



THE UNITED STATES OF AMERICA
OFFICE OF THE SECRETARY OF DEFENSE

RESERVE FORCES POLICY BOARD
ANNUAL REPORT
FOR FISCAL YEAR

2012





14 June 1951

*The first Chairman of the Reserve Forces Policy Board,
Mr. Charles H. Buford (center) is sworn in by Mr. Ralph N. Stohl,
Director of Administration, Office of the Secretary of Defense (left),
during a special ceremony in the office of the Secretary of Defense
George C. Marshall (right) at the Pentagon*





**OFFICE OF THE SECRETARY OF DEFENSE
RESERVE FORCES POLICY BOARD**
5113 Leesburg Pike, Suite 601, Falls Church, VA 22041

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Annual Report of the Reserve Forces Policy Board

The Reserve Forces Policy Board met on September 5, 2012 and determined what reserve component matters the Board considered appropriate for inclusion in a separate report to the President and the Congress that fulfills the requirement of Section 113(c)(2) of Title 10, United States Code. The attached Annual Report covering Fiscal Year 2012 is respectfully submitted for that purpose.

This Annual Report summarizes three separate reports in which the Board presented seventeen recommendations to you over the course of Fiscal Year 2012. We complied with our revised statutory mandate to serve as an independent source of advice to you and the Department.

In fulfilling that mission in Fiscal Year 2012, the RFPB operated in an open and collaborative fashion with officials throughout the Department of Defense and elsewhere, assuring that diverse perspectives were considered in the process of formulating and approving the Board's recommendations to you.

A handwritten signature in black ink, reading "Arnold L. Punaro", is positioned above the printed name.

ARNOLD L. PUNARO
Chairman

“... the Secretary shall transmit to the President and Congress a separate report from the Reserve Forces Policy Board on any reserve component matter that the Reserve Forces Policy Board considers appropriate to include in the report.”

10 USC § 113(c) (2)

For additional information:

<http://ra.defense.gov/rfpb/>

Preparation of this report/study cost the Department of Defense
a total of approximately \$21,000 in FY 2012–2013.

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Iowa Army National Guard soldiers SPC Tyler Hardy and SGT Shane Jobe from the 2nd Brigade, 34th Infantry Division, "Task Force Red Bulls," provide security during a key leader engagement in Parwan province, Afghanistan on December 30th, 2010. (Photo by SPC Kristina Gupton)

THE UNITED STATES OF AMERICA OFFICE OF THE SECRETARY OF DEFENSE RESERVE FORCES POLICY BOARD ANNUAL REPORT FOR FISCAL YEAR 2012

Executive Summary

The Reserve Forces Policy Board provides the Secretary of Defense with independent advice and recommendations designed to strengthen the reserve components. The law governing the RFPB was changed by Congress effective July 1, 2011 to give the Board a revised composition and structure, resulting in greater independence. A new chairman, Arnold Punaro, was appointed by the Secretary in August 2011. In October 2011, a new slate of members was sworn in.

During fiscal year 2012, the Board held four (4) quarterly meetings and delivered to the Secretary of Defense three (3) reports containing seventeen (17) recommendations. The full content of these reports is included in the body of this Annual Report.

In April, 2012 the Board delivered two reports. The first report, *New Policies and Clearer Funding Flows for Reserve Component Operations in the Homeland*, made seven (7) recommendations:

- 1 Accelerate the Policy for Use of Reserve Forces in Disasters.
- 2 Update Regulations to Authorize Training Events with Operational Benefit.
- 3 Publish DoD Guidance and Criteria for Title 32 Operations.
- 4 Update the Emergency Response Fund.
- 5 Clarify FEMA Reimbursement of DoD.
- 6 Urge FEMA to Increase Reimbursement of States for National Guard Operations.
- 7 Urge States to Equalize Protections for National Guard Personnel on State Duty.

The second report, *Avoiding Past Drawdown Mistakes to Enhance Future Total Force Capabilities*, made eight (8) recommendations:

- 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 from active duty to reserve component status (pay and personnel).
- 5 Provide a consistent and persistent strategic message that our Nation must retain military capacity and capability 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.

In June 2012, the Board delivered to the Secretary an interim report on *Gaps in DoD Data on the Cost of Reserve Component Forces*, which made two (2) recommendations:

- 1 Establish permanent DoD policy (DoD Instruction) that covers “Fully Burdened” and “Life Cycle” costs for individual military members of both the active and reserve components and report these costs annually in an appropriate report.
- 2 Update the DoD Financial Management Regulation to include guidance to develop Military Composite Standard Pay and Reimbursement rate tables for the Reserve Components.

Following submission of the Interim Report titled “Gaps in DoD Data on the Cost of Reserve Component Forces,” the Board continued its detailed policy and quantitative analysis toward the goal of presenting the Secretary with a “Final Report” on this topic in January, 2013.

As of the end of the fiscal year, September 30, 2012, all three of the RFPB’s reports remained out for comment by Department of Defense components within the Department’s automated staffing system. None of the reports have received a final, definitive acceptance or rejection. However, at least one of the RFPB’s recommendations has already resulted in positive action by the Department. Consistent with recommendation #1 in the Board’s report on New Policies and Clearer Funding Flows for Reserve Component Operations in the Homeland, the Department has taken steps to accelerate implementation of its policy on use of reserve forces in disasters.

A listing of the members and staff of the RFPB, as well as the text of the revised statute governing the Board, are provided in the appendices of this annual report.





Introduction

The Reserve Forces Policy Board (RFPB) is a federal advisory committee established by statute within the Office of the Secretary of Defense. Its purpose is 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.” By law, the Secretary of Defense transmits annually to the President and Congress a separate annual report from the RFPB on reserve component matters the Board considers appropriate to include in the report.



Secretary of Defense Leon Panetta greets Ms. Paulette Mason at the RFPB meeting on September 5, 2012. To Ms. Mason's right are fellow RFPB members Dr. John Nagl, Rear Admiral Russell Penniman, Ms. Maria Vorel, and Major General (Ret.) Leo Williams. Also present is the Under Secretary of Defense for Personnel and Readiness, Hon. Erin Conaton. (Photo: DOD photo by U.S. Navy Petty Officer 1st Class Chad J. McNeeley)

During fiscal year 2012, the RFPB successfully fulfilled its statutory role by delivering to the Secretary of Defense three (3) reports containing a total of seventeen (17) recommendations.

As required under Title 10 U.S. Code, Section 113(c)(2), this Annual Report contains those reserve component matters the Reserve

Forces Policy Board considers appropriate to include in the report for transmission from the Secretary of Defense to the President and Congress. The report includes a summary of Board meetings and activities undertaken to fulfill its mandate to reorganize the Board structure and reform its operations to implement statutory changes contained in Section 514 of the Ike Skelton 2011 National Defense Authorization Act (effective July 1, 2011 and codified in Section 10301, Title 10, United States Code), and a compilation of the three reports provided to the Secretary of Defense over the past year. The text of statutes governing Board operations is included as an appendix.



Board discussion, June 13, 2012. Pictured from right to left are Rear Admiral Russell S. Penniman, Hon. Gene Taylor, and Major General Marcia Anderson. (Photo: US Army Photo, Mr. Jerome Howard)

Organizational Overview

The 20-member Reserve Forces Policy Board is led by a civilian chair and includes a non-voting Military Executive and Enlisted Military Adviser, a member (serving or retired) of each of the seven reserve components of the armed forces, and ten U.S. citizens with significant knowledge and experience in national security and reserve component matters. Board members represent a wide range of military, industry, business, professional, and civic experience, which combined provide

the Secretary of Defense with a unique and independent body of senior officials to provide advice and recommendations on reserve component strategies, policies, and practices.



The RFPB meets November 29, 2011. (Photo: US Army Photo, Ms. Eboni Myart)

The Board is supported by a full-time staff consisting of a Colonel or Navy Captain from each of the six DoD reserve components, plus a part-time detailed member of the Coast Guard Reserve. 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.”

Historically, the RFPB is one of the oldest advisory committees in the Department of Defense. On June 13, 1951, Secretary of Defense George C. Marshall re-designated what had previously been known as the Civilian Components Policy Board to become the Reserve Forces Policy Board.

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 independent advice directly to the Secretary of Defense on a wide range of National Guard and Reserve matters due to the nature of its membership and its subordination to other offices within DoD. Other

than the Chairman, the Board's membership included only DoD officials who made recommendations through the Assistant Secretary of Defense for Reserve Affairs.

In the National Defense Authorization Act of 2011, after receiving input from the Department of Defense and a wide range of outside experts, Congress significantly changed the operating framework and membership of the RFPB to its present structure. The revised law became effective July 1, 2011. On September 12, 2011, Arnold L. Punaro succeeded William S. Greenberg as Chairman of the RFPB.



