



Office of the Secretary of Defense
Reserve Forces Policy Board
Annual Meeting Minutes



Wednesday, September 5, 2012
Fort Myer, VA Officer's Club (0800-1420; Open Session)
Pentagon, SECDEF Conference Room (1530-1625; Closed Session)

Members Present

1. MajGen Arnold Punaro, USMCR, Retired - Chairman
2. VADM John Cotton, USNR, Retired
3. MG Marcia Anderson, Deputy Chief Army Reserve (IMA), Office of the Chief, Army Reserve
4. Maj Gen Michael Edwards, Air National Guard, The Adjutant General of Colorado
5. Gen John Handy, USAF, Retired
6. The Honorable Grier Martin, Member North Carolina House of Representatives
7. SGM Gary Martz, USAR, Senior Enlisted Advisor to the Reserve Forces Policy Board (Non-voting)
8. Ms. Paulette Mason – Delaware Chair, Employer Support of the Guard and Reserve
9. Dr. John Nagl, President, Center for New American Security & Minerva Fellow, US Naval Academy
10. Mr. Sergio Pecori – President & Chief Executive Officer of Hanson Professional Services Inc.
11. RADM Russell Penniman, USNR, Reserve Deputy Commander & Chief of Staff, U.S. Pacific Fleet
12. Maj Gen James Stewart, USAFR - Military Executive of the Board (Non-voting)
13. The Honorable Gary (Gene) Taylor - Former Congressman from Mississippi
14. MG R. Martin Umbarger, ARNG, The Adjutant General of Indiana
15. Ms. Maria Vorel, FEMA Disaster Operations Coordinator
16. RADM John Welch, US Coast Guard Reserve
17. MajGen Leo Williams III, USMCR, Retired

Invited Guests

1. Major General Kenneth A. Bouldin, USAR (Ret), RFPB Fellows Society
2. The Honorable Jessica L. Wright, Assistant Secretary of Defense for Reserve Affairs
3. Maj Gen Anita Gallentine, USAFR, Former Board Member
4. Members, RFPB Fellows Society

Briefers

1. The Honorable Erin C. Conaton, Under Secretary of Defense for Personnel & Readiness
2. The Honorable Christine H. Fox, Director, Cost Assessment and Program Evaluation
3. MG David S. Baldwin, ARNG, The Adjutant General of California
4. Maj Gen William N. Reddel III, ANG, The Adjutant General of New Hampshire
5. Maj Gen James N. Stewart, Military Executive, Cost Methodology Project Officer
6. Mr. Eric Rishel, Office of General Counsel

RFPB Staff

1. Col Michelle Obata, USAFR
2. COL Robert Preiss, ARNG
3. Col Mary Salcido, ANG

4. COL Timothy Lynch, USAR
5. Col Reidar Larsen, USMCR
6. CDR Steve Knight, USNR (DFO)
7. LTJG Stephen Cheng, USCGR
8. CWO4 George Rubesha, USCGR
9. SMSgt Joyce Voyles, USAFR
10. Mr. Paul Briggs, DoD Contractor
11. Maj Darryl McLean, USAFR
12. LT Alisa Harkins, USCGR
13. Mrs. Katherine D. Rodriguez, DoD Contractor
14. Capt Rebecca Daugherty

Public Observers

1. Col John Anderson OSD OUSDI

0800 - Chairman Punaro called the Reserve Forces Policy Board to order and provided the following Administrative Announcements to the Board:

- As required by the Federal Advisory Committee Act (FACA), the Designated Federal Officer is present and has pre-approved the opening of this meeting and its agenda.
- There will be a closed portion of the meeting allowing for the potential discussion of classified information. The SECDEF will present comments to the Board, which could get into classified topics. COL Timothy Lynch is the Board's Security Manager and will provide guidance, as necessary, as we proceed through the closed portion of the meeting.

0803 - Chairman Punaro welcomed MG Marcia Anderson and RADM John Welch to the Board.

0805 - Military Executive provided additional administrative announcements to the Board.

- Added his welcome to MG Marcia Anderson and RADM John Welch to the Board
- Welcomed RFPB Fellows Society Members
- Reminded members of Meeting Agenda adjustment
- Reminded members of RFPB Annual Dinner Program
- Reminded members of Annual Report to be discussed later in the Agenda

0807 - Chairman Punaro administered the Oath of Office to MG Marcia Anderson and RADM John Welch

0810 - Chairman Punaro presented the Secretary of Defense Award for Outstanding Public Service to Former RFPB Chairman, The Honorable William A. Navas, Jr.

