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RESERVE FORCES

Army National Guard's Role, Organization, and Equipment Need to be Reexamined

Statement of David M. Walker
Comptroller General of the United States

October 20, 2005

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Highlights

Highlights of GAO-06-170T, a testimony before the Committee on Government Reform, House of Representatives

Why GAO Did This Study

Since September 2001, the National Guard has experienced the largest activation of its members since World War II. Currently, over 30 percent of the Army forces now in Iraq are Army National Guard members, and Guard forces have also carried out various homeland security and large-scale disaster response roles. However, continued heavy use of the Guard forces has raised concerns about whether it can successfully perform and sustain both missions over time. In the short term, the National Guard is seeking additional funding for emergency equipment. GAO was asked to comment on (1) the changing role of the Army National Guard, (2) whether the Army National Guard has the equipment it needs to sustain federal and state missions, and (3) the extent to which DOD has strategies and plans to improve the Army National Guard's business model for the future.

What GAO Recommends

For this statement, GAO drew on previous work, primarily on a report titled: *Reserve Forces: Plans Needed to Improve Army Guard Equipment Readiness and Better Integrate Guard into Army Transformation Initiatives* (GAO-06-111). In this report, GAO makes recommendations intended to improve the structure and readiness of the Army National Guard for overseas and homeland operations. DOD agreed with the recommendations.

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What GAO Found

The heavy reliance on National Guard forces for overseas and homeland missions since September 2001 has resulted in readiness problems which suggest that the current business model for the Army National Guard is not sustainable over time. Therefore, the business model should be reexamined in light of the current and expected national security environment, homeland security needs, and fiscal challenges the nation faces in the 21st century. Under post-Cold War planning assumptions, the Army National Guard was organized as a strategic reserve to be used primarily in the later stages of a conflict after receiving additional personnel, equipment and training. Therefore, in peacetime Army National Guard units did not have all the equipment and personnel they would need to perform their wartime missions. However, over 70,000 Guard personnel are now deployed for federal missions, with thousands more activated to respond to recent natural disasters. To provide ready forces, the Guard transferred large numbers of personnel and equipment among units, thereby exacerbating existing personnel and equipment shortages of non-deployed units. As a result, the preparedness of non-deployed units for future missions is declining.

The need to reexamine the business model for the Army National Guard is illustrated by growing equipment shortages. As of July 2005, the Army National Guard had transferred over 101,000 equipment items to units deploying overseas, exhausting its inventory of some critical items, such as radios and generators, in non-deployed units. Nondeployed Guard units now face significant equipment shortfalls because: (1) prior to 2001, most Army National Guard units were equipped with 65 to 79 percent of their required war-time items and (2) Guard units returning from overseas operations have left equipment, such as radios and trucks for follow-on forces. The Army National Guard estimates that its units left over 64,000 items valued at over $1.2 billion overseas. However, the Army cannot account for over half of these items and does not have a plan to replace them, as DOD policy requires. Nondeployed Guard units now have only about one-third of the equipment they need for their overseas missions, which hampers their ability to prepare for future missions and conduct domestic operations. Without a plan and funding strategy that addresses the Guard's equipment needs for all its missions, DOD and Congress do not have assurance that the Army has an affordable plan to improve the Guard's equipment readiness.

DOD is taking some steps to adapt to the new security environment and balance the Army National Guard's overseas and homeland missions. For example, the Army has embarked on reorganization to a modular, rotational force. Also, DOD issued a strategy for homeland defense and civil support in June 2005. However, until DOD develops an equipping plan and funding strategy to implement its initiatives, Congress and DOD will not have assurance that these changes will create a new business model that can sustain the Army National Guard affordably and effectively for the full range of its future missions.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the critical role of the National Guard in conducting missions at home and overseas as well as equipment issues affecting the Army National Guard. Recent and ongoing military operations in Afghanistan and Iraq and new homeland missions have led to higher demands on the reserve component, particularly the Army National Guard. As we described in our previous report and testimony on the Department of Defense's (DOD) use of the National Guard, the launch of the Global War on Terrorism has resulted in the largest activation of National Guard forces for overseas missions since World War II. In addition, Guard members have been called upon to perform new homeland security missions as well as state missions ranging from fighting forest fires to providing hurricane relief. As of July 2005, more than 30 percent of the Army forces deployed to Operation Iraqi Freedom are National Guard members and as of September 2005 over 50,000 National Guard personnel from over 48 states, 2 U.S. territories and the District of Columbia supported the hurricane disaster response in the Gulf Coast.

Before I address the primary subject of this hearing, I would like to bring an important matter to the attention of this committee relating to the Guard and Reserves. This past Saturday evening, I had the privilege and pleasure to attend the Annual Freedom Awards Banquet sponsored by the National Committee of Employer Support for the Guard and Reserve here in Washington. This year's banquet honored 15 employers, including Enterprise Rent-a-Car and Toyota Motor Sales, USA, Inc. who demonstrated their above and beyond commitment to their employees who are members of the Guard or Reserves. During the evening it became clear to me that the U.S. Government is not leading by example or practicing what it preaches in connection with employer support for the Guard and Reserves. GAO would like to be able to do what many of the awardees have already done but we are limited in doing so under current law. Namely, we believe federal agencies should be able to make up any salary differential that activated Guard and Reserve members might otherwise lose out of our annual appropriation. We would also like to be able to be sure that applicable employees and their family members continue to receive their employer provided benefits. We and other federal employers need your help to make this a reality.

The Army National Guard's heavy involvement in recent operations and growing equipment problems are a reflection of the significant changes in the security environment—changes that are occurring at a time when our nation is threatened by growing fiscal imbalances stemming, in large part,

from an aging population and rising health care costs. If left unchecked, these fiscal imbalances will ultimately impede economic growth, which could impact our ability to address key national and homeland security needs. To assist the Congress in reviewing and reconsidering federal programs in light of changing security threats and fiscal challenges, we have identified a number of fundamental questions that we believe policymakers will need to address in the coming years to ensure that federal programs and organizations are focused on the nation's highest priority challenges and are affordable in light of fiscal projections. To facilitate a process of reexamining the base of federal government, we issued a report in February 2005 that identifies a number of 21st century challenges and includes 12 reexamination areas.[1] One of these areas is the need to reassess defense programs and practices that stem from the Cold War era. Within defense, a specific issue we believe bears review is the need to reexamine the current business model for the reserve component. The current business model is unsustainable, especially in light of recent changes in how the DOD uses its reserve units. In essence, we believe that policymakers need to focus on helping to assure that DOD has an appropriate model for the National Guard that adequately balances the demand for forces with appropriate human capital policies, readiness standards, and equipping policies for all of the National Guard's missions.