General Charles Jacoby, Commander of United States Northern Command addresses the Board as Chairman Arnold Punaro presides, June 13, 2012. (Photo:US Army Photo, Mr. Jerome Howard)

Summary of Meetings

Organizational Meeting – October 13, 2011

An organizational meeting was held on October 13, 2011 where the new members, now including several private citizens with expertise from outside the Department of Defense, were sworn in. At that meeting, the Chairman proposed and the Board agreed to organize itself into four subcommittees in order to carry out the work of the Board. The four subcommittees were organized as follows: Enhancing DoD's Role in the Homeland; Creating a Continuum of Service; Supporting Service Members, Families and Employers; and Ensuring a Ready, Capable, Available and Sustainable Operational Reserve.



Members of the newly independent and restructured Reserve Forces Policy Board are sworn-in by Mr. Michael L. Rhodes, Director of Administration and Management on October 13, 2011. Pictured from left to right are: Major General Jeffrey Talley, Chairman Arnold Punaro, Vice Admiral (Retired) John Cotton, Major General Marty Umbarger, Major General (Retired) Leo Williams, Rear Admiral Steven Day, Hon. Grier Martin, Mr. Sergio Pecori, Rear Admiral Russell Penniman, Major General Glenn Rieth, Ms. Paulette Mason, Major General James Stewart, Hon. Gene Taylor, and Ms. Maria Vorel. (Photo: US Army Photo, Mr. Jerome Howard)

Quarterly Meeting – November 29, 2011

The quarterly meeting held at the Pentagon Library and Conference Center on November 29, 2011 was the first where the Board conducted actual business and held deliberations under the newly revised statutory structure and mandate.



General Craig McKinley, Chief of the National Guard Bureau, is introduced prior to his remarks at the RFPB meeting on November 29, 2011. (Photo: US Army Photo, Ms. Eboni Myart)

The Board heard presentations from General Craig R. McKinley, the Chief of the National Guard Bureau, as well as from each of the seven Reserve Component Chiefs or their representatives. Subsequently, each of the Board's subcommittees met to identify key topic areas to raise to the full Board, formulate their work plans for examining those topics, and develop independent advice and recommendations for possible delivery to the Secretary of Defense. Additionally, the Chairman expressed his view that the RFPB needed to address the lack of an agreed upon costing model for the reserve components.

Quarterly Meeting – March 7, 2012

The meeting of March 7, 2012 was the first where the newly restructured and independent RFPB voted out policy recommendations to the Secretary of Defense.

Meeting again at the Pentagon Library and Conference Center, the Board received briefings from: the Honorable Paul N. Stockton, Assistant Secretary of Defense for Homeland Defense and America's Security Affairs; the Honorable David L. McGinnis, Acting Assistant Secretary of Defense for Reserve Affairs; General Phillip Breedlove, the Vice Chief of Staff of the Air Force; a representative from the Chief of Staff of the Army; and a panel comprised of the senior enlisted advisors of each reserve component.

Chairman Punaro led a discussion on the Board's cost methodology project, concluding that a more complete report would be provided at the next meeting.

The RFPB member from the Army National Guard, Major General Martin Umbarger, acting in his capacity as chair of the Subcommittee on Enhancing DoD's Role in the Homeland, briefed the subcommittee's report of seven proposed recommendations to the Secretary of Defense on the subject of New Authorities and Clearer Funding Flows for use of the Reserve Components in the Homeland. After deliberation and amendment, the Board voted to provide the seven recommendations and the subcommittee's briefing as a report to the Secretary of Defense.

Additionally, the RFPB member from the Air Force Reserve, Major General Anita Gallentine, acting in her capacity as chair of the Subcommittee on Creating a Continuum of Service, briefed the Board on their subcommittee's report of eight proposed recommendations to the Secretary of Defense on the subject of Avoiding Past Drawdown Mistakes. The Board voted to provide those eight recommendations, as written, and the subcommittee's briefing as a report to the Secretary of Defense.

Both reports were delivered to the Secretary of Defense on April 9, 2012.

Quarterly Meeting – June 13, 2012

This meeting included presentations by: the Honorable Ashton B. Carter, Deputy Secretary of Defense; the Honorable Erin C. Conaton, Under Secretary of Defense for Personnel & Readiness; General Charles H. Jacoby, Commander of the United States Northern Command; and the Honorable Jessica L. Wright, Assistant Secretary of Defense for Reserve Affairs.



Chairman Arnold Punaro welcomes the Hon. Ashton Carter, Deputy Secretary of Defense to address the RFPB as Hon. Jessica Wright, Assistant Secretary of Defense for Reserve Affairs and RFPB member SGM Gary Martz and staff look on, June 13, 2012. (Photo: US Army Photo, Mr. Jerome Howard)

The RFPB's Military Executive, Major General James N. Stewart, acting in his capacity as leader of the Board's cost methodology project, briefed the project findings on identifying the "Fully Burdened" and "Life Cycle" costs of Active Duty and Reserve Component personnel, which included two policy recommendations to the Secretary of Defense. The Board approved the two policy recommendations that were subsequently delivered in an Interim Report to the Secretary of Defense titled, "Gaps in DoD Data on the Cost of Reserve Component Forces" on June 28, 2012. The Chairman directed that work continue on this project to identify and further quantify the "Fully-Burdened" and "Life-Cycle" costs of the Total Force and to formulate policy recommendations for the Board to consider including in a follow-on "Final Report."



Major General James Stewart briefs findings of the Board's cost methodology project, June 13, 2012. (Photo: LTC Bernd Zoller.)

Annual Meeting – September 5, 2012

The Annual Meeting, held at the Fort Myer Officers Club and at the Pentagon, included presentations by: the Honorable Leon E. Panetta, Secretary of Defense; the Honorable Erin C. Conaton, Under Secretary of Defense for Personnel & Readiness; the Honorable Christine H. Fox, Director, Cost Analysis and Program Evaluation; and the Adjutants General from the states of New Hampshire and California.



Hon. Erin Conaton, Under Secretary of Defense for Personnel and Readiness (Left) and Hon. Christine Fox, Director of Cost Analysis and Program Evaluation (Right), both addressed the RFPB on September 5, 2012. (Photo: US Army Photo, Mr. Jerome Howard)

In his remarks to the Board, the Secretary of Defense raised several key issues for the Board to act on in the coming months. Specifically, the Secretary of Defense asked the Board to provide him with advice and recommendations on the following: determining the best ways to use the reserve components within the Department's new strategy; finding the optimal mix of active and reserve component forces; calculating the true DoD cost to maintain strong reserve component forces; and identifying cost saving measures. Subsequently, the Chairman appointed a Task Group under the leadership of Hon. Grier Martin to examine these topics and formulate relevant policy recommendations. The Chairman directed that the Task Group present a work plan to the full Board at its next meeting in December.



Secretary of Defense Leon Panetta raises matters for Board consideration, September 5, 2012, as Chairman Arnold Punaro takes notes. (Photo: DOD photo by U.S. Navy Petty Officer 1st Class Chad J. McNeeley)

The RFPB's Military Executive, Major General James N. Stewart, briefed the Board on progress made since delivery of the Interim Report (Gaps in DoD Data on the Cost of Reserve Component Forces) to the Secretary of Defense. He also presented a new way to categorize costing elements and discussed the feedback received from DoD and

non-DoD organizations. Finally, he expressed his intention to have a completed report of recommendations ready for Board approval at the December 2012 meeting.

Major General Martin Umbarger, RFPB member and chair of the Subcommittee on Enhancing DoD's Role in the Homeland, briefed the Board on his subcommittee's trip to the United States Northern Command on August 13, 2012. A total of six Board members joined MG Umbarger in Colorado to gather information, conduct research, and analyze relevant issues and facts with regard to matters of DoD funding for training exercises and the DoD process for missioning reserve component units for requirements in the homeland.

The Board also deliberated and reached consensus on reserve component issues it considered appropriate for inclusion in this Annual Report for the Secretary of Defense to transmit to the President and Congress as required by statute.



RFPB Reports of Advice and Recommendations to the Secretary of Defense

During Fiscal Year, 2012, the RFPB delivered to the Secretary a total of three reports comprising seventeen separate recommendations.

This section of the annual report includes the contents of those reports as provided to the Secretary of Defense by the RFPB.



