

November 1988

RESERVE COMPONENTS

Opportunities to Improve National Guard and Reserve Policies and Programs





United States
General Accounting Office
Washington, D.C. 20548

**Comptroller General
of the United States**

B-222994

November 17, 1988

To the President of the Senate and the
Speaker of the House of Representatives

This report on the Armed Forces' management of the National Guard and Reserves is one of a series of GAO management reviews of federal departments, agencies, and functions. Our purpose was to assess management actions being taken to address key issues facing the National Guard and Reserves. The report discusses opportunities to improve policies, programs, and the management of financial and information systems affecting the reserve components.

We are sending copies of this report to the Director, Office of Management and Budget; and to the Secretaries of Defense and Transportation, and the Army, Navy, and Air Force.

A handwritten signature in cursive script that reads "Charles A. Bowsher".

Charles A. Bowsher
Comptroller General
of the United States

Executive Summary

Purpose

The reserve components—the National Guard and Reserves—are critical to the U.S. national defense and may be mobilized and deployed in the early days of a national emergency. Under the Department of Defense's (DOD) Total Force policy, the reserve components are to be as equally prepared for immediate response, on and off the battlefield, as their active counterparts. GAO examined DOD's management of reserve component activities to determine whether management could be improved to enhance reserve force capabilities. GAO's review focused on programs and policies that senior defense managers identified as being important to reserve component force capability.

Background

The seven reserve components are the Army, Naval, Air Force, Marine Corps, and Coast Guard Reserves and the Army and Air National Guard. GAO focused its review on the Ready Reserves, which will augment the active forces in the event of a national emergency. The Army National Guard and Reserve account for about 65 percent of the 1.6 million ready reservists and about 52 percent of the \$19.8 billion fiscal year 1988 reserve component budget. The Ready Reserve is composed of the Selected Reserve and the Individual Ready Reserve. The approximately 1.2 million members of the Selected Reserve drill one weekend a month and have an annual 14- or 15-day active duty training period, while members of the Individual Ready Reserve are not required to drill regularly.

The reserve components are integrated into the management structure and systems of their respective services. During peacetime the Army and Air National Guard elements are supervised by DOD but are under the control of their respective state governors.

Results in Brief

The reserve components are at an important juncture after taking on additional mission responsibilities and with the Selected Reserve growing by 283,000 personnel since 1980. Defense managers are working to ensure that the reserve components are capable of performing these expanded combat and combat support responsibilities and are assessing whether they should be given additional ones. However, capability concerns do exist. In fiscal year 1987, 25 percent of reserve component units required additional resources or training to perform their wartime mission due to personnel shortages, lack of skills required for duty positions, and equipment shortages.

GAO's review showed that improvements to management systems and practices in the areas of personnel, equipment, and training can assist DOD in achieving its capability goals. GAO's review also showed that defense managers are generally aware of the problems facing them in improving reserve component capability. DOD has specific initiatives either planned or underway to address these problem areas. However, opportunities exist to build on these initiatives by filling gaps in policy guidance and instituting new management practices and procedures for key programs. Providing guidance for the factors to be considered is of principal importance when deciding which missions to assign to reserve components and for ensuring that resources are linked to those decisions. Other actions that are needed include improving guidance and management controls for personnel, equipment, and training programs and correcting long-standing financial and management information system deficiencies.

GAO's Analysis

Force Mix Guidance Needed

In addressing current budget constraints, DOD managers will be seeking alternatives for reducing defense expenditures while maintaining an effective defense force. One alternative is to give greater responsibilities to the reserve components by increasing personnel and missions. However, DOD managers are not fully prepared to assess this alternative because DOD has not provided guidance for deciding what portions of the force—force mix—will be in the active and reserve components and what missions the reservists should perform within that mix. Although DOD has recognized since 1984 that such guidance is needed, it has been unable to complete the guidance because it has had difficulty developing the methodology to do so.

Reliance on the reserve components continues to increase, particularly in the Army, where about 50 percent of the force are reservists. Future force mix decisions should be made using uniform criteria that addresses cost, force capability, training and recruiting requirements, and personnel availability.

Improving Personnel Management

The Individual Ready Reserve and full-time support are important manpower programs within the reserve components. GAO found that opportunities exist to improve the management of both these programs.

The Individual Ready Reserve's 474,000 members will be a key source of personnel in time of national emergency. However, DOD has had long-standing problems in maintaining up-to-date personnel information that is necessary to train and mobilize this force. Even though DOD has taken recent actions to correct these problems, GAO found the following:

- The accuracy of personnel information, although improved, continues to be a problem. For example, in fiscal year 1987 about 100,000 reservists did not attend a required one-day program to update personnel data. Accurate information is essential to determine whether changes in reservists' physical condition or employment has made them ineligible for mobilization.
- Training requirements have not been determined because the skill qualifications of members have not been assessed. Further, the services are generally only training those individual ready reservists who volunteer for training rather than targeting training to those with the greatest need.

GAO also found that the capability of a large number of individual ready reservists is questionable. This is because personnel who had not performed satisfactorily in the Selected Reserve are being transferred into the Individual Ready Reserves without adequate screening.

A critical factor in maintaining reserve capability is having an effective group of full-time personnel to assist in training and administration. Each service has different full-time support personnel programs, which in general appear to be working well. However, GAO found that no DOD guidance exists in the key management areas of determining personnel requirements and utilizing and training personnel. The Congress, while granting full-time personnel increases, has raised concerns in these areas. Such guidance is essential to ensure that personnel resources are utilized in the most effective and efficient manner. DOD officials are developing this guidance but are having difficulty achieving agreement among the services. GAO believes DOD needs to establish milestones to help ensure the timely completion of this guidance.

Improving Equipment Management

DOD and the Congress have taken actions to improve reserve component equipment status in recent years. However, equipment shortages still exist and are a major factor affecting capability. Due to budget constraints and the relative priority of reserve component requirements within DOD, it is unlikely that these shortages will be eliminated in the near future. However, effective management of reserve component

equipment procurement and distribution can ensure that available resources provide the maximum benefit. GAO found that opportunities for improvement exist in both these areas.

In 1982, the Congress initiated a special Guard and Reserve Equipment appropriation to reduce equipment shortages in the National Guard and Reserves. However, the increases in equipment procurement intended by the Congress have not been fully achieved. For example, in fiscal year 1986, the Congress appropriated an additional \$1.5 billion for reserve component equipment. However, equipment procurement actually increased by only about \$700 million because the services reduced their own programmed procurement of reserve equipment by \$800 million.

GAO also found that the Army Reserve has experienced problems in procuring equipment using the special Guard and Reserve Equipment appropriation funds because equipment requirements, in some cases, were not integrated into the services' procurement actions. For example, items needed to meet wartime missions could not be procured because procurement plans had not been developed. As a result, the Army Reserve was unable to use all its available fiscal year 1986 and 1987 funds for mission-essential equipment because only 46 percent of the needed equipment was available for procurement. Equipment could not be procured because it was not in production, had been replaced by another item, could be procured only in future years, and/or was uneconomical to buy.

The fiscal year 1987 Defense Authorization Act required DOD to submit separate budgets for reserve component equipment to increase oversight of expenditures for reserve component equipment. DOD has not complied with this requirement, but has presented an alternative for providing oversight, while keeping reserve equipment requests an integral part of the equipment request of their respective services. The alternative would establish a minimum amount for reserve equipment expenditures. GAO believes that this approach can prevent the problems DOD has experienced in implementing the special Guard and Reserve Equipment appropriation and provide visibility over equipment expenditures.

DOD's basic management policy for distributing its equipment resources gives priority to those units that will be deployed first—First to Fight, First to be Equipped. GAO found that certain Army National Guard and Reserve equipment distribution practices appeared to be inconsistent with DOD's overall equipment distribution management objective. GAO found that Army National Guard and Reserve equipment distribution

practices were resulting in the capability of some higher priority units being reduced. Closer management oversight of equipment policy practices is needed to correct this situation.

Improving Individual Training

A military member's individual military skill refers to the specific occupation that the member is trained to perform. Each service has specific requirements for its military occupations, which must be met before personnel can be considered qualified for the positions to which they are assigned within units.

Ensuring that 1.2 million selected reservists are fully trained in their individual skills represents a significant management challenge. About 277,000 of these personnel do not have the required individual skills for their positions. This condition could affect the capability of units when deployed. The Reserve Forces Policy Board reported in February 1988 that next to personnel shortages, individual military skills of reservists was the most critical factor limiting mobilization readiness.

Defense managers face significant constraints in providing individual skill training to members of the Selected Reserve—the most important of which is limited training time—38 days a year. While the military services have taken a number of recent actions to improve the quality and availability of training, DOD also needs to consider management actions to address systemic reasons for individual skill qualification problems. The actions include correcting long-standing weaknesses in unit training management, assessing whether mission requirements are consistent with training constraints, and assigning full-time personnel to perform highly technical duties.

Improving Financial and Management Information

The reserve components are generally well integrated into their respective services' financial and management information systems. However, GAO also found several key areas relating to these systems where improvements are needed.

- The Army, Navy, and Marine Corps have had long-standing accuracy and timeliness problems with their reserve pay systems. These types of problems can adversely affect retention and morale. The services are working on projects to correct these problems; however, project completion milestones have frequently slipped. In the Navy's case it is questionable whether the redesigned system will address a key reason for pay errors.

- The Army, since 1979, has been working on a project to automate reserve component mobilization, management, and administrative information systems. The project has experienced significant management problems and slippages in planned implementation dates. Although the project has received increased management attention, it is not scheduled for implementation until 1991.
- The Army National Guard continues to maintain financial and management information systems which are parallel to those used by the active Army and Army Reserve. Although the Army maintains that it is working to fully integrate these systems, the progress has been slow.

Matter for Congressional Consideration

GAO believes the Congress should consider discontinuing the requirement for DOD to separately budget for National Guard and Reserve equipment and instead establish within each services' equipment authorization and appropriation a minimum amount for reserve equipment expenditures. This would provide visibility over reserve equipment expenditures and would better integrate the reserve components into their respective services' planning and budgeting process.

Recommendations

GAO recommends that the Secretary of Defense take a number of specific actions to (1) improve the comprehensiveness and specificity of policy guidance, (2) improve program implementation and management controls, and (3) correct financial and management information deficiencies.

Agency Comments

DOD generally concurred with most of GAO's findings and recommendations, and particularly with GAO's suggestions to develop guidance for (1) force mix and mission assignment decisions and (2) administration of the full-time support program.

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Abbreviations

DOD	Department of Defense
GAO	General Accounting Office
IRR	Individual Ready Reserve
OSD	Office of the Secretary of Defense

Introduction

The Armed Forces Reserve Act of 1952, as amended, identifies the seven reserve components: the Army National Guard, Army Reserve, Naval Reserve, Marine Corps Reserve, Air Force Reserve, Air National Guard, and Coast Guard Reserve. The first six are part of the Department of Defense (DOD) and the seventh is part of the Department of Transportation during peacetime. The reserve components are vital to our national security because they will provide combat and combat support units and personnel to augment the active forces during a national emergency or war. However, the Reserve Forces Policy Board reported that in fiscal year 1987, 25 percent of reserve component units required additional resources or training to perform their wartime mission due to personnel and equipment shortages and personnel lacking duty position skills.

The command and management organizations of the reserve components are an integral part of the DOD and Department of Transportation structures. One unique aspect of reserve component management is the Army and Air National Guards' dual state-federal status. During peacetime, National Guard units are under the control of the governor of the state where they are located and have state missions for the protection of life and property and for the preservation of peace and public safety.

Management Structure

DOD's peacetime management structure for the reserve components is designed to integrate them into their respective services and to provide reserve input in the Total Force management process. The structures for achieving this integration within the Office of the Secretary of Defense (OSD) and within the services are described below.

Office of the Secretary of Defense

The Assistant Secretary of Defense for Reserve Affairs is charged with "specific responsibility for exercising overall supervision of reserve component matters in the Department of Defense." One of the Assistant Secretary's main roles is to provide policy guidance, oversight, and input on reserve issues in the various policy and decision-making forums in OSD. Even though this office has principal responsibility for reserve matters, other OSD offices are also involved in matters affecting the reserve components. This is because other OSD elements have functional responsibilities, such as manpower or health affairs, which affect the Total Force.

The Reserve Forces Policy Board, which was made a permanent part of OSD by the Congress in 1952, is an additional player in the OSD structure. The Board, acting through the Assistant Secretary of Defense for

Reserve Affairs, is the principal policy advisor to the Secretary of Defense on matters relating to the reserve components. The Board is legislatively required to provide an annual report on reserve component programs to the Secretary for submission to the President and Congress.

Service Management Structures

Each service, with the exception of the Coast Guard, has an Assistant Secretary for Manpower and Reserve Affairs, and a Chief or Director of its reserve component. These positions have been legislatively created to provide adequate management attention to reserve matters, but they are not the only offices involved. As in OSD, the services manage issues along functional lines. Consequently, other service secretariat and staff offices also guide and oversee issues affecting the reserve components. In the Coast Guard, the official responsible for reserve matters is the Chief, Office of Readiness and Reserves, who is on the staff of the Coast Guard Commandant.

Below the service secretary/chief of staff levels, the DOD reserve components are organizationally aligned to their respective active component structures.

- All National Guard units are under the control of the state governors and receive supervision from the Chief of the National Guard Bureau, who reports to the Army and Air Force Chiefs of Staff.
- Army Reserve units are under the control of the Commander in Chief, Forces Command, who reports to the Secretary of Defense and to the Army Chief of Staff.¹
- Naval Reserve units are under the control of the Commander, Naval Reserve Forces, who is also the Director, Naval Reserve, and reports to the Chief of Naval Operations.
- Marine Corps Reserve units report to the commanders of the 4th Marine Division, 4th Marine Air Wing, and 4th Force Service Support Group, all of whom report to the Commandant, Marine Corps.
- Air Force Reserve units are under the control of the Commander, Air Force Reserve, who is also the Chief of the Air Force Reserve and reports to the Air Force Chief of Staff.

The Coast Guard Reserve provides individuals to augment active units. The units report to district offices that in turn report to area offices. Area commanders report to the Commandant of the Coast Guard.

¹The designation of Forces Command as a specified command does not change its role regarding the Army Reserve, since it also retains its status as a major Army command.

Reserve Component Personnel Categories

Reservists are legislatively separated into three categories that define the nature of their military obligation.

1. The Ready Reserve consists of the Selected Reserve, the Individual Ready Reserve (IRR), and the Inactive National Guard. The Selected Reserve includes individuals assigned to units, trained personnel assigned to active organizations, and individuals who have not completed initial training. Members of the Selected Reserve usually participate in 48 drills and at least 2 weeks of active duty annually. The Individual Ready Reserve is composed of persons who have served in the active components or the Selected Reserve and who mostly have some period of obligated service remaining. Individuals in the IRR may voluntarily participate, with or without pay, in training for retirement or promotion credit. They are usually not required to attend active duty training. The Inactive National Guard consists of national guardsmen who are temporarily unable to participate in training. They are in a non-pay status and cannot receive retirement credits. The President may mobilize as many as 200,000 Selected Reserve members for up to 90 days without declaring a national emergency and up to 1 million members of the Selected and Individual Ready Reserve for as long as 2 years, after declaring a national emergency.

2. The Standby Reserve primarily consists of ready reservists who are temporarily unavailable for immediate recall because they have been designated key civilian employees or suffer from a temporary physical disability or hardship condition. They usually do not participate in training programs and are not in a pay status. However, they may train for retirement credit. Mobilization of the Standby Reserve can occur only after the Congress declares a national emergency.

3. The Retired Reserve is composed of individuals placed in a retired status after completing the required years of service or for physical disability. They are available for call-up only in a declared war or national emergency.

Table 1.1 shows the number of persons in each category by reserve component for fiscal year 1987.

Table 1.1: Fiscal Year 1987 Reserve Personnel Strength

Reserve component	Selected Reserve	Individual Ready Reserve	Standby Reserve	Retired Reserve	Total
Army National Guard	451,858	10,285 ^a	^b	^b	462,143
Army Reserve	313,638	287,459	391	179,115	780,603
Naval Reserve	148,096	78,429	11,223	89,371	327,119
Marine Corps Reserve	42,253	44,580	1,410	8,264	96,507
Air National Guard	114,595	^c	^b	^b	114,595
Air Force Reserve	80,415	48,288	24,479	100,570	253,752
Coast Guard Reserve	13,287	4,775	373	776	19,211
Total	1,164,142	473,816	37,876	378,096	2,053,930

^aArmy National Guard members temporarily unable to participate in training are assigned to the Inactive National Guard instead of the IRR.

^bThe National Guard does not use a standby category. National Guard retirees are included in the Army and Air Force Reserve retired category.

^cThe Air National Guard does not use an Inactive National Guard category.

Selected Reserve personnel strength grew steadily between fiscal years 1980-87, increasing by about 283,000 people, or 32 percent, while the active components increased by about 134,000, or 7 percent, during the same period. In fiscal year 1988, Selected Reserve personnel strength is programmed to increase by approximately 22,000, while active component strength will decrease by about 36,000.

Reserve Component Missions

DOD's Total Force policy was announced in the period marked by the end of the draft and the creation of the All Volunteer Force. Under this policy, reservists, rather than draftees, will be the initial and primary source of personnel to augment the active forces in military emergencies. According to the Reserve Forces Policy Board, the Total Force policy means that the "reserve components are to be equal partners, on and off the battlefield, and must be as ready as their active counterparts." The impact of this policy is illustrated by the degree of dependence on the reserve components in the military services' operational contingency plans. For example, some National Guard and Reserve units are to be mobilized and deployed within 30 days from the outbreak of a conflict.

The military services rely on the Selected Reserve to different degrees to supplement their personnel strength and to perform various missions.

- The Army National Guard and Reserve provide almost 50 percent of the Army's personnel strength. They contribute 36 percent of the Army's

combat divisions, 45 percent of its armored battalions, and 57 percent of its armored cavalry regiments.

- The Naval Reserve provides about 20 percent of the Navy's personnel strength and contributes 16 percent of Navy frigates, 35 percent of maritime air patrol squadrons, and 65 percent of mobile construction battalions.
- The Marine Corps Reserve provides about 17 percent of Marine Corps personnel strength and provides a division/wing team with combat, combat support, and combat service support forces.
- The Air National Guard and Air Force Reserve provide 24 percent of Air Force personnel and 33 percent of tactical fighters, 60 percent of theater airlift, and 38 percent of air rescue elements.
- The Coast Guard Reserve provides about 26 percent of Coast Guard personnel strength and 56 percent of port safety and security forces.

Funding

Reserve component appropriations increased from about \$8 billion in fiscal year 1980 to about \$19.8 billion in fiscal year 1988 and their share of DOD's budget has grown from 5.3 percent to 6.8 percent. During the same period, funding for the Coast Guard Reserve increased from approximately \$45 million to \$63 million. In DOD's proposed fiscal year 1989 budget, reserve component appropriations are programmed to decrease by \$1.1 billion dollars, but would still represent 6.4 percent of DOD's budget. Table 1.2 shows the reserve components' funding by appropriation account for fiscal year 1988.

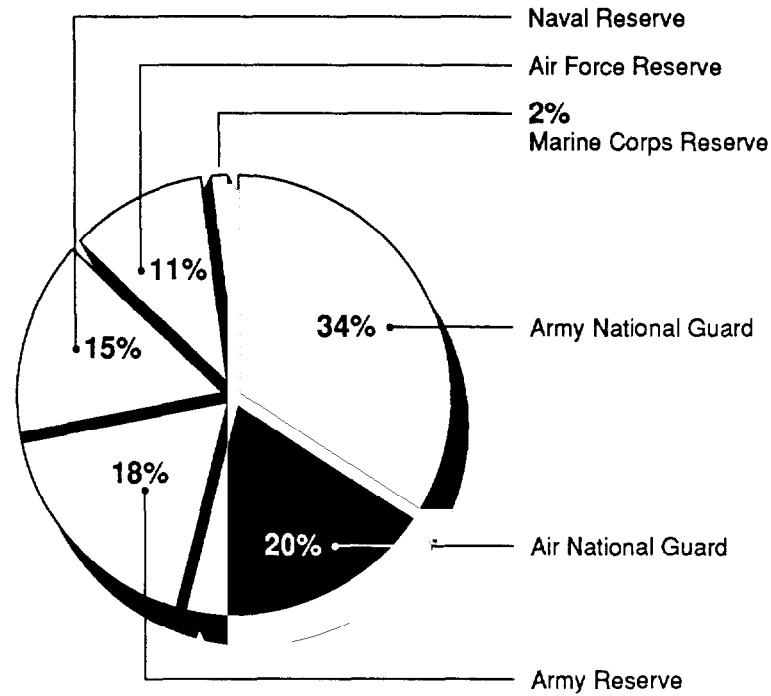
Table 1.2: Fiscal Year 1988 Reserve Component Appropriations

Dollars in millions	
Appropriation account	Appropriations
Guard and Reserve personnel	\$8,909
Operation and maintenance	6,673
Procurement	3,608 ^a
Military construction	573
DOD total	\$19,763
Coast Guard Reserve	63
Total	\$19,826

^aThe Congress has provided an additional appropriation specifically for the procurement of National Guard and Reserve equipment. The service budgets also include funds for reserve equipment; this figure includes both amounts.

Figure 1.1 shows the allocation of fiscal year 1988 appropriations by reserve component.

Figure 1.1: Fiscal Year 1988 Distribution of Reserve Component Appropriations



Note: U.S. Coast Guard Reserve is less than one-half of one percent

Objective, Scope, and Methodology

Our objective was to review the reserve components' management systems and practices with particular emphasis on policy guidance and implementation, program execution, and financial and information management. To accomplish this, we examined how the reserve components are managed within the peacetime structure of their parent organizations. Specifically, we reviewed the processes used to decide when to assign new or increased mission responsibility to the reserve components and the management of key Ready Reserve program areas. We concentrated our work on DOD's reserve components since they represent 99 percent of the Ready Reserve force. However, we gathered information on Coast Guard Reserve programs that was consistent with the focus of our work.

The primary focus of our work was examining program areas. The areas we reviewed were identified by defense managers as high priorities to them and as being essential to ensure a capable reserve force—the IRR, full-time support personnel, equipment procurement and distribution,

and individual skill training. We also examined pay systems and automated management information systems required for administration and mobilization. We gathered information on the capability of the reserve components as reported by DOD, but we did not attempt to verify the accuracy of this data or evaluate the adequacy of the reporting systems.

Our approach to examining the program areas focused on systemic problems while acknowledging service differences. Consequently, we concentrated on problem areas on a service-by-service basis. For example, we found the greatest concerns about management information systems required for administrative and mobilization requirements in the Army National Guard and Reserve, so that is where we focused our efforts.

During our review, we

- interviewed the current and former Assistant Secretary of Defense for Reserve Affairs; the Deputy Assistant Secretaries of the Army, Navy, and Air Force for Manpower and Reserve Affairs; the Chiefs/Directors of the 7 reserve components; the Chairman of the Reserve Forces Policy Board; and 107 individuals in the Selected Reserve;
- visited 112 reserve component headquarters and units throughout the country;
- reviewed 169 prior studies and reports by GAO and others;
- reviewed and analyzed relevant laws, regulations, documents, and other data relating to the activities under review; and
- formed a consultant panel of retired general/flag officers and former Assistant Secretaries of Defense to advise us on issues and review our findings (see app. I).

We conducted our review between September 1986 and March 1988 in accordance with generally accepted government auditing standards. We did not attempt to comprehensively review the internal controls associated with the activities we reviewed. However, in those instances where internal control weaknesses were observed, we made specific recommendations to correct deficiencies. DOD provided written comments on a draft of this report. Its comments are presented and evaluated in chapters 2-7 and are included in appendix II. The Department of Transportation's written comments noted that the draft report contained no direct comments about the Coast Guard Reserve that required response. It also stated that it concurred for the most part with our findings concerning the reserve components in general (see app. III).

Opportunities to Improve Policy Guidance

Strategic plans and policies relating to reserve component composition, utilization, and resources are integrated into overall defense strategic plans and policies. We found that additional policy guidance is needed in several key areas that affect the reserve components. There is a special need for guidance on the factors that should be considered when deciding active and reserve component personnel strengths, which DOD refers to as force mix, and mission responsibilities within that mix. This guidance is important because defense managers will be considering increases to reserve component strength as one alternative for reducing defense expenditures. Other issues relating to policy guidance are addressed in the context of specific programs in chapters 3-5.

