

**COMMISSION ON THE NATIONAL GUARD
AND RESERVES**

**HEARING ON RESERVE COMPONENT
POLICY REFORM**

**1:00 PM SESSION:
CIVILIAN LEADERSHIP PERSPECTIVE ON POLICY REFORM**

WITNESSES:

**THE HONORABLE THOMAS HALL,
ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS**

**THE HONORABLE RONALD J. JAMES,
ASSISTANT SECRETARY OF THE ARMY,
MANPOWER & RESERVE AFFAIRS**

**THE HONORABLE WILLIAM A. NAVAS, JR.,
ASSISTANT SECRETARY OF THE NAVY,
MANPOWER & RESERVE AFFAIRS**

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ARNOLD L. PUNARO: Good afternoon and welcome. For our final panel today we will hear from the senior civilian leadership within DOD and the military departments charged with oversight of National Guard and Reserve policy issues.

Our panel members are the Honorable Thomas F. Hall, assistant secretary of Defense for Reserve Affairs; the Honorable Ronald J. James, assistant secretary of the Army for Manpower and Reserve Affairs; the Honorable William A. Navas Jr., assistant secretary of the Navy for Manpower and Reserve affairs; and Mr. John C. Truesdell, deputy assistant secretary of the Air Force for Reserve Affairs.

They're all well-known to the commission. We've worked with all of them over the years. They are tremendous leaders and patriots and extremely knowledgeable in these areas, so we couldn't have a better group to deal with some of the issues we need to deal with as we sort of shift gears, Mr. Secretary, from having delivered our March 1 report. We're not looking backwards at this point; we're looking forward to the issues that we have to deal with, which were sort of the basis of the original commission's charter that will come in our January 2008 report.

As discussed in our two earlier panels, the services have previously undertaken a number of reform initiatives, including force rebalancing and transformation, at the direction of former Secretary of Defense Donald Rumsfeld. Now each service is also implementing some initiatives by Secretary Gates, particularly the revised mobilization policy in the January 19th, 2007 memorandum with the follow-on guidance from Dr. Chu on March 15th, 2007. These senior civilian leaders can offer unique perspective on the policy implications of these reforms, but on actually really on the broader set of issues that the department has had underway for some period of time. They have the responsibility for the broad range of manpower and force management issues with which the commission must deal with for our final report.

As part of the next round of hearings, we will be examining the role of the National Guard and Reserves within the total force and the changes that should be made to further integrate the active and reserve components to promote military effectiveness. These issues range across the spectrum for the adequacy of equipment for effective training to career paths that offer the opportunity to select the best person for the job, whether active or reserve, based on the totality of skills and capabilities that individual is able to bring to the assignment.

We welcome input of all of the witnesses on this panel on ways to eliminate any barriers or institutional stovepipes that sometimes have impeded effective total force integration and your suggestions for areas the commission should address to help the nation achieve meaningful and lasting changes to the reserve components.

We thank you for being here today and for your service. Again, I want to say, as I've said many, many times, we very much appreciate the cooperation that we continue to receive from the Department of Defense. Even before the commission got officially cranked up, Secretary Hall called me when I was designated as the chairman. We got together very early on. We also – I got together with Secretary Navas, and Secretary Hall, designated point of contact in his office, has been tremendously helpful and cooperative, even though it was pretty clear to them at times that the commission was probably to have some different views from some of their policies, and yet that did not affect their willingness to work with us and to help the commission. And, of course, many other parts of the department have provided information and witnesses.

So without that kind of cooperation – Secretary Hall, I would say to you that we got good cooperation out of the Department of Homeland Security and the other elements that we needed to work with. So we really appreciate that and look forward to, as we prepare our final report, to working closely with you in that respect.

And I was also pleased to see that you brought the sergeant major with you here this afternoon because we feel on the Marine Corps that we always want to be protecting the Navy wherever that may be. So, Sergeant Major, welcome, and also welcome to the rest of your all's staffs. Again, Secretary Winkler and others – other folks that at their levels have been working very directly with us and each and every one of them helps us to do our job.

So without objection, your prepared statements will be made a part of the record, and I'd defer you all on how much of your statements you want to utilize. Secretary Hall, I was particularly impressed with your statement, as the others, but I mean, I really think you've got some really, really important material in there, and while all commissions and all committees are always interested in the brevity of a statement, you should feel free, and we want to hear the things that you deem to be important. So with that, Mr. Secretary, please proceed.

THOMAS F. HALL: We all have short verbal statements, not nearly as long as that. This is my third appearance. All appearances have been delightful, and I say that and mean that. I've been treated with grace and dignity and we appreciate the work you're doing.

My verbal statement will be slightly longer. For you all that know me, it's normally short, but this I feel compelled to give because I've heard criticism from some points that perhaps we have not done a lot to transition to an operational reserve and the department is behind, we haven't done lot, and I feel compelled to sort of set the record straight on what my perspective has been done by a lot of people – not me, but a lot of people working for me in about three categories.

One are mobilizations. Now, we mobilized over 550,000 in this conflict. We've got 74,000 mobilized today, and that 74,000 represents 120,000 less than it was a year

and a half ago. Six Army divisions' worth of people less are on duty today than were. We have relieved the stress on the force over the past couple of years.

And you mentioned the new mobilization policy. I have appeared on eight radio shows in the last three days to discuss with America the new mobilization policy where we have lowered the length of mobilizations to one year, not 18 to 21 months, which I told this commission probably a year ago was not sustainable. And this – they are unit-centric now, which we heard the complaint: do not cobble together, do not cross level; mobilize by units. That policy does that. Predictability of a one in five, we cannot get there now, but clearly the secretary has said a one in five – the Guard and Reserve – is our goal. We will compensate people when we are not able to achieve those. He has directed the minimization of stop loss. He has directed that all waiver-type requests be reviewed to ensure that we are respecting those. The 24-month cumulative rule, which had been criticized in many circles, is gone and we are proceeding along these lines, and I think the four BCTs that were recently announced for alert are the very best examples.

I just want to take a second to talk about the 45th, 76th, the 36th and the 45th from Oklahoma. I've alerted nine to 12 months ahead all of those BCTs to mobilize as a BCT, 3,500 in each – 13,000. Significantly they are going to replace 72 separate units in the field that were separate units. Now we're going to take these four BCTs, organize them, and what is going to allow us to do is to get the equipment flowing early, get the training started early, tell the employers early, tell the families early that they might potentially deploy from March or from December through March. And I say potentially; that will depend upon the situation on the ground.

I've already spoken to my home state and here's their plan: They're going to do a 28-day annual training. They admittedly are going to unit-type training, put it together in 28 days, tell everyone, and plan that. And I have promised that we will visit every one of those BCTs in the field and ask: Do you have the equipment you need? Do you have the training dollars you need? And if they don't, assist them. So I think this is the kind of example that this new mobilization authority for an operational reserve can happen.

Personnel policies for an operational reserve. We've got rid of the 179-day rule that, Mr. Chairman, I heard you criticize when you were in the Marine Corps Reserve and I was heading the Naval Reserve. We thought we'd never get rid of it. We did.

Guard and Reserve personnel do not have to compete on active duty promotion boards. They are not counted against active duty promotion lists. This was a bar to them serving in an operational reserve on active duty. We have gotten rid of the housing allowance, the BAH-II. They are now paid housing allowance after 30 days – after they have a 30-day set of orders like the active duty.

We have bonuses for reenlistment. There was no critical skills bonus, which was not an incentive to stay in the operational reserve. We established \$100,000 critical skills bonus for the Guard and Reserve. There was not one in existence. We have had a modification of the Montgomery GI Bill. I personally favor lengthening that over a

career, addressing the disparity and the numbers. We have work to do in that, but we're committed to it.

We have virtually TRICARE for every guardsman, reservist and their family, 90 days prior to mobilization, six months afterwards. And you can take it out at any time you want with a very reasonable co-pay. That never existed. That supports an operational reserve.

We have mobilization for training category. If we are going to make the model of train, mobilize, and deploy, work, you have to do the training prior to that. And a mobilization for training category which is not allowed under the law, we got the law changed and that may be used as a tool.

We're increasing the end strength, building more capacity for the operational reserve – 8,000 more in the Army Guard. And the good news in March, as General Blum and General Vaughn said they would a year and a half ago, they passed 350,000. And they are 105 percent of their recruiting goal. And the retention statistics are the best since 1991. This is not something that is told, it should be on the record that our young men and women are patriots and they are staying in greater numbers than they ever have since 1991.

We have a civilian skills database to support the operational reserve. Mr. Chairman, when you were serving and I was on active duty, we did not know whom reservists work for, what their civilian skills were, and we couldn't tell you how many people were in police departments or anything else. That is a robust civilian skills database that supports an operational reserve. We have established that.

Our continuum of service, we have pursued. We have innovative programs like the 09L language program which allows people to join and serve with different periodicity, come and go in the Reserve, and it supports a long term operational reserve, and Congress has been our part in that.

So I guess I would sort of feel that we've done a bit to support the operational reserve.

We have also money management – asked for a long time for categories of BA1 and BA2 and how we may move money. When I was a reserve chief, I was very restricted how I could move training dollars. We have been allowed now to move those dollars and report, and we've tested it for a year. And I think we'll get long term authority to have that mobility for a Guard and Reserve chief – and we have many of them up here – to move those training dollars between categories as you or she sees fit. That's supporting the operational reserve.

