



**OFFICE OF THE SECRETARY OF DEFENSE
RESERVE FORCES POLICY BOARD**

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CHAIRMAN

INFO MEMO

FOR: SECRETARY OF DEFENSE

Arnold L. Punaro APR 9 2012

FROM: MajGen Arnold L. Punaro, USMCR (Ret), Chairman, Reserve Forces Policy Board

SUBJECT: Report of the Reserve Forces Policy Board (RFPB) on Avoiding Past Drawdown Mistakes to Enhance Future Total Force Capabilities

- The RFPB is a federal advisory committee established in law to provide you with independent advice and recommendations on strategies, policies and practices designed to improve and enhance the capabilities, efficiency, and effectiveness of the reserve components.
- The RFPB met on 7 March 2012 and voted to make eight recommendations to you concerning policies to allow for ease and assistance in the transition to and from the Active Component (AC) to Reserve Component (RC) in order to retain critical skills, capture millions of training dollars, and maintain an operational reserve force (TAB A). Please note that drawdown policies of the past and current objectives, such as DoD Force Reduction Objectives (published 27 Feb 12), have not addressed a continuum of service nor the retaining of trained skills in the RC.
 1. Determine the “fully burdened” cost of an AC and RC member.
 2. Direct the Service Chiefs to fully examine their AC/RC mix to insure mission effectiveness while balancing fiscal constraints and managing service expectations.
 3. Develop long term “one-stop-shop” transition centers utilizing existing established programs in community facilities throughout the country.
 4. Refine/Develop programs that allow for ease in transition for AD to RC (pay and personnel).
 5. Provide a consistent and persistent strategic message that our Nation must retain military capacity and capability resident in the RC.
 6. Consider programmatic to reduce new RC recruits & capture capabilities of veteran warriors.
 7. Evaluate “bottle-necks” caused by end-strength growth in support of previous conflicts.
 8. Consider funding benefit premiums to targeted career fields for a specific amount of time to members who affiliate and participate as member of the Reserve Component.

- As required by the Federal Advisory Committee Act, recommendations were deliberated and approved in an open, public session. The briefing and Information paper which was presented to and approved by the Board (TAB B) will be posted to the RFPB public web site within days. The basic overview of the RFPB is submitted as TAB C.
- The task force worked closely with the organizations in DoD with responsibilities in these areas.

COORDINATION: NONE

Prepared by: Maj Gen James N. Stewart, 703-681-0060

RECOMMENDATIONS

1. Determine the “fully burdened” costs of an AC and RC member to ensure the AC/RC mix provides a “return on the original investment” by capitalizing on the retention of skills and experiences available to execute operational requirements when needed. Utilize metrics such as training costs, training slots, experience levels, attrition and absorption to help predict the viability and sustainability of the Total Force.
2. Direct the Service Chiefs to fully examine their AC/RC mix to insure mission effectiveness while balancing fiscal constraints and managing service expectations. Explore all mission sets to determine the best fit for reserve component and active duty forces.
3. Develop programs in established reserve community facilities as “one-stop-shop” long-term transition centers throughout the country. These centers will aid sailors, soldiers, airmen and marines as they assimilate into their hometown community structure from deployment, release from active duty or accession into a reserve component. By developing community based capabilities the gambit of resources could be efficiently and effectively link resources and promote the well-being of members, families and communities by connecting them with resources throughout the deployment and employment cycles. Facilities located in every state and territory could easily be funded through established programs such as Yellow Ribbon Reintegration, Employer Support of the Guard and Reserve, Hero 2 Hire, Joining Forces, Departments of Labor and Education, and Veterans Affairs, to provide reintegration/transition in partnership with the Communities of Corporate Business, Education, Employment, Medical, Behavioral Health, as well as, City/County Government, Veteran Service and Non-Profit Organizations.
4. Develop programs that allow for easy transition from active duty to reserve component units/organizations and provide incentives to enhance the “Continuum of Service”.
5. Provide a consistent and persistent strategic message to the President, Congress, the private sector, and the public that the Nation must retain the capacity and capability resident within the National Guard and Reserves to insure the AC/RC “relationship” is one of mutual benefit and dependence.

6. Consider recruiting adjustments in the Reserve Components; reduce new recruits in order to capture the skills and capabilities of veteran warriors. Adoption of this practice will decrease the need to train non-prior members, saving dollars and future training slots.
7. Evaluate historical training “bottle-necks” caused by the growth of end-strength to support previous conflicts. “Bottle-necks” can be minimized if trained Sailors, Soldiers, Airmen and Marines transition to the Guard and Reserve.
8. Although all members are eligible to purchase TRICARE benefits, consideration should be explored as to the possibility of DoD assisting with TRICARE premiums for departing active duty members in targeted career fields with designated levels of experience (for a specified amount of time) who affiliate and participate in drill status as a member of the National Guard and Reserve.

