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THESIS

UNITED STATES POLICY AND BUDGETING FOR THE RESERVE COMPONENT

By

Edward L. Zawislak

December 2000

Thesis Advisor:	Richard B. Doyle
Second Reader:	Frank J. Barrett

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This study examines the Reserve Component of the United States, focusing on its composition, the Total Force Policy, the funding process and recent funding trends. Because of the increased use of the Reserves, it is important to understand the process of budgeting for the Reserves and how they have fared in the post-Cold War period of constrained resources. Analysis of past and current force policies, interviews with DoD PPBS personnel and research of DoD and congressional actions provided the basis for this study. Since 1989, the output delivered by the Reserve Component to the Total Force has increase by more than 1300 percent. During this period, inflation-adjusted funding for the Reserve Component has decreased by slightly more than 12 percent. Additional missions in peacekeeping, weapons of mass destruction support and space operations are contributing to the use of Reserves in peacetime. The research concludes that changes must occur to the Total Force Policy, assigned missions and funding to ensure that the Reserve Component remains a viable part of the Total Force in the future.

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UNITED STATES POLICY AND BUDGETING FOR THE RESERVES COMPONENTS

Edward L. Zawislak
Lieutenant Commander, United States Navy
B.S., United States Naval Academy, 1990

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL
December 2000

ABSTRACT

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This study examines the Reserve Component of the United States, focusing on its composition, the Total Force Policy, the funding process and recent funding trends. Because of the increased use of the Reserves, it is important to understand the process of budgeting for the Reserves and how they have fared in the post-Cold War period of constrained resources. Analysis of past and current force policies, interviews with DoD PPBS personnel and research of DoD and congressional actions provided the basis for this study. Since 1989, the output delivered by the Reserve Component to the Total Force has increase by more than 1300 percent. During this period, inflation-adjusted funding for the Reserve Component has decreased by slightly more than 12 percent. Additional missions in peacekeeping, weapons of mass destruction support and space operations are contributing to the use of Reserves in peacetime. The research concludes that changes must occur to the Total Force Policy, assigned missions and funding to ensure that the Reserve Component remains a viable part of the Total Force in the future.

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I. INTRODUCTION

> **Because reserve components (RC) can provide substantial capability within a smaller defense budget, they have been called upon increasing to contribute within the Total Force. These elements of the Total Force must be seamlessly integrated with their active component (AC) counterparts to achieve the new levels of readiness required to successfully conduct joint and combined operations - now and in the future.**
>
> **- 2000 Annual Defense Report**

While the written commitment to seamlessly incorporate the reserve components with their active components is part of furthering the total force integration process, what is the reality? How far does this integration extend? Does is it extend to the Policy, Programming and Budgeting System (PPBS) of the Department of Defense (DoD)? Since the early 1970's, the reserve components were brought into the spotlight as the United States switched to an all-volunteer force. This shift meant a reliable source of manpower was necessary to continually provide a credible deterrent to the threat posed by the Soviet Union. The end of the Cold War, surprisingly, did not bring about a reduction in the reliance on or importance of the reserve components. In fact, reserve components have seen an increased role in the nation's defense planning, policies and deployments over the last decade.

A. AREA OF RESEARCH AND RESEARCH QUESTIONS

This thesis will examine US policy and budgeting for the Reserves and National Guard. Emphasis will be on the defense budget process and implications of the end of the Cold War. Additionally, the Total Force Policy will be examined and its impacts on recent budgeting for and use of the Reserves and National Guard. The questions addressed by this research include: What is the Total Force Policy and its role in DoD

today? What new missions have evolved for the Reserves and National Guard and what are their budgetary implications? How are the Reserves and National Guard included in the PPBS process and two PPBS outputs; the military services' Program Objective Memorandum (POM) and Future Years Defense Program (FYDP)? To what extent has the increased operations tempo of the military services affected budgeting for the Reserves and National Guard?

B. SCOPE AND METHODOLOGY

This thesis will examine the budget process for the Reserves and National Guard, culminating with the DoD authorization and appropriation acts for fiscal year (FY) 2001. Special attention will be given to the process of Total Force Policy formulation to the extent it impacts the budget process for the Reserves and National Guard.

The thesis will utilize research consisting of the following to develop a broad understanding of the issues and parties involved in the policy and budgeting process for the Reserves and National Guard. Research will include the following sources: Books and magazine articles related to the Reserves and National Guard; electronic and Internet sites with information from military sources, federal government sources and state governments; specific information from the various service components' offices for PPBS, POM and FYDP information on the Reserves and National Guard; interviews with DoD and state officials germane to the Reserves and National Guard; written reports on the roles and policy for the Reserves and National Guard and; trend analysis of historical data in budgeting and outlays for the Reserves and National Guard.

C. BACKGROUND

The Reserves and National Guard have a long storied tradition of support to the country dating back to the Minutemen of the Revolutionary War, "Always Ready. Always There." Prior to the end of the Cold War, the Reserves and National Guard served as back up or stand by forces. In 1973, the Reserves and National Guard were formally included in the National Military Strategy through the Total Force Policy. The Total Force Policy recognized that all assets associated with the military should be fully utilized in the defense of the country.

With the Cold War ending in 1990, U.S. military forces, including the Reserves and National Guard, were significantly reduced because of the perceived decreased threat to U.S. security interests and accompanying reductions in the defense budget.

Today the Reserves and National Guards are critical parts of the nation's military strategy. The Reserves and National Guard contribute significantly to the nation's Total Force Policy. So much so that DoD cannot conduct sustained operations without the participation or support of the Reserves and National Guard. Recent military involvement in the Middle East, the Caribbean and South East Europe has demonstrated the critical role required of our Reserves and National Guard.

Increasing fiscal constraints on discretionary spending have required the DoD to adjust its force structure and fiscal policy to provide the most cost-effective force to support the National Military Strategy. If the Reserves and National Guard are to continue as critical parts of the Total Force Policy, they must play critical roles in the DoD budget process. DoD end strength, procurement and infrastructure have

experienced significant reductions since the late 1980's. As America demands more of its Reserve and National Guard, it must adequately budget for them also. This thesis seeks to address the policies and processes of budgeting for the Reserves and National Guard.

D. BENEFITS OF RESEARCH

This thesis will provide a clear and concise depiction of the budgetary process for the Reserves and the National Guard. It will suggest which policy factors and trends are the most significant and why. Knowledge and implications in this area enable DoD to better resource the Reserves and National Guard in the post-Cold War period.

II. DESCRIPTION AND DEFINITIONS OF THE RESERVE COMPONENTS

We could not maintain our military without the Guard and Reserve. It would be cut in half. We couldn't do the job in Bosnia, we couldn't do it in the Gulf, we couldn't do it anywhwere.

William S. Cohen, Secretary of Defense[1]

Today's Guard and Reserve number 1.4 million men and women. They are half the Total Force, critical contributors to every mission, and essential to our national security.

Charles L. Cragin, Principal Deputy Assistant Secretary for Reserve Affairs[1]

To understand the policies and budgeting for Reserves and National Guard, a reasonable description of the reserve components is appropriate. This chapter will clearly define what constitutes the reserve components, the size, cost and roles of the reserve components and the legal and broad policy issues affecting them. The chapter will first define a reserve component and then explain the roles, size, cost and the general legal and policy issue by component. The Retired Reserve will be defined and discussed only where it is pertinent to the issues relevant to this thesis and will, therefore, not generally be included.

A. DEFINING THE RESERVE COMPONENT

The origins of today's reserve components can be easily traced to the English colonies in America and the American Revolution. The definitions of the components

---

[1] Source: Office of the Secretary of Defense for Reserve Affairs: http://raweb.osd.mil accessed on 16 October 2000

are clearly delineated in United States Code, Title 10 – Armed Forces, Subtitle E – Reserve Components [Ref. 1: p. 485]. Broadly defined, "each reserve component is to provide trained units and qualified persons available for active duty in the armed forces, in times of war or national emergency, and at such other times as the national security may require."

These reserve components are composed of the following: The Army National Guard, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard, the Air Force Reserve and the Coast Guard Reserve [Ref. 1: p. 487]. The total end strength of the reserve component, excluding the retired reserve, was 1,316,984 at the end of FY 1999. This constituted 28.7 percent of the total authorized military mobilization manpower in FY99. The Retired Reserve is a part of the Reserve Component manpower pool. However, it is not generally considered part of the Reserve Components' total mobilization manpower because of the small probability that they would be mobilized in a conflict. The total Reserve Component manpower amount increases to 69 percent if retired reserves are included [Ref. 2: p. 51]. The total budget authority for the reserve components (not including retired pay) was $22.9 billion or 8.2 percent of total DoD budget authority [Ref. 2: p. 37].

The Army Reserve is composed of all Reserves of the Army who are not members of the Army National Guard. The Army National Guard is composed of all (1) federally recognized units and organizations of the Army National Guard and (2) members of the Army National Guard who are also Reserves of the Army. States may have Army National Guard units which are not recognized by the federal government but exist to support state missions or purposes.

The Naval Reserve is the reserve component of the Navy. Similarly, the Marine Corps Reserve is the reserve component of the Marine Corps. The Coast Guard Reserve is a component of the Coast Guard, which may come under the Department of the Navy during times of war and national emergency.

The Air Force Reserve is a component of the Air Force established to provide a reserve for active duty. It includes all reserves of the Air Force who are not members of the Air National Guard. The Air National Guard is the component of the Air Force composed of (1) federally recognized units and organizations of the Air National Guard and (2) members of the Air National Guard who are also Reserves of the Air Force. States may have Air National Guard units which are not recognized by the federal government but exist to support state missions or purposes. [Ref. 1: p. 487-491].

B. WHAT MAKES UP THE RESERVE COMPONENTS

Each reserve component has the following elements: (1) Ready Reserves, (2) Standby Reserves and (3) Retired Reserves [Ref. 1: p. 491]. The Retired Reserve is the easiest to understand. The Retired Reserve consists of all Reserve officers and enlisted personnel who receive retired pay as a result of their Active Duty and/or Reserve service, or who have qualified for retired pay but have not yet reached age 60. All retired members who have completed at least 20 years of Active Duty remain subject to call-up to Active Duty by their component service secretary. The Standby Reserve consists of persons designated as key civilian employees or those who have a temporary disability or hardship. There are no Standby Reserves in the National Guard [Ref. 2: p. 51]. Standby Reserve members may be recalled to active duty in times of war or national emergency only if there are insufficient numbers of reservists in the Ready Reserve available to meet

the requirement. Figure 1 below shows the distribution of total military mobilization manpower by category including a break down of the Ready Reserve Component.

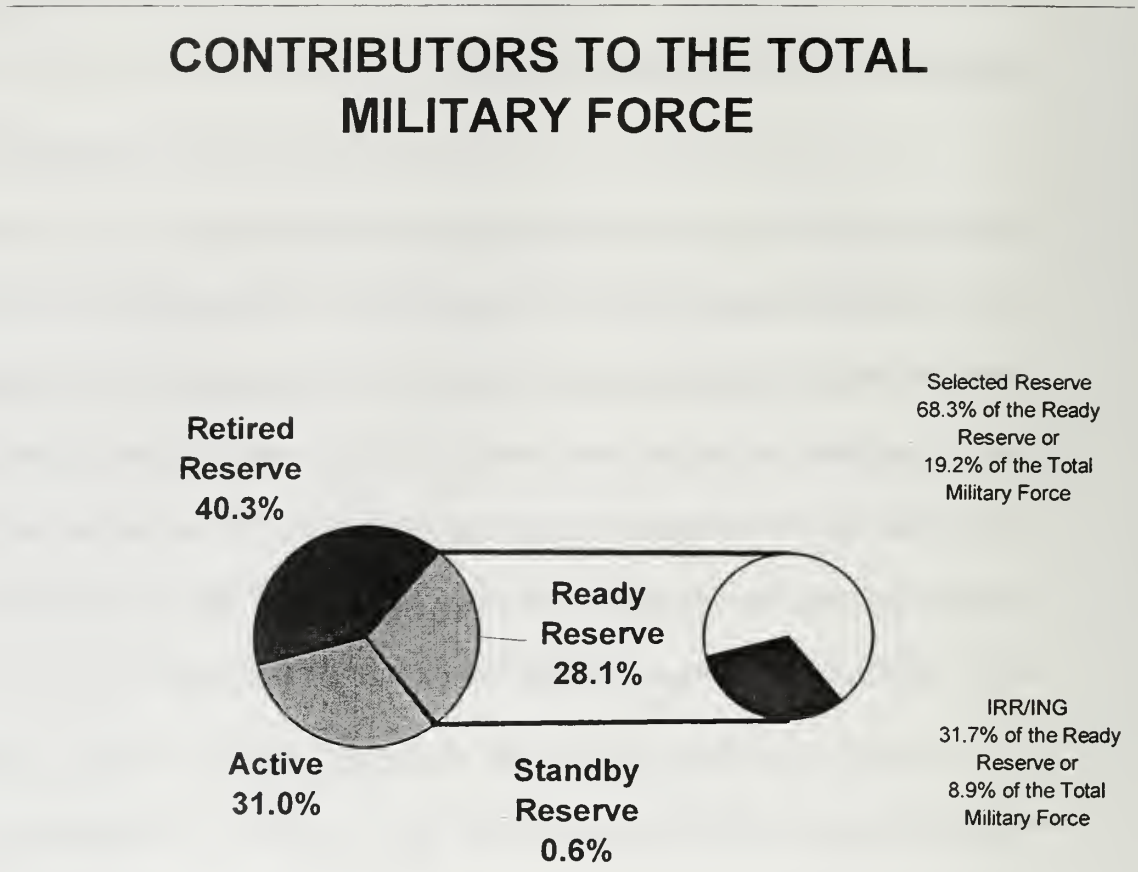

Figure 1 Contributors to the Total Military Force
After Ref. 2: p. 51

The Ready Reserve consists of three classifications: (1) the Selected Reserve, (2) the Individual Ready Reserve (IRR) and (3) the Inactive National Guard (ING).

Members of the Ready Reserve must complete designated training annually to comply with the law [Ref. 1: p. 493]. The Selected Reserve is made up of individuals and units essential to wartime missions. While most members of the Selected Reserve train with organized units, some members train as individuals. These individuals include are called Individual Mobilization Augmentees (IMA). IMAs are pre-trained personnel who augment active duty organizations. The National Guard does not have IMAs. IMAs typically possess highly technical or specialized skills from previous military or civilian experience [Ref. 2: p. 53]. IMAs allow units to meet operational requirements without mobilizing entire units.

The IRR and ING classification of Ready Reserves includes those persons who have already served on Active Duty or in the Selected Reserve and have either reenlisted in the Selected Reserve or have time remaining on their Active Duty contract that is not active duty (e.g. an eight year enlisted service contract, six years active duty with two years of reserve time). These persons are subject to involuntary recall to active duty. The IRR allows rapid deployment of Active and Reserve units with personnel shortages by filling those shortages with IRR personnel rather than transferring personnel from other units schedule for deployment later in the operational plan.

While full-time support personnel are not considered a component of the reserve by definition, they are critical to the operation of the Reserve components. Full-time support personnel consist of: (1) active Guard, Reserve and Training and Administration of Reserve (TAR) personnel, (2) military technicians, (3) active component support personnel and (4) civil service personnel. Full-time support personnel are essential to the success of Reserve Components because they allow the unit members to devote the

maximum time available to training for their assigned wartime missions. Figure 2 shows the size and make up of the reserve components as of 30 September 1999 [Ref. 2: p. 51 and Inside Back Cover].

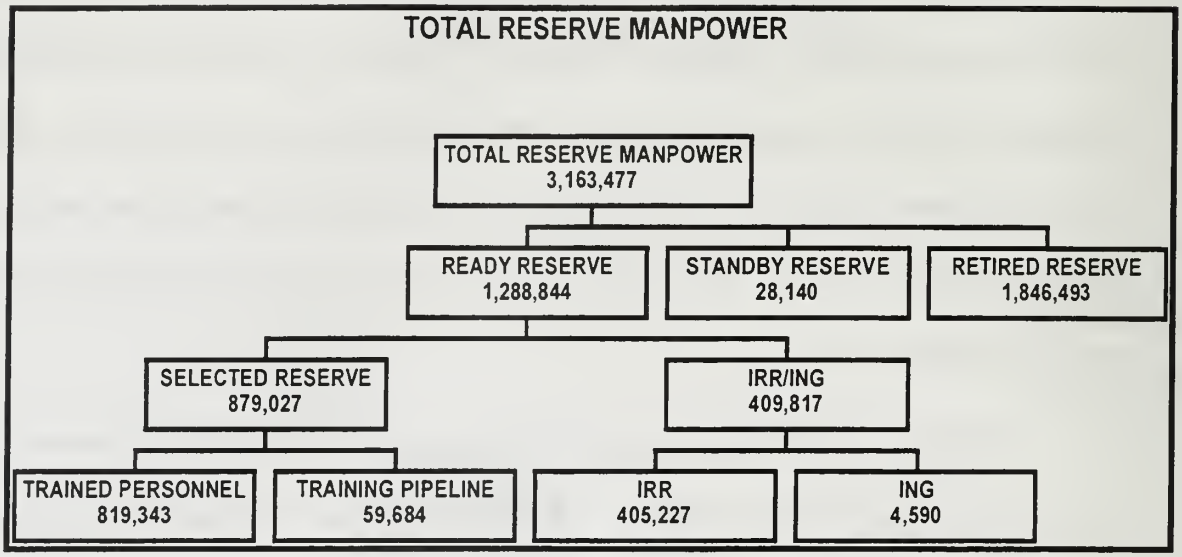

Figure 2 Total Reserve Manpower
After Ref. 2: p. 51

C. GENERAL OVERVIEW OF THE SEVEN RESERVE COMPONENTS

Unlike their role during the Cold War, today's reserve components are no longer an emergency force to be called upon in case "World War III" breaks out between the United States and the Soviet Union. With the end of the Cold War and the subsequent reduction in the active forces within the Department of Defense, the reserve components have taken on larger and more complex roles. The U.S. National Security Strategy and U.S. National Military Strategy have changed significantly over the past ten years in response to the changing global security environment [Refs. 3 and 4]. Increased

instability around the world and the amplified role the U.S. has taken on has directly resulted in a greater burden for the armed forces overseas in contingency and peacekeeping operations. Figure 3 clearly demonstrates the increased usage of reserve components in contingency operations over the past ten years [Ref. 2: p. 51].

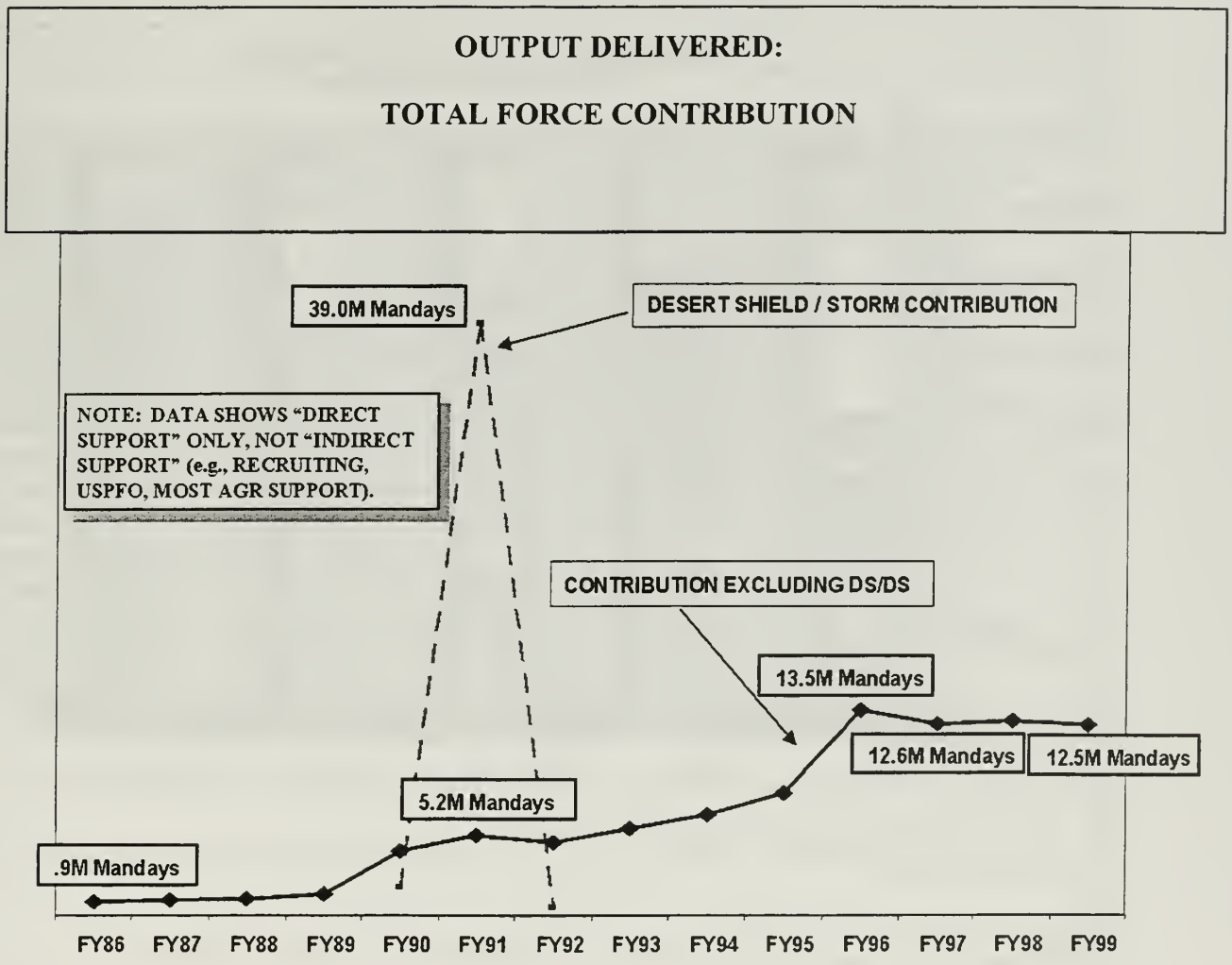

Figure 3 Output Delivered: Total Force Contribution

After Ref. 2: p. 51

In 2000, the reserve component makes up 28.7 percent of total military manpower, excluding the Retired Reserve (making up additional 40.3 percent) [Ref. 2: p. 51]. Figure 4 shows how the reserves contribute to the total manpower in each of the services, excluding retired reserves. The contributions of the Reserve Components to the Total Force will be discussed in more detail in Chapter II.

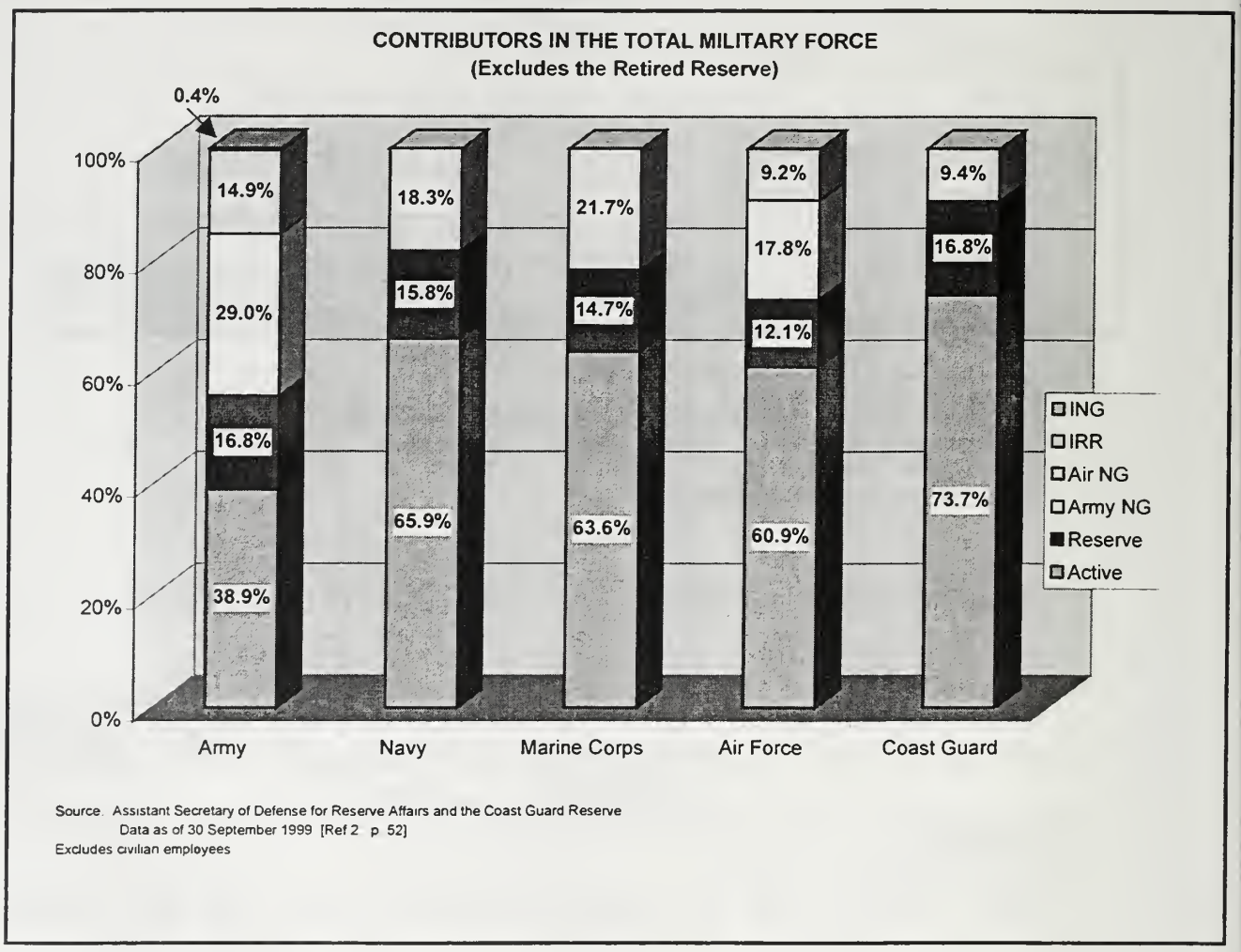

Figure 4 Contributors In The Total Military Force

1. Army Reserve

The mission of the Army Reserve is to provide a capability to project land force power through personnel and units capable of rapid mobilization and deployment. The Army Reserve is organized into four basic categories: combat service support (CSS), combat support (CS), mobility base expansion and combat units. The Army Reserve includes 47 percent of the total Army's CSS and 20 percent of its CS [Ref. 5]. The total authorized Army military personnel end strength for FY99 was 480,000 [Ref. 6: p. 648]. The Army Reserve had an authorized Selected Reserve end strength of 208,003 [Ref. 6: p. 650]. However, today's military operations other than war (MOOTW) involving ground forces rely far more on non-combat competencies than combat competencies. The result is an increased reliance on the Army Reserve. Greater than 50 percent of the Department of the Army's capability in civil affairs, military police, medicine, transportation, water supply, petroleum and psychological operations are found in the Army Reserve.

