either in the supplemental or in the base budget – but certainly, I mean, at the end of the day we've got to put our money where that policy is.

GEN. VANE: I'm not aware of any impacts as yet.

GEN. SUMRALL: I guess I would just ask you, are you really focusing on equipment or personnel?

MR. BALL: Personnel.

GEN. SUMRALL: Personnel.

MR. BALL: I think that the thrust of my question was personnel –

GEN. SUMRALL: Okay, well I would just tell you if you look at a typical National Guard unit anywhere in the United States, and you authorize it 100 – let's just say a 100 people, you will never, ever achieve that exact 100 people, but if C1 is 90 percent, you can probably get there fairly close to it, but it's going to be a – it's going to be a real challenge. And we need a backup system to take care of some of the manpower shortages.

MR. BALL: Thank you, Mr. Chairman.

MR. PUNARO: Commissioner Dawson.

RHETT DAWSON: Thank you, Mr. Chairman. I want to commend all of you for your willingness to appear before us today and your service to our country and I've got two questions, basically and any and all of you can answer them. But I want to direct the first one at General Dyches and pick up on part of that response that you gave to an early part of your answer to Secretary Ball regarding return on investment and risk.

My impression is that not enough application of business principles is applied to some of this thinking that goes on in relation to the kinds of resource commitments that are undertaken at the Department of Defense. So I want to draw you out on what you meant by "return on investment," versus what other people may view it. And then I also want to talk a bit about risk with you, if you don't mind, because that's a – I mean, those are more familiar terms to me than OIF or OEF or all those other acronyms that have been thrown around this morning.

So when – for example, one of the issues to me, that I would think about a return on investment is the cost of the – of a National Guardsman versus the cost of an active duty person when sent overseas. We've had the devil of a time getting a straight answer out of the Pentagon on that question. It seems to be a fundamental question. And there may be issues of risk that would take you in one or another direction – we've not had much luck getting answers on that point either.

Could you enlighten us on what you meant and how we could use your thoughts in our deliberations?

GEN. DYCHES: I've similarly been searching for an answer to that question for the last three years, sir. To start with, it's a very difficult answer to pin down. I'm not professional businessman, but my idea of a return on investment is, over the lifecycle of a given asset, if we're talking about a person, okay. And, moreover, it would be over the full range of military operations, not just Iraq or Afghanistan, or when somebody's activated.

You have a great deal of value – I'm in the Air Force right now on extended active duty, but when I first started my career I spent 10 years on regular – in the regular Air Force on active duty. I was a traditional reservist at one point in time for about 10 years, and an Air Reserve technician for another 10. But I've been in the Air Force and ready to be recalled to go fight anywhere in the world within 24 hours the entire 38 years that I've been in. So there is a certain value from a businessman's point of view that you would attach to that. I think that's fair. And so I would prefer to view this in a - in terms of overall value over the course of a career. That's – so that's to draw out on "return of investment," that's what I'm talking about.

Risk reduction is really what we are kind of in the business of doing. We are going to protect the United States, prevent people from doing bad things and prevail if we get into a major fight, okay. So we need to reduce risks in all of those areas and that – so there, the contribution that one makes, the value that you have, if you will, is measured in how it applies to those main core missions of the department.

Putting a dollar figure on it is difficult, but it's not impossible. Businesses do it all the time. They have to or they go out of business. And all I'm suggesting is that we need to find better ways to go about getting those answers than I think are presently available to the decision-makers in the department – personal view.

MR. DAWSON: Well, without being too cynical, it would suggest to me that if someone is not applying what to me means to be a fairly rudimentary estimate of what it costs to do, you know, make one kind of a commitment with human capital versus another, and you're not being, making those choices on that basis, that must be you don't like the answer. But that presumes you know the answer, which is what you're suggesting we don't know.

GEN. DYCHES: I am out of my line. This is – this is more General Vane's line – I'm sure he's not going to appreciate –

(Cross talk.)

GEN. DYCHES: – but to tell you the truth, you know, it is.

MR. DAWSON: We'll move on, and I'll - but I'm not going to move to General Vane, you just – you can look at what your aide there sent you a second ago and look it over and let me go to General Sumrall. And, here again, you can all weigh in.

My impression of the total force, or the use of it since 1973 by Jim Schlessinger, has been – it's been a slippery notion, or – evolutionary, I guess, is the political way to describe it – "a work in progress" may be more accurate. I was struck by General Lovelace's answer earlier on to one of my colleagues, where he had to correct his answer as he appeared not to be aware of the readiness levels or the measurement of readiness levels by General Blum. I was struck with that, not because anything it meant in relation to him, but I was struck more by how far away we are from really understanding what total force is. Because I would – my definition of total force would be a high degree of integration and communication about – (inaudible) – capabilities of the various forces within the total force. And if you don't know another guy that is a key part of that total force is actually measuring the force, it'd tip you off that maybe they're not very well integrated.

So having put you on the spot, General, tell me what you thought about that.

GEN. SUMRALL: Well, I think if you look at it over time – I had a little bit different thought than your's, but I – but I was also struck by his comment.

I think if you look at it over time, and had we been sitting in this room, say 10 years ago, there wouldn't have been any conversation about hurricanes or anything else like that because – Katrina, I think, was a defining moment in this nation's history. So we are still learning how to work those things out. That's yet – work yet to be done, in my view.