ESGR changes: we have out 100 new people ESGR people within the various states to support the state chairs fulltime to help them do their job and be connected to employers as we support this operational reserve.

Equipment – and I'm sure we'll talk about that, throughout is very critical to this. There is \$7.7 billion in the '07 execution right now, which is unprecedented for the Reserve and Guard components. I expect it to be more in '08. And there is \$36 billion in the FYDP, of which \$27 billion is going to the Army Guard and the Air Guard alone. If you executed all that money – many of you have been around; you know, do you always execute the outyears? No. But if you did execute the outyears, that would bring the readiness up to 80 to 90 percent. We need to make sure that money that's programmed stays in the budget and is executed and addresses the long-term problem of underfunding the equipment area.

I think I would close there, but my point is a lot of people working very hard to support the operational reserve and all those things have happened over the past couple of years. And I wanted to make sure that they who have done this get a credit. We have a lot more to do. We want to work with you on it, but I think progress has been made.

Thank you.

MR. PUNARO: Thank you and again – you have a very powerful written statement. I encourage all members of the commission and I encourage all members of the public and the media to take time to read that statement as well as the other witnesses' statements.

Secretary James.

RONALD J. JAMES: Mr. Chairman and distinguished members of the committee, it is a pleasure and an honor to appear before you today. In the short five months that I have been the assistant secretary for manpower and reserve affairs, I've learned how vital the Reserve components, that is the National Guard and the Reserve, are to the Army and to the nation. Their professionalism, dedication and sacrifice are impressive. I view my responsibility at least to the men and women of the Army's two reserve components – the Army National Guard and the Army Reserve – as one of my most critical responsibilities. The Army – an Army of three components: Active, Guard and Reserve – has never failed this nation. This is a noble work – very noble work. And I think of nothing that makes me more proud or I'm more conscious of as I go about my duties at the Pentagon.

Given that I endorse Mr. Hall's comments, I would be glad and I look forward to any – answering any questions that you may have regarding my written statement or anything else that's of concern to you.

Thank you.

MR. PUNARO: Thank you,

Secretary Navas.

WILLIAM A. NAVAS: Thanks Mr. Chairman and distinguished members of the commission. Thanks again for having us here. I will submit the written statement for the record, but I would like to make some brief remarks.

Again, I appreciate the work the commission is doing at this critical time in our history. Your transformation initiatives from your letter are right on the money – the transformation of the reserve components to reduce the stress of the reserve components due to operational tempo in the long war and the issue of an operational reserve.

Let me briefly comment on these issues and then I will try to answer from that perspective the specific questions that you had.

First, on the issue of transformation, obviously we have two choices. Either you transform the reserve component as the reserves – as a whole, or you transform the reserves as part of their service. I think – in our human capital strategy in the Department of the Navy, we have chosen the latter. I mean, you need to transform the reserves as part of their parent service, not as a standalone.

Second, how to reduce the stress due to the op tempo and related to the third, which is how do you sustain for the long war. On these last two I think the jury's still out. If we recall the Gate's commission report, it warned about a long protracted war with an all-volunteer force. If – and in my opinion it should be – the draft is off the table, then we must find the right combination of statutes, policies, structures, and dramatic changes in the culture to start moving towards an operational reserve without discarding the strategic reserve that has served us very well through the history of the republic and even before the history – I mean, before the start of the republic.

So in my personal opinion I think we are on an early stages of a operational reserve concept, similar to the Total Force concept that we had in the '70s when we started this. I think we are looking at initiatives like the ones that Secretary Hall has mentioned – some of the ones we are taking to set in motion those changes in the statutory, policy, structural, and operational to make this a reality. So we have started down that path.

From a service perspective, in addition to what Secretary Hall has done, we've looked at the QDR. I mean, we are looking at a human capital strategy coming out of the QDR. The DAC MAC, the Defense Advisory Committee on the military compensation of the 10th QRMC, myself, Dr. Chu and my counterparts are working very close with the QRMC to look at compensation initiatives, retirement patterns, to move us more into a continuum of service and a concept of more operation, I think, the reserves. So I think we're moving in the right direction.

Now, my concern is that we must avoid the one-size-fits-all syndrome. The services are not the same and the components are not the same, so we need to be very, very careful that as we establish these policies and these goals that we allow maximum

flexibility to the services and their reserve components to be able to adjust and adapt to what is needed in this long war and then in future conflicts.

So I look forward to our dialogue, and I stand ready to answer your questions.

MR. PUNARO: Thank you.

Secretary Truesdell.

JOHN C. TRUESDELL: Yes, sir; I thank you that I really speak for the Air Force and a lot of other folks to just really complement you all on your perseverance. I mean, there are some constants we have to keep in this turbulent time and you all were very courageous and have a huge challenge. We want to help as much as we can.

So, Chairman Punaro and distinguished members of the commission on the National Guard and Reserves, thank you for the opportunity to appear before you today and present testimony about to the United States Air Force and what we call our Total Integrated Operational Force comprised of the regular, Air National Guard, and Air Reserve components. I will submit our testimony for the record in more detail.

U.S. Air Force is a global reach force fighting an ongoing global war on terrorism while preparing to confront future enemies over the horizon. Never before in our history have the members of the Air Force Reserve components played such a global role in defense of our homeland. Missions are no longer stove-piped into regular, Guard, or Reserve – a unified and integrated total force effort is required. By design, the Air Force presents forces through the Air Expeditionary Force – AEF – construct. Twenty five percent of each AEF rotation is performed by the Air Force Reserve and Air National Guard, Air Reserve components.

Totally integrated forces are operationally engaged in worldwide missions, whether it is our air-lifters and fighters in Operations Iraqi and Enduring Freedom or reach-back operations flying satellites and predators from Las Vegas. The cross cultural sharing between our components is a model of Total Force integration – TFI. TFI is critical to meeting – total force is critical to meeting the challenges of competing resource demands, an aging aircraft inventory, and emerging missions with unique capabilities.

Recently in the wake of base realignment and closure – BRAC – decisions our senior leaders approved the phase four TFI – Total Force Integration – list identifying 138 initiatives to enhance air component, teaming, and maximize force structure capabilities. The Air Force has championed associate units and community basing missions within the F-16, C-17, C-5, F-22, C-40, space, and special operations communities. These initiatives strengthen the Air Force model of one team equals partners and ensure that the same training standards are met by all components.

The Air Force recognizes volunteerism is the linchpin to our ability to source more missions with members of the Air Reserve components. We embrace volunteerism

to maximize the critical skills and capabilities that our Reserve component personnel bring to the war fight. The NDAA FY-2005 ensured standard volunteerism would not weigh against active duty end-strength accounting. Since the end of the Cold War, the reserve components have evolved from a strategic force to an operationally engaged reserve. In fact, we have been at war for 17 years. Our operational reserve is designed, structured, and resourced to conduct operational missions on a continuous basis while maintaining a strategic hedge.

Operational reserve, associate units, and reach-back capability support theater commanders and take full advantage of civilian based competencies and talents. As a key pillar to our human capital management effort, in addition to the TFI and locations, our human capital management effort, the continuum of service construct is designed to provide seamless transition between regular, reserve, and civilian personnel. These on and off ramps facilitate a variety of options to meet personnel and national security requirements. Continuum of service will preserve the nature of the citizen airman while providing the predictability and stability necessary for our reservists, their employers, and families.

There are many factors that constitute barriers which diminish the Air Force capacity to acquire and retain necessary personnel and key skills. Most of these barriers are products of existing laws, policies, and practices. The Air Force has developed and evolving barriers-to-service matrix which, Mr. Chairman, I would like to submit under – for the record.

MR. PUNARO: Without objection.

MR. TRUESDELL: That identifies issues with potential resolutions to total force challenges. The Air Force is looking to the combination to support total force Integration, continuum of service, and volunteerism by recognizing the uniqueness of each service. One solution may not fit all. It is important to allow Air Reserve components to fill combatant commanders' requirements in their own way: Air Force flexibility through centralized planning and decentralized execution, maximize commanders' options at the lowest possible level.

In summary, the Air Force is an integrated, single-tiered readiness force ready to perform tomorrow's missions today. Mr. Chairman and distinguished members of the commission, thank you very much for providing me the opportunity to speak about the Air Force for you today.

MR. PUNARO: Thank you. Let me get started here and I failed to thank Secretary Hall for his leadership. He was given the assignment by Secretary Gates and General Pace when our report was issued on 1 March to put together a taskforce in the Department, to lead that taskforce, and to come up with the Department's recommendations on our March 1 report. And if anybody on March 1 would tell me the Department would be in the position for the secretary of defense to make a decision and report back to Congress within about six weeks, I would have said some very colorful

comments that I typically would make about how long it takes the Department of Defense to staff about anything, but from what I understand Secretary Hall has accomplished nothing short of a miracle working with the gentlemen here as well as with the military and the departments. And as I understand it, the secretary is in a position to look at your recommendations of your taskforce and make decisions obviously on his own timeframe, but from the leaks from the congressional staff that have been brief – not from anything the commission has access to – it appears that that’s coming out here in the very, very near future. So certainly it would be very, very timely in terms of the Congress, as well as we certainly appreciate the hard work and objectivity that your taskforce brought to that. So thank you very much for that.