0817 - Chairman Punaro presented the Secretary of Defense Award for Outstanding Public Service to Former RFPB Chairman G. Kim Wincup

0822 - Chairman Punaro presented farewell gifts to Maj Gen Anita Gallentine, Former Board Member

0828 - Chairman Punaro introduced MG (Ret) Kenneth Bouldin of the RFPB Fellows Society

- MG (Ret) Ken Bouldin discussed the organization and membership of the RFPB Fellows Society
- Thanked Maj Gen Stewart for interest and support for establishment of the Fellows Society
- Thanked CWO George Rubesha for his efforts in standing up the Society
- Informed Board members and guests of the selection of Officers for the Society later in the day
- Informed Board members of the transition of the Citizen-Patriot Award from RFPB to the Fellows Society, and the selection of the 2012 Individual and Unit Awardees to be announced at the Annual Dinner

0835 - Chairman Punaro introduced Mr. Eric Rishel from the Office of the General Counsel

- Mr. Rishel provide Board members with their annual ethics training
- Discussed the 130 day duty limit for Special Government Employees (SGEs) working on Board matters
- Discussed and provided examples of conflicts of interest applicable to Board members
- Informed members of applicable post-employment restrictions
- Informed members of restrictions on representing their position on the Board

0855 - Chairman Punaro introduced MG David S. Baldwin and Maj Gen William N. Reddel III

- Maj Gen William N. Reddel
 - Commented on the unique nature of the Guard and its Adjutant Generals
 - Observed that the National Guard is cheaper than the active component because 4/5 of the Army National Guard and 2/3 of the Air National Guard are traditional reservists
 - Noted that 15,000 National Guard personnel are supporting domestic operations today; principally in state active duty status
 - Suggested that the National Guard should not be reduced in size because the Governors rely on National Guard formations to respond to local crises with federal reserve and active duty forces as backup
 - Asked the Board to look at funding for national security special events
 - Discussed the New Hampshire Deployment Cycle Support program in partnership with local communities to take care of military personnel in the state
 - Discussed the National Guard support for funeral honors in the state
 - Discussed the approach used by his state to assist soldiers in finding employment
 - Commented that the National Guard has proven its ability to support the Army and Air Force while at war for over ten years
 - Suggested that the department has to look at how it deals with employers
 - Discussed Air Force Total Force Integration and its success within Air Mobility Command units in New Hampshire
 - Discussed the Air Force Deliberate Crisis Action Planning and Execution Segments (DCAPES) system and suggested it was needed at Air National Guard and Air Reserve units to facilitate time sensitive support to operations
 - Commented on the importance of dual use equipment to state missions
- MG David S. Baldwin
 - Offered that the Reserve Component (RC) mission performance, Active Component (AC) acceptance of the Dual Status Command concept, and recognition by the public all point to integration, reliance and effectiveness of the Reserve Components
 - Noted that today is the “Golden Age” for Reserve Components; asked if the future will continue to be a “Golden Age”, “Gilded Age” or “Gelded Age” for Reserve Components

- Discussed concerns over the Pentagon’s actions in the “Pre-Post Conflict Environment” as we drawdown in Afghanistan, including: Air Force cuts to the Air National Guard structure; Army off-ramping of fully trained combat formations (i.e. 4,500 Soldiers from a California National Guard Infantry Brigade Combat Team) from planned rotations to Afghanistan; Active Component “poaching” of traditionally Reserve Component sourced missions like Kosovo and the Sinai; Active Component encroachment into State Partnership relationships; and recently published slides describing the Army regional alignment concept that would relegate the National Guard to a homeland defense role
 - Suggested the Pentagon is “hard wired” to follow a Cold War paradigm which protects Active Component structure
 - Suggested the Cold War training paradigm of one weekend a month and two weeks in the summer must change
 - Offered the suggestion that the notion that the RC is tired is absolutely false; lack of opportunity for deployment and support to the state is affecting retention among California Guardsmen
 - Suggested the Board take a hard look at the Department’s support to employers
- Chairman suggested that the Board needs to hear the Army’s position on AC encroachment on traditionally RC-sourced missions and State Partnership supported activities
 - Dr. Nagl asked to see the Army regional alignment concept slides
 - Ms. Mason suggested that the Board should look at needed updates to the Uniformed Services Employment and Reemployment Rights Act (USERRA)
 - RADM Penniman asked for thoughts/inputs on the integration of the RC into the AC Army and Air Force; MG Baldwin suggested that there are potential efficiencies to be gained by doing so
 - VADM Cotton asked about State relationships with US NORTHCOM; MG Baldwin offered that the relationship is solid, mature and working very well