While making up a significant portion of the Total Army's end strength and core capabilities, the total budget authority for the Army Reserve was $3.7 billion in FY99 [Ref. 2: p. 37]. This budget authority was 5.3 percent of the Department of the Army's total budget authority in FY99 [Ref. 2: p. 52 and Ref. 7].

Challenges facing the Army Reserve today include budget shortfalls, personnel shortfalls (including retention, recruiting and full-time support personnel), training deficiencies and equipment shortfalls (both procurement and maintenance) [Ref. 2: p. xxxv-xli]. The primary challenge is the budget, as the Army Reserve is more frequently

used to augment the Active Component while receiving insufficient funding, according the Reserve Forces Policy Board [Ref. 2: p. xxxv-xli].

The Army Reserve is commanded by a two-star General who is dual-hatted as the head of the Office of the Chief of Army Reserve (OCAR) and as a member of the Chief of Staff of the Army's staff. The Army Reserve has three management cells: a Pentagon cell, a personnel cell and a reserve command cell.

2. Naval Reserve

The mission of the Naval Reserve is to provide mission-capable units and individuals to the Navy throughout a full range of operations. The Naval Reserve augments the active duty Navy by providing peacetime support in day-to-day operations while providing an additional flexible capability to provide sailors, equipment, aircraft and ships to the fleet in crisis situations. The total authorized active duty Naval military personnel end strength for FY99 was 372,696 [Ref. 6: p. 648]. The Navy Selected Reserve was authorized at 90,843, making up 34.1 percent of the Navy's total military personnel end strength, excluding retirees [Ref. 6: p. 650]. Today, the Naval Reserve comprises 100 percent of the Navy's logistic airlift capability [Ref. 2: p. 9].

While making up a small portion of the Navy's end strength and core capabilities, the total budget authority for the Navy Reserve was $2.6 billion in FY99 [Ref. 2: p. 37]. This Naval Reserve budget authority was 3.06 percent of the Department of the Navy's total budget authority, excluding the Marine Corps [Ref. 2: p. 52 and Ref. 7].

According the Reserve Forces Policy Board, the Naval Reserve has turned the corner on overcoming funding mission shortfalls but force modernization continues to be

under funded [Ref. 2: p. 44]. The Naval Reserve historically received equipment from active units and supplemental funding from Congress. However, both of these sources of funding have diminished. In fact, the National Guard and Reserve Equipment Appropriation, a key component of Naval Reserve modernization funding, is slated for elimination. This would force the Naval Reserve to rely almost entirely on the Navy's Planning, Programming and Budgeting System (PPBS) for its modernization [Ref. 2: p. 44-45]. This poses significant risks, as the active component is experiencing funding challenges. Retention, recruitment and information technology requirements pose lesser but still important challenges to the Naval Reserve.

The Naval Reserve Force is commanded by a two-star rear admiral and is supported by two one-star rear admirals, one each for the Reserve Surface and Aviation Forces commands. The Commander of the Naval Reserve Force is dual-hatted as Director of Naval Reserve on the staff of the Chief of Naval Operations.

3. Air Force Reserve

The mission of the Air Force Reserve is to support the Active Air Force mission to defend the United States through control and exploitation of air and space by providing global reach and global power. The Air Force Reserve is totally integrated into the day-to-day Air Force mission. It is not a force held in reserve for global war or contingency operations. Only in a few cases do Air Force Reserve forces conduct unique missions, such as weather reconnaissance. Many active and reserve Air Force units share equipment and resources. The Air Force reserve contributes operationally significant percentages of the following aircraft: tactical airlift, air rescue/recovery, aerial refueling, tactical air support and tactical fighters. The Air Force reserve contributes operationally

significant percentages of the following aircrews: aero medical evacuation, strategic airlift, tanker/cargo, aero medical airlift and AWACS, as well as half of the Air Force's aerial support units.

The total authorized Air Force active duty military personnel end strength for FY99 was 370,882 [Ref. 6: p. 648]. The Air Force Selected Reserve had an authorized Selected Reserve end strength of 74,243 for FY99 or 21.3 percent [Ref. 2: p. 52].

While fully integrated into the Air Force's core capabilities, the total budget authority for the Air Force Reserve was $2.9 billion in FY99 [Ref. 2: p. 37]. This budget authority was 3.5 percent of the Department of the Air Force's total budget [Ref. 7].

The primary challenges for the Air Force Reserve include personnel shortfalls (recruiting and retention), civilian pay shortages, privatization efforts/contracts, maintenance funding shortfalls and funding for the flying hour program (training and proficiency for aviators) [Ref. 2: p. 48, 90, 120-123].

The Office of the Air Force Reserve is located in the Pentagon and is headed by the Chief of Air Force Reserve, a two-star general, who is the principle advisor to the Air Force Chief of Staff for all Reserve affairs. The Air Force Reserve has two major commands: the Headquarters Air Force Reserve Command and the Air Reserve Personnel Center.

4. Marine Corps Reserve

The mission of the Marine Forces Reserve (MARFORRES) is to augment and reinforce active Marine forces in time of war, national emergency or contingency operations. Additionally, MARFORRES provides personnel and operational tempo relief

for the active forces in peacetime and provide service to the community. In its augmenting role, the MARFORRES provides the forces and equipment to bring active units to their required state of readiness. The MARFORRES components mirror active duty unit organization. MARFORRES is organized into a Reserve Division, a Reserve Marine Aircraft Wing (MAW), a Reserve Force Service Support Group (FSSG) and a Reserve Support Command. Only three units of the MARFORRES make up more than 50 percent of the Marine Corps capabilities. MARFORRES is truly an augment or reserve force.

The total authorized Marine Corps active duty military personnel end strength for FY99 was 172,200 [Ref. 6: p. 648]. The Marine Corps Selected Reserve had an authorized military personnel end strength of 40,018 [Ref. 6: p. 650].

Despite its non-mission critical contributions to the total Marine Corps force, the Marine Corps, the total budget authority for the Marine Corps Reserve was $615.8M in FY99 [Ref. 2: p. 37]. This budget authority was 6 percent of the Marine Corps' total budget [Ref. 7].

According to the Reserve Forces Policy Board, the primary challenges facing the Marine Corps Reserve today are insufficient funding for a variety of requirements, including equipment maintenance and modernization, personnel shortfalls (recruiting and retention), and aviator training/proficiency [Ref. 2: p. 45, 89, 104].

A two-star general with a one-star general as his deputy commands MARFORRES. The Commanding General of the MARFORRES reports to the

Commandant of the Marine Corps and the Deputy Chief of Staff, Manpower and Reserve Affairs, Marine Corps.

5. Coast Guard Reserve

The mission of the Coast Guard Reserve is to provide an organized, quick response, military force to supplement the Active Coast Guard during routine and surge operations. While the Coast Guard is an agency of the Department of Transportation, by law the Coast Guard Reserve is one of the seven reserve components of the Armed Forces [Ref. 1: p. X]. The Coast Guard Reserve is a fully integrated component in executing the Coast Guard's missions. Coast Guard Reservists are routinely recalled for predictable events, which include, the summer beach season, Space Shuttle launch security, the Olympics and weather related events (hurricanes). Operation DESERT SHIELD and DESERT STORM marked the first involuntary recall of Coast Guard Reservist under presidential authority. In the six years following DESERT STORM, reservists were involuntarily recalled 18 times versus just three times in the previous two decades [Ref. 6].

The total authorized Coast Guard military personnel end strength for FY99 was 35,865 [Ref. 8]. The Coast Guard Reserve made up 35 percent (12,654) of that total with the Coast Guard Select Reserve making up 22.6 percent (8,110) of the total Coast Guard military personnel end strength [Ref. 8].

The Coast Guard Reserve received $74M in FY99 funding [Ref. 2 p. 37]. This budget authority was 1.6 percent of the Coast Guard's total agency budget authorization [Ref. 8].

The number one challenge facing the Coast Guard Reserve today is a funding shortfall for Selected Reservists, according to the Reserve Forces Policy Board. The Coast Guard Reserve had an authorized end strength of 8,000 in FY99 but was only funded for 7,600 personnel [Ref. 2: p. 48]. To make matters worse, the 1998 Roles and Mission study identified a need for 12,293 members to execute its assigned missions [Ref. 2: p. 90]. Additional challenges include personnel shortages (recruiting and retention) and equipment shortages and modernization.

An Active Duty one-star admiral with a one-star reserve admiral on each coast manages the Coast Guard Reserve. The Office of Reserve Affairs reports to the Director of Reserve and Training.

6. National Guard (Army and Air)

The National Guard is a branch of the U.S. Armed Forces, comprised of the Army National Guard and the Air National Guard. Each state or U.S. territory has its own National Guard as authorized by the United States Constitution. What makes the National Guard unique is its dual role as both a State and Federal force. U.S. Code, Title 32 defines the federal role of the National Guard [Ref. 9]. Under their state role, the National Guard is subject to call up by the state governors to protect life and or property in state emergencies. The federal government can mobilize the National Guard in cases of national emergency and war or to enhance the active force – both in peace and war. The Army National Guard has recently received new, evolving missions in the areas of peacekeeping, space and weapons of mass destruction.

In terms of the Total Force, the Army National Guard made up 29 percent of the total Army military force and the Air National Guard made up 17.8 percent of the total Air Force military force in FY99 [Ref. 2: p. 52]. The authorized end strengths of the Army National Guard and Air National Guard for FY99 were 357,223 and 106,992, respectfully [Ref. 6: p. 650].

While contributing a significant portion of the Army's end strength and core capabilities, the total federal obligation authority for the Army National Guard was $7.6 billion in FY99 [Ref. 2: p. 37]. This budget authority was 11 percent of the Department of the Army's total budget authority [Ref. 2: p. 38 and Ref. 7].

According to the Reserve Forces Policy Board, the primary challenges facing the Army National Guard today are full funding of its authorized end-strength, increasing full time support funding, full funding of the Army National Guard Division Redesign, military construction and real property maintenance funding shortfalls, retention and recruiting and the elimination of the backlog of maintenance and repair (BMAR) [Ref. 2: p. 41-43, 87,121,130].

Within the state, each Army National Guard unit has a Commanding Officer who reports to the Adjutant General of their state. The Adjutant General is either an Army or Air National Guard General who reports to the state governor. On the federal level, the DoD has a Chief, National Guard Bureau who is a three-star general with three two-star generals supporting as the Vice Chief, the Air National Guard Director and Army National Guard Director. The Chief, National Guard Bureau also reports indirectly to the Chief of Staff of the Army and Air Force.

While contributing a significant portion of the Air Force's end strength and core capabilities, the total federal obligation authority for the Air National Guard was $5.4 billion in FY99 [Ref. 2: p. 37]. This budget authority was 6.4 percent of the Department of the Air Force's total budget authority [Ref. 2: p. 38 and Ref. 7].

According to the Reserve Forces Policy Board, the primary challenges facing the Air National Guard today are funding of its authorized major weapons systems, funding of its maintenance requirements, funding ammunition, retention and recruiting and the elimination of the backlog of maintenance and repair (BMAR) [Ref. 2: p. 32, 89,121, 128-130].

Like the Army National Guard, on the state or territory level, each state has an Adjutant General who reports to the Governor. Within the state, each Air National Guard unit has a Commanding Officer who reports to the Adjutant General of their state. On the federal level, the DoD has a Chief, National Guard Bureau who is a three-star General with three two-star Generals supporting as the Vice Chief, the Air National Guard Director and Army National Guard Director. The Chief, National Guard Bureau also reports indirectly to the Chief of Staff of the Army and Air Force.

D. LEGAL AND POLICY ISSUES

All legal and policy issues for the Reserve Components begin with the Constitution. Article I, Section 8 gives the Congress the power to raise and support armies and navies. Additionally, the Constitution provides for the Congress to organize, arm, discipline and call forth the National Guard (militia) in specific circumstances while reserving some power to the states [Ref. 10]. Article II, Section 2, specifies the President

as Command-in-Chief of the military and militia of the states [Ref. 9]. Each of the 50 states has its own specific authority designated in its own state constitution and through the passage of legislation for the raising, training and employment of its National Guard (militia). The Congress has passed legislation on the management of the National Guard of the District of Columbia and the territories of the United States. U.S. Code outlines the responsibilities and resources of the federal government. These responsibilities and resources will be covered in greater detail in Chapter IV.

Mobilization is the process by which units or personnel of the Reserve Component are brought onto active duty. Any mobilization would begin with one of the Unified Commanders-in-Chief requesting personnel to execute a plan. The Chairman of the Joint Chiefs of Staff would review the request, validate it, coordinate manning with the various services and recommend mobilization to the Secretary of Defense if necessary. If the Secretary of Defense concurs, he will forward the request to the President. If the President requires involuntary mobilization, he will consult with the Congress and issue an Executive Order. Voluntary mobilizations are routinely handled within the Department of Defense. The Secretary of Defense and the Chairman of the Joint Chiefs of Staff will then identify units and personnel for mobilization.

A governor of a state or territory can request the President to federalize the National Guard in response to domestic emergencies such as civil disturbance, terrorist incidents, natural disasters or emergencies involving weapons of mass destruction. In such cases, the Governor will request mobilization through the U.S. Attorney General. The Attorney General will then coordinate with the President to issue an Executive Order if necessary. Table 1 outlines the mobilization authority defined in law by Congress.

RESERVE MOBILIZATION AUTHORIZATION				
Authority	Cite	Type/Number	Length of Call-Up	In Response to
Secretary of DOT	14 U.S. C. 712	Involuntary	Dependent on situation and volunteer's agreement	Natural or manmade disasters, accidents or catastrophes
Service Secretaries	10 U.S.C. 12301(b)	Involuntary Unlimited	15 Days per year	Any event
Designated Authority	10 U.S.C. 12301(d)	Voluntary Unlimited	Dependent on event and volunteer agreement	Any event
Congressional	10 U.S.C. 120301 (a)	Involuntary Unlimited	Unlimited	War or national emergency declared by Congress
Presidential	10 U.S.C. 12302	Involuntary 1,000,000	24 Months	National emergency declared by the President
Presidential	10 U.S.C. 12304	Involuntary 200,000 (includes 30,000 IRR)	270 Days	Selected Reserve augmentation for any mission deemed necessary by the President
Note: Service Secretaries may involuntarily call up Retirees at any time under 10 U.S.C. 688 Source: Refs. 1 and 8				

Table 1 Reserve Mobilization Authorization

Each Reserve Component has its own procedure for mobilizing its personnel after the Secretary of Defense and Chairman of the Joint Chiefs of Staff have determined the units and personnel. Mobilization can occur in a few hours, in the case of the Coast Guard or Air Force Reserve, or as long as seven days in some cases for the Naval Reserve. The amount of refresher training or preparation time that a unit or person requires after mobilization before executing their assigned mission is dependent upon the quality of training previously obtained by the specific unit or personnel.

According to the Honorable Charles Cragin, Principle Deputy Assistant Secretary of Defense for Reserve Affairs, the Reserve Components have become critical elements of our nation's defense force and planning [Ref. 11]. Former Secretary of Defense, Melvin Laird, the architect of the Total Force Policy, believed the Reserve Components could provide a larger and more effective force for a given budget [Ref. 2: p. 3]. A September 1992, Congressional Budget Office (CBO) study entitled "Structuring U.S. Forces After the Cold War: Costs and Effects of Increased Reliance on the Reserves," concluded that reserve units generally cost less to operate in peacetime than comparable active-duty units [Ref. 12: p. 7]. Reserve personnel are available full time while only receiving pay for the equivalent of 60 to 100 man-days a year [Ref. 2: p. 2].

Two of the three alternatives examined in the September 1992, CBO study relied heavily on an increased role for the Reserve Components [Ref. 12: p. xiii-xvii]. However, the end of the Cold War and the changing National Military Strategy have forced the Reserve Components to assume a larger role in an era of budget and force reduction than was envisioned by either Secretary Laird or the CBO. Therefore, the roles and missions of the Reserve Components, as well as the Total Force Policy, have continued to evolve in the unstable international environment that followed the end of the Cold War.

III. TOTAL FORCE POLICY AND NEW MISSIONS

> **The Total Force. The Total Force requires the unique contributions of its Active and Reserve Components and its civilian employees. All elements of the Total Force must be appropriately organized, modernized, trained and integrated.**
>
> **1997 National Military Strategy**

A. WHAT IS THE TOTAL FORCE POLICY?

The Total Force Policy directs each service secretary to provide the manning, equipment, training, facilities, construction and maintenance required to ensure that the Reserve Components are capable of supporting the National Military Strategy and the Unified Commands. The Total Force is defined as the integration of the Active and Reserve Components with the Reserve being composed of both Reserve and Guard units. Since its inception in 1970, the Total Force policy has been a critical part of the planning, programming, budgeting and execution processes of the Department of Defense. Still, the Total Force Policy continues to evolve.

> Recognizing the increased reliance on the nation's reserve forces, Secretary Cohen defined integration as the "conditions of readiness and trust needed for the leadership of all levels to have well-justified confidence that Reserve component units are trained and equipped to serve as an effective part of the joint and combined force within whatever timelines are set for the unit in peace and war"...Today's problems are complex and our Total Force must be seamless. We cannot achieve this as separate Active and Reserve components.
>
> Secretary of Defense
> September 11, 1997
> [Ref. 13]

Secretary Cohen's memorandum of September 11, 1997 identified four principles necessary to achieve Total Force integration [Ref. 14]:

- Clearly understood responsibility for and ownership of the Total Force by the senior leaders throughout the Total Force;

- Clear and mutual understanding on the mission for each unit – Active, Guard and Reserve – in service and joint/combined operations, during peace and war;
- Commitment to provide the resources needed to accomplish assigned missions, and;
- Leadership by senior commanders – Active, Guard and Reserve – to ensure the readiness of the Total Force.

All of the active services rely more heavily on the Reserve Components today than they did when the Total Force Policy was initiated. The National Military Strategy outlines the United States' strategy which requires sufficient force to conduct a wide range of simultaneous, activities, including conducting two nearly simultaneous major theater wars, a wide range of concurrent engagement activities, peace keeping operations, homeland defense and combating weapons of mass destruction and other asymmetric threats [Ref. 4]. The integrated capabilities of the Total Force, including the Reserve Components, are essential for the success of the U.S. defense strategy [Ref. 15: Ch. 9 p. 1].

Since the Cold War, the Reserve Component has become a larger percentage of the Total Force [Ref. 15: Ch. 9 p.1]. The following paragraphs and tables show the various types of units where greater than 50 percent of the Total Force capability resides in the Reserve Components. These tables are intended to demonstrate the reliance of the Total Force on the Reserve Components. In general, units in the Reserve Component can be characterized as either a reserve force to augment the active unit or as a unit that may be required in specific scenarios or situations but is not required or utilized during normal peacetime operations. Furthermore, the active component has determined these units

possess capabilities that, while necessary to implement the National Military Strategy, are most cost-effective as part of the Reserve Component.

The Army Reserve and Army National Guard provides the active Army with essential combat, combat support and combat service support units. Table 2 shows those units which provide greater than 50 percent of the Total Army's capability in specific areas.

ARMY NATIONAL GUARD AND ARMY RESERVE CONTRIBUTIONS TO THE ARMY			
UNIT TYPE	ARMY NATIONAL GUARD UNITS	ARMY RESERVE UNITS	COMBINED % OF TOTAL ARMY
Water Supply Brigades	9	2	100%
Judge Advocate General Units	0	18	100%
Infantry Scout Group	1	0	100%
Exercise Divisions	0	5	100%
Enemy Prisoner of War Brigades	0	1	100%
Enhanced Readiness Brigades	15	0	100%
Divisions (Institutional Training)	0	7	100%
Chemical Brigades	0	3	100%
Aviation Groups	5	0	100%
Civil Affairs Units	0	36	97%
Field Artillery Brigades	17	0	94%
Petroleum Support Battalions	20	12	92%
Medical Brigades	0	6	85%
Public Affairs Units	28	29	82%
Psychological Operations Units	0	31	81%
Transportation Composite Groups	1	4	80%
Infantry Divisions	4	0	80%
Motor Battalions	2	12	78%
Hospitals	0	31	77%
Corps Support Groups	4	10	75%
Chemical Battalions	0	8	75%
Medical Groups	0	8	73%
Engineer Battalions (Combat Heavy)	14	14	73%
Maintenance Battalions	13	5	71%
Engineer Battalions (Combat)	46	25	70%
Theater Signal Corps	0	2	66%
Medium Helicopter Battalions	3	1	66%
Field Artillery Battalions	100	0	58%
Terminal Battalions	0	4	50%
Petroleum Groups	0	1	50%
Corps Support Commands	1	1	50%
Air Traffic Groups	2	0	50%

Sources: Army National Guard, Army Reserve and Army (DAMO-FDF)
Data as of 30 September 1999 [Ref. 2: p. 8]

Table 2 Army National Guard and Reserve Components Contributing Greater than 50 Percent

After Ref. 2: p. 8

The Naval Reserve provides the active Navy with a variety of units, aircraft and ships both in support of the active Navy and as force augmenters. The Coast Guard provides port security units for the Navy. Table 3 show those units which provide greater than 50 percent of the Total Navy's capability in specific areas.

NAVAL RESERVE CONTRIBUTIONS TO THE NAVY

UNIT TYPE	NUMBER OF UNITS	COMBINED % OF TOTAL NAVY
Naval Embarked Advisory Teams	7	100%
Mobile Inshore Undersea Warfare Units	22	100%
Mobile Inshore Undersea Warfare Groups	2	100%
Logistics Support Squadrons	10	100%
Landing Ship Tank	2	100%
Helicopter Warfare Support Squadrons	2	100%
Heavy Logistics Support (C-130)	4	100%
Fighter Composite Squadrons (U.S. Based)	2	100%
Mine Countermeasure Support Ships	14	93%
Mobile Diving & Salvage Units	14	60%
Mobile Construction Battalions	12	60%
Airborne Mine Countermeasures Helicopters	14	52%
Mobile Mine Assembly Groups	11	50%

Source: Naval Reserve
Data as of 30 September 1999 [Ref. 2: p. 9]

COAST GUARD RESERVE CONTRIBUTIONS TO THE COAST GUARD

UNIT TYPE	NUMBER OF BILLETS	COMBINED % OF TOTAL COAST GUARD/NAVY
Deployable Port Security Units	933	98%

Source: Coast Guard Reserve
Data as of 30 September 1999 [Ref. 2: p. 14]

Table 3 Naval and Coast Guard Reserve Components Contributing Greater than 50 Percent

After Ref. 2: pp 9, 14

The Air Force has integrated its Reserve Components more than the Army or Navy into its operational planning. Both Air Force Reserve and Air National Guard units are organized, trained and equipped for deployment within 72 hours. These units require no additional training prior to deployment and Selective Reserve personnel are required to maintain their proficiency at all times. Table 4 shows those units of the Air Force Reserve and Air National Guard which provide greater than 50 percent of the Air Force's total capability.