My statement today focuses on (1) challenges facing the Army National Guard as a result of its changing role and high pace of operations, (2) whether the Army National Guard has the equipment needed to maintain readiness for future missions, and (3) the extent to which DOD is transforming the Army National Guard to enhance its equipment posture and preparedness for the future. In conjunction with this testimony, we have also prepared a report[2] at the committee's request, on Army National Guard equipment issues and the Army's plans to convert the Army National Guard to a modular force that equips units to support continuous overseas operations.

[1] GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: Feb., 2005).

[2] GAO, *Reserve Forces: Plans Needed to Improve Army National Guard Equipment Readiness and Better Integrate Guard into Army Transformation Initiatives*, GAO-06-111 (Washington, D.C.: Oct. 4, 2005).

To address these objectives, we drew from previous reports on the National Guard's use for overseas and homeland security missions[3] and collected and analyzed data to assess the status of Army National Guard equipment. To determine the status of equipment, we analyzed information on the types and quantities of Army National Guard equipment that have been used in overseas operations; determined the equipment status of nondeployed units; assessed the extent to which Army National Guard equipment has been retained overseas to support ongoing operations; and identified some of the equipment issues associated with responding to homeland security missions and natural disasters, such as Hurricane Katrina. To assess DOD's transformation plans, we evaluated the Army's plans to convert Guard units to modular brigades and develop a rotational deployment model to equip units to support continuous overseas operations. We interviewed officials in the DOD, the Department of the Army, the National Guard Bureau, and the Army National Guard and supplemented this information with visits to Army commands and two units—the 30th Brigade Combat Team in North Carolina, which deployed in February 2004, and the 48th Brigade Combat Team in Georgia, which deployed in May 2005. We selected these units because they enabled us to evaluate how the process used to prepare units has changed with subsequent rotations to Operation Iraqi Freedom. We also discussed the National Guard's response to Hurricane Katrina with senior leaders of the National Guard and visited National Guard officials in Louisiana and Mississippi to gain their perspectives. We conducted our review of the National Guard's equipment status from December 2004 to October 2005 and determined that the data used were sufficiently reliable for our objectives.

Summary

The significant use of Army National Guard forces for overseas and homeland missions since September 11, 2001 has resulted in declining readiness, weakening the Army National Guard's preparedness for future missions and indicating that DOD's business model for the Army National Guard is unsustainable and needs to be reassessed. The current heavy reliance on the Army National Guard for overseas operations represents a fundamental change from the Guard's planned role as a strategic reserve force whose principal role was to deploy in the later stages of a major

[3]GAO, *Reserve Forces: Observations on Recent National Guard Use in Overseas and Homeland Missions*, GAO-04-670T (Washington, D.C.: Apr. 29, 2204.) and *Reserve Forces: Actions Needed to Better Prepare the National Guard for Future Overseas and Domestic Missions*, GAO-05-21 (Washington, D.C.: Nov. 10, 2004).

conflict if needed. Under this model, which still governs how resources are provided to the Guard, the majority of Army National Guard combat forces are only provided with 65 to 74 percent of the people and 65 to79 percent of the equipment needed to conduct their assigned wartime missions. Units are generally expected to receive additional personnel, training, and equipment during a mobilization period before deploying to support military operations. However, for operations in Iraq and Afghanistan, combatant commanders have required the Army National Guard to provide large numbers fully manned and equipped units to conduct stability operations on an ongoing basis. To meet these demands, the Army National Guard has transferred thousands of personnel and equipment from nondeployed units to support deploying units. As a result, the preparedness of nondeployed units for future missions is declining, and DOD's strategy of transferring large numbers of equipment and personnel among units is showing signs of increased stress. The declining readiness of nondeployed units could also make it more difficult for the Guard to respond to homeland security and disaster response missions. Importantly, DOD has not developed a system for measuring the Guard's preparedness for such missions.

Worsening equipment shortfalls affecting the Army National Guard illustrate the need for DOD to reexamine its strategy and plans for the Army National Guard. As we noted in our report, National Guard Bureau officials estimate that the Guard's nondeployed units had only about 34 percent of their essential warfighting equipment as of July 2005, after subtracting equipment that has been left overseas, substitute items that may be incompatible with the active component's equipment, or items that are undergoing maintenance after being overseas. As of July 2005, the National Guard had transferred more than 101,000 pieces of equipment from nondeploying units to fully equip deploying units. This practice has depleted the Army National Guard's inventories of more than 220 critical items, such as armored humvees, and reduced the Guard's remaining inventory of other mission-essential items. In addition to planned equipment shortfalls, another key reason why the equipment condition of nondeployed units has worsened in recent months is that the Army has required units returning from deployment to leave significant quantities of equipment overseas for use by follow-on forces. As of June 2005, Army National Guard units had left more than 64,000 pieces of equipment, valued at more than $1.2 billion, overseas to support continuing operations. Moreover, the Army cannot account for over half the equipment Army National Guard units have left overseas and has not developed replacement plans for the equipment as, DOD policy requires. Further, extensive use of the Guard's equipment overseas has significantly

reduced the amount of equipment available to state governors for domestic needs. National Guard officials believe that the National Guard's response to Hurricane Katrina was more complicated because significant quantities of critical equipment, such as satellite communications equipment, radios, trucks, helicopters, and night vision goggles, were deployed to Iraq. In the absence of a plan and funding strategy that addresses the Guard's equipment needs for all its missions, DOD and the Congress currently do not have assurance that the Army National Guard will be well prepared for future missions at home or abroad, particularly those that arise on short notice.