MR. HALL: Thank you and if I might make just a brief comment –

MR. PUNARO: Yes, please.

MR. HALL: We had two meetings and completed our work in 14 days, 10 working days, we were given 30 days. We felt that what you had done was absolutely critical. The time to be aggressive was here. And we completed in half the time and delivered it. I expect that the secretary will make a very quick decision. The principle, as he has said, is that anything that can put into policy will be immediately put into policy, with an immediate transmission of legislative proposals, which we believe there were four, would be transmitted to Congress for use in the 2008 markup and budget that’s ongoing.

So my sense of urgency was the workgroup is it’s going to be a fast train: don’t get on it unless you can keep up. And we considered all views. You did a superb job. I can tell you – I can provide you the same briefing that I provided to the congressional and staffers if you want that, and it does not have the decisions because haven’t been made, but it has what we have recommended. And I can get you that by the end of the day if you want or tomorrow.

MR. PUNARO: That would be very helpful. I mean, you –

MR. HALL: It’s as a – it’s open for the public and what we gave them –

MR. PUNARO: Okay because we’re not looking to get in the inside information. We’ve sort of shifted gears, we’re looking to our next report now.

MR. HALL: I’ll give you the same information I gave them. And basically it says we agree completely – we suggest that the Secretary agree completely with 20 of your 23 recommendations, and on the three which we have a little bit different view on, we have an alternative which we think supports that. So one could say that either concur or concur with comments on all 23. And, again, we have suggested that this train move right along, staffing be done, and that even when the process starts people be given a period of a couple of weeks to come back with their plan – not days, not months, week –

a matter of days and not weeks to come back immediately with an implementation plan because we think this is critical.

I commend you on your work. We'll make that report available to you.

MR. PUNARO: Well, that's terrific and we look forward to working with you on that. I think this is characteristics of Secretary Gates very decisive way of doing business and I know the commission was particularly pleased when he decided very quickly on the cross leveling policy that you've alluded to earlier, and he didn't take a long time to dither on that one either and he made some very positive changes there.

As I indicated, we've sort of shifted gears to – we feel like we made our report to the Congress and the secretary of defense. You are dealing with it and you're going to put your input in. The Congress then has it for action. They'll be working with the Department and working with the stakeholders. We're kind of focused on the future in our January '08 report, and I'm reminded – and I can't remember the exact timeframe, but it was within a couple of months, I think, of when we got cranked up in the fall of '05, you and I believe Secretary Navas and his double hat as the chairman of the RFPB hosted a fairly major significant pretty time critical conference I had the privilege of being able to attend.

And I remember at that conference one of our earlier panel witnesses, Major General Tommy Dyches, made a presentation on behalf of the Joint Staff and he was talking about the operational reserve and I'd sort of been out of the loop for a while and it kind of caught me by surprise but got my attention – dramatic changes that were underway. But he also said, okay, this is the reality of what's happening with the reserve today: it's not a strategic reserve, it's an operational reserve, but the underlying laws, rules, regulations, procedures, funding – things you've heard the commission say in our final report – we've looked at that for over a year and concluded: hey, he was right, and we need to address that.

You've made some very strong statements in your written testimony and verbal testimony that there's a pretty significant down payment that's already been made on some of those changes. What is the additional process? Have you all set down in a methodical way and said: okay, we have an operational reserve, now let's go look at all the laws, rules, regulations, budgeting procedures requirement, mobilization processes and determine which of those have to be changed, and then put in place a plan of action to change it or is it sort of bubbling up as the military departments say, holy smokes, this needs to change because it doesn't fit. Is there some kind of organized chaos to deal with this type of issue?

MR. HALL: I think it's a little bit an organized chaos, but we are dealing – I would invite my colleagues – but following that conference we sat down and took a look at a way ahead and what we needed to. And many of the things that I mentioned flow to that point. For instance, the budget activity might seem like a small thing unless you've been one of the commanders. If you don't have the opportunity to transfer money

between annual training, ADT training, and all these other categories and you're restricted, then you can't – so we said, as a result of that conference – we went to Congress, we got the authority to test it and to report to them every quarter what we're doing to make sure that the services have reported to us.

They've all been right on. The transfers have been within the guidelines. That is a good example as a follow-on to that and we're using that as the process. Plus, when the services come forward, the same over the rest of the things, it all flowed from that. It's the implementation plan. That was an important conference and as a follow on to Secretary Gates's decision on the 19th, we realized there had to be a set of rules – there's a document, the A-THIC, which implements, gives all the rules we developed. And so we take each one of those and think about what we have to do, put the way ahead, put down the rules to implement each one of them. And the funding was a good one that came up at the conference.

MR. PUNARO: Okay, any other comments? Secretary Navas?

MR. NAVAS: Yes, I would like to – I would like to make a comment on that. And again, it's the point I tried to make in my opening statement. We have to strike a balance. In order to have a fully integrated total force, you have to deal with it in the context of the service. In the Department of the Navy we are at a third iteration of a human capital strategy that I remember you participated in our first attempt to that early on my tenure when we had that off-site and you were still wearing a uniform. And we have still been working that for the last six years. We're on the third iteration of it. The vision that the Navy – the Department of the Navy has of a Total Force, having two services, we learned very early, as you are aware, that one size doesn't fit all. The policies that apply to the U.S. Navy do not apply to the Marine Corps and vice versa. There are a lot that apply to both; in those cases that is great, but that should not be the issue.

Then we saw that in this long war with – it's basically like Bob Scates says, it's a human behavioral scientists' war. This is a war that we're dealing with culture, with diversity, with a lot of other issues that are in this new globalized world. We saw the total force beyond active and reserve integration. We see a naval total force comprised of active, reserve, civilians, contractors, auxiliaries, volunteers. Then you do – basically you say, who can do what? And if there are things that are not inherently governmental, that we could free personnel to – and outsource that, we are doing that. Then if it's inherently governmental, but doesn't need to be military, we levered our civilians, and we have done a lot of civilian military conversion, in some cases to free up military to be put in the case of Marine Corps, or in other cases to basically reduce our active military, which is the most expensive asset. Then if it's inherently military, we'll look at the reserves, and if the periodicity, if the way that these missions need to be accomplished are applicable to the reserve components, we do it. And then our final, most expensive asset is the active component.

Right after September 11th, we saw that the Navy Reserve was structured for a different era, a different concept. I remember Noah Bryan (sp), at that time being the N1, briefing the secretary of the Navy, saying that he had about 10 percent of the Navy Reserve mobilized and he could not sustain that over an indefinite period. I almost fell out my chair because as a director of the Army Guard on an easy day I had about 30 percent of the Guard, I mean, doing everything from filling sandbags and some bank of an overflowing river to working in Kosovo to supporting a lot of missions.

So we immediately launch with the help of Fox Fallon, who was at that time the vice CNO, a zero-base review and we said, starting with the blank slate how would we design a Navy Reserve to support the Navy that we are building as part of transformation to the 21st century? So this is kind of the point: we need to look at the reserve component in light of its own service. We don't want to get to the point that we've got on our cast for example that we designed something only for the reserve components and then that thing was a disaster. So that's kind of where I think we need to be very careful – that we have two choices: either we establish policies and laws only for the reserve components and they might of might not be compatible with what the service is doing, or we do it in a context of what the service is doing. And that's kind of my point.

MR. PUNARO: Secretary Truesdell?

MR. TRUESDELL: Yes, sir, I think we're actually faced with painting a moving train. And if we can get half of that damn car – darn car painted, we've done a good job with it. But it's really like a recon by fire in that as much as we think sometimes that our policy pressure from the top is the proper direction to go, we really are finding that – probably all the services – that the snuffies knows how to kill the enemy, what it takes to kill the enemy, and what it takes to stay alive. And somewhere in the middle, we're grabbing these barriers. And I think at the crux of solving the issue the best we can is identifying these (Jersey ?) walls that are out there. And they differ and are applicable, as has been said, from service to service.

In the case of defining an operational reserve, there can be an overall definition which we have an overall definition, but specific definition from one service to another. In the Air Force's case it's sort of a moving train to a agree because we've got eye over shoulder future adversaries that are trying to achieve parity or become more superior to us, and which were fighting battles through aircraft that'll dominate the sky and one F-22's worth eight F-15 – I mean, really serious stuff with a potential force on force in the Pacific which we don't want to fight. We want to probably win by air power and sea power. I don't know, but that's another thing. So as a global force with weaponry that is a global kind of strategic weaponry with tactical air support and everything, we've got to constantly be upgrading that plan.

So I guess what I'm saying is it's different from service to service. There is a general concept of operational reserve, but the new laws and policies are going to have to be flexible enough so that we can pick and choose these things and tailor our force to optimize our readiness.

MR. PUNARO: Yes, you basically have a modern day version, much more intense of the traditional tension between the combatant commander in any period, who's worried about the day-to-day contingencies they may have to deal with, and the service chief and OSD that's worried about the longer term modernization, the longer term policies, the longer term management of you manpower pools, and of course now you're trying to look to the future to make these kind of changes to make the operational reserve truly a sustainable operational reserve 10 years from now, but at the same time in your day-to-day jobs you've got to satisfy an incredible requirement, real world, wartime requirement of the combatant commanders, particularly Iraq and Afghanistan. So nobody underestimates the difficulty.