INFORMATION PAPER

UNCLASSIFIED

January 10, 2012
RFPB: (703) 681-0600

SUBJECT: Avoiding Past Drawdown Mistakes to Enhance Future Total Force Capabilities

1. Overview. Deputy Defense Secretary William J. Lynn, III, said on his last day in office that the United States is “0 for 4” in managing defense drawdowns. Military drawdowns after World War II, Korea, Vietnam, and the post-cold war all caused loss of military capability. “Each time we reduced the defense budget, we created holes in our military capabilities that we had to buy back later at a greater cost.”¹

Nowhere was this more evident than the past approaches to the Reserve Components. The transition, training, and compensation programs implemented in past drawdowns incentivized active personnel to leave military service completely. The same personnel reduction programs have produced disincentives to join the National Guard or Reserves. Most notable is that reviews of past approaches indicated that none of the instituted programs intended nor addressed the retention of capabilities in the Reserve Components.

The Defense Department has an opportunity to learn from past mistakes and ensure long-term decisions are made that will enhance the capacity and capabilities of the Total Force. Preserving a highly experienced and capable Total Force in an era of prudent fiscal restraint warrants the Secretary of Defense’s attention as budget pressures drive difficult decisions. The incentives for continuation and sheltering of our trained military will need to be re-examined to ensure the Defense Department retains the experience base in the Reserve component in order to mitigate the risks associated with a smaller Active Duty force.

2. Personnel: Separation Incentives for Continuation of Service in the Reserve Component

a. PAST. Readiness suffered as drawdown policies enacted during the Vietnam era of the 1970s did not retain the functional number of trained service members in critical skill sets. This action coupled with poor recruiting and retention after the conflict resulted in less than optimum personnel and equipment readiness.²

Unlike the 1970s, the drawdown practices of the 1990s focused on protecting the career force and providing monetary incentives to promote the drawdown of approximately one million active personnel. The financial incentives encouraged high quality, experienced second and third term personnel to leave active duty, but offered inadequate incentives for accession to the Selected Reserve.³ The Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and certain other separation initiatives, such as severance pay, were offered to active duty military members in an effort to reduce manpower in targeted career fields. Each service determined which personnel were offered the benefit, made the offers, set the time limit for the offers, and determined which member applications would be accepted. According to official documentation at the time, the incentive drawdown package met the intent by saving the “social contract” with the all volunteer force.

Unfortunately, these incentive programs failed to encourage transition from the active force to the Selected Reserve force. An active duty member eligible to receive separation pay was

required to enter into a written agreement with the Service Secretary concerned and to remain on the Ready Reserve roster of a Reserve Component for a period of not less than three years following discharge or release from active duty. The member was not required to participate in training or readiness requirements. However, if a Service member leaving active duty accepted a separation incentive and later decided to join the Selected National Guard or Reserve, they were required to repay some or all of that money, depending on various circumstances. Active duty strengths were effectively reduced, but the opportunity to preserve basic military skill sets and specific military experience in the Selected Reserve Component was missed (10 USC 1174, 1174a, 1175 & 1175a). Bottom line, there was no real incentive to join the National Guard or Reserves.

The Department did collaborate with federal departments to develop employment opportunities for service members as the troop strength across the force was rapidly reduced. In the 1993 Defense Authorization Act, the Departments of Justice and Defense unveiled a program entitled, "Troops to Cops", which provided monetary incentives for policing agencies to hire and train separating active duty veterans. The program's intent was to support President Clinton's mandate to place 100,000 peace officers on the street. In 1994, Troops to Teachers was established as a Department of Defense program. This program's purpose was to assist eligible military personnel transition to a new career as public school teachers in targeted schools. Separating veterans received stipends to pay for teacher certification costs and, in some circumstances, cash bonuses. While beneficial to the personnel departing active duty, these types of programs did not address nor enhance reserve opportunities. Of note are numerous programs, codified and policy driven, developed by the Labor Department, Department of Veterans Affairs and Private Organizations to assist military members adjust to civilian life, but again these programs did not focus on jobs or service in the Reserve Components (additional transition and training programs used in the past are listed in the attachment).