AIR NATIONAL GUARD AND AIR FORCE RESERVE CONTRIBUTIONS TO THE TOTAL AIR FORCE

UNIT TYPE	AIR NATIONAL GUARD	AIR FORCE RESERVE	COMBINED % OF TOTAL AIR FORCE
Weather Reconnaissance	0	10	100%
Tactical Control & Warning	2	0	100%
Fighter Interceptor Force	90	0	100%
Aircraft Control & Warning	2	0	100%
Aerial Spraying	0	4	100%
Aero Medical Evacuation	1293	1705	83%
Aerial Port	27	42	82%
Combat Communications	45	3	77%
Tactical Control	19	0	68%
Engineering Installation	19	0	68%
Tactical Aircraft	218	104	64%
Combat Logistics Support Squadrons	0	6	62%
Air Traffic Control	10	0	62%
Civil Engineering	97	43	61%
Air Rescue/Recovery	25	29	57%
Aerial Refueling/Strategic Tankers	204	64	55%
Tanker/Cargo (Associate)	0	474	52%

Sources: The Air National Guard and Air Force Reserve
Data as of 30 September 1999 [Ref. 2: p. 11]

Table 4 Air Force Reserve and National Guard Components Contributing Greater Than 50 Percent

After Ref. 2 p. 11

Of the nearly four dozen reserve elements in the Marine Corps Reserve, only four provide 50 percent or more of the Marine Corps Total Force capability. This relatively low percentage is a direct result of how the Marine Corps has organized itself. Chapter 2 discussed how the Marine Corps Reserve is organized into one of the four Marine Divisions within the total Marine Corps force.

MARINE CORPS RESERVE CONTRIBUTIONS TO THE MARINE CORPS

Unit Type	Number of Units	Percent of Marine Corps
Civil Affairs Group	2	100%
Air-Naval Gunfire Liaison Companies	2	100%
Adversary Squadrons	1	100%
Artillery Battalions	2	50%

Source: CMC(RA) and MCCDC(TFSD)
Data as of 30 September 1999 [Ref. 2: p. 10]

Table 5 Marine Corps Reserve Components Contributing Greater Than 50 Percent [After Ref. 2: p. 10]

Based on the tables above, at least one clear conclusion can be drawn; the Reserve Components contain significant and relevant parts of the total military force of the United States Military.

B. ORIGINS OF THE TOTAL FORCE POLICY

As far back as the 1950s, President Truman, a former Army National Guard Officer, determined that reserve forces would play a larger role in the future. He

directed the Secretary of Defense, James Forrestal, to study the role of the reserves. The outcome of the study was the establishment of the Reserve Forces Policy Board. Nothing more came of the total force concept until 1969.

In 1969, President Nixon and Secretary of Defense Melvin Laird recognized that the United States could no longer rely exclusively on the active components due to fiscal and political considerations. In testimony before Congress, Secretary Laird stated, "Our recognition of the realities was a major motivating factor at the Pentagon of the new approaches of Net Assessment and Total Force Planning" [Ref. 16: p. 25]. During the Vietnam War, it was the policy of the United States that reservists would not directly participate in the conflict. In the Total Force Policy concept declared in August 1970, the Reserve Forces were established as the initial and primary augmentation force for the military, replacing the draft. With respect to the Total Force Policy, Secretary Laird proved to be a visionary, stating:

> This policy was reinforced by a series of actions that have revitalized the Reserve Forces; rebuilding equipment inventories depleted during the Vietnam buildup of the Active Forces; improving readiness; redefining the roles and missions of the Reserve Forces; and educating the public and employers to the vital role of the Reserve Forces...As readiness improves, we must carefully examine the balance of force mix and force levels among Active, Guard and Reserve elements in order to achieve maximum economies in maintaining adequate national security. [Ref. 16: p. 64, 69]

The civilian and military leadership of DoD in 2000 are echoing the same vision Secretary Laird fashioned in 1970.

In August 1973, Secretary of Defense James Schlesinger directed each of the Service Secretaries to provide the manning, equipment, training, facilities, construction and maintenance to Guard and Reserve units to meet required deployment times and

contingency plans. However, economic hardships forced difficult decisions within the federal government as to how to allocate limited resources. One of the alleged outcomes was the "hollow force."

The election of Ronald Reagan in 1980 brought renewed life to the Total Force Policy. In addition to increased spending on defense, Secretary of Defense Caspar Weinberger argued that, "Units that fight first shall be equipped first, regardless of component" [Ref. 2: p. 3]. Following the Gulf War and the largest operational implementation of the Total Force Policy since its inception, Secretary of Defense William Perry reiterated the importance of the Reserve Components and that improved planning, training and funding for their requirements would result in a enhanced total force.

Secretary of Defense William Cohen brought the Total Force into the 21st century with renewed vigor. "Our goal, as we move into the 21st century, must be a seamless Total Force that provides the National Command Authorities the flexibility and interoperability necessary for the full range of military operations" [Ref. 2: p. 3]. The seamless Total Force must include not only the use of Reserve Components to augment the active force, but also the planning, programming and budgeting aspects of the defense resource decision-making process.

C. ASSUMPTIONS OF THE TOTAL FORCE POLICY

The success of the Total Force Policy depends on three assumptions: the Total Force cost-benefit, the experience base of the Reserve Component and the tradition of the

citizen-soldier. Without any of these three assumptions, the philosophical base of this change in DoD policy would fail.

1. Total Force Cost Benefit

The primary rational for the Total Force Policy is that a larger total force can be provided because of the lower peacetime cost to sustain the Reserve Components. For example, direct unit comparisons have indicated that the cost of a National Guard military unit is between 25 and 40 percent of its similar regular military unit [Ref. 17: p. 21]. An assumption of the Total Force Policy is that the cost-benefit of the Reserve Components will permit defense expenditures to be held to the minimum level necessary to implement the National Military Strategy. In economic terms, the marginal benefit of increasing the Reserve Component force outweighed the marginal benefits of maintaining a large active duty force.

However a significant school of thought exists to counter this assumption. Critics contend that every dollar provided to the Reserve Component is a dollar that is being wasted [Ref. 18: p. 45]. Prior to the end of the Cold War, these critics believed the Reserve Components were considered "Weekend Warriors," possessing marginal ability to perform in actual military operations due to their limited training. The "Weekend Warriors" were a safety force to be called on only in cases of extreme emergency. Therefore, these critics argued that when defense resources are scarce, the active forces should not suffer due to funding of the Reserves.

2. Experience of the Reserve Component

To be successful in the Total Force Policy, Reserve Component personnel and units must develop sufficient proficiency in the execution of their missions to be capable of timely activation and deployment. Many of the personnel in the Reserve Components have active duty experience. For instance, in the Air National Guard, approximately 70 percent of the pilots have previous experience in the active component [Ref. 17: p. 21]. This fact has two positive outcomes. First, the Reserve Component will have personnel who are familiar with active duty operations. Second, their prior active experience provides legitimacy to the Reserve Component within the Total Force. However, there is a more important assumption, namely, that large numbers of experienced personnel will reduce training requirements and expenses.

3. Tradition of the Citizen-Soldier

One of the criticisms of the American involvement in Vietnam was the lack of support of the American people. Because the Reserve Components, particularly the National Guard, are composed of civilians who provide part-time military service, any activation of Reserve Components would have an immediate impact on the community-level support. General Michael Davidson wrote, "A Total Force structure, melding the Active and Reserve component forces would have the effect of making it very difficult, if not impossible, for America to go to war again without the broad support implicit in a major National Guard and Reserve call-up" [Ref. 17: p. 22]. The primary leaders responsible for the Total Force Policy were from the late-Vietnam War era. They believed that the Total Force Policy would restore confidence in the military with the American people

and that future use of the military would require civilian support. The link provided by the citizen-soldier would serve as the mechanism to implement this assumption.

It could also act to control the costs of the military. Mobilization of the Reserve Component is not normally included in DoD planning and budgeting. Consequently, mobilization costs would have to be added by Congress or transferred from within DoD. Additionally, mobilization of Reserve units would cause a loss of manpower from the civilian work place, translating into increased cost to employers. Therefore, any sizable mobilization would most probably draw attention as a result of increased cost both to the community of the citizen-soldier and within DoD.

D. IMPLICATIONS OF THE TOTAL FORCE POLICY

The implementation of the Total Force Policy in the early 1970's and continuing into the 21st century has several critical implications. Not unlike the assumptions discussed above, these implications have a significant impact on the success of the Total Force Policy. The implications can be grouped into two general categories: strategy and policy implications and budgetary implications. While arguments can be made regarding categorization, the important fact is that the implications have profound impacts on the manner in which the Total Force Policy is practiced.

1. Strategy and Policy Implications

Because the implementation of the National Security Strategy relies on the Total Force Policy for guidance on how resources will be allocated and utilized, the effectiveness of the Reserve Component is critical. If the Reserve Component is undermanned, poorly trained or inadequately resourced, its contribution to the Total

Force is in question. Likewise, an exceptionally well manned, trained and resourced Reserve Component may lead to an over-reliance on the Reserve Component.

In either case, the Reserve Component is just that, a reserve. Each Reserve Component unit has pre-mobilization training requirements and post-mobilization/pre-deployment training requirements. The post-mobilization/pre-deployment period of intense training is necessary to ensure that Reserve Component units are proficient prior to heading into harm's way [Ref. 2: p. 91]. If real word situations do not allow for this period of time for training, the value of the Reserve Component to the Total Force is greatly diminished. The Gulf War demonstrated that units with time to conduct training prior to being incorporated into the operational Total Force could be highly effective and useful, and the opposite, as well [Ref. 19: p. xxiii]. Many of the Reserve Component units provide such a large percentage of the Total Force capability for their Active Components that post-mobilization training time provides a potentially significant risk factor. The risk comes when the Reserve Forces are deployed following mobilization without completing required training due to operational commitments.

The type of conflict is equally important to the success of the Total Force Policy. The Departments of the Army, Navy and Air Force have determined the types, sizes and capabilities of units in the Reserve Component. These decisions are based on threat and resource assessments. Units that contain greater than 50 percent of the contribution to the Active Component can be grouped into three general categories: homeland defense, support of major theaters of war and military operations other than war (MOOTW).

When the Total Force Policy was crafted, the probability of requiring units for homeland defense or support of major theaters of war was declining, as nuclear weapons deterred many of the threats that would require mobilization of Reserve units. Thus, it was logical to place these types of units in the Reserve Component. Furthermore, the probabilities of military operations other than war were greatly diminished following the Vietnam experience. Keeping these units as part of the Active Component was unnecessary and costly. Therefore, their proper place was in the Reserve Component.

However, since the end of the Cold War the numbers of MOOTW and regional conflicts have increased significantly [Ref. 2: p. 5]. The inferences here are that the missions of the military may be changing and/or perhaps the assumptions of the Total Force Policy need revisiting because they may be changing.

2. Budgetary Implications

The Total Force Policy assumes that the cost of Reserve Components is marginally less than that of their Active Duty Components. The cost driver for this assumption is the relatively small amount of time that reserve personnel and units are conducting training or mobilized. However, if Reserve personnel and units are required to conduct additional training or new training for new missions, the implication is that costs will increase. Furthermore, since the end of the Cold War, the number of Reserve Component personnel annually required by the Active Component annually has increased by 1300 percent [Ref. 2: p. 51]. This increased use of the Reserve Component is the equivalent of two additional active duty Army divisions. One implication is that some Reserve units' capabilities should be transferred to the Active Component. When units of the Reserve Component are mobilized, Active Component funding, not Reserve

Component funding, pays for them. If Active Component funding is constrained or stressed as many argue was the case in the late 1990s, active units may suffer funding challenges because of the obligation to fund Reserve Components with Active Component funding [Ref. 19: p.xxiii].

The Reserve Components rely heavily on personnel who depart the Active Component, especially in the aviation fields. This pipeline provides the Reserve Components with a readily available, trained pool of personnel to draw upon. However, if the number of personnel departing the active service who join the Reserve Component decreases, the potential implications for the Reserves could be severe. The cost of training Reserve personnel is relatively inexpensive because many of the personnel have received their introductory or basic military skills training from the Active Component [Ref. 2: p. 59]. If the Reserve Component is forced to increase the amount of introductory or basic military skills training, the cost-benefit assumptions may be called into question. Consequently, the Total Force Policy is largely based on the cost-benefit of the Reserve Force versus the Active Force.

Another implication results from the citizen-soldier assumption. The designers of the Total Force Policy believed that by shifting a large amount of capability to the Reserve Component, any significant use of military force would require participation of the Reserves. Thus, the American public would implicitly have to concur with the military involvement because the Reserves are composed of the citizen-soldier. It was believed that due to this process, the use of military force would be diminished and therefore cheaper. However, federal legislation in 1999 expanded the number of reserve personnel who could be involuntarily recalled by the President [Ref. 20]. By expanding

the number of personnel that can be mobilized without congressional or public support, the President may utilize Reserve forces that would have not otherwise been available.

The end of the Cold War saw a dramatic decrease in the size of both the Active and Reserve Components. However, it also saw an increased number of MOOTW and use of the Reserves. This increased usage has directly resulted in higher costs for the Reserve Component and decreased accession and retention numbers [Ref. 2: p. 31-33, 56-60, 86-90 and 108-110]. The implication here is that the use of the Reserves Components is not in accordance with the Total Force Policy and is resulting in higher than expected costs.

E. NEW MISSIONS

The Reserve Component has gained other new missions such as information technology management, engineering installation management, communications, the partnership for peace program and an increased role in military ceremonies. However, they pale in comparison to the new roles dealing with peacekeeping, space and weapons of mass destruction. The Reserve Components are assuming a larger role in the post-Cold War era, particularly in the three new roles. They have a potentially tremendous impact on the manner in which the Reserve Component is funded and utilized. Additionally, they may significantly alter the rationale and justification for the Total Force Policy and how the DoD plans, programs and budgets for the Reserve Components.

1. Peacekeeping

In March 2000, the 49th Armored Division made history when it assumed command of the U.S. sector of the North Atlantic Treaty Organization (NATO) led Bosnia peacekeeping mission. This marked the first time a Reserve Component headquarters deployed to an operational area since the Korean War. In fact, three of the next six Bosnia Stabilization Force, or SFOR, rotations will be under Army National Guard Divisions. Additionally, seven enhanced readiness brigades of the Army National Guard are Bosnia bound before 2003 [Ref. 21: p. 19].

Because the Active Army has not provided itself with sufficient combat support and service units, it must rely on the Army Reserve and Army National Guard to fill the deficit. Assistant Secretary of Defense for Reserve Affairs, Charles Cragin agrees that there will be plenty of peacekeeping work for the Reserve Component in the years ahead [Ref. 21: p. 19]. Although the Total Army is under going a transformation that will take many years to complete, the requirements for peacekeeping will continue to demand ground forces capable of quick deployment. With the Active Components fulfilling and responding to "traditional" requirements, the Reserve Components are looked to as a force capable of meeting short term and contingency needs.

However, the Reserve Component is not a panacea. The increased frequency and number of Reserve Component call-ups is expensive. The activation of Reserve Component forces is paid for out of Active Force funding. If activation is not budgeted for, which is nearly always the case due to its emergent nature, financial pressures will mount to either discourage mobilization or demand additional funding. Moreover,

retention, recruiting, training and equipment issues will logically follow an increased Reserve Component operational tempo. And it should not be forgotten that the National Guard is a state force as outlined in the Constitution and must be capable of responding to domestic emergencies.

2. Missile and Space Operations

Space operations provide the U.S. military with a force-multiplier capability through the use of imaging and communications capabilities unequalled in the world. No other area in the military has the same growth potential and need for people as space operations. With respect to personnel requirements for both space operations and the closely related mission of National Missile Defense, "There is more demand than there is supply," according to Major General Randy Jayne, Air National Guard Assistant to the U.S. Space Command and the Air Force Space Command [Ref. 22: p. 21]. The demand is directly linked to the Reserve Component for two reasons: the Constitutional requirement for national defense and the growing expertise of the commercial sector in space operations.

Repelling invasions is one of the three Constitutional missions of the National Guard. NMD is being designed to protect the continental United States against missile attack. Current planning has Army National Guard personnel providing much of the manning for NMD, an important part of U.S. space operations. Formerly, the National Guard operated the Nike and Hercules missile sites [Ref. 21: p. 22]. Whether NMD becomes an operational system or not, the Reserve Component will play a key part in at least the planning and testing of any missile defense system due to their prior experience and Constitutional mandate.

Second, the military must increasingly rely on the civilian sector for experts in space operations. This is because commercial investment in space surpassed the military in 1996 [Ref. 22: p. 21]. Moreover, because space operations are so largely dependent on computer technology, which is advancing at unprecedented rates, the logical inference is that reserve personnel who work in the commercial space industry are well suited to support the military's space operations. An example is found in the Space-Based Infrared Surveillance System (SBIRS) used in support of NMD. SBIRS is the first system where Reserve Component forces have been part of the start-up and planning of a new system. Reserve personnel will provide twenty percent of the operational crews for SBIRS [Ref. 22: p. 21]

Also linked to space-based sensors is the Joint Reserve Intelligence Program (JRIP). In January 1995, the Deputy Secretary of Defense directed engagement of the Reserve Component's intelligence and linguistic capabilities, peacetime through wartime [Ref. 2: p. 14]. The JRIP provides superior wartime mobilization training for the Reserves as well as direct support of operational intelligence missions. During Fiscal Year 1998, more than 4,000 Selected Reserve personnel provided over 41,000 workdays to the Active Components, more than 30,000 of which were in direct support of CINCs' requirements [Ref. 22: p. 14].

3. Weapons of Mass Destruction

The Defense Against Weapons of Mass Destruction Act of 1996 (also known as the Nunn-Lugar-Domenici Act) required DoD to enhance the capability of federal, state and local responders regarding weapons of mass destruction (WMD) [Ref. 15: p. 81]. In May 1998, President Clinton began active implementation of the Nunn-Lugar-Domenici

Act against the threat of chemical and biological weapons attacks in America. To spearhead this effort, the Department of Defense would form ten teams to support state and local authorities in the event of an incident involving weapons of mass destruction. Congress expanded the number of teams to 27 in FY2000 [Ref. 23: p. 1].

These WMD Civil Support Teams, formerly known as Rapid Assessment and Initial Detection Teams (RAID Teams), are composed of 22 full-time, well-trained, fully equipped National Guard personnel. The first ten teams will be stationed in each of the Federal Emergency Management Agencies (FEMA) regions around the country. The seventeen additional teams would be located to support large concentrations of the population [Ref. 23: p. 81]. The teams have no counter terrorism capability or mission. While WMD Civil Support Teams are federally resourced, federally trained, federally evaluated and operate under federal doctrine, they are state assets. They remain under the command and control of the adjutant generals of the states in which they reside.

The primary job of these teams is to train local fire, police and health officials in dealing with WMD incidents [Ref. 24: p. 25]. If and only when the local officials requested state assistance in a WMD incident would these WMD Civil Support Teams assist with casualties, quarantines, detection and identification of threat agents. This caveat is necessary to ensure compliance with the separation of authority between the state and the federal government as outlined in the Constitution, the Posse Comitatus Act and other applicable laws [Ref. 15: p. 80].

Department of Defense WMD response teams are resourced and trained for overseas war fighting missions. They would only be available for domestic WMD

incidents as part of a federal response effort initiated by the President after state and local resources become overwhelmed [Ref. 23: p. 2]. However, Army Reserve soldiers have been and continue to provide training on defense against WMD in U.S. cities. Prior to 1999 they provided training to other federal agencies, including the Department of Veterans Affairs, U.S. Customs Service and the U.S. Probation Service. The U.S. Army Reserve Command hosted and participated in WMD Consequence Management '98, a simulated terrorist attack on Augusta, Georgia [Ref. 2: p. 15].

As the threat of WMD incidents continues to exist and rogue nations continue to seek WMD, the U.S. must continue to prepare to respond domestically for any WMD occurrence. The Reserve Component is well suited to carry out this function because of its nearly 3,300 facilities in more than 2,700 communities [Ref. 24: p. 24].

F. UNITED STATES ARMY TRANSFORMATION

The Army is in the process of transforming itself. The primary purpose of the transformation is to make the Army more relevant in combating the likely threats of the 21st Century. To do this, the Total Army needs to be lighter, more mobile and quickly deployable. The cost of the transformation is yet undetermined but will not be cheap.

The Army Reserve and Army National Guard are critical parts of this transformation process and the ensuing product. The restructured Total Force Army is based on the Army Reserve becoming support forces and the National Guard becoming balanced combat forces. From 1989 through 2001, the Army Reserve will downsize 36 percent and the Army National Guard 23 percent. However, the newly transformed force will still be formidable and critical to the Total Force [Ref. 25: p. 14]. Figure 5

portrays the Department of the Army's Reserve Component transformation, which is intended to leverage their core competencies to better support the Total Force.

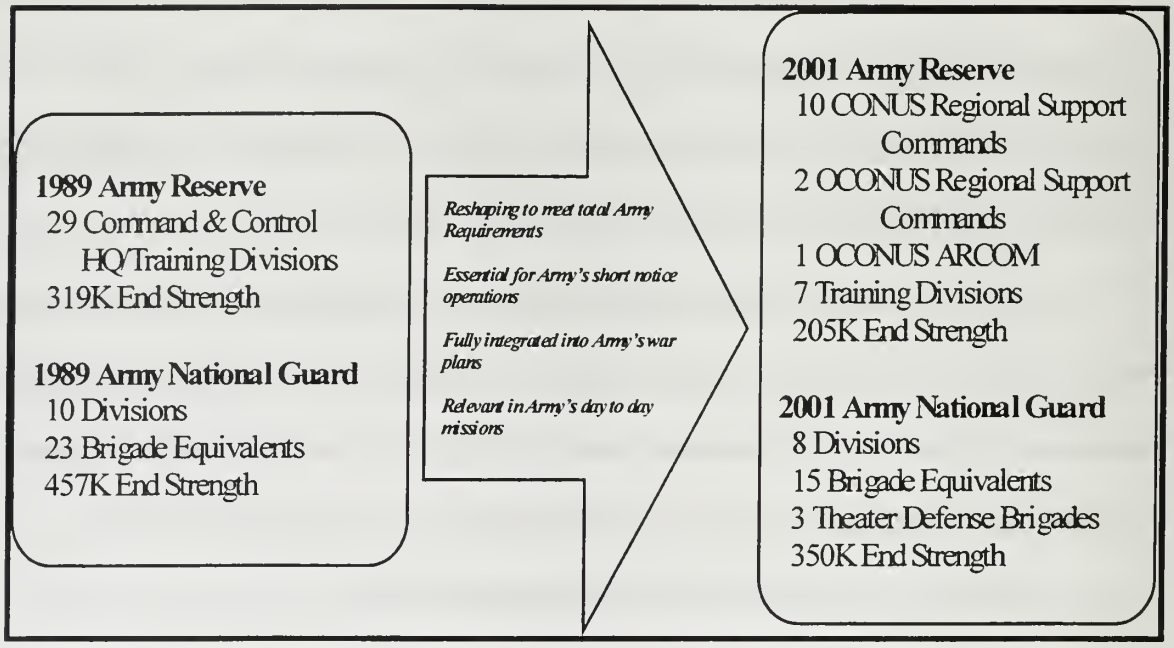

Figure 5 Army Reserve Component Transformation

However, retired Major General Francis Greenlief, Chief of the U.S. National Guard Bureau, cautioned against change for change's sake or political maneuvering. He cites the following example:

> The usual public relations ploy is for the Army to announce, for example, a cut of 60,000 troops. To the unwary, this sounds impressive until they learn that the active Army is only losing 15,000 while the Army Guard and Reserve the remaining 45,000. Such deceptive force reductions cost a lot of manpower, but recover few dollars...Realigning the Army's Total Force structure by moving more of the deployable combat power to the National Guard could save substantial amounts of the military personnel and operations and maintenance funds being spent to maintain 4 1/2 divisions that cannot be moved to a conflict in less than 90 days. [Ref. 26: p. 37]

The transformation is critical because nearly 70 percent of the Army's active 10 divisions are in the continental United States. An article in the 1996 issue of Naval Proceedings magazine reported that U.S. strategic lift assets would allow no more than five divisions to be deployed within the first 90 days [Ref. 26: p. 37]. Therefore, shifting some combat capability to the Army National Guard is financially and operationally sound. Shifting combat forces to the Reserve Component may be prudent, but it also increases the probability of a Reserve Component mobilization.

G. RESERVE COMPONENT EMPLOYMENT STUDY 2005

The Total Force Policy continues to evolve in a period of constrained resources and changing threats. The Fiscal Years 2000-2005 *Defense Planning Guidance,* issued in April 1998 by the Secretary of Defense, required the Department of Defense to conduct an examination of the employment of the Reserve Components [Ref. 27: p. 3]. The study was to review the employment of the Reserve Components and develop recommendations to enhance their role across the full spectrum of military activity. The study was to examine how to make the Reserve Component easier to access and use, and how to better train, equip and manage it to ensure effective mission fulfillment [Ref. 27: p. 2]. The results of the study were not available in time for inclusion in this thesis. However, the results are certain to have a profound impact on the Total Force Policy and budgeting for the Reserve Components in the future.

Today the Total Force Policy is in transition during a period of constrained resources and emerging but uncertain threats. With technologies advancing more rapidly than at any period in history, new threats and capabilities must be quickly examined, prepared for and shaped to implement the National Security Strategy. This is the purpose

of the Total Force Policy. The emerging missions of peacekeeping, space and WMD as well as the Army's transformation will change how the Total Force Policy is viewed and implemented. Today, however, it is clearly having an effect on resource allocation within DoD. The following chapters will examine how the Reserve Components are resourced.