1015 - Break

1030 - Chairman Punaro introduced the RFPB’s on-going Costing Methodology project to attendees

- Discussed rationale for cost methodology project
- Related story of senior officials of the Department who believed RC forces were more expensive than AC forces
- Described myopic view, held by some, of the total cost in terms of personnel costs only
- Commented that even when looking at personnel costs only, AC forces are more expensive because of the rate of retired pay accrual and health care costs
- Related that he was troubled that senior defense officials still believe this myth

1045 - Maj Gen James Stewart, RFPB Military Executive, presented the RFPB’s on-going Costing Methodology project to the Board

- Reminded members of previous recommendations contained in the interim report to SECDEF

Recommendation 1: The Director of 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.

Recommendation 2: The Under Secretary of Defense (Comptroller) should update current DoD FMR 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.

- Commented that DoD senior leaders still do not know with clarity what the actual “fully burdened” costs are of their Active, Guard and Reserve forces; costing elements need to be identified, consistently and objectively applied, and there needs to be directive guidance to the Services on their use in costing studies
- Informed Board members that standardizing DoD costing elements will be included in future policy direction
- Reviewed costing elements considered in the costing of Active and Reserve forces, including costs outside of DoD (Veterans Administration, Department of Education and Treasury funded costs)
- Chairman commented that corporations that do business with DoD must account for all costs, beyond the basic pay of individual contractors to include: fringe packages, general and administrative overhead, facilities, and deferred compensation; DoD should use the same rigid and appropriate standards they require businesses to use on themselves
- Maj Gen Stewart described compensation, non-compensation, and other federal costs that get ignored in many studies and noted that in a recent Cost Assessment Program Evaluation (CAPE) study, AC Permanent Change of Station (PCS) costs were not included in AC costing, resulting in the appearance of RC forces costing more than their AC counterparts
- Noted that without DoD guidance, the Services will continue to cost forces in inconsistent ways; need honest broker guidance from the Department
- Chairman offered that by the December meeting, Maj Gen Stewart will bring back to the Board recommendations on costing elements to be included in future analysis after some additional review across the Department; inclusion of costs external to DoD is an open question
- RADM Penniman expressed concern over the inclusion of RDT&E and Procurement costs being fair shared and included in AC/RC costing tables; Chairman noted that RDT&E and Procurement costs require additional review, as do Operations and Maintenance costs
- Chairman recognized the helpful and cooperative support within the Department in working through the review of costing elements and associated policy considerations, noting that this isn’t an “us” versus “them” issue, it’s about understanding the true costs of manpower...the total cost to the taxpayer

1130 - Chairman Punaro introduced The Honorable Erin C. Conaton, Under Secretary of Defense for Personnel & Readiness

- Ms. Conaton complimented the Assistant Secretary for Reserve Affairs, Ms. Jessica Wright, and Maj Gen Stewart for their work on Reserve issues; she also discussed the many challenges associated with the Defense budget, the threat of potential sequestration and its relation to defense strategy
- Described a number of areas of concern where she would be interested in the Board’s thoughts, including: demand signals driving force mix; components of compensation and incentives that keep good people in the force; effective approaches to transition service members to the civilian world; and effective approaches in dealing with suicide, mental health and sexual assault challenges within our Reserve Components
- Noted she will soon meet with the Army regarding how it intends to implement the recently enacted Sections 12304a and b of Title 10, USC; and intends to look into how the Army plans to source traditionally RC-sourced missions

- Dr. Nagl asked if the Department is looking at cuts to the defense budget beyond those currently planned; Ms. Conaton commented that the current strategy is predicated on cuts previously accepted in the budget and additional cuts would require a relook at strategy and force structure
- Dr. Nagl commented that the Army is too large and the Navy too small for the current strategy
- MG Umbarger noted his concern about Army Guard retention with cuts in operational missions; Chairman Punaro commented that the department could increase AC dwell time by using the Guard and Reserve forces more frequently and predictably.