DOD is undertaking some initiatives to improve the Guard's equipment readiness and to balance its multiple roles in overseas and domestic operations. However, it is not clear whether these initiatives will be effective in enhancing the Army National Guard's equipment posture because DOD has not yet developed detailed plans and included funding for all the initiatives in its budget. The Army has begun reorganizing Army National Guard units into modular brigades and is planning to implement a rotational deployment model in which it expects Guard units would deploy overseas no more than about once every 6 years. However, the Army has not yet worked out many details of these initiatives, such as what readiness standards units will be required to maintain after returning from deployments, what specific types of equipment Guard modular brigades will receive and how their equipping levels will differ from the active component, and how quickly Guard units will be provided new equipment needed for modular formations after converting to the new modular structure. In addition, DOD has not yet fully assessed the Guard's role and requirements for homeland defense and civil support missions. In June 2005, DOD published a strategy for homeland defense and civil support missions that recognizes the Army National Guard's federal and state roles and sets out the department's overall approach to securing the nation from attack. However, the department has not determined how it will implement the strategy, nor has it clarified the responsibilities of the National Guard or established specific personnel and equipment requirements for these missions, as we recommended in our 2004 report. Until these initiatives are more fully developed and key implementation decisions are made, the Congress will not be in a sound position to weigh the affordability and effectiveness of DOD's strategy for positioning the Army National Guard to remain a relevant and sufficiently equipped force for the future.

In the report we are publishing with this testimony, we are recommending that DOD develop and submit to Congress a plan and funding strategy that

addresses the equipment needs of the Army National Guard and a plan for the effective integration of the Army National Guard into its rotational force model and modular force initiatives. DOD agreed with our recommendations and said that it is taking actions to posture Army National Guard forces for prolonged operations by building a rotational force and developing resource plans for all Army units. It further noted that the Army is taking steps to implement stricter accountability over Guard equipment currently left in theater and is working to develop replacement plans for these items.

Background

As we have previously testified,[4] legislative proposals involving substantial long-term costs and commitments should be considered in the context of the serious fiscal challenges facing this country. The federal government's liabilities and commitments have grown from $20.4 trillion to $43.3 trillion from fiscal year 2000 through fiscal year 2004. This amount continues to increase due to continuing deficits, known demographic trends, and compounding interest costs. Furthermore, our long-range budget simulations show that this nation faces a large and growing structural deficit. Given the size of our projected deficit, we will not be able to eliminate the deficit through economic growth alone. The long-term fiscal pressures created by the impending retirement of the baby boom generation, rising health care costs, and increased homeland security and defense commitments intensify the need to weigh existing federal budgetary resources against emerging new priorities. In our 21st Century Challenges report,[5] we noted that it is time for a baseline review of all major federal programs and policies, including the military's reserve components. [6] We have previously reported on a number of military force management issues in the active and reserve components, including roles

[4] See GAO, *Long-Term Fiscal Issues: The Need for Social Security Reform*, GAO-05-318T (Washington, D.C.: Feb. 9, 2005); *Budget Process: Long-term Focus Is Critical*, GAO-04-585T (Washington, D.C.: Mar. 23, 2004); *Long-term Budget Issues: Moving from Balancing the Budget to Balancing Fiscal Risk*, GAO-01-385T (Washington, D.C.: Feb. 6, 2001).

[5] See GAO-05-325SP.

[6] The reserve components of the U.S. Armed Forces are the Army National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve. The Selected Reserve consists of military members assigned to organized reserve units and reservists who participate in at least 48 scheduled drills or training periods each year and serve on active duty for training of not less than 14 days during each year.

and missions of the Army and Air National Guard [7]and the Army Reserve[8] and the process for assessing the numbers of active duty military forces.[9] We have also reported on a number of military personnel issues, including military compensation, health care, and recruiting and retention. In each of these areas, questions have arisen as to whether DOD has the right strategies to cost effectively sustain the total force in the future. In the case of the National Guard, how this is accomplished is of particular importance in light of its dual missions of supporting overseas operations as well as its considerable responsibilities in its state and homeland security roles.

The National Guard of the United States consists of two branches: the Army National Guard and the Air National Guard. The National Guard Bureau is the federal entity responsible for the administration of both the Army National Guard and the Air National Guard. The Army National Guard, which is authorized 350,000 soldiers, makes up more than one-half of the Army's ground combat forces and one-third of its support forces (e.g., military police and transportation units). Army National Guard units are located at more than 3,000 armories and bases in all 50 states and 4 U.S. territories. Traditionally, the majority of Guard members are employed on a part-time basis, typically training 1 weekend per month and 2 weeks per year. The Guard also employs some full-time personnel who assist unit commanders in administrative, training, and maintenance tasks. In the past 2 years, the Army National Guard has faced increasing challenges in recruiting new soldiers to fill authorized positions.

Army National Guard personnel may be ordered to duty under three general statutory frameworks – Titles 10 or 32 of the United States Code or pursuant to state law in a state active duty status. In a Title 10 status, Army National Guard personnel are federally funded and under federal command and control. Personnel may enter Title 10 status by being ordered to active duty, either voluntarily or involuntarily (i.e., mobilization) under appropriate circumstances. When Army National

[7] See GAO-05-21.

[8] See GAO, *Reserve Forces: An Integrated Plan is Needed to Address Army Reserve Personnel and Equipment Shortages*, GAO-05-660 (Washington, D.C.: Jul. 2005).

[9] See GAO, *Military Personnel: DOD Needs to Conduct a Data-Driven Analysis of Active Military Personnel Levels Required to Implement the Defense Strategy*, GAO-05-200 (Washington, D.C.: Feb. 2005).

Guard forces are activated[10] under Title 10, the National Guard is subject to the Posse Comitatus Act,[11] which prohibits it from law enforcement activities unless expressly authorized by the Constitution or law. Personnel in Title 32 status are federally funded but under state control. Title 32 is the status in which National Guard personnel typically perform training for their federal mission. In addition, the federal government reimburses states for Guard units' activities in response to federally-designated disasters, such as hurricane response. Personnel performing state missions are state funded and under state command and control. Under state law, a governor may order National Guard personnel to respond to emergencies, civil disturbances, or perform other duties authorized by state law. While the Army National Guard performs both federal and state missions, the Guard is organized, trained, and equipped for its federal missions, and these take priority over state missions.