I was in a discussion late yesterday where we were comparing how the federal government looks at emergencies in a state – and we were with some state people and how the states look at emergencies, which is a little bit different, and what we were trying to do is work out the seam, at the point where the federal government comes in to assist the state government, and how we do that in harmony. And that's – that's an issue that we've got to get better at, frankly.

I've seen General Blum's measurement, and what he has done, is he's gone and asked the adjutant general to look at emergencies they have had in the last 10 years in their state and assess do they have the capability to deal with those emergencies with the equipment that they have. And then he's got a red/green/amber measuring device that he looks at to see if they're in shape. And what he tries to do is, as he deploys forces to the Title 10 war fight, is keep that in balance. So as an example, if you're short helicopters in one state, and it's very clear you're short helicopters in one state, you look at a neighboring state and you go ahead and make arrangements in advance, so that if there is an emergency, the adjutant general knows where to go to get his aviation in support. So it's a very good system, it's – it's not extremely complicated, but I think it works very well.

MR. DAWSON: But like the question I directed at General Dyches, it's the same application of kind of hard-headed calculus metrics as opposed to – presupposing that somebody doesn't really keep track of these things, or presupposing they're not susceptible of being measured – just to clarify things and to be fair to General Lovelace, what did you think he was trying to say?

GEN. SUMRALL: I think he was – it's not really his direct daytime job to do that – that's really state business – and I think that's the way he was looking at it.

MR. DAWSON: Well, you thought – you thought his answer was totally borne out of the thinking about the states. Okay, all right. But I – you know, I guess I took it as something that in a total force, what you want is the highest level of integration in the National Guard, and his answer didn't reflect –

GEN. SUMRALL: See, I would go somewhere totally different than maybe we've gone at all – is I would really go with the Department of Homeland Security –

MR. DAWSON: Could you repeat that, I didn't –

GEN. SUMRALL: I would go over to the Department of Homeland Security and look at how the Department of Defense fits, nests in the Department of Homeland Security. Those are the pieces we've got to get worked out.

MR. DAWSON: Yeah, and our – and our March report urged that upon them and that's a very difficult road ahead, I think, in order to get that level of integration. I was only hoping for integration within the Department of Defense, not trying to reach beyond that and be more sporty.

GEN. SUMRALL: Absolutely.

MR. DAWSON: General Vane. You're the expert on – your colleague has turned you in here.

GEN. VANE: Absolutely – and I appreciate that, Tommy.

GEN. DYCHES: I knew you would. (Laughter.)

GEN. VANE: But we have done some work on looking at the cost – the challenge becomes in value, of course, and what value do you place on national security. It is a different – if it's delivered by a brigade combat team from the active force or the reserve component. And from a cost perspective, equipment and the investment required is the same, more or less. So if you take a brigade combat team, then the cost of equipping those – whatever component it's in is about the same.

The challenge becomes in trying to normalize people. And so if you have a - if you're going to say that we're going to cost it for a year, and that the output of that year is 12 months of a soldier ready deployed forward, then you have, sort of, one equation that can fit for an active component. But you have to adjust that a little bit when you look at the reserve component due to pre-mobilization and post-mobilization activities. And so it doesn't become quite as clear. And it looks like a reserve component brigade combat team, when deployed, might be a little bit more expensive than an active component.

Now with the new policy, and force generation policy, which we're now in the middle of trying to assess that – what would be the long-term way to resource that.

The reverse is a little bit true, when you look at years – particularly years three, four and five, when you're at, say, perhaps a lower level of days that you go and train. And so the cost of a reserve component brigade combat team during that period of time – again, the value is not then a deployed soldier in combat, but rather a soldier that we're preparing to some level of being ready to go, so what is that value? But that cost of a reserve component is less, much less, than an active component.

And I think that weighs pretty heavily as we look at how we rebalanced. We looked at – given the new strategy, given moving from a strategic to an operational use of the Reserve and National Guard – what is the force structure necessary, perhaps to carry out as best we can figure out, this new strategy. And so you see, you know, if we're going to be engaged at something like 21 brigade combat teams for a number of years, then those that are engaged, it's probably a little bit cheaper to use active component than reserve component. Those that you need to prepare for the uncertainties or the contingencies, it's probably a little bit cheaper to have the reserve component. So some of that analysis has been done, but it hasn't yet been applied completely to the January policy that the secretary just signed out – and we're getting into details of what does 1 to 5 mean in the force generation model.

(Confers off-mike.)

MR. DAWSON: Would the Chairman indulge me just for –

MR. PUNARO: No, I was – I was going to ask you, I think this is – and I was just telling Commissioner Rowley, I think this is a very, very important line of questioning and I would encourage you to continue drilling down in this area.

MR. DAWSON: General Sumrall, you haven't spoken or been picked on to kind of get in this conversation about how to – how you can make an assessment of - I'm not asking you to disagree with General Vane, I'm merely seeking more information here. This has been a – we struggle with this and I think General Vane's construct is not one that's unfamiliar to us, but it's – it doesn't get me to where I've got to get to to try to make an assessment about –

GEN. SUMRALL: Frankly, I'm –

MR. DAWSON: – how to structure things and how to balance things.

GEN. SUMRALL: I'm not sure that any of us have the data that can get you to where you want to be.