1155 - Chairman Punaro introduced The Honorable Christine H. Fox, Director, Cost Assessment and Program Evaluation

- Ms. Fox thanked the Board for its service and assistance provided to the Department
- Independent analysis on the program and its relation to the strategy is important in the budget environment we find ourselves in
- Concerned about how DoD budget reductions are described in the media; actual reductions are about 22% from 2010 thru 2017 - consistent with other drawdowns, but without the end of hostilities and with a continuation of a variety of threats, regional instability and a transition in strategy focusing on the Pacific
- Sequestration still looms over discussions on resourcing; requires a review of the strategy if implemented
- Strategy requires the Department to review the mix of AC and RC forces to determine best fit; need Board's help with this task
- Guard and Reserve forces play key roles in the overall strategy; Guard and Reserve particularly important in reversibility where the Department no longer sizes the force for prolonged rotational stability operations while being able to mitigate risk by expanding the force again should it be required
- Troubled by the fact that AC/RC mix questions frequently get bogged down in cost when capabilities offered is much more important
- Look forward to continued partnership in looking at these questions
- Chairman Punaro noted that while the scale of reductions (22%) between this and previous reductions look similar, significant AC force structure was reduced and large numbers of weapons systems were eliminated in previous drawdowns; that flexibility doesn't exist now
- MG Umbarger expressed his concern with the threat of reductions to the Air National Guard force structure and active Army assuming traditionally RC-sourced missions jeopardizing the operational capabilities of the RCs.
- Ms. Fox suggested that the operational reserve is required by current strategy and significant analysis was done on Air Force structure, but that the Department wasn't sufficiently forthcoming with its analysis

1255 - VADM (Ret) John Cotton, Subcommittee Chair, provided an update from the Ensuring a Ready, Capable, Available and Sustainable Operational Reserve subcommittee

- VADM Cotton noted that no definition exists for the "Operational Reserve;" left it in June as an open issue
- Updated the Board on the overall status of medical readiness among the Reserve Components in the Department while noting concerns with the tracking of statistics; lack of automated systems to develop Departmental reports; continued significant number of Dental Class 3 and 4 personnel in the Army RC

- Described findings related to Base Realignment and Closure (BRAC) governance in the Department, including: senior officials in the Office of the Secretary of Defense with responsibility for RC oversight were not involved in key DoD BRAC governance bodies during the 2005 BRAC process; deliberations within the Infrastructure Executive Council and the Infrastructure Steering Group during the 2005 BRAC process were not informed by the judgments of key OSD officials with responsibility for RC oversight; and senior officials in the Office of the Secretary of Defense with responsibility for RC oversight should be involved in key DOD BRAC governance bodies during future BRAC events
- Offered the following policy observations related to BRAC governance:
 - Observation 1: The Secretary of Defense direct the inclusion of the Under Secretary of Defense for Personnel & Readiness as a member of the Department’s Base Realignment and Closure (BRAC) Infrastructure Executive Council, or a similarly constituted body, during future BRAC rounds.
 - Observation 2: The Secretary of Defense direct the inclusion of the Assistant Secretary of Defense for Reserve Affairs as a member of the Department’s Base Realignment and Closure (BRAC) Infrastructure Steering Group, or a similarly constituted body, during future BRAC rounds.
 - Observation 3: The Office of the Secretary of Defense should determine the appropriate role, if any, of the Chief of the National Guard Bureau in the Department’s Base Realignment and Closure (BRAC) Infrastructure Executive Council or Infrastructure Steering Group, or other similarly constituted bodies, during future BRAC rounds.
- Chairman offered that observations and finding should be monitored through December and the Board should consider turning these observations into recommendations to the Secretary of Defense
- Dr. Nagl suggested that there is merit in defining the term “Operational Reserve” and the Board can contribute to the discussion
- VADM Cotton offered to review the issue and present observations to the Board in December

1315 - Ms. Paulette Mason, Subcommittee Chair, provided an update from the Supporting Service Members, Families and Employers subcommittee

- Ms. Mason described on-going work related to the DoD form DD214 (documents active duty service for all DoD military members)
- Described concerns with the Integrated Disability Evaluation System (IDES)

1320 - MG Martin Umbarger, Subcommittee Chair, provided an update from the Enhancing DoD’s Role in the Homeland subcommittee.