Chairman Arnold Punaro signs the first two reports of recommendations to the Secretary of Defense to be produced by the Reserve Forces Policy Board after its restructuring under the FY 2011 National Defense Authorization Act, April 9, 2012. (Photo: Reserve Forces Policy Board staff photo)

New Policies and Clearer Funding Flows for Reserve Component Operations in the Homeland

Report delivered to the Secretary of Defense on April 9, 2012

RECOMMENDATIONS

- 1 ACCELERATE POLICY FOR USE OF RESERVE FORCES IN DISASTERS** – DoD, including OSD, the Joint Staff and the Services should work in tandem to assure speedy policy implementation of the new authority under 10 USC 12304a to employ Reserve units and individuals rapidly for disasters. Each should immediately issue interim guidance documents to establish procedures and eliminate obstacles to rapid sourcing and deployment. The objective should be to make substantial progress by June 1, 2012 so that, in time for hurricane season, the Services are capable of quickly sourcing and then deploying their Reserve forces quickly into disaster relief operations within 48 hours of unit notification.
- 2 UPDATE REGULATIONS TO AUTHORIZE TRAINING EVENTS WITH OPERATIONAL BENEFIT** – The National Guard Bureau should formulate and issue to the States a revised version of National Guard Regulation 350-1 or other definitive set of guidelines, consistent with DoD Instruction 1215.06, clarifying that operational support for missions such as support to civil authorities may occur as a consequence of training. It should address the process for planning and modifying such training. Other Reserve Components should consider issuing similar guidance in light of their increased potential for employment in the homeland.
- 3 PUBLISH DOD GUIDANCE AND CRITERIA FOR TITLE 32 OPERATIONS** – The Office of the Secretary of Defense and the National Guard Bureau should collaborate to develop guidelines and criteria that provide greater predictability for State leaders regarding the likelihood of approval by the Secretary of Defense for State requested operations under Section 502(f) of Title 32 by publishing relevant guidelines and criteria. Criteria such as catastrophic scope, national character and/or requirement of multi-state response should be considered.
- 4 UPDATE THE EMERGENCY RESPONSE FUND** – DoD should update its Financial Management Regulation section governing the use of the Emergency Response Fund currently

dated 1996. Additionally, the Department should make an assessment of the laws establishing and governing the Fund to identify any modifications of law which should be requested from Congress. Finally, the Department should include in its next budget request a replenishment of the Fund to a level necessary to minimize financial risk to DoD accounts resulting from unprogrammed / unbudgeted domestic disaster requirements.

5 CLARIFY FEMA REIMBURSEMENT OF DOD – DoD should work with Department of Homeland Security, FEMA and the Office of Management and Budget to clarify in writing the policy for the reimbursement of the pay of both National Guard and Reserve forces when assigned missions by the Secretary of Defense for purposes of conducting disaster relief operations. Specifically, the dialogue should cover possible revision of 44 CFR 206.8 or the creation of an agreement in writing between DoD and FEMA regarding reimbursement for the military pay of National Guard personnel employed for disaster operations under 32 USC 502(f) and for Reserve personnel employed under the new authority of 10 USC 12304a.

6 URGE FEMA TO INCREASE REIMBURSEMENT OF STATES FOR NATIONAL GUARD OPERATIONS – The Secretary of Defense, in coordination with the Secretary of Homeland Security and the Office of Management and Budget, should request that the President direct the Administrator of FEMA to increase from 75% to 90% the Federal share of assistance for the use of National Guard forces in responding to federally declared disasters, thus providing States with a greater fiscal incentive to employ state-controlled assets and thereby reduce the instances of state requests to DoD for 100% federally funded military capabilities.

7 URGE STATES TO EQUALIZE PROTECTIONS FOR NATIONAL GUARD PERSONNEL ON STATE DUTY – The Secretary of Defense through both the Council of Governors and the National Council of State Legislators should advocate for State adoption of an updated set of model State statutes concerning protections and benefits for National Guard members on State Active Duty. An updated version of the model statute for State Active Duty developed by the National Guard Bureau in 2009 should be considered for this purpose. Likewise, DoD should also play an active role in urging and monitoring State adoption of the model statutes.



Reserve Forces Policy Board
Subcommittee on Enhancing DoD's Role in the Homeland

Reserve Component Homeland Operations: New Policies and Clearer Funding Flows

As Approved by the RFPB - March 7, 2012

Major General R. Martin Umbarger

Chairman, RFPB Subcommittee on Enhancing DoD's Role in the Homeland

RFPB Subcommittee Staff Lead – COL Robert A. Preiss – Robert.preiss@osd.mil



Subcommittee Report Overview



Terms of Reference

At RFPB meeting 29 November, members of the Subcommittee raised to the Board several matters to be acted upon. These included: FEMA Reimbursement of DoD for National Guard operations under Title 32; Training operations to pre-position National Guard forces; and functionality of the Emergency Response Fund-Defense. Later, the Chairman raised DoD implementation of 10 USC 12304a as a matter to be acted upon. Subcommittee "Preparatory Work" meeting held on 22 January & 24 February.

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 the homeland.

Subcommittee Members

Major General R. Martin Umbarger (Chair)
Major General H. Michael Edwards
Hon. Grier Martin
Hon. Gene Taylor
Ms. Maria Vorel

RFPB Staff Support

COL Robert A. Preiss
CDR Steven P. Knight
CWO George Rubesha



Process: Interviews



DOD OFFICIALS / EXPERTS

- Assistant Secretary of Defense for Homeland Defense (ASD-HD), Dr. Paul Stockton
- Chief of the National Guard Bureau (CNGB), Gen. Craig McKinley
- Deputy Commander, USNORTHCOM, LTG Frank Grass
- Director of Contingency Operations, OSD Comptroller, Ms. Angela Rogers
- Deputy Assistant Secretary of Defense for Reserve Affairs (Readiness Training and Mobilization), Mr. Paul Patrick
- Deputy Assistant Secretary of Defense for Reserve Affairs (Manpower and Personnel), Ms. Jessica Wright
- Deputy Assistant Secretary of Defense for Homeland Defense (Homeland Defense Integration & Defense Support to Civil Authorities), Mr. Robert Salesses
- Deputy Director of the Army National Guard (DDARNG), MG Tim Kadavy
- Deputy Director, Anti-Terrorism/Homeland Defense (J34), MG Jeff Matthis

- Assistant to the Chairman, JCS for National Guard Matters (ACJCS/NGRM), Maj Gen Kelly McKeague
- Fiscal Attorney, Office of DoD General Counsel, Mr. John Ruoff
- Director, State Liaison & Educational Opportunity, OUSD(P&R), Mr. Ed Kringer

Non-DOD OFFICIALS / EXPERTS

- Chief Counsel, FEMA, Mr. Brad Kieserman
- Associate Administrator for Response, FEMA, Mr. Robert Fenton
- Emergency Management Assistance Compact (EMAC) Program Director, National Emergency Management Assoc., Ms. Angela Copple
- Chairman, Homeland Security Committee, Adjutants General Association of the US, Maj Gen Timothy Lowenberg
- Senior Federal Affairs Counsel, National Conference of State Legislatures, Ms. Susan Frederick

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Defense Strategic Guidance Primary Missions of US Armed Forces



"The Joint Force will need to recalibrate its capabilities and make selective additional investments to succeed" in ten missions which "will largely determine the shape of the future Joint Force."



But, the overall capacity of U.S. forces will be based on requirements of this mission subset.

Source: *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, January 2012

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Summary of Recommendations



1. Accelerate the Policy for Use of Reserve Forces in Disasters
2. Update Regulations to Authorize Training Events with Operational Benefit
3. Publish DoD Guidance and Criteria for Title 32 Operations
4. Update the Emergency Response Fund
5. Clarify FEMA Reimbursement of DoD
6. Urge FEMA to Increase Reimbursement of States for National Guard Operations
7. Urge States to Equalize Protections for National Guard Personnel on State Duty

5



FINDINGS & RECOMMENDATIONS



6



Need RC Disaster Policy Sooner



ISSUE: Slow DoD policy process risks confusion and delay in deploying Reserve forces for disasters under new authority.

FINDINGS:

- NDAA '12 gives SECDEF new authority (10 USC 12304a) to order USAR, USAFR, USNR & USMCR to duty for disasters.
- ASD-HD feels DoD should have ability to use new authority by 1 June 2012 – in time for start of hurricane season.
- OASD-RA is lead for new DoD Instruction, but this process normally takes a year.
- Services appear to all be waiting for DoD guidance before making any substantial changes to Service mobilization policies and procedures.
 - **TODAY:** Service mob policies are focused on detailed & time-consuming prep of forces for overseas deployment.
 - **FUTURE:** Missions under this new authority inside the US homeland will demand far more speedy unit sourcing and deployment.

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Recommendation # 1



Accelerate the Policy for Use of Reserve Forces in Disasters – DoD, including OSD, the Joint Staff and the Services, should work in tandem to assure speedy policy implementation of the new authority under 10 USC 12304a to employ Reserve units and individuals rapidly for disasters. Each should immediately issue interim guidance documents to establish procedures and eliminate obstacles to rapid sourcing and deployment. The objective should be to make substantial progress by June 1, 2012 so that the Services are capable of quickly sourcing and then deploying their Reserve forces into a disaster relief operation within 48 hours of unit notification.