MR. DAWSON: Why don't you? Why don't you have the data?

GEN. SUMRALL: You know, I really can't answer that question.

MR. DAWSON: Is that because you don't work in the comptroller's office, or because –

GEN. SUMRALL: No, no, it's just that I'm not sure that anybody has ever looked it. But you've almost got two extremes here, if you listen to what General Vane was talking about, he's talking about a – brigade combat teams short-term, and General Dyches is talking about over a lifetime. So, you know, you have to establish what metrics are you going to use, and then you also have to establish what level of risk do you want to buy for the nation, and then I think you can make an assessment. If you have valid figures, which I don't believe we have, as to what's the best arrangement for the nation – and it clearly is not necessarily the best buy for the nation, because we're talking about the defense of the United States of America. So we've got to figure out the best arrangement so that – and I think there's some intangibles here, and I would just – those of you that may not have had the opportunity, I would invite you to go to any small town in America and say goodbye to a National Guard unit, or go there and say hello to them when they come home. Because what is the value of the hearts and minds of the men and women of that community, the support that becomes, not only for the National Guard and the Reserves from the community, but that comes from the department – to the Department of Defense for the goodwill of the nation. And that – and that – you can't measure that.

MR. DAWSON: No, I agree. The citizen soldier concept is not something you can price out very easily.

GEN. SUMRALL: Right. But I do think that a good scrub would - of maybe looking at it both ways, in the short-term and the long-term, to try to figure out what the best arrangement for the nation would be – would be merit – there'd be merit to that.

MR. DAWSON: Yeah. And, you know, without being – trying to be pinned down to one construct, there's nothing that prevents you from saying, "Well, if you look at it the way General Vane says, here's what the answer is. If you look at it through the way General Dyches says it – about the lifecycle costs, there's another answer. And there may be three or four different ways to look at it, even including the intangibles that you described. So it's – and the final question is, you know, if you were us, who would you go to and ask this question in the hopes that you might get an answer?"

GEN. DYCHES: Well, I'll tell you, I think that, to be honest with you, this would be one of those things where you – you might be well advised to go somewhere outside of the Department of Defense.

MR. DAWSON: All right, thank you. I have no more questions.

MR. PUNAURO: That – and I've asked Commissioner Rowley to indulge me, because I think this is so important – we actually have done that, we've gone to both the General Accounting Office or the Government Accountability Office, also to the Congressional Budget Offices; we also were working with the RAND Corporation that was doing some analysis, but they were told they couldn't talk to us anymore because I guess they didn't – some, whoever it was that RAND was working for, I suspect it's the Department of Defense didn't want us to know about the information, so that disturbs me a little bit. First time we've run into any problem with the department on getting information. But here's a key for General Vane – and you talked about, and you talked about

lifecycle, in your J-8 shop, are you assessing requirement and programming budgets for family housing for members of the Guard or Reserve?

GEN. VANE: We don't.

MR. PUNARO: You do not. And neither does the Department of Defense because the Guard and Reserve does not use military family housing. By the way, we spend \$4 billion a year building new military family housing for active duty military members. Do you program any money for the Guard and Reserve to attend the DOD dependent school system?

GEN. VANE: Well, the services do all the programming.

MR. PUNARO: Right, but I'm saying, did –

(Cross talk.)

GEN. VANE: The Joint staff does -

MR. PUNARO: – is there a requirement for school seats for members of the Guard and Reserve in the DOD dependent schools?

GEN. VANE: I'd have to ask one of the services.

MR. PUNARO: Well, I can tell you the answer is no, because they – and your colleague behind you is shaking his head "no" – because they don't use the DOD dependent school system because they're not on active duty and they go to school in the public schools or the private schools, or wherever they send their kids. So none of the \$2 billion the Department of Defense spends to run the DOD dependent school system for the active duty military can be charged to the Guard and Reserve.

What about the accrual costs for retirement and health care for members of the Guard and Reserve, is that requirement the same for the Guard and Reserve as it is for the active duty, person on duty 365 days of the year versus 39 days versus someone that can retire with a full retirement after 20 years versus someone that retires at age 60 based on points? How is that being factored into these costs of – what it cost to be an active brigade or a Guard and Reserve brigade?

GEN. VANE: Part of that is included in the total. I mean, so –

(Cross talk.)

MR. PUNARO: Let me ask you this. Is it – you're saying that when they are on active duty, they should be paid the same and they are paid the same, and you're right. But is the accrual cost for retirement, for a Guard person, the same as the accrual cost for an active duty person?

GEN. VANE: Well, I mean, those aren't all the same –

MR. PUNARO: Right, because – because when you're accruing for an active duty person, he's accruing it based on 365 days and a retirement in year 20.

(Cross talk.)

GEN. VANE: Versus –

GEN. VANE: It's not going to be exactly the same.

MR. PUNARO: Correct.

GEN. VANE: You have to set up –

MR. PUNARO: It's going to be lower for the Guard and Reserve, correct?

GEN. VANE: When they're not deployed.

MR. PUNARO: Correct.

GEN. VANE: It depends on how much they've been deployed.

MR. PUNARO: Right. Well, you know –

GEN. VANE: It's very difficult to just, blanket, say it's one way or the other. That's why I set up the framework that said, "When deployed, and when not deployed, it helps us determine –

(Cross talk)

MR. PUNARO: Okay, so if they're - if they're deployed once every five years and your force generation. So what kind of analytical work are you doing from a budget standpoint, to look at this differential?

