ARMY NATIONAL GUARD COSTS: CONCEPTS, REALITIES, AND IMPLICATIONS

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I. Introduction

The United States Army National Guard has a long and proud tradition in defense of the nation. Comprised of citizen-soldiers that spend a limited time per year in uniform, the Guard has functioned as a military strategic reserve throughout its lifespan. It forms a well of manpower that spans the gap between regular line formations and draftees that need to be trained. Conceptually, the Guard is a 'big war' organization. It is designed and structured to bring many soldiers into combat quickly and then demobilize them just as quickly at the cessation of hostilities. The attraction of the Guard from a federal standpoint is that it provides a reasonably trained force without the high cost of a standing army formation. However, the War on Terror and the component conflicts in Afghanistan and Iraq have had a drastic impact on the use and underlying concepts of the Army National Guard. Lengthy, frequent deployments to combat zones are the norm and with them come substantial challenges in manpower, money, readiness, and equipment.

Given the historical cost-savings rationale of the Army Guard, it is appropriate to ask if that cost/benefit still applies to the modern use and composition of the Guard. On a broader level, what is the cost to generate an Army National Guard unit versus that of the Active Component? That is the question this piece will try to answer. Granted, cost is complicated metric; one that spans direct as well as indirect costs. Moreover, given the complexities of social and economic interactions many costs may be unquantifiable or unknowable. However, just as important as trying to assign a dollar figure is
contextualizing cost. That is, asking the question: how do we think about the cost of the National Guard? This piece is a discussion and examination of the cost concept of the Army National Guard and how that cost relates to combat power generation. The hidden and cross subsidized costs inherent in the National Guard structure mean that the U.S. is paying more for less capabilities than it needs, both at home and abroad.

This piece is organized into six sections designed to paint a picture of the component costs of the Army National Guard. The first section provides a brief historical overview of the National Guard as background. The next section grounds the piece in cost-saving terms with a discussion of the Army Total Force Policy and its implications. Section three breaks down how the Army National Guard works and the fiscal costs associated with the organization and mission. The next section lays out current fiscally related challenges facing the National Guard and the fifth section build on that by examining trends in related issues. Section six identifies indirect and hidden-costs that also factor into the holistic concept of total cost. To preview the implications and conclusions in section seven, the Army National Guard is more expensive than historically assumed from a combat power generation viewpoint. Years of nearsighted strategic planning have created a deep 'readiness debt' that negatively affects the Guard's ability to accomplish its state and federal mission. The Guard needs a substantial change to its organizational structure, training doctrine, and personnel readiness policies in order to remain relevant and ready in the modern environment.
II. The Army National Guard in History

The United States generates military power in three different ways, each differing in its day-to-day configuration and mission. The first mechanism is the active duty Army. The Regular Army (RA), as it is known, is comprised of 43 Brigade Combat Teams (BCT) – the basic fighting unit in the modern Army comprised of roughly 3500-3900 soldiers depending on type. The RA holds the primary responsibility for the warfighting burden of the U.S., although it can be used in extreme emergencies for homeland security such as the case with Hurricanes Andrew and Katrina. The RA does not require a presidential directive before being deployed. The second mechanism is the Army Reserve. The Army Reserve (USAR) is comprised of citizen-soldiers that train (drill) one weekend a month, and two whole weeks per year usually in the summer. Additionally, the USAR has no BCTs but rather holds the majority of several specialty support units such as psychological operations, water purification, and heavy bridge building. The USAR requires a presidential call-up before it can be deployed.

Finally, the third mechanism is the U.S. Army National Guard (ARNG). The National Guard is also composed of citizen-soldiers in a drilling status, but the Army National Guard fields 28 BCTs in addition to other so-called functional brigades. The

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ARNG is designed to mirror the force structure and composition of RA BCTs and divisions; in theory an ARNG BCT looks and acts just like a RA BCT. Together, the USAR and the ARNG form the Reserve Component (RC) of the United States Army. The key difference is that the USAR and the RA are authorized under United States Code, Title 10, meaning they are a federal entity subject to the command of the President. The National Guard is authorized under United States Code, Title 32 which places that Guard under control of State Governors (all 50 states plus Puerto Rico, Washington D.C., the U.S. Virgin Islands, Guam have Army National Guard units) when not called-up to active service. Thus, the majority of time the Guard is a tool for governors to respond to natural disaster or civil disturbance inside their respective states.4

The National Guard traces its lineage back to the earliest colonial militias. State and local citizen-soldiers participated alongside regulars in the American Revolution and War of 1812. However, after those wars the militia was bound by federal law prohibiting them from participating in campaigns outside of the United States. Consequently, the militias sat out the Mexican war and were replaced with volunteer units. The Civil War largely absorbed remaining state militias into larger volunteer formations or new draftee units. The Reconstruction and westward expansion era saw the return of state-level militias as domestic constabulary-style forces, although many dissatisfied militiamen