And let me close up my round, Secretary Hall, by saying for example – and I'm not saying a checklist is the right approach, but how do you kind of keep up with are you working on all the things you need to work on for this longer term transformation? For example, is there a working group looking at Reserve Officer Personnel Management Act – ROPMA – and saying, okay, if we're going to have truly an operational reserve that's sustainable – that's feasible and sustainable in the ten-year period, what are the changes we have to make to ROPMA? What are the changes we have to make to DOTMA (ph. And, I mean, you talk about a massive, complex piece of legislation: you put those two bills together they go about this high. Is there some kind of methodological way the Department is cheeping away at all these areas?

MR. HALL: We take a look at what we think are the elements of an operational reserve. And I covered many of them: personnel, equipment, mobilization. And we have a number of categories. Then we look within each one of those, what are the things that we need to do. We developed a strategic plan in each one of them to address each one of those methodically.

Let me give you an example. Equipment: I am not satisfied that we have an equipment strategy that fits the operational reserve. I think we have an equipment strategy that is matched to the strategic reserve and what it says we should strive for 70 percent of the equipment on hand as a goal. What does that mean? Does that mean the equipment necessary for homeland defense, to fight overseas wars? Does it mean – what exactly does it mean? It's just when I ask, well, somebody decided 70 percent way back with.

So I have launched a group to do a baseline review of the equipping strategy of all of the Guard and Reserve components. When we get our ideas down, we're going to go to the services and involve them and step back and say, what are the readiness factors we want to achieve? Does it support the ARFORGEN model? Should we – and it's not a tiered readiness and almost everybody up there who's gone with tiered readiness doesn't like it along the way. It's not that. It is properly equipping those Guard and Reserve components at home in the state for dual use equipment, for General Blum's essential 10 – every one of those kinds of elements, and then see what is the true cost of that along the way.

And I just don't think we have that type of integrated equipping strategy and we're living with it. And we have – in all honesty have neglected Guard and Reserve component equipment throughout the years. We've used cascading and overage equipment and then we want to take those units and suddenly train them and send them to war. So if there's any one thing this year that I believe that we needed to attack on that list – and I picked it and said we can only do so many at one time – pick equipment because it's going to be critical, and we have got to have this year a definition of that and involve – and General Blum's talked about that a lot.

Now, on this I would involve all the services. And I'm not saying equipment strategy has to be the same. It ought to be their equipping strategy to support ARFORGEN or to support AEF rotations or the Navy. So that's what we're concentrating on as our issue for this year. That's how we're approaching it.

MR. PUNARO: Great. Thank you.

Commissioner Brownlee.

LES BROWNLEE: Good morning. Let me just begin up to thank all for your service to your country, and I know you represent a lot of wonderful young men and women who are serving our country also and they all have our total gratitude for what they're doing for us.

The good thing is you said so many interesting things that I kind of pushed aside all the questions I had and started focusing on what you were saying. That's also the bad thing here, but because I'm going to kind of bring some of these things up as they come. You mentioned the – this morning if I got – if I recall correctly, General Lovelace told us that there was 3.4 billion in the fiscal year '07 Sup to replace equipment that the reserve components had left in theater. And that this was just a small down payment and the total replacement it was going to take years and years and years. Now, he mentioned a pretty large figure, but it would replace all of this equipment by 2013. That's still not near term really, but it's sooner than would be done otherwise. But the dollar figure was \$52 billion.

I know that's a lot of dough, but what you're talking about here, Tom, and with the criticality of this equipment, if you truly are going to have an operational force in being, doing the things that we're asking them to do, I think we've got to make that investment. I think the Department's going to have to come up and make the case to the Congress. Now, most of the members believe they've already bought enough equipment to make the Guard well, but that clearly isn't true. Is there any effort within the department to take an initiative to come up and prior to buy this equipment to replace and reset these brigades both for there – as you've pointed out, not just for away games, but for the homeland missions as well.

MR. HALL: Yes, there is. And in fact, for all Guard and Reserve equipment from '05 to '13 there is \$54 billion from '05 through '13. I'm not sure that was the figure he was talking about a shortage. Now, a majority of that is going to the Army Guard and to the Air Guard, but in the current plan from '08 to '13 – that's what I mentioned – there are \$27 billion for the Army Guard and Air Guard together, \$27 billion. This year's budget has for all Guard and Reserve components executing \$7.7 billion. Six of that is going to the Army and Air Guard.

And he's quite correct; there is within the supplement this other 2.5 to 3-point-something which would put the Guard alone up above \$8 billion for '07, expecting that the same thing would happen in the '08 area. The question really is, is that enough and what does that really do at eating the way of the readiness? That's why I ask, if these money from '08 to '13 for instance came true and we in fact put \$27 billion in along with the supplements, how much would that raise the readiness? And how much would that raise equipment on hand? And the answer is we put all of this money in, and if it all were applied, it would raise the equipment on hand to about 87 percent for the Army Guard. We've never been much above 70.

Now, the key – and you know it as well as anybody up here – is the out years coming true and making sure that that money continues to be programmed, but again the real answer to your question I think is this baseline equipment review has got to go further than that. It's got to break this down into dual use equipment and equipment that's essential 10 and all the kinds of things that can be used. And I just don't have the specificity on that that I think I need to be able to say whether each state – what is the equipment there? How much do they have? What can it be applied towards? And the gross figures really don't do that. They don't break it down on that basis and that's what I'm working towards to give that type of clarity to it, Les.

MR. BROWNLEE: But you mentioned that – I think you said that every reserve component family will receive TRICARE three months before the deployment through six months after.

MR. HALL: That was a change in the law last year. Ninety days before mobilization you get full TRICARE coverage for the members in the family and under the law last year it was extended for 180 days afterwards – six months coverage. Automatically, at any time during two years, for any thing that you might think could have occurred to you, you can apply to VA for coverage. You might have seen hearing this morning or perhaps you were having your own hearing, but there is also that two-year period, but TRICARE Select, which was enacted by Congress last year replaces all previous TRICARE programs: the tier one, two and three. And that will be in effect by September when we make the transition. And it says for it a very reasonable fee – 28 percent, which is about \$70-some for an individual, about \$200 for a family, \$238 I think – you may have coverage. As long as you serve in any Guard or Reserve component, you can use TRICARE as your healthcare system from now on.

MR. BROWNLEE: Let me get to where I'm going here, Tom. Can you ensure prior to the deployment or even the 28 days of training you mentioned that there will be a physical exam to determine the medical readiness of everyone?

MR. HALL: I would like to turn to my colleagues on who administer that by service. I'll tell you what my personal opinion is. And I have never understood – now, as an aviator, I always took a physical each year. I had to do that and it was just a way of life. And I'm not saying that we have to do that all along, but I have not always thought when I commanded a reserve component that the periodicity we had for physicals for our people was ensuring the medical and dental that we need, and I think we needed attention to that. We needed a way of better assessing the medical condition because, again, to have a true operational reserve, you've got to have the medical readiness because we're going to use them more. And each one of the services administer their physical programs for their components, so I might turn to them to see their view on the preparation of the medical readiness of their individuals.

MR. BROWNLEE: But there's a huge investment here in healthcare with this TRICARE. It just seems to me that part of this investment should buy the medical readiness that we need to ensure that – they're only going to be deployed or mobilized for one year; we've got to ensure that they are medically ready on the first day. It means a physical's got to come before that.

MR. HALL: You know, we thought that we could not do dental readiness on drill weekends, and I used to say why can't we drill them on drills. And we ask, and there is no practical bar to drilling them on drills, medical care may be received, and if you're going to do a 28-day annual training and preparation for a year ahead and you're going to be on duty that time, why not do your medical, as Oklahoma is going to do, during that 28 days and get your physicals, get your dental, and do all of that? Now, that takes time out of the training pipeline and I understand that, but I think we have the window to start addressing these things in this pre-training ahead to get ready for mobilization. And again I differ to any of the members.

MR. BROWNLEE: Yes, well this one year mobilization time can get eaten up pretty quickly when you figure that you have to – you know, in addition to this 28 training days, you assemble and deploy and come into theater and assemble again and then move into theater, and then of course you've got a lot of time to come out. So how much time do you anticipate that a unit under this one year mobilization will actually spend boots on the ground?

MR. HALL: Could I go back just for one second? Let me give you Oklahoma and the 45th and General Wyatt, whom I'm most familiar with as I've just talked to. We have now told him: get your 3,500 people in the 45th ready to go. Get them ready to go potentially from December through March. And we're telling you right now and you are formally alerted and you can begin that cycle. So he has at a minimum nine months and a maximum of 12 months in which to begin all the medical exams, all the medical readiness, and now he's not going to have to do that after mobilization.

As far as boots on the ground, I'm not sure that 12 months boots on the ground is a sustainable thing under that model and perhaps nine months are more fitted. But it's just simple: there's only so much time. And again the combatant commanders and others determine issues like boots on the ground, but it seems to me if you're only going to have one year, you can spin on your boots on the ground, and that drives you to something like a nine months. That's my opinion. I'm not the combatant commander but –

MR. BROWNLEE: So you think three months is enough for assemble, mobilize, deploy, arrive theater, move into theater?