GEN. VANE: That's what I just tried to say earlier, is that we are in the early stages of looking at what is the cost of –

MR. PUNARO: Yeah. And are you factoring in these overhead costs that I've just described to you – DOD Dependent Schools, health care, accrual costs –

GEN. VANE: Yes. It clearly is part of that – and retirement, medical costs.

MR. PUNARO: Yeah. What about the DOD dependent schools?

GEN. VANE: I don't know.

MR. PUNARO: Yeah. But – and I just listed only a couple of the overhead infrastructure costs. Do you know what the average cost that DOD uses to program for an active duty military person on full-time active duty is?

GEN. VANE: We probably have that. I don't have it the, at my–

MR. PUNARO: Do you have a rough idea?

GEN. VANE: No.

MR. PUNARO: Would it – if I suggested to you it was between \$130 (thousand dollars) and \$160,000 a year, would you think that sounds to be in the ballpark?

GEN. VANE: I'd have to get back to you.

MR. PUNARO: Okay. Well it's about \$160,000 a year. I won't – I won't put words in your mouth. Do you happen to know what it is for a Guard and Reserve –

GEN. VANE: I don't know.

MR. PUNARO: – when they're only – when they're not on active duty? Yeah.

GEN. VANE: It's less.

MR. PUNARO: So I guess my point to you is how are you all doing this analytical work if you're not addressing these issues, these fundamental issues of the difference between the lifecycle costs of somebody that serves on active duty maybe once every five years as opposed to somebody that's serving on active duty every day for 20 years.

GEN. VANE: Well, again, we are doing that work and we do have people that know those – you know, I don't particularly have those detailed numbers right in front of me, but we do know what those numbers are. The comptroller and OSD does a lot of this work.

MR. PUNARO: Maybe you could help us –

GEN. VANE: On the Joint staff we look at the forces, we don't necessarily –

MR. PUNARO: Yeah. Mr. Dawson said – because we haven't been able to find anybody in the department that can give us this information. So maybe your office could help identify who that person is that has this information for us.

General Dyches, I'll close out by coming back to you. Do you see what I'm – are we on the right track in terms of posing the question about the lifecycle costs and adding in the overhead costs that it costs to have somebody on active duty versus the costs of the Guard and Reserve?

GEN. DYCHES: Well, yes, sir. For me there's one other thought. I think you are. I think it's a complicated issue for sure, and I think it would take some very smart people a while to figure this out if you wanted to look at the broad spectrum of value added for America.

I would throw one other thing out at the risk of digging myself an even bigger hole than I already have. And that is, I think the broader question is what is the coin of the realm here? And in the department we tend to think about this – and capabilities, and we have a capabilities-based assessment process that we go through, and we try to organize our key processes around capabilities. But to my simple North Carolina mind, capabilities are wonderful as long as they produce effects that we want to achieve in order to carry out the strategy. So to me, the true end-state coin of the realm that we seek is how many of these effects can we achieve per dollar spent over time? That is a different way of thinking about it perhaps than we're thinking about it right now.

MR. PUNARO: Well, thank you. And thank my fellow commissioners for indulging me. The good news is Commissioner Dawson, and his team are in charge of this, and I know he's going to get to the bottom of it by the time we issue our final report. And we look forward – I know it's hard, I was asking you some unfair questions because I know there are no answers to them, because we've been spending a year trying to get them and they aren't available, and we'll keep working and hopefully they'll reconsider the decision to tell the RAND Corporation they can't talk to us.

Commissioner Rowley.

WADE ROWLEY: Thank you, Mr. Chairman. Gentlemen, thank you very much for your time this morning – almost noon.

I'd like to expand a little bit on some of the previous questioning from Commissioner Dawson, but lean more towards the homeland security/homeland defense line of questioning. Back in 2003 and again in 2004, the Department of Defense, the secretary of Defense, provided guidance on rebalancing the force. One of those issues in rebalancing the force was rebalancing for consideration of the homeland security/homeland defense mission. DOD expects to promote and leverage the unique skills of the reserve components within the homeland since the original guidance came out in 2003, and it's been a long time now since September 11th.

Where are we as far as – how far down into the system are we as far as planning and organizing and training and equipping for the homeland defense mission, and is the National Guard ready for a seaborne attack? I know that's a – that's a big question, but General Lovelace earlier today mentioned that there was an exercise and it's the first one, I believe, I heard about where we're actually coordinating with FEMA and some of the other agencies. To me it seems like it's been quite a while for us to get to the point – to get to this part of the training. What are your views as far as where we are, and what are your views as where we need to go to – not necessarily speed the process, but ensure that we can get the system moving?

GEN. DYCHES: No. (Laughter.)

GEN. DYCHES: Rebalancing, quite frankly, ought to be a continuous, iterative process. From where I sit, the measures of merit that I see put out there are mostly numbers and not effects. That's all I'd like to say about it.

MR. ROWLEY: Thank you.

GEN. SUMRALL: And I'd just like to clarify one thing. I think what General Lovelace was talking about when he mentioned the (rock drill?), that is, in essence, a meeting to do an analysis of what the requirement is from the standpoint of forces and equipment – just to be sure it's on hand. I don't think it's an exercise, I think it's just a – just a –

MR. ROWLEY: Just a resourcing exercise.