4 Doubler, 6-10.
volunteered to fight overseas in the colonial expansion conflicts and the Spanish American War. As the nation struggled to identify its military requirement and philosophy, so did the militia predecessors to the National Guard.\(^5\)

The industrial age and the introduction of large, European armies with superior weaponry in the early 1900s catalyzed the United States. The Militia Act of 1903 recognized the need for an organized, effective strategic reserve and accordingly allocated federal money for training and equipment of state-level militias. The outbreak of WWI spurred the passage of the updated National Defense Act of 1916 that defined the Army as comprised of the RA, USAR, and the National Guard with the 2/3 of U.S. combat power in the National Guard. National Guard units fought alongside active divisions in WWI and eroded the traditional disdain between the two. Despite ideas to disband the Guard after WWI, the organization remained a large and integral part of the national defense framework. In WWII, the National Guard comprised eighteen of sixty-eight infantry divisions fielded by the U.S. Army and saw action in both Pacific and European theaters.\(^6\) Unfortunately, the subsequent rapid demobilization and readiness decline that affected the regular Army also plagued the Guard.

During the Korean War eight National Guard divisions were activated, but only two were sent to fight in Korea. Moreover, it took both divisions in Korea over a year from activation until they were considered ready for combat.\(^7\) During Vietnam, the

\(^5\) Ibid., 26.
\(^6\) Ibid., 59.
National Guard stayed home despite the implementation of the draft to generate combat power. The decision not to mobilize the Guard was exclusively that of President Lyndon Johnson; he felt that to activate the Guard would swing public support away from his domestic social programs.\(^8\) The use of the draft without a mobilization had been a contentious issue in previous wars but had, until Vietnam, resulted in a reserve call-up. During Vietnam, however, the non-mobilization of the National Guard meant it was as a type of shelter for many Americans vulnerable to the draft. Twenty-years of poor performance and idleness put the Guard in poor shape with regards to readiness, personnel, training, and equipment. However, at the end of Vietnam the U.S. Army underwent a radical reorganization and realignment of security principles that changed the nature of the National Guard and is the root of current challenges.

### III. The Total Force Policy

The Total Force Policy was envisioned by Secretary of Defense Melvin Laird in 1970 but implemented by his successor James Schlesinger in 1973. The Total Force Policy formally integrated National Guard and Reserve formations into the Army force-generation and warfighting strategy. It created an Army that was one entity with one mission, but three components. The concept envisioned National Guard units being called to augment active forces in a deliberate, timely, organized, and predictable

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\(^8\) Ibid., 50-51.
manner. The impetus for the Total Force Policy was the conversion of the armed forces to an All Volunteer Force (AVF) in 1972.  

The end of conscription in 1972 had a drastic effect on the Army mainly due to the sea-change in funding requirements generated by volunteers. The cost of a volunteer force is dramatically higher than an equivalent size force of draftees due to the requirement to recruit and retain talent. Consequently, the Army faced deep strength cuts to offset the cost of the new force. By 1975 the active Army had reduced its endstrength to 784,000, down from a high of 1.5 million in 1968. This drawdown forced the Army to look to its reserve component for a greater role in a conventional conflict as a backstop for active forces in Europe.

The actual task of reorganizing the Army and incorporating the National Guard into strategic planning fell to Army Chief of Staff Creighton Abrams. Accordingly, Abrams made two big changes. First, he migrated a substantial fraction of combat service support function (aforementioned bridging, water purification, PsyOps, etc.) to the Reserves. Second, Abrams created the Round Out concept. The Round Out concept called for several active duty divisions to have two brigades apiece (out of a typical three) and have the third filled by a National Guard brigade.

Critical to this reorganization was the agreement between Abrams and Schlesinger that the National

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9 Ibid., 24-25.
Guard (and Reserves) would be appropriately resourced and supported in order to make the so-called "Abrams Doctrine" a viable defense strategy.\textsuperscript{12}

The rationale for the reorganization and realignment under the Abrams Doctrine is subject to debate. There are two competing ideologies, one pragmatic and the other speculative. The speculative theory attributes the movement of combat support capability to the RC as an attempt by General Abrams to surreptitiously insert a check function on the executive branch's ability to go to war without popular support. The theory is that any war would require the call-up of RC forces; that step would mandate popular support through the generation of civil-military links and community investment in the local RC formations.\textsuperscript{13} Although this theory has some emotional value, the commentary of Abrams himself (he died shortly after his policy was implemented in 1974) and of Schlesinger indicate that this was most likely not the case.\textsuperscript{14} Alternatively, the pragmatic theory is grounded solely in money. The shrinking budget and expensive AVF forced Abrams and Schlesinger to cut support capability from the active force because it was expensive to maintain and used seldom.