III. BUDGETING FOR THE RESERVE COMPONENTS

A. DEPARTMENT OF DEFENSE BUDGETING

1. Federal Defense Budget Process

The macro view of the DoD budget process is straightforward. The Departments of the Army, Navy and Air Force formulate defense budgets for their Active and Reserve Components. These three budgets are consolidated by the Office of the Secretary of Defense (OSD), reviewed, modified as necessary and then approved. The consolidated OSD budget is submitted by the Secretary of Defense to the Office of Management and Budget (OMB) for inclusion in the President's budget submission to Congress. Congress conducts hearings and debate on the President's input. Congress formulates three major bills necessary to complete the DoD budget. These bills are the National Defense Authorization Bill, the Defense Appropriation Bill, and the Military Construction Appropriation Bill. The National Defense Authorization Bill gives the DoD the authority to spend the funding in the Appropriation Bills and gives specific direction for programs and requirements. The Appropriation Bills provide the money to the DoD [Ref. 28: p. 2]. Once all three bills become law, the DoD can execute the funding for the new fiscal year.

This thesis will describe the process within the DoD only. This process is called the Planning, Programming and Budgeting System (PPBS). The PPBS is specifically designed to produce the DoD portion of the President's Budget. A change by Congress in 1985 mandated a change to a biennial budget cycle beginning in mid-1986 [Ref. 29]. As a result, the DoD goes through the entire PPBS process in even-numbered years. In

odd-numbered years, an amended budget is generally produced through the budgeting phase of the PPBS process. The PPBS projects funding requirements for a six-year period called the Future Years Defense Program (FYDP), two budget years and four "planned" years [Ref. 30: p. 27]. The FYDP is the official database and document that captures the PPBS updates to the DoD programs [Ref. 30: p. 1]. Because the role played by the Joint Chiefs of Staff in the PPBS does not differ for any of the services, it will not be included.

The PPBS ensures civilian control of the military and reflects the Secretary of Defense's (SecDef) management style. As of 2000, more than $280 billion, more than 2 million employees and capital assets exceeding $1 trillion are managed by the PPBS [Ref. 31]. PPBS provides a rational methodology for balancing internal (DoD-wide) and external (Administration and congressional) priorities, central planning versus delegated management and stability versus change. PPBS provides the strategic direction to implement the Total Force Policy through goals set by the SecDef. It further provides the basis for coordination, planning and support of the Total Force Policy. Perhaps most importantly, the PPBS allocates limited funds in an efficient, effective and timely manner [Ref 31]. The Office of the Secretary Defense reviews all programs and budget decisions, with the SecDef having the final decision on unresolved issues. The PPBS provides budget justification for congressional scrutiny later in the budgeting process. The PPBS is a top-down approach, driven by the SecDef and is *the primary resource allocation mechanism* in the DoD [Ref. 32: p. 21].

2. Planning, Programming and Budgeting

The planning phase of the PPBS is designed to integrate assessments of threat, the National Security Strategy (NSS) and the National Military Strategy (NMS), current FYDP programs and projected financial resources into an overall statement of policy. Each service within DoD assists OSD to develop plans for the programming and budgeting phases. The plans are published in the DPG. The Joint Chiefs of Staff review all plans to ensure they meet joint requirements and interoperability. The output of the planning phase of the PPBS is the Defense Planning Guidance (DPG) [Ref. 28: p. 27]. Figure 6 shows the various phases of the PPBS and how they flow into each other.

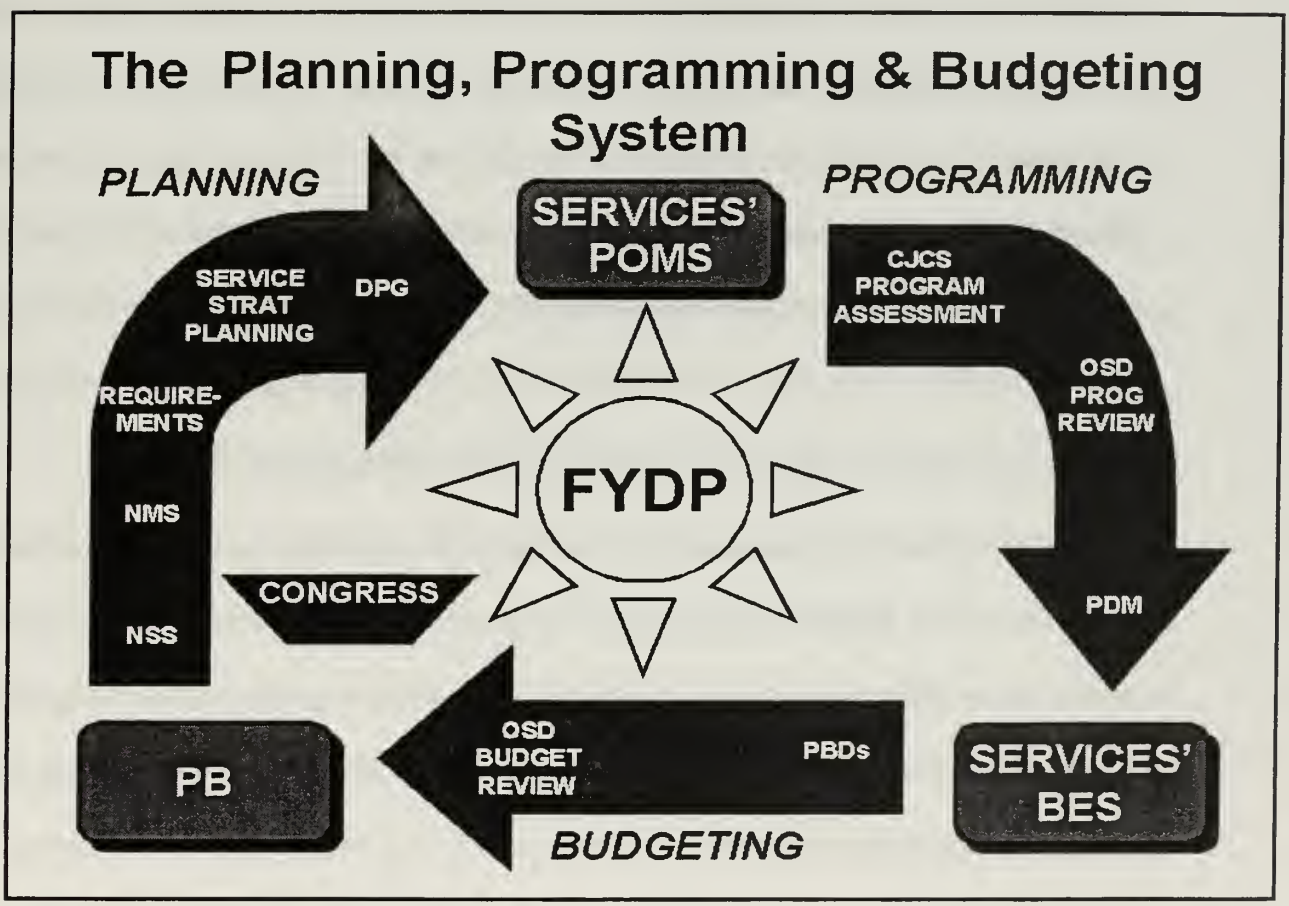

Figure 6 The Planning, Programming & Budgeting System

In the programming phase the Departments of the Army, Navy and Air Force prepare Program Objective Memorandums (POMs). The POMs detail the specific forces and programs that the services propose over the FYDP period to meet the military requirements identified in the DPG within the financial limits determined by the SecDef. Once again, the Joint Chiefs of Staff review all programs to ensure they meet joint requirements and interoperability. The final output of the programming phase produces Program Decision Memoranda (PDM). PDMs are official decisions by the SecDef approving the service POMs.

The budgeting phase translates the approved programs in the POM into an appropriation format for submission to Congress. Each service prepares justification for each of their programs in their POM. The outcome of each service's budget phase is the Budget Estimate Submission (BES). The OSD and the Office of Management and Budget (OMB) review each BES for compliance with the DPG, NSS and NMS. [Ref. 32: p. 32]. Approval or modifications of the BES comes as Program Budget Decisions (PBDs). Issuance of the final PBD marks the end of the budgeting phase and updates the FYDP. The final PBD marks are incorporated into the three services' BESs.

The SecDef then presents the Defense Department's budget to OMB for inclusion in the President's Budget Submission to Congress. However, within the PPBS each service has considerable latitude with which to accomplish its output requirements. This latitude is particularly noteworthy because each service utilizes a different process to incorporate Reserve Components.

B. DEPARTMENT OF THE ARMY BUDGETING

1. Resourcing Strategy (PPBES)

The Department of the Army (DoA) is the only service that uses tiered resourcing to prepare budgets within PPBS. The DoA funds its requirements on a "first to fight" principle [Ref. 2: p.28]. The Army prioritizes units and individuals that are first to mobilize and deploy either as combat, combat support or combat support service commands. The type of command, Active Army, Army Reserve (USAR) or Army National Guard (ARNG), is not a factor in prioritizing funding requirements. For example, the Army National Guard's enhanced Readiness Brigades are funded and equipped at higher levels than lower priority units of the Active Component [Ref. 2: p. 28]. For the USAR and ARNG, this means they must compete with the Active Army Component for programs and funding. For that reason, the OCAR and DARNG must carefully examine and justify their programs and budgets. The USAR and ARNG compete against the Active Army in the Army's Planning, Programming, Budgeting and Execution System (PPBES).

Tiered resourcing allows the Army to best prepare to meet the commitments of the National Military Strategy within resource constraints. Tiered resourcing is possible because the Army examines the Total Army in its PPBES by combining the programming and budgeting phases (E is added to emphasize execution and review as part of the ongoing process). The Army plans and programs with the expectation that lower priority or additional units are expected to have additional time for mobilization, equipping and training prior to deployment. This allows the cost-benefit-risk decisions to be made in a single phase of the PPBES. Figure 7 is a simplified PPBES diagram.

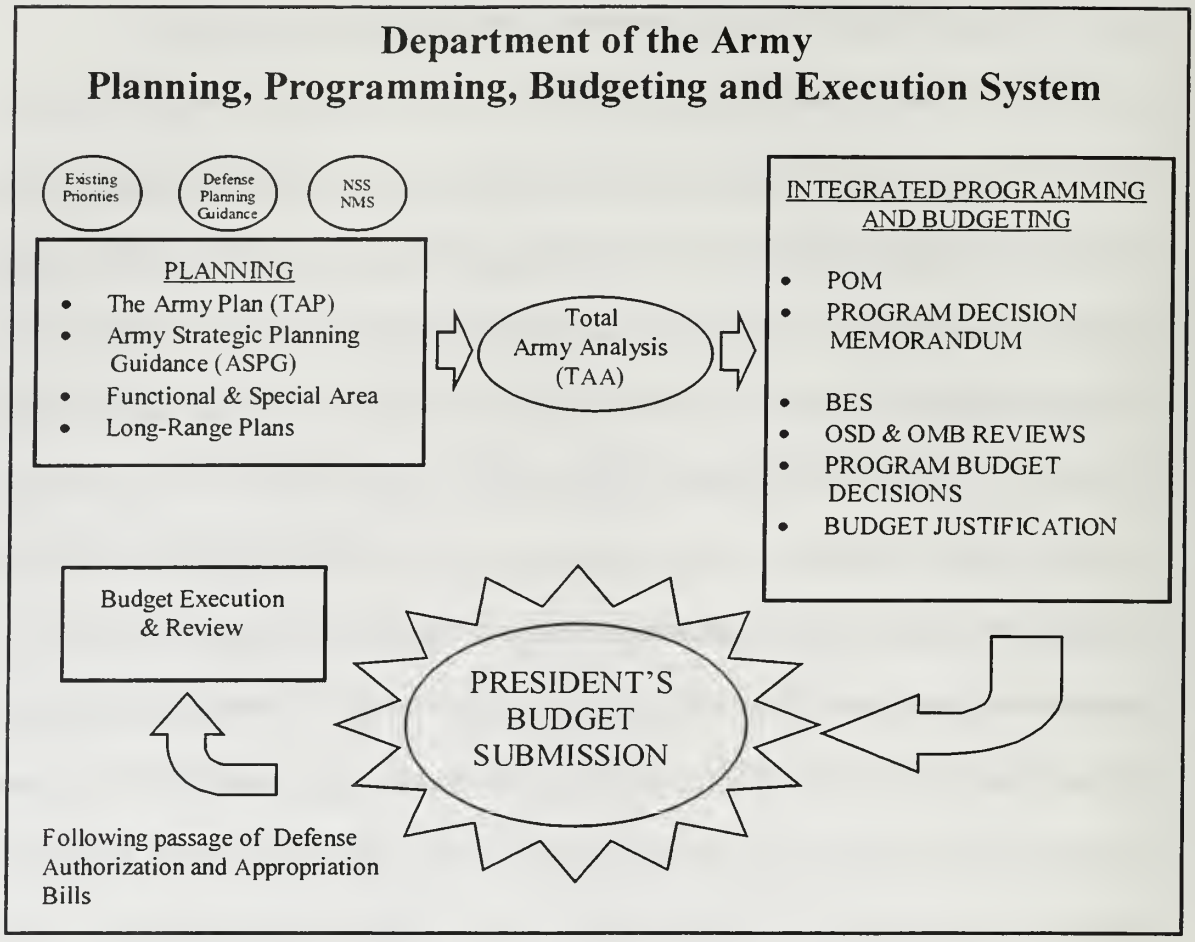

Figure 7 Department of the Army Planning, Programming, Budgeting and Execution System

2. Planning

The planning phase in the DoA focuses on the policy and programming determined by the existing priorities, the NMS and DPG. The Army's Deputy Chief of Staff for Operations and Plans (DCSOPS) is responsible for developing the Army's Long Range Planning Guidance (ALRPG) and the Army Plan (TAP) [Ref. 33: Ch. 4 p. 12]. Advising DCSOPS thoughout the planning phase are the OCAR and the DARNG. These two Reserve Component commanders provide input on capability and structure for planning purposes. The TAP is the most important output of the Army planning phase

because it serves as the primary guidance for developing the Army POM and for documenting the Army program and budget [Ref. 33: Ch. 4 p. 15].

Army Planning Guidance (APG) and the Army Modernization Plan (AMP) are produced during this phase also. The APG covers seven mission areas, calling up the Army to: promote regional stability, reduce potential conflicts and threats, deter aggression and coercion, conduct small scale contingency operations, deploy, fight and win major theaters of war, secure the homeland and provide domestic support to civil authorities [Ref. 33: Ch. 9 p. 34].

The Army Reserve Components are receiving more responsibilities in all of these areas, including being the lead component for securing the homeland and providing for domestic support to civil authorities which should translate to additional resources. The AMP outlines the vision for modernizing the future force and a strategy for near to midterm force development and long term evolution . The AMP serves as a starting point for Research and Development (R&D) planning [Ref. 33: Ch. 9 p. 34]. The AMP is important to the Reserve Components because it guides program prioritization and modernization in the Total Army.

Conceptually, the planning phase is a generalized risk assessment management model to support Army leadership in resource allocation. Total Army Analysis (TAA) aids in determining force requirements and required force capabilities through a computer-aided force developmental process. TAA compares programmed forces to approved war fighting requirements. Shortfalls or mismatches are identified to permit either elimination of the shortfall or mitigation of the risk [Ref. 33: Ch. 9 p. 36]. For

example, in fiscal year 1999, 54 Army Reserve units were activated, most involving military intelligence, combat service support headquarters and units assigned to the Army's 4th Infantry Division. Additionally, 35 units experienced conversions and 87 were inactivated resulting in a decrease in Selected Reserve personnel by 10,000 [Ref. 75]. Similarly, ARNG or USAR units with a low war fighting priority may be converted to provide combat support capability to fill a deficiency in the Active Army. The programming and budgeting phase is based on the TAP and the TAA.

3. Integrated Programming and Budgeting

Integrated programming and budgeting in PPBES is jointly managed by the Assistant Secretary of Army, Financial Management and Comptroller (ASA FM&C) and the Deputy Chief of Staff for Program Analysis and Evaluation (DPAE). They work with DCSOPS and functional proponents to translate planning guidance and objectives into the Army plan, the POM. They will consider alternatives, tradeoffs and integrate requirements [Ref. 35]. However, they do not have total decision-making authority in the process.

The decision-making process for programming and budgeting within the DoA is broken into several levels. The USAR and ARNG receive Total Obligational Authority (TOA) top-line numbers in the APG. The OCAR and DARNG are responsible for justifying their programs and budget submission through the Army's integrated programming and budgeting process. While the Army integrates programming and budgeting, it is still required to submit its POM for OSD review. After OSD approves the Army POM, the same process and players in the DoA develop the Army BES. OSD and OMB will review the Army's BES to ensure that it complies with DoD fiscal guidance.

Figure 8 shows the deliberative forums from which the Army's POM, BES and President's Budget submission emerge.

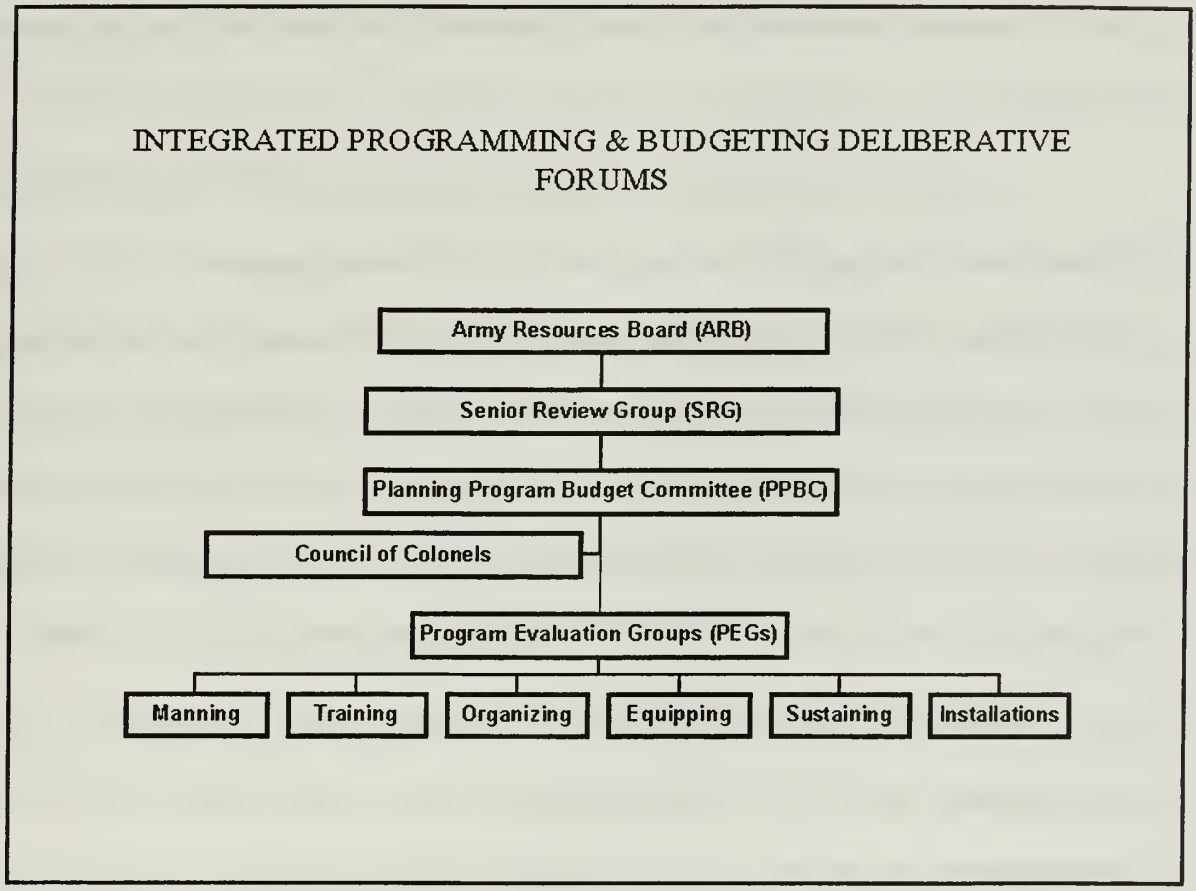

Figure 8 Integrated Programming & Budgeting Deliberative Forums

Each level of this hierarchical process is tasked with completing specific functions in support of programming and budgeting. All unresolved issues are referred to the next higher level for decision making. Beginning with the top decision-makers within the DoA and working down to TAP and POM formulation at each level, each step will be described to indicate what it produces and how the Reserve Components participate at that level to defend their programs and how they fight for resources.

All final decisions on the TAP, POM and BES are made by the Army Resource Board (ARB). The ARB is chaired by the Secretary of the Army and co-chaired by the Chief of Staff of the Army. The Assistant Secretary of the Army for Manpower and Reserve Affairs represents the Reserve Components on the ARB as an advisory participant.

Co-Chaired by the Under Secretary of the Army and the Vice Chief of Staff, the Senior Review Group (SRG) is composed of the three-star generals from the Army's Headquarters staff and the OCAR and DARNG. The SRG monitors the implementation of decisions by the ARB and recommends final decisions to the ARB on prioritization of programs, resource alternatives, the final TAP, the final POM and any unresolved issues. [Ref. 33: Ch. 9 p. 24]. The OCAR and DARNG (who are two-star generals) have equal responsibility and authority as the Active Component three-star generals on the SRG.

The Planning Programming Budget Council (PPBC) serves in the PPBES in both a coordinating role and executive-advisory role. The PPBC examines the recommendations of the PEGs to ensure that they remain consistent with Army policies and priorities [Ref. 34]. The PPBC may change resource allocations made by the PEGs to comply with the DPG and the ASPG. The PPBC may also forward unresolved issues and establish committees or working groups to examine unresolved issues. The majority of the trade offs to meet top line TOA projections are made by the PPBC [Ref. 34]. All TAP, POM and resource decisions and recommendations are forwarded by the PPBC to the Senior Review Group. The PPBC is co-chaired by two-star Army offices with the OCAR and DARNG directly representing the Army Reserve Components.

The Council of Colonels packages proposals, frames and coordinates issues that come before the members of the Planning Program Budget Committee (PPBC) [Ref. 33: Ch. 9 p. 24]. The Council of Colonels does not produce any input for the PPBES or have any decision-making authority. However, they have the capability to present PEG issues with bias to the PPBC. The Reserve Component has no direct representation on the Council of Colonels.

The Headquarters of the DoA (HQDA) uses six Program Evaluation Groups (PEGs) to support planning, programming and budgeting. PEGs are led by Army colonels or representatives from the Army Secretariat's office. These workgroups do the actual building of the TAP, prioritization of Army programs for resourcing (0 being the lowest priority and 4 the highest) and help convert the program into budget-level detail. In short, they are the workhorses of the PPBES.

The six PEGs are established in the following function areas which are aligned to Title 10, United States Code Army functions. The six PEGS are: manning, training, organizing, equipping, sustaining and installations. Each PEG sets the scope, quantity, priority and qualitative nature of resource requirements that define its program [Ref. 33: Ch. 9 p. 25]. Later, after programs are defined, they help convert the program into budget level detail. Colonel or civilian equivalent DARNG and OCAR staff personnel serve as program advisors to each of the PEGs to ensure that the USAR and ANG are integrated into the Total Army program priorities. Additionally, they fight for the requirements of the Army Reserve and Army National Guard in the PEGs. The PEGs use an initial TOA amount determined by Army PA&E as a baseline for budgeting.

This integrated programming and budgeting process is utilized by the Army within the framework of the Defense Department's PPBS. This means that the Army's deliberative process essentially goes through two complete iterations – one for POM development and one for budget submission. An abbreviated process occurs as necessary to transform the Army BES into the format necessary for inclusion in the President's budget submission. Army Guard and Reserve appropriations included in the DoA BES are listed in Table 6.

Army Reserve	Army National Guard
Reserve Personnel, Army (RPA)	Personnel, Army National Guard (NGPA)
Operation & Maintenance, Army Reserve (OMAR)	Operation & Maintenace, Army National Guard (OMNG)
Military Construction, Army Reserve (MCAR)	Military Construction, Army National Guard (MCNG)

Table 6 Department of the Army Reserve Component Appropriations

According to Lieutenant Colonel Froehlich, Budget Officer for the National Guard Bureau, the TOAs for the Reserve Components do not change significantly in the POM or BES [Ref. 36]. However, when the TOA is insufficient to cover the budgeted cost of Reserve Component programs, the Reserve Components will project an out of budget cost. This out of budget cost will be debated on a cost-benefit basis through the integrated programming and budgeting process. Except in the case of military construction, the Army Reserve Component will rarely seek relief from outside of the DoA. Shortages are generally resolved by taking monies from discretionary programs

such as special training, schools and travel during the budgeting process [Ref. 36]. The budget submission for military construction is consistently below the required amount because the Congress adds funding for these programs [Ref. 34]. Military construction dollars are directly spent in their legislative districts of Congressmen in which the construction is slated .

C. DEPARTMENT OF THE NAVY BUDGETING

1. PPBS Overview

The Department of the Navy (DoN) is responsible for all aspects of planning, programming and budgeting for the Navy and Marine Corps. Congress appropriates funding to the DoN which then distributes the money to the two services. While their sea going characteristics link the two services, they possess significantly different missions and requirements. Therefore, the planning cycle for each of these two services is totally separate. Programs are developed separately but reviewed by the Secretary of the Navy (SECNAV). Predictably, a joint budget process led by the SECNAV's office develops a single budget submission to the SECDEF. The DoN approaches PPBS with a view towards the Total Force. As a result, both the Navy Reserve (NR) and Marine Corps Reserve (USMCR) compete for programs and resources within the PPBS.