GEN. SUMRALL: A resourcing meeting is really what it is.

GEN. VANE: I'd like to address that a little bit. Our capabilities-based assessment process starts out with, you know, first of all, of course – and I don't want to bore you with the whole process – but okay, what is it we want to do? So there's a CONOPS required. And in the area of the homeland, as I alluded to earlier, we are a support activity to homeland security. So there are efforts underway to begin that conceptual work, both homeland security and with the Defense Department, with NORTHCOM leading some of our effort for the Defense Department in conjunction with what we call "functional capability boards" within the Joint staff, as well as assistant secretary of defense for homeland defense.

So that work's only beginning. Over the course of the last 18 months, within the Joint Requirements Oversight Council, there have been four and six initiatives that have come up through the services, primarily the Army, led by the National Guard Bureau, the look at a number of different capabilities necessary that we think would probably most likely, and is residing within the National Guard primarily, to give us the kind of capabilities we need within the homeland – from weapons of mass destruction civil support teams to – there's a long acronym that I'd probably stumble over – but C-SMARFS (ph) and that's the, you know, CDRNE capable readiness force - to do assessments of our critical infrastructure, which is at about 170 within the homeland that need assessments done because of potential vulnerabilities there, to the training required for all of these different teams within the National Guard, both at an individual level and at a collective unit level.

These different initiatives came through the Joint Requirements oversight of, over the course of the last year, called "dot MLPF change recommendations." So there are changes not only in equipment necessary, but organizations, training, and the doctrine that would follow from the concept that still is being written. Included in here, I might add, is the making the Guard headquarters, joint headquarters with both equipment and reorganizing within the structures they have within the Guard headquarters to perform that.

So those have gone through the Joint Requirements Oversight Council over the last year – all been approved. Three out of four of those have received funding now in the '08 program objective memorandum, and are, I think, progressing well along the way to getting the force structure necessary to source all those teams, though they're not all sourced as yet. So more work

needs to be done, and, in particular, this larger concept to determine what the rest of the Defense Department's necessary capabilities are to contribute to homeland security and cooperation activities.

MR. ROWLEY: Okay, thank you.

GEN. VANE: But good work has been done, I think.

MR. ROWLEY: Let's shift gears a little bit. The 2006 QDR stressed that the nation is involved in a long war and with the potential for extended periods of high operation tempo, at that time – or they've implemented the human capital strategy program and the Commission has previously noted the Guard and Reserves are being used as an operational reserve versus a strategic, but none of the procedures, policy and laws have been changed. The Commission has also found the March 1st report that the current posture and utilization of the National Guard and Reserve as an operational reserve is not sustainable over time. And if not corrected with significant changes to the law and policy, the reserve component's ability to serve our nation will diminish.

On March 1st, we also reported and found that the reserve component members do not have adequate opportunity to gain joint qualifying experience. How do you see the reserve components being incorporated into the DOD's human capital strategy and how have current – how are current efforts targeted towards identifying practical ways in which to capitalize on the available resources and approaches to gain the most return we can from our capital investment?

GEN. DYCHES: Who's it for, me?

(Laughter.)

MR. ROWLEY: Here you go - anybody who'd like that one.

GEN. DYCHES: Thanks. Well, regarding human capital strategy, obviously we have a principal executive that's been appointed, Dr. Carl Dahlman. He has a charter for the development of human capital strategy that is aimed at the things that you were just discussing a minute ago. And, again, there need to be plans of actions with milestones developed, so as to make real a continuum of service and to be able to capitalize on our human capital, so to speak, and get the return on investment that we all seek.

A lot of this has to do with removal of barriers through volunteerism or to service in general. There are some that basically need to be identified and removed. You mentioned one earlier, Mr. Chairman, that I think is a barrier or an impediment perhaps – there may be others. Compensation comes into this. What is the appropriate compensation scheme to support and sustain this new type of force that we think we have – both regular component and reserve component. I don't think all the answers have been generated yet, to be sure. I just spoke to him a couple of weeks ago about this in depth, and I think he'd agree with that – that we're just getting started, really, with plans of action in this regard.

MR. ROWLEY: Yeah, especially in the captains and majors portion of our force structure, or the middle management, there seems to be a real void in that area. Is there a lot of focus being put towards that – that manpower problem, or is it more of an overall strategy that they're still developing?

GEN. DYCHES: Well, I can certainly tell you that in the case of the Marine Corps Reserve, the Army Reserve, to a lesser extent, the Air Force and Navy Reserve – but the company-grade officers are gathering a great deal of attention in the ground services. And both of those reserve component chiefs have very proactively dug into this, figured out what they think the problems are, and they are – they have developed some implementation plans to address this. You can certainly talk to the Army Reserve about this later, but this didn't happen over night, in their case, and it's not going to get fixed overnight.

The Marine Corps, being somewhat smaller, I believe will be able to address this a little more quickly than the Army Reserve, but that is a very significant problem, you bet.

MR. ROWLEY: Okay.