- MG Umbarger updated members on the status of the seven recommendations contained in the first report submitted to the SECDEF following the March 2012 Board meeting
- Described July 20, 2012 SECDEF memo titled “Actions to Improved Defense Support in Complex Catastrophes” as implementation of RFPB Recommendation #1 to “Accelerate the Policy for Use of Reserve Forces in Disasters.”
- Indicated that other recommendations remain in staffing across the Office of the Secretary of Defense and with the Services; with notable disagreement on ERF-D funding

- Described a recent visit, by Board members, to USNORTHCOM and provided the following findings:
 - There is continuing concern about obstacles in the DoD funding flow, hindering speed of response and access to RC capabilities
 - Delayed issuance of Section 12304a, Title 10, USC guidance poses a risk of slower response during hurricane season
 - Reduction in USNORTHCOM training & exercise funding will reduce the intensity, but not the number of RC units participating in exercises
- Chairman asked about the ability of the Guard to provide 60,000 personnel consistently and was concerned about the funding
- MG Umbarger confirmed that National Guard force generation models can support 60,000 personnel, but that level of manpower support is not funded
- Chairman asked about the availability of Active Duty Special Work (ADSW) funding for support to operations; a number of comments were made regarding the limited nature of ADSW funding and the increasing competition for these funds between operational requirements and institutional or service support requirements
- Chairman commented that he is often asked by senior DoD leaders about the inability to access the RC; directed the Military Executive to look at funding mechanisms to support operational requirements and address questions of access to the Reserve Components

1340 - MG Marcia Anderson, Subcommittee Chair, provided an update from the Creating a Continuum of Service subcommittee.

- MG Anderson advised the Board on the status of recommendations previously submitted to the Secretary of Defense
- Noted that definitions, or lack of definitions, hinder common understanding of concepts like the Continuum of Service, especially the discussion across services on where common operating space may exist
- Noted transition difficulties in transferring AC officers to the Army Reserve; takes as long as 6-8 months
- VADM Cotton offered that similar issues existed in the Navy Reserve
- MG Anderson discussed challenges in dealing with legacy personnel management systems
- Discussed issues with the Individual Ready Reserve and legacy policies restricting the issuance of Common Access Cards (CAC) limiting their availability to information and information systems; thus, reducing individual readiness

1350 - Chairman's time for Board administrative business

- Maj Gen Stewart reviewed an outline for the RFPB annual report to the President and Congress
- Chairman asked about timing of submission to the SECDEF; Maj Gen Stewart indicated that it is due to the SECDEF by December
- Board concurred with the outline of the annual report
- Maj Gen Stewart reviewed proposals for assignment of new members to sub-committees; Chairman asked Military Executive to review assignments with new members and determine their level of comfort with assignments
- Maj Gen Stewart reviewed the FY13-15 Proposed RFPB Calendar; Chairman asked how to balance calendar predictability for Board members and flexibility to accommodate Defense senior officials and the RFPB Fellows Society when identifying quarterly/annual meeting dates

- Maj Gen Stewart noted the inclusion of a visit to SOUTHCOM; Chairman suggested that sub-committees should determine their travel needs based on their work
- Chairman directed Board members to consider the number of times the Board meets each year and the timing of meetings; members will discuss this topic again in December

1420 - Chairman closed the “Open Session”

Board members departed Fort Myer and traveled to Pentagon Room 3E863, the Secretary of Defense Conference Room, to meet with Secretary of Defense, The Honorable Leon Panetta

1530 - RFPB commenced business in “Closed Session”

- The Secretary of Defense, The Honorable Leon Panetta, expressed his appreciation and respect for the work of the RFPB. He summarized the recent accomplishments of the Department of Defense. He discussed the need for the Department to help confront our deficit, maintain capability, invest in future capabilities and evaluate our current and future strategy. Secretary Panetta requested the RFPB provide advice on the following topics:

- 1) What is the best way to use the Reserves within the Department’s new strategy?
- 2) What is the right balance of Active and Reserve Component forces?
- 3) What does it cost to maintain a strong Reserve?
- 4) How can we achieve cost savings?

- Major General R. Martin Umbarger told the Secretary of Defense that he can count on the Reserve Component and that they want to continue to deploy. Based on historical success with the National Guard’s Partnership in Peace Program, the best course of action is to use the Reserve Component, and keep the Sinai and Kosovo missions with the Guard.

- Dr. John Nagl suggested that the Department of Defense needs a bigger Navy and a smaller Army. He recommended letting the Reserves fill gaps in a smaller active Army. Finally, consolidation of the Army and Air National Guard with their respective Army Reserve and Air Force Reserve components should be considered as a cost saving efficiency.

- Chairman Punaro stated that co-location of more associate Reserve Component units at Active Component bases is a worthy cost saving efficiency for consideration.

