



Testimony

Before the National Commission on the
Future of the Army

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ARMY FORCE STRUCTURE

Observations about Aviation Restructuring and Other Relevant Force Structure Challenges

Statement of John H. Pendleton, Director
Defense Capabilities and Management

May 20, 2015

General Ham and Members of the Commission:

Thank you for the opportunity to testify on the results of our recent evaluation of the Army's analyses of its aviation force structure and on the highlights of other past work GAO has conducted that may assist the commission in comprehensively reviewing the structure of the Army. In April 2015, we completed our report on the Army's approach for comparing its aviation restructuring proposal with an alternative proposal offered by the National Guard Bureau (Bureau).¹ Specifically, we compared the assumptions underlying the Army's and Bureau's respective proposals, and reviewed the Army's assessment of the proposals' abilities to meet future combat requirements and their respective costs, as well as other factors. That report followed a decade of GAO reports on the Army's force structure and force-generation practices (see appendix II for a compilation of our work).

As you requested, my statement today will (1) discuss key findings from our April 2015 report on the aviation restructuring and (2) highlight relevant force-structure challenges identified in our prior work. Detailed information on our objectives, scope, and methodology can be found in the issued reports we cite throughout this statement. We conducted the work supporting our prior reports, which were issued from March 2005 through April 2015, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹GAO, *Force Structure: Army's Analyses of Aviation Alternatives*, [GAO-15-430R](#) (Washington, D.C.: Apr. 27, 2015). The basis for that report was the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015. Pub. L. No. 113-291, § 1057 (2014). We did not make any recommendations in this report. Additionally, S. Rep. No. 113-176, at 83 (2014) included a provision for GAO to more broadly review the Army's force-structure decision-making processes, models, and analyses.

Army's Analyses Enabled a Comparison of the Aviation Force-Structure Proposals but Had Some Limitations

In October 2013, the Army Chief of Staff approved a force-structure proposal—called the Army Aviation Restructuring Initiative—that would reduce the size of the Army's aviation force and rebalance its capabilities by removing all AH-64 attack helicopters (Apaches) from the Army National Guard. The Bureau, although agreeing with many aspects of the Army's proposal, has opposed the removal of the Apaches and in January 2014 put forward an alternate force-structure proposal that would retain 120 Apaches in the Army National Guard.

Our April 2015 report found that the Army used a reasonable methodology for comparing the two proposals' abilities to meet future combat requirements. For example, the Army's analyses met several generally accepted standards for study design, such as using the same assumptions throughout its analysis, basing its assumptions on the Department of Defense (DOD) and Army policies, and including sensitivity analyses for some variables. The Army's initial evaluation found that both proposals were able to meet more than 90 percent of the modeled requirements, with the Army's proposal better addressing major combat operations requirements and the Bureau's proposal better addressing foundational activities—such as joint training with partner nations or maintaining a presence overseas—within the context of DOD's planning scenario.² Subsequently, the Army completed a sensitivity analysis that modified postmobilization training time requirements for Army National Guard units to better reflect these units' historical performance. This sensitivity analysis found the Bureau's force-structure proposal was less able to meet combat requirements during the final 4 months of the peak demand period for major combat operations than the Army's proposal. Overall, based on this and other analyses, the Army assessed there would be significant operational risk associated with the Bureau's proposal, and that the Army would need to acquire additional Apache helicopters to offset that risk.

²DOD's planning scenario comprises four mission types (in order of priority): (1) Defeat / Major Combat Operations: To defeat a regional adversary in a large-scale multiphased campaign; (2) Deter: To prevent acts of aggression in one or more theaters by presenting a potential adversary with a credible threat of unacceptable counteraction by U.S. forces, and/or belief that the cost of the potential adversary's action outweighs the perceived benefits; (3) Defend / Homeland Defense: To defend U.S. territory from direct attack by state and nonstate actors and, in the event such defense fails or in the case of natural disasters, come to the assistance of domestic civil authorities in response to a very significant or even catastrophic event; and (4) Steady State / Foundational Activities: Activities the Joint Force conducts by rotating forces globally to build security globally, preserve regional stability, deter adversaries, and support allies and partners.