The Guard can also be tasked with homeland security missions under the state governors or, when activated, by DOD under command of the President. DOD refers to its contributions to the overall homeland security effort as "homeland defense." Homeland defense activities include military missions within the United States, such as flying armed patrols over U.S. cities and guarding military installations. DOD also supports civilian authorities to provide quick response or capabilities that other agencies do not have. The U.S. Northern Command provides command and control for DOD's homeland defense missions, including land, air, aerospace, and maritime defense operations, and coordinates DOD's support to civil authorities for homeland security missions.

[10] Activation refers to the ordering of units and individual members of the reserve component, which includes the Army National Guard, to active duty under the statutory authority granted to the President, the Congress, or the secretaries of the military departments.

[11] 18 U.S.C. § 1385. The Army and Air Force are prohibited by the Act and the Navy and Marine Corps are prohibited by Defense Directive 5525.5.E.4.1.3.

Declining Preparedness from High Pace of Operations Signifies A Need to Reexamine the Army National Guard's Business Model

As we previously reported, the high number of Army National Guard forces used to support overseas and homeland missions since September 11, 2001, has resulted in decreased preparedness of nondeployed Guard forces[12] which suggests the need to reassess DOD's business model for the Army National Guard. We have previously reported that high-performing organizations must reexamine their business models to ensure that their structures and investment strategies enable them to meet external changes in their operational environments efficiently and effectively.[13] To meet the demand for forces since September 11, especially for forces with special skills that reside heavily in the Army National Guard, such as military police, over 50 percent of Army National Guard members have been called upon to deploy. At the same time, the Army National Guard's involvement in operations at home has taken on higher priority since 2001. The change in the roles and missions of the Army National Guard has not been matched with a change in its equipping strategy that reflects its new high pace of operations, and as a result the Army National Guard's ability to continue to support ongoing operations is declining.

In keeping with post-Cold War planning assumptions, most Army National Guard units were not expected to deploy in the early days of a conflict, but to augment active duty units in the event of an extended conflict. Therefore, the Army accepted some operational risk by providing the Army National Guard fewer soldiers than it would need to fully equip its units and less equipment than it would need to deploy, on the assumption that there would be time to provide additional personnel, equipment, and training during the mobilization process before units would deploy. For example, as of 2004, the Army National Guard's force structure called for about 375,000 soldiers, but it was authorized about 350,000 soldiers. In addition, Army National Guard combat units are only provided from 65 to 74 percent of the personnel and from 65 to 79 percent of the equipment they would need to deploy, depending on the priority assigned to their warfighting missions.

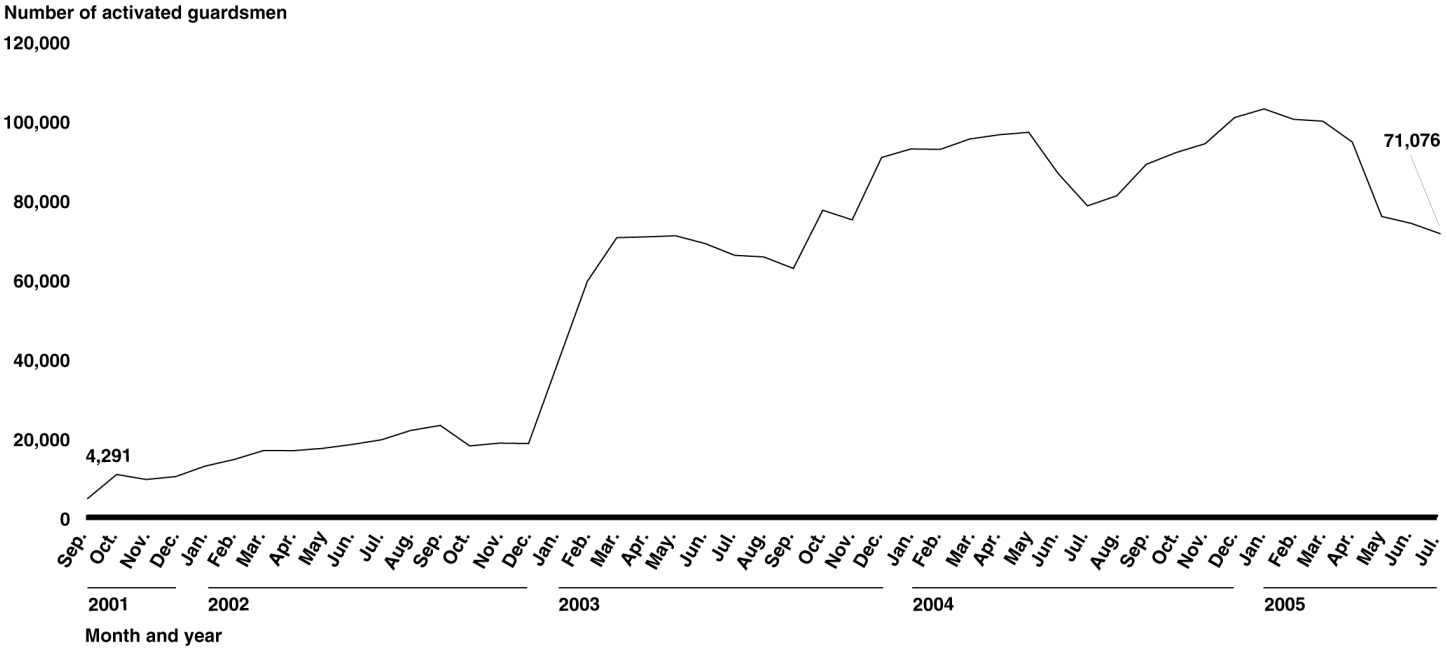
However, after September 11, 2001, the President authorized reservists to be activated for up to 2 years, and approximately 280,000 Army National Guard personnel have been activated to support recent operations. As of July 2005, about 35,500 Army National Guard members were deployed to

[12] See GAO-05-21.

[13] See GAO, *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002).

Iraq—nearly one-third of the 113,000 U.S. forces in theater. Army National Guard personnel deployed to Afghanistan and Iraq are expected to serve 1 year in these countries and to spend up to several additional months mobilizing and demobilizing. As figure 1 shows, the number of activated Army National Guard personnel for federal missions has declined since its peak in December 2004 and January 2005. However, the Army National Guard continues to provide a substantial number of personnel to support current operations.

Figure 1: Army National Guard Activity under Federal Command and Control from September 2001 through July 2005



Source: Army National Guard data.