The evidence points to a fiscally effective, active duty end-strength balance strategy that maximized combat units on active duty. In order to have more of the total


\textsuperscript{13} Timothy I. Sullivan, “The Abrams Doctrine: Is it Viable and Enduring in the 21\textsuperscript{st} Century?” (Strategy Research Project, U.S. Army War College, 2005), 2-3. A quote attributed to Abrams that America would never again go to war "... without calling up the spirit of the American people and you do that by calling up the National Guard and Reserve" appearing in a Center for Strategic Leadership Issue Paper is not properly cited or attributed to any Abrams work or speech.

\textsuperscript{14} James Jay Carafano, “The Army Reserves and the Abrams Doctrine: Unfulfilled Promise, Uncertain Future” (Heritage Lecture #869, Washington, D.C., Published April 18, 2005), 4.
active duty end-strength in combat units, Abrams had to place support units into the Guard and Reserve. Indeed, Abrams was so focused on combat power that he managed to *increase* the total number of active divisions from 13 in 1972 to 16 in 1974 without adding one person to the active Army by transferring units to the RC and trimming down training units and schools.\(^\text{15}\) Moreover, the architect of the Total Force, Melvin Laird, framed the migration of combat power in terms of cost-savings in 1971: "lower sustaining costs of non-active duty forces...allows more force units to be provided for the same cost as an all-active force..."\(^\text{16}\) The decision to transfer capability was made in a fiscally constrained AVF environment that valued the cost-savings of the RC and aligned Army strategy accordingly in order to maximize active combat power. The assertion that Abrams (or Schlesinger, etc.) wanted to prevent the nation from going to war without total popular support is as unlikely as it is un-provable.

The assumption that cost-effectiveness is the driving factor of the current National Guard / Total Force structure is a cornerstone of this piece. This piece assumes that the reorganization of combat power was an alignment of fiscal realities and changing national strategy. Additionally, this piece assumes that cost-effectiveness is still a driver of how the force is structured and that if the current structure and use of the RC, specifically the National Guard, no longer meets the cost savings intent of the Abrams Doctrine then it needs to be reorganized, re-sized, or re-conceived. However, the concept of a popular, community support dynamic is not unreasonable. Just because

\(^\text{15}\) Binkin, 27-28.
\(^\text{16}\) Ibid., 28-29.
it was not Abrams' original intent does not preclude such a dynamic from evolving in the
decades since. In fact this piece acknowledges the modern evolution of community links
and the corresponding social compact theory that surrounds the modern National Guard.
The concepts of cost-effectiveness and popular support are not mutually exclusive and
this piece treats them as separate, but related issues inside the idea of holistic cost.

The National Guard continued to evolve through the 1980s and 1990s, changing
along with the shifting strategic realities and financing. Three principles guided the Total
Force policy through the 80s: 1) Mirror imaging – constructing National Guard units to
look, in terms of organization and equipment, the same or similar to active duty units of
the same designation. 2) First to fight funding – priority of funds went to units in
potential hostile fire zones, which did not mean the National Guard, but rather active
duty units. 3) Cascading Modernization – a hand down of equipment from active units to
Guard units to reduce procurement costs across for the RC.\footnote{17}

The concepts underpinning the Total Force were tested in the 1991 Gulf War
with mixed results and serious implications. On the positive side National Guard units
with a non-maneuver mission, such as military police or quartermaster, validated the
idea of mobilized reserves filling gaps alongside active units of the same type.\footnote{18}

\footnote{17 Carafano, 9-10.}
\footnote{18 The bulk of the 63,000 ARNG soldiers mobilized were in specialty units such as transportation, medical,
quartermaster, etc. For a complete list, see the Department of Defense Deployment Health Clinical Center website at http://www.pdhealth.mil/deployments/gulfwar/army_units.asp#guard (accessed
November 11, 2009).}
However, the BCT round-out concept was a failure. Specifically, the 48th Brigade Combat Team (Georgia Army National Guard) was activated on November 30th, 1990 and was not certified 'battle-ready' until February 28th, 1991 – the very last day of the Gulf War. In between, the 48th BCT had been held at the National Training Center for deficient performance and poor leadership while its commander Brigadier General William Holland was relieved. An active duty brigade had to be called forward to fill the active duty 24th Infantry Division under Major General Barry McCaffrey.19

The saga of the 48th remains controversial. The National Guard defended its unit and pointed fingers at the active component, charging that the AC never wanted the 48th to go to war and held it back unnecessarily. Moreover, the commander of the U.S. Second Army (a training and doctrine command) considered a 120-day certification of a National Guard BCT a moderate success. The take away is that the U.S. spent ~$40 million per year to keep the 48th BCT in shape to fight alongside the 24th ID but when the time came it did not.20 Whether it was active duty bias or actual unpreparedness is moot. The perception of readiness is what mattered. The Total Force policy was challenged in its execution, but the quick victory and lengthy time before the next conflict masked the seriousness of National Guard readiness.