Our April 2015 report also found that the Army's cost analyses were sufficiently reliable for comparing the costs of its proposal and the Bureau's alternative because they generally met some leading practices for cost estimating. Specifically, we found that the Army's estimates were comprehensive and well documented, and based on historical funding and manning levels. In addition, we found that the Army consistently applied assumptions to each proposal and used DOD's programmatic cost estimates for acquiring the most modern version of the Apache helicopter.

Although we concluded that, on balance, the Army's analyses enabled the Army to compare the proposals, we also identified two key limitations. Specifically:

- *Limited Number of Operational Scenarios Were Modeled:* We found that the Army's analyses did not evaluate how the proposals would have performed under modified scenarios that varied the rate at which units would deploy into a major combat operation, or the duration of the major combat operation. Army officials stated that they did not complete these additional sensitivity analyses because they were directed to use DOD's planning scenario and emphasized that their analysis enabled them to credibly assess the proposals. Bureau officials stated that the Army has rarely, if ever, been required historically to meet as aggressive a deployment timeline as was modeled in the Army's study. We did not evaluate whether DOD's planning scenario was realistic or probable as part of our review. However, as we concluded in our report, additional sensitivity analyses could have provided senior Army leaders with insights on how adaptable the competing proposals would be when confronted with different combat requirements.
- *Cost Estimates Were Limited for Projecting Costs:* We also found that the Army's cost estimates were limited as a means of projecting actual costs and potential cost savings. Officials at an Army Reserve unit that has already begun converting from an Apache unit to a different type of unit stated that the effort had resulted in unplanned costs for pay and allowances, equipment fielding, and aircraft maintenance. If these or other requirements are not addressed in the Army's funding plans, the Army may be delayed in restoring unit readiness once the restructuring is completed. Army officials agreed that the estimates had limitations. They stated that these estimates were intended to permit a comparison of the two proposals and were not intended to support future budget proposals.

Issues Identified in Prior GAO Work May Provide Insights to the Commission

We also have a substantial body of work examining issues that are related to the commission's expansive mission. I will briefly summarize selected issues that may assist your deliberations.

- *Active and Reserve Costs and Mix:* In July 2014, we reviewed a DOD report to Congress about the relative costs of active and reserve units.³ DOD's report provided a basic framework for force-mix decisions, compared like units, and used cost techniques that sought to estimate the full costs of personnel, including noncompensation costs such as health care and family housing. However, we found that DOD's report had two key limitations that I believe may be helpful to the commission's deliberations. First, the report did not consider rotational policies, so it may take more reserve component units in the structure to achieve the same operational capacity because they are typically deployed less frequently than active units. Second, the report did not comment on or consider active and reserve units' effectiveness. We made no recommendations, but concluded that these limitations inhibit the extent to which the unit-cost comparisons presented in the DOD report can be used to inform force-mix decisions.
- *Lessons Learned from Modular Transformation:* In April 2014, we summarized our body of work on the Army's transformation to a modular structure.⁴ Between 2005 and 2008, we made 20 recommendations that the Army develop better cost estimates and comprehensively assess the transition to modularity, among others. Although the Army generally agreed with 18 of our recommendations, it implemented only 3 of them as of April 2014. We made no new recommendations in our 2014 report, but reemphasized the importance that the Army use realistic cost estimates to enhance decision makers' ability to weigh competing priorities in a fiscally constrained environment and develop a comprehensive assessment plan to measure achievement of desired benefits as the Army continues to implement changes in its structure.

³GAO, *Active and Reserve Unit Costs: DOD Report to Congress Generally Addressed the Statutory Requirements but Lacks Detail*, [GAO-14-711R](#) (Washington, D.C.: July 31, 2014).

⁴GAO, *Army Modular Force Structure: Annual Report Generally Met Requirements, but Challenges in Estimating Costs and Assessing Capability Remain*, [GAO-14-294](#) (Washington, D.C.: Apr. 16, 2014).