GEN. VANE: I think I'd just like to add one thing too. I think we have to look at the problem in a little different way, because if you remember what General Huck said about the battalion had three majors in it. And you look at the way that we're providing support teams all over the AOR, all the various mobile training teams, which are made up of this very same population of people, that is not built into our regular requirements process of the traditional pyramid. So we may have to have a bulge in the pyramid, where instead of having three majors in a battalion, maybe we need four or maybe even five, to give these people a place to live and work during peace time so that we have the traditional battalion during wartime and the augmentation piece as well so we can grow these people through the system over the – over years.

MR. ROWLEY: Okay, great. And one final question. How are the reserve components being given the opportunity to participate in Joint credit? Because that's something that we've identified as the Commission that there seems to be some blockages – do you have any ideas on what we can do as a commission to help solve that problem?

GEN. DYCHES: Well, we have just concluded an implementation plan that should be put into effect this fall, that addresses this issue at least in part. And it - what it attempts to do is identify a great many ways in which reserve component members can be credited for Joint service. That's important to know that. If you're wanting to do something like General Sumrall just described and put together a PRT or a JTF headquarters, knowing the experiences of these reserve component members when they're being asked to augment such an organization is very important.

So the means by which to gain credit for those things, which have been going on with great regularity, is – have been developed, and with any luck, they'll be implemented this fall. Beyond that, the Chairman certainly has tasked General Sumrall and I to try to help create ways to better operationalize reserve component participation in the Joint community writ large. And there are some barriers there. There is, first of all, no legal requirement for joint qualified officers in the reserve component. Now I'm not necessarily suggesting that you all ought to go suggest a law that

makes us have that, but it's certainly something that needs to be considered because there is an increased demand. I can assure you of that. The combatant commanders like to have reserve component folks, from major up to general, working for them, embedded in their combatant commands in the joint community.

There is a certain tension between the services in the joint community in this regard. Because the services also like to have the same majors or generals working in the Air Force, and the Army and the Navy and the Marine Corps. So I guess I would say that there is a good bit of work that remains to be done to fully operationalize the reserve component within the Joint community. And that is something that you all ought – I would encourage you to keep on your radar scope and to try to develop those ideas more fully.

MR. ROWLEY: Thank you very much, gentlemen.

That'll be it, Mr. Chairman.

MR. PUNARO: Okay. Mr. Thompson.

J. STANTON THOMPSON: I've got, really, two lines of questioning here. One, I'd like to address to General Dyches and General Sumrall.

Through our work we have concluded, I think, that the reserve component will have a significant role in mitigating a domestic event. And I want to get out of the state talk, I want to get out to the DOD talk – level of thinking. I was a little bit taken aback by the fact that the G-5 of the Army did not have – put his eyes on these 15 planning scenarios that we've been told about because – and so my question to you. As the Reserve and Guard advisor to the chairman, you all rub elbows with the JHACOs (ph) probably daily I would suspect, am I – is that a true statement?

Well, we got from Secretary Forman for the Department of Homeland Security, basically an understanding that they're in their infancy and doing the requirements part of mitigating a domestic event. But they have developed these 15 planning scenarios to start out with. And then we had Secretary McHale tell us that those 15 scenarios were kind of the foundation that the Department of Defense was standing on at the time in terms of being able to develop how the DOD is going to – what role they're going to play and how they assist. So does the J-5 on the Joint staff have vision of these 15 scenarios?

GEN. DYCHES: Absolutely.

MR. THOMPSON: Okay, then why doesn't it get to the service lives?

GEN. DYCHES: Sir, I would tell you that the dialogue between the J-5 and ASDHD has been longstanding and prolific about exactly how to go about developing these types of things.

MR. THOMPSON: The Joint staff – does the Joint staff guide the services on requirements?

GEN. DYCHES: Well –

MR. THOMPSON: Is that a true statement?

GEN. DYCHES: – to be sure, they do –

MR. THOMPSON: So if the J-5 –

(Cross talk.)

MR. THOMPSON: – just pushing a little bit because I was really taken kind of aback by the fact that a principal planner of one of the service component said we'll have a pretty big stick – any domestic mitigation of a domestic event did not have vision on the only planning tool that we can find.

GEN. DYCHES: Let me just see if I can tell you where I think my – we are with my cursory understanding of this. And I did have Ron Salazar down from the J-5 a couple of weeks ago to talk to me about this. These things are being developed into a concept of – first of all into a strategy, and then it will be developed into a concept of operations which will be supported in the dot.MLPF process and eventually (produced ?) into the budget. Before that happens, DHS must do their version of a capabilities-based assessment, if you wish to call it that, so that we can figure out what civilian capabilities exist right now at the non-federal type local responder state level, what civilian capabilities exist within the Department of Homeland Security and the rest of the federal government. And then, what military capabilities we have that could be immediately applied to the gaps that they have –

MR. THOMPSON: Well, let me – let me press a little bit different, General Dyches.

GEN. DYCHES: Okay.

MR. THOMPSON: We are required to report to Congress no later than January 2008, and one of our charters is to look at the laws and policies and regulations affecting the National Guard and Reserve. We feel that the role of the reserve component in homeland defense is a significant one. Do you think we will have something we can put our teeth into by January of 2008 that we can do a logical assessment of what the plans are for the reserve component's activities in defense support of civilian authorities? Do you think we can have it by then?