8



Training Can Support Operations



ISSUE: During Hurricane Irene in 2010, NGB sought to conduct a training exercise, which would also yield the benefit of pre-positioning forces in case of possible need for disaster response, but some States were hesitant to modify training plans despite brief policy clarification provided by NGB.

FINDINGS:

- DoD policy allows operational mission requirements to be supported as a consequence of performing training.
- While the Air National Guard training regulation echoes the DoD policy verbatim, the Army National Guard training regulation is vague.
- A more fully articulated regulation or other policy issuance from NGB could alleviate future hesitation to leverage training events to position forces for disasters.

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Recommendation # 2



Update Regulations to Authorize Training Events with Operational Benefit – The National Guard Bureau should formulate and issue to the States a revised version of National Guard Regulation 350-1 or other definitive set of guidelines, consistent with DoD Instruction 1215.06, clarifying that operational support for missions, such as support to civil authorities, may occur as a consequence of training. It should address the process for planning and modifying such training. Other Reserve Components should consider issuing similar guidance in light of their increased potential for employment in the homeland.

10



National Guard Duty Status Comparison



STATE

FEDERAL

State Active Duty

Title 32

Title 10

Command & Control	Governor	Governor	President
Where	IAW State Law	USA	Worldwide
Pay	State	Federal	Federal
Mission types	IAW State Law (Riot control, Emergency Response, etc.)	Training, And other federally authorized.	Overseas Tng, & as assigned after mobilization
Discipline	State Military Code	State Military Code	UCMJ
Tort Immunity	IAW State law	Federal Tort Claims Act	Federal Tort Claims Act
Support Law Enforcement	Yes	Yes	Limited by <i>Posse Comitatus</i>



32 USC 502(f)



(1) Under regulations to be prescribed by the Secretary of the Army or Secretary of the Air Force, as the case may be, a member of the National Guard may... be ordered to perform training or other duty in addition to that prescribed under subsection (a).

(2) The training or duty ordered to be performed ...may include ...
“Support of operations or missions undertaken by the member’s unit at the request of the President or Secretary of Defense.”

EXAMPLES

- Airport Security Mission, 2001
- G8 Summit, 2004
- Operation Winter Freeze, 2004
- Political Conventions, 2004 & 2008
- Hurricane Katrina, 2005
- Operation Jump Start, 2006
- Hurricanes Gustav and Ike, 2008
- Red River Floods, 2009
- SW Border, 2010

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State Requests for National Guard Operations Frequently Denied



ISSUE: DoD receives – and often denies – requests from States for SECDEF to approve 100% DoD-funded operations under 32 USC 502(f). Takes staff time. Friction with States.

FINDINGS:

- Operations under 32 USC 502(f) can be a useful tool.
 - Used 13 times in 9 years after 9-11: Hurricanes, Flood, Winter Storm, Security Events, etc.
 - Forces remain under State control.
 - 100% DoD funded.
- Explicit criteria could help manage expectations, provide predictability to States and reduce requests to DoD.
- Previously articulated criteria for a 502(f) operation: Effects of event are catastrophic, event is national in character, and/or requires a significant multi-state National Guard response.

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Recommendation # 3



Publish DoD Guidance and Criteria for Title 32 Operations – The Office of the Secretary of Defense and the National Guard Bureau should collaborate to develop guidelines and criteria that provide greater predictability for State leaders regarding the likelihood of approval by the Secretary of Defense for State requested operations under Section 502(f) of Title 32 by publishing relevant guidelines and criteria. Criteria such as catastrophic scope, national character and/or requirement of multi-state response should be considered.

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DoD's Disaster Reimbursement Account



ISSUE: The DoD Fund created for disasters is not functional

FINDINGS:

- Since 1989, there has been an "Emergency Response Fund, Defense" revolving account within DoD.
 - Originally \$100m "Available Until Expended" for reimbursable disaster assistance requests. Probably intended for domestic disasters. 1994 law change allowed use for DoD disaster expenses. Was then used for Non-reimbursable overseas disasters. Today: Only \$12m.
- Current Policy in DoD *Financial Management Regulation* is dated 1996 – more than 15 years old.
- Existing Law should be reviewed for possible revision.
 - Currently does not allow use for RC pay and allowances
 - Currently allows use of Fund for overseas disasters
- If updated and replenished, could be a useful tool to minimize disaster impact on RC as well as other DoD accounts

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Recommendation # 4



Update the Emergency Response Fund – DoD should update its Financial Management Regulation section governing the use of the Emergency Response Fund currently dated 1996. Additionally, the Department should make an assessment of the laws establishing and governing the Fund to identify any modifications of law which should be requested from Congress. Finally, the Department should include in its next budget request a replenishment of the Fund to a level necessary to minimize financial risk to DoD accounts resulting from unprogrammed / unbudgeted domestic disaster requirements.

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FEMA Administrator



"The other question I get goes back to money. Why don't you put us on Title 32 status and predeploy us under those authorities? We've been down this road before. I don't have a good answer. And in all likelihood if we do put you under Title 32 status and we move you ahead of time, it's going to come out of the General's budget because **I cannot transfer money.** And I've had attorneys on both sides tell me "yay" and "nay." But **I do not have current legal authority, according to my Chief Counsel, to transfer money from the Disaster Relief Fund to the Title 32 fund in DoD.**"

- FEMA Administrator Craig Fugate speaking at National Guard Joint Senior Leadership Conference, 8 November 2011

17



FEMA Regulations

Code of Federal Regulations, Title 44, Sec 206.8
Reimbursement of other Federal agencies



FEMA Officials may approve reimbursement of the following Federal agency costs which are incurred in providing requested assistance.

1. Overtime, travel, and per diem of permanent Federal agency personnel.
2. Wages, travel, and per diem of temporary Federal agency personnel assigned solely to performance of services directed by [FEMA Officials] in the major disaster or emergency area ...
3. Travel and per diem of Federal military personnel assigned solely to the performance of services directed by [FEMA Officials] in the major disaster or emergency area designated by the Regional Director.
4. Cost of work, services, and materials procured under contract for the purposes of providing assistance directed, by [FEMA Officials].
5. Cost of materials, equipment, and supplies (including transportation, repair, and maintenance) from regular stocks used in providing directed assistance.
6. All costs incurred which are paid from trust, revolving, or other funds, and whose reimbursement is required by law.
7. Other costs submitted by an agency with written justification or otherwise agreed to in writing by [FEMA Officials]

Will Reservists under new 12304a qualify?

Does not explicitly include pay of National Guard in 502(f) but could be modified to do so

Such as ERF, D?

Need a FEMA-DoD MOU?

18



FEMA Won't Reimburse RC Pay



ISSUE: Because AC pay is a "sunk cost" but RC pay is an "incremental cost" which FEMA won't reimburse, DoD force choices (AC or RC) are shaped by cost. Could result in choice of force other than the one best for the job.

FINDINGS:

- By policy, FEMA will not reimburse any Federal Agency base salary for mission assignments. It will reimburse for incremental costs such as overtime pay and wages of temporary federal agency personnel.
- As recently as Hurricane Irene, FEMA refused reimbursement of RC Pay
 - DOD policy requires reimbursement of "military labor" costs.
 - GAO Report supports reimbursement of "military pay and allowances."
 - Stafford Act appears to allow reimbursement.
 - Economy Act appears to require reimbursement for "any costs."
- FEMA Policy is that FEMA will reimburse expenses agreed to in writing
- DOD can negotiate a written agreement and argue that RC Pay and Allowances are an incremental cost similar to wages of temporary federal agency personnel which ARE reimbursable.

19



Recommendation # 5



Clarify FEMA Reimbursement of DoD – DoD should work with Department of Homeland Security, FEMA and the Office of Management and Budget to clarify in writing the policy for the reimbursement of the pay of both National Guard and Reserve forces when assigned missions by the Secretary of Defense for purposes of conducting disaster relief operations. Specifically, the dialogue should cover possible revision of 44 CFR 206.8 or the creation of an agreement in writing between DoD and FEMA regarding reimbursement for the military pay of National Guard personnel employed for disaster operations under 32 USC 502(f) and for Reserve personnel employed under the new authority of 10 USC 12304a.

20



Disaster Expenses Drive States to Seek DoD-funded Operations



ISSUE: State budgets are under increasing pressure

- In disasters, States are fiscally overwhelmed sooner.
- Drives frequent requests to DoD for 100% federally funded operations under 32 USC 502(f).

FINDINGS:

- Stafford Act allows FEMA Reimbursement of "Not Less Than" 75% of most State costs for Federally-declared disasters.
- President can allow a higher %.
- An increase in FEMA reimbursement of States from 75% to 90% for National Guard disaster operations under State Active Duty would create incentive and capability for States to rely more on this solution rather than on 100% DoD-funded operations under 32 USC 502(f).