The Army National Guard has begun adapting its forces to meet the warfighting requirements of current operations, but some measures taken to meet immediate needs have made sustaining future operations more challenging. Because its units did not have all the resources they needed to deploy at the outset of current operations, the Army National Guard has had to transfer personnel and equipment from nondeploying units to prepare deploying units. We reported in November 2004 that as of May 2004, the Army National Guard had performed over 74,000 personnel transfers and shifted over 35,000 pieces of equipment to deploying units. These initial transfers worsened personnel and equipment shortages in

units that were then alerted for deployment and had to be staffed and equipped through more transfers. The cumulative effect of these personnel and equipment transfers has been a decline in the readiness of Army National Guard forces for future missions, both at overseas and at home.

Even as significant numbers of personnel and equipment are supporting overseas operations, since September 11, 2001, the Army National Guard's role in homeland security and civil support has taken on greater priority, as demonstrated by the Guard's recent involvement in responding to Hurricane Katrina. Since September 11, 2001, the Guard has performed other operational duties such as providing airport security and supporting events such as the 2004 Democratic and Republican national conventions. In the pre-September 11 security environment, it was assumed that the National Guard could perform its domestic roles with the personnel and equipment it was supplied for its warfighting missions. While the Army National Guard is implementing pilot programs to strengthen capabilities to respond to homeland security needs, such as improving critical infrastructure protection, there has been no comprehensive analysis of the full spectrum of the Guard's roles and requirements for homeland security, as we recommended.[14] Until such an analysis is completed, congressional policymakers may not be in the best position to assess whether the Army National Guard's current structure and equipment can enable it to sustain increased homeland security responsibilities in addition to its overseas missions.

[14] See GAO-05-21.

Critical Equipment Shortages Have Degraded the Readiness of Nondeployed Army National Guard Units for Future Overseas and Domestic Missions

Increasing equipment shortages among nondeployed Army National Guard units illustrate the need for DOD to reexamine its equipping strategy and business model for the Army National Guard. The amount of essential warfighting equipment nondeployed National Guard units have on hand has continued to decrease since we last reported on the Army National Guard in 2004. Compounding the equipment shortages that have developed because most Army National Guard units are still structured with lesser amounts of equipment than they need to deploy, Army National Guard units have left more than 64,000 equipment items valued at over $1.2 billion in Iraq for use by follow-on forces; however, the Army has not developed replacement plans for this equipment as required by DOD policy. In addition, DOD has not determined the Army National Guard's equipment requirements for homeland security missions, and some states are concerned about the Guard's preparedness for future missions.

Equipment Status of Nondeployed Units Has Worsened in Recent Months due to Challenges in Supporting Overseas Operations with Current Inventory Levels

While most Army National Guard combat units are typically provided from 65 to 79 percent of the equipment they would need for their wartime missions, for recent operations, combatant commanders have required units to deploy with 90 to100 percent of the equipment they are expected to need and with equipment that is compatible with active Army units. While the Army can supply deploying Army National Guard forces with additional equipment after they are mobilized, nondeployed Guard units will be challenged to maintain readiness for future missions because they transferred equipment to deploying units and have less equipment to train with or to use for other contingencies.

The Army National Guard began transferring people and equipment to ready units deploying to Iraq and Afghanistan in the early days of the Global War on Terrorism and the number of transfers has grown as overseas operations have continued. In June 2004 the Army National Guard had transferred more than 35,000 pieces of equipment to ready units for overseas operations.[15] By July 2005, the number of equipment items transferred among Army National Guard units had grown to more than 101,000 items. As a result of these transfers, the proportion of nondeployed units that reported having the minimum amount of equipment they would need to deploy[16] dropped from 87 percent in

[15] See GAO-05-21.

[16] To meet minimum deployment criteria, a unit must generally have at least 80 percent of its mission-essential equipment items on hand.

October 2002 to 59 percent in May 2005. However, Army National Guard officials estimated that when substitute items which may be incompatible with active forces, equipment undergoing maintenance, and equipment left overseas for follow-on forces are subtracted, nondeployed units had only about 34 percent of their essential warfighting equipment as of July 2005. Further, as of July 2005, the Army National Guard reported that it had less than 5 percent of the required amount or a quantity of fewer than 5 each of more than 220 critical items. Among these 220 high-demand items were generators, trucks, and radios, which could also be useful for domestic missions.

Retaining Army National Guard Equipment Overseas without Plans for Replacement Hinders the Guard's Ability to Prepare and Train Units

To address equipment requirements for current overseas operations, the Army now requires units, in both the active and reserve components, to leave certain essential items that are in short supply in Iraq for follow-on units to use,[17] but it has not developed plans to replace Army National Guard equipment as DOD policy requires. [18] The Army's requirement for leaving equipment overseas is intended to reduce the amount of equipment that has to be transported from the United States to theater, to better enable units to meet their deployment dates, and to maintain stocks of essential equipment in theater where it is most needed. While this equipping approach has helped meet current operational needs, it has continued the cycle of reducing the pool of equipment available to nondeployed forces for responding to contingencies and for training.

The Army National Guard estimates that since 2003, it has left more than 64,000 equipment items valued at over $1.2 billion overseas to support continuing operations, but the Army lacks visibility and cannot account for all this equipment and has not developed plans to replace it. According to Army officials, even though DOD policy requires the Army to replace equipment transferred to it from the reserve component for more than 90 days,[19] the Army neither created a mechanism in the early phases of the

[17] The Army has directed that equipment purchased specifically for Operation Iraqi Freedom or Operation Enduring Freedom, or other key items currently in short supply such as armored vehicles, improvised explosive device jammers, long-range surveillance systems, and generator sets, remain in theater for the duration of operations.

[18] DOD Directive 1225.6, Equipping the Reserve Forces, April 7, 2005.