MR. HALL: Only if we – only if we alert and have the equipment there and the year ahead training and conduct the maximum of it. And we're going to have to do it that way and be very diligent; otherwise it's not enough time in those three months. But I believe it would be adequate if we conduct the type of training we need to in the year ahead.

MR. BROWNLEE: What will be the dwell time for these four to six brigades by the time – or these four brigades by the time they deploy?

MR. HALL: The average is between 20 – 21 months and 42 months, with the least having 21 and a most having 42 months. But we have done a run of all 13,000 people and two thirds of those people are new and have never deployed. And as I say this along the way, people – you get all sorts of figures, but let's use ground truth in hearings like this: two thirds of them are brand new and have never deployed. Only one third – so the unit itself has a dwell time of 21 to 42, but we need to look at the individuals, and we turn over 18 to 25 percent in Guard and Reserve components every year – probably hasn't changed much during our time. People come and go. They join. They move in and out. And that's what they've done with these four units, so they're already at two thirds brand new and they have nine months to a year to go, so there're going to be other new people in there. So you might have 70 percent have never deployed. Now, 30 percent might and they would have a dwell time breakage if you want to call it that, but this is why it's such a good example because we want to see the first group of people under this and take a look at how many were new or how many – have all of them truly gone before. And that's the statistics for those four.

MR. PUNARO: Okay, Commissioner Eckles.

LARRY ECKLES: Just to follow up on the previous question. Out of that two-thirds new people in those combat brigades, how many of those are E5 through E7s and captains through majors. Have you done any look –

MR. HALL: No, no I haven't. I think that absolutely is critical because those key leaders, that E5 and captains and iron majors, and all are very critical and you need to look at the one that have gone. Are they leaders that can automatically help the new people? And I'm sure the services are doing that because it's a bit more of their business.

What I wanted to know from a macro sense right a way was the questions that Les asked: what's the dwell time of the units? How many people in those units haven't deployed? And we have the capacity, though, within DMDC to look at the various grades and all. I just – I don't have that – we haven't done that. That's what we've done today. It was just announced last week, so we've just taken an initial look at it, and I don't have that right now.

MR. ECKLES: Thank you. I'd like to talk a little bit about the Individual Mobilization Augmentee program. The purpose of the Individual Mobilization Augmentee programs right pertain and pre-train and fully qualified personnel to fill specifically designated positions in the Joint Staff, the unified commands, and throughout the active component organizations in DOD. Currently the IMA program is managed and funded through the services reserve personnel appropriations. These service members are frequently called on active duty towards averring lengths, depending on the availability of funding and availability of the individual.

Additionally, all services seem to be making extensive use of individual augmentees for operational support that go far beyond their existing IMA programs. In many cases these individuals come from a reserve component unit, and their absence creates a shortfall that must be filled. How have your services met the challenges of filling increased individual augmentee requirements caused by the global war on terror?

MR. HALL: I would turn to the services who own them.

MR. TRUESDELL: I don't think the MAJCOMs – did you want to go ahead?

MR. NAVAS: No, go ahead. That's fine. Go first.

MR. TRUESDELL: – didn't realize how important in fact that IMAs are in fact an element of combat power, but they were there and they were operating and they were in some very critical positions. And when the decision had to be made by the commander of the Air Force Reserve, he had choices in our – recapitalizing our force in order to have these systems for future wars and all that. He had to drop 7,500 folks out of it in order to help his piece of the pie. And he had choices between dropping combat capable wings and individual mobilization augmentees, so in fact he shifted the funding of about 7,000 from CAT B, the Air Force Reserve, to CAT E, which requires that the owners of these IMAs where they work, like the Air Combat Command, they suddenly realized, geez, we've got to do this as part of our funding chain now.

And so for one thing, the actual commands realized how absolutely critical these people were. And it was one more piece of the pie that showed that the seasoning to our combat force resides in our Air Reserve components. I mean, a lot of it – some of the best F-15 wings and all this.

So how are we handling that? We're having to get the MPA keeper of the keys to start talking to RPA keeper of the keys instead of in this stovepipe thing, and have communications so we understand what the whole bucket is and how we can use these funds. Basically I would say we're still reacting to getting the funding lines prepared because a lot of people aren't going to be able to serve the country until we clear them up.

I don't know, is that too jumbled or is that –

MR. ECKLES: That's fine; thank you.

MR. NAVAS: In the case of the Department of the Navy we have two different operational concepts, if you will. The Marine Corps Reserve is pretty straightforward – their units. We tried to maintain the unit integrity. Our units are infantry battalions and other units deploy – and this is going back to Secretary Brownlee's question. We made a conscious decision early on to have a seven-month rotation for both active and reserve. This is basically the traditional expeditionary tempo of the Marine Corps. And that gave us the opportunity and the ability within a one-year mobilization of the reserve component to get a full rotation in theater of a seven months and still have time for the work up and at the end the decompress, the leave, et cetera, so that has worked very well. That was a position that former commandant of the Marine Corps Mike Hagee took a very strong position and has worked well.

The Marine Corps Reserve has an expectation – the reservists who are on the IRR, different than others IRRs, and I can speak for the Army Guard from my previous life that they have a commitment of four years and they can either do that commitment in a selected reserve unit which they participate in and they get paid, or in the IRR, and there's an expectation that if needed, they would be called. Now, we – out of internal policy, we try to protect the first year of that IRR participation and the last year. So if you are in your first year right out of active service or in your last year to basically go out of the IRR, we try to protect and not call you. So if you're in that sweet spot of the second and third year, your expectation is that you're going to be called.

Up to now or to about a year ago, we were getting enough volunteers from that group not to have to mobilize it. Then got to the point where the issue was not whether they were volunteers or not. It was the issues of employer support, of families issues, and all that. And a lot of individuals were saying, look, I'll go, but you need to order me because if not, I'm going for the second time, my family's having problems, my employer – all that. So we got authority from the president and the former secretary of defense to be able to call involuntarily some of the Marine Corps IRR. And that's mostly where the individual augmentees go from the Marine Corps Reserve. So we're trying not to break units, but we're going to that pool.

In the case of a Navy Reserve, we have structured the Navy on operational support elements that are embedded under – with their active component. So you no longer have the commander of Navy Reserve aviation. He is a deputy to the head of

aviation in the Navy. And the structure is embedded there, so that when you are moving an individual to go on fill an augmentee – or individual augmentee in theater, you're not breaking a unit. I mean, you are just establishing a different priority for that position.

Now, we're doing a lot of Navy, both active and reserve, missions taking some slack from the Army, some functions as our master of arms or our MPs. We're doing some of that. We're doing a lot of other combat service support that we're training individuals to do that, but this is a temporary situation and I – the Air Force is doing the same.

So I think we have a good way of managing our individual augmentees. And of course, there's always going to be that small percentage that we had to pull someone because it was a short fuse, but all in all I think we have a balance between our units and our individual augmentees.

MR. PUNARO: Thank you.

Secretary James?

MR. JAMES: Sir, we have 6,000 IMAs and I'll need to take for the record exactly how many of those are volunteers and how many of those are mobilized. I don't have that number handy today. In terms of the IRR – but let me just dovetail a bit on what Bill was saying, is that I would not call it managing, but simply because of stress we had to draw in the resources of the other services. So this – that's a declaratory sentence. I know they're not supposed to do that, but – because we simply didn't have – we've also gone to the IRR, we've had – we currently have 2,013 on duty today, 12,000 have served altogether.

And again to piggyback on what Bill was talking, we have decided that it's better to pull from the IRR than it is to pull from a unit that's forward because that's further back in the queue because it's simply – it means we pull from another unit, then we have to spin faster, and that just creates additional problems. It has a ripple effect.

MR. ECKLES: Thank you. That's all I have Mr. Chairman.

MR. PUNARO: Okay, thank you.

Commissioner Sherrard.

JAMES SHERRARD: Thank you, sir. Just a few questions I'd like to run down and it's going to sort of cut across several different key areas. One of the major concerns that was addressed to this commission early on were from some senior enlisted advisers and it was relative to out-of-pocket expenses for them to come to inactive duty training. And the question I would ask each of you – all of you – is, one, how much of a problem do you see the travel issue for those members – the cost of him having to pay for the travel for them to come to that IDT or that inactive duty training as being problematic for

your particular service? And then the other piece of that is, are you doing anything to help them; i.e., are you – like one time I think the Army Reserve was actually – that they had a test program for travel, I believe, a few years back, but I'd also be interested in housing and things of that type that is being provided at the expense through the service, not at expense for the member, for them to do IDT.

MR. HALL: Well, I just from the policy, and it'll be very short because you want to go them, I think we have antiquated rules. I lived with the 100-day rule or 100-mile rule, 50-mile rule. I think those are things that are tied to a strategic reserve. Aligned with BRAC, now you're going to have people traveling 200, 500, or 1,000 miles. I think we need to revisit that and I would appreciate your thoughts about that because BRAC and other things I think you have changed that and then might be something now. That requires funds. It requires money and if there's not any other, how do you trade it off? But I think conceptually in order to support that, based on BRAC and those artificial rules, we need to revisit that from a policy aspect. What the services would want to do, I'll leave to them.