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Recommendation # 6



Urge FEMA to Increase Reimbursement of States for National Guard Operations – The Secretary of Defense, in coordination with the Secretary of Homeland Security and the Office of Management and Budget, should request that the President direct the Administrator of FEMA to increase from 75% to 90% the Federal share of assistance for the use of National Guard forces in responding to federally declared disasters, thus providing States with a greater fiscal incentive to employ state-controlled assets and, thereby, reducing the instances of state requests to DoD for 100% federally funded military capabilities.

22



Unequal State Protections



ISSUE: Unequal Protections, Benefits and Pay of National Guard members on State Active Duty are frequently cited as reasons to use DoD-funded authority of 32 USC 502(f) instead.

- **Protections:** Federal Tort Claim Act, USERRA and SCRA
- **Benefits:** Several but particularly \$100k Death Gratuity
- **Pay:** Shortfall is largely a myth. In 90% of States, State Active Duty pay is same or higher than Federal military pay.

FINDINGS:

- Requires changes in State law.
- Not DoD's Problem – But DoD can exert helpful leadership
- There is past precedent for DoD to provide States with a model set of statutes that can be enacted.
 - Military Family & Community Policy liaison with States
 - NGB model statutes for UCMJ and for State Active Duty

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Recommendation # 7



Urge States to Equalize Protections for National Guard Personnel on State Duty – The Secretary of Defense through both the Council of Governors and the National Council of State Legislators should advocate for State adoption of an updated set of model State statutes concerning protections and benefits for National Guard members on State Active Duty. An updated version of the model statute for State Active Duty developed by the National Guard Bureau in 2009 should be considered for this purpose. Likewise, DoD should also play an active role in urging and monitoring State adoption of the model statutes.

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Appendix



1. Defense Strategic Guidance - Defend the Homeland and Provide Support to Civil Authorities
2. 10 USC 12304a
3. National Guard Duty Status Comparison
4. 32 USC 502(f)
5. FEMA Administrator Quote
6. Stafford Act
7. FEMA Regulations - Reimbursement of other Federal agencies
8. DoD Policy Requires Reimbursement for DSCA
9. The Economy Act – 31 USC 1535

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10 USC 12304a



Army Reserve, Navy Reserve, Marine Corps Reserve, and Air Force Reserve:
order to active duty to provide assistance in response to a major disaster or emergency

"When a Governor requests Federal assistance in responding to a major disaster or emergency (as those terms are defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)), the Secretary of Defense may, without the consent of the member affected, order any unit, and any member not assigned to a unit organized to serve as a unit, of the Army Reserve, Navy Reserve, Marine Corps Reserve, and Air Force Reserve to active duty for a continuous period of not more than 120 days to respond to the Governor's request."

Included in Public Law No: 112-81 but not in US Code

Usual and Customary Arrangement-

(1) **DUAL-STATUS COMMANDER-** When the Armed Forces and the National Guard are employed simultaneously in support of civil authorities in the United States, appointment of a commissioned officer as a dual-status commander serving on active duty and duty in, or with, the National Guard of a State under sections 315 or 325 of title 32, United States Code, as commander of Federal forces by Federal authorities and as commander of State National Guard forces by State authorities, should be the usual and customary command and control arrangement, including for missions involving a major disaster or emergency as those terms are defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122). The chain of command for the Armed Forces shall remain in accordance with sections 162(b) and 164(c) of title 10, United States Code.

(2) **STATE AUTHORITIES SUPPORTED-** When a major disaster or emergency occurs in any area subject to the laws of any State, Territory, or the District of Columbia, the Governor of the State affected normally should be the principal civil authority supported by the primary Federal agency and its supporting Federal entities, and the Adjutant General of the State or his or her subordinate designee normally should be the principal military authority supported by the dual-status commander when acting in his or her State capacity.

26



Emergency Response Fund, Defense (ERF, D) - Law



Public Law 101-165, November 21, 1989 (FY'90 Defense Appropriations)

- "Emergency Response Fund, Defense - \$100,000,000 to remain available until expended. The Fund shall be available for providing reimbursement to currently applicable appropriations of the Department of Defense for supplies and services provided in anticipation of requests from other Federal Departments and agencies and from State and local governments for assistance on a reimbursable basis to respond to natural or manmade disasters. The Fund may be used upon a determination by the Secretary of Defense that immediate action is necessary before a formal request for assistance on a reimbursable basis is received. There shall be deposited to the Fund (a) reimbursements received by the Department of Defense for the supplies and services provided by the Department in its response efforts and (b) appropriations made to the Department of Defense for the Fund. Reimbursements and appropriations deposited to the Fund shall remain available until expended."

Public Law 103-139, November 11, 1993 (FY'94 Defense Appropriations)

- "SEC. 8131. The appropriation, "Emergency Response Fund, Defense" made under the heading "Emergency Response Fund" by the Department of Defense Appropriations Act, 1990 (Public Law 101-165) is amended by inserting the following immediately after the third sentence: "In addition to the foregoing, upon a determination by the Secretary of Defense that such action is necessary, the Fund may be used, in addition to other funds available to the Department of Defense for such purposes, for expenses of the Department of Defense which are incurred in supplying supplies or services furnished in response to natural or manmade disasters."

NOTE: PL 103-325 (FY'95 Defense Appropriations) provided supplemental funds for Rwanda operation but did not materially alter the nature of the Fund.

27



Stafford Act



Sec. 403. Essential Assistance

(a) In general. - Federal agencies may, on the direction of the President, provide assistance essential to meeting immediate threats to life and property resulting from a major disaster, as follows:

(1) Federal resources, generally - Utilizing, lending, or donating to State and local governments Federal equipment, supplies, facilities, personnel, and other resources...

(3) Work and services to save lives and protect property - Performing on public or private lands or waters any work or services essential to saving lives and protecting and preserving property or public health and safety...

(b) Federal share - The Federal share of assistance under this section shall be not less than 75 percent of the eligible cost of such assistance.

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DoD Policy Requires Reimbursement for DSCA



"All requests for DSCA shall be written, and shall include a commitment to reimburse the Department of Defense in accordance with sections 5121, et. seq., of ... "The Stafford Act", section 1535 of title 31, U.S.C. (also known as "The Economy Act")...., or other authorities except requests for support for immediate response, and mutual or automatic aid, ... Unless approval authority is otherwise delegated by the Secretary of Defense, all DSCA requests shall be submitted to the office of the Executive Secretary of the Department of Defense. For assistance provided *[by military commanders in Immediate Response]*, civil authorities shall be informed that oral requests for assistance in an emergency must be followed by a written request that includes an offer to reimburse the Department of Defense at the earliest available opportunity. States also must reimburse the United States Treasury in accordance with section 9701 of [title 31 U.S.C]. Support may be provided on a non-reimbursable basis only if required by law or if both authorized by law and approved by the appropriate DoD official."

— DoD Directive 3025.18, Paragraph 4.d. (page 3), December 29, 2010

29



The Economy Act: 31 USC 1535



(a) The head of an agency or major organizational unit within an agency may place an order with a major organizational unit within the same agency or another agency for goods or services, if—

- (1) amounts are available;
- (2) the head of the ordering agency or unit decides the order is in the best interest of the United States Government;
- (3) the agency or unit to fill the order is able to provide or get by contract the ordered goods or services; and
- (4) the head of the agency decides ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise.

(b) Payment shall be made promptly by check on the written request of the agency or unit filling the order. Payment may be in advance or on providing the goods or services ordered and shall be for any part of the estimated or actual cost as determined by the agency or unit filling the order. A bill submitted or a request for payment is not subject to audit or certification in advance of payment. Proper adjustment of amounts paid in advance shall be made as agreed to by the heads of the agencies or units on the basis of the actual cost of goods or services provided.

(c) A condition or limitation applicable to amounts for procurement of an agency or unit placing an order or making a contract under this section applies to the placing of the order or the making of the contract.

(d) An order placed or agreement made under this section obligates an appropriation of the ordering agency or unit. The amount obligated is obligated to the extent that the agency or unit filling the order has not incurred obligations, before the end of the period of availability of the appropriation, in—

- (1) providing goods or services; or
- (2) making an authorized contract with another person to provide the requested goods or services.

(e) This section does not—

- (1) authorize orders to be placed for goods or services to be provided by convict labor; or
- (2) affect other laws about working funds.

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Avoiding Past Drawdown Mistakes to Enhance Future Total Force Capabilities

Report delivered to the Secretary of Defense on April 9, 2012

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 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.

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.

SEPARATION INCENTIVES FOR CONTINUATION OF SERVICE IN THE RESERVE COMPONENT

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).

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.

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.