b. PRESENT. The authorizing statute for the Special Separation Benefit (10 USC 1174 & 1174a) and the authorizing statute for the Voluntary Separation Incentive (10 USC 1175 & 1175a) were extended to 31 December 2018 after passage of the National Defense Authorization Act, H.R. 1540-104, Sec 526, on 31 December 2011. Currently, each Service is actively utilizing these existing authorities (i.e. voluntary early release from Service Obligations, Retention Boards, Reductions in Force, and Selected Early Retirement Boards) to identify personnel for removal from active duty rolls for reasons of quality, performance or excess grades/skills. Current authorities allow large numbers of mid-career, experienced, high quality individuals to separate from their service with minimal consideration given to incentivize transition to the Reserve Component.

c. FUTURE. As a reduction in end strength is implemented and in support of the announced strategy of reversibility, it would be prudent for the Secretary of Defense to implement programs that encourage continued service in the Selected Reserve by those members of the active component whose experience or skills are no longer immediately required on active duty, but remain valuable to the Total Force. The objective outcome of these incentives should shift the focus from military separation to transition into a Reserve Component service. The Department of Defense would then preserve, within the Total Force, hard won combat experience and skills built over the past decade of war. Of particular focus would be mid-career NCOs and senior company grade officers. This action, in-turn, preserves our Nation's strategic and operational capability with human capital options that can be utilized in future contingencies. In order to create spaces for the preservation of these skilled and experienced personnel, the reserve components may need to modify the recruitment of non-prior service applicants to accommodate accessing prior service/trained personnel to stay within currently programmed end-strengths. This action can significantly change

the paradigm of separation from active duty to a “Continuum of Service” culture in a Reserve Component. This paradigm shift also allows for a second order effect; a military “transition” period for a seasoned warrior from active duty to assimilate into their local community. This acclimation period allows a seasoned warrior a controlled transition to civilian life with complete access to a military community, while DoD preserves taxpayer’s return on investment by maintaining readily accessible skills and capabilities in the reserve component.

3. Recommendations.

- Determine the “fully burdened” costs of an AC and RC member to ensure the AC/RC mix provides a “return on the original investment” by capitalizing on the retention of skills and experiences available to execute operational requirements when needed. Utilize metrics such as training costs, training slots, experience levels, attrition and absorption to help predict the viability and sustainability of the Total Force.
- Direct the Service Chiefs to fully examine their AC/RC mix to insure mission effectiveness while balancing fiscal constraints and managing service expectations. Explore all mission sets to determine the best fit for reserve component and active duty forces.
- Develop programs in established reserve community facilities as “one-stop-shop” long-term transition centers throughout the country. These centers will aid sailors, soldiers, airmen and marines as they assimilate into their hometown community structure from deployment, release from active duty or accession into a reserve component. By developing community based capabilities the gambit of resources could be efficiently and effectively link resources and promote the well-being of members, families and communities by connecting them with resources throughout the deployment and employment cycles. Facilities located in every state and territory could easily be funded through established programs such as Yellow Ribbon Reintegration, Employer Support of the Guard and Reserve, Hero 2 Hire, Joining Forces, Departments of Labor and Education, and Veterans Affairs, to provide reintegration/transition in partnership with the Communities of Corporate Business, Education, Employment, Medical, Behavioral Health, as well as, City/County Government, Veteran Service and Non-Profit Organizations.
- Develop programs that allow for easy transition from active duty to reserve component units/organizations and provide incentives to enhance the “Continuum of Service”.
- Provide a consistent and persistent strategic message to the President, Congress, the private sector, and the public that the Nation must retain the capacity and capability resident within the National Guard and Reserves to insure the AC/RC “relationship” is one of mutual benefit and dependence.
- Consider recruiting adjustments in the Reserve Components; reduce new recruits in order to capture the skills and capabilities of veteran warriors. Adoption of this practice will decrease the need to train non-prior members, saving dollars and future training slots.
- Evaluate historical training “bottle-necks” caused by the growth of end-strength to support previous conflicts. “Bottle-necks” can be minimized if trained Sailors, Soldiers, Airmen and Marines transition to the Guard and Reserve.
- Although all members are eligible to purchase TRICARE benefits, consideration should be explored as to the possibility of DoD assisting with TRICARE premiums for departing active duty members in targeted career fields with designated levels of experience (for a specified amount of time) who affiliate and participate in drill status as a member of the National Guard and Reserve.

¹ Parrish, Karen, Lynn: *Cut Defense, But Learn From Past Mistakes*, October 2011.

² McCain, John, *Going Hollow: The Warnings of the Chiefs of Staff*, September 1994.

³ Asch, Beth & Warner, John, *The Effect of Voluntary Financial Incentives on Separation Rates for Mid-Career Military Personnel*, Rand 2002.