GEN. VANE: Let me help a little bit here. I referred earlier to the fact that there is an ongoing effort that's just beginning between Northern Command, Homeland Security, ASD Homeland Defense, the joint staff, the functional capability boards that are overseen by the J-8, to baseline what everybody is doing this summer to begin this effort starting this – FY '08. And there's money already set aside to do the study that helps define what the Defense Department's CONOPS is in support of this effort that's going on within Homeland Security and the 15 planning scenarios.

MR. THOMPSON: So the answer is probably not by January.

GEN. VANE: I think – I think by this fall we'll have what we would call a POA&M, or a Plan of Operations and Milestones, because we think this will probably take us a year to 18 months to baseline what we think the capabilities are that all these different entities bring and then help determine what should then be the gaps that the Defense Department needs to provide –

MR. THOMPSON: Okay.

GEN. VANE: And then assess our capability to provide those, and then determine what is the resourcing required to fix that.

MR. THOMPSON: Okay.

I'm going to shift gears to another topic. The laws that – General Dyches, you're the Title 10 adviser. Am I correct? You're the chairman.

GEN. DYCHES: I am certainly one of them. He is –

MR. THOMPSON: This is – this is kind of a Title 10 question. That's why I'm going to put you in the crosshairs.

The categories of reserve – Title 10 reservists were created over 50 years ago, and we are going to look over the next several months whether or not those categories – and I'm talking about the Ready Reserve, the Standby Reserve and the Retired Reserve. If you look at the time that all of these were generated, you can kind of see the mind – the thinking of the legislation that created them. Now it appears to us, at least at this point – when you look at the tail that comes along with all those categories – the supporting tail, the policies, the procedures of each of the services and how they treat their reserve components and all this kind of stuff, you – it all still kind of sits on these three pillars – the Ready Reserve, the Standby Reserve and the Retired Reserve.

Now my question, General Dyches. Is that, in your opinion – you've been in this 36 years, you said? Right?

GEN. DYCHES: Thirty-eight almost.

MR. THOMPSON: Thirty-eight. In 38 – and you've kind of been in this evolution. Not since '53, but you've been in there. Are they the right categories today?

GEN. DYCHES: Sir, I don't think that – that again, you could make that assumption. I believe that fundamentally this is one of those keys processes, a personnel process – how we're organized with respect to our personnel – that ought to be reexamined under the light of today's global commons and the strategic security environment in which we find ourselves.

Are they relevant? What is the return on investment, lifecycle-wise? I don't believe that they necessarily are. I mean, certainly you wouldn't jump to that conclusion. It would be magical if organizations that were created in 1947 would still be as relevant today as they are then.

MR. THOMPSON: Do you have somebody within the Department of Defense or the joint staff that's got a magnifying glass on these three categories and are trying to work through the what-ifs and trying to mold that clay a little different that we can tap on? Is there somebody that you could recommend to us?

GEN. DYCHES: Let – sir, let me think about that with the – before I give you a snap answer. There may be a lot of people that have been doing some thinking about that, and I'll be happy to get back with you on who I would think would be the most knowledgeable folks to help you with that.

MR. THOMPSON: Okay.

Mr. Chairman.

MR. PUNARO: Okay. Thank you.

Before we – we've got a little bit of time for a few more in the second round. I want to see if there are any commissioners that haven't had a chance to ask a question that want to ask a question before I – Seeing none, let me – let me – I've got a couple I wanted to address, and that is particularly, General Dyches, as you do your turnover file and you talk to your two colleagues at the table and then whoever your successor may be, what are you going to tell that person – the either top three or top five problems or challenges or issues you were working – you want to make sure that that person focuses on, and the ones particularly that you weren't able to make as much progress on as you would have liked during your tenure. What – do you have such a list, or do you have some views on that?

GEN. DYCHES: Yes, sir, I think so. The basis of this – the things that we've really been trying to accomplish here have to do with, again, fully realizing the benefits of the reserve component in an operational context. There is a level of integration that we seek, both within the services and within the joint community writ large, that is the linchpin to the sustainment of an operational reserve.

The total force is a strategic imperative. The Goldwater-Nichols principles, in my view are a strategic imperative. So whatever it is that we do to improve the efficacy of this operational reserve, if you will, ought to be viewed in the context of those two major events. We cannot undo any of that. So whatever it is that we do must contribute to the next higher level of integration within the services. It must contribute to the next higher level of jointedness, if you will, within the joint community. And it ought to produce the best value for the United States over time.

And so that's a huge big deal. Part of that – if you were to break that into three bite-size chunks, part of it – the bridging strategy, if you will, has begun. Secretary Gates' memo in January is a part of that. The implementation instructions that go along with it are a second piece. The compensation instructions that will go along with that would be a third piece. I'm convinced that you'll see action on a fourth piece – i.e., your initial recommendations back in – sometime ago, the first of March – very soon. That's – that will be piece number four.

I think the middle part of this has to do with a reexamination and perhaps, if the secretary decides to engage on a new total – and additional memos that would serve to better define the total force policy, that may be viewed as another mid-term step that he may wish to undertake.

And lastly, we still have an interagency issue out here that in the big picture of things is a stumbling block, and it needs to be addressed. So those are a couple of the things.