[19] Replacement plans for removed equipment and supplies are not required for transfers in support of force restructuring adopted as result of the planning, programming, budgeting, and execution process decisions approved by the Secretary of Defense.

war to track Guard equipment left in theater nor prepared replacement plans for this equipment because the practice of leaving equipment behind was intended to be a short-term measure. As operations continued, in June 2004, the Army tasked the Army Materiel Command with overseeing equipment retained in theater. However, according to Army and National Guard officials, the Army Materiel Command developed plans to track only certain high-demand equipment items that are in short supply, such as armored humvees and other items designated to remain in theater for the duration of the conflict. As of July 2005, the National Guard Bureau estimates that the Army Material Command was only tracking about 45 percent of the over 64,000 equipment items the Army National Guard units have left in theater. The tracking effort does not include over half of the equipment items, such as cargo trucks, rough terrain forklifts, and palletized load trucks Guard units have left behind that were only documented at the unit level through unit property records, even though these items may remain in theater for up to 3 years. As a result, the Guard does not know when or whether its equipment will be returned, which challenges its ability to prepare and train for future missions.

As operations have continued, the amount of Guard equipment retained in theater has increased and has hampered the ability of returning Guard units to maintain a high level of readiness and train new personnel. For example, according to Army National Guard officials, three Illinois Army National Guard military police units were required to leave almost all of their humvees, about 130, in Iraq when they returned home from deployment, so they could not conduct training to maintain the proficiency they acquired while overseas or train new recruits. In all, the National Guard reported that 14 military police companies left over 600 humvees and other armored trucks overseas, and these items are expected to remain in theater for the duration of operations.

In May 2005, the Assistant Secretary of Defense for Reserve Affairs expressed concerns about the significant amount of equipment Army National Guard units have left overseas and directed the Army to develop replacement plans as required by DOD policy.[20] The Army expects to complete its plans to replace stay behind equipment by October 2005. While Army officials have stated that the equipment tracked by individual

[20] The Comptroller General plans to initiate additional work on accountability for equipment left overseas this fall. That work will further explore strategies to manage this equipment and address the ramifications of plans for the disposition of this equipment.

units may eventually be returned to the Guard, both Army and Army National Guard officials said that even if this equipment is eventually returned, its condition is likely to be poor given its heavy use and some of it will likely need to be replaced. Until the Army develops plans to replace the equipment, including identifying timetables and funding sources, the National Guard will continue to face critical equipment shortages that reduce its readiness for future missions and it will be challenged to train and prepare for future missions. In the report we are publishing concurrently with the testimony,[21] we recommended that DOD develop and submit to the Congress a plan and funding strategy that address the equipment needs of the Army National Guard for the Global War on Terrorism and how the Army will transition from short-term equipping measures to long-term equipping solutions. DOD agreed with this recommendation, stating in its written comments that the Army needs to determine how Army National Guard forces will be equipped to meet state disaster response and potential homeland defense requirements and include these requirements in its resource priorities. We believe that such a plan should address the measures the Army will take to ensure it complies with existing DOD directives to safeguard reserve component equipment readiness.

States Are Concerned about Preparedness for Future Domestic Missions in Light of Growing Army National Guard Equipment Shortages

While Army National Guard forces have supported a range of homeland security missions since September 11, 2001, states are concerned about the Guard's ability to perform future domestic missions given its declining equipment status. For example, New Jersey officials told us that Army National Guard units lacked some essential equipment, such as chemical protective suits and nerve agent antidotes; they needed to respond to a terrorist threat in December 2003. More recently, Louisiana Army National Guard units lacked some key items they needed to conduct large-scale disaster response. According to National Guard officials, at the time Hurricane Katrina hit the Gulf coast, much of the Guard's most modern equipment was deployed to Iraq while less capable equipment remained in the United States. We are currently examining the federal response to Hurricane Katrina, including the roles of DOD's active duty and reserve forces. At the time of the hurricane over 8,200 personnel and two brigade sets of equipment from the 155th Armored Brigade of Mississippi and the 256th Infantry Brigade of Louisiana were deployed in support of Operation Iraqi Freedom and were not available to perform their domestic missions.

[21] See GAO-06-111.

Furthermore, the Adjutant General of Louisiana reported to the Army National Guard in August 2005 that based on their analysis of the state Guard's equipment for state missions, even after the 256th Infantry Brigade returned home from deployment, the brigade would lack about 350 essential equipment items needed for hurricane response including trucks, humvees, wreckers, and water trailers because it was required to leave a majority of its equipment items in Iraq. When we visited the area in October 2005, Louisiana National Guard officials particularly noted that more radios would have enabled them to communicate with other forces and more vehicles that could be used in high water would have been very helpful.

Louisiana and Mississippi, like many other states, have entered into mutual assistance agreements with other states to provide additional National Guard forces in times of need, typically to facilitate natural disaster response.[22] Under such agreements, in August and September 2005, over 50,000 National Guard personnel from 48 states, 2 U.S. territories and the District of Columbia responded to the devastation caused by Hurricanes Katrina and Rita in the Gulf Coast region. According to Louisiana officials, state partners were proactive in identifying troops to send to the area when the magnitude of the storm was anticipated. These forces brought with them additional equipment such as key command and control equipment and aviation assets.

[22] While the mutual support arrangements, called Emergency Management Assistance Compacts, have been useful in responding to natural disasters, it is not clear whether these arrangements will always meet the states' needs for forces or capabilities for homeland security missions because states can withhold forces if they are needed in their home state.

DOD and Army Have Some Initiatives to Improve Future Readiness of Army National Guard Forces but Has Not Developed Detailed Implementation and Funding Plans

DOD, and the Army have recognized the need to transform the Army National Guard to meet the new threats of the 21st century and support civil authorities, and are undertaking some initiatives to improve the Guard's organization and readiness for these missions. However, it is too early to determine whether these initiatives together comprise a sustainable equipping and funding model for the future because implementation plans are not complete and funding strategies have not been fully identified. For example, the Army has not decided how to manage equipment to ready forces as they move through the proposed rotational force model. In addition, while DOD has produced a strategy for homeland defense and civil support in June 2005, it has not yet completed a plan to implement that strategy, including clarifying the Army National Guard's role and assessing what capabilities the Guard will require for domestic missions, as we previously recommended. Until these initiatives are more fully developed and key implementation decisions are made, DOD and the Congress will not be in a sound position to weigh their affordability and effectiveness, and the Army National Guard will be challenged to train and prepare for all its future missions.