**Reserve Forces Policy Board
Subcommittee on Creating a Continuum of Service**

Draft Working Slides as of 29 Feb 2012

Major General Anita Gallentine
Chairman, RFPB Subcommittee on Continuum of Service

RFPB Subcommittee Staff Lead – Col Mary A. Salcido – Mary.Salcido@osd.mil



Reserve Forces Policy Board CoS Subcommittee Overview

Terms of Reference
Continuum of Service (CoS): A system that facilitates the transparent movement of individuals between the Active Component, Reserve Component and Civilian service; providing variable and flexible service options and levels of participation consistent with Department of Defense manpower requirements.

Deliverables
Develop advice and recommendations to the Secretary of Defense on strategies, policies, and practices to improve and enhance the capabilities, efficiency, and effectiveness of the reserve components. Focus on enhancing DoD's role in advancing Sailors, Soldiers, Airmen and Marines the opportunity to continue serving the Armed Forces while preserving the nations investment and allowing for varying levels of participation to meet a member's ability to serve over the course of a lifetime.

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| <p>Subcommittee Members</p> <ul style="list-style-type: none">- Major General Anita Gallentine (Chair)- Major General Darrell Moore- Mr. Sergio Pecori- RADM Russell Penniman- Hon. Gene Taylor | <p>RFPB Staff Support</p> <ul style="list-style-type: none">- Col Mary Alice Salcido- CDR Steve Knight- Military Departments/OSD SMEs |
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RFPB CoS Subcommittee



13 Oct 2011: RFPB Organizational Meeting

- Creating a Continuum of Service Subcommittee formed

29 Nov 2011: RFPB Quarterly Meeting

- Common issues raised and adopted for study:
 - Develop a common definition and programs for a Continuum of Service
 - Develop processes which address the AC/RC mix and will preserve the nation's manpower investments
 - Propose policies, practices & legislation to accomplish adopted recommendations

12 Jan 2012: CoS Sub-Committee Meeting (Telecom)

- Reviewed and Discussed proposals/progress from 29 Nov Meeting
 - Way Ahead: Submission of "Avoiding Past Drawdown Mistakes" Paper for Chairman Review

23 Feb 2012: CoS Sub-Committee Meeting (Telecom)

- Status of Drawdown Paper, Duty Status Reform, AC/RC Mix and Cost Model
 - Final Review of Changes to Drawdown Paper, Cleared to Submit to RFPB
 - Discussions of CoS – "Transition Points"

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RFPB CoS Subcommittee



- CoS is a cost-saving, efficient personnel management Paradigm for the Military
 - Implementation of CoS requires involvement of Senior Leaders
- Comprehensive Human Capital Management Strategies
 - Easing Movement between AC, RC and Civilian Life over the Duration of a Career
 - Joint Experience / Education / Qualification
 - Civilian Skills Data Base & Future Use for AC and RC
 - Pay/Personnel Systems Integration
- Duty Status Reform: Reducing the Number of RC Duty Statuses
- Portable Benefits and Management: Retirement, Pay, Personnel and Retirement Systems Reform

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Process: Interviews/Research

DOD OFFICIALS / EXPERTS

- Director, Program Integration, Office of the Assistant Secretary of Defense for RA
- Director, Military Personnel, Office of the Assistant Secretary of Defense for RA
- Director, Manpower Requirements and Programs, Office of the Assistant Secretary of Defense for Reserve Affairs
- Director, Individual and Family Support Policy, Office of the Assistant Secretary of Defense for Reserve Affairs
- Office of the Secretary of Defense, Cost Assessment & Program Evaluation, Deputy to Director, Force Structure & Risk Assessment
- Assistant Director, Reserve Systems Integration, Office of the Assistant Secretary of Defense for Reserve Affairs
- Deputy Director of Force Readiness, Office of the Assistant Secretary of Defense for RA
- Director, Intergovernmental Affairs/Staff Director, Office of the Assistant Secretary of Defense for Reserve Affairs

Non-DOD OFFICIALS / EXPERTS

- Former Professional Staff of the US Senate Committee on Armed Services/Asst SECDEF for Force Management Policy and Principle Deputy Under SECDEF for Personnel and Readiness

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RFPB CoS Subcommittee

Research Papers and DOD Directives

DoD Force Reduction Objectives (Published 27 Feb 12) **DO NOT** address any action for Continuum of Service

* "Stovepipes" exist in programmatic which unilaterally exclude the Guard and Reserve within each of the services

DoD MUST: Avoid Past Drawdown Mistakes to Enhance Future Total Force Capabilities

CNGR: DoD should develop a personnel mgmt system that includes an integrated total force that provides opportunities for those who choose a civilian career, as well as ease of transition between differing service commitments.