Defense Policy and Strategic Planning

Developing policies and plans for national defense is a highly complex process, which begins with the President providing national security objectives to the executive branch. Reserve component policies and plans begin to emerge even at this high level. The President's 1988 National Security Strategy emphasizes the importance of the reserve components to U.S. defense capabilities and describes the need to "exercise care to avoid fundamentally altering the nature of service in the reserves, or imbalances [in] the reserve/active force mix."

Based on the President's guidance, the Secretary of Defense issues guidance that incorporates, among many others, those strategies and policies pertaining to the reserve components. For example, the Defense Guidance may contain an objective that the readiness levels of active and reserve combat and support forces be consistent with their wartime missions. This guidance is used by the military departments and defense agencies to develop detailed programs and budgets.

Improving Policy Guidance

In recent years, and particularly since the establishment of the Office of the Assistant Secretary of Defense for Reserve Affairs in 1983, OSD has provided policy guidance on a number of key reserve component issues. This guidance includes revising directives on mobilization of the National Guard and Reserves, contributing to the preparation of the DOD Master Mobilization Plan, and developing the Individual Ready Reserve one-day screening policy. OSD offices also have provided policy guidance on such key issues as equipment distribution and medical readiness. However, our review of prior studies and congressional testimony shows that OSD guidance is needed on the factors to consider when making force mix and reserve mission assignment decisions.

Force Mix Policy Lacking

How the Total Force is divided between the active and reserve components and which missions the National Guard and Reserves will perform are critical decisions affecting the reserve components. The Assistant Secretary of Defense for Force Management and Personnel is responsible for providing guidance in this area.

DOD and our prior studies have addressed various aspects of the force mix and mission assignment processes and have noted the lack of and need for overall guidance on making force mix decisions. In 1979, we reported that available DOD guidance on this issue was vague and incomplete, did not realistically acknowledge constraints, and generally addressed only segments of the Total Force at any one time.¹

The Assistant Secretary of Defense for Manpower, Installations and Logistics, in a 1983 report to the Senate Committee on Appropriations, noted the "paucity of policy concerning the mix of forces within the active and reserve components" and stated further that "clearly, DOD should make policy about the active/reserve force mix more explicit."² The Assistant Secretary also raised the same concern in 1984 hearings when he testified before the House Committee on Appropriations that force mix policy was inadequate.

Further, studies by the Reserve Forces Policy Board and the Logistics Management Institute found the force mix management process to be flawed and cited a growing dependence on the reserve components.³ The studies cited continued concerns about the effectiveness and efficiency of Total Force implementation and recommended that OSD provide policy guidance for making force mix decisions. Although the Board's study was heavily criticized by certain OSD offices about its technical accuracy, some offices supported the need for such policy guidance.

Congressional Concerns

In fiscal year 1987 and 1988 budget hearings, congressional members and DOD witnesses expressed concern over the lack of policy to ensure consistency in making force mix and mission assignment decisions. During hearings held by the Subcommittee on Defense, House Committee on

¹DOD "Total Force Management"—Fact or Rhetoric? (GAO/FPCD-78-82), Jan. 29, 1979.

²The Guard, Reserve and Active Components of the Total Force, prepared by OSD (Manpower, Installations and Logistics), June 30, 1983, and Feb. 15, 1984, Supplement.

³Active/Reserve Force Mix Report, Reserve Forces Policy Board, Office of the Secretary of Defense, Dec. 1984; and Total Force Composition, Improving the Force Mix Management Process, Logistics Management Institute, Feb. 1984.

Appropriations, it was noted that “. . . no directive has been issued to implement the process,” and questioned DOD’s ability to ensure that cost-effectiveness and readiness factors are adequately addressed in the force mix decision process. During the fiscal year 1988 Senate Committee on Armed Services hearings, similar concerns were raised following discussions on capability concerns and imbalances in the Army force structure. The Commander in Chief, U.S. European Command, stated that many of the reserve combat service support units that will reinforce his command are undermanned, underequipped, and unable to perform the tasks for which they were formed.

Factors Currently Considered

Each service uses its own procedures and criteria for determining the appropriate mix of active and reserve forces and mission assignments within that mix. These decisions are generally made as part of the budget process.

Army force mix and mission assignments are developed through the use of the Total Army Analysis, which considers whether an active Army unit can be replaced by an Army Reserve or National Guard unit without impacting mission capability. Some general considerations in the process include (1) whether there are existing units that meet the needed capability requirements and (2) whether a unit can be established that will ultimately meet capability requirements. Despite the systematic analysis, however, an Army official explained that the decision-making process for mission assignments is informal because there are many deviations, such as out-of-cycle changes to missions, from what is planned in the Total Army Analysis.

The Navy uses a specific set of procedures to conduct its assessments. This begins with a review of the Navy’s maritime strategy, with particular emphasis on Total Force development issues. Initiatives that require the acquisition of new resources for the Naval Reserve or that shift resources from the active Navy to the Naval Reserve are evaluated for their anticipated impact on the Navy’s readiness to conduct prompt and sustained combat operations. Demographic practicality and comparative costs also are assessed.

According to DOD’s Manpower Requirements Report for fiscal year 1988, the Air Force considers five areas when making force mix decisions: mission requirements, manpower and personnel, modernization, mobilization, and cost. Air Force officials told us that there is no official Air

Force M

Force guidance for determining force mix and mission assignment. Furthermore, documentation supporting force mix decisions is not collected, but is contained in the files of the various participant budget process.

OSD Is Developing
Guidance

In October 1987, officials in the Office of the Assistant Secretary of Defense for Force Management and Personnel explained that in the process of developing force mix guidance. They told us had been under way since 1984, when the Office of the Assistant Secretary of Defense for Manpower, Installations, and Logistics (responsible for force mix policy) made an initial attempt to establish procedures. A directive was drafted in 1984, but was never finalized. The Principal Deputy Assistant Secretary of Defense for Force Management and Personnel, in responding to questions raised during congressional hearings, stated that

"serious questions . . . raised about whether the services have the necessary methodologies for making valid decisions about the cost-effectiveness of active versus reserve units. Therefore, it was decided to emphasize projects to develop necessary tools for determining unit effectiveness prior to finalizing decisions for force mix decisions."

The Assistant Secretary of Defense for Force Management and Personnel wants to fully understand and concur with the criteria used by the military services as they make their force mix decisions. He announced in March 1988 that his office is taking steps to examine the services' force mix criteria and decision-making processes in its "Total Force Study," which will involve an extensive look (over the past 8 years) at how decisions were made.

Congressi

Factors for Consideration

Selected Reserve strength has grown by about 283,000 between fiscal years 1980 and 1987 and is planned to increase by an additional 100,000 in fiscal year 1988. The reserve components have been assigned new missions or have expanded responsibilities in previously assigned areas. This is especially true for the Army force structure that relies heavily on the Army National Guard and Reserve, which currently represents 60 percent of the Army's personnel strength. This ratio is planned to increase to about 60 percent by fiscal year 1989.

Based on our current work and the studies cited earlier, the following factors are important considerations in making force mix/mission assignment decisions:

- cost and capability of the reserve components to perform the particular mission;
- impact on training requirements, including the type, length, and availability of training;
- impact on recruiting requirements;
- availability of personnel, including when and what types of units are available, and their geographical locations;
- impact on full-time support personnel requirements; and
- impact on equipment resources, including availability, type, age, and interoperability with the active force.

In addition to considering the above factors, once it is decided that changes will be made in force mix or reserve missions, the resources needed to support those changes must be included in budget requests.

Conclusions

Reserve component policies receive consideration in the context of DOD's overall policy and planning processes. Over the past several years, OSD has provided guidance on a number of key reserve component issues. However, a principal area where DOD guidance does not exist is on the factors to be considered when making force mix and mission assignment decisions. The need for such guidance has been recognized by DOD for some time, but it has not been developed. Currently, each service considers various factors as part of the budget process.

In addressing current budget constraints, defense managers will be seeking alternatives for reducing defense expenditures while maintaining an effective defense force. One alternative is to increase reserve personnel as a percentage of the Total Force and to assign the reserve components new missions or increase existing ones. Defense decisionmakers should use uniform criteria when considering alternatives.

Recommendation

We recommend that the Secretary of Defense take steps to ensure the timely development of force mix and mission assignment decision guidance that would ensure the consistent consideration of relevant factors pertaining to the decisions. At a minimum, we believe the guidance should address such factors as cost, capability, personnel, training, and equipment requirements.

Agency Comments and Our Evaluation

DOD stated that it recognized the need to develop better force mix policy guidance and is developing procedural guidance to implement the process. The Rand Corporation is assisting in this effort and has been tasked to identify factors and develop a methodology to support policy implementation. The Rand study is scheduled for completion by May 1990. The actions cited by DOD are responsive to our recommendation and when completed should provide a sound basis for the force mix decision process. However, given the past delays in developing such guidance we believe the Secretary of Defense needs to take steps to ensure timely completion of this project. We modified our recommendation to reflect this view.

Opportunities to Improve Two Key Manning Programs

The Individual Ready Reserve (IRR) and full-time support are two important manpower programs within the reserve components. Although DOD has given these programs increased management attention, we found that opportunities exist to further improve the management of these programs.

IRR Management

IRR members will be critical assets in time of national emergency, although management and force capability problems exist. The IRR has received increased management attention from DOD over the past several years, with particular emphasis on improving the accuracy of personnel information. Nevertheless, our work showed the following:

- Accuracy of personnel information, although improved, continues to be a problem.
- The practice of training only those members who volunteer for training may not provide the most effective use of training funds.
- Mobilization training requirements have not been determined because the skill qualifications of members have not been assessed.
- Policies that result in transferring military personnel to the IRR who have been performing unsatisfactorily may affect the usefulness of this force at mobilization.

Composition, Role, and Programs

Each service has an IRR that consists of individual reservists who are not required to train regularly or to be members of reserve units. These personnel have been trained and have served in the active component or Selected Reserve, and most have not completed their minimum service obligation of 8 years. Members of the IRR, once mobilized, can be ordered on an individual basis to join active or National Guard and Reserve units. They would be used primarily to fill shortages in deployable units and to replace losses in deployed units. As shown in table 3.1, total IRR strength was about 474,000 at the end of fiscal year 1987, with the Army IRR by far the largest.

Table 3.1: IRR Strength for Fiscal Year 1987

Personnel category	Army	Navy	Marine Corps	Air Force	Coast Guard
Officer	44,989	15,646	4,539	10,406	728
Enlisted	252,755	62,783	40,041	37,882	4,047
Total	297,744	78,429	44,580	48,288	4,775

The Army and Marine Corps would be particularly dependent on IRR personnel during mobilization. The Army would rely on them to fill shortages in (1) overseas units, (2) essential support units in the United States, and (3) deploying reserve units. The Marine Corps would similarly use its IRR personnel to fill vacancies in its active and reserve units. On the other hand, the Navy and Air Force rely less extensively on IRR personnel because they use the Selected Reserve as their primary augmentation.

During the late 1970s and early 1980s, DOD and the Congress were concerned about whether there were sufficient personnel in the IRR to meet wartime personnel requirements. Consequently, they took steps to increase the size of the force and to maintain its capabilities. A reenlistment bonus program was authorized for the purpose of retaining members with key skills. Also, the services provide mobilization training to some IRR members to refresh their military skills. Most recently during fiscal year 1987, DOD initiated a one-day program to screen IRR members to ensure the accuracy of personnel information.

Personnel Data Problems

The services have had problems ensuring the accuracy of IRR personnel data. Effective mobilization of IRR personnel depends greatly on the quality of personnel information maintained in peacetime. The services are required by law to maintain adequate and current personnel records on individual reservists. In the past, the services have relied primarily on mailings to screen members, and it was widely acknowledged that IRR personnel data contained many errors.

After personnel transfer into the IRR, the services rely on them to provide current information on their residence, status, and availability for service. The services lacked valid addresses and other information on some IRR members. According to an issue paper prepared by the Assistant Secretary of Defense for Reserve Affairs, approximately 5 to 7 percent of the IRR could not be located, and the ability to locate another 10 to 15 percent was suspect. Further, only about 40 to 60 percent of the members were responding to periodic questionnaires mailed out by the services to obtain needed information.

The Army Reserve Personnel Center has a section devoted to locating IRR members. The center uses mailings, telephone calls, and other data sources to verify and update over 15,000 addresses yearly. Official figures showed that the Army did not have a current address for 5.4 percent of its IRR in July 1986.

The Navy's manpower information system also contained incomplete and inaccurate data. In a 1986 study of IRR Skill Deterioration and Retraining Needs, the Naval Training Systems Center found that about 17 percent of the reservists selected for the study had incorrect addresses on file. Other findings included a lack of information on release from active duty dates, members still on the records after their service obligations had expired, and inaccurate data on individual mobilization status.

Data Improvements

To improve the accuracy of IRR personnel information, the military services conducted a number of one-day screening programs during fiscal year 1987. Information was gathered on such things as addresses, marital status, number of dependents, occupation, and physical condition. About 152,000 personnel, or 59 percent of the IRR personnel scheduled for screening, actually participated. Although the services cited the program as an effective method for correcting IRR personnel information, data problems still exist. About 100,000 reservists did not report for the screening as required, and based on returned correspondence, some of the Army IRR addresses assumed to be valid were not.

DOD has taken actions to improve the Reserve Components Common Personnel Data System and also plans to use the Credit Bureau Information Center to locate transient IRR members. In addition, DOD is attempting to contract with the Internal Revenue Service to have them forward mail to IRR members whom the services are unable to locate. However, the 1987 screening response rate and a previous DOD analysis showed that individual compliance with reporting requirements is still a problem. Alternative actions will have to be considered if DOD's initiatives do not alleviate this problem. These could include such measures as reductions in rank, active duty for training, or extended service obligations.

A review of Department of Defense Annual Statement of Assurance¹ reports on internal controls for fiscal years 1985-87 shows that the services did not report IRR personnel database deficiencies as a material weakness. Among other criteria, DOD considers a material weakness to be one that affects the accomplishment of a mission. The IRR would be

¹This report is prepared in accordance with the Federal Managers' Financial Integrity Act of 1982 (P.L. 97-255), which requires that agency heads report annually on whether the agency's system of internal accounting and administrative control meet the act's requirements.

used primarily to fill shortages in deploying units and to replace personnel losses. Thus, knowing the deployability of IRR personnel is important. Given the significance and long-standing nature of the personnel database problems, we believe the deficiencies should be reported as a material weakness.

Training Opportunities Not Always Targeted to Mobilization Needs

IRR training management practices do not ensure that those members receive training who need it most or who have critical skills and specialties. The services, except for the Air Force and Coast Guard, provide a limited amount of voluntary active duty refresher training for their IRR members. A December 1986 Rand Corporation study stated that less than 5 percent of enlisted IRR members participate in refresher training each year. Although DOD has the authority to order IRR members to mandatory active duty for training, this is not usually done.

The Army has the largest IRR training program, but training is voluntary and not targeted to specific needs. In fiscal year 1987, the Army programmed about 29,000 training tours at a cost of \$76 million. Training tours are assigned by the Army Reserve Personnel Center to those members who volunteer for them. However, the Army has developed an overall training strategy and skill training priorities to improve or maintain critical skill needs.

The Marine Corps also has a voluntary IRR skill refresher training program, which trained 1,764 personnel at a cost of \$3.6 million in fiscal year 1986. Marine Corps officials told us many of the same personnel participated in the training program each year, and that those being trained were not always those with critical skills. The Marine Corps is testing a new approach that selects individuals for 2 weeks of combat arms training, and officials hope this will result in training more personnel with critical mobilization skills.

The Navy provides IRR personnel with training opportunities in their career fields. About 203 enlisted personnel received active duty training at an estimated cost of \$425,000 during fiscal year 1987. Training opportunities are not always targeted to reservists with critical mobilization skills because training goes to those personnel who request it.

Knowledge of Training
Requirements Is
Incomplete

The services lack knowledge of IRR members' degree of skill retention over time and, consequently, do not know what the training needs are. Personnel transfer into the IRR with varying backgrounds of military skill training and differing lengths of time since having that training. The skill level attained by members and the complexity of their occupational specialties also affect skill retention.

In December 1986, Rand issued a study on IRR skill retention and refresher training options to the Assistant Secretary of Defense for Reserve Affairs. In the study, Rand concluded that the services were uncertain about how well personnel retain their military skills while in the IRR and did not know what kinds of training programs would be the most appropriate for refresher training.

The fiscal year 1987 Army Reserve Personnel Center IRR training management plan indicates that the Army has not determined the rate of skill decay and the frequency of training required to maintain proficiency. The Army is developing a skill decay analysis and individual skill proficiency evaluations. Currently, the Army assumes that only the personnel trained within the last 12 months are deployable with minimal post-mobilization training. DOD reported in March 1988 that the IRR screening results indicate that skill degradation is not a problem for the Air Force and the Navy.

Improvements Needed in
Managing Transfers

A significant number of individuals whose usefulness in a mobilization is questionable are being transferred into the IRR. Active Army and Selected Reserve members can be transferred to the IRR, in lieu of discharge, for such reasons as not completing training, unsatisfactory performance (disciplinary reasons or failure to participate in drills), pregnancy, hardship, or parenthood. These categories of individuals are to be transferred to the IRR unless it has been determined that they clearly have no potential for useful service under conditions of full mobilization. This requirement originated from directions contained in the House Committee on Appropriations report on the Defense Authorization Act of 1979. The Committee expressed concern that individuals in these categories were receiving honorable discharges without being considered for transfer to the IRR at a time when the Army's IRR force was not large enough to meet mobilization requirements.

At the end of fiscal year 1986, an Army analysis of IRR membership revealed that approximately 113,000 Army personnel representing 44

percent of the enlisted IRR had been transferred into the IRR in accordance with this policy. About 77,000 were transferred because they did not attend drills and 6,900 were transferred for disciplinary reasons. In fiscal year 1987, the number of personnel transferred for nonparticipation had decreased to 72,000. Officials at several Army National Guard and Reserve units told us that they routinely transferred individuals who missed drills to the IRR, even when they did not have current addresses for the individuals.

According to DOD, less than 30 percent of the Army members who were transferred to the IRR for not participating in drills attended the one-day screening program, while the remainder of IRR members reported at a rate of about 65 percent. In March 1988, the Assistant Secretary of Defense for Reserve Affairs expressed concern about the effectiveness of current IRR transfer policies and questioned whether persons who have not participated in drills are likely to honor their IRR commitments.

The other services' policies on transferring persons into the IRR in lieu of discharge are similar to the Army's. For example, an Air Force official told us that the Air Force transfers those persons who fail to attend drills into the IRR but does not transfer those who have been disciplinary problems. However, the Air Force Audit Agency reported in 1987 that the Air Force Reserve could not identify which of its IRR members were transferred for not attending drills.

Full-Time Support Management Can Be Improved

A critical factor in maintaining reserve capability is having an effective group of full-time personnel to assist in training and administration. DOD civilian and military personnel who work in these positions are generally referred to as full-time support personnel. The services each have different full-time support programs. Although these programs appear to be generally working well, some morale problems exist in the Army and Air Force reserve components because of the use of military and civilian full-time personnel in similar roles. Further, there is no DOD management guidance for these programs. Such guidance is needed to ensure the programs' effectiveness and efficiency and to help resolve congressional concerns over such issues as personnel requirements and utilization.

Personnel Categories

Since 1980, the number of full-time personnel has grown by 54,000 to a total of 148,841 in fiscal year 1987, principally because of more

demanding mobilization assignments and increases in reserve component personnel strength. Full-time support for the reserve components is primarily provided by the following categories of personnel:

- Active Guard/Reserve Personnel are national guardsmen or reservists on full-time duty for 180 days or more. They receive the same pay and benefits as active duty personnel and are required to meet the same military standards.
- Military Technicians are federal civilian employees of the National Guard or Army and Air Force Reserve who are generally required, as a condition of employment, to maintain military membership in their National Guard or Reserve unit.
- Active Component Personnel are active duty military personnel who directly support the reserve components.

Full-time support personnel, other than Air Force Reserve active guard/reserve personnel, are assigned principally to units to assist drilling reservists in training, administration, and maintenance. Some individuals, however, serve in headquarters and support organizations within their reserve components or elsewhere within DOD.

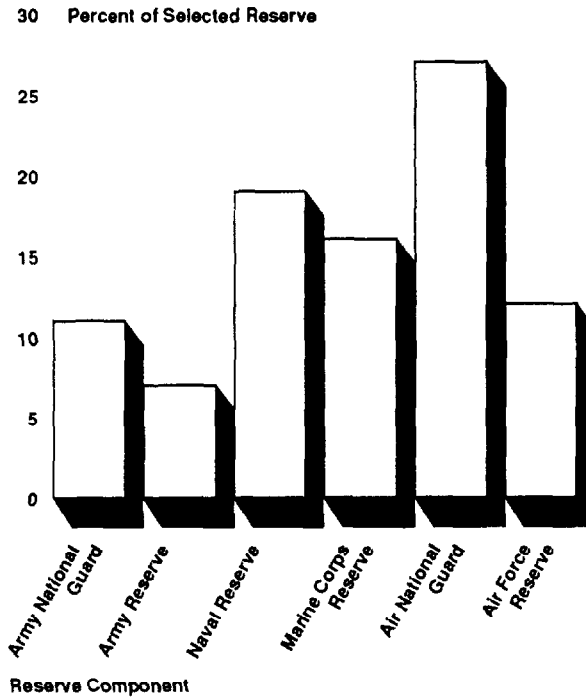
Although there are also some federal and state civilian employees who provide support to National Guard and Reserve activities, they are not a readily distinguishable category of full-time support personnel. Furthermore, they are not counted as mobilization assets, since they do not have a military status.

As can be seen in figure 3.1, the percentage of full-time personnel in the Selected Reserve ranges from a high of about 27 percent in the Air National Guard to a low of about 7 percent in the Army Reserve. Also, the services differ in their reliance on each of the three categories of full-time support. For example, the Army Reserve, the Air Force Reserve, and the National Guard use active guard/reserve personnel, military technicians, and a relatively small number of active component personnel. However, the Air Force Reserve relies primarily on military technicians, as less than 6 percent of its full-time force are active guard/reserve personnel.

Separate Personnel Systems

The Army National Guard, Army Reserve, and the Air National Guard have separate personnel management systems for military technicians and active guardsmen/reservists. Personnel in these two categories often perform similar duties within the same unit, but have different

Figure 3.1: Full-Time Personnel as a
Percent of the Selected Reserve, Fiscal
Year 1987



personnel procedures, pay, and benefits because technicians are civil service employees and active guardsmen/reservists are military personnel. Consequently, morale and management problems have resulted.

Briefly, this situation evolved as follows:

- In the late 1970s, the Congress authorized the use of active guardsmen reservists as a test program to supplement the military technicians in National Guard and Reserve units. Initial implementation of the test program in the Army National Guard, Army Reserve, and the Air National Guard was accomplished by voluntarily converting military technicians to active guardsmen/reservists, that is from civilian to military status. Technicians who did not want to convert did not have to. Beginning in 1981, these conversions were supplemented by adding additional active guard/reserve positions to units. As a result, a number of units have a mix of civilian and military personnel performing the same tasks, but operating under different personnel systems.

- In fiscal year 1983, the Congress took two actions in response to concerns about the cost of the active guard/reserve program and complaints from the technicians that their positions might eventually be phased out. First, it restricted further conversion of technician positions to active guard/reserve positions in units, and second, it established minimum strength levels for technicians in the Army National Guard, Army Reserve, and Air National Guard. These measures are still in effect.

Morale Problems

In June 1985, we issued a report on the Army's full-time support program.² We found that the mix of technicians and active guardsmen/reservists in units hampered organizational effectiveness because the different pay and benefits was a continuing source of friction between these military and civilian personnel. During our visits to Army National Guard, Army Reserve, and Air National Guard units in January and February 1987, full-time support personnel told us that this problem still exists.

In our 1985 report, we recommended that the Secretary of the Army develop a plan for using technicians that removes these positions from deployable units while protecting the rights of current technicians. In response, the Secretary issued a memorandum in July 1985 that broadly outlined a proposed plan to utilize technicians only in nondeploying support activities. The Army planned to accomplish this realignment over time through normal attrition without transferring or abolishing occupied technician positions. The Army National Guard, Army Reserve, and the Air National Guard have each developed more detailed plans, in keeping with their own structures and personnel systems, to carry out this realignment.