Army Converting Guard to Modular Designs, but Plans and Cost Estimates for Equipping Units Are Incomplete

In 2004, the Army developed a plan to restructure Army forces, including the Army National Guard, to become more flexible and capable of achieving a wide range of missions, but it has not yet completed detailed implementation plans or cost estimates for its transformation. Rather than being organized around divisions, the Army will transform to an organization based on standardized, modular brigades that can be tailored to meet the specific needs of the combatant commander. Two primary goals of this new structure are to standardize designs and equipment requirements for both active and reserve units and maintain reserve units at a higher level of readiness than in the past. While the Army plans to convert most Army National Guard units to the modular organizational structure by 2008, Guard forces will not be fully equipped for the new design until 2011 at the earliest. The Army had originally planned to convert Guard units on a slower schedule by 2010, but at the request of the Army National Guard, accelerated the conversions so that Guard units would share the new standardized organizational designs with the active component at least 2 years earlier, which is expected to help avoid training soldiers for the previous skill mix and better facilitate recruiting and retention efforts. However, our work indicates that accelerated modular conversions will exacerbate near-term equipment shortfalls for three key reasons. First, according to current plans, units will be expected to convert to the new modular designs with the equipment they have on hand. However, because of existing shortages and the large number of

equipment items that deployed units have left in Iraq or that need repair or replacement due to heavy use, units will not have the equipment needed for their new unit designs. For example, converted Guard units expect initially to be without some key equipment items that provide improved capabilities, such as unmanned aerial vehicles, single channel ground and airborne radio systems, and Javelin antitank missiles. Second, the Army has not planned funding to provide equipment based on the new conversion schedule. Instead, the Army plans to proceed with the original equipping schedule, which will not equip the Guard's modular force until at least 2011. Army resourcing policy gives higher priority to units engaged in operations or preparing to deploy than those undergoing modular conversions. As a result, the requirements of ongoing operations will continue to deplete the Army National Guard's equipment resources and will affect the pace at which equipment will be available for nondeployed units to transform to the modular design. In the meantime, modular Guard units are expected to continue using equipment that may be older than their active counterparts' and will initially lack some key enablers, such as communications systems, which are the basis for the improved effectiveness of modular units.

In addition to the equipment shortfalls and lack of comparability that are projected for near-term Guard conversions, the Army's initial estimate of $15.6 billion through 2011 for converting Guard units to modular designs is incomplete and likely to grow for several reasons. First, the Army's cost estimate was based on a less modern equipping plan than the design the Army tested for the new brigades. Second, the estimate does not include costs for 10 of the Guard's support units, nor does it include nearly $1.4 billion that the Guard currently estimates is needed for military construction costs associated with the modular conversion of the Guard's 40 support units. Third, current cost estimates assume that Guard equipment inventories will be at prewar levels and available for modular conversions. This, however, may not be a reasonable assumption because as discussed previously, Army National Guard units have left large amounts of equipment overseas, some of which will be retained indefinitely, and the Army has not provided plans for its replacement. The lack of complete equipping requirements and cost estimates for converting the Army National Guard to the new modular structure raises concerns about the affordability and effectiveness of this multibillion dollar restructuring effort. Furthermore, without more detailed data, the Congress may not have sufficient information to fully evaluate the adequacy of the Army's funding requests for its modular force initiative.

Army Plans for Managing Equipment under Its Rotational Force Model Are Not Complete

While the Army plans to transform into a rotational force, it has not yet finalized plans for how Army National Guard units will be equipped under its new model. The rotational force model is intended to provide units with a predictable cycle of increasing readiness for potential mobilization once every 6 years. As such, it involves a major change in the way the Army planned to use its reserve forces and has implications for the amount and types of equipment that Army National Guard units will need for training to improve their readiness as they progress through the cycle. Under the rotational force concept, rather than maintain units at less than full readiness, the Army would cycle Army National Guard units through phases of increasing readiness and provide increasing amounts of equipment to units as they move through three training phases and near readiness with the goal of predictable availability for potential deployment once in a 6-year period.

While the Army has developed a general proposal to equip units according to the readiness requirements of each phase of the rotational force model, it has not yet detailed the types and quantities of items required in each phase. Under this proposal, the Army National Guard would have three types of equipment sets: baseline sets, training sets, and deployment sets. The baseline set would vary by unit type and assigned mission and the equipment it includes could be significantly reduced from the amount called for in the unit design, but plans call for it to provide at least the equipment Guard units would need for domestic missions, although this standard has not been defined. Training sets would include more of the equipment units will need to be ready for deployment, but units would share equipment that would be located at training sites throughout the country. The deployment set would include all equipment needed for deployment, including theater-specific equipment, items provided through operational needs statements, and equipment from Army prepositioned stocks. At the time of our report, the Army was still developing the proposals for what would be included in the three equipment sets and planned to publish the final requirements in December 2005.

At present, it is not clear how the equipment requirements associated with supporting deployment under the new rotational readiness cycle will affect the types and quantities of items available for converting the Army National Guard to a modular force. Until the near-term requirements for the rotational model and long-term requirements for a modular force are fully defined and integrated, the cost of equipment needed to most efficiently implement the two initiatives will not be clear. Without firm decisions as to requirements for both the new modular structure and rotational deployment model and a plan that integrates requirements, the

Army and Army National Guard are not in a position to develop complete cost estimates or to determine whether the modular and rotation initiatives will maintain the Guard's readiness for all its missions, including warfighting, homeland security, and traditional state missions such as disaster response. In our report,[23] we recommend that DOD develop and submit to the Congress a plan for the effective integration of the Army National Guard into the Army's rotational force model and modular initiatives. We recommended that this plan include the equipment requirements, costs, timelines and funding strategy for converting Army National Guard units to the modular force and the extent to which the Army National Guard will have the types of equipment and equipment levels comparable to the active modular units. We further recommended that the plan include an analysis of the equipment the Army National Guard's units will need for their missions in each phase of the rotational cycle and how the Army will manage implementation risks to modular forces if full funding is not provided on expected timelines. DOD agreed with our recommendation.

DOD Has Developed a Strategy for Homeland Defense and Civil Support, but Identification of Requirements and Readiness Measures Are Not Complete

In June 2005, DOD published its Strategy for Homeland Defense and Civil Support, which recognizes the National Guard's critical role in these missions in both its federal and state capacities. However, the strategy does not detail what the Army National Guard's role or requirements will be in implementing the strategy. DOD has not yet completed a review of the full range of the Army National Guard's missions and the assets it will need to successfully execute them. In the absence of such requirements, National Guard units will continue to be structured and funded largely for their warfighting roles, and with the exception of certain specialized units, such as weapons of mass destruction civil support teams, Army National Guard forces are generally expected to perform civil support missions with either the resources supplied for their warfighting missions or equipment supplied by states.