2. PLANNING

a. Navy Planning

Navy planning is predicated on the NSS, the NMS and DPG. However, while these plans are revised or developed, the Navy is conducting a simultaneous planning exercise known as the Integrated Warfare Architecture process (IWAR). IWAR translates Navy Strategic Planning Guidance (NSPG) and long range planning objectives

into achievable products with synchronized pieces and force integration across platforms. Five warfare integrated product teams and seven support integrated product teams assess end-to-end capabilities to achieve integration across multiple platforms and areas at the best cost. The IWAR prioritizes capability areas inside estimated Navy TOA while tying execution, budget, programming and out year programs together.

The total planning cycle is under the cognizance of the Director, Warfare Requirements and Programs (N7) on the CNO's staff. The Commander, Naval Reserve Forces (COMNAVRESFOR – N095) is responsible for the initiation, coordination and review of NR planning, structure and policy matters. The Future Plans Office (N0951) and Force Policy and Doctrine Assessments Office (N0952) serve as advocates of the NR in the IWAR process. Specifically, they plan, analyze and conduct studies on all issues pertaining to the NR.

When the IWAR process is complete, the CNO's Program Analysis Memorandum (CPAM) is issued. The CPAM summarizes the conclusion and results of the IWAR process, recommends capability trade-offs and alternatives and provides the CNO's guidance for the Navy's POM development. It serves as a supplement to the DPG. Figure 9 graphically displays the Navy PPBS process.

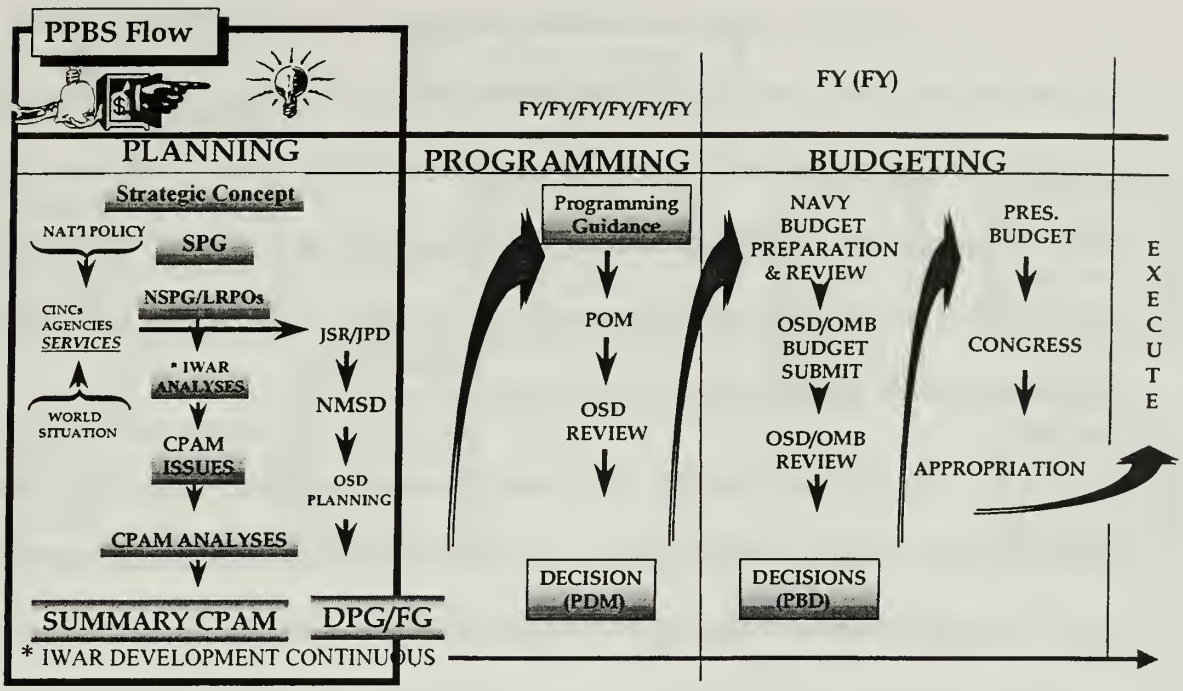

Figure 9 Navy Planning, Programming and Budgeting Process

b. Marine Corps Planning

Planning in PPBS for the Marine Corps is closely linked to the Navy's planning, because the Marine Corps must consider three different types of resources in programming and budgeting. The first resource is known as "Green Dollars." "Green dollars" are those resources constituting the entire Marine Corps TOA. Examples of "Green Dollar" items are tanks, amphibious assault vehicles and personnel. Because of different mission requirements, the Assistant Secretary of the Navy determines how much of the DoN's TOA will be given to the Marine Corps for their unique missions.

The second type of resource is "Blue-in-Support-of-Green". These resources are programmed jointly by the Navy and Marine Corps. Examples include aviation and certain amphibious programs.

The third type of resource is "Blue Dollars." "Blue dollars" are programmed unilaterally by the Navy but have significant impact on the Marine Corps. Amphibious shipping and landing craft are examples of "Blue Dollar" programs. These color of money issues affect Marine Corps planning because a shift in Navy planning could result in new planning and programming requirements for the Marine Corps as well as rendering current planning and programming obsolete.

Like its sister service, the Marine Corps is developing a long range master plan concurrent with NSS, NMS and DPG formulations. The Commandant of the Marine Corp's Planning Guidance (CPG) provides direction for the Marine Corps. The Marine Corps Master Plan (MCMP) is developed using the Commandant's Planning Guidance. It provides long range concepts, capabilities and goals two to three decades into the future and mid-range direction out to ten years for programming and budgeting. The MCMP serves as the foundation for Marine Corps POM development.

3. Programming

The objective of programming in the DoN is to translate planning guidance into a six-year plan that will guide the allocation of their resources (forces, manpower and dollars). Both the CNO and CMC are responsible for developing POMs that will steer the budget process for the Navy and Marine Corps. These two POMs are reviewed and combined into the DoN's POM submission to the SECDEF for review and approval. Figure 10 shows this DoN programming process [Ref. 32: p. 30].

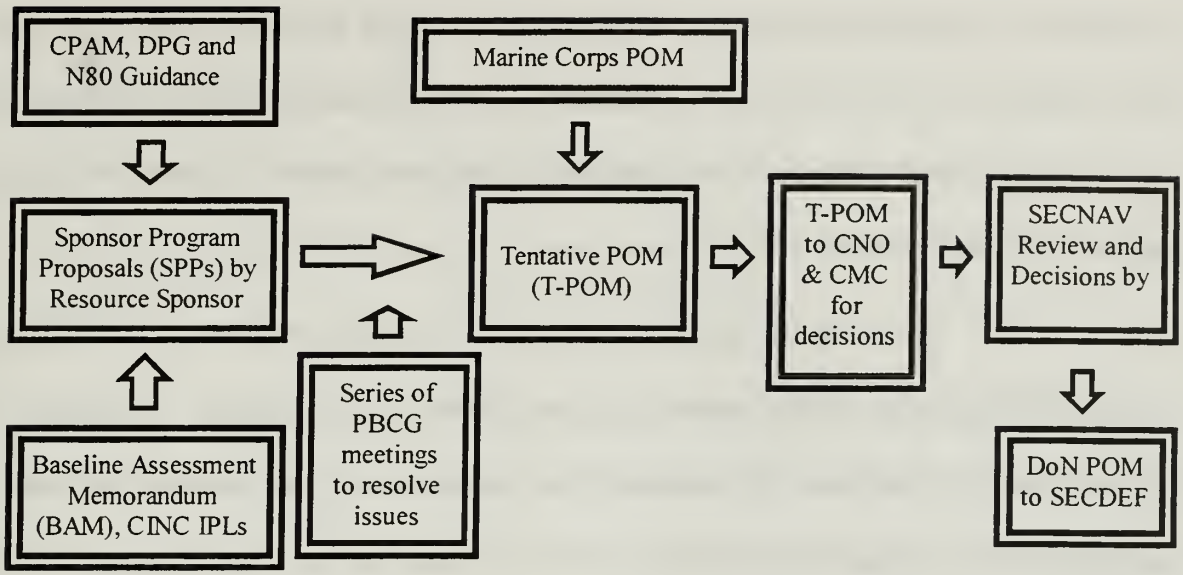

Figure 10 Department of the Navy POM Development

a. Navy Programming

Planning guidance is combined with the Baseline Assessment Memorandum (BAM) to create Sponsor Program Proposals (SPPs). Sponsor Program Proposals determine program objectives, time-phasing, support requirements, readiness and military contribution to the planning requirements. SPPs are indirectly fiscally constrained. SPPs compete against other programs for resources and prioritization in the programming cycle.

The BAM gives Resource Sponsors independent, baseline costs associated with programs encompassing numerous areas. Resource Sponsors are responsible for an identifiable aggregation of resources devoted to accomplishing an assigned task from the planning phase. In layman's terms, Resource Sponsors own the assets or tools which are purchased by the claimants to execute planning objectives. A few examples of Resource Sponsor areas are manpower, logistics, intelligence, training, air warfare, and the naval

reserves. Assessment Sponsors actually prepare the BAM and aid in measuring the risk of funding at lower levels in developing initial POM recommendations. Examples of Assessment Sponsor areas are manpower/personnel, force protection, spares, training and the flying hours program.

Following the financial guidance in the DPG and CPAM, SPPs must also consider the input of the operational commanders and claimants. Claimants are responsible for portions of operations and maintenance, procurement and reserve appropriations. Claimants have the power of the purse to "purchase" resources. The Navy's most powerful claimants are the operational and fleet commanders. All of these demands and issues must be considered and included in the SPP formulation while staying within the Navy's TOA.

This has a direct and significant effect on the NR. The operational commanders are key power players because they control the majority of the Navy's funding. During the programming and budgeting phases, the operational commanders "buy" services from the NR. If the NR has a capability that is desired by an operational commander (unified commanders or fleet commanders) and is cost-beneficial, it may receive a higher priority than a capability which the operational commander deems as desired but not required or too expensive [Ref. 35]. In general, the greater the percentage of the total naval force contributed by the NR, the higher the priority. Examples of this prioritization are the mobile inshore undersea warfare units, logistics support squadrons and mine countermeasure forces (see Table 3).

The total programming cycle is under the cognizance of the Director, Resources, Requirements and Assessments (N8) on the CNO's staff. COMNAVRESFOR plays a significant advisory role because it is a resource sponsor, assessment sponsor and claimant for various specific Naval Reserve issues and programs [Ref. 35].

A NR example in SPP development would be programming for reserve Anti-Submarine Aviation Squadrons (VP Squadrons). The Director of Air Warfare (N78) would work to develop the SPP for VP squadrons based on input from Assessment Sponsors. N78 would obtain supporting information in areas such as logistics, manpower and intelligence. COMNAVRESFOR would be required to provide input as a resource sponsor, assessment sponsor and as a claimant in the SPP process. COMNAVRESFOR Code N0958, the Force Resource Requirements and Assessments office is directly responsible for managing, planning, implementing, monitoring and evaluating programs in the POM for the NR.

The compilation of the Navy's SPPs is reviewed by the Navy's Program Budget Coordination Group (PBCG) and N8 to ensure compliance with planning and fiscal guidance. Upon completion of the N8 review, the Navy and Marine Corps POMs are combined for submission to the SECNAV's office for review as the tentative POM (T-POM).

b. Marine Corps Programming

Marine Corps programming begins with publication of the Marine Corps Programming Guidance (MCPG) by the Deputy Chief of Staff for Programs and

Resources (P&R). Based on this overarching guidance, base funding levels are established for programs that will not compete for funds. The Marine Corps generally sets 85 to 90 percent of its TOA aside for core programs [Ref. 36]. The remaining ten to fifteen percent is competed for during the programming and budgeting cycle. The USMCR receives resources from both core program set asides and competition for the balance of TOA.

Like the Army, the Marine Corps utilizes PEGs to prioritize initiatives and programs within appropriation categories. This allows the Marine Corps to divide the programming into small, managable and justifiable sections. PEGs make fiscally unconstrained programming recommendations. The recommendations of the PEGs are forwarded to the Program Working Group (PWG). The PWG prioritizes and combines the recommendations of the PEG to build the Marine Corps T-POM. The "award" of the competitive TOA is made by the PWG. The PWG must remain within MC TOA. The T-POM is then forwarded to the Program Review Group (PRG), which assesses the recommendations, prioritization and decisions of the PEG and PWG to ensure compliance with planning and programming guidance.

The Assistant Commandant of the Marine Corps (ACMC) reviews the PRG's work with the other four-star generals in the Marine Corps prior to submitting the T-POM to the CMC. The CMC resolves any remaining issues and makes final programming decisions.

The USMCR is involved at all levels of the programming process. Reserve officers hold positions within the HQMC and the P&R offices to ensure that

Reserve programs and issues are included. However, it is important to remember that the USMCR is a force augmenter; it is the Marine Corps' fourth division (the other three being active divisions). As such, it has very few requirements that are not present in the Active Component. This facilitates uniformity in planning, doctrine and training. Therefore, any programming decision must consider how the USMCR will be impacted by the decision. The rank structure, operating organization and administration of the Marine's 4th Division mirrors its active counterparts, including participation in the PPBS process.

c. T-POMS Review and Submission

Following the review of the T-POMs by the CNO and CMC, they are forwarded to N80, the Programming Division. N80 integrates the two submissions into a single POM for forwarding to the SECNAV's office. The DoN's Program Strategy Review Board (DPSB) conducts the final review of the POM. The DoN's POM is forwarded to the JCS and OSD for review to check compliance with DoD guidance and unified CINC requirements. Any changes or recommendations are addressed by the DoN. Upon final approval, the SECDEF issues the PDM marking the end of the programming phase.

4. Budgeting

Within the DoN, the budgeting process is managed by the Director, Office of Fiscal Management and Budget (FMB or N82). FMB issues the DoN Budget Guidance Manual which guides both the Navy and Marine Corps. The purpose of the budget process within the DoN is to translate the rough programming decisions into exact budget numbers and justification.

The budget call begins the process by delineating budget submission requirements. Each Budget Submitting Office (BSO) submits its budget to FMB based on the approved POM and fiscal guidance issues by FMB. The HQMC and COMNAVRESFOR are two of twenty-three BSOs in the DoN [Ref. 36: Part I, p. 24]. The FMB staff assesses the submissions for proper pricing and executability. Claimants and resource sponsors are called on to justify their budget submissions to FMB. Following revisions, the budget submission is forwarded to the SECNAV's office for review and modification as necessary. This process repeats itself a second time for OSD and OMB review. It actually occurs a third time during the congressional budget process. Figure 10 diagrams the repetitive nature of the budget process.

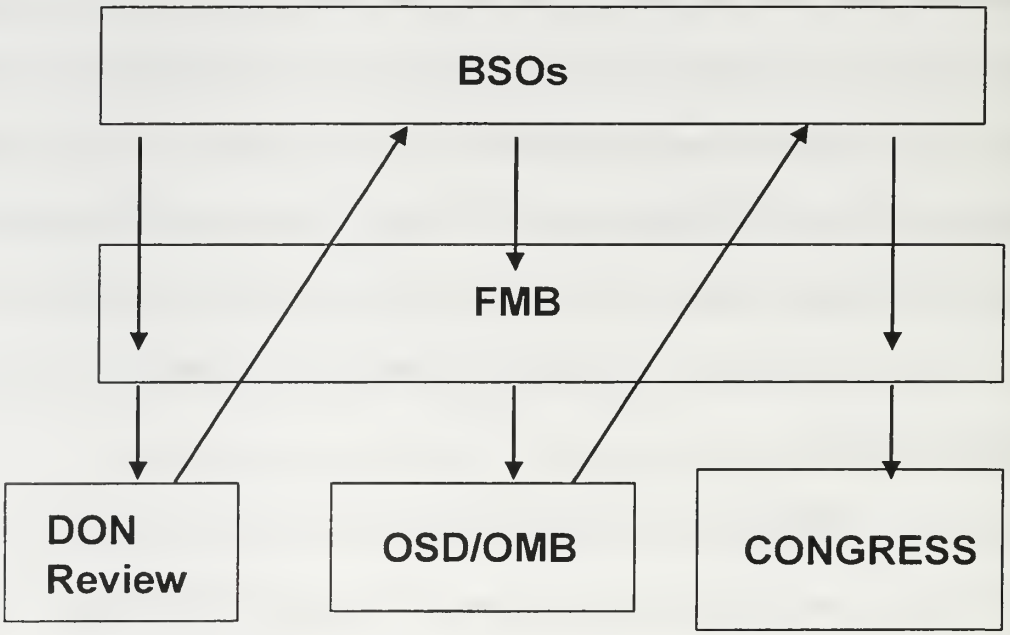

Figure 11 Department of the Navy Budget Process

The outcome of the budget process for the DoN is the BES. The BES contains the following appropriation submissions for the Reserve Components of the DoN.

Navy Reserve	Marine Corps Reserve
Reserve Personnel, Navy (RPN)	Reserve Personnel, Marine Corps (RPMC)
Operation & Maintenance, Navy Reserve (O&MNR)	Operation & Maintenance, Marine Corps Reserve (O&MMCR)
Military Construction, Naval Reserve (MCNR)	

Table 7 Department of the Navy Reserve Component Appropriations

D. DEPARTMENT OF THE AIR FORCE BUDGETING

1. Air Force Corporate Structure

The Air Force Corporate Structure (AFCS) is the Department of the Air Force's (DoAF) process to ensure the Air Force Program (the term given to the USAF input to the President's Budget) is the most cost-effective method to provide the necessary resources to the warfighter. The primary objectives of the AFCS are to enhance cross-functional decision-making, formally empowering corporate structural organizations, improving communications and providing the best recommendations to the Chief of Staff of the Air Force (CSAF) and the Secretary of the Air Force (SECAF). The AFCS accomplishes the goals and requirements of the PPBS. Figure 11 shows the relationship between the functional areas of the USAF Headquarters Staff, the AFCS and other Air Force commands.

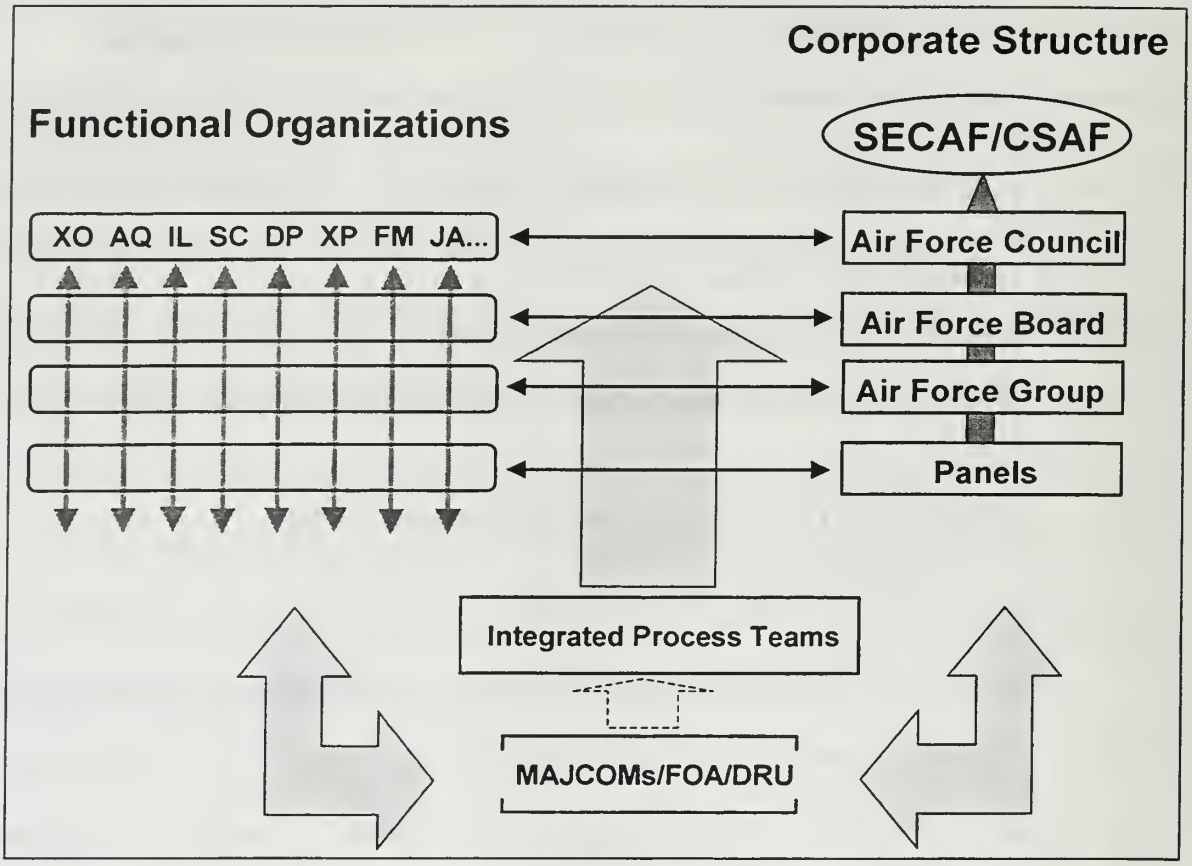

Figure 12 USAF Functional and Corporate Structure Relationship

The AFCS does not replace the headquarters or business staff of the Air Force. Rather it provides a mechanism to receive and deliberate issues from Air Force major commands (MAJCOMs), Direct Reporting Units (DRUs) and Field Operating Agencies (FOAs). Utilizing integrated process team (IPT) methodology, the core missions and support areas are brought into focus in a forum that facilitates producing the most effective resource allocation and option development {Ref. 38: p.8]. The IPTs for each of the AFSC corporate panels listed in Figure 12 support both the AFCS and the Air Force Headquarters staff.

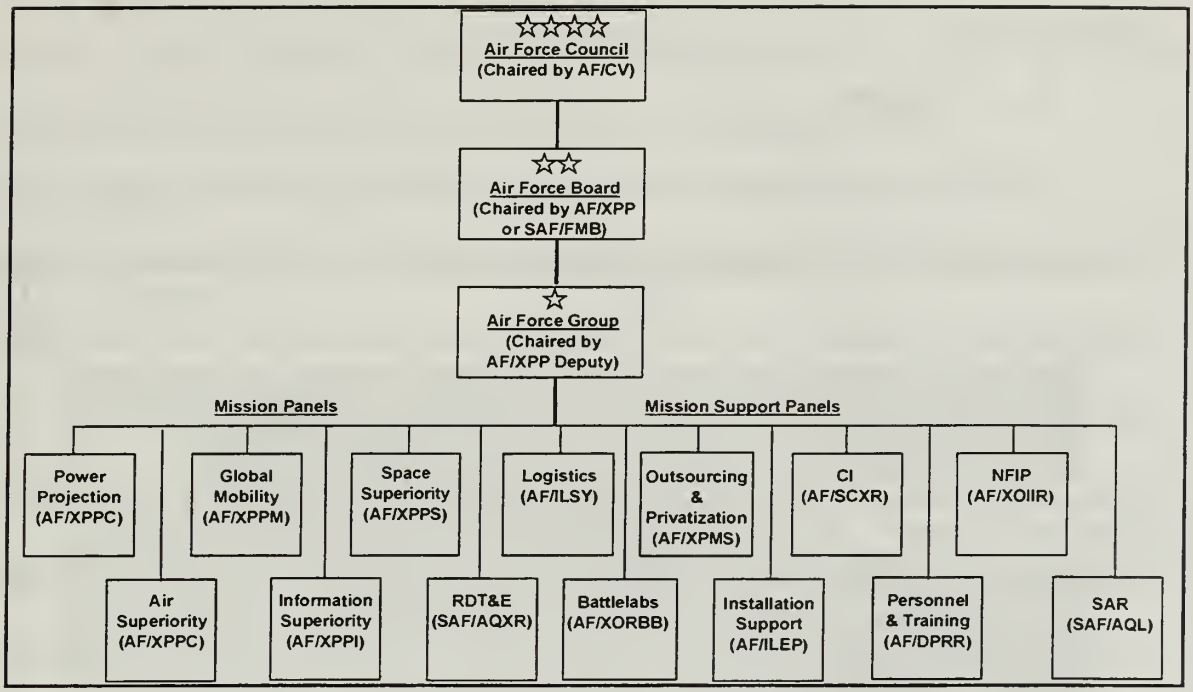

Figure 13 Air Force Corporate Structure

Air Force Reserve (USAFR) and Air National Guard (ANG) personnel are present at every level of both the Air Force Headquarters Staff and the AFCS. The Commander, Air Force Reserve and the Director, Air National Guard are on the Air Force Council. Air Force Board (AFB) Reserve Component membership is provided by one-star general officers of the both the USAR and ANG. Colonels (O6) or lieutenant colonels (O5) represent the USAR and ANG at the Air Force Group (AFG) and on each of the corporate panels except for two. No Reserve Component personnel are present on the Research, Development, Test and Evaluation (RDT&E) and Competitive Sourcing and Privatization (CS&P) panels. These two corporate panels are not core competencies of the Reserve Components. *The importance of the cross-functionality and integration of*

Total Air Force plans and personnel within the AFCS and corporate panels IPTs can not be understated.