Congressional Concerns

The Congress has not lifted the restrictions on converting personnel, and in 1987 expressed additional concerns about the overall management of full-time support programs. These concerns include the adequacy of personnel requirements determination, the utilization of these personnel to maximize readiness, and the lack of overall policy guidance for managing full-time support programs. The Senate Committee on Armed Services, in its report on the 1988 and 1989 Defense Authorization Act, expressed concern about the growth of full-time support programs and

²Problems In Implementing The Army's Reserve Components Full-Time Manning Program (GAO/NSIAD-85-95). June 4, 1985.

indicated the need for further oversight to ensure that these personnel are applied to readiness needs. The report suggested that OSD evaluate the mix of active guardsmen/reservists and technicians with a view toward establishing a uniform policy for their utilization and management among the various components.

Guidance Being Developed

Officials in the Office of the Assistant Secretary of Defense for Reserve Affairs told us they are currently developing a directive that will establish policy and prescribe procedures for utilizing and managing full-time support personnel. However, they indicated that the process was time-consuming because of the difficulty in reaching agreement with the various services. We believe DOD in developing this directive should consider providing guidance in the following areas:

- methodologies for determining and justifying personnel requirements;
- utilization of personnel, including their roles and the positions they can occupy; and
- uniform management procedures, such as qualifications, tour lengths, and training for personnel.

Conclusions

Individual Ready Reserve

The one-day screening program has improved the accuracy of IRR personnel information. However, data problems still exist, and continued efforts are needed to improve information accuracy so that training needs and mobilization potential of IRR members can be assessed. This information can provide a basis for future actions to ensure that the force is a viable source of mobilization manpower.

Given the need for accurate and timely information on personnel status, and the large number of individuals who did not participate in past screening efforts, we believe this problem should be reported as an internal control weakness along with plans for correcting the problem.

Traditional methods, such as mailings to obtain current information on IRR members have not been adequate to ensure that personnel information is up to date. While the screening program helped to improve personnel records, more must be done to improve the completeness of these databases. Although DOD is initiating actions to obtain more complete

information, it should develop other alternatives to improve individual compliance with reporting requirements. These could include reductions in rank or requiring members to perform active duty for training.

IRR training management is constrained by inadequate information on mobilization training needs and a lack of understanding of skill deterioration over time. Thus, the services do not know which persons most need training.

Additionally, some personnel are transferred into the IRR who are questionable mobilization assets—disciplinary problems and those who do not attend drills. Although policies require that consideration be given to whether a person would be a useful asset at mobilization, this is not being done in all cases.

Full-Time Support

Each military service has developed its own policies and procedures for managing its full-time support personnel. Even though these appear to be working well, concerns have been expressed in such areas as determination of personnel requirements, utilization of personnel, and the lack of policy uniformity. Also, the Congress has legislated restrictions on the utilization of certain full-time support personnel in the Army National Guard, Army Reserve, and Air National Guard.

The Assistant Secretary of Defense for Reserve Affairs is developing overall guidance for full-time support programs, but the task is complicated by the variety of programs. The growing reliance on the reserve components and associated requirements for full-time support personnel make the timely completion of this effort important.

Recommendations

We recommend that the Secretary of Defense

- examine alternatives for ensuring that reservists report current addresses and other personal information;
- report the IRR personnel database deficiencies as a material weakness in DOD's system of internal controls and identify plans and milestones for correcting those deficiencies;
- direct the military services to identify critical skill requirements and target training resources to IRR members with those skills;
- direct the military services to ensure that unit commanders analyze the mobilization potential of unsatisfactory performers and participants before transferring them to the IRR; and

-
- establish milestones for the timely completion of a DOD directive providing guidance on the administration of full-time support programs.

Agency Comments and Our Evaluation

DOD concurred with our findings and proposals relating to IRR training and transfer issues. In the training area DOD cited initiatives it was taking such as providing guidance to the services on determining IRR proficiency degradation, skill qualification testing during the IRR screening program, and budgeting funds for IRR refresher training. However, DOD believes the financial and political costs of involuntary training for IRR members are prohibitive. Regarding the transfer issue, DOD stated that the Assistant Secretary of Defense for Reserve Affairs in a May 1988 letter to the Assistant Secretary of the Army for Manpower and Reserve Affairs questioned the prudence of certain Army IRR assignment procedures. The Army in response has agreed to examine these procedures during fiscal year 1989.

DOD also agreed that there is a basic need to improve IRR personnel data. However, it disagreed with the proposal contained in our draft to develop incentives to improve individual compliance. DOD was particularly opposed to any incentives which would reduce the length of the military service obligation. According to DOD, this would establish a poor precedent since individual reservists have a legal obligation to report current addresses. Additionally, it noted that an incentive such as reducing military service obligations in exchange for compliance with the law would negate the effect of the recent increase in the military service obligation.

We agree with DOD's points and have deleted references to creating incentives. However, we continue to believe that the current methods being used to obtain required information from IRR members have not been fully effective and that alternative approaches should be developed. In that regard, DOD's plans for improving reserve personnel data systems, using Credit Bureau Information Center information, and attempting to locate IRR personnel through the Internal Revenue Service are encouraging. However, if these initiatives are not successful in improving the accuracy of the IRR database, DOD should consider taking other actions to improve individual compliance with reporting requirements.

DOD also did not agree with our recommendation that IRR database deficiencies should have been reported as a material weakness in DOD's system of management controls. DOD stated that it has never considered

each separate element of manpower database deficiencies as a material weakness, and believes that the current management programs for improving the IRR database meet the criteria of reasonable assurance as defined in its Internal Management Control Program Directive 5010.38. It also cited specific management actions it is taking to improve personnel information quality.

DOD Directive 5010.38 defines reasonable assurance as a judgment by a DOD component head based upon all available information that the system of internal controls is operating as intended by the Federal Managers' Financial Integrity Act. DOD's definition of a material management control weakness states, in part, that such a weakness significantly impairs the fulfillment of a DOD mission or violates statutory or regulatory requirements.

We recognize that the final determination of the significance of a control weakness is ultimately a management judgment. However, current policies and procedures have not been fully effective in obtaining up-to-date personnel information. Further, the Assistant Secretary of Defense for Reserve Affairs testified in March 1988 that the IRR is the principal source of pretrained individuals needed to fill wartime manpower shortages and to replace combat casualties during the first 120 days of a full mobilization.

Also, DOD has reported that all the services have deficiencies in their IRR personnel information and we found that existing management controls to ensure compliance with legislative reporting requirements have not been fully effective. Further, DOD is requesting continued funding for the one-day screening program and has other initiatives planned to improve personnel information quality. Since IRR personnel data quality is a DOD-wide problem that could have significant impact at the time of full mobilization (the basic justification for the IRR screening program), and because existing control mechanisms are not resulting in compliance with the legislative reporting requirements, we continue to believe this condition represents a material weakness in DOD's system of internal controls.

DOD concurred with our proposal to improve full-time support program guidance stating that it has long been concerned with the need for uniform definitions and standards for these programs. It also stated that its September 1987 directive addressing reserve training and retirement

Chapter 3
Opportunities to Improve Two Key
Manning Programs

categories provides the framework for a full-time support directive. Further, DOD said it is in the final stages of developing DOD-wide guidance on full-time support programs.

Management of Equipment Procurement and Distribution Can Be Improved

DOD and the Congress have taken actions to improve reserve component equipment status in recent years. However, equipment shortages still exist and are a major factor affecting capability. Due to budget constraints and the relative priority of reserve component requirements within DOD, it is unlikely that these shortages will be eliminated in the near future. However, effective management of reserve component equipment procurement and distribution can ensure that the resources available provide the maximum benefit.

We found the following problems in reserve component equipment management practices:

- The Guard and Reserve Equipment appropriation is not being implemented efficiently. Furthermore, funds from this appropriation have been partially offset by reductions in the services' procurement appropriations, which were budgeted for the reserve components.
- Many of the equipment items needed by the Army Reserve could not be acquired, despite the additional funds provided in the Guard and Reserve Equipment appropriations.
- DOD's First to Fight, First to be Equipped policy is not always followed in equipping Army National Guard and Reserve units because the deployment priorities of units are not always the controlling consideration in allocating equipment.
- The annual National Guard and Reserve Equipment Report to the Congress provided an inaccurate impression of the relative year-to-year increases in reserve component equipment inventories. The report did not indicate how much of the increases in inventory value were due to equipment price changes.

Equipping the Reserve Components

The reserve components receive equipment from three sources: equipment that is no longer needed in the active components, new equipment that is procured with service procurement appropriations, and since 1982 the special Guard and Reserve Equipment appropriation provided by the Congress.

DOD estimates that in fiscal year 1988 the reserve components have military equipment valued at about \$69.6 billion and total equipment requirements of \$87 billion. This represents an equipment shortage of about \$17.4 billion. The reserve components' mobilization requirement for fiscal year 1990 has an inventory value over \$91 billion. Table 4.1

shows the shortages between DOD's estimated fiscal year 1990 mobilization requirements and the equipment value in the reserve components at the end of fiscal year 1987.

Table 4.1: Fiscal Year 1987 Reserve Component Equipment Shortages

Reserve component	Percent of shortage
Army National Guard	20
Army Reserve	55
Marine Corps Reserve	16
Naval Reserve	22
Air National Guard	14
Air Force Reserve	31

Between fiscal years 1987 and 1990, DOD estimates that there will be a net increase of about \$23 billion in reserve component equipment inventories resulting from approximately,

- \$10 billion in new procurement.
- \$26 billion in equipment transferred from the active to the reserve components, and
- disposal of \$13 billion in older or obsolete equipment.

Management of the Guard and Reserve Equipment Appropriation Can Be Improved

The Guard and Reserve Equipment appropriation has not fully achieved the results the Congress intended because the additional funds were sometimes offset, the procurement process was not always effectively managed, and some needed equipment items were unavailable for procurement.

Guard and Reserve Equipment Appropriation

In 1981 and 1982, the Committees on Armed Services and Appropriations planned to provide \$2.6 billion over a 5-year period for everyday equipment needs of the reserve components. These funds were to be in addition to those contained in service appropriations for reserve component equipment and were to be used to procure equipment items such as trucks, radios, boats, trailers, medical equipment, and tool sets. The Chief/Director of each reserve component was to use these additional funds to provide the most military capability. The reserve components received approximately \$2.8 billion during fiscal years 1982-87 through the Guard and Reserve Equipment appropriation, as shown in table 4.2.

Chapter 4
Management of Equipment Procurement and
Distribution Can Be Improved

Table 4.2: Fiscal Year 1982-87 Guard and Reserve Equipment Appropriation

Dollars in millions						
Reserve component	1982	1983	1984	1985	1986	1987
Army National Guard	\$50	\$50	\$100	\$150	\$532	\$146
Army Reserve	0	15	0	150	365	90
Air National Guard	0	15	25	20	255	50
Air Force Reserve	0	15	0	10	180	150
Naval Reserve	0	15	51	20	100	61
Marine Corps Reserve	0	15	0	30	70	60
Total	\$50	\$125	\$176	\$380	\$1,502	\$557

Total (for all reserve components) : \$2,800 million (\$2.8 billion)

Appropriation Has Been Offset

The reserve components have not received the full benefit of the Guard and Reserve Equipment appropriation because it has been partially offset by reductions in the amount of equipment the services planned to buy for the reserve components.

For example, table 4.3 shows the Guard and Reserve Equipment appropriation and the reductions made by the services to planned equipment procurement for the reserve components in fiscal year 1986.

Table 4.3: Impact of Guard and Reserve Equipment Appropriation

Dollars in millions			
Reserve component	Guard and Reserve Equipment appropriation	Service reductions in planned procurement	Net increase or decrease
Army Reserve	\$365.0	\$132.6	\$232.4
Army National Guard	531.8	408.5	123.3
Air Force Reserve	180.0	32.1	147.9
Air National Guard	255.0	41.4	213.6
Naval Reserve	100.0	148.4	-48.4
Marine Corps Reserve	70.0	36.7	33.3
Total	\$1,501.8	\$799.7	\$702.1

Although \$1.5 billion was appropriated specifically for reserve component equipment, the reductions made by the services in their planned equipment procurement for the reserve components resulted in their realizing less than half that amount.

Beginning in 1985, the services identified that portion of their procurement appropriations request allocated for reserve component equipment

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in the P-1R report. This report is a budget document prepared by each service and provides information on the quantity and cost of equipment items to be procured for the reserve components from service procurement appropriations.

In 1986 and 1987 the Office of the Assistant Secretary of Defense for Reserve Affairs examined the P-1R reports to determine the difference between the amount of fiscal year funds that were programmed for reserve equipment and the execution of these programs one year later. The analysis showed that the amount of the services' funds used to procure equipment for the reserve components in fiscal years 1985 and 1986 had been substantially reduced when compared to initial programs. The 1987 analysis also showed that with the exception of the Air Force, reductions in the services' equipment appropriations were not equally applied between the active and reserve components. Table 4.4 shows the percentage reductions in active and reserve component programmed equipment procurement for fiscal year 1986.

Table 4.4: Comparison of Reductions in Active and Reserve Component Equipment Procurement

Fiscal Year 1986 programmed procurement		
Military service	Active reduction	Reserve reduction
Army	6 percent	29 percent
Air Force	7 percent	7 percent
Navy	10 percent	27 percent
Marine Corps	6 percent	21 percent

In 1986, the Assistant Secretary of Defense for Reserve Affairs requested that the services explain the rationale for the disproportionate reductions between the active and reserve components. The services' said the reductions had to be considered from an individual rather than from an overall standpoint.

We noted that in some cases the rationale for the reductions was because the reserve component had used funds from the Guard and Reserve Equipment appropriation to acquire the equipment. For example, the February 1986 P-1R report showed that the Army planned to spend \$27.7 million in fiscal year 1986 to procure 106 personnel carriers (M-113A3) for the Army National Guard. However, the January 1987 P-1R report showed that the Army did not procure personnel carriers for the Army Guard and had reduced the planned amount of procurement dollars for the Army National Guard by \$27.7 million. The reason given for the \$27.7 million reduction was that the Army National Guard

had used its Guard and Reserve Equipment appropriation funds to purchase personnel carriers.

Other decisions to reduce reserve component funding have been based on anticipating that the Congress would provide the reserve components additional procurement funds. We found that the Navy reduced the fiscal year 1988 Marine Corps procurement appropriation request by \$20 million because a House Committee on Appropriations report indicated that the Marine Corps Reserve would receive \$20 million in the fiscal year 1987 Guard and Reserve Equipment appropriation.

Equipment Appropriation Inefficiencies

As now implemented, the Guard and Reserve Equipment appropriation has certain inherent inefficiencies. We identified two major problems DOD experienced in executing this appropriation. First, because the reserve components did not normally perform these procurement duties, they had limited knowledge and experience with the equipment procurement process. This inexperience hindered the execution of this appropriation, particularly in its initial years. Second, because the Guard and Reserve Equipment appropriation was not part of DOD's normal budget and procurement processes, the services did not have procurement plans for many of the items that the reserve components needed. Consequently, mission-essential equipment was not always available for procurement or there were delays in initiating the procurement process.

Managers in the reserve components informed us that, while they needed the additional funds for equipment, the Guard and Reserve Equipment appropriation as now implemented imposed an additional administrative burden. Except for the Navy, the reserve components have set up administrative activities to perform functions that were previously performed for them by the active components. For example, in most cases the reserve components had to develop a system to track the funds received and to prepare requisitions for the items. They had not been required to do this in the past.

Because of these problems, the services executed the Guard and Reserve Equipment appropriation more slowly than they did with the other 14 major DOD procurement appropriations. The Guard and Reserve Equipment appropriation is a 3-year appropriation, which means that the funds remain available for obligation for 3 years. According to DOD's fiscal year 1988 and 1989 financial summary tables, this appropriation was last in the percent of funds obligated and next to last in the percent

of funds disbursed compared to the other 14 major defense procurement appropriations for the first year.

However, the appropriations have allowed the National Guard and Reserves to buy needed equipment that they might not have otherwise received. In some cases, funds were used to keep production lines running which would otherwise have been shut down. For example, the Marine Corps Reserve used the fiscal year 1986 appropriation to procure 2,559 squad automatic weapons valued at \$6.1 million. Without the Guard and Reserve Equipment appropriations, the Marine Corps Reserve probably would not have received these weapons because no active component funds were available to procure the weapons and to keep the production line operating.

Mission-Essential Equipment Not Available for Procurement

The Army Reserve experienced problems in procuring mission-essential equipment items with the Guard and Reserve Equipment appropriation because the items sometimes were not available for procurement. As a result, funds were expended for equipment that was needed, but which did not improve unit equipment status ratings.

The Army Reserve policy is to use the Guard and Reserve Equipment appropriation to procure equipment that will improve reported equipment status of those units that are below a C-3¹ level, i.e., less than 65 percent of required combat-essential equipment on hand. However, the Army Reserve could only use \$80 million of the \$455 million received in the fiscal years 1986 and 1987 Guard and Reserve Equipment appropriations to procure items to improve unit ratings. By 1987, the Army Reserve had identified 710 different line items of equipment that were needed to improve equipment status but could only purchase 325 line items, or 46 percent, of the total needed. The rest could not be procured because they were not in production, had been replaced by another item, would be procurable only in future years, and/or were uneconomical to buy.

The \$80 million expended on available equipment items resulted in 145 unit equipment ratings being raised to a C-3 level. The remaining \$375

¹DOD uses the Status of Resources and Training System as an indicator to measure a unit's resources and training against those required to undertake the mission for which it was organized or designed. Units are rated from C-1 (highest) to C-5 (lowest) in the areas of personnel, equipment, and training, and an overall category level is determined based on the status in each area. A C-3 unit has sufficient resources to undertake major portions of its wartime mission.

million was used to procure equipment needed by reserve units, but which would not necessarily improve their reported equipment status.

Since the Army National Guard policy is to procure equipment that improves overall capability but does not necessarily change unit equipment ratings, it was not as affected by the procurement problem. The Army National Guard used the funds from the Guard and Reserve Equipment appropriation to buy major equipment line items, such as M-113A3 armored personnel carriers.

Legislation for Separate Budgets

The House and Senate Committees on Armed Services and Appropriations have expressed concerns about the reductions in the amount of reserve component equipment procured with the services' procurement appropriations and about the status of efforts to equip the reserve components to permit them to accomplish their wartime missions.

The 1987 Defense Authorization Act required that in each DOD budget submission the amounts requested for procuring equipment for the reserve components to be set forth separately. The purpose was to provide sufficient visibility of the reserve components' procurement accounts to ensure that the Congress would be fully aware of the reserve component equipment requirements.

The House Committee on Armed Services report on the National Defense Authorization Act for fiscal years 1988 and 1989 stated that DOD did not comply with the legislative requirement to separately budget for the National Guard and Reserves. The Committee believed that separate budgets could be prepared without establishing separate procurement authorities or organizations.

The DOD Comptroller opposed the separate procurement appropriation for the reserve components because of the additional administrative burdens it would impose on the reserve components. As an alternative, DOD proposed revisions which would require that amounts for procuring reserve component equipment be identified separately in each appropriation. It also proposed that the appropriation language provide a legally binding floor on the amount of funds used to procure reserve component equipment. The floor could be established by using the amounts contained in the P-1R report.

Implementation of First to Fight, First to Be Equipped Policy Can Be Improved

Equipment distribution practices do not always follow the deployment priority guidelines. In some cases, lower priority units receive resources before higher priority, early deploying units. DOD's First to Fight, First to be Equipped policy provides guidelines for equipping forces which are based on anticipated deployment or mission importance, regardless of component. In general, a unit's position in the priority list is the governing factor for allocating resources. Thus, reserve units with early deployment missions can receive the most modern equipment before active units with lower deployment priorities.

Army Equipment Distribution Practices

We found instances where units were equipped without regard to their deployment priority because of internal Army National Guard and Army Reserve equipment distribution practices. The equipment resource status of some higher priority units was sometimes lowered by transferring mission-essential equipment to lower priority units.

The Army implements the First to Fight, First to be Equipped policy through the use of the Department of the Army Master Priority List. This list establishes the relative priority of units based on a combination of operational plan requirements, unit mission priority, and unit relationship to force structure. It is used to allocate equipment and other resources during peacetime and the early days of mobilization and deployment. There are some exceptions to the priority list, such as the Minimum Essential Equipment for Training program, which is designed to ensure that low priority units receive sufficient equipment for training.

In 1986, the Army modified its equipment distribution policies by deciding to first equip units (with some exceptions) to a C-3 equipment status level (65 percent of mission-essential equipment) before beginning to equip units to the C-2 level. The goal was to ensure that all units were equipped to at least the C-3-level, but no specific guidance was provided on how this was to be accomplished. As a result, equipment distribution policies appear to be directed toward reducing the greatest possible number of units reported as C-4 (less than 65 percent of mission-essential equipment), without regard to deployment priorities. For example, in 1987, the Army National Guard acquired 96 M-113A3 armored personnel carriers which were allocated to armor, armored cavalry, and mechanized infantry units using a distribution criteria of improving the largest number of units. Thus, lower priority units received the personnel carriers while higher priority units, which also needed them to increase their equipment status to C-3, did not.

We also found that practices for redistributing equipment after its initial receipt by units are not consistent with the First to Fight, First to Equip policy. The Army National Guard and Reserve initiated equipment redistribution programs in 1985 and 1986 to identify equipment that was not needed or was not mission-essential for a unit and to transfer it to a unit for which it was mission-essential. Following this practice improved the reported equipment status of the receiving unit without lowering the status of the donor unit.

However, equipment redistribution practices were later changed to permit the transfer of mission-essential, as well as nonmission-essential equipment, to units below the C-3 status. Mission-essential equipment was sometimes moved from higher to lower priority units. This type of transfer lowered the equipment status of the higher priority units. In one case, redistributing M-113 assets resulted in reducing the equipment resource status rating of six units from the C-1 or C-2 level (90 and 80 percent of mission-essential equipment, respectively) to a C-3 level.

In 1985, we examined two alternatives to the Army's master priority list for equipping reserve units. In our report to the Chairman, House Committee on Armed Services,² we concluded that these alternatives would provide greater increases in the number of ready units than does the existing system. However, we also pointed out that potential problems could occur if units are not equipped according to their deployment priority. In effect, Army National Guard and Army Reserve equipment distribution and redistribution programs, as currently implemented, are cross-leveling programs which provide equipment to units based on their equipment status, regardless of their overall deployment priority.

Reserve Equipment Report Can Be Misleading

The Secretary of Defense is required by 10 U.S.C. 115(a) to annually submit a National Guard and Reserve Equipment report to the Congress. This report includes information such as

- the total number and value of equipment items needed by each reserve component to meet wartime requirements;
- the number and value of each item on hand within each reserve component, and
- the planned distribution of equipment items to each reserve component for the next 3 years.

²Reserve Components: Alternatives for Equipping the Army's Reserve Components (GAO/NSIAD-86-35BR), Dec. 31, 1985.

The methodology used for computing the value of National Guard and Reserve equipment until the February 1988 report gave an inaccurate impression of the relative increases in the amount of reserve equipment inventories from year to year. The reports showed the value of the equipment inventory increasing each year, even though much of this increase was due to changes in item values as opposed to absolute increases in the number of items. This occurred because the value of equipment was based on the cost to replace the items in the inventory with a new piece of equipment. Consequently, increases in the replacement cost of items made it appear that the equipment inventory value had increased, even though the only change was that the equipment in the inventory was a year older.

Even though the replacement price is a sound method for determining the cost of equipment items to be procured, this method can overstate the equipment value of existing items, particularly in the reserve components that have significant amounts of older equipment. For example, the 1985 National Guard and Reserve Equipment report valued C-130A Air National Guard and Air Force Reserve aircraft at \$20.7 million per aircraft. One year later these same aircraft were valued at \$21.3 million per aircraft. The increase in inventory value occurred because replacement cost increased by \$642,000. Consequently, the value of the aircraft was increased in the 1986 report, even though these aircraft were at least 20 years old.

During the course of our review, we discussed this issue with OSD officials responsible for the report. As a result of these discussions, they modified the report to provide information on the quantity of equipment available for mobilization requirements, as well as the inventory dollar value. In addition, the report now indicates that the use of replacement costs tends to overvalue older equipment. This change was made in the fiscal year 1989 report.