SOURCES

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

Avoiding Past Drawdown Mistakes to Enhance Total Force Capabilities

As Approved by the RFPB - March 7, 2012

Major General Anita Gallentine

Chairman, RFPB Subcommittee on Creating a 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.

Subcommittee Members

- Major General Anita Gallentine (Chair)
- Major General Darrell Moore
- Mr. Sergio Pecori
- RADM Russell Penniman
- Hon. Gene Taylor

RFPB Staff Support

- Col Mary Alice Salcido
- CDR Steve Knight
- Military Departments/OSD SMEs



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"

3



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

4



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.

7



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 Programmatic 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.

9



Gaps in DoD Data on the Cost of Reserve Component Forces

Interim Report delivered to the Secretary of Defense on June 29, 2012

RECOMMENDATIONS

- 1 Director of Cost Assessment and Program Evaluation (CAPE) should establish permanent DoD policy (DoD Instruction) that covers “Fully Burdened” and “Life Cycle” costs for individual military members of both the active and reserve components and report these costs in an appropriate annual report.
- 2 The Under Secretary of Defense (Comptroller) should update current DoD Financial Management Regulation (FMR) (DoD 7000.14R), Volume 11A, Chapter 6, Appendix I, to include guidance to develop Military Composite Standard Pay and Reimbursement rate tables for the Reserve Components.

EXECUTIVE SUMMARY

Senior leaders within the Department of Defense do not have complete or uniform data on the total costs associated with their active and reserve component forces. As a result, decisions about the optimal mix of active and reserve component forces are not fully informed. Consequently, the Reserve Forces Policy Board (RFPB) recommends the establishment of appropriate DoD policy guidance and reserve component costing tables to capture the “Fully Burdened” and Life Cycle” costs of both components in order to fill this data gap.

TASK

At the direction of its Chairman, the Reserve Forces Policy Board staff is engaged in a project to examine DoD personnel costing methodologies and policies for the Total Force. The RFPB has concluded that DoD senior leaders are not receiving complete and accurate personnel costing data as they consider the appropriate AC/RC force mix in a budget constrained environment. This issue surfaced in the “Report on the Comprehensive Review of the Future Role of the RC” (April 2011) and was formally raised again at the Nov 29, 2011 Board meeting. Specifically, the RFPB is concerned that current personnel costing methodologies do not convey the annual “Fully Burdened” or complete “Life Cycle” costs.

- **Fully Burdened** – The sum of all annual costs to include additional benefits provided through Department agencies and activities (e.g., medical, subsidized groceries, child care/development and family support services, family housing subsidies, education assistance, training, and advertising and recruiting) AND additional costs that are borne by other Federal agencies as a result of the Department of Defense employing military personnel.
- **Life Cycle** – The sum of all recurring costs (fixed and variable) and non-recurring (one-time) costs over the career (initial entry to end of survivor benefits) of an active or reserve component member. Current cost comparisons do not consider the long-term costs such as differences in retiree pay, healthcare and dependent benefits.

Maj Gen James N. Stewart serves as the Project Officer for this study. Staff support includes Col Michelle Obata, COL Robert Preiss, and Maj Darryl McLean. Outside experts include Reserve Component Chiefs, Representatives from OSD/Military Departments, and ASD Health Affairs.

PROJECT APPROACH

Layer Cake

The project team is using a “Layer Cake” approach to ensure all stakeholders are informed and heard.

- **Layer 1:** Develop definitions of “Fully Burdened” and “Life Cycle” costs and identify individual cost elements, alternatives, and recommendations with a core group of experts from reserve component staffs (coordination has already taken place)
- **Layer 2:** Military Service vetting (currently being worked)
- **Layer 3:** Office of the Secretary of Defense vetting (initial contact has been made with ASD/RA, CAPE and Comptroller)
- **Layer 4:** Outside DoD vetting (initial contact made with GAO and CBO)

Working Group of RC Costing Experts

Numerous meetings were held from January through May of this year with both budget and costing subject matter experts from all of the Reserve Components. First, the working group developed a schedule to identify all tasks and deliverables. Next, they identified several costing element discrepancies between the Services and developed definitions of key terms like “Fully Burdened” and “Life Cycle” costs. Finally, the group developed a model for presenting all Service cost elements and provided recommendations on needed DoD policy changes.

Vetted Issue

The Chairman and/or the Military Executive met with several officials or their representatives to confirm gaps, discuss the requirement, and request project support.

- Department of Defense (Consulted to date)
 - o Under Secretary of Defense (Comptroller)
 - o Assistant Secretary of Defense for Reserve Affairs
 - o Assistant Secretary of the Army for Manpower & Reserve Affairs
 - o Assistant Secretary of the Air Force for Manpower and Reserve Affairs
 - o Assistant Secretary of the Navy for Manpower and Reserve Affairs
 - o Chief of Staff of the Army
 - o Chief of the National Guard Bureau
 - o Chief of the Air Force Reserve and Commander, Air Force Reserve Command
 - o Chief of the Navy Reserve and Commander, Navy Reserve Force
 - o Chief of the Army Reserve and Commander, Army Reserve Command

- o Director of the Air National Guard
- o Director of the Army National Guard
- o Assistants to the Chairman of the Joint Chiefs of Staff for National Guard and Reserve Matters
- o Deputy Chief of Naval Operations (N1 - Manpower, Personnel, Education & Training)
- o Vice Director, Force Structure, Resources and Assessment (JS J-8)
- o Deputy Director, Cost Assessment (CAPE)
- Federal Government (Initial contact made)
 - o Comptroller General and Head of Government Accounting Office (GAO)
 - o Congressional Budget Office (CBO)

CRITICAL CONSIDERATIONS

Foundation

The foundation for analysis is to compare costs at the individual level.

- Enable Apples-to-Apples comparisons, which should strengthen audit readiness
- Seek common Business Case Analysis Processes across the Services and Components
- Have DoD follow the same requirement they impose on contractors to allocate all costs
- Ensure all stakeholders are included and heard

Determine all costs

All individual “Fully Burdened” and “Life Cycle” costs must be identified.

- Identify all cost elements to include those covered by other agencies (Treasury, VA, Education, etc.)
- Determine which costs are appropriate for consideration by DOD decision-makers

Lessons Learned

It is essential to identify and capture ‘lessons-learned’ from previous analysis on this topic.

Address Policy Concerns

The Services compute costs in many different ways. Each has their own unique way of accounting for the costs associated with their Reserve Component forces. Thus, it is difficult for DoD leadership to compare and contrast costs associated with the various components (i.e. civilian, contractor, active, and reserve components).

- Should DOD have an instruction in place to guide the Services on how to account for all “Fully Burdened” costs with standardized accounting since today this does not exist?
- What DoD organization should be required to institutionalize this analysis, formalize the process, and track and compare trends over time?
- How will the various personnel and accounting systems be de-conflicted and reconciled?

FINDINGS

The Board found that there is no permanent DoD policy in place to identify or collect data regarding the “Fully Burdened” or “Life Cycle” personnel costs for an individual military member for either active or reserve components. As a result, senior decision-makers in government do not know what the real costs of their active, guard and reserve forces are in the All-Volunteer Force, nor do they have an ability to track trends or do comparative analysis of costs when making crucial decisions such as the future active/reserve component mix of forces. Additionally, the new DoD Instruction currently being drafted and vetted by the office of the Director, Cost Assessment Program

Evaluation (CAPE) as replacement for Directive Type Memorandum (DTM) 09-007 does not provide the Services with Reserve Component Personnel Costing Tables.



DoD Directive-Type Memo (DTM) 09-007 (dtd 29 Jan 10/updated 2 Sep 11) says, “It is DoD policy that: Defense officials are aware of the full costs of manpower and have a thorough understanding of the implications of those costs to the Department of Defense and, on a broader scale, to the Federal Government when developing national security policies and making program commitments.” The Reserve Forces Policy Board finds this to be sound policy, but recommends that it be applied more broadly to the collection of data regarding the reserve components. Whereas, there are DoD policies directing the collection of data on the costs of full-time, active-duty service members, there are no similar policies currently in existence requiring or standardizing the calculation of costs for members of the reserve components.

This situation also exists when reviewing the DoD Financial Management Regulation. The DoD Deputy Comptroller is required to publish annual active component “Military Composite Standard Pay and Reimbursement Rates” tables, but neglects publishing them for the reserve components. Reserve component tables must be included in the DoD Financial Management Regulation.



NEXT STEPS

The next steps needed to complete this report are to develop actual “Fully Burdened” and “Life Cycle” cost figures for both active and reserve component members for use by senior decision makers for comparison, and to vet this data with Service, DoD and outside DoD agencies to confirm accuracy.