MR. JAMES: I would endorse what Secretary Hall just indicated. If we are going to call men and women to service and if we're going to make this an operational reserve, I would actually attack that on a much broader thesis that we really need to reduce medical cost. We need to make it easier for them to get there where there's housing, where there's transportation. And we need to have money well in advance of training and I – and to piggyback to the question on TRICARE, I think that's an excellent move, but frankly if I'm a truck driver and I'm self-employed and I've got to pay for my insurance, I have a bad knee, I frankly don't need to get that done to do my job. And we need the kind of systems and we need the kind of underpinning on the healthcare side, on the travel side, on the training side that in fact make it easier, because it's going to go to issues like retention. It's going to go to issues like if we're going to minimize stop loss, that would encourage in my judgment – that would allow through to that direction.

But all those involve costs and where I believe this commission can help us is to say, yes, it's right. It's a time to go to operational reserve, but we need to provide the infrastructure not just in travel, not just in the hotel accommodations, but in healthcare and additional support for the family. If not, it's not going to work.

MR. NAVAS: It has not been a major issue in the Naval Reserve components. One of the reasons I think is that in this operational support units in the Navy Reserve we have kind of moved away from the one-weekend drill. I mean, some of these units are doing basically – combining the two weeks of annual training plus 39 days and doing weeks at a time at their – where they are providing the operational support, normally there is billeting there. There is ways of compensating the travel and minimizing the travel. It's is not just going back and forth for a two-day period.

I'm pretty sure that there are some horror stories there on other units of individuals that just to participate they're paying out-of-pocket expenses. I know an individual – a young man that I've been mentored for a long time, that he is a lawyer

working for a multinational firm in Brazil, and he travels to come to drill. And most of his pay – I mean, his reserve pay goes in paying for his travel, but that’s something he wants to do. And lucky we have people like that.

MR. TRUESDELL: Under the continuum of service and in this matrix – barriers matrix that precludes service because of the barrier – under the pay and benefits category within this matrix, we are working on that as a barrier, and I would like to get to – take for the record, to get back with exactly the status we’re were going and what kind of options we’re looking at to solve this.

MR. SHERRARD: Sounds great, John, and I agree with you and I appreciate very much the responses that each you made, because I think we as a commission all would agree that there’re a lot of things that we need to go do because, as Secretary Hall said, the exacerbations that BRAC and other decisions relating to missions are driving us to having to change our way of thinking that it worked fine in the ’50s, maybe it worked fine in the ’60s, but we’re now well into the 2000s and we have to really watch what we’re doing.

The second point I want to talk about would be something related to the – the “in lieu of” forces and I’ll use the word post-mobilization training, but it – and it’s really driven at that and hopefully with the new paradigms that we are implementing, that Secretary Gates has put out there with his 19th January letter, will take part of this away. But we are taking “in lieu of” forces and – to meet new and emerging requirements by forces that are not trained to do that mission, so therefore we have to train them.

We are able to do that. We obviously want to reduce that training as much as possible at the same time ensuring that the members are as ready as possible so that we don’t put them in jeopardy or the mission in jeopardy. But my concern would be is what happens when they come back home? Is that training just gone or are the departments looking at continuing some type of training process that would keep those members – I hate to use the word qualified because I don’t know that that’s exactly what we’d be able to do – but at least keep them right up on the edge where they could go do that if that requirement should continue in the future, as it looks like it may.

MR. HALL: You know what I think the long-term answer is is to get to what we need in the way of forces to fight with the future, and I think what we need to do is to look at our rebalancing efforts. We rebalanced 89,000 of 126,000. We probably need to accelerate that and we probably need to rebalance more, so that we actually build the type of forces we need rather than to take “in lieu of” forces. And we are pretty well along – 89 of 126 – but we probably need to have more of that.

Now, I don’t know whether you can ever get to the perfect force structure that anticipates the enemy and the type of war for the future, but until that time you use “in lieu of” forces. One of my concerns along the way was, are we capturing the NECs or the secondary NECs or MOSs and are you getting that type of designation and what does that mean? And how do you keep that secondary MOS refreshed along the way if you’re

an artilleryman and we are going to use you as a security force, and then later on the kinds of training. And I think the services need to look at that, but, again, I believe as much as we can, we need to build that force for the future to anticipate the type wars, and we still have a ways to go and rebalancing.

That might not solve the entire problem. We might need “in lieu of” forces somewhere along the way in areas that we have an anticipated, but that’s one of the things that I think we ought to accelerate. That’s some 40,000 more. If we create those 40,000 more and we’re as perfect as we can to get them into civil affairs and get them into military police and to get them into those other “in lieu of” forces, we will have moved a little bit along the way.

MR. NAVAS: There’s two types of issues here. You probably heard by now that the Navy has gone to an expeditionary naval warfare, kind of a littoral, brown-water operations. In that respect, we are converting both active and reserve individuals from basically other skills into what we call master at arms and expeditionary – Marine expeditionary forces. In those cases, then, it’s kind of a change and basically you sustain that MOS and you grow it.

The other piece, which is the one that I personally have some concerns, is when you have a short-term need to meet an across-service requirement and people are willing to volunteer to do that and go to Fort Jackson or Fort Bragg or whatever and train up to be able to operate with the other service, which is almost an acculturation and kind of basic individual survival skills. I think that if you ask those individuals to go a second time – people join to be a Marine or a soldier or an airman or a sailor, and I don’t think we’re there on this amorphous mass of purple protoplasm that we might wind up one day. So we have to be very careful.

I had a very sad situation. I had a naval officer who was trained in nuclear engineer. He was involuntarily ordered to be an IA to go and guard some prisoners or something and the individual said, I will leave. I’m going to resign. I did not come – I mean, I came to be a naval nuclear engineer. I don’t – I did not want to be a soldier. I don’t want to go out there and do something. It’s a balance here, so we have to be very careful that we don’t want to go to the well too much. People would do it once perhaps because they see a need out of patriotism, but that’s not what they joined for. So you have to – it’s a very, very delicate situation.

MR. TRUESDELL: If the CS/CSS shortfall continues to increase, it begins to beg a roles and missions question to me because the Navy – I speak for the Navy – I’m sure on this we all want to do what’s necessary to win this thing, but not if we become less capable to do our primary mission and be true to the ethos or whatever to what people become a Marine for or whatever. So I would say that we don’t have really a continual training thing to keep both specialties going at this time, sir, and we’re betting on the come that it won’t have to be done again, but right now all indications are. And the Army and the Marines have their plate full and everybody knows that.

But it does beg what – wherein does the Air Force have to – or whatever – have to start cramping their primary mission of strat-lift, intertheater lift, whatever, running installations, doing things in the war when they have to continue for sure to support the ground gaining arms? So that's a dilemma to me, and I know the Joint Chiefs – well, I don't think a lot of people want to get – ever get in this roles and missions thing because it rewrites the rulebook to a little bit. We've got a lot going on to stop the train to do that.

MR. JAMES: Sir, if the question is do we have a universal program, the answer is no. But with regards to certain areas – like we have in fact moved 19 artillery units – companies – to the MP MOS and given our short-term vision – I don't have a crystal ball – it looks like that's a need that's going to go into the future and we in fact as to those MPs, as to the artillery personnel are in fact providing continual training, but I don't want you to walk away with the impression that that's across the board.

MR. SHERRARD: The way you want to do business. I understand that.

Secretary Hall, the last one I've got it's primarily you, but it also will touch the departments, and I'd ask for their comments at the end also. But it ties back to the way that we have divided up reserve management oversight, using my words, as compared to that for the same functions that we do for the active force; i.e., recruiting and retention and things of that type.

Are you comfortable that you have enough insight from your – at your position of what the active force is doing so that we don't end up with an example I will give you. Whether it's still valid or not, I don't know, but in the past I know it did occur where we had some voluntary separation incentives that were implemented for the active force. We in the reserve components were facing the exact same thing and we were not included in the legislation, and we were just left hanging out there. I would hope those are not still occurring, but I wonder what is the insight that – or the opportunity you have to actually get in at that level to make sure that didn't happen? And are you comfortable that having them separated by having them under the functional alignment that the active force is using, which is better for us? What are the advantages and what are the disadvantages I guess is what I'm really asking?

MR. HALL: That's a really hard question.

MR. SHERRARD: That's why I ask you, sir.

MR. HALL: I have been on both sides of the fence as an active duty officer commanding a reserve component, and served my whole career on the active side and now I'm on this side. Might have a better look at that than anybody that I know just by circumstance, not for me personally, and I would like to say that we have a system that we always implement something and always think about the Guard and Reserve components while we're doing it for the active duty.

I think we're better than we were, but I still think there're instances where we have to ask, well, did you think about the Guard and Reserve when you put that bonus in or when you put this in? And I think we're better there. I feel fairly comfortable, perhaps because I've been on the active duty side, that I ask the question every single time, on every single issue because my experience – did the active duty to consider each one of their components, et cetera?

Now, I meet with these gentlemen and the Guard and Reserve component chiefs regularly and make that a real issue. I see, more so than in '92 to '96, the chiefs of staff and other people say Guard and Reserve each time they talk about their forces, when they talk about active duty than they ever did. Now, does that mean – but when I hear the Guard and Reserve, or when I hear the chiefs of staff and CNOs and others always say we have considered each one of those in turn, I think we're making progress along that area, but it's a good point. We need to have that visibility because what we used to do is just go back and fix it for the Guard and Reserve after it'd been implemented by the active duty and, oh, we forgot them, but I believe there's more of awareness. I hope I have enough visibility, but I couldn't say that that is perfect.