Conclusions

Equipment Procurement

The Guard and Reserve Equipment appropriation has not fully achieved the objective the Congress desired because the services sometimes reduced the amounts they planned to use for procuring equipment for the reserve components. This appropriation also creates inherent management difficulties because the amounts appropriated have not been

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factored into DoD's equipment procurement and into other management processes and systems. Further, duplicative administrative systems have been developed to manage the procurement process.

We believe that DoD's proposal to identify funds for reserve component procurement within the services' procurement appropriation requests and to establish a floor on these funds will provide the necessary control and visibility over equipment procurement for the reserve components. It also would ensure that their equipment requirements are integrated into DoD's requirements and budgeting processes. This should help ensure that needed equipment is available.

Equipment Distribution

National Guard and Reserve units are not being equipped according to deployment priority and some higher priority units' equipment resource status is being reduced to raise the equipment resource status of lower priority units. Although this practice does increase the number of units with a reported C-3 equipment resource level, we question whether it meets the intent of DoD's First to Fight, First to be Equipped policy. We support the goal of increasing the number of units capable of performing major portions of their assigned missions, but we also believe this should be accomplished in a manner consistent with unit deployment priority. Not considering deployment priority could result in units being deployed in support of contingency plans without the necessary equipment or could require a reshuffling of equipment to provide the required equipment to deploying units.

Equipment Report

The National Guard and Reserve Equipment report generally did not provide an analysis of the reasons why the value of reserve equipment increased from year to year. We discussed opportunities to improve this report with defense officials and they modified the fiscal year 1989 report to show increases in reserve equipment due to actual equipment deliveries as opposed to the price increases of equipment already in the inventory. We believe the actions taken by the Assistant Secretary of Defense for Reserve Affairs in this respect have increased the report's usefulness.

Matter for Congressional Consideration

GAO believes the Congress should consider discontinuing the requirement for DOD to separately budget for National Guard and Reserve equipment and instead establish within each services' equipment authorization and appropriation a minimum amount for reserve equipment expenditures. This would provide visibility over reserve equipment expenditures and would better integrate the reserve components into their parent services' planning and budgeting process.

Recommendations

We recommend the Secretary of Defense

- monitor the execution of equipment appropriations designated for the reserve components,
- direct the Secretaries of the military services to ensure that procurement plans address the availability of mission-essential equipment needed by reserve units, especially when this equipment is unique to the reserve components, and
- direct the Secretary of the Army to reexamine the guidance for equipment distribution and redistribution in the Army National Guard and Reserve and to include consideration of unit deployment priorities in the resource allocation process.

Agency Comments and Our Evaluation

DOD concurred with our findings concerning management of the Guard and Reserve Equipment appropriation and the need to modify the Guard and Reserve Equipment report to reflect the impact of equipment cost increases. DOD stated that Directive 1225.6, which covers policy on equipping the reserve components, has been updated and is currently being reviewed within OSD and the services. The estimated issuance date for the revised directive is December 1988.

DOD concurred in part with the proposal in our draft report that actions be taken to monitor the execution of the National Guard and Reserve Equipment appropriation and to report this to the Congress. It stated that procedures have been instituted to review both the execution of the Guard and Reserve Equipment appropriation and planned procurement actions by the services for the reserve components. It further stated that the implementation in fiscal year 1989 of a floor on reserve component procurement within the services' procurement appropriations will further ensure compliance with congressional intent. We agree that these actions, if properly implemented, should provide the necessary appropriation execution oversight and eliminate the need for an additional

report to the Congress as we had initially proposed in a draft of this report.

DoD concurred partially with the findings and our proposal pertaining to the implementation of the First to Fight, First to be Equipped policy in the Army National Guard and Reserve. DoD concluded that the Army is generally in conformance with the policy, even though there are some anomalies and aberrations in policy implementation. It stated that the policy is not intended to be an "immutable rule," and the perception of Army conformance depends on different perspectives on equipping and structuring the force. These perspectives relate to the equipping priorities for combat, combat support, and combat service support units.

Although we do not disagree with DoD's response, it did not address the issues we were attempting to present. We do not question the military judgment involving resource allocation priorities to combat or combat support units, or question the Army's policy to raise the equipment status of units to the C-3 level before raising units to the C-2 status level. Our concern focuses on the implementation of the equipment distribution policy. While we recognize that anomalies can occur in a complex equipment distribution system, we are concerned that deployment priorities are routinely not being considered in a manner consistent with the Army's stated policy. We found, for example, that deployment priorities of combat units were sometimes ignored when equipment, such as M-113 personnel carriers, was provided to late deploying combat units instead of to earlier deploying combat units which also needed it. Therefore, we believe a review of current equipment distribution guidance and policies is warranted.

Individual Military Skill Qualifications Need to Be Improved

The services use the military job classification system to identify requirements for positions by specialty and skill level. A military member's individual military skill refers to the specific occupation that the member is trained to perform. Examples of specific skills include sonar technician or tracked vehicle mechanic. Each service has specific requirements for its military occupations, which must be met before personnel can be considered qualified for the positions to which they are assigned within units. The Reserve Forces Policy Board reported in February 1988 that next to personnel shortages, individual military skills of reservists was the most critical factor limiting unit mobilization readiness. Our review of this area showed the following problems:

- There are about 277,000 members of the Selected Reserve who are not fully qualified for their duty positions. This could affect the capability of units when deployed.
- Many factors contribute to reservists' individual military skills problem, but limited training time is the most prominent.
- The services have many training initiatives underway to improve individual military skills. However, their success is dependent in part on improving training management at the unit level.
- The individual skill problem may not be fully solvable by improving training programs because (1) the problem partially stems from the part-time nature of the reserve force, (2) certain military jobs requiring lengthy active duty training may not be compatible with the reserve force, and (3) basic management practices may need to be changed.

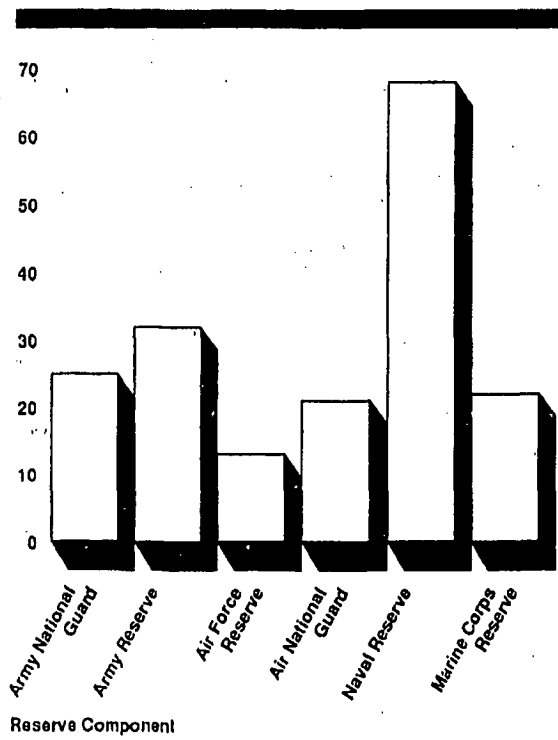
Scope of Individual Military Skill Problems

Individuals normally acquire a military specialty during their initial service training and are expected to increase their skill level by a combination of on-the-job and formal training. For example, a missile mechanic in an Army Hawk unit would begin as a firing section mechanic at a pay grade of E3 or E4 and progress to master mechanic at a pay grade of E8.

Based on service data for December 1987, we estimate that about 277,000 personnel in the Selected Reserve were not fully qualified for their duty positions. During fiscal year 1987, more than one-fourth of the unqualified personnel were undergoing initial entry training or awaiting training. The remainder possessed a military specialty, but were assigned to positions requiring a different specialty or were not fully position qualified. It is difficult to precisely measure the impact of reservists who do not have the necessary skills for their positions because some members may be partially trained or have related military skills, while others are new recruits with no training. Figure 5.1 shows

the percentage of reservists not fully qualified or trained for their duty positions in each reserve component.

Figure 5.1: Percent of Personnel Not Fully Duty Position Qualified in December 1987



Note: Naval Reserve sustaining and reinforcing units. Commissioned units, such as Naval Reserve Force Ships and Air Squadrons, are not included.

Many of the units reporting skill qualification problems also have early deployment missions in support of contingency plans. A large number of Army National Guard and Reserve units are scheduled for deployment within 45 days of mobilization, and the individuals requiring additional training in these units may not have enough time to acquire it prior to scheduled deployment.

Training Problems

Military members are considered unqualified when they are assigned to duty positions either with no military training or the wrong military skill for the position. This is due to a combination of factors, including recruiting and training practices. Several constraints affect the ability to train personnel, but limited training time is the greatest. The Selected

Reserve is a part-time force that is required to train at least 38 days a year. Even though many reservists exceed this minimum number of days, training time is limited. For example, enlisted reservists averaged 42 paid training days. A number of other factors affect the reserve components' ability to maintain high levels of personnel having the individual skills required for their position. Some of these factors are exacerbated by time constraints.

Length of Training

Both active and inactive duty training courses are often longer than the reservists' 38 available training days each year. Individual training also competes with other unit operational and training requirements, and reservists cannot always take time away from their civilian employment to attend active duty training. This is particularly true for technical skill positions that require long periods of active duty training. For example, the Navy identified 89 enlisted positions that have been difficult to fill principally because of the required training time since course lengths range from 16 days for an explosive ordnance demolition diver to 320 days for a hospital corpsman. About 4,400 duty positions require training within these ranges. We also identified 67 Army military occupational specialty courses provided to reserve and active component members that take more than 4 months to complete.

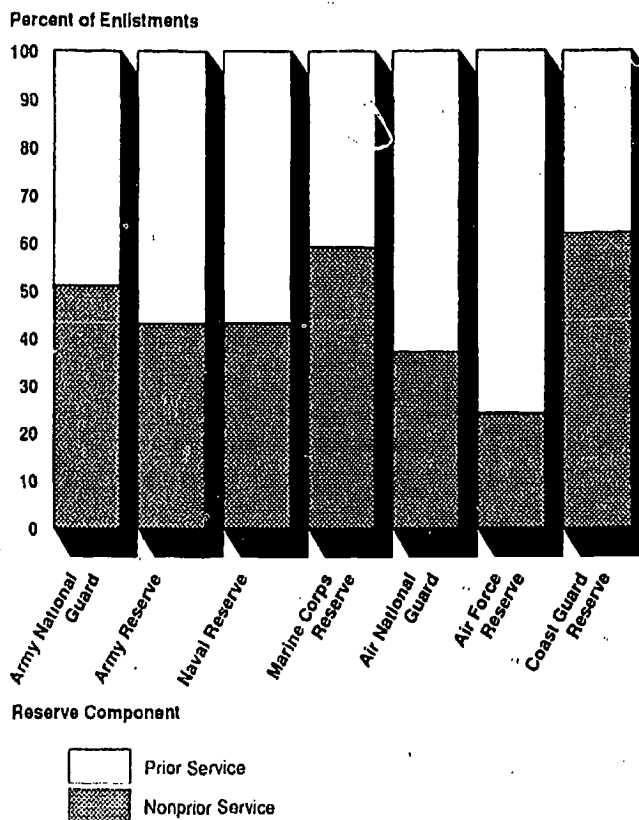
The limited time for training is even more critical when normal unit operations are considered, since this affects the available time for individual training during inactive duty training periods (weekend drills). Much of the Coast Guard Reserve training time, for example, is used to augment the active Coast Guard units' in their performance of day-to-day missions, such as search and rescue, maritime safety, and law enforcement. The Coast Guard relies upon reservists to work with their active duty counterparts and to perform these peacetime duties during active and inactive duty training periods.

Reliance on Prior Service Personnel

The reserve components rely in part on recruiting individuals with prior military experience—active and reserve. The extent of this reliance is shown in figure 5.2. Although these personnel are already trained, in some cases their military occupational skills are not needed in the units they join and they must be retrained in new skills.

In fiscal year 1987, the Army National Guard and Marine Corps Reserve enlisted 47,673 prior service personnel. According to their estimates,

Figure 5.2: Ratio of Fiscal Year 1987 Prior and Non-Prior Service Enlistments



about half of these personnel would require retraining to become position-qualified.

Modernization and Force Structure Changes

The Reserve Forces Policy Board reported in 1984 that introducing increasing numbers of modern weapon systems into the reserve components resulted in a significant decline in readiness. Units were unready because personnel required additional training to learn to use the new systems. For example, when the Army's M-48/M-60 tank is replaced by the M-1 tank, a tank crewman must be retrained in a new military occupational specialty since the position requirements are different.

Force structure changes also add to the skill qualification problem. As unit designations change, so do the reservists' required skills. In 1984, the National Naval Reserve Policy Board examined the instability

caused by frequent changes in Navy mobilization requirements and noted that 10-15,000 changes were processed monthly. These changes were attributed to fluctuations in the number of people assigned, personnel reassignments, unit redesignation, relocations, and the disestablishment of units and creation of new units.

Geographical Limits on Personnel Availability

The reserve components are constrained by geographical limitations on personnel availability. DOD regulations limit the mandatory assignment of reservists to units within a normal commuting area of 100 miles, or 50 miles if temporary military quarters are not available. As a result, unit commanders cannot always find personnel with the military qualifications to fit position vacancies. For example, a study of the Marine Corps Reserve fiscal year 1986 needs for aviation technical personnel identified numerous requirements for personnel who were not available because they did not reside within 100 miles of the affected units.

Another aspect of geographic constraints involves reservists who relocate because of their civilian occupations or for other personal reasons. These reservists sometimes have difficulty finding units that require their military specialty and are within a reasonable commuting distance from their new residence. In the event no unit is available, members of the Selected Reserve, even those who have not completed their initial enlistment, are transferred to the IRR to complete their military service obligation.

Service Training Initiatives

Each service has training programs that address the individual military skill problem. These efforts, if properly implemented, should improve reservists' individual skills.

Army National Guard and Reserve

The Army's Action Plan for Reserve Component Training, published in August 1984 and modified in 1987, consists of 24 major issues and 85 actions designed to improve the technical and professional competence of members. Some of the approaches include

- adding skill training to noncommissioned officer courses, which should improve leadership capability of nonprior service reservists;
- requiring the concurrent development of active and reserve courses at Army schools, which should facilitate modernization and implementation of force structure changes since training would be available to the active and reserve components at the same time.

- staffing instructor positions at Army Reserve schools to meet known training requirements, which will allow more formal inactive duty training of reservists;
 - accelerating development of reserve configured courses for presentation at Army Reserve schools, which will allow reservists to develop individual military skills within the limited training time available; and
 - reducing supervised on-the-job training as a method of skill qualification as alternatives become available, which should improve the skills of individual reservists.
-

Naval Reserve

The Navy has a number of initiatives underway to address individual military skills. The course modularity training program divides existing courses into modules that can be taught to reservists during their 2-week active duty period and during a certain number of weekend drills. The Navy's program began in 1985 with one course. Eleven courses were added in fiscal year 1986, and 11 more were programmed for fiscal year 1987. A total of 42 courses were identified in 1985 as candidates. The Navy also has established a civilian equivalency program that awards skill certification based on civilian occupation training and experience. Currently, this affects 41 skills in the construction and medical fields.

The Navy is also developing "readiness centers" that will be equipped with more training equipment and simulators than are found in its local reserve centers. These new centers will have full-time instructors and be able to support the training needs of the units in their geographic areas. Although a total of 40 centers are planned, the Department of the Navy to date has approved the development of only 1.

Marine Corps Reserve

In 1986, the Marine Corps began developing new on-the-job training initiatives for prior service Marines who need retraining. The program combines supervised on-the-job training, correspondence courses, and two 2-week training sessions. This program could take a reservist up to 2 years or more to complete. Manuals for implementing the program have been developed for 16 of 35 occupational fields.

Coast Guard Reserve

The Coast Guard's STARFIX project is designed to (1) examine how the reservists' time is currently being used, (2) identify reservists' mobilization training requirements, and (3) determine the training needed to meet mobilization and augmentation program requirements. However,

the Coast Guard has had difficulty in obtaining funds for reserve training.

Air National Guard and Air Force Reserve

The Air Force initiatives to improve reserve component training include (1) obtaining more school seats from the Air Training Command, (2) developing training modules and packages covering 170 different areas to supplement the hands-on training program, and (3) developing 2-week courses to accommodate reservists' available time.

Prior Training Management Problems

The training program initiatives could be hampered by poor training administration. Past audits of reserve training administration have identified many systemic management weaknesses.

In January 1984, we reported on Naval Reserve¹ training for sustaining and reinforcing units and identified several opportunities for improvement. We found that training files were incomplete and inaccurate and that many of the reservists we interviewed were unaware of or disagreed with their reported skill qualifications. We reported on the need to review individual training plans to assure that they were current, that local instructions were adequate and complied with, and that reservists were informed about their qualification requirements. The Naval Audit Service in July 1986 reported on selected aspects of annual reserve training. The report stated that individual training plans were not reviewed by the commands that the reserve units would join in the event of mobilization. In 1987, the Navy reported material internal control weaknesses in its surface reserve personnel training program and planned actions to correct the weaknesses. The report stated that applicable administrative procedures were not used in evaluating and maintaining basic records.

We also issued a report in March 1986² on individual training in the Army National Guard and Reserve. Some of the problems identified in the report were that units did not follow guidelines on how to develop and administer the supervised on-the-job training program and that skill qualification tests were not being given to all soldiers who should be tested. Further, in reviewing 23 Army Audit Agency reports covering National Guard activities in 22 states during the years 1984-86, we

¹Observations on Naval Reserve Training for Selected Reserve Reinforcing and Sustaining Units (GAO/NSIAD-84-35), Jan. 20, 1984.

²Army Personnel Qualification Data Could Be Improved (GAO/NSIAD-86-53), Mar. 26, 1986.

found numerous references to poor management controls over training administration. For example, one report found soldier proficiency weaknesses were not identified because the Army Individual Training Evaluation Program was not being administered to all personnel biennially, as required. At the seven units reviewed, 53 percent of the eligible soldiers had not been tested during fiscal years 1984 and 1985. Because proficiency testing and documentation were limited, unit commanders did not have a basis for scheduling training or evaluating training accomplishments.

In addition, the Army, in providing input to the Department of Defense Annual Statement of Assurance on internal controls for fiscal year 1987, identified training management in the Army National Guard as a "material weakness." The Army's report stated that

"widespread individual and unit training management problems were identified in Army National Guard units. For example, individual training programs had not been established for soldiers not qualified in their duty positions; skill qualification test results were not being used to identify weaknesses in individual or unit training; [and] mission essential training was not always scheduled. Consequently, there was no assurance that soldiers received training in all the required tasks."

Additional Actions Are Needed

Even though the services' training initiatives represent positive steps toward addressing the skill qualification problem, we believe other actions should also be considered. These include addressing some of the other fundamental causes of low duty position qualification levels.

Assessing Mission Compatibility

As we discussed in chapter 2, a thorough, consistent analysis should be made of missions before they are assigned to the reserve components. Part of this analysis should include whether individual training requirements of positions can be achieved within the reserve components. The services also need to more closely examine whether it is reasonable to expect that reservists can become qualified in certain technical skill level areas. For example, the Navy has identified 89 skill classifications that they believe are not compatible with its reserve force.

Use of Full-Time Personnel

Since so many military specialties, especially the technical skill areas, require long periods of active duty training, assigning full-time personnel to these positions could improve the level of individual skill qualification. A 1987 Logistic Management Institute study on technical training

for reservists made a similar observation. It noted that at the start of full-time support programs in the Army and the Marines, full-time support personnel were assigned to command, control, and administrative positions supporting unit operational activities. The study also stated that emphasis should now be placed on using these personnel to fill technical specialties that are difficult to train. The study further stated that using full-time support personnel in technical skill positions could improve training readiness, as these people are able to attend long technical training courses in a duty status. When they return to their units, they could provide a higher level of training for part-time reservists.

We recently reported³ that inactive duty reserve component training courses, newly revised, may offer viable alternatives to active duty military education programs for full-time military technicians assigned to the Army National Guard. As a result, technicians can receive leadership training and advanced military occupational specialty technical training, which is similar to that provided in active component courses. However, the report recognized that it may not always be feasible to teach a particular specialty in the revised reserve courses and that the new program will require close monitoring to assure training objectives and standards are achieved. Also, as we discussed in chapter 3, House and Senate Committees have raised questions about how well full-time personnel are being utilized. These concerns should be resolved before any requests are made for additional full-time personnel.

Mandatory Retraining Requirements

Establishing and enforcing mandatory time limits based on qualification requirements for the completion of retraining programs could reduce the number of personnel who are not position-qualified. The services have general performance standards for membership in their reserve components. For example, the Army requires that members develop skills that allow them to participate in training and to become satisfactory soldiers. These standards apply to nonprior service individuals who are acquiring a military skill and prior service individuals who are changing their military skill. To achieve this goal, commanders are required to separate individuals whose performance is clearly unsatisfactory.

Reservists may not be meeting these performance standards as they relate to individual military training. Several Army audit reports on unit level training management found some individuals were not progressing

³Reserve Training: An Alternative to the Active Army Education Program for National Guard Technicians (GAO/NSIAD-88-164), June 28, 1988.

in their training programs. One report noted that some individuals had not completed any task in their on-the-job training programs for 3 to 21 months. In other cases, some individuals enrolled in an Army correspondence course were not progressing at a rate sufficient to satisfy yearly credit hour requirements. Also, a 1987 Army analysis of individual training in the Army National Guard and Reserve revealed that about 62,000 personnel who were not qualified for their positions were not participating in training programs to acquire the needed individual military skills.

Improving Retention

During fiscal years 1986 and 1987, approximately 169,000 personnel were transferred from the Selected Reserve to the Individual Ready Reserve (IRR). Initiatives should be developed to keep qualified members in Selected Reserve units rather than transferring them to the IRR. A study on retention of nonprior service enlistees during the period 1978-85 showed that only 50 percent completed about 3 years of their military obligation in the Selected Reserve. This means that a substantial percentage of those transferred to the IRR each year are nonprior service personnel.

Establishing a policy requiring annual active duty training periods for IRR members who have not served on active duty (other than initial entry training) could provide an incentive for retention in the Selected Reserve. Under such a policy individuals enlisting directly in the Selected Reserve could not avoid a training requirement by simply not attending drills or by moving to a new location. These personnel could be assigned on a permanent basis to a reserve unit requiring their skill and be required to participate in annual active duty for training with the unit.

Conclusions

The individual military skill problems in the reserve components reflect the inherent constraints of the reserve environment—particularly limited training time and the need to retrain prior service personnel. The actual effect of this situation on a unit's capability to perform its mission once mobilized is unknown. However, it is clearly a problem as shown by service training initiatives and by the Reserve Forces Policy Board's assessment of unit capabilities.

Training initiatives, such as introducing modular reserve courses and the establishing of regional training centers, are promising because they

appear to address the problems of limited training time. However, effective implementation of these programs will also require improved training management controls and procedures at the unit level. The Army and Navy have identified individual skill training as a material weakness in their internal control systems and have planned corrective actions.

It must also be recognized that improved training is only part of the answer to duty position qualification problems. We believe that changes to management policies and practices should also be explored, such as (1) more closely assessing training requirements and reservists' availability for such training, (2) expanding the use of full-time support personnel in highly technical positions, (3) establishing better controls over retraining prior service personnel, and (4) requiring annual active duty training for members of the Selected Reserve who are transferred to the IRR.

Recommendations

We recommend that the Secretary of Defense

- ensure that plans for improving the levels of individual military skill qualification include strengthening management controls and practices to ensure that reserve component training programs are effectively administered and implemented;
- examine the possible cost/benefits of using full-time support personnel for those military skill specialties that are difficult to obtain or maintain in the reserve components. If this approach is found to have merit, an analysis should be made of the utilization of existing full-time support personnel before any additional personnel are requested;
- direct the Secretaries of the Army and Navy to develop programs to expedite the retraining of prior service personnel through such practices as establishing and enforcing time limits for completion of requalification and scheduling required retraining prior to enlisting these personnel in units; and
- consider establishing a policy selectively requiring active duty for training for IRR members who transferred from the Selected Reserve. This should apply only to IRR members who have not served on active duty other than for initial entry training.