In its homeland defense and civil support strategy,[24] DOD sets goals of

(1) maximizing threat awareness; (2) deterring or defeating threats away from the U.S. homeland; (3) achieving mission assurance in performance

[23] See GAO-06-111.

[24] Department of Defense, *Strategy for Homeland Defense and Civil Support* (Washington, D.C.: Jun. 2005).

of assigned duties under attack or after disruption; (4) supporting civil authorities in minimizing the damage and recovering from domestic chemical, biological, radiological, nuclear, or high-yield explosive mass casualty attacks; and (5) improving national and international capabilities for homeland defense and homeland security. The strategy recognizes the need to manage risks in the homeland defense and civil support mission areas given resource challenges the department faces in performing all its missions. Therefore, the strategy puts first priority on homeland defense missions that the department will lead, with second priority on ensuring the department's ability to support civil authorities in the event of multiple mass casualties from chemical, biological, radiation, or nuclear incidents within the United States.

To accomplish these goals, DOD has noted that it will have to integrate strategy, planning, and operational capabilities for homeland defense and civil support more fully into its processes. It plans to implement its strategy with dual-purpose forces that are simultaneously trained and equipped for warfighting and homeland missions. The strategy recognizes that National Guard forces not on federal active duty can respond quickly to perform homeland defense and homeland security within U.S. territory and are particularly well suited for civil support missions because of their locations across the nation and experience in supporting neighboring communities in times of crisis. Based on this strategy, U.S. Northern Command has been tasked to develop detailed contingency plans to identify the full range of forces and resources needed for the homeland missions DOD may lead or the civil support missions in which active or reserve forces should be prepared to assist federal or state authorities. However, it is not clear when this effort will be completed.

DOD has taken some steps to develop additional information on the National Guard's readiness for some of its domestic missions. In August 2005, the Under Secretary of Defense (Personnel and Readiness) directed the National Guard to include readiness assessments for both its Title 10 (federal missions) and Title 32 (state missions conducted with federal funding) in the department's new readiness reporting system, the Defense Readiness Reporting System, which is scheduled for implementation in 2007. The new system is expected provide officials better visibility into unit readiness by reporting standardized metrics rather than general categories of readiness. The National Guard Bureau is also preparing a report for the Under Secretary of Defense (Personnel and Readiness) on concepts for reporting the Guard's readiness for domestic missions and plans to prepare a detailed implementation plan by mid-January 2006. Until detailed concepts and implementation for these plans for domestic

readiness reporting are developed and approved, it is not clear whether they will fully meet the recommendation in our prior report that DOD establish readiness standards and measures for the full range of the Guard's homeland missions so that readiness for these missions can be systematically measured and accurately reported.

As we reported in 2004, some states expressed concerns about the Army National Guard's preparedness to undertake state missions, including supporting homeland security missions and disaster relief, given the increase in overseas deployments and the shortages of personnel and equipment among the remaining Guard units. Moreover, to meet new threats, some homeland security missions could require training and equipment, such as decontamination training and equipment that differ from that needed to support warfighting missions. Some Guard officials noted that states have limited budgets and that homeland security requirements compete with other needs, although the states have funded some homeland security activities, such as guarding critical infrastructure, and have purchased some equipment for homeland security purposes.

To address some potential homeland security needs, DOD began establishing weapons of mass destruction civil support teams within the Army National Guard, as authorized by Presidential Directive and the Congress in fiscal year 1999. These teams, which are comprised of 22 full-time personnel, are maintained at high readiness levels and can respond rapidly to assist local officials in determining the nature of an attack, provide medical and technical advice, and help identify follow-on federal and state assets that might be needed. These teams are unique because they are federally funded and trained, but perform their missions under the command and control of the state governor. In the wake of Hurricane Katrina, the Louisiana civil support team provided command and control technology that was valuable in responding to this natural disaster.

Conclusions

While strategies such as transferring large numbers of Army National Guard personnel and equipment from non-deploying units to deploying units and leaving Guard equipment overseas have met DOD's immediate needs to support overseas operations, these strategies are not sustainable in the long term, especially as increasing numbers of Army National Guard personnel have already been deployed for as long as 2 years, recruiting challenges have arisen, and equipment challenges have increased. The current status of the Army's equipment inventory is one symptom of the much larger problem of an outdated business model. Critical shortages of deployable equipment and the Army's lack of accountability over the Army

National Guard's equipment retained overseas have created considerable uncertainty about what equipment the Guard will have available for training and domestic missions, and DOD has not developed detailed plans that include timeframes and identify resources for replacing equipment that has been heavily used or left overseas in the short term. Without replacement plans for equipment its units left overseas, Army National Guard units are unable to plan for training and equipping forces for future missions. Moreover, without a broader rethinking of the basis for Army National Guard equipment requirements that considers both overseas and homeland security requirements, preparedness will continue to decline and the Guard may not be well positioned to respond to future overseas or homeland missions or contingencies. As a result, we are recommending that DOD develop an equipping strategy that addresses how the Army National Guard will transition from short-term equipping measures to long-term solutions.

DOD and the Army are implementing some initiatives to transform the Army National Guard so that it can better support a broader range of missions in light of the new security environment characterized by new threats, including global terrorism. These initiatives include establishing modular brigades; establishing a rotational model that seeks to target equipment to a unit's expected mission; and clarifying the Guard's role, training, and equipment needs for homeland security missions. However, supporting ongoing operations will continue to strain Army National Guard equipment inventories, and, under current plans, equipping Guard units for new modular designs will take several years. Further, it is not clear that these initiatives will result in a comprehensive and integrated strategy for ensuring that the Army National Guard is well prepared for overseas missions, homeland security needs, and state missions such as responding to natural disasters. We are therefore making recommendations to better integrate its initiatives. In this regard, we believe that the Congress and senior DOD leadership must be ready to play a key role in pressing the Army to provide more detailed plans for these initiatives and outlining the specific funding required to implement them in the most efficient manner.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or other Members of the Committee may have.

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