Moreover, the human capital strategy bit that I was just asked about a minute ago is an enormously important part of all of this. You can't begin to get the kind of return on investment you need unless you really look at how we are compensating the force. Is it producing the kind of return that we need, producing the value for the country that we need? Are we eliminating barriers to volunteerism? I'll tell you for a fact, I've tried to hire a lot of Army Reserve and Army Guard folks, and if your records – if you're in the Army, every – they have to go to St. Louis or somewhere like that. And if they ever get to St. Louis, you can forget about it. It takes about nine months to figure out that the guy's there. And I've had guys that I wanted to put on duty tomorrow morning when I was a wing commander – just simply couldn't get them recruited because we couldn't find their records. Those are the kinds of things that, you know, people like me try to push up mountains for a long time, and they're very, very hard to do.

So those types of things, plus the operationalization in the joint community would be another major target for whoever comes behind me.

MR. PUNARO: Okay. What part of your job in the Pentagon are you going to miss the least, and if you could do some streamlining there, where would you start? (Laughter.)

GEN. DYCHES: (Laughs.) Actually the – this job is really an outstanding job, and I'm not sure that I'd want to, you know, grade anybody's homework about where to streamline.

MR. PUNARO: Okay.

GEN. DYCHES: I've enjoyed it immensely, and it's a great privilege to have an opportunity to work for two chairmen when the nation's at war. And it's been a huge experience for me.

MR. PUNARO: Finally, let me ask all three of you, and – at the risk of pushing this point about the cost of the Guard and Reserve relative to the cost of the active duty military – and again, Chairman Dawson is going to be doing with his subcommittee a lot of work on this area and has been doing a lot of work. And as you say, it's – I mean, when the J-8 is struggling the same way we're struggling to get his hands around it, that shows you why we're frustrated.

But when the RC chiefs testified in San Antonio and we – and I said, relatively speaking, it's probably a little more – it's probably some more expensive because they're being used more and there's – maybe the differential between the cost of the Guard and Reserve and the active has narrowed somewhat – we don't know that for sure – but you know, I kind of liken it to, you know, if you're going to go buy a new suit at Nordstrom, it's really, really expensive, and you can also get that same suit at Nordstrom's Rack and you're kind of getting the same suit but it's a lot cheaper.

They all testified that unequivocally, even knowing of all the analysis that OSD was doing and little pockets of analytical firms were doing here, there and everywhere, and knowing that there are those that are suggesting that it's – the Guard and Reserve are more expensive than the active component, and I'm waiting with bated breath to see the details of that analysis so we can, you know, look at it and find out, you know, where that came from, if in fact that's where some people are headed. But I – we have had it suggested by some that, you know, there is no differential. They're going to have a very huge burden of skepticism on my part to convince me of that.

But kind of to get to the bottom-line point, they all testified that the Guard and Reserve remains a real bargain for the taxpayer. Do you believe that still to be the case, General Dyches?

GEN. DYCHES: Yes, sir.

MR. PUNARO: Okay.

General Sumrall, do you believe that still to be the case?

GEN. SUMRALL: Absolutely.

MR. PUNARO: General Vane, do you still believe that to be the case?

GEN. VANE: I think so. I think under the conditions that we have in our strategy right now in particular. And as I said earlier, when deployed, reserve component's a little bit more expensive because you end up having to use a different timeframe due to pre-mob and post-mob training, and that makes the reserve component just a little bit more expensive. When they're at home station –

MR. PUNARO: But a little bit more – you mean they're paid more each and every day than the active duty military are paid?

GEN. VANE: No. No, you end up keeping them longer to get the same amount of value.

MR. PUNARO: Well, that's a different question, though. They're – are they – here's a question to you –

GEN. VANE: Well, that's why –

MR. PUNARO: Are they being paid more than their active duty counterpart each and every day they're deployed?

GEN. VANE: Of course not. Of course not.

MR. PUNARO: Of course not. Okay.

GEN. VANE: But to get the same value, you end up having to keep them a little bit longer than the active component. That's why there's a little difference when deployed. And when you're at home station, the reverse is true.

MR. PUNARO: Yep.

GEN. VANE: So for your investment and for the contingencies you need in the future, the reserve component is a tremendous value.

MR. PUNARO: And you're – it sounds like when you say – you're counting days that they're being paid when you say it –

GEN. VANE: Well, you have to –

MR. PUNARO: – because you're saying they're being paid for longer to get the same capability.

GEN. VANE: Right.

MR. PUNARO: Now, does that take into account a person that's a pilot in the Air Force Reserve that also flies for American Airlines as a civilian?

GEN. VANE: These are general –

MR. PUNARO: So it's not – doesn't have anything to do with experience and things like that.

GEN. VANE: Each service is going to have a different specific view of those.

MR. PUNARO: But I – basically what I heard you say is you still believe they're a bargain for the taxpayer.

GEN. VANE: Absolutely.

MR. PUNARO: Okay.

Any other commissioners have anything else before we close out?

Thanks again for – each of you are in incredibly critical jobs right now – probably fortunate to be in those jobs at a time when the nation is requiring the dramatic use of our Guard and Reserve and active. And you're all doing a terrific job, as we've said before. We appreciate the close working relationship we've established with the joint staff. General Pace and Admiral G set the tone at the top and have been, you know, very, very helpful to the commission – of course, the two assistants.

And again, General Dyches, thank you for your great service to the nation in uniform, and we very much look forward to your pro bono volunteer service with the commission after you retire. (Laughter.)

We'll adjourn until 1:00.

(End of panel.)