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- *Growth in Personnel and Resources Devoted to Headquarters:* In 2013 and 2015, we found that the headquarters organizations for the Army and its reserve components had grown significantly. In January 2015, we found that authorized military and civilian positions for the Army Secretariat and Army Staff increased by 60 percent from fiscal year 2001 through fiscal year 2013.⁵ In November 2013, we found that some reserve component headquarters had grown markedly between 2009 and 2013, including the Army National Guard Directorate (44 percent) and Office of the Chief of the Army Reserve (45 percent).⁶ Both reports recommended that personnel requirements be determined and periodically re-validated at these headquarters organizations. DOD partially concurred with our recommendations, stating it will use its existing requirements processes and will explore other methods to improve the determination and reporting of requirements. In December 2014, DOD stated that it has numerous efforts underway to address this growth in headquarters, but detailed plans have not yet emerged.
 - *Implications of Operational Access Challenges:* In September 2014, we issued a report describing the Army's efforts to address challenges that would impede a military force's ability to enter and conduct operations in an area.⁷ Such challenges could have significant implications for Army force structure, particularly as the strategy shifts to a focus in the Pacific. We found that the Army's challenges would likely be particularly acute in the logistics and missile defense areas.

⁵GAO, *Defense Headquarters: DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats*, [GAO-15-10](#) (Washington, D.C.: January 21, 2015). These figures do not include the number of personnel performing contract services. Our work found the Army Secretariat and Staff had an estimated 1,428 contractor full-time equivalents in fiscal year 2013, making up approximately 28 percent of the workforce. See appendix V in [GAO-15-10](#) for more detailed information on contractor full-time equivalents.

⁶GAO, *Defense Management: Actions Needed to Ensure National Guard and Reserve Headquarters Are Sized to be Efficient*, [GAO-14-71](#) (Washington, D.C.: Nov. 12, 2013).

⁷According to DOD, operational access challenges are characterized by the proliferation of weapons with increasing range and accuracy among potential adversaries, among other things. For instance, potential adversaries could challenge DOD's ability to deploy military forces by using ballistic and cruise missiles to prevent U.S. forces from getting to an operational area by attacking U.S. bases, ships, and logistics hubs. GAO, *Defense Planning: DOD Needs Specific Measures and Milestones to Gauge Progress of Preparations for Operational Access Challenges*, [GAO-14-801](#) (Washington, D.C.: Sep 10, 2014).

For example, the Army will likely face increased threats to logistics hubs and networks and increased demands caused by new operational approaches, potentially over long distances, according to DOD. In addition, the Army's missile defense force structure lacks the strategic and tactical mobility, supportability, capacity, and affordability to overcome future missile threats. The Army recognizes the challenges it faces in the logistics and missile defense areas and is studying how best to address them. We recommended that DOD establish milestones and measures to gauge the progress toward addressing these and other challenges; DOD partially concurred with our recommendation, stating that it is developing measures and milestones and will continue to refine these tracking tools in the future.

- *Role of the Reserve Component:* Starting in 2005 we issued a series of reports examining the role of the reserve component and its organization, equipment, and readiness. In particular, we reviewed the reserve component's transition from a strategic reserve that DOD expected to use only in an extended conflict to an operational reserve that DOD expected to use for ongoing operational deployments and which needed to be maintained at a higher level of readiness.⁸ In our 2009 report, we noted that several studies and a commission had determined that there is no viable alternative to the Army's continued reliance on reservists to meet operational needs.⁹ We also found that, in recognition of the transition to an operational reserve, the Army planned to change the organization and missions of some of its reserve units to match their active counterparts, but that the Army had not finalized an implementation plan for this transition, estimated its full costs, or programmed for those costs in its budget. We made three recommendations to address these areas and DOD agreed, but as of 2013 DOD had not acted to implement any of our recommendations.¹⁰ Prior to this hearing, we met with Army and

⁸GAO, *Reserve Forces: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives*, [GAO-06-111](#) (Washington, D.C.: Oct. 4, 2005), *Reserve Forces: Army National Guard's Role, Organization, and Equipment Need to be Reexamined*, [GAO-06-170T](#) (Washington, D.C.: Oct. 20, 2005), and *Reserve Forces: Army National Guard and Army Reserve Readiness for 21st Century Challenges*, [GAO-06-1109T](#) (Washington, D.C.: Sept. 21, 2006).

⁹GAO, *Reserve Forces: Army Needs to Finalize an Implementation Plan and Funding Strategy for Sustaining an Operational Reserve Force*, [GAO-09-898](#) (Washington, D.C.: Sept. 17, 2009).