Agency Comments and Our Evaluation

DOD concurred with our findings and recommendations pertaining to the need for improving training management. DOD expects that training initiatives, such as the Army's Reserve Component Training Strategy

Action Plan, regional maintenance training sites, modular training courses for reservists, and the establishment of readiness centers will improve the individual skill qualification situation. DOD only partially concurred with our recommendations to address other aspects of the individual skill qualification problem.

DOD believes that assigning full-time support personnel to "hard-to-fill" skill positions can be accomplished, in some cases, to improve the level of individual skill qualification. However, it stated that because the services have had a difficult time convincing the Congress of the need to increase manning to meet minimum requirements, increasing full-time support requirements could jeopardize the program. We are aware of congressional reservations concerning various aspects of full-time support programs; as a result, our recommendation calls for an analysis of the utilization of existing full-time personnel.

DOD agreed that our recommendation for establishing various time limits for requalification may be both feasible and desirable when qualification courses have been reconfigured to meet the needs of the reserve components and when sufficient funds to support attendance are available. However, DOD does not consider it practical to establish a specific date for completing requalification training. In addition, it stated that scheduling required training prior to enlistment may be unnecessary if there is a time limit for requalification.

We believe that establishing a time limit for completing requalification training is important because of the numerous examples of personnel failing to progress in their training programs. We also believe monitoring progress goals and enforcing time limits when necessary are essential to effectively managing the individual skill training area. It was not our intent to imply that a standard date or time must be arbitrarily set without considering funding, training seats, and availability of the individual reservists. Additionally, scheduling training courses prior to enlistment is a viable approach to reducing the large number of personnel who are presently not trained for their positions.

DOD did not concur with our recommendation to consider establishing a policy requiring that nonprior service personnel who are transferred from the Selected Reserve to the IRR participate in annual active duty for training. DOD stated that the military departments currently have the latitude to do so, but have not found it a desirable option for several reasons. These reasons include (1) unbudgeted expenses are involved, (2) the population is relatively small, and consists of individuals who

have not reliably served in the Selected Reserve, (3) the time and administrative efforts required are not considered cost-effective, and (4) budget constraints are forcing a smaller active force.

According to an OSD study, approximately 50 percent of nonprior service personnel leave the Selected Reserve by the end of 3 years and are transferred to the IRR. We believe that this is significant as it means that there is not only a low return on training investment, but also an increased training cost for replacement personnel. Current practices permitting large numbers of nonprior service personnel to simply not fulfill their commitment to the Selected Reserve without being obligated to future training requirements is questionable. It was not our intent to imply that IRR personnel should be assigned to the active forces. Rather, active duty for training would be at service schools or with reserve units. We believe that establishing such a policy would help to maintain the skills of IRR personnel, thus making them more valuable as a mobilization asset. In addition, it may also help to reduce attrition rates in the Selected Reserve since individuals would know that they would still be subject to an annual training requirement. We modified our recommendation to acknowledge that it would not be practical to exercise this policy for all IRR members in this category.

Opportunities to Improve Reserve Component Financial Management and Information Systems

DOD's goal is to increase the integration of management information systems to improve mission performance. A major part of this effort is to reduce the number of operating accounting systems and establish a single financial management system for each service.

Our work concerning the reserve components shows that, in general, actions are being taken to achieve this goal; however, progress still needs to be made in correcting deficiencies in several key financial management and information systems. Specifically, we found the following:

- Deficiencies in accounting systems used by the reserve components are well recognized and projects are underway to correct them. However, project completion dates have slipped.
- The Army, Navy, and Marine Corps have had long-standing accuracy and timeliness problems with their reserve pay systems.
- The Army National Guard maintains some financial management systems separate from standard Army systems.
- The Army has experienced problems in establishing an automated mobilization information system for the Army National Guard and Reserve.

Reserve Component Management Information Environment

The reserve components are dependent on standard systems that support both active and reserve component financial and other management functions. With the exception of the Army National Guard, they generally use standard DOD accounting systems to account for their appropriated funds. DOD has 94 accounting systems, and the reserve components use 26 of them. They do not use the remaining systems, which support functions such as foreign military sales and industrial fund operations. DOD reported in its fiscal year 1987 Department of Defense Annual Statement of Assurance that 10 of the 26 systems the reserve components use are not in conformance with the Comptroller General's accounting systems principles and standards. The report identifies 51 material weaknesses in these 10 systems, such as the lack of general ledger control and reporting; military and civilian payroll deficiencies; inadequate system interfaces, hardware, and software; and the lack of timely data.

DOD has actions underway to correct these accounting system deficiencies. While the active components are responsible for developing or redesigning these systems, the reserve components, as one of many organizations that use these systems, provide input for the projects. Due

to the size and complexity of these systems, most of the efforts are long-term projects.

However, completion dates for a number of these projects have slipped. In 1984, DOD established milestone dates for bringing 9 of the 10 systems into conformance with accounting standards. A comparison of the 1984 and 1987 Department of Defense Annual Statement of Assurance reports shows that the conformance milestone dates have slipped on all but one system. Four systems have slipped by 1 year, one system has slipped by 2 years, and three systems have slipped by 4 years. DOD currently estimates that the 10 nonconforming systems will be brought into conformance between 1989 and 1992.

Pay System Deficiencies and Actions to Correct Them

Several unique pay systems exist for the reserve components. The active components manage these systems. The Army, Navy, and Marine Corps have had long-standing problems in providing accurate and timely pay to reservists, and reports that identify the problems date back to the 1970s. According to the Secretary of Defense's 1987 Annual Statement of Assurance, the Army and Navy reserve pay systems do not conform with Comptroller General accounting principles and standards. Air Force and Marine Corps pay systems were reported as being in compliance with these standards. While the effect of pay system deficiencies is difficult to measure, accurate and timely pay is a factor in the retention and morale of reservists.

A major difference among the services' reserve pay systems is whether they have one pay system with one master pay record for each reservist. The Air Force and Marine Corps have a single reserve pay system with one master pay record, while the Army and Navy do not. Table 6.1 shows the similarities and differences in these pay systems, whether recent problems have been reported, and whether system redesign is underway.

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**Table 6.1: Comparison of Reserve
 Component Pay Systems**

System information	Reserve component			
	Army	Navy	Air Force	Marine Corps
Conforms with GAO requirements according to DOD	No	No	Yes	Yes
One system with one master pay record per reservist	No	No	Yes	Yes
Frequency of operating inactive duty pay systems	Monthly	Semi-monthly	Weekly	Semi-monthly
Recently identified major system deficiencies	Yes	Yes	No	Yes ¹
Major redesign underway ¹	Yes	Yes	No	Yes

¹The Navy's fiscal year 1986 internal controls certification statement identified deficiencies in the Marine Corps pay system. In 1987, the Navy's 1987 certification statement noted that system changes to improve pay accuracy were implemented.

²DOD estimates that the Army, Navy, and Marine Corps redesign efforts, which will improve both active and reserve pay systems, will cost about \$229 million between fiscal years 1988-92.

³The Navy's fiscal year 1987 internal controls certification statement reports that the Marine Corps pay system is substantially in conformance with GAO requirements. However, the Marine Corps has a project underway to redesign its military payroll and personnel systems.

Both the Army and Navy use two different systems to pay reservists: one pays reservists for active duty training and one for inactive duty training. This can result in duplicate and overlapping payments. We pointed out this problem to the Army in our January 1980 report¹ on guard and reserve pay, and we recommended that the Army design a centralized, integrated pay system to correct this situation. The Army has initiated military pay system corrections affecting reserve pay that are expected to be completed in 1990. However, the entire Army military pay redesign project will not be completed until 1997.

The Navy's Pay and Personnel Source Data System project is expected to correct many of the deficiencies in the Navy Military Pay Accounting System, including those directly affecting the reserve pay system. The Navy expects to establish a master pay record for each reservist by 1990 but does not plan to develop a single pay system for inactive (weekend drills) and active duty (annual 2-week training) pay. Navy officials believe that by establishing a master pay record they will gain most of the benefits associated with a single pay system. We agree that establishing a master pay record will improve the Navy's reserve pay

¹Army Guard and Reserve Pay and Personnel Systems are Unreliable and Susceptible to Waste and Abuse (PPCD-80-30), Jan. 28, 1980.

system; however, our prior work shows that separate systems are susceptible to error.

Another major difference in the services' reserve pay systems is the frequency with which each operates its system in preparing inactive duty training payrolls. The Air Force operates its payroll system weekly, the Navy and Marine Corps semi-monthly, and the Army monthly. Since the Air Force operates its system weekly, reservists can be paid within 10 to 14 days after attending a drill. On the other hand, because the Army operates its reserve pay system monthly, its reservists, in many cases, are not paid until 6 or 7 weeks after attending a drill.

Army National Guard Uses Unique Financial Accounting Management Systems

Except for the Army National Guard, the other reserve components generally use the standard management information systems of their respective services. The Army National Guard uses some unique financial management systems that interface with Army systems by using various standard reports. For example, it does not use the Army's Standard Finance System and the Standard Army Civilian Payroll System. The Army National Guard operates its own systems for performing these financial management functions. The Army National Guard does plan to use the standard Army financial system, once they are brought into compliance with GAO standards. The Army estimates the systems will be in compliance by 1992. Army policy is that development efforts for major information systems will incorporate reserve component management information needs. This includes standardizing Army management information systems dealing with personnel, finance, logistics, and other support functions.

Army Automated Mobilization System Problems

Some of the Army's current management information systems would hamper effective mobilization and deployment of Army National Guard and Reserve units. Commanders and mobilization managers at mobilization stations do not have ready access to timely and accurate information for the mobilization decision-making process.

The Army has been working on a program to automate the various planning and execution functions associated with mobilizing and deploying the reserve components since 1979. However, it has only limited automation capabilities to support mobilization.

Existing Mobilization Systems Need to Be Improved

While considerable mobilization information is available at various functional levels, it must be researched manually and prepared at the unit level. Most information is available only periodically in voluminous printed reports.

The mobilization managers must at all times be able to access the training status, strength, equipment readiness, and mobilization plans and procedures for each of unit. These mobilization management systems are essential to all Army operations, such as forecasting future requirements, acquiring needed personnel and material, moving units, training, and maintaining unit readiness status.

A 1987 Army study indicated that the overall effectiveness and efficiency of existing automation systems to support rapid mobilization was marginal. The assessment showed that command and control over the mobilization process is limited by reliance on predominately manual or batch-oriented systems that provide information which is often not timely, sometimes inaccurate, and in most cases, inaccessible. These automated systems, which lack integration capability with other systems, are limited in scope, nonstandard, and often perform redundant functions.

Automated Mobilization Data Projects

The Continental Army Management Information System program was initiated in 1979 to automate the mobilization management functions of the Army National Guard and Reserve. A prototype of this system, called the Developmental Army Readiness and Mobilization System, was developed in 1982. Its purpose was to provide limited automated mobilization capabilities to demonstrate requirements for a fully automated system. About \$50 million was expended on these efforts through fiscal year 1985. In 1986, the Army restructured the program to automate mobilization execution functions and renamed it the Reserve Component Automation System.² The system is intended to automate mobilization planning and execution for the active Army and the Army National Guard and Reserve, incorporate reserve component management information needs in Army standard information systems, and automate unit administration in the Army National Guard and Reserve. The objective of the program is to design, develop, test, and deploy an interactive information management system that will be shared throughout the chain of command.

²Status of the Continental Army Management Information System (GAO/NSIAD-87-23BR), Oct. 1986.

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The Reserve Component Automation System is defined by the Army as the total integration of information requirements for the Army Guard and Reserve into the Army information architecture.⁴ The system's hardware, software, communication, and integration cost is estimated at \$512 million through 1992.

In the fiscal year 1987 House Committee on Appropriations Conference Report, the conferees expressed concern about DOD's failure to field automation support for the Army National Guard and Reserve, despite the substantial appropriations made since 1979. The conferees directed the Secretary of Defense to develop a plan to provide such automation support by March 1, 1987.

The Army experienced difficulty in developing the plan and it was not submitted until October 1987. The fiscal year 1988 report of the House Committee on Appropriations acknowledged the progress the Army had made on the Reserve Component Automated System. However, the report also stated

"that the Committee continues to be disappointed at the slow pace of solving this problem, particularly because it has become evident that the Congressional target deployment date of January 1990 cannot be met without unacceptable high cost and program risk."

The report contained a number of recommendations to DOD concerning the program's management, including placing the management responsibility under the Chief of the National Guard Bureau. DOD stated in June 1988 that full deployment of the system is expected by July 1991.

Further, a review of the Department of the Army's fiscal years 1985-87 reports to the Secretary of Defense on internal control weaknesses shows that data deficiencies in the reserve component mobilization system have not been identified as a material weakness. Given the acknowledged significance and long-standing nature of this problem, we believe it should have been included.

⁴Information architecture is a framework that depicts the relationship of elements involved in information management within an organization. Within the Army, it is used to provide a blueprint for developing specific plans and actions in the planning, control, and management of Army information. The information architecture consists of a baseline configuration, a current target configuration, an objective configuration, and a plan.

Conclusions

With the exception of the Army National Guard, the reserve components generally use their active component's financial accounting management systems. The services are working on a number of long-term projects to correct deficiencies in the accounting systems used by the active and reserve components. However, many of the project completion dates continually slip. Until these new accounting systems are operating, the reserve components will be using systems which have material deficiencies.

The Army, Navy, and Marine Corps have had accuracy and timeliness problems in their reserve pay systems. While the services have initiated long-term projects to correct payroll systems deficiencies, most projects will not be completed until the 1990s. Until the services complete these projects, accuracy and timeliness problems will continue. Further, the Navy's project will not result in a single reserve pay system.

In addition, after about 9 years of effort, the Army National Guard and Reserve still do not have complete automation support for mobilization and deployment. Although this is a well recognized problem, it was not reported as a material internal control weakness consistent with the requirements of the Federal Managers' Financial Integrity Act.

Recommendations

We recommend that the Secretary of Defense

- direct the Secretary of the Army to report to him on whether opportunities exist to expedite the integration of reserve component pay systems and the elimination of the Army National Guard's unique accounting and information systems. Also, the Secretary of the Army should report the reserve component mobilization data deficiencies as a material weakness and include plans for correcting the weakness in the fiscal year 1988 report on internal controls; and
- direct the Secretary of the Navy to develop a single system for reserve pay.

Agency Comments and Our Evaluation

DOD concurred with our findings on the reserve component financial and information management environment in regards to reserve component pay systems and automated mobilization systems for the Army's reserve components. DOD also agreed to report mobilization data deficiencies as a material weakness in its next Annual Statement of Assurance. DOD also concurred with our recommendation on Naval Reserve pay.

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However, it did not agree with the statement in our draft report that the unique financial management systems used by the Army National Guard prevented integration into Army finance channels. We have modified our report to explain that the Army National Guard systems are integrated into the active Army systems. However, our basic concern continues to be the lack of progress that is being made toward implementing unified systems which serve all Army components.

DOD also did not fully concur with our recommendation pertaining to expediting the completion of the Reserve Component Automation System and the elimination of Army National Guard unique accounting and information systems. DOD stated that the Secretary of the Army has been instructed by the OSD to expedite completion of the Reserve Component Automation System. We modified our recommendation to reflect that requirement. However, we continue to believe that eliminating the unique accounting systems of the Army National Guard requires continued emphasis.

Management Structure Observations

Achieving adequate representation for the reserve components in DOD's management structure has been a long-standing concern of DOD and the Congress. Overall, DOD's organizational structure is designed to ensure reserve component input on matters that affect them and to provide focal points for leadership on National Guard and Reserve issues. However, we noted a perception among Army Guard and Reserve managers that organizational responsibilities between the Office of the Chief of Army Reserve and the Forces Command need clarification. We also observed that reserve representation at certain major commands is at a minimal level.

Management Structure Changes

The enactment of the "Reserve Forces Bill of Rights and Revitalization Act" (P.L. 90-168) in 1967 is considered a major landmark in the evolution of the current reserve component management structures. The act created two new positions in OSD--the Assistant Secretary of Defense for Manpower and Reserve Affairs and the Deputy Assistant Secretary of Defense for Reserve Affairs. The act also provided for changes in the leadership structure by establishing the positions of Chiefs of the Army Reserve and Air Force Reserve. The motivation for the act is attributed to, among other things, congressional concerns over the "inattention, neglect, and the lack of effective leadership" for the reserve components in preceding years, and the intent that the "Reserve forces be fully supported in every way" and that they were to be given "a voice in matters that affect them."

The DOD Authorization Act of 1984 upgraded the Deputy Assistant Secretary of Defense for Reserve Affairs to Assistant Secretary of Defense. The Congress stated that the National Guard and Reserves are integral parts of the Total Force, and that they deserve the same level of access and exchange with the Secretary of Defense and other assistant secretaries as do the active components.

Management Structure Concerns

Our discussions with senior officials in OSD, the services, and the reserve components, in conjunction with our examination of specific program areas, did not reveal systemic problems in reserve component management structures. In general, we found that at the OSD level, the Assistant Secretary of Defense for Reserve Affairs and the Reserve Forces Policy Board provide the Reserves "a voice in matters that affect them." As discussed in previous chapters, the Office of the Assistant Secretary of Defense for Reserve Affairs has taken such actions as promoting the screening of the Individual Ready Reserve (see ch. 3) and examining

allocation of new equipment to the Reserves (see ch. 4). These are important areas of interest for the reserve components.

There are concerns about aspects of the management relationships in the Army's reserve components, which generally relate to the role of the Chief, Army Reserve, the division of responsibilities between Forces Command and the Office of the Chief of Army Reserve, and the command relationship of the active Army to reserve component troop units. The fact that the Army National Guard and the Army Reserve provide more than half of the total Army personnel strength and significant amounts of the Army's early deployment capabilities are important factors in considering command relationships and active/reserve integration.

Role of Chief, Army Reserve, Needs Clarification

The responsibilities assigned to the Chief, Army Reserve, by Army Regulation 10-5 and Chief of Staff Regulation 10-39 for "development, training, readiness, and maintenance of the Army Reserve" are similar to those assigned to the Commander in Chief, Forces Command, by Army Regulation 10-5 for "organizing, training, equipping, and insuring combat readiness of assigned troop units."

The responsibilities of the Chief, Army Reserve, as cited in Army regulations are not consistent with his organizational role as a staff officer and an advisor to the Army Chief of Staff. The authority of the Chief of Army Reserve is limited because the Commander in Chief of Forces Command, except for a few units in the European and Pacific areas, commands all Army Reserve units. Despite this fact, the regulations indicate that both have similar responsibilities. For example, Army Regulation 10-5 states that the Chief, Army Reserve, "directs relocations, activations, reorganizations, redesignations, and inactivations of all U.S. Army Reserve units." The Commander in Chief, Forces Command, also has similar responsibilities for all activities that fall within the scope of "organizing . . . assigned troop units." Several senior officials in the Army's reserve components indicated concern about this confusion of responsibilities.

Active and Reserve Integration Could Be Improved

By 1986, reliance on the reserve components reached the point where, according to the Assistant Secretary of Defense for Reserve Affairs, "contingency plans to counter aggression in both hemispheres could not be effectively executed without committing National Guard and Reserve forces in the same time frame as active forces." For this reason, active/

reserve component integration is an important aspect of Total Force implementation.

The degree of active/reserve integration varies among the services. Active duty personnel are substantially involved in all reserve component management structures at the military department level and in such headquarters as the Air Force Reserve, Naval Reserve Force, 4th Marine Division, and the 4th Marine Air Wing. Both the Navy and Marine Corps also assign active duty personnel to reserve units below this level, including, in some cases, as unit commanders. Active Army personnel are generally assigned only to advisory positions with Army National Guard and Reserve units.

Reserve Representation at Operational Commands

By way of contrast, reserve representation at service operational commands is more limited. The Army and Air Force use full-time reservists to provide representation at operational commands, but the Navy does not use them to the same extent. For example, at Headquarters, Forces Command, there are 76 full-time reserve officer positions, and at Headquarters, Tactical Air Command, there are 11 positions for Air Force Reserve or Air National Guard officers, 9 of which are full-time positions. The Headquarters, Atlantic Fleet, has 3 full-time reserve officer positions, and Headquarters, Pacific Fleet, has 2.

The Chief, National Guard Bureau, and the Chief, Army Reserve, both told us that reserve representation at major Army commands needed to be improved, perhaps by changing the roles of their existing senior representatives who are currently assigned as advisors to the commands. It was pointed out that neither the Forces Command nor any of the continental U.S. Armies have any National Guard general officer positions, although there are part-time positions for Army Reserve general officers. The Chief, National Guard Bureau, stated that such positions would help improve coordination between the active and reserve components.

Effort to Improve Integration

The Army's CAPSTONE program is designed to ease the transition from peacetime management structures to wartime operational structures and improve active/reserve relationships. The program provides a means of improving the relationship between active and reserve units by aligning them with their wartime commands for planning and training. The program's purpose is to improve mobilization and wartime planning, mission capability, and deployability throughout the Army.

The effectiveness of the program depends on extensive, informal coordination between the active Army and reserve units, since the alignment does not change peacetime command relationships. This is a particularly important fact for National Guard units.

A key aspect of CAPSTONE is the training association, roundout, which assigns certain reserve units, primarily Army National Guard combat units, to active Army divisions to bring them up to wartime strength. These units are scheduled to deploy with and receive the same resource allocation priority as their parent active division. However, Army National Guard roundout units remain under state control since the peacetime command structure still remains in effect. Therefore, the relationship between the division commander and the National Guard unit commander must be based on informal coordination.

Conclusions

DOD's reserve component management structures are designed to ensure that reservists have input into the matters that affect them. DOD appears to be generally achieving this objective.

However, reserve component senior managers and other defense officials feel that the relationships and organization responsibilities between active Army commands and Army National Guard and Reserve units can be better defined. Further, it appears that reserve component representation within each of the services major commands can be improved. We did not find any specific examples that problems were directly caused by these conditions. However, given the concern raised about these matters we do believe they warrant close examination by DOD.

Agency Comments

DOD concurred with our observations concerning management relationships in the Army Reserve and the need to improve active/reserve integration. It believes that these command management relationship problems are part of an evolutionary friction stemming from the increased reliance on the Army's reserve components. As part of the improvements in the full-time support program, OSD is encouraging the services to provide career broadening assignments for full-time reservists with both the active and reserve components. Such actions would be similar to the Navy's practice of assigning full-time reservists to active command and operational positions. This guidance will be contained in the new full-time support directive, which is being developed.

DOD also believes that National Guard and Reserve full-time representation at service operational levels should be increased, but noted that establishing appropriate reserve component officer billets for command and senior staff positions would require congressional approval.

GAO's Consultant Panel Membership

The following individuals advised us on developing review issues and assessing the results of our work:

Major General (Retired) Forrest Abbott
U.S. Army Reserve

Major General (Retired) James S. Brooks
Former Adjutant General, Idaho National Guard

Major General (Retired) Arthur W. Clark
U.S. Air Force Reserve

Lieutenant General (Retired) Joseph M. Heiser
Former Army Deputy Chief of Staff for Logistics

General (Retired) Walter T. Kerwin
Former Army Vice Chief of Staff

Admiral (Retired) Isaac C. Kidd, Jr.
Former Supreme Allied Commander, Atlantic

Lawrence J. Korb
Former Assistant Secretary of Defense

Major General (Retired) Hubert M. Leonard
Former Adjutant General, North Carolina National Guard

Major General (Retired) Keith D. McCartney
Former Air Force Deputy Chief of Staff

Admiral (Retired) Wesley D. McDonald
Former Supreme Allied Commander, Atlantic

Robert C. Moot
Former Assistant Secretary of Defense

Thomas D. Morris
Former Assistant Secretary of Defense

Major General (Retired) John J. Pesch
Former Director, Air National Guard

Lieutenant General (Retired) Wallace A. Robinson
Former Director, Defense Supply Agency

Comments From the Assistant Secretary of Defense (Reserve Affairs)



ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

90 JUN 1988

RESERVE AFFAIRS

Mr. Frank J. Conahan
Assistant Comptroller General
National Security and
International Affairs Division
94 General Accounting Office
Washington, DC 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "GENERAL MANAGEMENT REVIEW OF THE RESERVE COMPONENT: Opportunities Exist to Improve Reserve Policies and Programs," dated May 6, 1988 (GAO Code 99050) OSB Case 7628.