APPROVED BY THE RFPB AT THE QUARTERLY BOARD MEETING ON 13 JUNE 2012

Cost Methodology Recommendations

- Director of Cost Assessment and Program Evaluation (CAPE) should establish permanent DoD policy (DoD Instruction) that covers “Fully Burdened” and “Life Cycle” costs for individual military members of both the active and reserve components and report these costs in an appropriate annual report
 - Ensure current draft DoD Instruction 7041.xx includes RC Costing tables (RC costing tables should be informed by RFPB analysis)
 - Extend and revise DTM 09-007 until RC costing data is included or issue other interim AC/RC cost comparison guidance to support near-term AC/RC mix decision-making
 - Standardize costing elements across Services
 - Provide DoD Senior Leadership with costing data to track cost trends and utilize them in comparative analysis
 - Goal - capture “fully burdened” and “life cycle” costs to DoD and to Federal Government and ensure outside independent agencies verify these costs to include GAO and CBO
- Comptroller should update current DoD Financial Management Regulation (FMR) (DoD 7000.14R), Volume 11A, Chapter 6, Appendix I, to include guidance to develop Military Composite Standard Pay and Reimbursement rate tables for the Reserve Components

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Impact of Recommendations Made

The RFPB is not required by statute or policy to track or assess the degree to which its recommendations and advice are agreed to or actually implemented by the Department of Defense. However, in an era of increasing fiscal constraint, the Board feels that good governance drives all governmental organizations to be accountable and effective in the use of limited resources devoted to its work.

As of September 31, 2012 (the end of the fiscal year), all three RFPB reports remained out for comment by various Department of Defense components within the Department's automated staffing system. None of the reports have received a final, definitive acceptance or rejection, but there are numerous DoD organizations that have provided favorable comments in response to the Board's recommendations. In the few cases of non-concurrence, there has been resulting productive dialogue with clear potential to help change policies for the better. As a result of these initial responses, the Board believes that the policy recommendations generated under its revised statutory structure are receiving an appropriate degree of review and consideration within the Department.

The Board is particularly pleased to note that at least one of its recommendations has already resulted in positive action by the Department. Consistent with RFPB recommendation #1 in its report on New Policies and Clearer Funding Flows for Reserve Component Operations in the Homeland, the Department has taken steps to accelerate its policy for use of reserve forces in disasters. Noting the slow pace of the Department's normal 2-year process for promulgating DoD Instructions, the Board recommended that the Department "should immediately issue interim guidance documents to establish procedures and eliminate obstacles to rapid sourcing and deployment." On May 17, 2012, the Assistant Secretary of Defense for Reserve Affairs and the Assistant Secretary of Defense for Homeland Defense jointly issued a memo to Service secretaries on the subject of Activation of the Army Reserve, Navy Reserve, Marine Corps Reserve, and Air Force Reserve Pursuant to 10 U.S.C., Section 12304a. The memo provided guidance and asked the Services to take steps to ensure readiness to provide forces under the new authorities provided in 10 U.S.C., Section 12304a. Subsequently, on July 20, 2012, the Secretary of Defense issued a memorandum on the subject of Actions to Improve Defense Support in Complex Catastrophes in which, among other things, he directed the

Under Secretary of Defense for Personnel and Readiness to “publish interim guidance to enable the rapid order to active duty of the Army, Navy, Marine Corps and Air Force Reserves for domestic incident response.”

In order to continually gauge its effectiveness, it is the intention of the RFPB to have its staff actively monitor the responses to and implementation of RFPB recommendations by the Department.



Board discussion, October 13, 2011. Pictured from right are Admiral John Cotton, Hon. Grier Martin, Mr. Sergio Pecori, Major General Glen Rieth, Major General (Retired) Leo V. Williams. (Photo: US Army Photo, Mr. Jerome Howard)

Appendix 1 – RFPB Members and Staff

Arnold L. Punaro, Major General (Ret) US Marine Corps Reserve –
Chairman

Reserve Component members

Major General R. Martin Umbarger - Army National Guard Member

Major General Marcia M. Anderson - Army Reserve Member

Rear Admiral Russell S. Penniman - Navy Reserve Member

Major General Darrel L. Moore - Marine Corps Reserve Member

Major General H. Michael Edwards - Air National Guard Member

Major General Anita Gallentine - Air Force Reserve Member

Rear Admiral John S. Welch - Coast Guard Reserve Member

Citizens having significant knowledge of and experience in policy matters relevant to national security and reserve component matters

John G. Cotton, Vice Admiral (Ret), US Navy Reserve

John W. Handy, General (Ret), US Air Force

Hon. Grier Martin, North Carolina House of Representatives

Paulette M. Mason, Delaware Employer Support of the Guard and Reserve

Dr. John Nagl, Fellow, Center for New American Security

Sergio A. Pecori, President & CEO, Hanson Professional Services, Inc.

Honorable Gene Taylor, Former Member, US House of Representatives

Maria Vorel, Federal Emergency Management Agency

Leo V. Williams, III, Major General (Retired), US Marine Corps Reserve

Non-voting members

Major General James N. Stewart, USAFR - Military Executive Officer

Sergeant Major Gary L. Martz, USAR - Enlisted Military Adviser to the
Chair

Board Members Departing During FY 2012

Major General Glenn K. Rieth

Major General Jeffrey Talley

Rear Admiral Steven E. Day

Staff of the RFPB

Military Executive Officer - Maj Gen James N. Stewart

Senior Enlisted Advisor - Sergeant Major Gary L. Martz

Chief of Staff - Col Michelle M. Obata

Designated Federal Officer (DFO) - CAPT Steven P. Knight

Senior Policy Advisor for Army National Guard - COL Robert A. Preiss

Senior Policy Advisor for Army Reserve - COL Timothy J. Lynch

Senior Policy Advisor for Navy Reserve - CAPT Steven P. Knight

Senior Policy Advisor for Marine Corps Reserve - Col Reidar F. Larsen

Senior Policy Advisor for Air National Guard - Col Mary A. Salcido

Senior Policy Advisor for Air Force Reserve - Col Michelle M. Obata

Senior Policy Advisor for Coast Guard Reserve - LT Alisa G. Harkins

Senior Policy Advisor for Coast Guard Reserve - LTJG Stephen C. Cheng

Senior Policy Advisor for Coast Guard Reserve - CWO4 George M. Rubesha

Senior Program Analyst - Mr. Fergus Paul Briggs

Administrative Assistant/Executive Secretary - Mrs. Katherine D. Rodriguez

Administrative Support - SMSgt Joyce Voyles

Cost & Budgetary Analyst - Maj Darryl Mclean

Appendix 2 – Governing Statute

Title 10, United States Code, Section 175. Reserve Forces Policy Board

There is in the Office of the Secretary of Defense a Reserve Forces Policy Board. The functions, membership, and organization of that board are set forth in section 10301 of this title.

Title 10, United States Code, Section 10301. Reserve Forces Policy Board

(a) In General.— As provided in section 175 of this title, there is in the Office of the Secretary of Defense a board known as the “Reserve Forces Policy Board” (in this section referred to as the “Board”).

(b) Functions.— The Board shall 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.

(c) Membership.— The Board consists of 20 members, appointed or designated as follows:

- (1) A civilian appointed by the Secretary of Defense from among persons determined by the Secretary to have the knowledge of, and experience in, policy matters relevant to national security and reserve component matters necessary to carry out the duties of chair of the Board, who shall serve as chair of the Board.
- (2) Two active or retired reserve officers or enlisted members designated by the Secretary of Defense upon the recommendation of the Secretary of the Army —
 - (A) one of whom shall be a member of the Army National Guard of the United States or a former member of the Army National Guard of the United States in the Retired Reserve; and
 - (B) one of whom shall be a member or retired member of the Army Reserve.