2. Planning

Air Force planning takes place parallel to the Joint and OSD planning. This planning begins with the quadrennial Air Force Strategic Plan (AFSP) that outlines where the department is headed. The most critical part of the AFSP are the core competencies which guide all planning, programming and budgeting in the Air Force.

Annual Planning & Programming Guidance (APPG) is then based on the guidance laid out in the AFSP and the Air Force Program Projection (AFPP). The APPG is designed to balance between future and current capabilities to aid in developing a fiscally conservative program. The APPG is a collaborative effort of the Air Staff, Major Commands (MAJCOMs), Direct Reporting Units (DRUs), Field Activity Units (FAUs) and the corporate panels of the AFCS. It is difficult to describe specific Reserve Component participation in the planning cycle because Air Force planning is based on the core competencies. The USAF views the USAFR and ANG as total partners in the Total Air Force. As such, their capabilities are not just incorporated in planning but are viewed as necessary for accomplishment of the Air Force Program. Without the Reserve Components, the Air Force could not conduct its missions without significant restructuring and planning.

Guiding Air Force future modernization is the Air Force Modernization Planning Process (MPP). Within the MPP, Mission Area Plans (MAPs), Mission Support Plans (MSPs), Develoment Plans and Technology Plans and Program Projection are translated

into the AFPP which projects modernization three FYDPs or eighteen years into the future. Figure 13 shows the relationships between the key processes in the planning process and how they feed into the POM build and budgeting process.

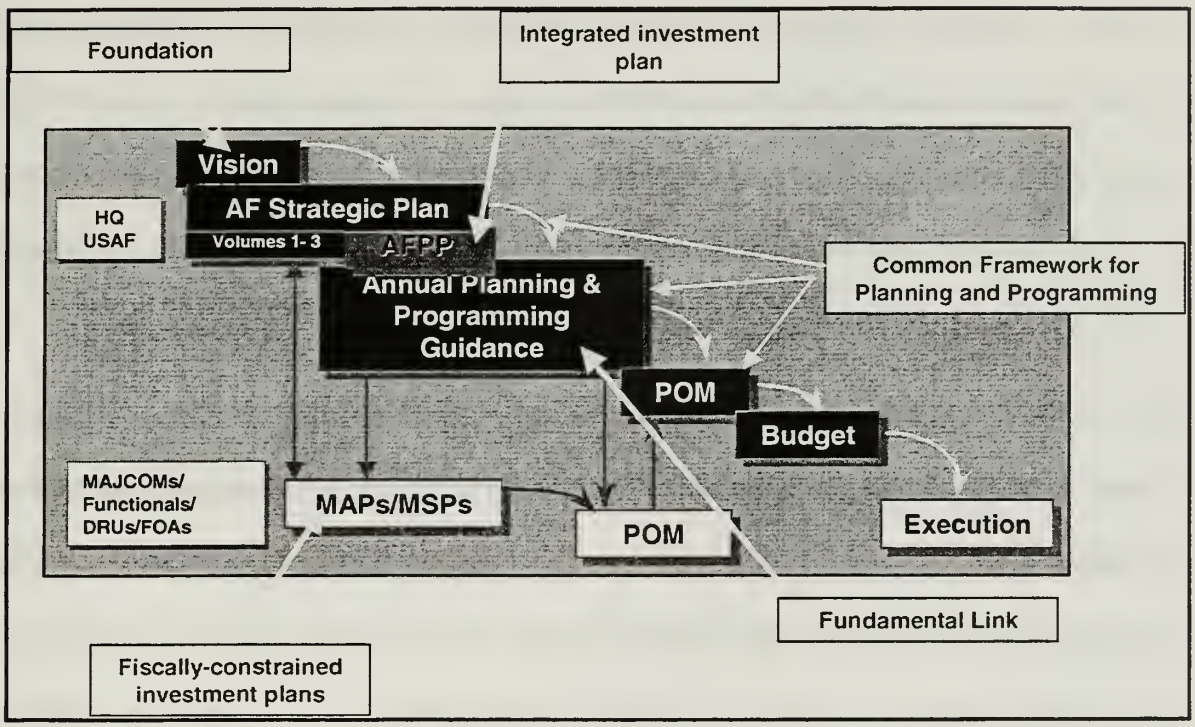

Figure 14 Air Force Planning Process

The AFPG incorporates the AFPP into planning guidance that will direct the Air ForcePOM build. The AFCS reviews the AFPG prior to submission to the CSAF and theSecretary of the Air Force (SECAF). After approval of the AFPG by the SECDEF,the DPG will incorporate the AFPG and issue TOA guidance for the programming process.

3. Programming

Most of the personnel who develop the AFPG are also involved in Air Force programming. This occurs because the Air Force wants the AFPG to have some fiscal

guidance that can be reasonably executed through the POM build and so that actions of the MAJCOMs, DRUs and FOAs are affordable [Ref. 38: p. 15].

Programming begins with all MAJCOMs, DRUs and FOAs delivering their program proposals to the Air Force Director of Programs (AF/XP) and the corporate panels. Program sponsors present their proposals to the appropriate corporate panels. The panels carefully review and validate proposals. Corporate panels are ideally suited for this function because their membership consists of a cross-section of the Air Force which is directly affected by the decision of the respective corporate panels, including the Reserve Components. The panels establish priorities for programs they review.

The AFG reviews the priorities and recommendations of the corporate panels to make certain that programs follow AFPG, Air Force Strategic Planning and the Air Force Vision. The AFG receives briefings from corporate panel chairmen concerning program disconnects, initiatives or offsets. Disconnects occur when resources are not sufficient to support a program's content. Offsets are bill-payers for disconnects, initiatives or existing programs. The AFG prioritizes all the approved disconnects, initiatives and funding issues and begins the process of making a balanced Air Force POM [Ref. 38: p.21]. This process may make take several iterations to ensure that the optimal solution is obtained.

Once the AFG has completed its work, the AFG Chairman briefs the AFB on actions it has taken as well as any unresolved problems. The AFB can and usually does adjust the AFG proposal and sends the AFG Chair back to find more offsets or reduce disconnects and initiatives in the POM build [Ref. 38: p.35]. Again, this process may

take several iterations to ensure the optimal solution is obtained. Each iteration reaches all the way back to the corporate panel for resolution.

The AFC reviews the AFG POM build and may require further iterations. Finally, when the AFC believes it has adequately complied with the AFPG, it presents the POM build of the AFCS to the CSAF and the SECAF. SECAF presents the Air Force POM to the SECDEF's office. Following SECDEF assessment and approval, he will issues PDMs that serve as approval of the Air Force POM and the start of the budgeting process.

4. Budgeting

Budgeting begins in the Air Force with two reviews of program performance: the investment budget review and operational budget review. The investment budget review analyzes procurement, research and development and construction programs to determine if expected obligation and execution rates are progressing as expected. The operational budget review conducts the same analysis of the operations and maintenance and personnel programs for the same purpose. This review is intended to identify problem programs so that the Air Force can make adjustments in its programming and budgeting. If the Air Force was to allow OSD to identify problems and make adjustments, any savings may not automatically belong to the Air Force. Therefore, the budgeting process begins with adjustments to protect TOA within the Air Force.

During the programming process, prices for programs were estimated to ensure that overall Air Force TOA from the DPG were not exceeded. During the budgeting process, these rough estimates are translated into precise budget exhibits with

justification. The Air Force budget is built through the AFCS. Once again, the cross-functional expertise of the corporate panels and the familiarity with the POM facilitate efficient budgeting. The AFCS resolves any budgeting issues that occur due to the "firming up" of budget estimates in the POM. After review through the AFCS, the CSAF and SECAF have final approval within the Department of the Air Force. The final product is the Air Force BES.

OSD and OMB conduct a joint review of the Air Force BES to identify more cost-effective pricing, unjustified program growth or programming alternatives. The SECDEF makes the final approval on the Air Force BES by issuing the Program Budget Decision which serves as DoD's submission to the President's Budget.

The Air Force PPBS execution through the AFCS provides integration of the Active and Reserve Components in all phases of the PPBS as well as throughout the AFCS. This makes possible clear communication and direction setting across the numerous mission and support areas of the Air Force. The appropriations included in the DoAF BES are listed in Table 8.

Air Force Reserve	Air National Guard
Reserve Personnel, Air Force (RPAF)	Reserve Personnel, Air National Guard (ANGP)
Operation & Maintenance, Air Force Reserve (OMAFR)	Operation & Maintenace, Air National Guard (OMANG)
Military Construction, Air Force Reserve (MCAFR)	Military Construction, Air National Guard (MCANG)

Table 8 Department of the Army Reserve Component Appropriations

E. STATE FUNDING

The National Guard is a state force with additional federal responsibilities. Therefore, state funding is required to maintain the National Guard. State dollars cover local emergency response, state directed missions, armory utilities, special retirement programs and twenty-five percent of Army National Guard military construction projects. State funds help cover tuition assistance benefits and the salaries of some full-time personnel [Ref. 39: p. 24]. Additionally, the state must provide funding for the acquisition and preparation of property for Army National Guard construction projects. Air National Guard facilities are all located at airports which are on federal land and thus federally funded. One exception occurs when construction is the result of new federally directed mission(s) or reorganization [Ref. 39: p. 25]. In 2000, this situation is exemplified by the Army's Transformation and the new role of the National Guard on WMD Teams.

The exact process of funding the National Guard various from state to state but, in general it occurs or follows. First, the governor of a state, with inputs from state agencies such as law enforcement, emergency or disaster response and the state adjutant general, submits a budget proposal to the state Legislature. Second, the committees in the state legislatures conduct hearings on the budget and adjustments as necessary. Upon approval by the legislature of the state, the budget is forwarded to the governor for veto or signature into law. Because seven state legislatures meet biennially, two year budgets for the National Guard are approved in those states [Ref. 39: p. 27].

Another interesting state issue is the pay for National Guard personnel. When National Guard personnel are mobilized for a federally directed mission, they receive pay and benefits commensurate with their pay grade in the active military service. However, North Carolina pays its enlisted personnel on a different pay scale when conducting training or mobilization in support of state directed missions. Enlisted personnel are paid at their current rate or at the rate of an E-6, whichever is higher [Ref. 39: p. 27]. In this case, the North Carolina legislature recognizes and rewards the contribution the National Guard can make in domestic emergencies such as Hurricane Fran.

IV. FUNDING FOR THE RESERVE COMPONENTS

A. DEFENSE FUNDING

On October 31, 2000, the President signed the fiscal year 2001 National Defense Authorization Act (NDAA) authorizing the Department of Defense to spend the $309.9 billion appropriated by Congress. The appropriated amount was $18.8 billion more than the President requested in his budget submission [Ref. 40]. However, $4.8 billion of the increased spending was to cover higher fuel prices and contingency operations in Bosnia and Kosovo [Ref. 41]. The total real growth in defense spending proposed by the President was just one percent. With congressional actions, real growth expanded to 12.5 percent.

The Reserve Components received just over $24 billion of the fiscal year 2001 defense appropriation [Ref. 24]. This is a $179 million increase over prior fiscal year funding but represents a two percent real decline in Reserve Component spending. Table 9 summarizes total Reserve Component spending by DoD by service and appropriation.

FISCAL YEAR 2001 RESERVE COMPONENT FUNDING (DOLLARS IN THOUSANDS)						
Appropriation / Reserve Component	Military Personnel	Operation & Maintenance	Active Component Procurement	National Guard & Reserve Equipment	Military Construction	Total
Army Reserve	$ 2,473,001	$ 1,562,118	$ 109,320	$ 5,000	$ 108,138	$ 4,257,577
Army National Guard	$ 3,782,536	$ 3,333,835	$ 269,710	$ 50,000	$ 266,531	$ 7,702,612
Navy Reserve	$ 1,576,174	$ 978,946	$ 105,800	$ 5,000	$ 50,967	$ 2,716,887
Marine Corps Reserve	$ 448,886	$ 145,959	$ -	$ 5,000	$ 11,106	$ 610,951
Air Force Reserve	$ 971,024	$ 1,903,659	$ -	$ 5,000	$ 36,591	$ 2,916,274
Air National Guard	$ 1,641,081	$ 3,474,375	$ 505,650	$ 30,000	$ 194,929	$ 5,846,035
Total	$ 10,892,702	$ 11,398,892	$ 990,480	$ 100,000	$ 668,262	$ 24,050,336
Source: FY2001 Conference Report to HR 4576 DoD Appropriations Bill						

Table 9 FY2001 Reserve Component Funding

B. DEPARTMENT OF THE ARMY RESERVE COMPONENT FUNDING

1. Army Reserve Funding

The Army Reserve received TOA totaling $4.258 billion in the fiscal year 2001 NDAA [Ref. 42]. This is an increase over fiscal year 2000 of $141 million but only represents a constant dollar increase of seven-tenths of one percent. Figure 15 shows the trends in Army Reserve funding since 1989 in constant Fiscal Year 2001 dollars.

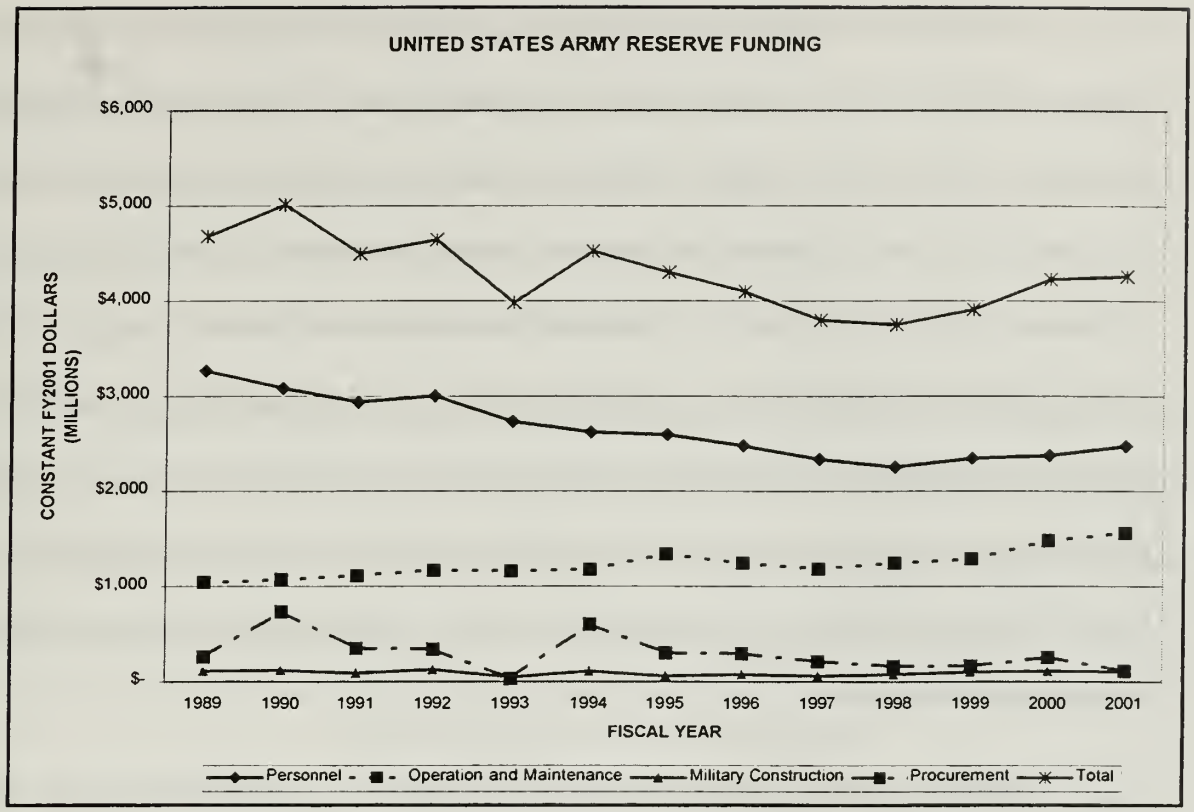

Figure 15 Army Reserve Funding

Funding for Military Personnel (MILPERS), Army Reserve was $2.473 billion [Ref. 42: p. 76] This is a $181 million increase over prior year funding and an increase of $39 million over the President's request♦. The most significant increases over the President's request occurred in the following budget activities: unit and individual training, $16.6 million; education benefits, $10 million; and full time support personnel, $10 million [Ref. 42: p. 76]. These three areas were identified as funding challenges by the Reserve Forces Policy Board [Ref. 2: p. 31]. USAR personnel funding increased for the fourth consecutive year.

♦ All comparisons to prior year funding are in real dollars.

Operations and Maintenance (O&M), Army Reserve received a TOA of $1.562 billion [Ref. 42: p. 123]. This increase of $41 million was to address critical funding challenges. The increase of $20.5 million for additional full-time support technicians combined with the $10 million augment in military personnel for full-time support technicians reflect a force structure change not included in the President's request. The Army Reserve informed Congress it had great difficulty in funding the congressionally approved reinstatement of 1,000 Active Guard and Reserve positions [Ref. 2: p. 31]. The real property maintenance increase of $15 million addresses one of the Army Reserve's biggest challenges [Ref. 42: p. 122 and Ref. 2: p. 88]. OMAR funding increased for the fourth consecutive year.

Congress increased Military Construction (MILCON), Army Reserve from the President's request of $82 million to $109 million. The NDAA for fiscal year 2001 approved 11 major construction projects [Ref. 43: pp. 887-913]. Florida garnered $47 million of this funding for three building projects. The Army Reserve received $11.9 million for planning and design and $2.6 million for unspecified minor construction within the $109 million.

Procurement for the Army Reserve declined in fiscal year 2001 from $151.3 to $114 million. They received authorization from Congress for eight helicopters to be paid for by the Active Army [Ref. 40]. Major equipment shortages were also addressed by funding Highly Mobile Medium Wheeled Vehicles (HMWWV), Medium Tactical Vehicles (MTV) and vibratory rollers [Ref. 2: p. 117 and Ref. 40]. The total amount for Army Reserve procurement was $114 million [Ref. 42]. Although the fiscal year 2001 National Guard and Reserve Equipment Report listed twenty obsolete or incompatible

equipment types current in use by the Army Reserve, the fiscal year 2001 NDAA did not address these specific outdated equipment problems [Ref. 2: p. 119]. No decisions have been made on what portions of the Army Reserve, if any, will require new equipment under the Army's Transformation Plan discussed in Chapter III.

2. Army National Guard Funding

The Army National Guard (ARNG) received TOA totaling $7.702 billion in the fiscal year 2001 NDAA [Ref. 42]. This is a decrease from fiscal year 2000 of $266 million and represents a constant dollar decline of nearly six percent. Figure 16 shows the trends in ARNG funding since 1989 in constant Fiscal Year 2001 dollars.

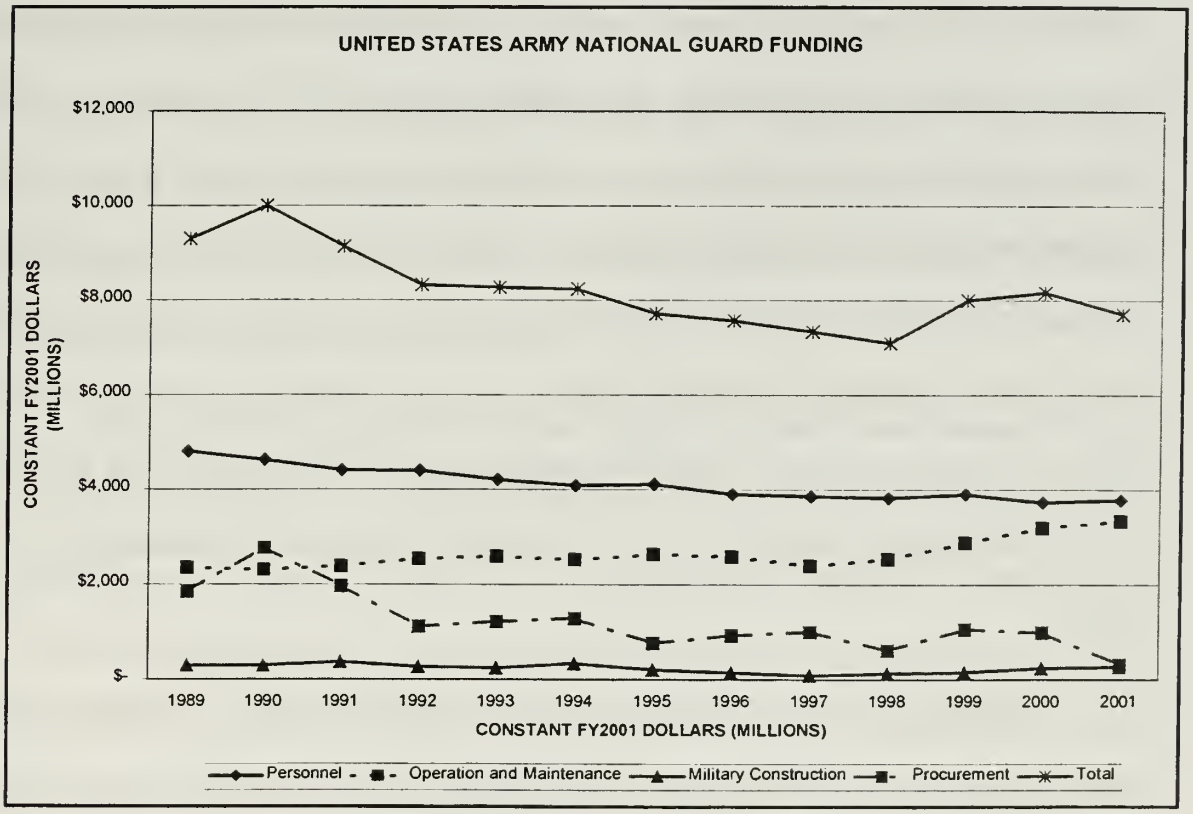

Figure 16 Army National Guard Funding

ARNG MILPERS federal funding was $3.782 billion [Ref. 42: p. 84]. This is a $172 million increase over prior year funding and an increase of $35 million over the President's request. The most significant increases over the President's request occurred in two budget activities: other training and support, $15 million, and additional full-time support (Active Guard), $17.5 million [Ref. 42: p. 84]. These two areas were identified as two of the four most critical funding challenges for the ARNG [Ref. 2: p. 31]. ARNG personnel funding increased for the fifth year in a row.

O&M, ARNG received a TOA of $3.334 billion [Ref. 42: p. 133]. This represents an extremely significant $151 million increase over the President's budget submission. This nearly five percent increase is a direct result of new mission areas and increased operational commitments. The largest gain came from the Senate where $66 million was added to the NDAA for the Distributed Learning Project. Real property maintenance received $22 million, funding for additional full-time support (technicians) received $21 million, the extended cold weather system received $12 million and WMD implementation planning received $7.5 million. All together these programs total $127.5 million, with numerous other smaller programs making up the remainder of the $151 million. This funding addresses several of the critical funding shortfalls identified by the ARNG.

However, the Reserve Forces Policy Board contends that this is not enough. The ARNG reported training deficiencies in programmed training requirements and training in support of the Army Training Strategy. They cite the disparity between funding for the enhanced Separate Brigades' tank miles and National Guard division tank miles as an example [Ref. 2: p. 34]. This funding situation was predictable. With the Department of

the Army funding requirements on a tiered basis, disparities between similar units will occur based on prioritization for mobilization and deployment.

MILCON, ARNG increased dramatically from the President's request of $59 million, to $266 million. In the fiscal year 2001 NDAA, Congress approved fifty-eight major construction projects in twenty-five states [Ref. 43: pp. 887-913]. The new mission area of WMD was specifically provided $25 million in a one-time action [Ref. 43: p. 913]. This funding came as a direct result of the ARNG identifying $31 million in unfunded requirements for existing facilities slated to accommodate the WMD teams. The ARNG received $4.8 million for planning and design and $12.8 million for unspecified minor construction.

This "plus up" by Congress is still insufficient to meet the construction backlog. The ARNG has identified over $4 billion in accumulated backlogged construction. By one calculation based on Fiscal Year 2000 funding, it would take the ARNG 600 years to recover from the backlog [Ref. 44: p. 35].

This problem has occurred for three primary and inter-related reasons. First, the ARNG has facilities in over 2,700 locations. DoD recommends that these facilities be replaced every 57 years [Ref. 44: p. 35]. With that many facilities, a minimal number must be replaced annually to avoid a tremendous infrastructure problem in the future. The DoD, the Department of the Army and the ARNG lack a comprehensive plan to address this problem. Second, the ARNG cannot meet this 57-year standard and receives insufficient money for real property repair and minor construction to maintain these aging structures because there is no plan. Lastly, the process of getting MILCON dollars

requires projects to be included in the Army POM and Future Years Defense Plan or sponsorship by Congress. However, prioritization of programs for funding historically has placed ARNG construction near the bottom [Ref. 44: p. 35].

Procurement in the ARNG received an extensive decrease in funding from Congress in fiscal year 2001. The President requested $884 million but Congress only funded $320 million, a 67 percent decrease. The Congress authorized four helicopters in addition to the six in the President's budget [Ref. 40]. Also authorized were firefighting kits for helicopters, upgrades to Bradley fighting vehicles, MTVs, 10 special purpose vehicles for WMD teams, radios, navigation and training equipment [Ref 40].