- The Honorable Gary E. Taylor complimented Secretary Panetta on having previously established a \$100 Million contingency fund for domestic emergencies when he was the Chair of the House Budget Committee. Unfortunately, the funding has been expended and never restored. This funding would help expedite response to civil emergencies by the Reserve Components. Secretary Panetta responded, “We ought to build that back in” to the budget.

- Maj Gen Stewart stated that there is no Program Objective Memorandum line for Homeland Defense requirements. The Commission on the National Guard and Reserve recommended this as DoD’s highest priority, yet nothing has been done. Secretary Panetta stated, “It makes sense. The war consumed the line items. We need this.”

1620 - RFPB concluded business in “Closed Session”

1625 - Meeting of the Reserve Forces Policy Board adjourned.

A handwritten signature in black ink, appearing to read "Arnold L. Punaro". The signature is fluid and cursive, with a long horizontal stroke at the end.

Arnold L. Punaro
Major General, USMCR (Ret)
Chairman, Reserve Forces Policy Board

**Fiscal Year 2012 Report of Closed Meetings of the Office of the
Secretary of Defense Reserve Forces Policy Board
Under Section 10(d) of the Federal Advisory Committee Act**

1. The Reserve Forces Policy Board (RFPB) held its quarterly meeting at the Fort Myer Officers' Club, 214 Jackson Avenue, Fort Myer, VA on September 5, 2012.

2. The meeting was partially-closed to the public from 3:15 PM to 4:10 PM after the Board traveled the short distance from Fort Myer and convened separately with the Secretary of Defense at the Pentagon in Room 3E863. Secret level discussions were held between the Board and the Secretary of Defense only, which addressed Reserve Component readiness, capability shortfalls, roles and missions of the Reserve Components and future composition of the Active and Reserve Components. The authority to partially-close this meeting were provided under 5 U.S.C. § 552b(c)(1)"...where the agency properly determines that such portion or portions of its meeting or the disclosure of such information is likely to (1) disclose matters that are (a) specifically authorized under criteria established by an Executive order to be kept secret in the interests of national defense or foreign policy and (b) in fact properly classified pursuant to such Executive order."

3. No written reports were provided or used during the closed session of this meeting. The unclassified summary of the partially-closed meeting is provided below:

(a) The Secretary of Defense, The Honorable Leon E. Panetta, expressed his appreciation and respect for the work of the RFPB. He summarized the recent accomplishments of the Department of Defense. He discussed the need for the Department to help confront our deficit, maintain capability, invest in future capabilities and evaluate our current and future strategy. Secretary Panetta requested the RFPB provide advice on the following topics:

1) What is the best way to use the Reserve Component within the Department's new strategy?

2) What is the right balance of Active and Reserve Component forces?

3) What does it cost to maintain a strong Reserve?

4) How can we achieve cost savings?

(b) The Adjutant General of Indiana, Major General R. Martin Umbarger told the Secretary of Defense that he can count on the Reserve Component and that they want to continue to deploy. Based on historical success with the National Guard's Partnership in Peace Program, the best course of action is to use the Reserve Component, and keep the Sinai and Kosovo missions with the Guard.

(c) Dr. John Nagl suggested that the Department of Defense needs a bigger Navy and a smaller Army. He recommended letting the Reserves fill the gaps in a smaller Active Army. He also suggested consolidation of the Army and Air National Guard with their respective Army Reserve and Air Force Reserve counterparts should be considered as a cost saving efficiency.

(d) Chairman Punaro stated that co-location of more associate Reserve Component units at Active Component bases is a worthy cost saving efficiency for consideration.

(e) The Honorable Gary E. Taylor complimented Secretary Panetta on having previously established a \$100 Million contingency fund for domestic emergencies when he was the Chair of the House Budget Committee. Unfortunately, the funding has been expended and never restored. This funding would help expedite response to civil emergencies by the Reserve Component. Secretary Panetta responded, "We ought to build that back in" to the budget.

(f) Maj Gen Stewart stated there is no Program Objective Memorandum line for Homeland Defense requirements. The Commission on the National Guard and Reserve recommended this as its highest priority, yet nothing has been done. Secretary Panetta stated "it makes sense. The war consumed the line items. We need this."

4. No actions were taken during the partially-closed portion of this meeting.

A handwritten signature in cursive script, appearing to read "Arnold L. Punaro".

Arnold L. Punaro
Major General, USMCR (Ret)
Chairman, Reserve Forces Policy Board