The DoD generally agrees with most of the findings and recommendations contained in the report. In particular, the Department concurs with the recommendation to develop force mix and mission management decision criteria. The DoD is currently working to develop appropriate policy and procedural guidance. Results of a study associated with these efforts are expected by May, 1990. The Department also concurs with the recommendation on the need for providing guidance on the administration of a full-time support program. The staffing of a full-time Defense Directorate will be completed by June 30, 1988. Publication of a final directive is expected by August 1, 1988.

The DoD disagrees with only a small number of the findings and recommendations. The DoD is particularly concerned about the recommendation that the Department consider offering incentives for Individual Ready Reservists (IRRs) to report current addresses and other personnel information. Even in the absence of conscription, individuals who have voluntarily entered into a military obligation that requires them to report their current addresses, should be required to do so without any expectation of reward.

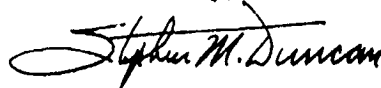
The draft report identified two issues as material internal control weaknesses. The issue concerning the Army Reserve Component Mobilization System had not been reported by the Department as a material weakness because it was already under intensive management control, as directed by the Congress, thereby meeting the definition of "reasonable assurance" as defined in DoD Directive 5910.33. Based on the GAO recommendation the mobilization data deficiencies will be

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reported by the Army in the DoD's next Annual Statement of Assurance. The DoD does not agree that the other issue, relating to IRR personnel data base deficiencies, should be reported as a material weakness. The Department currently has an appropriate and workable program to manage and improve the IRR data base as part of the management of the Reserve Components Common Personnel Data System (RCCPDS) improvement program.

Detailed DoD comments on each finding and recommendation are provided in the enclosure. Additional technical corrections were also separately provided to members of your staff. The DoD appreciates the opportunity to comment on the draft report.

Sincerely,



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GAO DRAFT REPORT DATED MAY 6, 1988
(GAO CODE 390050) OSD CASE 7628

"GENERAL MANAGEMENT REVIEW OF THE RESERVE COMPONENTS:
OPPORTUNITIES EXIST TO IMPROVE RESERVE POLICIES AND PROGRAMS"

DEPARTMENT OF DEFENSE COMMENTS

* * * *

FINDINGS

- o FINDING A: The Reserve Components. The GAO reported that the Armed Forces Reserve Act of 1952, as amended, identifies the seven reserve components: the Army National Guard and Reserve, the Naval Reserve, the Marine Corps Reserve, the Air Force Air National Guard and Reserve and the Coast Guard Reserve. The GAO noted that the first six are part of the DoD and the seventh is part of the Department of Transportation. The GAO further noted that the reserve component command and management organizations are an integral part of the DoD and Transportation Department structures. The GAO observed that one unique aspect of reserve component management is the Army and Air National Guards dual state-federal status--i.e., during peacetime, the National Guard units are under the control of the Governor of the State where they are located. The GAO reported the DoD goal is to develop a peacetime management structure that ensures effective reserve component leadership and input into the various defense management decision processes and systems. The GAO noted that Reservists are legislatively separated into three categories, which define the nature of their military obligation--i.e., ready reservists, standby reservists and retired reservists. The GAO further noted that the Total Force Policy calls for reserve component members, rather than draftees or volunteers, to be the primary source of personnel to augment the active forces in military emergencies. The GAO observed that reserve component appropriations increased from about \$8 billion in 1980 to about \$19.8 billion in FY 1988, and its portion of the DoD Defense budget during the same period. Because the reserve components are critical to national defense and will be mobilized and deployed in the early days of any national emergency, the GAO concluded that it is important to identify whether management improvements can be made, which would enhance reserve force capabilities. (p. 2, pp. 13-20/GAO Draft Report)

DoD Response: Concur. The need for improved reserve force capabilities has been one of the primary goals of the Assistant Secretary of Defense (Reserve Affairs) (ASD(RA)), and it will continue to be one of the Department's most difficult challenges during a time of severe budgetary constraints.

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o **FINDING B: Opportunities To Improve Policy Guidance.** The GAO noted that, in recent years, the Office of the Secretary of Defense (OSD) has provided policy guidance on a number of key reserve component issues--particularly since the establishment of the Office of the Assistant Secretary of Defense for Reserve Affairs. The GAO found, however, that OSD guidance is still lacking on what factors to consider when making force mix and reserve component mission assignment decisions. The GAO observed that prior DoD and GAO studies addressed various aspects of the force mix and mission assignment processes and these studies have noted the lack of and need for overall guidance on making force mix decisions. The GAO further observed that, in the FY 1987 and FY 1988 budget hearings, the Congress expressed concern over the lack of policy to ensure consistency in making force mix and mission assignment decisions. The GAO learned that each Service uses its own set of procedures and criteria for determining the appropriate mix of active and reserve forces and the mission assignments within that mix, which are generally made as part of the budget process. As an example, the GAO noted that the Navy employs a specific decision logic to accomplish its assessments. Based on its current work, as well as the prior studies, the GAO determined that the following factors are important considerations in making force mix decisions:

- cost and capability of the reserve components to perform the particular missions;
- impact on training requirements;
- impact on recruiting requirements;
- availability of personnel;
- impact of full-time support personnel requirements, and
- impact on equipment resources.

The GAO concluded that, in addition to considering these factors, once it is decided that changes are to be made in force mix or reserve component missions, the resources to support those changes must be included in the budget requests. The GAO further concluded that, in addressing current budget constraints, Defense managers will be seeking alternatives for reducing Defense expenditures, while maintaining an effective Defense force; therefore, as decision makers consider these alternatives, it should be done on a consistent basis, involving analysis of all relevant factors. (pp. 23-31/GAO Draft Report)

DoD Response: Concur. The DoD recognizes the need to better develop force mix policy and to that end the DoD is working towards developing procedural guidance and providing the tools

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to assist the Services in making consistent judgments about force mix. To assist the OSD in evaluation of force mix outcomes, the RAND Corporation has been tasked by the Assistant Secretary of Defense for Force Management and Personnel (FM&P) to assist in identifying additional key principles for cost-effective total force manning and development of tools to support policy implementation. Progress reports are scheduled for May 1989 with the full study being completed by May 1990.

- o FINDING C: Individual Ready Reserve: Personnel Data Problems. The GAO reported that each Service has an Individual Ready Reserve (IRR), which consists of individual reservists who are not required to train regularly or to be members of reserve component units. The GAO noted that these personnel would be used primarily to fill shortages in deployable units and provide replacements for losses in deployed units. (The GAO pointed out that the Army and Marine Corps are particularly dependent on IRR personnel during mobilization.) Noting effective mobilization of IRR personnel depends greatly on the quality of personnel information maintained in peacetime, the GAO found that the Services have had problems ensuring the accuracy of personnel data on their IRR members. The GAO observed that, after personnel transfer into the IRR, the Services rely on the individuals to provide current information on their residence, status and availability for service. The GAO found, however, that the Services lacked valid addresses and that, to improve the accuracy of IRR personnel information, during FY 1987, the Services conducted a number of one day screening programs. The GAO noted that, even though a large number of personnel attended the program, about 100,000 did not report for the program as required, and data problems still exist. The GAO further noted that, in addition, the program showed some of the Army IRR addresses assumed to be valid were not (because of returned correspondence). The GAO observed that, notwithstanding these initiatives, accuracy of personnel information (although improved) continues to be a problem. The GAO concluded that creating incentives for IRR members to provide this information should be considered. (pp. 33-36/GAO Draft Report)

DoD Response: Partially Concur. While the facts presented are correct, the DoD does not agree with the GAO conclusion relative to offering an incentive for reporting current addresses and other personal information. This would establish a poor precedence. Individuals have a legal obligation, under 10 U.S.C. 652, to report their current addresses, and should do so without additional rewards.

During the period from 1981-1983, the Department and the Congress were very concerned with the decline in the IRR population. Out of concern that pretrained manpower assets

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were not going to be sufficient to meet mobilization requirements, the DoD investigated several low-cost or no-cost initiatives and proposed legislative solutions. The result was enactment of P.L. 98-94 on July 1, 1984, which increased the military service obligation (MSO) from 6 to 8 years. At a time when it is essential to realize growth in the IRR, to reduce the MSO merely as an incentive as suggested by the GAO, would only exacerbate the shortage of mobilization assets. Additional monetary incentives for this purpose are not considered essential, given existing budgets constraints.

The Department supports the vigorous pursuit of the IRR Screening Program. The transient nature of the younger portion of the IRR mirrors the nature of the rest of our society. The results of the screening program, which only commenced in FY 1987, have already brought to the Services much valuable information on the number and type of personnel available, enhanced the IRR data bases, and helped define the best procedures in contacting IRR members. The IRR Screening Program should be given 3 fiscal years of concentrated effort and evaluated at that time before additional measures are considered to improve the reporting of address and personal information.

While the Services have had problems ensuring the accuracy of personnel data on their IRR members, there are several initiatives underway to improve the accountability of IRR members. These include:

- Significant improvements to the Reserve Components Common Personnel Data System have been made during the past three years, including a new DoD Instruction 7730.54, published in June 1988. For example, there has been a 30 percent decline in IRR records with unknown sex, race and ethnic data.
- Initiation of the IRR Screening Program in FY 1987, which has significantly improved the accountability of IRR members by screening approximately one third of the members each year. The Army, with an IRR twice as large as all the other components combined, averaged 2 updates per personnel record for each of the more than 100,000 IRR members screened in FY 1987. The Army also reduced FY 1988 end strength projections by more than 15 percent based on screening results.
- Improvements to each Service's personnel data systems, including both hardware and software changes and additions.
- There is an initiative underway to enter into contractual agreement with the Internal Revenue Service (IRS), under which the IRS, using its addresses, will forward mail to IRR members known to have inaccurate addresses in their military records. Information forwarded will include

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change of address cards, personnel managers' toll free telephone numbers and a letter explaining responsibilities and benefits of IRR membership.

- Later this year, the Credit Bureau Information Center will be placing a portable data terminal at the Army's Personnel Center (ARPERCEN). This terminal will be used to locate transient IRR soldiers who have not reported their current address to the ARPERCEN. The ARPERCEN will need no more than the soldier's social security account number to call up his address if he or she has applied for credit from any source.
- The fielding by the Army of automated personnel systems (SIDPERS-3) by 1990 and the Reserve Component Automation System (RCAS) by 1991 is expected to significantly improve Army reserve component personnel data by permitting timely, direct, and easily amended data reporting and processing from the user unit to the using headquarters levels.

- o FINDING D. Internal Control Weakness. The GAO found that, based on its review of Department of Defense Annual Statements of Assurance reports on internal controls for FY 1985 through FY 1987, the Services did not report IRR personnel data base deficiencies as a material weakness. The GAO concluded, that given the significance and long-standing nature of the data base problems, they should have been reported. (p. 37/GAO Draft Report)

DoD Response: Nonconcur. The DoD has never considered each separate element of manpower data as a "Material Weakness," as recently defined by DoD Directive 5010.38, impacting on a DoD component's ability to fulfill its mission. Therefore, the fact that sufficient data elements did not exist to accomplish a fully developed manpower management information system does not constitute a deficiency in the sense of preventing accomplishment of a military mission. The OASD(RA) has long recognized and continues to pursue the goal of getting better manpower data in order to better manage manpower resources.

The Department currently has an appropriate and workable program to manage and improve the IRR data base as part of the management of the Reserve Components Common Personnel Data System (RCCPDS) improvement program. This program incorporates regular quality control procedures, production of management reports from the data base, formalized semiannual working group meetings between action officers responsible for management of the data base and formal reporting to a constituted steering committee organized at the assistant secretariat level.

Continuance and completion of two Department initiatives, the annual screening of IRR personnel and the full implementation

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of the Reserve Component Automation System (RCAS) and other similar service unique automation initiatives will provide significant improvements to the IRR data base. (See also the DoD response to Finding C).

In summary, current DoD management programs meet the criteria of Reasonable Assurance as defined in DoD Directive 5010.38.

- o FINDING E: Training Opportunities Not Always Targeted to Mobilization Needs. The GAO found that the IRR training management practices do not ensure training goes to those members who need it most or who have critical skills and specialities. The GAO observed that the Services, with the exception of the Air Force and Coast Guard, provide a limited amount of voluntary active duty refresher training for their IRR members--i.e., less than 5 percent of enlisted IRR members participate in refresher training, according to a 1986 Rand Corporation study. The GAO noted the following:

- The Army has the largest IRR training program, but training is voluntary and not targeted to need. The Army has, however, developed an overall training strategy and skill training priorities.
- The Marine Corps has an IRR skill refresher training program, which is also voluntary. In addition, the Marine Corps is testing a new approach that selects individuals for 2 weeks of combat arms training.
- The Navy provides personnel with training opportunities in their career fields; however, training opportunities are not always targeted to reservists with critical mobilization skills.

The GAO also found that the reserve components lack knowledge of IRR members retention levels over time and, consequently, do not know what their training needs are. The GAO noted that the Army is addressing this by developing skill decay analysis and individual proficiency evaluations. The GAO observed, however, that since these issues are still unresolved, the Army assumes only the personnel trained within the last 12 months are deployable with minimal post-mobilization training. The GAO concluded that IRR training management is constrained by inadequate information on mobilization training needs and a lack of understanding of skill deterioration over time. (pp. 38-39, p. 46/GAO Draft Report)

DoD Response: Concur: The DoD agrees that problems exist; however, initiatives have been taken and are under way to address training needs.

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These include:

- Defense Guidance, which directs the Services to determine IRR skill proficiency degradation, and to schedule refresher training as required to maintain minimum skill proficiency of IRR members at mobilization.
- Initiation of the IRR screening program in FY 1987, which provides an opportunity to evaluate and test for military skill proficiency. As part of the screening program, each Service developed skill qualification tests and evaluated refresher training needs for specific critical skills.
- Budgeting of funds for IRR refresher training in the annual Planning, Programming, and Budgeting System process.
- Mobilization requirements for fill by IRR members are constantly changing and require continuous evaluation of refresher training options, which include: no refresher training; better initial training; periodic refresher training; and train at mobilization.

While the IRR training program is voluntary, the cost (financial and political) of involuntary training for the IRR are considered prohibitive. Concerning the Army IRR, all members will be required within the first 30 days of a full mobilization. IRR training, therefore, which focuses on each soldier's military occupational specialty, is, in fact, targeted to need.

- o **FINDING F: Improvements Needed In Managing Transfers.** The GAO noted that active Army and Selective Reservist members can be transferred to the IRR, in lieu of discharge. (This occurs for reasons such as not completing training, unsatisfactory performance, pregnancy, hardship or parenthood.) The GAO observed, however, that these categories of individuals are to be transferred to the IRR unless it has been determined they clearly have no potential for useful Service under conditions of full mobilization. The GAO found that, at the end of FY 1986, an Army analysis of IRR membership revealed that the number of Army personnel transferred into the IRR, in accordance with this policy, was approximately 113,000 or 44 percent of the enlisted IRR. The GAO further found that about 77,000 of this number were transferred because they did not attend drills and another 6,900 were transferred for disciplinary reasons. (The GAO noted that the other Services have policies similar to the Army on transferring persons into the IRR in lieu of discharge.) The GAO concluded that some personnel are transferred into the IRR who are questionable mobilization assets. The GAO further concluded that, while policies require consideration be given to whether a person would be useful assets at mobilization, this is not being done in all cases. (pp. 39-40, p. 46/GAO Draft Report)

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DoD Response: Concur. The current system of transferring unsatisfactory participants and performers to the IRR in lieu of discharge is the result of the FY 1979 Authorization Act which said, " These personnel have been trained in a military skill and could well be valuable assets in a mobilization. It does not make sense to summarily discharge these individuals of their statutory obligation. ... the committee directs the Secretary of the Army to change procedures."

In letters to Congress in April 1988, the ASD(RA) surfaced the issue of the reliability of individuals with poor reenlistment codes populating the IRR. Fewer than 33 percent appeared for their IRR screening appointment. Over 65 percent of the other individuals with good reenlistments codes and good separation status appeared for screening.

In a May 1988 letter to the Assistant Secretary of the Army (Manpower and Reserve Affairs) (ASD (M&RA)), the ASD(RA) questioned the prudence of assigning these people to the IRR. The Army Reserve agreed to review current IRR transfer procedures used by commanders in analyzing soldiers' mobilization potential in order to assure all members of the IRR are viable mobilization assets. The Army expects to test these procedures once the Total Army Personnel Data Base (TAPDP) is implemented for the reserve components, projected for second quarter of FY 1989.

- o **FINDING G: Full-Time Support Management Can Be Improved.**
The GAO observed that a critical factor in maintaining reserve component capability is having an effective group of full-time personnel to assist in training and administration. The GAO noted that DoD civilian and military personnel, who work in these positions, are generally referred to as full-time support (FTS) personnel. The GAO noted that each Service has developed its own policies and procedures for managing its FTS personnel. The GAO found that, while these policies appear to be working, concerns have been expressed in areas such as personnel requirements determination, utilization of personnel, and the lack of policy uniformity. The GAO observed that a current management difficulty in the Army Guard, the Army Reserve, and the Air Guard is the existence of separate personnel systems for military technicians and the Active Guard Reserves (AGRs). These two categories of personnel often perform similar duties side-by-side within the same reserve unit; however, their personnel procedures, pay and benefits are different because technicians are civil service employees and AGRs are military personnel. The GAO reported that, consequently, morale and management problems have resulted. The GAO noted that, while the OSD is developing overall guidance for a full-time support program, the task is complicated by the variety of Service programs. The GAO concluded that the growing reliance on the reserve

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components and associated requirements for full-time support personnel makes the timely completion of this effort important. (pp. 40-47/GAO Draft Report)

DoD Response: Concur. The DoD has long been concerned with the need for uniform definitions and standards for Full-Time Support Programs. DoD Directive 1215.6, "Uniform Reserve, Training, and Retirement Categories" was published in September 1987, and provides a framework for a full-time support directive.

A draft full-time support directive was prepared subsequent to DoD Directive 1215.6 and is currently being staffed throughout the Department. Responses and concurrence from all DoD agencies have been received, except for the Army. Final staffing should be completed by June 30, 1988, with publication of a final directive by August 1, 1988.

o **FINDING H: Management Of The Guard And Reserve Equipment Appropriation Can Be Improved.** The GAO found that the Reserve components have not received the full benefit of the Guard and Reserve Equipment appropriations intended by the Congress because these additional funds have sometimes been offset by reductions in the amount of equipment the active components planned to buy for the Reserves. The GAO pointed out that, although \$1.5 billion was appropriated specifically for reserve component equipment, the reductions made by the Services in their planned equipment procurement for the reserve components resulted in the reserve components realizing less than half that amount. The GAO concluded that, as now implemented, the Guard and Reserve Equipment appropriation has certain inefficiencies, as follows:

- because the reserve components do not normally perform procurement duties, they have limited knowledge and experience with the equipment procurement process, thus hindering the execution of this special appropriation, particularly in its initial years; and
- because the Guard and Reserve Equipment appropriations were not part of the DoD normal budget procurement processes, the Services did not have procurement plans for many of the items the reserve components needed and, consequently, mission essential equipment was not always available for procurement or there were delays in initiating the procurement process.

The GAO also found that the Army Reserve experienced problems in procuring needed equipment items with the Guard and Reserve Equipment because mission essential equipment was sometimes not available for procurement. The GAO concluded this resulted in funds being expended for needed equipment which did not improve unit equipment status ratings. The GAO also

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noted that, because of concerns about the reductions in appropriations, the 1987 Defense Authorization Act required that, in each DoD budget submission, amounts requested for procurement of equipment for the reserve components would be set forth separately. The GAO reported that the OSD Comptroller, however, opposed the separate procurement appropriation and proposed an alternative. Because the DoD proposal will provide the necessary control and visibility over equipment procurement for the reserve components, ensuring that equipment requirements are integrated into the DoD requirements and budgeting processes, the GAO concluded that it favors the DoD approach as a means of meeting the requirements to establish separate procurement budgets. (pp. 50-57, pp. 61-62/GAO Draft Report)

Now on pp. 40-45, 48-49.

DoD Response: Concur. While the Services may have, in some cases, reduced the amounts intended to be spent on reserve components as a result of, or in anticipation of, National Guard and Reserve Equipment appropriation funding, it should be recognized that a number of reductions which occur are justifiable, logical, and are in the best interests of the Department and the Nation. For example, budget reductions in recent years have forced the Air Force to reduce the size of its active component tactical fighter force. This has made available, sooner than originally anticipated, a larger number of F-16 aircraft for modernization of the reserve components' aircraft fleets. Consequently, previously planned upgrade modifications to older F-4 aircraft were no longer desirable, nor cost-effective, and have been eliminated or curtailed.

- o FINDING I: Implementation of "First To Fight, First To Be Equipped" Policy Can Be Improved. The GAO reported that the DoD policy, "First to Fight, First To Be Equipped," provides guidelines for equipping forces based on anticipated deployment of mission importance, regardless of component. The GAO found instances, however, where internal Army National Guard and Army Reserve equipment distribution practices resulted in units being equipped without regard to their deployment priority. The GAO learned that, in 1986, the Army modified its distribution policies by deciding to first equip units (with exceptions for some selected units), to a C-3 equipment status level before beginning to equip units to the C-2 level (80 percent of mission essential equipment). The GAO observed that, as a result, the equipment distribution policies appear to be directed towards reducing the greatest number of units reported as C-4 (less than 65 percent of mission essential equipment) as possible, without regard to deployment priorities. The GAO also found that practices for redistributing equipment after its initial receipt by a unit are not consistent with the "first to fight, first to equip" policy. The GAO concluded that, while it supports the goal of increasing the number of units capable of performing major portions of their assigned missions, this should be

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accomplished on a basis consistent with unit deployment priority. The GAO further concluded that not considering deployment priority in equipment distribution could result in units being deployed in support of contingency plans without the necessary equipment and/or could require a reshuffling of equipment to provide the required equipment to deploying units. (pp. 57-59, p. 62/GAO Draft Report)

DoD Response: Partially Concur. The Department's "first-to-fight, first-to-be-equipped" policy is intended to provide overall guidance to the Services in equipping their forces. It is a general policy under which the Services need to make specific management decisions with an ultimate objective of maximizing overall combat capability. The policy is not intended to be an immutable rule. Some exceptions are valid and desirable from the standpoint of maximizing overall combat capability. Minimum levels of training equipment and fielding plans for Mobile Subscriber Equipment are two notable examples. While anomalies do occur in the process of equipping forces, it should be recognized that two different, possibly equally valid perspectives on structuring and equipping forces underlie perceptions of whether or not the Army is essentially in conformance with the overall policy. One point of view holds that maximum deterrence is provided with a visible predominance of combat power. Accordingly, the maximum number of combat units as possible are maintained at the maximum state of readiness and risk is assumed in the support/sustaining structure as well as in the later deploying combat units. Another point of view argues for a better balanced force structure/equipage posture among combat, combat support, and combat service support units, albeit at an overall lower rate of readiness. Simply put, the question becomes, in times of limited resources, whether the defense of the country is better served in its strategy of deterrence by fully resourcing the "tooth" and allowing for a hollow "tail," or by providing for an improved balance between the two. Coherent arguments are evident for both viewpoints. Current Army equipage policy generally conforms to the latter viewpoint, despite some aberrations in the policy's implementation. It should be noted that currently all forward deployed Army combat units report, at a minimum, a C-2 level for equipment.

- o **FINDING J: Reserve Equipment Report Can Be Misleading.** The GAO found that the methodology used for computing the value of reserve component equipment could provide an inaccurate impression of the relative increases in the amount of reserve component equipment inventories from year to year. According to the GAO, the report shows that the value of reserve component equipment increasing each year; however, much of this increase is due to changes in how items are valued, as opposed to absolute increases in the number of items. The GAO observed that this occurs because the value of equipment is

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based on the cost to replace the items in the inventory with a new piece of equipment. The GAO concluded that, consequently, increases in the replacement cost of items can make it appear that the equipment inventory has increased, even though the only change is the equipment in the inventory is a year older. The GAO concluded that using the replacement price for determining the cost of equipment items overstates the equipment value of existing items. Noting the OSD plans to modify the equipment report to indicate the increase in inventory values due to price changes in replacement cost versus those due to actual increases in the inventory, the GAO further concluded this will increase the usefulness of the report. (pp. 59-62/GAO Draft Report)

DoD Response: Concur. Year-to-year increases of inventory values have been adjusted to account for the impact of price changes, effective with the FY 1989 National Guard and Reserve Equipment report submitted to the Congress on February 12, 1988.