¹⁰In general, we track recommendations for 4 years following a report's publication.

Bureau officials. They told us that future budget levels may not permit maintaining an operational reserve as was formerly envisioned. As the commission does its work, questions about the role of the reserves are likely to recur and decisions about this will be a critical underpinning for future force structure decisions.

This concludes my prepared statement. I would be pleased to respond to any questions you may have.

Appendix I: GAO Contact and Staff Acknowledgments

If you or your staff have questions about this testimony, please contact John Pendleton, Director, Defense Capabilities and Management at (202) 512-3489 or pendletonj@gao.gov.

Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Kevin O'Neill, Assistant Director; Kate Blair; Ricardo Marquez; Erika Prochaska; Erik Wilkins-McKee; and Alex Winograd.

Appendix II: Related GAO Work

Force Structure: Army's Analyses of Aviation Alternatives. [GAO-15-430R](#). Washington, D.C.: April 27, 2015.

Defense Headquarters: DOD Needs to Reassess Personnel Requirements for the Office of the Secretary of Defense, Joint Staff, and Military Service Secretariats. [GAO-15-10](#). Washington, D.C.: January 21, 2015.

Defense Planning: DOD Needs Specific Measures and Milestones to Gauge Progress of Preparations for Operational Access Challenges. [GAO-14-801](#). Washington, D.C.: September 10, 2014.

Active and Reserve Unit Costs: DOD Report to Congress Generally Addressed the Statutory Requirements but Lacks Detail. [GAO-14-711R](#). Washington, D.C.: July 31, 2014.

Army Modular Force Structure: Annual Report Generally Met Requirements, but Challenges in Estimating Costs and Assessing Capability Remain. [GAO-14-294](#). Washington, D.C.: April 16, 2014.

Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process. [GAO-14-76](#). Washington, D.C.: December 11, 2013.

Defense Management: Actions Needed to Ensure National Guard and Reserve Headquarters Are Sized to be Efficient. [GAO-14-71](#). Washington, D.C.: November 12, 2013.

Defense Infrastructure: DOD's Excess Capacity Estimating Methods Have Limitations. [GAO-13-535](#). Washington, D.C.: June 20, 2013.

Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers. [GAO-13-183R](#). Washington, D.C.: January 16, 2013.

Force Structure: Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions. [GAO-12-711](#). Washington, D.C.: June 6, 2012.

Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring. [GAO-12-527R](#). Washington, D.C.: March 26, 2012.

Force Structure: Assessment of Army Progress in Modular Restructuring, Prepositioned Equipment, and Equipment Reset. [GAO-10-507R](#). Washington, D.C.: April 26, 2010.

Reserve Forces: Army Needs to Finalize an Implementation Plan and Funding Strategy for Sustaining an Operational Reserve Force. [GAO-09-898](#). Washington, D.C.: September 17, 2009.

Reserve Forces: Army Needs to Reevaluate Its Approach to Training and Mobilizing Reserve Component Forces. [GAO-09-720](#). Washington, D.C.: July 17, 2009.

Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities. [GAO-09-131](#). Washington, D.C.: November 14, 2008.

Force Structure: Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment, but the Total Cost Is Uncertain. [GAO-08-669T](#). Washington, D.C.: April 10, 2008.

Military Readiness: Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces. [GAO-08-497T](#). Washington, D.C.: February 14, 2008.

Force Structure: Need for Greater Transparency for the Army's Grow the Force Initiative Funding Plan. [GAO-08-354R](#). Washington, D.C.: January 18, 2008.

Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results. [GAO-08-145](#). Washington, D.C.: December 14, 2007.

Reserve Forces: Actions Needed to Identify National Guard Domestic Equipment Requirements and Readiness. [GAO-07-60](#). Washington, D.C.: January 26, 2007.

Reserve Forces: Army National Guard and Army Reserve Readiness for 21st Century Challenges. [GAO-06-1109T](#). Washington, D.C.: September 21, 2006.

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

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

Reserve Forces: Army National Guard's Role, Organization, and Equipment Need to be Reexamined. [GAO-06-170T](#). Washington, D.C.: October 20, 2005.

Reserve Forces: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Force Transformation Initiatives. [GAO-06-111](#). Washington, D.C.: October 4, 2005.

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

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

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

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