Reimer Report: People have personal and professional needs during different phases of their life. Consequently, the personnel gate needs to swing both ways: Military members should be allowed to go from the RC to the AC and visa-versa with virtually seamless transition.

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RFPB CoS Subcommittee



- **Future Role Studies:** Implement the necessary policies to establish a continuum of service through which personnel can easily transition between varying levels of participation in the military to satisfy professional, personal and family commitments, i.e., policies that allow seamless transition between Active and Reserve statuses as well as transition between Reserve categories.
- DoD Directive 1200.17, Managing the Reserve Components as an Operational Force: Establishes the overarching set of principles and policies to promote and support the management of the Reserve Components (RCs) as an operational force. (Secretary of Defense – Robert M. Gates, Oct 08)
 - Active Components (ACs) and RCs are integrated as a TOTAL FORCE based on the attributes of the particular component and INDIVIDUAL competencies.

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RFPB CoS Subcommittee



Easing Movement between AC, RC and Civilian Life over the Duration of a Career

Past: Reviews of past approaches indicated that **NONE** of the instituted programs intended nor addressed the retention of capabilities in the Reserve Components.

- ✓ Readiness suffered as drawdown policies did not retain the functional number of trained service members in critical skill sets.
- ✓ Active duty strength was effectively reduced but the opportunity to preserve military skill sets and experience in the Reserve Component was missed.
- ✓ There was no Comprehensive Human Capital Management Strategy

Bottom Line

There was (and is) no real incentive to join the National Guard or Reserves

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RFPB CoS Subcommittee Recommendation



Submit CoS "Drawdown" Paper Immediately....Timing is Critical

- ▶ Direct Service Chiefs to fully examine their AC/RC mix to insure mission effectiveness while balancing fiscal constraints and service expectation.
- ▶ Develop community based capabilities linking existing resources currently "stove-piped" within services throughout employment and deployment cycles to allow for easy transition from Active Duty to Reserve Component units/organizations.
- ▶ Provide Programmatics which Ease Movement between AC, RC and Civilian Life over the Duration of a Career. For Example: Community based facilities housing "One-Stop-Shop" long term transition centers throughout the country.
- ▶ Determine the "Fully Burdened" cost of an AC and RC member to ensure the AC/RC mix provides a "return on the original investment" by capitalizing on the retention of skills and experience.

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Questions?

The Reserve Forces Policy Board – Basic Overview

The Reserve Forces Policy Board (RFPB) is a federal advisory committee mandated by law in the Office of the Secretary of Defense to "serve as an independent adviser to the Secretary of Defense to provide advice and recommendations to the Secretary on strategies, policies, and practices designed to improve and enhance the capabilities, efficiency, and effectiveness of the reserve components." As required by statute, the board also produces an annual report which the Secretary of Defense transmits to the President and Congress on reserve component matters the board considers appropriate to include in the report.

The board consists of 20 members; a civilian chairman, a general/flag officer from each of the seven reserve components, a two-star military executive, a senior enlisted advisor, plus ten other U.S. citizens, who may or may not be government employees, with significant knowledge of and experience in policy matters relevant to national security and reserve component matters.

The board is supported by a staff consisting of a Colonel or Navy Captain from each of the six DoD reserve components. There is also a Coast Guard staff officer. These officers also serve as liaisons between their respective components and the board. The law requires them "to perform their staff and liaison duties under the supervision of the military executive officer of the board in an independent manner reflecting the independent nature of the board."

Established in 1951, the board is one of the oldest advisory committees in the Department of Defense.

In the National Defense Authorization Act of 2011, Congress significantly revised the operating framework and membership of the RFPB. Previously, other than the chairman, the board included only DoD officials and made recommendations through the Assistant Secretary of Defense for Reserve Affairs. In 2008, the Commission on the National Guard and Reserves recommended that the RFPB's governing statute (10 USC 10301) be amended because the board was not structured to obtain and provide directly to the Secretary of Defense a wide range of independent advice on National Guard and Reserve matters due to the nature of its membership and its subordination to other offices within DoD. The revised law was effective 1 July 2011.

On 12 September 2011, retired Marine Corps Major General Arnold Punaro was sworn in as the first chairman of the board under the revised structure. Other new members were sworn in at an organizational meeting on 13 October.

The board is organized into four subcommittees: Sustainment, Readiness & Availability of the Operational Reserve; Continuum of Service / Personnel Policies; Homeland Operations; and Support for Service Members, Families & Employers. Subcommittees meet as required. The full board meets quarterly. The RFPB website is at <http://ra.defense.gov/rfpb/>.