One area of particular concern for the ARNG is the growing gap between the Active Component equipment and ARNG equipment. With the accelerating pace of military technology, the Reserve Components are concerned with their inter-operability in today's high-tech environment [Ref. 2: p. 116]. The radio and navigation equipment procurement begins to tackle this issue but the DoD, Department of the Army and ARNG need a master plan to ensure that this potential problem is addressed.

C. DEPARTMENT OF THE NAVY RESERVE COMPONENT FUNDING

1. Navy Reserve Funding

The Navy Reserve (NR) received TOA totaling $2.716 billion in the fiscal year 2001 NDAA [Ref. 42]. This is an increase over fiscal year 2000 by $138 million but is $11 million fewer than the previous year in constant year dollars. Figure 17 shows the trends in NR funding since 1989 in constant Fiscal Year 2001 dollars.

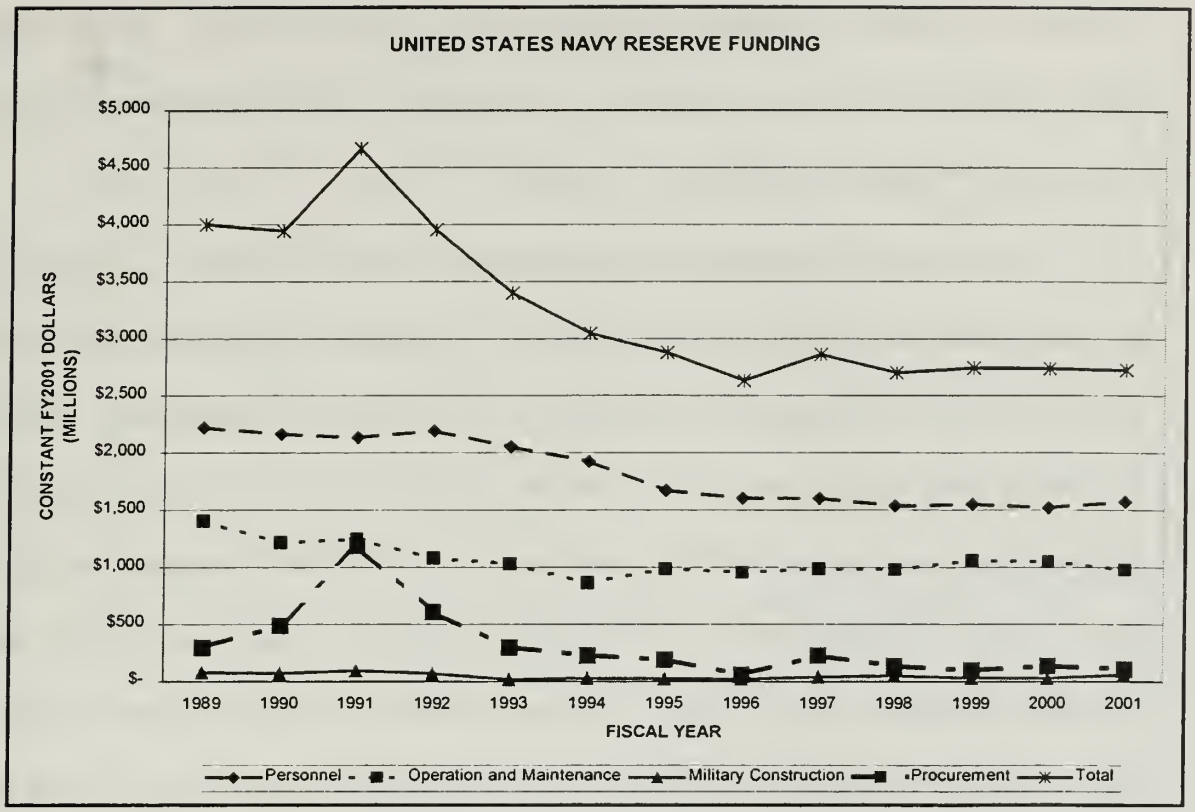

Figure 17 Navy Reserve Funding

MILPERS, NR received $1.576 million in TOA for fiscal year 2001 [Ref. 42: p. 78]. This amount was an increase of $48 million over the President's budget request. Navy school training, $3 million; annual training, $23.4 million and NR support of the unified Commander's-in-Chief, $13.4 million were the beneficiaries of the increase [Ref. 42: p. 79]. To help with the NR's challenges in recruiting personnel, Congress authorized an additional $1.7 million dollars for educational benefits and $600 thousand for Junior Reserve Officer Training Corps programs [Ref. 42: p. 79].

Fifteen major military construction projects were funded in the MILCON, NR appropriation and authorized. The TOA for these projects is $41.8 million, which

includes $3.7 million for planning and design [Ref. 43: pp. 887-913]. While Marine Corps Reserve MILCON is included in the MILCON, NR appropriation, it will be discussed under Marine Corps Reserve Funding.

The NR received some procurement support in fiscal year 2001. The total TOA provided to the NR was $111 million [Ref. 42]. Unofficial sources explained that the three C-40 aircraft were requested in the Navy POM process but subsequently removed to allow funding of other programs. Congress did authorize one C-40 aircraft at $55 million, which was not in the President's budget. The funding challenges facing the Navy today are modernization of the Active Component's ships and aircraft and increased operational tempo. The NR is apparently being used as a bill-payer for these offsets. Modernization of the NR aircraft will soon become a critical issue because the current C-9 fleet is at the end of its planned life span. While not the Navy's highest mission priority, these aircraft currently provide 100 percent of the Navy's logistics support capability [Ref. 2: p. 112].

2. Marine Corps Reserve Funding

The Marine Corps Reserve (MCR) received TOA totaling $610 million in the fiscal year 2001 NDAA [Ref 42]. This is an decrease from fiscal year 2000 of $56 million and represents an eleven percent decline in constant year dollar funding. Figure 18 shows the trends in MCR funding, except for MILCON, MCR, since 1989 in constant Fiscal Year 2001 dollars.

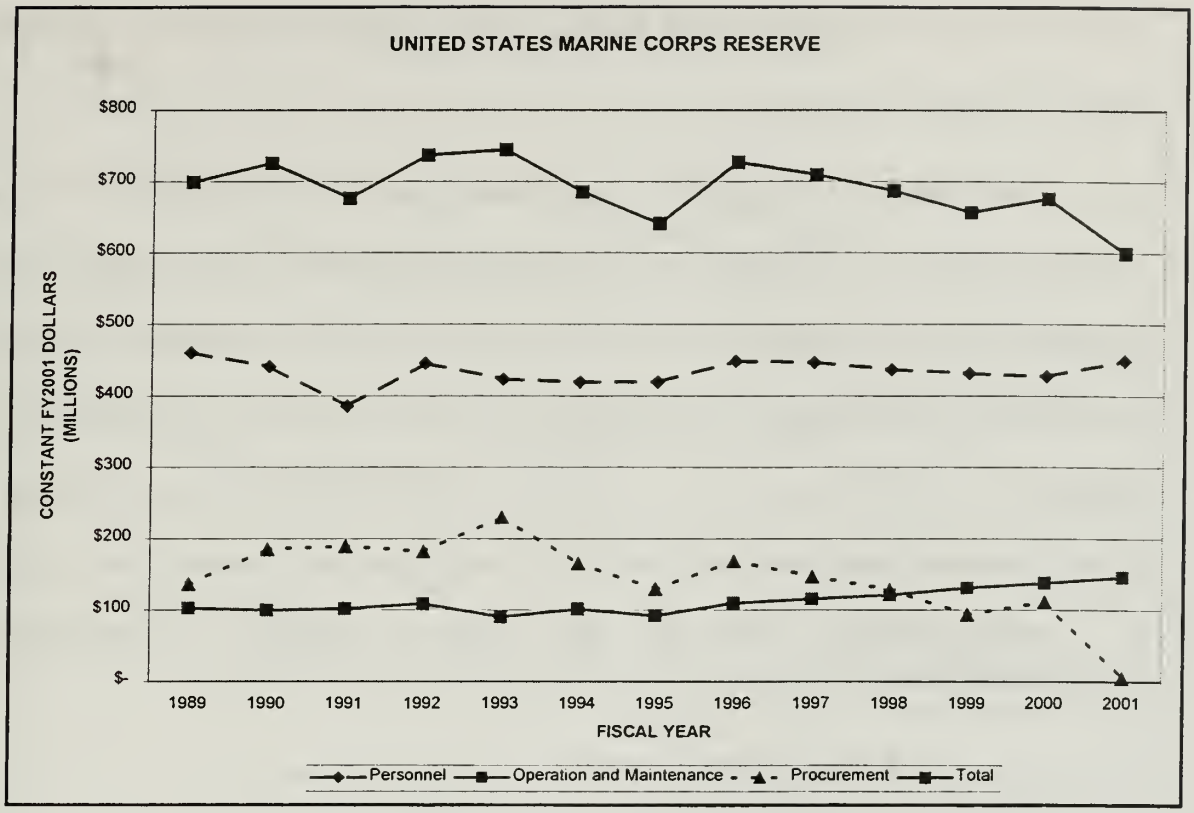

Figure 18 Marine Corps Reserve Funding

MILPERS, MCR received $449 million in TOA for fiscal year 2001 [Ref. 80]. This amount was an increase of $12.6 million over the President's budget request. Unit and individual training received an additional $4 million, administration and support $2.3 million, educational benefits $1 million, active duty for special work $3 million and $1.9 million for active reserve personnel reassessment [Ref. 42: p. 80]. The common goals of the increases are improving recruiting, retention and training. MILPERS, MCR funding has shown minor growth since 1995.

The Marine Corps Reserve MILCON contained in the NR MILCON appropriation for fiscal year 2001 is $20.2 million [Ref. 43: pp. 887-913]. This funding

is directed to construct three MCR training facilities. MILCON, MCR has remained relatively constant since 1989.

Procurement, MCR received a significant decrease in the Congress over the President's budget. The President proposed $55 million but the Congress authorized and appropriated only $5 million [Ref. 42]. In fact, none of the MCR procurement line items were funded by the Congress. The Congress did, however, authorize and appropriate $5 million for the MCR to spend at its discretion. Procurement, MCR has followed a general downward trend since fiscal year 1993, down 96 percent in constant year dollars.

D. DEPARTMENT OF THE AIR FORCE RESERVE COMPONENT FUNDING

1. Air Force Reserve Funding

The Air Force Reserve (USAFR) received TOA totaling $2.916 billion in the fiscal year 2001 NDAA [Ref. 42]. This is a decrease from fiscal year 2000 of $106.5 million and represents a constant dollar decline of three and one-half percent. Figure 19 shows the trends in Air Force Reserve funding since 1989 in constant Fiscal Year 2001 dollars.

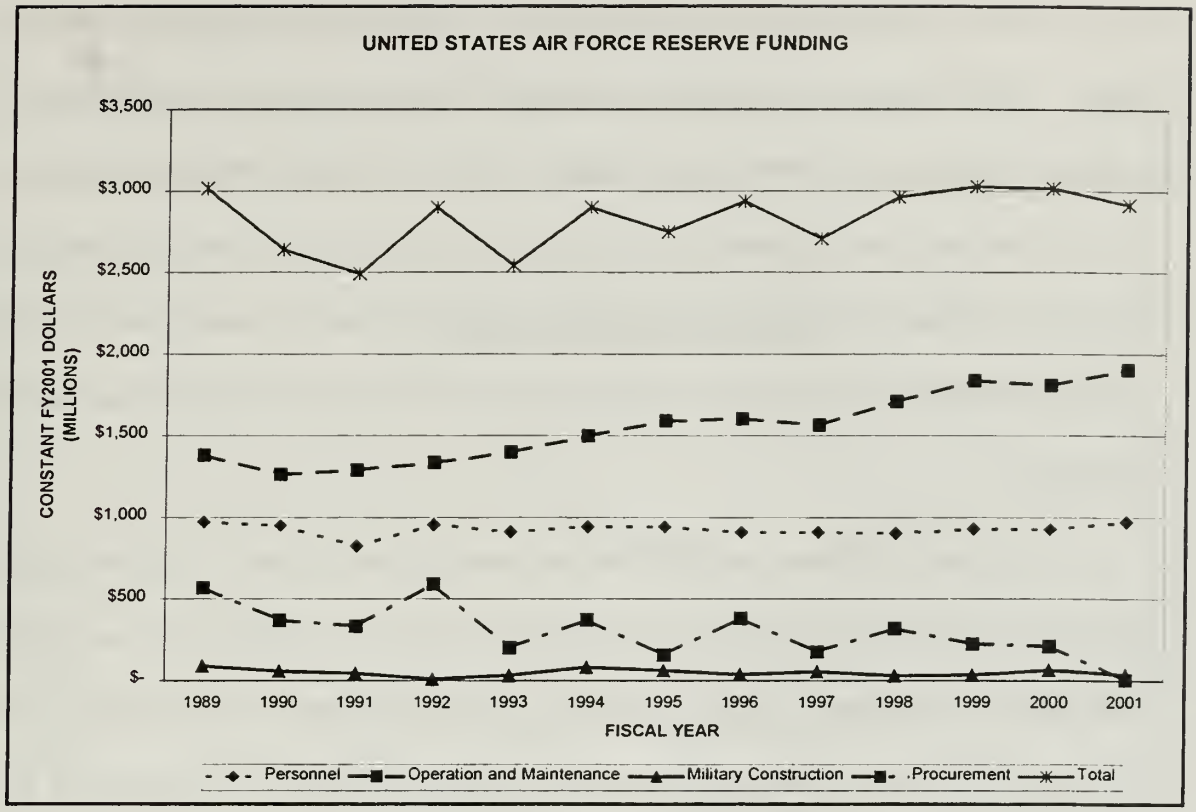

Figure 19 Air Force Reserve Funding

The USAFR received a constant dollar increase of $43 million in MILPERS funding for fiscal year 2001. The President proposed $982 million and the Congress authorized $971 million [Ref. 82]. Congressional reductions were made as follows: $19 million for unjustified active duty training travel, $2.2 million for other training and support, $1.7 million for unit and individual training and $1.4 million to correct prior pricing [Ref. 42: p. 82]. Conversely, to address specific deficiencies, Congress added the following funding: $5.5 for educational benefits, $3.8 for AGR pilot program, $1.7 million for additional recruiters and $1.4 million for military funeral honors. The net total adjustments was a decrease of nearly $10.7 million over the President's request [Ref. 42: p. 82].

O&M, USAFR TOA was authorized at $1.903 billion for fiscal year 2001 [Ref. 42: p. 130]. Added to the President's budget is funding for depot maintenance, $7 million; real property maintenance, $4 million; technician pilot retention allowance, $3 million; the flying hour program, $2 million and $1.8 million for the Red Horse unit [Ref. 42: p. 131]. Fiscal year 2001 O&M funding continued its general growth trend. USAFR O&M has experienced an increase slightly more than 38 percent in constant year funding since 1989.

Remaining relatively constant over the previous twelve years, USAFR MILCON received a TOA of $37 million in fiscal year 2001 [Ref. 43: pp. 887-913]. Just like the other Reserve Components, it was an increase over the President's budget submission of $22 million. Planning, design and unspecified minor construction was funded at $7.4 million and is included in the TOA of $37 million.

The USAFR suffered a decrease in funding for Procurement, USAFR. They only received $5 million vice the $128 million requested by the President [Ref. 42]. The $5 million received is discretionary. The President's request was composed of $105 million for aircraft procurement, $2.6 million for vehicular equipment, $13.2 million for electronics and telecommunications equipment, $7.3 million for base maintenance and support equipment. This marked the fourth consecutive year of decline for Procurement, USAFR.

2. Air National Guard Funding

The Air National Guard (ANG) received TOA totaling $5.846 billion in the fiscal year 2001 NDAA [Ref. 42]. This is an increase over fiscal year 2000 of $218 million and

represents a growth in constant year dollars of one and one-half percent. Constant year funding has increased by nearly eighteen percent since fiscal year 1996. Figure 20 shows the trends in Air Force Reserve funding since 1989 in constant Fiscal Year 2001 dollars.

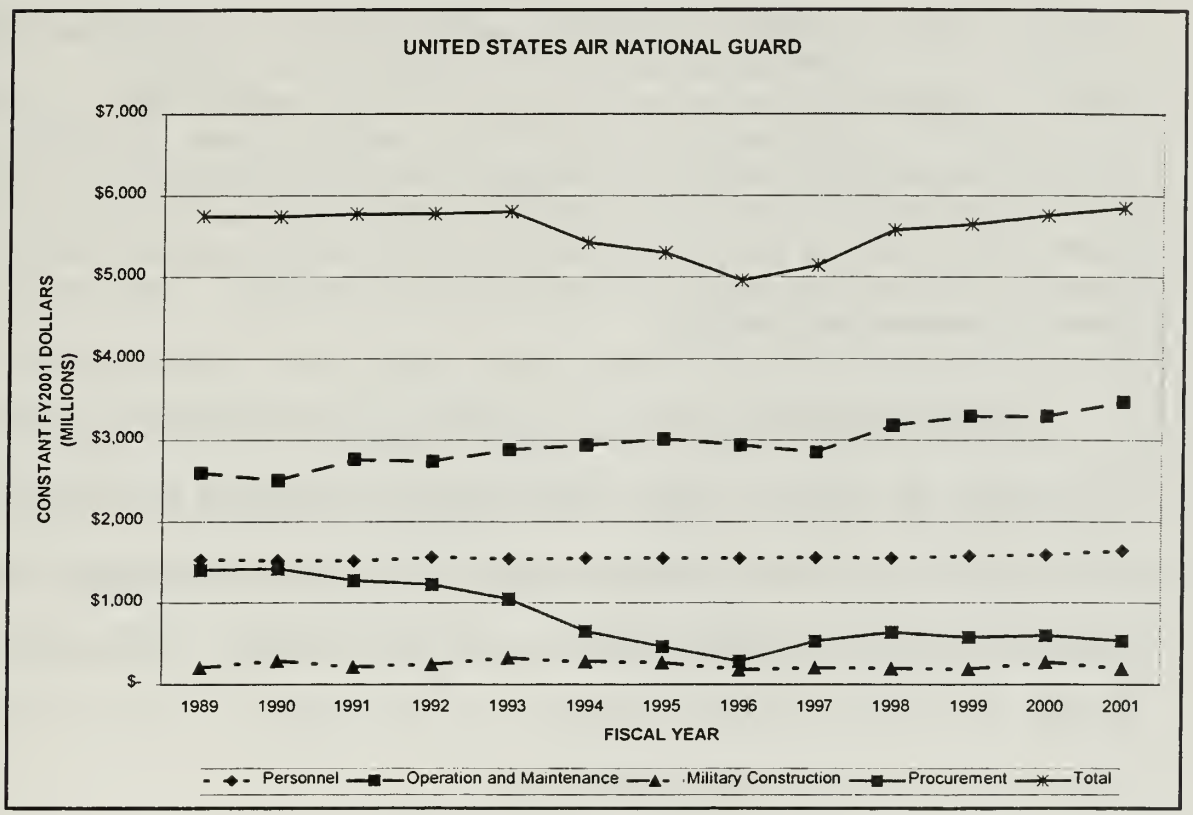

Figure 20 Air National Guard Funding

Funding by Congress for MILPERS, ANG has increased every year since 1989. The fiscal year 2001 NDAA provided $1.641 billion, a $14 million increase over the Presidential request [Ref. 87]. Additional funding was provided to address personnel problems. Aviator retention was directly addressed by adding $8.7 million for active ANG pilot bonuses and $2.5 million for aviation continuation pay. Full-time support personnel funding increased by $2 million.

Air National Guard O&M TOA saw constant dollar growth for the fourth consecutive year. Fiscal year 2001 funding is $3.474 million [Ref. 42: p. 132]. This is an increase of $28 million over the President's request. Congress added $5 million for real property maintenance, $8 million for depot maintenance, $5 million for C-130 aircraft operations and the remainder for numerous smaller programs. The ANG had $29.9 million in unfunded depot maintenance requirements in fiscal year 2000 [Ref. 2: p. 121]. The ANG also had $893.5 million in backlogged maintenance and repair [Ref. 2: p. 130]. Depot funding and real property maintenance funding will be addressed later as a Reserve Component wide challenge.

Construction projects for the ANG received TOA of $194.9 million in fiscal year 2001 [Ref. 43: pp. 887-913]. Thirty specific projects were approved in the NDAA of fiscal year 2001. Planning and design received $20.4 million and unspecified minor construction received $8 million within the total ANG MILCON. ANG MILCON funding has remained relatively constant since 1989 despite a growing list of requirements and backlogged major maintenance.

Procurement, ANG benefited greatly from congressional enhancements to the President's requests. Eight additional line items totaling $258 million were included. Add another $30 million for unspecified procurement and the ANG received a TOA in the NDAA of $536 million [Ref. 42]. Four new aircraft accounted for $350 million of TOA, while $152 million is designated for modification of inservice aircraft. Despite congressional increases totaling $209 million above the President's request, constant year funding declined by $64 million or ten percent.

E. RESERVE FUNDING OBSERVATIONS

Real dollar funding for the Reserve Components has increased slightly since 1989 up to $24.050 billion from $19.989 billion. However, funding has declined from $27.434 billion to $24.049 billion in constant Fiscal Year 2001 dollars.

During the period 1989 to 1999, the Congressional Budget Office found that total funding for national defense was down by twenty-four percent [Ref. 45]. It is not surprising then that inflation adjusted funding for the Reserve Component is down for the same period. Additionally, National Guard and Reserve personnel were decreased by twenty-six percent. Most of the decrease in personnel is directly attributable to the end of the Cold War and the elimination of force requirements. Despite these reductions, the Reserves are doing more with less funding (Figure 3, Chapter II clearly shows the increased use of the Reserve Components during this period of peace). Figure 21 shows actual Reserve Component funding in both actual year dollars and constant year dollars.

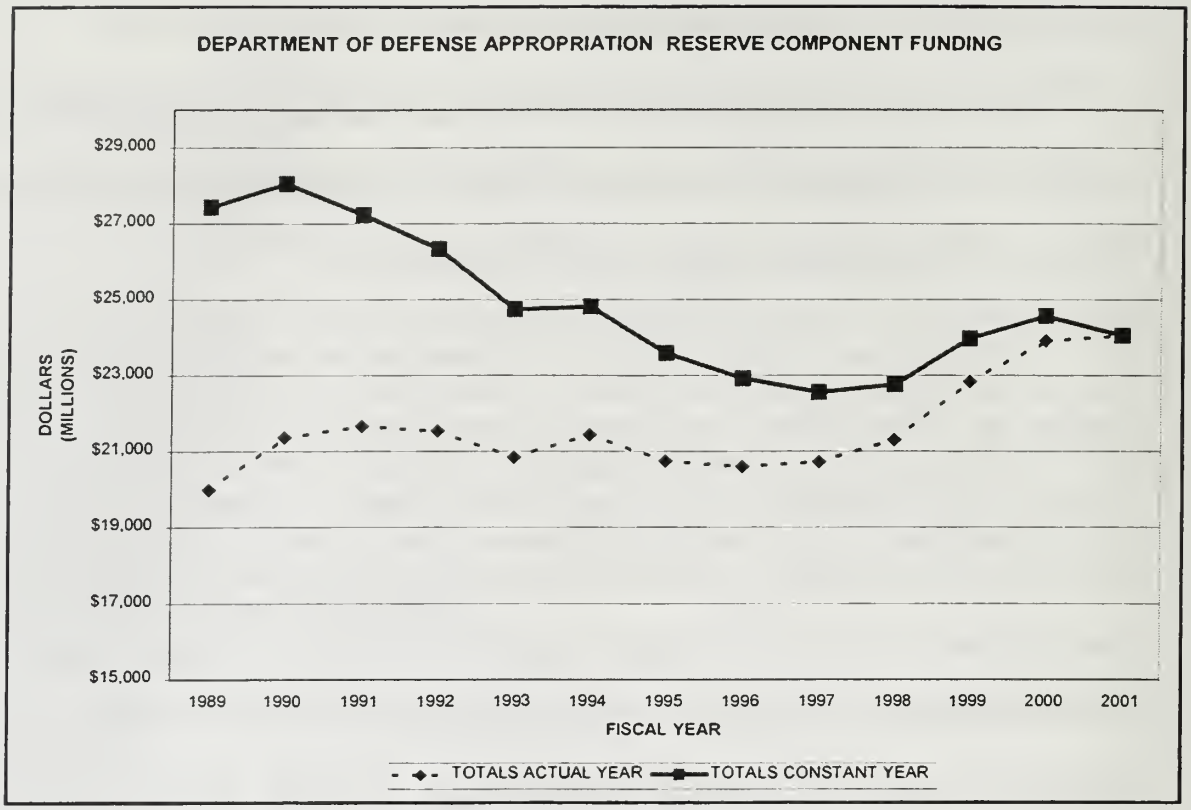

Figure 21 Reserve Component Funding FY1989 - 2001

Figure 21 clearly shows that actual, or then year dollar funding for the Reserve Component increased from 1989 to 2001, while constant dollar funding decreased. Actual dollar funding increased by 20.31 percent while constant year dollar funding decreased by 12.34 percent. This means that the buying power of the RC funding dropped more than 12 percent since the end of the Cold War.

Figure 22 shows the actual funding amounts and the funding trends for the Army Reserve and Army National Guard.