- o FINDING K: Scope And Impact of Individual Military Skill Problems. Based on Service data for December 1987, the GAO found that about 277,000 (or about 28 percent) of the Selected Reserve assigned strength were not qualified for their duty positions. The GAO further found that, during FY 1987, almost one third of the unqualified personnel were those undergoing initial entry training or awaiting training, with the remainder being individuals possessing a military specialty, but who were assigned to positions requiring a different specialty or were not fully position qualified. (The GAO noted that the ratio was approximately the same for FY 1985 and FY 1986.) The GAO reported that, according to Reserve Force Policy Board officials, the individual military skills of reservists, next to personnel shortages, was the most critical factor limiting reserve component unit readiness. The GAO concluded that, while the impact of reservists not having the necessary skills for their positions cannot be measured precisely, it is clearly a problem, as evidenced by Service training initiatives and the Reserve Forces Policy Board assessment of unit capabilities. (pp. 64-66/GAO Draft Report)

Now on pp. 52-53.

DoD Response: Concur. A continued effort is being made to increase the qualification of individuals in the Services. The development of modular training courses (to be completed by FY 1989), the establishment of regional training sites (to be operational by FY 1992) and Readiness Centers (currently being established), the introduction of new training devices and simulators tailored for the Reserve environment, and better management controls will assist in better training and qualifying individuals. In particular, the OASD(RA) will monitor the Army's Training Strategy Action Plan semiannually to ensure that reserve component individual training needs are addressed.

- o **FINDING L: Contributing Factors Affecting Training.** The GAO reported that military members are considered unqualified in their individual military skills when they are assigned to duty positions with no military training or the wrong military skill for the position. The GAO found that several constraints affect the reserve components' ability to train personnel, the foremost of which is limited training time. The GAO reported that there are a number of other factors that affect the reserve components' ability to maintain high levels of individually qualified personnel, some of which are also exacerbated by time constraints, including:

- length of training;
- reliance on prior service personnel;
- modernization and force structure changes; and
- geographical limits on personnel availability.

The GAO reported that each Service has training programs addressing the individual military skill problem, which if properly implemented, should improve Reservist individual skills. As an example, the GAO cited that the Army Action Plan for Reserve Component Training, consisting of 16 major issues and 61 actions designed to improve the technical and professional competence of individuals. As another example, the GAO cited the Navy development of "Readiness Centers," which will be equipped with more training equipment and simulators than are found in its local reserve centers. While training initiatives such as modular reserve courses and the establishment of regional training centers are promising, the GAO concluded that effective implementation of these programs also requires improving management controls and procedures at the unit level. (In this regard, the GAO noted that past audits of reserve component training administration have identified many systemic management weaknesses.) (pp. 66-73/GAO Draft Report)

DoD Response: Concur. A continuing effort is being made to strengthen the management of individual military skill qualification training at the unit level. For example, the Army is just completing a study in which several new training actions make up the Army's Reserve Component Training Strategy Action Plan. This plan, a part of the Reserve Component Training Strategy Study, will not be final until briefed to the Army Chief of Staff on July 15, 1988. One action is an annual review of reserve component training management, support status, projections, and the current and projected impacts of proposed policies and programs. A Reserve Student Management Account will allow officers and enlisted soldiers to pursue mandatory professional development training at

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active or Reserve schools on full-time duty with pay. A major action would totally integrate the training automation system for the reserve components. The Army will also establish a reserve component monitor to ensure execution of the Reserve Component Training Strategy Action Plan.

The Army has 6 Regional Maintenance Training Sites opened with 15 more to be operational by 1992. These regional sites provide qualification and sustainment training for many military occupational specialties in the Army National Guard and Reserve.

One way the Navy is attacking individual training problems is through the establishment of Naval Reserve Readiness Centers. The Secretary of the Navy has approved the continuance of the phased process of the Surface Program to Upgrade Readiness (SPUR) implementation. The Commander, Naval Reserve Force in conjunction with the Commander, Naval Surface Reserve Force, will convert existing Reserve Centers and reassign personnel from the Readiness Command staffs to create 40 Naval Reserve Readiness Centers by August 1, 1991. These centers will concentrate specific types of training at a single location which is ideal for Reservists not able to drill at the gaining command.

Modular courses and regional training concepts are being introduced into the reserve component environment. Using training devices, simulators, and other new training technology, the reserve components' task of qualifying and administering effective training programs is expected to improve.

o **FINDING M: Additional Actions Are Needed To Address Qualification Problem.** While the training initiatives of the Services represent positive steps toward addressing the skill qualification problem, the GAO observed that other actions should also be considered. These include addressing some of the other fundamental causes of low duty position qualification levels, as follows:

- conducting a thorough, consistent analysis of missions before they are assigned to the reserve components-- including analysis of whether individual training requirements of positions are achievable within the reserve components;
- assigning full-time personnel to military specialty positions requiring long periods of active training could improve the level of individual skill qualifications;
- establishing and enforcing mandatory time limits, based on qualifications requirements for the completion of retraining programs, could reduce the number of personnel

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who are not position qualified; and

- developing incentives to keep qualified members in Selected Reserve units rather than transferring them to the IRR--for example, the establishment of a policy requiring annual active duty periods for IRR members who have not served on active duty (other than initial entry training) could provide an incentive for retention in the Selected Reserve.

The GAO observed that it also must be recognized improved training is only part of the answer to duty position qualification problems. The GAO concluded that changes to management policies and practices should also be explored and tested as a means of addressing this problem. (pp. 74-78/GAO Draft Report)

Now on pp. 59-61.

DoD Response: Partially Concur. As indicated in the DoD response to Finding B, the OSD is working towards developing procedural guidance and providing the tools to assist the Services in making consistent judgments about force mix.

Assigning full-time support personnel to "hard-to-fill" skill positions can be accomplished, in some cases, to improve the level of individual skill qualifications. For example, the Air Force Reserve and National Guard have a high percentage of full-time support personnel. This allows for the daily routine tasks to be taken care of, and also provides personnel in the hard skills (e.g., aircrews, maintenance crews) to perform on a daily basis, and to serve as instructors for Selected Reservists. The Services have had a difficult time, however, convincing the Congress of the need for increased manning to meet just the minimum requirements of basic full-time support within the reserve components. Increasing the number of full-time support personnel for this additional purpose, at significant cost, could jeopardize the entire program.

Concerning mandatory time limits, where required, the Services are configuring qualification courses to the needs of the reserve components. Once this task is completed and sufficient funds are available to support attendance, establishment of varying time limits for re-qualification may be both feasible and desirable. Scheduling of required retraining prior to enlistment may be impractical in some cases and unnecessary if there is a time limit imposed upon re-qualification. Notwithstanding the above, it should be recognized that 10 U.S.C. 511(d), stipulates that training will take place (begin), in so far as practical not later than 270 days from the date of enlistment. Also, it should be noted that prior service personnel being reclassified must enter into training within 180 days of their enlistment contract. It is not considered practical to put a specific date for the completion of re-qualification training due to

variations in training requirements and the availability of Reservists for training.

Relative to incentives, the Services have not found this to be a desirable option because: 1) unbudgeted expenses are involved; 2) the population is relatively small, and consists primarily of individuals, who because they have not reliably served in the Selected Reserve, are not considered any more reliable to serve on active duty; 3) the time and administrative efforts to integrate these individuals into the active components are not considered cost-effective; and 4) budget constraints are forcing a smaller active force. At this time, the Services are trying to recruit only highly qualified individuals. A policy such as that proposed by the GAO would be counterproductive at this time.

- o FINDING N: Reserve Component Information Management Environment. The GAO observed that the reserve components are highly dependent on standard systems, which support both active and reserve component financial and information management functions. The GAO found, however, that with the exception of the Army Guard, the reserve components generally use standard DoD accounting systems to account for their appropriated funds. The GAO noted that, according to the FY 1987 Department of Defense Annual Statement of Assurance, ten of the 26 systems the reserve components use are not in conformance with the Comptroller General's principles and standards. The GAO noted that the report identified 51 material weaknesses in these ten systems. While the DoD has initiated a number of actions to correct these accounting system deficiencies, the GAO reported that, due to system size and complexity, most of the efforts are long term projects. In addition, the GAO found that the completion dates for a number of these projects continue to slip. As an example, the GAO noted that an analysis of the 1984 and 1987 Department of Defense Annual Statement of Assurance reports showed the following:

- only one system will be brought into conformance when initially planned;
- four systems had slipped 1 year;
- one system had slipped 2 years; and
- three systems had slipped 4 years.

The GAO concluded that, until the Services complete these long term projects and implement the new accounting systems, the reserve components will be using systems that have material deficiencies. (pp. 80-82, p. 88/GAO Draft Report)

DoD Response: Concur. Each of the Services is continuing to

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improve its information systems within an environment of constrained budgets. Planned improvements include those systems used for accountability of appropriated funds to bring them into conformance with Comptroller General principles and standards. The reserve components have participated with the active components in the development of many of these systems and shares the GAO concern over the slippage.

The Army National Guard (ARNG), in particular, is on record to adopt the Standard Army Financial Accounting System (STAMIS) after design and fielding proves its worth and compatibility with ARNG applications. The ARNG is aware that many of the standard DoD accounting systems are not in compliance with GAO principles and standards and that a number of actions to correct these accounting deficiencies have slipped. The uncertainty of these efforts is just one of the reasons why the ARNG has continued to maintain its own systems despite continued efforts to complete STAMIS development. While the ARNG financial accounting system, which is known as the State Accounting Budget Expenditures Reservation System (SABERS), is not currently in compliance with GAO principles and standards, efforts are underway to bring it into compliance. It is felt that the ARNG can accomplish this at least as quickly as the active Army, and there is confidence that it will serve the ARNG's needs and eventually be compliant should active Army efforts stall.

Overall, current management programs within the services are attempting to meet the criteria of Reasonable Assurance as defined in DoD Directive 5010.38. The OSD will assure that these programs continue to receive priority attention.

- o **FINDING O: Pay System Deficiencies And Actions to Correct Them.** The GAO reported that payroll is the area where the largest number of reserve component unique systems exist and while these systems are used to pay reservists, the active components are primarily responsible for managing them. The GAO found that the Army, Navy, and Marine Corps have experienced long-standing problems in providing accurate and timely pay to reservists. The GAO reported that these problems have been identified in GAO, DoD Inspector General, and Service audit reports dating back to the 1970s. While each of the reserve components pay systems are different, the GAO observed that their problems are similar in nature. The GAO noted that the major difference between the Service Reserve Component pay systems is whether or not the systems are centralized--the Air Force has a centralized system, while the Army and Navy do not. The GAO observed that centralized pay systems are more efficient and reduce the likelihood of errors. The GAO reported that the Army has agreed with the need for a centralized, integrated pay system, but does not plan for the project to be completed until 1997. The GAO further reported that, on the other hand, the Navy has

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Now on pp. 66-68, 71.

initiated two projects that will result in a master pay record for each reservist by the early 1990s, but will not centralize the inactive and active duty pay systems. The GAO concluded that establishing a master pay record will improve the Navy reserve pay system; however, centralized systems are less susceptible to error. The GAO further observed that another major difference in the Service pay systems is the frequency with which they pay reservists for performing inactive duty training (which also affects the timeliness of pay). The GAO concluded that, while it is difficult to measure, accurate and timely pay is a factor in the retention and morale of reservists. (pp. 82-84/GAO Draft Report)

DoD Response: Concur. The centralization and integration of pay systems within all Services improve pay accountability and is an important objective. Any centralization and integration of pay systems must maintain or improve pay responsiveness to Reserve personnel. As an example, the Army Reserve has been working to establish a single standard GAO approved system for computation and payment of annual training (AT) and active duty training (ADT) and to provide an emergency pay backup system for Inactive Duty Training (IDT). Phase 1 of this Reserve Component Automated Pay System Support (RCAPSS) will begin implementation in August 1988.

- o FINDING P: Army Guard Used Unique Financial And Information Management System. The GAO observed that the Army National Guard has several unique financial and information management systems. The GAO found that, with respect to the financial management system, the Army Guard does not use the Army Standard Finance System and the Standard Army Civilian Payroll System; instead, it operates unique systems for performing these management functions. While noting that plans exist for the Army Guard to use standard Army systems, once they are redesigned, a milestone date has not been established for accomplishing system integration. The GAO concluded that, until the Army Guard begins to use the standard Army systems, they will not be integrated into the Army total financial management environment. Similarly, with the exception of the Army Guard, the reserve components use the active components Standard Management Information Systems for support. While the Army policy is that development efforts affecting all major information systems will be incorporated into the reserve components management information needs, the GAO pointed out that this effort is not expected to be completed before the early 1990s. (pp. 84-85/GAO Draft Report)

Now on pp. 68, 71.

DoD Response: Nonconcur. The ARNG financial information system (SABERS) feeds all ARNG financial accounting information into the U.S. Army Finance and Accounting Center (USAFAC) by means of standard Department of the Army reports submitted via AUTODIN, e.g., RCS CSCFA 304, Expenditures Report, RCS CSCFA 218, Status of Resources, and RCS CSCAA 112,

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Status of Reimbursements. The SABERS is an on-line, interactive system fully integrated with all ARNG systems containing financial information and it provides the ARNG program managers instant access to financial information for management purposes. This capability is not provided by the Standard Army Finance System (STANFINS).

With regard to using the Standard Army Civilian Payroll System, this is not feasible at this time as that system does not correctly process ARNG technician payrolls in compliance with P.L. 90-486, effective January 1, 1969, which brought the former State employees into the Federal System. This legislation (The National Guard Technician Act, Para 709, Section 2 of Title 32), which established the National Guard Technician as a Federal employee, placed some restrictions on technicians that do not apply to other Federal employees (e.g., no paid overtime, Fair Labor Standards Act (FLSA) does not apply to Title 32 employees). It also gave technicians some rights or benefits not permitted to other Federal employees (e.g., opportunity to stay in State retirement programs, payroll deduction for National Guard Association of the United States Insurance Trust (NGAUSIT) and some state insurance plans). In order to comply with the legislation, it is not possible to use the Standard Army Civilian Payroll System.

The Technician Payroll System, along with all the other ARNG systems containing financial data, interfaces with the SABERS so that all financial management information is integrated into one ARNG system. Since the SABERS interfaces with the Army system via various Department of the Army reports, the GAO conclusion that "...until the Army Guard begins to use the standard Army systems, they will not be integrated into the Army total financial management environment" is not correct.

- o FIND 1 : Q: Army Automated Mobilization System Problems.
The GAO found that mobilization managers at mobilization stations and transportation agencies do not have ready access to timely and accurate information for the mobilization decision making process. The GAO noted that, since 1979, the Army has been working on a program to automate the various planning and execution functions associated with mobilizing and deploying the Reserve Components. The GAO found, however, that after eight years and the expenditure of about \$50 million, only limited automation capabilities exist to support mobilization managers. The GAO reported that the program was restructured in August 1986 and again in April 1987, and while some progress has been made on the new program, much remains to be done. The GAO noted that in the FY 1987 House Appropriations Conference Report the conferees expressed concern about the DoD failure to field automation support for the Army Reserve Components, despite the substantial appropriations since 1979. The GAO reported the conferees

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directed that the Secretary of Defense develop a plan to provide automation support for the Army Reserve Components by March 1, 1987. The GAO noted that the Army experienced difficulty in developing the plan, which was not submitted until October 1987. The GAO pointed out that, while the House Appropriations Defense Subcommittee Report on Defense Appropriations for FY 1988 acknowledged the progress the Army has made on the Reserve Component Automated System, it also stated "...the Committee continues to be disappointed at the slow pace of solving this problem....." The GAO noted that the Committee report contained a number of recommendations to the DoD relative to program management, including placing management responsibility for the program under the Chief of the National Guard Bureau. (pp. 84-88/GAO Draft Report)

DoD Response: Concur. In January 1988, proponenty and management of the Reserve Component Automation System (RCAS) was transferred to the Chief, National Guard Bureau, who immediately appointed an Army Reserve general officer as the RCAS program manager. Since then, the RCAS program manager's charter and table of distribution and allowance (TDA) was issued; contractor support was obtained to consolidate and update the functional description and requirements approved by the DoD Major Automated Information Systems Council (MAISRC); a General Officer Steering Committee (GOSC) was established to facilitate user participation, understanding and acceptance of the RCAS throughout its life cycle; a revised mission element needs statement was issued; the disposition status and assets of the Developmental Army Readiness and Mobilization System (DARMS) was reported to the Congress; the first congressionally mandated quarterly review of the RCAS by the Office of the Assistant Secretary of Defense (Comptroller) (OASD(C)) was accomplished with information prepared and presented; a pre-solicitation conference was held to exchange information with prospective vendors regarding the scope of RCAS; and Army reserve component automation initiatives outside the RCAS project were defined.

Current milestones for the RCAS include issuance of the draft request for proposals (RFP) in December 1988, and full deployment of the RCAS by July 1991. The draft consolidated functional description is expected to be completed and its review process begun by July 1988. The DoD MAISRC is scheduled to review the RCAS progress and any milestone slippages during its meeting on July 15, 1988

- o FINDING R: Army Reserve Component Mobilization System: Internal Control weakness. The GAO found that, based on its review of the Department of Army 1983 through 1987 reports on internal control weaknesses, data deficiencies in the Army Reserve Component mobilization system have not been identified as material internal control weaknesses. The GAO concluded that, given the acknowledged significance and long-standing

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nature of the problems, it should have been included.
(p. 88/GAO Draft Report)

DoD Response: Concur. This area will be reported as a material weakness in the next Annual Statement of Assurance.

- o FINDING S: Management Structure Observations. The GAO observed that achieving adequate representation for the Reserve Components in the DoD management structure has been a long-standing concern of both the DoD and the Congress. The GAO reported that the DoD Authorization Act of 1984 upgraded the Deputy Assistant Secretary of Defense (Reserve Affairs) to an Assistant Secretary, emphasizing that the National Guard and Reserves are integral parts of the total force, and these components deserve the same level of access and exchange with the Secretary of Defense and other assistant secretaries. The GAO found that, generally, the Reserve Component management structure are functioning effectively and providing the Reserve Components "a voice in matters that affect them." The GAO also found some concerns, however, about aspects of the management relationships in the Army Reserve Components because the responsibilities of the Chief, Army Reserve, as cited in Army regulations, are not consistent with his organizational role as a staff officer and an advisor to the Army Chief of Staff. The GAO observed that authority of the Chief of Army Reserve is limited because the Commander, Forces Command, with the exception of a few units in Europe and the Pacific, commands all Army Reserve units. The GAO also pointed out that the regulations indicate both the Chief of the Army Reserve and the Commander, Forces Command, have similar (i.e., duplicative) responsibilities. (pp. 90-92/GAO Draft Report)

Now on pp. 73-74.

DoD Response: Concur. The Total Army's growing reliance upon its reserve components quite naturally engenders some degree of friction among the major elements of the Army staff. This kind of evolutionary friction is expected and is routinely dealt with by all the parties involved. The Total Army is a dynamic organization that is changing over time in response to its mission. These contradictions are more a sign of growth than a reason for concern.

- o FINDING T: Active and Reserve Integration Could Be Improved. Noting the Active/Reserve Component integration is an important aspect of total force implementation, the GAO reported that the degrees of their integration varies among the Services. On one hand, the GAO found that there is substantial involvement of active personnel in all Reserve Component management structures at the Military Department level and in headquarters. By way of contrast, the GAO found that Reserve Component representation at Service operational commands is much more limited. The GAO noted that, according

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to the Chief, National Guard Bureau, and the Chief, Army Reserve, there is a need to improve Reserve Component representation at major Army commands, perhaps by changing the roles of their existing senior representative, who are currently assigned as advisors to the commands. The GAO reported that the Army CAPSTONE program is designed to ease the difficulties in the transition from peacetime management structures to wartime operational structures and to improve the Active/Reserve component relationships. The GAO noted that the program objective is to improve mobilization and wartime planning, mission capability, and deployability throughout the Army. The GAO concluded, however, that the effectiveness of the program depends on extensive, informal coordination between the Active and Reserve Component units. The GAO further concluded that, while the Reserve Component management structures are generally ensuring that reservists have input into matters that affect them, there are concerns about some aspects of the management relationships in the Army Reserve Components. (pp. 90-95/GAO Draft Report)

Now on pp. 74-76.

DoD Response: Concur. In improving the management of the Reserve Component full-time support program, the OSD is encouraging the components to provide career broadening assignments both throughout each Reserve Component and with the active component. This is currently accomplished to some extent in the Navy TAR program, where their full-time reservists actually serve in command and operational positions with the active Navy. The OASD(RA) is in the process of coordinating a new directive with the Services which will establish policies, prescribe procedures, and assign responsibilities for full-time support programs. It is estimated that the directive will be published by September 1, 1986.

National Guard and Reserve representation at Army major commands could be increased by assigning reserve component general officers to full-time positions at Forces Command and at the five U.S. Armies. Direct coordination at the operational level between the active component and the reserve component would increase the effectiveness of the Army's CAPSTONE program, and assist the integration of active and Reserve forces in implementation of the Total Force policy. Overall, National Guard and Reserve full-time representation at Service operational levels should be increased. Appropriate Reserve component officer billets (O-6/O-7/O-8) would be required for command and senior staff positions, which would require congressional approval.

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RECOMMENDATIONS

- o **RECOMMENDATION 1:** The GAO recommended that the Secretary of Defense develop force mix and mission assignment decision guidance, which would ensure the consistent consideration of relevant factors pertaining to the decision. (The GAO concluded that, at a minimum, the guidance should address factors such as cost, capability, and personnel, training and equipment requirements.) (p. 32/GAO Draft Report)

Now on p. 23.

DoD Response: Concur. The Assistant Secretary of Defense for Force Management and Personnel (FM&P) is responsible for providing guidance and oversight, in coordination with the Assistant Secretary of Defense for Reserve Affairs, to ensure that requirements and force mix policy and procedures used by the individual Services result in a capable and effective Total Force. The ASD (FM&P) is working towards developing procedural guidance and providing the tools to assist the Services in making consistent judgments about force mix. The RAND Corporation has been tasked by the ASD (FM&P) to assist in identifying additional key principles for cost-effective total force manning and development of tools to support policy implementation. Progress reports are scheduled for May 1989 with the full study being completed by May 1990.

- o **RECOMMENDATION 2:** The GAO recommended that the Secretary of Defense examine alternatives for creating incentives for reservists to report current addresses and other personnel information (p. 47/GAO Draft Report)

Now on p. 35.

DoD Response: Nonconcur. While the DoD agrees with the basic need to improve personnel information, the DoD does not agree that incentives for Reservists should be proposed. The offering of an incentive for reporting current addresses and other personal information would establish a poor precedence. Individuals have a legal obligation to report their current addresses and should do so without additional rewards, as discussed in the DoD response to Finding C. The DoD is continually examining methods to improve participation by members of the IRR to keep their status current, the most significant being the IRR screening program instituted in FY 1987. Other initiatives include improvements in the Reserve Components Common Personnel Data System and each of the Service's personnel data systems, and plans to use the IRS and the Credit Bureau Information Center to locate transient IRR soldiers. The DoD also strongly disagrees with the GAO suggestion to offer reduced military service obligations (MSOs) to IRR members if they are responsible enough to keep authorities notified of current addresses and personal information changes. Increasing the MSO from 6 to 8 years was one of the major policy changes recognized by and enacted by the Congress to address serious shortages of mobilization manpower requirements. Additional incentives are not

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considered necessary because of positive results from current actions.

- o **RECOMMENDATION 3:** The GAO recommended that the Secretary of Defense report the IRR personnel data base deficiencies as a material weakness in the DoD system of internal control and develop an action plan to correct those deficiencies (p. 47/GAO Draft Report)

DoD Response: Nonconcur. The Department has never considered each separate element of manpower data as a "Material Weakness," and believes that current management programs for improvement of the IRR data base meet the criteria of Reasonable Assurance as defined in DoD Directive 5010.38. The Department currently has an appropriate and workable program to manage and improve the IRR data base as part of the management of the Reserve Components Common Personnel Data System (RCCPDS) improvement program. This program incorporates regular quality control procedures, production of formal and informal reports from the data base for review and management, formalized semiannual working group meetings between action officers responsible for management of the data base and formal reporting to a constituted steering committee organized at the assistant secretariat level.