- (3) Two active or retired reserve officers or enlisted members designated by the Secretary of Defense upon the recommendation of the Secretary of the Navy —
 - (A) one of whom shall be an active or retired officer of the Navy Reserve; and
 - (B) one of whom shall be an active or retired officer of the Marine Corps Reserve.
- (4) Two active or retired reserve officers or enlisted members designated by the Secretary of Defense upon the recommendation of the Secretary of the Air Force —
 - (A) one of whom shall be a member of the Air National Guard of the United States or a former member of the Air National Guard of the United States in the Retired Reserve; and
 - (B) one of whom shall be a member or retired member of the Air Force Reserve.
- (5) One active or retired reserve officer or enlisted member of the Coast Guard designated by the Secretary of Homeland Security.
- (6) Ten persons appointed or designated by the Secretary of Defense, each of whom shall be a United States citizen having significant knowledge of and experience in policy matters relevant to national security and reserve component matters and shall be one of the following:
 - (A) An individual not employed in any Federal or State department or agency.
 - (B) An individual employed by a Federal or State department or agency.
 - (C) An officer of a regular component of the armed forces on active duty, or an officer of a reserve component of the armed forces in an active status, who—
 - (i) is serving or has served in a senior position on the Joint Staff, the headquarters staff of a combatant command, or the headquarters staff of an armed force; and

- (ii) has experience in joint professional military education, joint qualification, and joint operations matters.
- (7) A reserve officer of the Army, Navy, Air Force, or Marine Corps who is a general or flag officer recommended by the chair and designated by the Secretary of Defense, who shall serve without vote—
 - (A) as military adviser to the chair;
 - (B) as military executive officer of the Board; and
 - (C) as supervisor of the operations and staff of the Board.
- (8) A senior enlisted member of a reserve component recommended by the chair and designated by the Secretary of Defense, who shall serve without vote as enlisted military adviser to the chair.
 - (d) Matters To Be Acted on.— The Board may act on those matters referred to it by the chair and on any matter raised by a member of the Board or the Secretary of Defense.
 - (e) Staff.— The Board shall be supported by a staff consisting of one full-time officer from each of the reserve components listed in paragraphs (1) through (6) of section 10101 of this title who holds the grade of colonel (or in the case of the Navy, the grade of captain) or who has been selected for promotion to that grade. These officers shall also serve as liaisons between their respective components and the Board. They shall 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.
 - (f) Relationship to Service Reserve Policy Committees and Boards.— This section does not affect the committees and boards prescribed within the military departments by sections 10302 through 10305 of this title, and a member of such a committee or board may, if otherwise eligible, be a member of the Board.

**Title 10, United States Code, Section 113. Secretary of Defense
[EXCERPT]**

- (a) There is a Secretary of Defense, who is the head of the Department of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate. A person may not be appointed as Secretary of Defense within seven years after relief from active duty as a commissioned officer of a regular component of an armed force.
- (b) The Secretary is the principal assistant to the President in all matters relating to the Department of Defense. Subject to the direction of the President and to this title and section 2 of the National Security Act of 1947 (50 U.S.C. 401), he has authority, direction, and control over the Department of Defense.
- (c) (2)... the Secretary shall transmit to the President and Congress a separate report from the Reserve Forces Policy Board on any reserve component matter that the Reserve Forces Policy Board considers appropriate to include in the report.

Appendix 3 – Reserve Component Contributions to the National Defense

While the Department of Defense maintains about 1.4 million members in full-time service on active duty in the armed services, it also has the potential to mobilize about 1.1 million members of the National Guard and Reserve components.

Over the past decade, the Reserve Components have played an essential role in meeting the military requirements of the Nation both at home and overseas.

Prior to the Gulf War, the Reserve Component was a strategic reserve. It contributed about 3,000 man-years annually in support of Combatant Commander exercises and operations in the period from 1986 to 1989. During the Gulf War, our reserve components surged to a total of more than 121,000 man-years of war-time operational support during 1991. After that period, the Reserve Component evolved from a strategic reserve to an operational reserve, climbing from almost 15,000 man-years in operational support in 1992, to about 37,000 man-years in 1996. This marked the beginning of a six-year “steady state” level of operational employment of the reserves. In the six years prior to September 11, 2011, the Reserve Components contributed an annual average of about 35,000 man-years in support to Combatant Commanders for exercises, contingencies, and domestic operations. These included operations in Haiti, Bosnia, Kosovo and elsewhere. During the nine years after September 11, 2011, the reserve component contribution averaged 146,000 man-years annually. That service has, at times, demanded grave sacrifice. From September 11, 2011 through the end of Fiscal Year 2012, nearly 900 reserve component members have been killed in action.



This tremendous service has continued throughout Fiscal Year 2012.

During this year there was an average of about 85,000 Reserve Component service members on active duty orders in support of operational missions worldwide. Of that, about 34,000 served in Central Command's area of responsibility; about 5,000 supported other Combatant Commands; about 13,000 served in the United States; and the balance performed missions related to deployment or other Service requirements. Worldwide, members of the National Guard and Reserves served in more than 85 countries.

In the American homeland, members of the National Guard and Reserve served on duty preparing for or returning from overseas deployment as well as a range of missions in support of civil authorities here in the United States. Hundreds of National Guard members were on duty performing aerial surveillance and other functions in support of security along America's southwest border. Thousands provided security and logistics support to important events such as the Asia Pacific Economic Cooperation Summit in Hawaii, the NATO Summit in Chicago, and the Republican and Democratic presidential nominating conventions in Florida and North Carolina. Throughout the year, citizen soldiers and airmen mounted responses to snow storms in the Northeast, severe weather in West Virginia, and Tropical Storm Isaac in several states. In July 2012, four members of the North Carolina Air National Guard died and two others were severely injured when the C-130 tanker they were flying crashed while battling a wildfire in South Dakota. Even in the homeland, members of the National Guard and Reserve place their lives on the line protecting their fellow Americans.





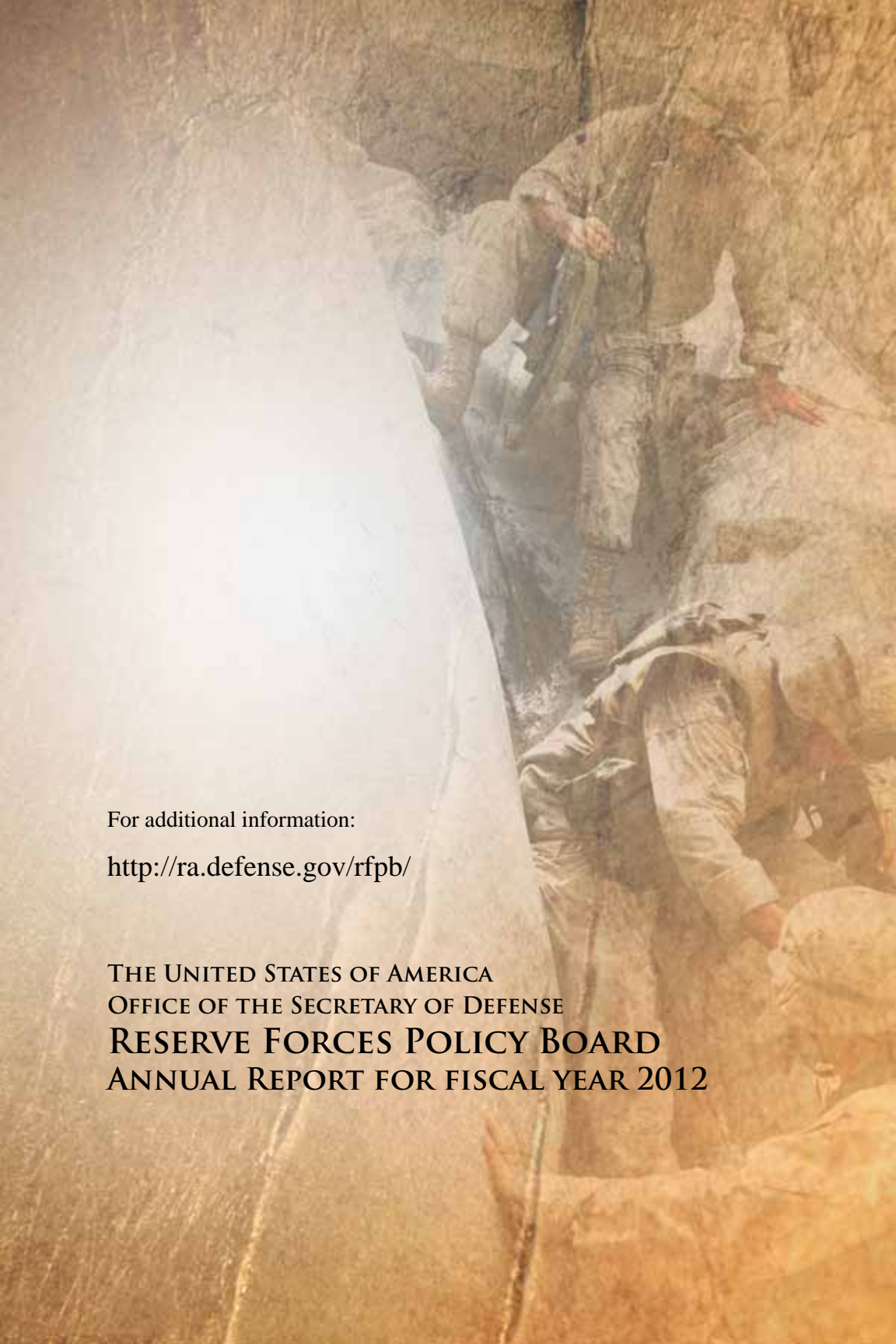
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For additional information:

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THE UNITED STATES OF AMERICA
OFFICE OF THE SECRETARY OF DEFENSE
RESERVE FORCES POLICY BOARD
ANNUAL REPORT FOR FISCAL YEAR 2012