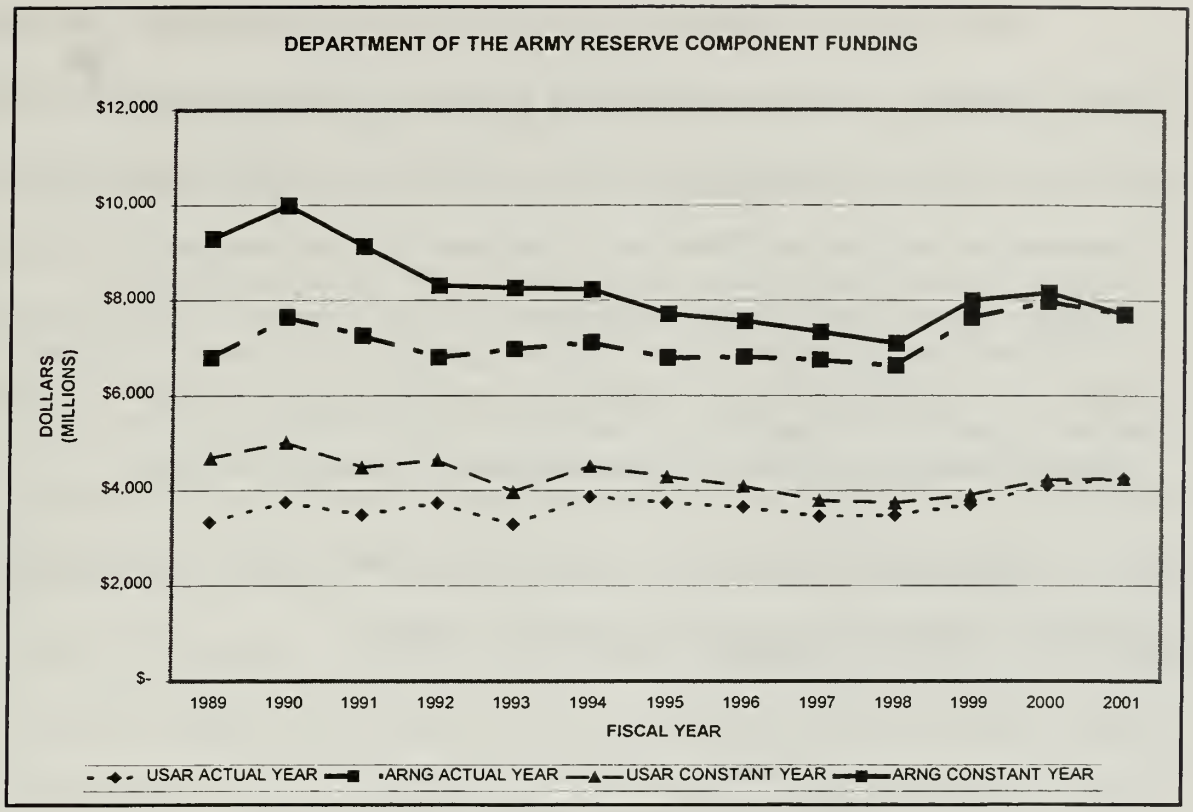

Figure 22 Department of the Army Reserve Components Funding

The Department of the Army's Reserve Components saw increases in actual funding from Fiscal Year 1989 through 2001. However, measured in constant dollars, Army Reserve funding has declined nearly nine percent and Army National Guard funding has fallen seventeen percent. Army Reserve Divisions have decreased twenty percent since 1989 [Ref. 45]. New mission areas such as WMD and increased roles in peace keeping operations have helped to retard the decline in funding caused by these decreases in force structure. Personnel and operation and maintenance funding has remained relatively constant.

However, the Total Army must begin to look at how it funds military construction and procurement. Procurement spending has decreased for eight consecutive fiscal years. Previously, Active Component units being deactivated provided state of the art equipment to the Reserves. That flow of equipment is now gone and acquisition of equipment for the Army Reserve Components must be addressed. The situation for military construction is more dire. Funding has remained very low since 1989. Without additional funds, Army Reserve Component facilities will become untenable.

Department of the Navy Reserve Component funding has been on the decline since 1989. Figure 23 clearly shows the decline in funding.

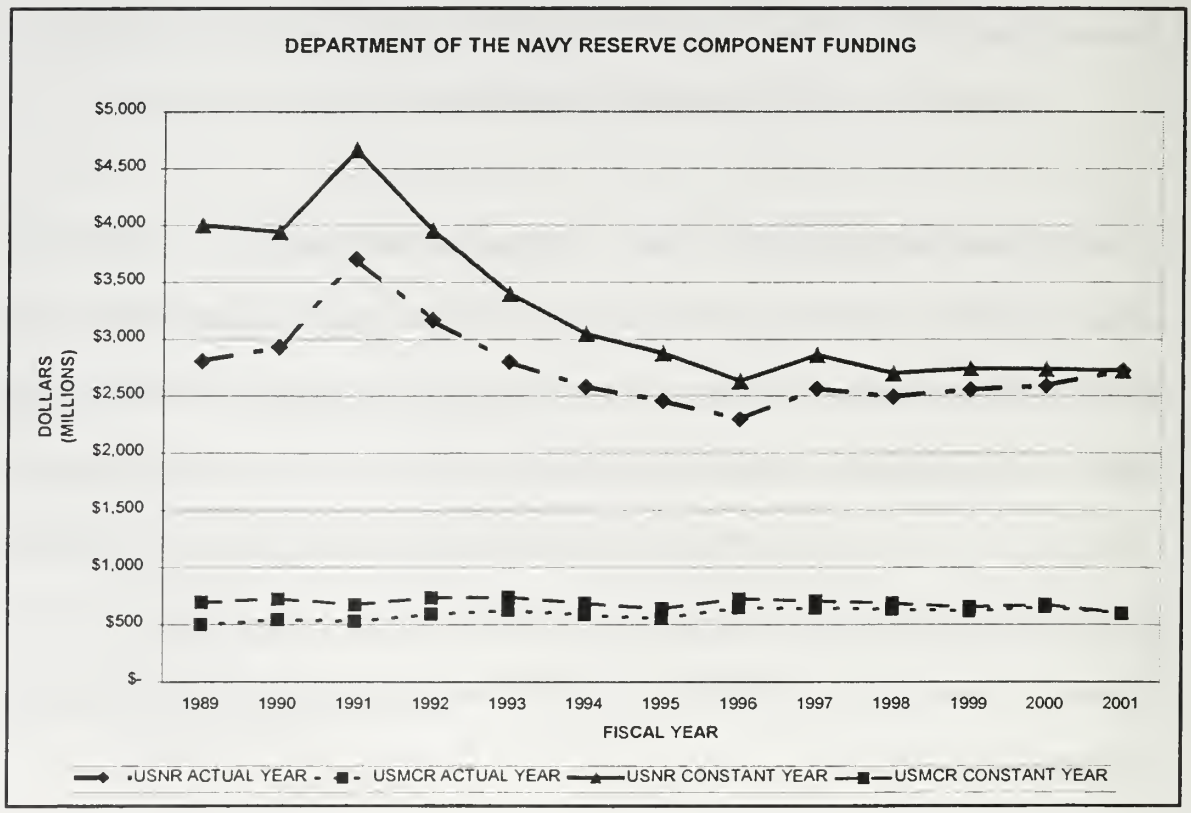

Figure 23 Department of the Navy Reserve Component Funding

Annual Navy Reserve funding has declined 2.9 percent since 1989 measured in actual dollars, which translates into a thirty-two percent decline in constant year funding.

Procurement for the Navy Reserve is the cause of the decline. From a high of nearly $1 billion in 1989, funding has fallen to $111 million in fiscal year 2001. As a result, the Navy Reserve faces severe financial challenges in the future to replace its entire fleet of logistics support squadrons and naval vessels. The Navy must find better solutions for its Active Component funding shortages than taking money from Navy Reserve procurement. Personnel, operation and maintenance and military construction real dollar funding in 2001 is at nearly the same level that existed in 1989 (see Figure 17, this chapter).

The Marine Corps Reserve has seen increases in funding for personnel and operation and maintenance since 1989, while procurement has decrease significantly. From a high in 1993 of $205 million, the Marine Corps Reserve received only $5 million in procurement funds for fiscal year 2001. In fiscal year 2001, no procurement item proposed in the President's budget was funded or authorized. The net result of these occurrences are near constant funding for the Marine Corps Reserve with an increased demand and usage of Marine Reservists. This creates a potential serious problem in the future if more money is not allocated to replacing aging equipment. Overall, USMCR funding is down slightly more than fourteen percent, in constant dollars since 1989.

Reserve Components in the Department of the Air Force have seen the least funding decline within the DoD Reserve Components. This is not surprising since many

of the MOOTW actions since 1989 have utilized Air Force assets. Despite a forty-eight percent reduction in active tactical fighter wings and thirty-three percent in reserve tactical fighter wings, the Air Force has been the force of choice in locations such as Bosnia and Kosovo [Ref 45]. Figure 24 shows Air Force Reserve Component funding since fiscal year 1989.

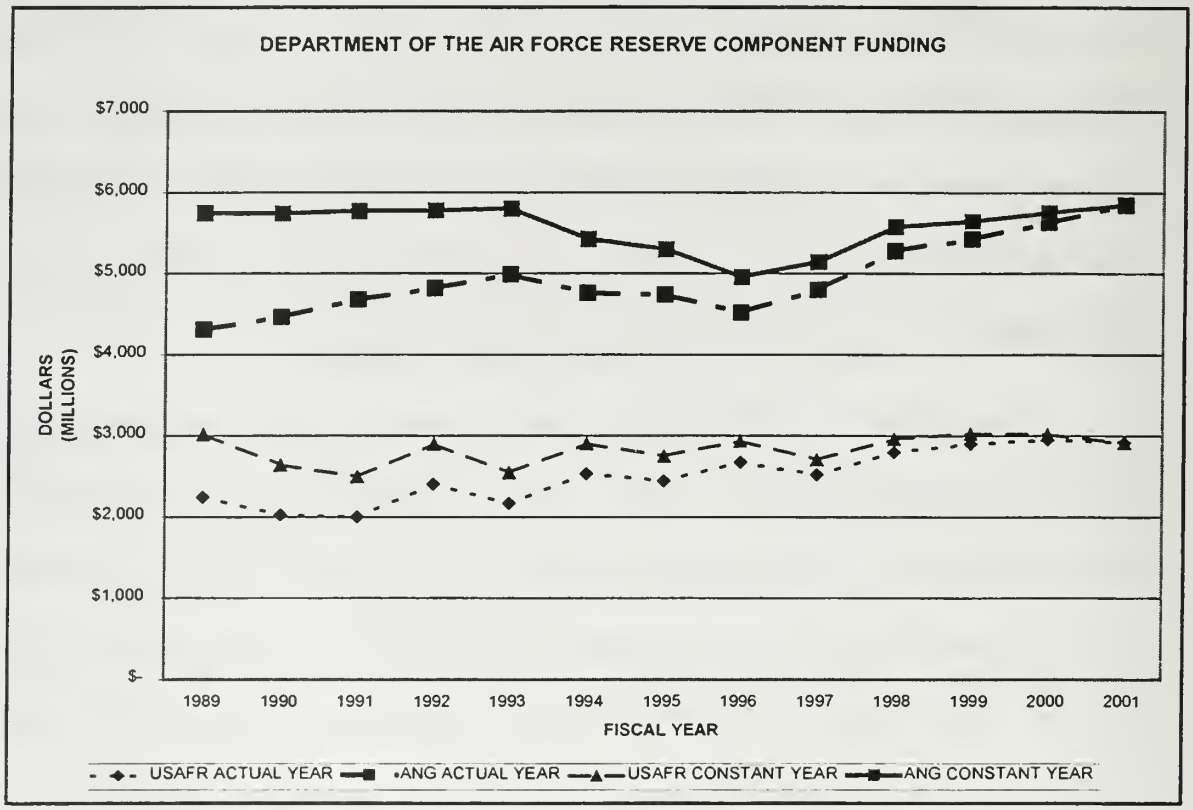

Figure 24 Department of the Air Force Reserve Component Funding

Overall, USAFR actual year funding is up 30 percent and ANG is up nearly 36 percent. Measured in constant year dollars, USAFR funding is down 3.25 percent while ANG funding is up 1.71 percent.

Similar to the Marine Corps Reserve, the Air Force Reserve and Air National Guard have seen funding increases for personnel and operation and maintenance. What the Air Force Reserve and Air National Guard have not experienced is a dramatic loss of procurement funding. This is not to say that procurement funding has not decreased, because it has, but its rate of decline is not as severe as other Reserve Components.

Making this procurement decline more manageable for the Air Force Reserve Component is funding of aircraft by the Active Component. The Air Force's total integration structure and planning has pilots sharing aircraft among active and reserve personnel assigned to the same units and locations. This greatly reduces the requirements for aircraft procurement by Air Force Reserve Components

In total, the Reserves are adequately funded for the requirements of 2001. The potential problem is the failure to provide additional funding for procurement and military construction in all of the Reserve Components which has implications for the future. This problem is compounded as the usage of the Reserve Components increases. When Reserve Components are mobilized, their personnel and operation and maintenance requirements are paid by the Active Component. No funding is provided however, for the wear and tear on the equipment that degrades its usefulness or useful time in service. Therefore, the increased usage of Reserve Components, particularly air assets, has a compounding effect on how soon these assets will "wear out". The result is that procurement funding for the Reserves will have to increase.

Another significant factor is how the funding is distributed across the major appropriation categories. Table 10 shows the percent distribution of funding common to the Active and Reserve Components.

DISTRIBUTION OF FUNDING WITHIN COMPONENTS

Component/ Appropriation	Military Personnel	Operation & Maintenance	Procurement	Military Construction	Other
Active	28.5%	29.7%	24.4%	3.6%	13.8%
Reserve	45.3%	47.4%	4.5%	2.8%	0%

Table 10 Distribution of Funding within Components

Clearly, one can see that the Reserves are nearly totally funded through MILPERS and O&M budget activities. If overall funding for the Reserves does not increase, procurement and military construction shortfalls can only be addressed by transferring funds from these accounts to the investment accounts of procurement and military construction. To do this would require fewer operations, less training and/or a change in the numbers and types of personnel the Reserve Component can afford. All of these alternatives would have a detrimental effort on the Reserve Component's ability to contribute under Total Force Policy and current operational plans.

V. CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

A. OVERVIEW

This thesis examines the Reserve Component (RC) of the United States military, focusing on its composition, the Total Force Policy, the process of developing RC budgets and recent funding trends. Because of increased commitments, high operational tempo and peacekeeping missions for the Active Components (AC), the RC is being called on to play a larger part in executing our NMS. Therefore, it is important to understand how these changes are affecting the RC.

In fact, the Reserve and National Guard play a critical role in the U.S. military strategy and execution in 2000. They contribute significant personnel, equipment and capability to execute the Total Force Policy. DoD cannot conduct sustained operations without the participation or support of the Reserve Component. Recent military involvement in the Southwest Asia, the Caribbean and Balkans has demonstrated the critical role required of our Reserve Component. Of the total manpower contributing to the total military force of the U.S., the Ready Reserve contributes nearly 30 percent [Ref. 2: p. 51]. In fact, the Ready Reserve is twice as large as the largest active service, the Army.

This increased contribution by the Reserve Component has indirectly led to greater participation by the members of the Reserve Component in the planning, programming and budgeting process of each of the military services. The groundwork

for their participation is found in the original Total Force Policy and its subsequent implementation.

B. TOTAL FORCE POLICY

The Total Force Policy was intended as a means by which additional military capability could be provided at the lowest possible cost necessary to execute the National Military Strategy. This economic argument held that the marginal benefit of Reserve forces outweighed the marginal cost of maintaining a large active military. This argument was predicated on several assumptions. First, sufficient time would exist to mobilize and conduct pre-deployment for reserve personnel and units. Second, reserve personnel would receive sufficient resources to ensure they maintained adequate proficiency to support rapid activation, mobilization and deployment. Third, the tradition of the citizen-soldier would continue to provide sufficient motivation for men and women to volunteer for the Reserves and National Guard.

Inherent in these assumptions is the implication that use of the Reserve Component would be minimal in the aftermath of American involvement in Vietnam. The resultant force structure placed large percentages of specific capabilities in the Reserve Component based upon their perceived small probability of use. Additionally, future use of American military power would be cautious and measured because of the response of the public to the Vietnam War. For the Total Force Policy to succeed, sufficient resources would have to be provided to not only maintain proficiency of personnel but also sustain adequate equipment and facilities for the Reserve force structure.

No new missions were envisioned for the Total Force when the policy was introduced. Nonetheless, missions have evolved and become assigned to the Reserves. Peacekeeping, space operations and weapons of mass destruction support teams have become areas in which the Reserves are playing the lead or entire military role.

C. PLANNING, PROGRAMMING AND BUDGETING FOR RESERVE COMPONENTS

To ensure that the capabilities of the Reserve Components are properly identified and represented in the Department of the Army, Navy and Air Force, reserve personnel are active participants in the PPBS process,. While the degree of participation and decision-making varies among the three departments, all of the services view the capabilities of the reserves as a potential way of obtaining required or additional services at lower costs than active duty forces.

The Department of the Army utilizes a tiered funding methodology, according to which units which are expected to fight first are funded first. Follow-on units may be potentially funded at lower levels depending on the total amount of resources available to the Army. Because of this prioritization policy, some reserve units are funded at a higher level than active duty units by design. Integrated process team (PEGs) are established based on the Title 10 functions defining Army core capabilities. Programs are prioritized and trade-offs are recommended through a process that begins with the PEGs and includes groups composed of greater rank and responsibility. The Secretary of the Army and the Chief of Staff of the Army make the final decisions for Army planning, programming and budgeting. Throughout the process, Army Reserve and National Guard personnel are actively involved.

The Department of the Navy is unique in that it has two services – the Navy and Marine Corps. An initial division of funding occurs, known as the blue-green split, to provide a basis for future budgeting. Each service then prepares its own programs and priorities. The Navy utilizes a process in which one group determines the requirements necessary to execute the Navy's mission and another group determines how the requirements will be resourced. The Marine Corp utilizes a process similar to the Army's.

Programs then compete against each other for funding. Navy Reserve personnel serve largely in advisory roles throughout the process. This is because the Navy system has claimants buying programs and capabilities. The Naval Reserve is viewed as both a program and capability within the Navy. While the Navy Reserve is required to be mission ready at all times, it is resourced as a lower priority within the department. Marine reserve personnel and units are more integrated because their missions are a mirror image of the AC's. Therefore, their requirements are far more defined and related. The programs of both services are combined and submitted as the budget for the Department of the Navy.

The Department of the Air Force has integrated the Air Force Reserve and Air National Guard fully into all of its operations. As such, it has developed a corporate structure to decide the issues of planning, programming and budgeting. The corporate structure is organized around fourteen panels based on key mission and mission support areas. Representation on the panels is dependent on whether a participant has a stake in the panel's specific area. Because the Air Force has designed its structure to rely on Reserve and Guard involvement, Reservists, and Guardsman participate in all but two

panels and at all levels of the corporate structure. Decision on prioritization and resourcing are made and forwarded up the corporate ladder to the Secretary of the Air Force and Chief of Staff of the Air Force who make the final decision on all Air Force matters. The corporate structure is separate from the headquarters command of the Air Force.

Army and Air National Guard units receive resources from their states at different levels. Each state has its own process for determining state mission, program requirements and resourcing.

D. CONCLUSIONS

The Reserve Component executes missions across the full spectrum of military operations. Even though, as CBO tell us, it is significantly smaller than it was ten years ago and has serious funding shortfalls for equipment and facilities, its capabilities have never been greater than they are in 2000. Since fiscal year 1996, the Reserve Component has consistently delivered over 12 million man-days of direct service to the Total Force, a 1300 percent increase from the 1988 to 1989 [Ref. 2: p. 51]. Reserve Component commanders are leading forces in the Balkans [Ref. 21: p. 19]. Air Force Expeditionary units have Reserve personnel and units assigned as full and equal members of the force. Selected Reservist are serving side by side with their active counterparts in every facet of operations throughout the military.

All of this is possible because of the Total Force Policy. The continued support of the Total Force Policy by the President, Congress and SecDef has forced the services to make changes to incorporate the Reserve Component that would not have otherwise

occurred. The Total Force Policy continues to provide a larger force to execute the National Military Strategy at a lower cost than a comparable active duty force. The most important outcome of the Total Force Policy is the increased reliance on the Reserve Component by the Active Component.

However, the Total Force Policy does have problems. It was based upon assumptions that are changing. Increasing asymmetric threats are making traditional military responses obsolete. The military is having to respond in shorter and shorter periods of time. The Gulf War demonstrated that with time, the Reserve Component can provide significant force to any military operation. In fact, the U.S. would not have been able to achieve the success it did in the Gulf War if it did not have the time to bring resources, including the Reserves, up to required training levels and deploy them into theater. However, the next threat may not repeat the mistakes of Saddam Hussein and allow time to mobilize the Total Force.

Currently the reserves are receiving sufficient resources to execute their assigned missions. However, signals are emerging that more resources will be necessary in the near future to maintain the current capabilities of the Reserve Component. If the Reserve Component is not sufficiently resourced, it will become a hollow force incapable of effectively adding to the Total Force. It will also lose the essential respect it has gained from the Active Component.

Retention and recruiting are challenges that are beginning to plague the Reserve Component [Ref 2: pp. xxxvii–xxxviii]. A booming economy and the increased operational tempo of recent years have resulted in many people concluding that joining

the Reserves or National Guard is tantamount to joining the active military. This is also causing friction with employers who are losing employees more often and for longer periods of time [Ref. 2: pp. 64-66].

"Mission Creep" is also a concern. Adding more missions to the Reserve Component risks the over extension of reserve capabilities and personnel. Many of the new missions, such as peacekeeping and WMD support, are not directly related to the core war-fighting missions of the military. As such, when reserve personnel are conducting these 'auxiliary' missions, they are not training for or participating in the missions assigned to them by the Active Component. If their 'auxiliary' mission does not contribute to the Active Component, how then does the Total Force Policy apply? Is that mission really a mission that should be assigned to a military unit?

Unless these trends are addressed, the assumptions of the Total Force Policy will not be valid and the Total Force will suffer as a result of a less capable Reserve Component.

Integration of Reserve Component personnel in the PPBS for each of the three Departments must continue. The Army's plans for transformation into a lighter, more mobile force possess tremendous potential for the Army Reserve and National Guard either as a member of the new lighter force or as the heavy force in reserve.

The Navy must determine what role the Naval Reserve is going to continue to play in the future. Without a more active role in planning and programming, the Naval Reserve is being relegated to a lower status in many mission areas where it possess a majority of the Navy's capability. One way the Navy can identify Reserve Component

capability is by devising a method that quantifies the contribution of the Naval Reserve. If the active duty Navy does not re-examine the current services provided by the Naval Reserve and give them a stronger voice in the programming and budget process, they will eventually decline due to falling resource support.

Funding for procurement and military construction in all of the Reserve Components must increase to maintain existing capabilities. The consequences of years of declining funding will be seen in the next decade, as Reserve Component equipment and facilities will cause units to be incapable of executing their assigned missions. Current total unfunded depot maintenance requirements exceed $136 million [Ref. 2: p. 121]. The backlog for military construction surpasses $10 billion [Ref. 2: p. 129]. With discretionary spending constrained, the DoD must decide how it will address funding of Reserve Component investment issues. If these investment issues are not addressed in the next decade, the Reserves may be unable to meet requirements and will result in mission or capability degradation.

Funding and scheduling for training is also a concern. Peacekeeping and counter-drug operations are essential to the success of the National Military Strategy but they take Reservist and National Guardsman away from their primary duties. Reserve Component personnel train one weekend a month and two weeks during the summer. If these training periods are spent supporting activities not directly related to the Total Force, they increase costs. Costs rise because either additional training is required for these persons or other personnel must be trained or transferred to carry out these primary duties.

At only $24 billion or approximately eight percent of the total Fiscal Year 2001 defense budget (050), the Reserve Component is an effective expenditure of resources. The Reserve Component provides the necessary personnel, equipment and force necessary to augment the Active Component in today's environment.

E. RECOMMENDATIONS FOR FUTURE RESEARCH

This thesis concentrated on the macro view of the Reserve Component and Total Force Policy. With regard to the composition of the Reserve Component, further research is recommended to examine the need to establish a new category of personnel or units for new mission areas such as peacekeeping and WMD support. Further study might evaluate the special skills that are required in these two mission areas. Also, evaluating different options and costs associated with transforming the Army Reserve and National Guard into the heavy, less mobile force might suggest cost benefits due to the declining requirement for such a force.

From a Total Force Policy perspective, future research might consider the impact of changing assumptions on which the original policy is developed. These impacts range from the cost of additional training, recruiting and retention to resourcing procurement and facilities.

The PPBS process offers many areas to examine in future research. The most difficult problem would be developing a methodology to measure the utility or contribution of the Reserve Component to its Active Component. This methodology could have tremendous impact on how resources are allocated or whether missions assigned to Reserve Component units are cost effective from the Total Force perspective.

Politically, understanding how the Congress provides funding for the investment appropriations of the Reserves and National Guard could help to alleviate the difficulties that will occur in the next decade. One last area for research would involve determining if the Active Component should be expanded based on the indications that the Reserve Component is being utilized at unprecedented rates during peacetime.

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