I work very well with GINTS (ph). They have the dual responsibility, of course, because they have both the active and the Guard and Reserve, and so maybe since they control both in their MNRA (ph) positions they would want to comment on how they think that is by service.

MR. SHERRARD: I appreciate that very much.

MR. JAMES: In my short experience, whenever we discussed legislative proposals, the Guard has been represented, as has the Reserve, consistently. I cannot think of a single instance in which we've been discussing incentives or bonuses or officer accessions and officer bonuses – there's a rubric of things I could go through, but I simply – I understand historically that may have been a problem, but on my watch I have not observed that as an issue. They are inside the room.

MR. NAVAS: When we did the Army – I mean, when we did the active reserve integration in the Navy – my 33 years are showing here – (laughter) – we integrated the recruiting command. I mean, now the head of Navy recruiting recruits for the active and the reserves and retains, and that has been very successful. The Marines had done that for a while.

Now, the other side of the coin – I mean, it's too early to tell, but as the Marine Corps grows from 184,000 to 2,000 in 2000 in 11 and that's a pretty straight ramp, the Marine Corps is going to have to retain more people. The priority of recruiting goes to the active component. And I – we're watching that very, very careful because the Marine Corps Reserve might be hurt. I think we have come a long way on looking at incentives and bonuses across the board and I agree with Tom that it's – basically there is a complete different consciousness on the issue of the Reserves in the services that was, say, 10 years ago, 11 years ago, which – I mean, I served during that time when we were

almost an afterthought. And I think now with commissions like yours, the visibility of the participation of the reserve components in the current conflict – I mean, I don't think we're an afterthought, again. And we at the services we look at the whole – the whole component, the whole service.

MR. TRUESDELL: As you well know, Commissioner Sherrard, the Guard and Reserve really depend on prior service coming on down that off ramp and coming – that's been reduced greatly for reasons we can imagine that are causing that. And once again back to this continuum of service, resolving those barriers to on and off ramps, from all three – in the Air Force's case, three components, we get a synergy there that eliminates somebody having to say, hey, is that the total force figure or is that just a regular force?

But when you – one of the interviewers of me some five plus years ago said, we'll let this guy on through despite it's him. But at any cost, they were – we were always asking and those days, is this is a total force figure. I have really not been having to ask that question or have I heard asked recently. And I think it's really due to this one mission, one fight, win the war and all this kind of thing. And knowing that we're going after some of these barriers, and communications constantly having to be updated, that they key to solving these recruiting problems or helping them greatly is to eliminate some of the barriers like not acceptable to the Air Force Reserve because physical shows that something happened here. Whereas that's not a deal in the regular Air Force, it is in the Air Force Reserve. Hey, that doesn't equate. But we're solving it. So they're not necessary, but they're there, and so that's part of the problem in addition to these deployments and everything. But I think we're more fluid five years later when I first – we first met.

MR. SHERRARD: Well, I appreciate that and it was a joy to have the chance to work with you, and I appreciate very much as it is with Secretary Hall and Secretary Navas. And, Secretary James, I didn't have the chance to work with you, but I commend you for what you're doing. We've got some huge challenges facing us, though, as you well know. You live in each and every day and the men and women that are supporting our Reserve forces are doing yeoman's work, and anything we do to take those barriers out of the way, even at the point we're talking about – critical skills and the payment of it – the real question maybe should be asked is why is that critical skill payment not exactly the same as an active member, only the fact that you get paid per day. Each day you work, you get that portion of it by having a reserve bonus and an active bonus, because when they're all out there doing the work, the bad guy isn't going look up and say, well, I'm going to shoot this guy because he's the only getting \$12,000 and the other one over here may be getting \$45,000. And you know that, you live it. So I thank you for your help and, Mr. Chairman, I'll turn back my time. My time – I'm sure I'm over.

MR. PUNARO: Turn back your overtime. (Laughter.) No, that's very important questions.

Commissioner Lewis? And I might mention, Mr. Secretary, there was a groundswell of opinion and if we have five or 10 minutes at the end, we'd like to take you up or your offer not on the record – in a closed hearing – to get your informal brief on the results that you've been briefing on the Hill. So if that fits into your schedule today, because most of the commissioners are hustling out of town this afternoon, so what I'll try to do is shut us down in time to give us a little extra time if that still suits your convenience. It won't be on the record and it'll be closed. It'll just be the Commission.

MR. HALL: I don't have my briefing documents, so if –

MR. PUNARO: Okay.

MR. HALL: But if you ask me about each one of the recommendations, just to refresh that, I'll tell you or I might have it. I just don't have my document, but I can do that.

MR. PUNARO: Okay, so I'll alert all commissioners that at the end here we'll do that.

MR. SHERRARD: I have read your document more than any living person cover to cover, I believe. (Laughter.) Perhaps more than any dead person, but more than any living person I have read it. (Laughter.)

MR. HALL: I'm knew somebody – I told the staff somebody was going to read and I'm glad you did it.

MR. PUNARO: Commissioner Lewis.

MS. PATRICIA LEWIS: In order to facilitate that, I'll try to be brief and I want to join the chairman and my colleagues here in recognizing your efforts to pull together the department's response on that, Secretary Hall. It really was an admirable feat to in the amount of time that you did, and we certainly appreciate the scrutiny and efficiency with which you did that.

I have several disparate questions, if I could. I keep here that there's excellent retention in the services and I believe that and certainly recognize the dedication of our service members and our commitment, especially with the ongoing contingency, but I remained concerned about the pool of eligible and our ability to support the ARFORGEN and especially to continue to have the resources that we need in our reserve components. I heard earlier this week that the declining health status of young people in our country – how the potential for earlier onset diseases could occur as earliest in their 20s. So could you just please give me your feel for how you view our pool of eligibles? Is it time to be concerned? Can we do the things that we're planning to do to continue to support the long war with the group of folks that we have out there to pull from?

MR. HALL: Well, our retention is very good and I wonder – people don't stay in an organization they don't like, whether it's a business or whatever, so these young people must like it and are staying. There are a couple of things that I think – and you've heard my distinguished colleagues talk about it. When I commanded the Naval Reserve, I got 90 percent prior service veterans. I believe the Naval Reserve is probably down to less than 50 percent. And you heard that depending upon prior service veterans, that pool is going away, particularly when retention gets better and they stay on active duty. And we have drawn on them for a long time. That ought to be an area of concern for us if that pool starts to dry up.

We are at 101 percent overall recruiting, however, this year, and that's very encouraging and a couple of components are a little bit below when you average them together, so at least through the first five months – and this is the report – we're at 101 percent overall with the Army Guard at 105 percent, so so far they are attracting new recruits, but that prior service pool and others we have to watch it at all times.

And I think the recruiting bonuses that have been paid to people who recruit other individuals has been a very strong program, and I'd like to have a comment on it. And I don't think we should feel discouraged that we have to pay money to cure problems. Businesses do that. You all know that better than I. You are successful businessmen: you target your area, you put your money where your problem is. So sometimes because you spend more money to cure a problem is in fact a business decision for a return on investment. But it's not an easy market. We're okay now, but non-prior service coming is I think probably a worry.

MR. JAMES: That is a very thoughtful question and I frankly share your concerns about the health of the youth of America. I frankly – as I look down the road, I see storm clouds. I see the pool shrinking in terms eligible youth. And we've grappled with the issue and I don't have an answer. How can the Army engage in a national health consciousness program with high schools, because clearly we're not there. And I look around and I see no one else is doing that. And I ask myself the question, is – are we equipped to do that? And the answer is right with what we have on our plate, the answer is no.

So I don't have an answer, but I am absolutely convinced that we are so much sticking our head in the sand if we don't in fact acknowledge that we've got to do something drastic to expand the pool of eligible high school, 17 to 24-year-olds in our country, whether it's education – high school dropout rate is continuing going up, that shrinks the pool. We have some other official barriers like GEDs that we don't accept or we don't accept home schooling, I believe, to the extent we do, and I think we can tinker on the edges and solve those problems, but from a strategic standpoint in terms of do we need to expand the pool, are we addressing that, I would have to tell you the answer is no, and I'm not sure if anyone is. And I would respectfully suggest that at a global level the commission needs to think about those long-ball hitter issues and needs to think about them strategically and about who should do it and who should take responsibility because the storm clouds are clearly there.

MS. LEWIS: I appreciate that and I didn't expect you to have a solution, but I have this gut concern and I appreciate that you share it.

MR. NAVAS: But you are absolutely right and this is one of the fundamental issues in our human capital strategy that – I mean, if you look at the available pool for enlistments in the services and you start taking those who are not physically qualified or morally qualified, education, others, that pool is a very small pool. And then you have the propensity to serve – some of them don't want to serve. And then we're all competing for the same pool. That's why you need to look at several ways of dealing out of this conundrum. One of them is have a human capital strategy that leverages the civilian, the reserve, the volunteers, the contractors, so that you're not going after an individual to do a job that can be done by another category.

Now, we have done things differently, but we are sometimes very reluctant to do that. For example we – a large majority don't meet the educational requirements, yet we have academy prep schools that we bring individuals one year before they can qualify to join one of our service academies and we prepare them. Well, could we do kind of a prep school that bring people in six months before they can be enlisted and see if we can improve their physical conditioning, their academic ability. It's not sometimes intellectual; it's academic ability – the language skills.