The Steering Group has met three times in the last 3 years to review progress of the Working Group and to provide policy guidance for action items. The Working Group meets every six months to work on action items. Actions to date include issuance of a new DoD Instruction 7730.54 in June 1988, increased Service resourcing for software, hardware and manpower, and increased management emphasis on quality control of the data.

Continuance and completion of two DoD initiatives, the annual screening of IRR personnel and the full implementation of the Reserve Component Automation System (RCAS) and other similar service unique automation initiatives will provide significant improvements to the IRR data base.

- o **RECOMMENDATION 4:** The GAO recommended that the Secretary of Defense direct the Military Services to identify critical skill requirements and target resources to IRR members with those skills. (p. 47/GAO Draft Report)

DoD Response: Concur. The OSD Defense Guidance requires the Services to determine skill proficiency degradation and refresher training needs required to maintain minimum skill proficiency at mobilization. The Services are already doing much of this on their own initiative. The Army, in its IRR refresher training program is targeting those specialties which are designated as critical if mobilization occurs within

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a year. The Marine Corps is in the second year of a program where IRR refresher training is targeted on members in the Combat Arms who are predicted to be early deployers. While funds for IRR refresher training are limited, the Reserve Components appear to be applying them judiciously to the most critical requirements.

In general, however, preliminary results of the first year of the IRR Screening Program indicate large scale IRR refresher training is not cost-effective because the enormous turnover and short terms (average 3 years) of personnel in the IRR. Also, there is some evidence that basic skills do not deteriorate as rapidly as previously suspected. Examination of skill atrophy in the IRR continues and additional information is being assimilated. This is an ongoing effort and additional actions will be considered as further analysis is completed.

- o **RECOMMENDATION 5:** The GAO recommended that the Secretary of Defense direct the Military Services to ensure that unit commanders analyze the mobilization potential of unsatisfactory performers and participants before transferring them to the IRR. (p.47/GAO Draft Report)

Now on p. 35.

DoD Response: Concur. The current system of transferring unsatisfactory participants and performers to the IRR in lieu of discharge is the result of the FY 1979 Authorization Act which said, "These personnel have been trained in a military skill and could well be valuable assets in a mobilization. It does not make sense to summarily discharge these individuals of their statutory obligation. ... the committee directs the Secretary of the Army to change procedures."

In letters to Congress in April 1988, the ASD(RA) surfaced the issue of the reliability of individuals with poor reenlistment codes populating the IRR. Fewer than 33 percent appeared for their IRR screening appointment. Over 65 percent of the other individuals with good reenlistments codes and good separation status appeared for screening.

In a letter to the Assistant Secretary of the Army (M&RA) in May 1988, the ASD(RA) questioned the prudence of assigning to the IRR military members who are not eligible for reenlistment in either the active component or Selected Reserve. As a result of congressional direction, the Army is the only Service which assigns separating military personnel who are not eligible for reenlistment, to the IRR. The Army Reserve agreed to review current IRR transfer procedures used by commanders in analyzing soldiers' mobilization potential in order to assure all members of the IRR are viable mobilization assets. The Army expects to test its procedures once the Total Army Personnel Data Base is implemented for the reserve components in the second quarter of FY 1989 and propose any

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necessary changes to their personnel regulations.

- o **RECOMMENDATION 6:** The GAO recommended that the Secretary of Defense establish milestones for the timely completion of a defense directive providing guidance on the administration of a full-time support program. (p. 47/GAO Draft Report)

DoD Response: Concur. The DoD has long been concerned with the need for uniform definitions and standards for Full-Time Support Programs. DoD Directive 1215.6, "Uniform Reserve, Training, and Retirement Categories" was published in September 1987, and provides a framework for a Full-Time Support directive.

A draft full-time support directive was prepared subsequent to DoD Directive 1215.6 and is currently being staffed throughout the Department. Responses and concurrence from most DoD agencies have been received. Final staffing should be completed by June 30, 1988, with publication of a final directive by August 1, 1988.

- o **RECOMMENDATION 7:** The GAO recommended that the Secretary of Defense direct actions be taken to monitor and report to the Congress on the execution of equipment appropriations designated for the Reserve Component. (p. 63/GAO Draft Report)

DoD Response: Partially Concur. The Assistant Secretary of Defense for Reserve Affairs has taken additional actions to monitor execution of Reserve component equipment appropriations. A summer (1987) review for the Defense Resources Board (DRB) on the execution history of the National Guard and Reserve Equipment appropriation showed that, despite the slower initial obligation rate of this appropriation, over 97 percent of the FY 1982-84 funds were obligated within the three-year life of these appropriations. A review of this appropriation's status will be conducted annually by the OASD(RA), prior to the last fiscal quarter of the year, to ensure that management attention is focused on problem areas in time to direct appropriate corrective actions. Further, a review of planned procurements for the reserve components in Service appropriations is also conducted annually by the OASD(RA) in conjunction with the submittal of the President's Budget. In addition, implementation in FY 1989 of a floor on reserve component procurement within the Services procurement appropriations will further ensure compliance with the intent of the Congress. In view of the above, it is the Department's position that current annual execution reporting to the Congress is adequate.

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- o **RECOMMENDATION 8:** The GAO recommended that the Secretary of Defense direct the Secretaries of the Military Services to take action ensuring that procurement plans address the availability of mission essential equipment needed by reserve units, especially when this equipment is peculiar to the Reserve Components. (p. 63/GAO Draft Report)

DoD Response: Concur. DoD Directive 1225.6, which provides DoD policy on equipping the Reserve forces, has been updated and is currently being coordinated within the OSD and the Services. It provides explicitly for the Department's "first-to-fight, first-to-be-equipped" equipage policy, equipment withdrawal policy, and financial tracking requirements for the reserve components. The estimated publishing date for the revised directive is December 1988.

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- o **RECOMMENDATION 9:** The GAO recommended that the Secretary of the Army to reexamine the guidance for equipment distribution and redistribution in the Army National Guard and Army Reserve and to include consideration of unit deployment priorities in the resource allocation process. (p. 63/GAO Draft Report)

DoD Response: Partially Concur. Review of unit deployment priorities is a regular, ongoing process within the Army, culminating in the publishing of an annual Department of the Army Master Priority Equipment List. This listing provides current unit priorities for equipment distribution for all but specially managed programs. Further guidance to the Army in this area would be superfluous. With regard to reexamining equipment distribution/redistribution guidance, the Army is generally in compliance with DoD policy. It is recognized that philosophical differences on how to best structure and equip the force may lead to a different conclusion, as discussed in the DoD response to Finding I.

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- o **RECOMMENDATION 10:** The GAO recommended that the Secretary of Defense ensure that plans for improving the levels of individual military skill qualification include strengthening management controls and practices to ensure that Reserve Component training programs are effectively administered and implemented. (p. 78/GAO Draft Report)

DoD Response: Concur. A continuing effort is being made to strengthen the management of individual military skill qualification training at the unit level. For example, the Army is just completing a study in which several new training actions make up the Army's Reserve Component Training Strategy Action Plan. This plan, a part of the Reserve Component Training Strategy Study, will not be final until briefed to the Army Chief of Staff on July 15, 1988. One action is an annual review of reserve component training management, support status, projections, and the current and projected

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impacts of proposed policies and programs. A Reserve Student Management Account will allow officers and enlisted soldiers to pursue mandatory professional development training at active or Reserve schools on full-time duty with pay. A major action would totally integrate the training automation system for the reserve components. The Army will also establish a reserve component monitor to ensure execution of the Reserve Component Training Strategy Action Plan. The OSD will monitor Army's efforts to ensure the inclusion of management controls in reserve component training programs.

The Army has six Regional Maintenance Training Sites opened, with 15 more to be operational by 1992. These regional sites provide qualification and sustainment training for many military occupational specialties in the Army National Guard and Reserve.

One way the Navy is attacking individual training problems is through the establishment of Naval Readiness Centers. Upon the approval of the Secretary of the Navy, there will be 40 Readiness Centers.

Modular courses and regional training concepts are being introduced into the reserve component environment. Using training devices, simulators, and other new training technology, the reserve components' task of qualifying and administering effective training programs is expected to improve.

- o **RECOMMENDATION 11:** The GAO recommended that the Secretary of Defense examine the possible cost/benefits of filling those military skill specialties, which are difficult to obtain or maintain in the Reserve Components, with full-time personnel. (The GAO concluded that, if this approach is found to have merit, an analysis should be made of the utilization of existing full-time support personnel before requesting any additional personnel.) (p. 78/GAO Draft Report)

DoD Response: Partially Concur. Assigning full-time support personnel to "hard-to-fill" skill positions can be accomplished, in some cases, to improve the level of individual skill qualifications. For example, the Air Force Reserve and National Guard have a high percentage of full-time support personnel. This allows for the daily routine tasks to be taken care of, and also provides personnel in the hard skills (aircrew, maintenance crew, etc.) to perform on a daily basis, and to serve as instructors for Selected Reservists. The Services, however, have had a difficult time convincing the Congress of the need for increased manning to meet just the minimum requirements of basic full-time support within the reserve components. Increasing the number of full-time support personnel for this additional purpose, at significant cost, could jeopardize the entire program.

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- o **RECOMMENDATION 12:** The GAO recommended that the Secretary of Defense direct the Secretaries of the Army and the Navy to develop programs to expedite the retraining of prior service personnel through such practices as establishing and enforcing time limits for completion of re-qualification and scheduling required retraining prior to enlisting these personnel in units. (p. 79/GAO Draft Report)

DoD Response: Partially Concur. Where required, the Services are configuring qualification courses to the needs of the reserve components. Once this task is completed and sufficient funds are available to support attendance, establishment of varying time limits for re-qualification may be both feasible and desirable and will be considered by the OSD. It is unlikely, however, that sufficient funding will be available for this purpose under existing fiscal constraints. In addition, scheduling of required retraining prior to enlistment may be impractical in some cases and unnecessary if there is a time limit imposed upon re-qualification. Notwithstanding the above, it should be recognized that Title 10, U.S.C., stipulates that training will take place (begin) not later than 270 days from the date of enlistment. Also, it should be noted that prior service personnel being reclassified must enter into training within 180 days of their enlistment contract. It is not considered practical to put a specific date for the completion of re-qualification training due to variations in training requirements and the availability of Reservists for training.

- o **RECOMMENDATION 13:** The GAO recommended that the Secretary of Defense consider establishing a policy requiring annual active duty for IRR members who transferred from the Selected Reserve. (According to the GAO, this should apply only to IRR members who have not served on active duty, other than for initial entry training.) (p. 79/GAO Draft Report)

DoD Response: Nonconcur. The applicable statute, 10 U.S.C. 673(a), permits bringing IRR members to active duty up to the point where they have accumulated 24 months total service. The Military Departments, under DoD policy, currently have the latitude to exercise this option.

The Services have not, however, found this to be a desirable option because: 1) unbudgeted expense are involved; 2) the population is relatively small, and consists primarily of individuals who because they have not reliably served in the Selected Reserve are not considered to more reliably serve on active duty; 3) the time and administrative efforts to integrate these individuals into the active components are not considered cost-effective; and 4) budget constraints are forcing a smaller active force. At this time the Services are

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trying to recruit only highly qualified individuals. A policy such as that suggested by the GAO would be counterproductive at this time.

- o **RECOMMENDATION 14:** The GAO recommended that the Secretary of Defense direct the Secretary of the Army, in view of slippages in project milestones, report to him on whether opportunities exist to expedite the completion of Reserve Component pay system integration, automated mobilization capability, and the elimination of Army Guard unique accounting and information systems. (The GAO also concluded that the Secretary's 1988 report on internal control weaknesses to the Secretary of Defense should include Army Reserve Component mobilization data deficiencies as a material weakness, as well as plans for correcting the weakness.) (p. 89/GAO Draft Report)

Now on p. 71.

DoD Response: Partially Concur. The DoD concurs in principle with the GAO recommendation as it relates to the automated mobilization capability. The mobilization data deficiencies will be reported by the Army as a material weakness in its next Annual Statement of Assurance.

Requiring the Secretary of the Army to report on opportunities to expedite the completion of the automated mobilization capability would be redundant to a tasking already issued to the Army to reassess the RCAS program schedule and identify opportunities for accelerating program development. The tasking was issued by the ASD(C) in his capacity as Chairman of the Department's Major Automated Information Systems Review Council (MAISRC). (The MAISRC for RCAS is comprised of senior-level Department officials from OSD and the Army.) On the basis of information provided by the program manager on accomplishments, milestone slippages, objectives and plans, and costs, the MAISRC will approve, redirect, or recommend cancellation of the program. The MAISRC is scheduled to consider the RCAS progress, slippage in meeting previously approved RCAS milestones, and revised cost estimates based on congressionally mandated requirements at its meeting July 15, 1988. At this time, full deployment of the RCAS is expected by July 1991.

The Army National Guard is on record as planning to accept the Army financial components, i.e., Standard Army Finance Information System and Standard Army Civilian Pay System, of the Standard Army Management Information System when that system is GAO compliant (estimated 1992) and meets the management information and equipment capability requirements of the ARNG. The ARNG already uses Joint Uniform Military Pay System, Active Army (JUMPS-AA), and JUMPS, Reserve Component (JUMPS-RC), and is now working on a new installation pay system: Reserve Component Automatic Pay Support System, for the U.S. Army Reserve and the Army National Guard.

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- o **RECOMMENDATION 15:** The GAO recommended that the Secretary of Defense direct the Secretary of the Navy to develop a centralized reserve pay system. (p. 89/GAO Draft Report)

DoD Response: Concur. The Navy is in the process of upgrading its accounting systems to establish a single integrated accounting system. One of the modules of the single system will be for the payment of military personnel, which will include reserve personnel. The payment of military personnel will be integrated into the Navy's accounting system and will be adequately interfaced with the automated personnel management system. Upgrading of the system is planned to be completed in 1992.

Comments From the Assistant Secretary for Administration Department of Transportation



U.S. Department of
Transportation

Assistant Secretary
for Administration

400 Seventh St. S.W.
Washington, D.C. 20590

SEP 6 1988


Mr. J. Dexter Peach
Assistant Comptroller General
Resources, Community, and Economic
Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Peach:

Enclosed are two copies of the Department of Transportation's comments concerning the U.S. General Accounting Office draft report entitled, "Management Review of the Reserve Components: Opportunities Exist To Improve Policies and Programs," dated May 6, 1988.

Thank you for the opportunity to review this report. If you have any questions concerning our reply, please call Bill Wood on 366-5145.

Sincerely,


Jon H. Seymour

Enclosures

Enclosure

DEPARTMENT OF TRANSPORTATION REPLY
TO
GAO DRAFT REPORT OF MAY 6, 1988
ON

GAO DRAFT REPORT ON A GENERAL MANAGEMENT REVIEW OF THE
RESERVE COMPONENTS

SUMMARY OF GAO FINDINGS AND RECOMMENDATIONS

The draft report found that improvements to management systems and practices within the DOD Reserve components would improve component management and thereby enhance mobilization readiness. Some of the improvement areas include: Force mix of active and Reserve components; personnel management; equipment management; individual training; and financial and information management. GAO recommended that the Secretary of Defense take a number of actions to: (1) improve the comprehensiveness and specificity of policy guidance; (2) improve program implementation and management controls; and (3) correct financial and information management deficiencies.

SUMMARY OF DEPARTMENT OF TRANSPORTATION POSITION

There is no direct commentary about the Coast Guard Reserve that requires response. However, many of the generalizations highlighted for the other Reserve components apply to some degree to the Coast Guard Reserve and require clarification. The Department's comments are keyed to three issues addressed in the "Results in Brief" section of the draft report.

POSITION STATEMENT

The Department has the following comments concerning three issues addressed within the "Results in Brief" portion of the draft report (pages 3 and 4):

- a. The Reserve components have grown ". . . by 283,000 personnel since 1980."

In the era 1980-1988 when the Department of Defense (DOD) Reserve components have increased 38.5 percent in personnel strength, the Coast Guard Reserve has increased nearly 20 percent, and while the DOD Reserve components experienced a 79 percent increase in their constant dollar budgets, the Coast Guard Reserve experienced just a 1 percent increase in its constant dollar resources, Attachment 1. Over this period,

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while modest growth was experienced, the 1988 appropriations levels caused reductions in Selected Reserve strength which returned the Coast Guard Reserve to its 1982 levels. The FY 1988 funding level is less, in constant dollars, than the amount required to cover just pay increases and the cost of inflation over the same period, Attachment 2.

- b. "... capability concerns do exist. In 1987 about 25 percent of DOD's Reserve Component units were considered to be less than minimally ready for combat. Key factors . . . were personnel shortages, reservists not having the skills required . . . and equipment shortages."

A significant difference between DOD Reserve forces and the Coast Guard Reserve is that the latter, though organized in units for efficient administration of training, does not mobilize as units. Coast Guard Reserve units train their members in small teams (force elements) or as individuals providing small boat crews, hazardous cargo handling teams, and the like, as necessary to meet each contingency level through full mobilization. These units are similar to the Navy's Reinforcing and Sustaining units training personnel to increase our peacetime complement to wartime strength. The Coast Guard Reserve then uses the DOD Readiness Evaluation System (R-rating) as a gauge of readiness. In this context, in 1987 just 10 percent of Coast Guard Reserve units were evaluated at less than minimally ready for mobilization.

Another factor unique to Coast Guard Reserve is that, unlike the DOD Reserve components, it employs no major dedicated equipment. Since Selected Reserve personnel are preassigned for wartime augmentation of existing active duty commands, the active component assumes mobilization logistics responsibilities. However, we have developed detailed Coast Guard input for the annual DOD National Guard/Reserve Equipment Report to Congress. The most current input reflects additional equipment requirements for FY 1989 Reserve force levels and includes a range of items from utility boats, to secure communications equipment, to foul weather gear and safety and climatological clothing, to night observation devices, to vehicles (vans and trucks) as a total cost of \$194.2m. Efforts are underway to reduce this shortfall by pursuing such initiatives as determining the suitability of U.S. Navy substitutes for U.S. Coast Guard port security boat requirements, and incorporating Coast Guard mobilization requirements into various DOD Logistic Support Plans.

- c. "... defense managers are generally well aware of the problems facing them in improving Reserve Component capability and, to address those problems, have specific initiatives either planned or underway."

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Coast Guard has two initiatives completed or in process that will improve its capability to meet mobilization taskings: Project Starfix, and a merge of regular and Reserve Personnel Management Information Systems. In addition, the Coast Guard is responding to a statutory requirement to develop a plan for reaching 95 percent of its wartime mobilization requirements by September 30, 1998.

Project Starfix, as its title nautically implies, is a review and reorientation of every aspect of mobilization training. An on-going process, responsive to the unique dynamics of mobilization training, its major areas of emphasis are: (a) the identification of minimum performance levels; (b) stabilization of mobilization billets; (c) determination of a training mix; (d) development of a system to document skill attainment; and (e) definition of a review and verification process to effect program change as appropriate. The first iteration of Starfix has been completed and we are now in the review and adapt mode.

The merger of the Coast Guard Reserve program and Coast Guard military readiness program management, by creating the Office of Readiness and Reserve at Coast Guard Headquarters in 1984, significantly strengthened both programs. Major management improvements have also been made in personnel information systems. In May 1988, the Coast Guard Reserve Personnel Management Information System (RPMIS) was merged with the active duty Coast Guard PMIS. This will significantly improve the accuracy of personnel information and allow for a smoother transition in the event of mobilization.

To follow through with the major management improvements that may be realized from Starfix and merger of the personnel management information systems requires funding for increased Selected Reserve strength, equipment addressed earlier, and increased Full Time Support (FTS) personnel. These requirements will be addressed in the 10-year plan to be submitted by the Secretary of Transportation in response to a Congressional requirement posed in Section 507 of the FY 1988 DOD Authorization Act. This plan will outline the means by which the Coast Guard would be able to meet 95 percent of its wartime mobilization requirements by September 30, 1998. It will not be a budget document, but a reference point to be reviewed in developing the Coast Guard budget in the out-years. The extent to which the Coast Guard is able to achieve increased mobilization readiness as outlined in the plan will depend on the scope of annual funding requests submitted in the President's budget and enacted by Congress.

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We would also like to offer some comparative Coast Guard figures for inclusion in appropriate tables in the report:

Table 1.2:	Fiscal Year 1987 Selected Reserve Authorized Strength	<u>12,850</u>
Figure 3.1:	FTS as a ratio of the Selected Reserve, FY 1987	<u>1:18</u>
Figure 5.2:	Ratio of FY 1987 prior and non-prior services enlistments:	<u>1:2</u>

Conclusion:

In conclusion, we have concurred for the most part with the findings of the GAO's management review. The Coast Guard also recognizes that more progress is required in the readiness arena and has enumerated areas of major effort that will do much to establish a readiness posture from which the Coast Guard will be able to meet its national security obligations. These efforts depend heavily upon the Coast Guard being provided appropriate resources.

COMPARISON OF USCG AND DoD
 RESERVE COMPONENT APPROPRIATIONS (MILLIONS OF DOLLARS)
 AND SELECTED RESERVE AUTHORIZED STRENGTH (000's)
 FY 1980 THROUGH FY 1988

FY	COAST GUARD RESERVE			DoD RESERVE COMPONENTS		
	AUTHORIZED STRENGTH	APPROPRIATED DOLLARS	CONSTANT FY 80 DOLLARS	AUTHORIZED STRENGTH	APPROPRIATED DOLLARS	CONSTANT FY 80 DOLLARS
80	11.7	42.9	42.9	849.5	6,176.2	6,176.2
81	11.7	49.5	44.1	878.4	7,568.7	6,745.7
82	12.0	51.5	42.6	963.1	8,980.8	7,442.7
83	12.0	54.0	43.2	1,003.9	10,110.1	8,081.6
84	12.0	55.4	43.1	1,045.8	10,567.0	8,229.8
85	12.5	59.2	44.7	1,088.1	13,863.0	10,534.2
86	12.5	58.9	43.0	1,134.6	14,640.9	10,694.6
87	12.8	64.4	45.9	1,186.2	15,148.4	10,797.1
88	14.0*	62.9	43.3	1,176.1	16,055.1	11,057.2
Percent Increase FY80-88	19.7	46.6	1.0	38.5	160.0	79.0

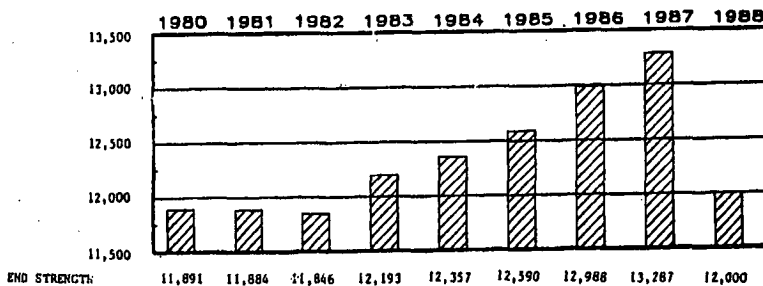
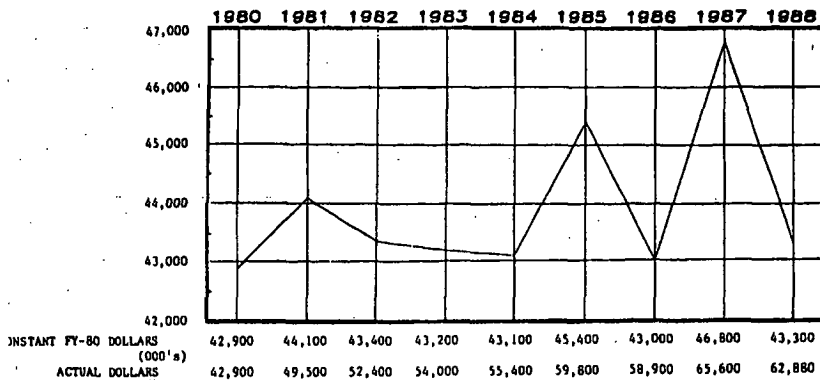
Footnotes:

* = FY88 funded strength was 12,000 STRL5 personnel.

Attachment 1



RESERVE TRAINING APPROPRIATION



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