In a previous life as an operations officer in the Puerto Rico Guard, we were having a lot of problems with individuals that were not passing the ASVAB and it was not because they were mentally deficient, it was a second language. So we established an English language school and with great results, so we need to start looking at ways of opening the aperture. But again, it takes innovation. It takes guts to go out there and go against the conventional wisdom.

MS. LEWIS: Thank you.

Mr. Truesdell?

MR. TRUESDELL: I really have to flow in the same manner. It's such a macro-societal consideration on really a presidential level kind of thing. But I thinking back about suspending two years an enlisted guy at a high school as little snuffy – it did things for me that were very helpful and I've heard different people talking about some form of national service to have standards to rise to. And that's way up above my pay grade, but that's my thought on it if I were off the record just trying to figure out what really need to do to build that corps up in this country.

MS. LEWIS: Okay, thank you. I have two other things I want to touch on quickly and I know each of these is substance for hours, but I do want to touch on them.

The second area that I have some concern about is employer support. And our employers in this country have been fantastically supportive of our reserve forces, but

I'm starting to get concerned about the smaller employers and the stresses of multiple deployments. Secretary Hall, do you have any comments or are there any particular initiatives that you're pursuing, especially at that targeted population that's feeling the brunt of this long war?

MR. HALL: Dr. Winkler sitting behind me, it's his task for this summer and we're looking strictly at a number of two to 5,000 small employers. We're going to do this study and go out and target self employed, small employers because in my four and half years in talking to thousands of employers, it's not the large Wal-Mart and not the large Sears, nor Freedom Award winners, it's the small groups that have only a number of employees. And we've got to go to them. We've got to get ideas. And frankly no one has come up with breakthrough ideas. People talk about tax breaks, they talk about various things. I would ask you all if you can have this bright idea up here: what can we do really for small employers or self employed without – the only answer is not mobilize them; we need to use them. I would welcome those because that is all of our problem, and that's what people tell me. If you lose your practice or you have five-person construction firm, and we mobilize three of you, you're out of business. So I would welcome if you could take that on and with any ideas you have to help us. We're going to study it in a methodical way with a number of thousand of these employers that we're targeting.

MS. LEWIS: We look forward to that and I thought it was important to get on the record because I think it's a serious issue.

The last one, I know you have already commissioned this study to – and have identified 32 distinctive categories of duty status. And we are very interested in looking at some possible recommendations with regard to those multiple duty statuses. To what extent have these – has this complex structure impeded the smooth transition between active status and back to reserve status? And do you have any recommendations for simplifying or reducing these categories? And do you see a need to have more than two?

MR. HALL: In my four years commanding reserve, I couldn't even memorize all the 32 that we had. Now, you know, curiously enough it's an interesting question. There were times when I viewed that it gave me flexibility and it wasn't restrictive because with a lot of different categories I could use a lot of different pots and I could go from one to the other to do the kinds of things I wanted. So it's not always bad, but it does make it complicated.

We talked about it this morning, and I was told that we now group them into about five categories and we've narrowed it down to about – but I asked, under those five categories, do all of the same little tentacles exist so that you get 32 out of the five categories? And it seems to be evolving that it's not just two categories, either on duty or off, but about four categories or five. So we are doing some work on that about how we might get it down into those manageable general categories for appropriations purpose and for execution purpose, retaining, I believe, the flexibility that the chiefs in the services need to move money and not be too restrictive, yet make it simple enough to be

able to understand and utilize. And that's a very fast statement for a very complicated problem, but I think that's what we have to get to.

MS. LEWIS: Secretary James, just to follow-on on this, and the other services may or may not have a comment, potentially the complexity of those duty statuses could have contributed in some way to some of the problems with the Walter Reed situation. Do you – has the Army looked at all at simplifying those duties statuses or that process for moving between DOD and the VA to potentially shorten some of the timeframes. I think there are different advantages to different statuses that may contribute to some of that complexity. It is that something that's being examined?

MR. JAMES: The short answer is yes. The Army is moving on – what I would describe as parallel courses. We are doing what I would describe as repairs in a way – quick fixes – and really moving to fix what I would call nibbling the issues around the edge, but not really getting to strategically look – you know, is there a better way to do this thing?

The fact is that the jobs – they way they're structured is outmoded; the system is outmoded. It was a system designed for an age of an industrial relic. It's a failed workers compensation system, and if I had time I would tell you how I really felt about it. So the answer is we are – the secretary has directed that there are no sacred cows, that we take a holistic look at the process, including job descriptions for example.

One of the failures in the private sector is that we've taken good lawyers and good doctors and made them heads of hospitals. We have found that sometimes that is a lousy way to do business, that what you really need to do is to dual-hat. We've now done that at Walter Reed. We now have a combat arms deputy. I think that will sensitize hospital staff. I think he will relate better to the soldiers, who we have a sacred obligation to. I don't think that's a complete fix, but I would like to think that that kind of model can become a model for dealing with these. People know more and more about less and less and really not being competent to handle the full range of skills that one needs to run a hospital, and there's a lot of work to be done and on my watch we will take a very hard look at that.

MS. LEWIS: Thank you. Thank you, Mr. Chairman.

MR. PUNARO: Okay, Dan, did you still have one or two – hopefully we can close this out quickly, so we can get to his briefing.

DAN MCKINNON: Just on the equipment side, you talked about \$52 billion in 2013, which probably delivered in 2015, and you said you need to get details. I wonder how do you come up with the \$52 billion figure if there's not details that form the figure?

MR. HALL: There are probably details. That was just what I pulled out of the FYDP and have there. And I am sure the services who own – the Guard can give you the

kinds of details on each one of their line items and elements and things. That's just the amount of money that's in the budget.

MR. MCKINNON: Okay, what about training days? Is 39 days training enough in today's environment as an operational force?

MR. HALL: The short answer, sir, in light of time, is no, but somewhere – but it's also – I would slightly modify the question as: where along the continuum in the one and four – it might be from first year back, fine; the second year back, maybe; the third year, absolutely not. And if it's a fourth year, then clearly it's not adequate days. We need to significantly enhance the training days before deployment. And if in fact ARFORGEN works, and I believe it will, we will be able to do that training on an experimental basis and increase it. It has to be increased because we can't send troops are not ready.

MR. MCKINNON: Secretary James, is there some figure you all are going to come out with in the near future that will show how that stair steps up?

MR. JAMES: Mr. Smiley (sp), who is my resident expert, is sitting to my rear and he will correct me if I'm wrong. I think we're talking about an additional 39 days, but that's been a moving target –

MR. SMILEY: Thirty days, sir. We think that year four – General Honore has looked at the training model that we're using to send troops into the field right now, and these four brigades, as Secretary Hall talked about, we'll try to move at least 30 days into their IDT and AT structure to shorten up their post-mob training time. We still don't send anybody to the theater untrained. That should become the model, we think, depending on what your MOS is, what your job is, what kind of unit. Chaplain's assistants won't need 30 days, but hard-core infantry guys are probably going to need 30 days.

MR. MCKINNON: Thirty additional days over the 39, so it's 69 days prior to mob?

MR. SMILEY: Yes, sir. Seventy days a year. Typically more – about two more drill weekends, expand AT to three weeks or four weeks, and pick up another two weeks of active duty or ADOS (ph) time.

MR. MCKINNON: Okay, Secretary James, also there's some talk – you hear scuttlebutt that maybe it's better to have one reserve instead of two types of reserve for the Army. Do you have an opinion on that?

MR. JAMES: Yes, sir, I have an opinion. The opinion is that in some ways the roles of the National Guard and the role of the reserves are parallel and similar. In many other ways, the role of the National Guard is in fact separate and distinct and more

multifaceted. There are a lot of homeland defense duties that the Guard has. Those are very special needs.

I would think that you would need, for example, more MPs in the National Guard and for that reason alone – and my understanding is that historically in our country we’ve always thought that the governors need some access, some component for state based reasons, and so the answer is, yes, I believe there is a need for both service. But I have always – my testimony talked about them as the reserve components. That we are one Army, but there are different missions.

MR. MCKINNON: Just a final thing – just to stir up a little controversy here between you and Mr. Truesdell. Who should run the UAV part of the battlefield? (Laughter.)

MR. TRUESDELL: We’d like to take that one for the record. (Laughter.)

MR. JAMES: Sir, I’m a former artillery officer and every once in a while my hearing goes bad. (Laughter.)

MR. TRUESDELL: I’m an artillery officer, too. (Laughter.)

MR. PUNARO: Okay, I think we’ll – Secretary Hall is your schedule flexible enough to spend another 10 minutes –

MR. HALL: I can stay as long as you want.

MR. PUNARO: Okay. What I’m going to do now is – we’re going to close the hearing, adjourn the hearing, and we’ll reconvene in closed session. And Secretary Hall, whoever from the Department of the Defense you wish to keep here with you, that’s fine with us. So the commission will adjourn to closed session.

MR. HALL: I don’t think we need anybody besides me and you all in the room.

MR. PUNARO: Okay. And I want to ask our camera people, would it be too much of an inconvenience for you all to wait to break your equipment down for – would that be okay? Seriously, is that okay with you all? Okay, we’re off the record.

(END)