19 The 48th BCT is the best example of readiness failure, although there were two other ARNG Round Out BCTs mobilized but not deployed: the 256th BCT from Louisiana and the 155th Armor Brigade from Mississippi. See MAJ James T. Brady II, “Ready to Serve? The 48th 155th, and 25th Brigades and the Round Out Concept During Operations Desert Shield and Desert Storm” (MA thesis, U.S. Army Command and General Staff College, 2007).

The issue of cost and readiness is a constant theme when speaking about the National Guard and its role and relevance in defense policy; this piece is no different. The monetary cost of maintaining a ready reserve of combat power is not insubstantial. More importantly, though, it is quality of combat power that is subject to intangible influences and perceptions of role and mission. The costs involved to keep a National Guard unit ready for combat are different than those needed to keep one ready to respond to natural disasters, both in terms of money and structure. Additionally, neither cost is fixed in relation to the other, or to time. The cost of a Guard unit is a variable proposition that contains much hidden, deferred, and cross-subsidized costs that are inextricably bound up in the nature of the Guard and its units.

IV. How the Army National Guard Works

As mentioned in the opening, all 50 states plus the U.S. Virgin Islands, Guam, Washington D.C., and Puerto Rico have Army National Guard units. Currently, the Army National Guard has a federally capped end-strength of 358,200 personnel.\(^1\) The activities of the National Guard fall under two United States Code Titles:\(^2\)

- **Title 10**: Federalized use of the National Guard that subordinates National Guard formations to active duty combatant commanders. Soldiers are paid

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from federal supplemental defense funds and receive the same pay and benefits as active duty soldiers for the duration of the mobilization.

- **Title 32**: Subordinates Guard formations to the state governor for use in local emergencies. Weekend drill pay and pay for annual training are paid for federally, but soldiers do not receive the same allowances for drill/training periods as active duty soldiers.

- **Title 32, State Active Duty**: When a state governor calls up a National Guard unit for use in the home state soldiers are paid from state-only funds and are under command of the governor. Pay and benefits vary by state.

- **Title 32, Chapter 9**: Homeland Security Activation: Governors may request the federalization (and corresponding federal pay) of National Guard troops for use in domestic emergencies, but retain command and control at the state level. This is used to circumvent Posse Comitatus restrictions or in situations where large scale state emergencies become national threats. The response to Hurricane Katrina was initially dealt with under this statute; Guard troops were paid with federal money but were initially under command of Louisiana Gov. Blanco.

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In addition to the different titles, there are different personnel statuses that affect the composition and cost of the Guard. By and large, the personnel positions are organized under Title 32, which means that in addition to full time duty these personnel must drill with a unit one weekend a month and two weeks a year:

- **M-day**: This is the largest category of personnel. The soldiers in this category train one weekend a month and two weeks per year. The weekend training sessions are known as Mobilized Unit Training Assemblies (MUTAs) and federal funds pay for 48 MUTAs (each MUTA is approximately 12 hours, and there are typically 4-6 MUTAs per weekend period) and one, two-week Annual Training (AT) each year. During MUTAs, soldiers do not receive any additional allowances in addition to their basic pay. Individual MUTA periods and AT days are paid at 1/30th a monthly active duty salary.24

- **Active Guard Reserve** (AGR): AGR means a service member is performing training or other duty on a full-time basis. Each unit (down the company level) has full time staff to help manage training, administration, and readiness in between drills. AGRs receive full allowances on top of full pay. The full-time strength across the National Guard is authorized a certain level by Congressional funding which is historically less than what the Army

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National Guard needs. In 2005, the Army National Guard required 84,452 full-time soldiers and officers to ensure unit readiness and function but was only authorized funding to pay for 53,278, a fill-rate of 63%.\textsuperscript{25} 2008 was not much better at 67%.\textsuperscript{26} There are also two subcategories of full-time staff:

- **Active Duty for Operational Support** (ADOS): Service members can be contracted to serve on a full time basis (with associated allowances) for special projects or requests on a voluntary basis. Units mobilizing for overseas missions typically have unit advisors and mobilization assistance personnel (other soldiers) that are put on full-time status on as-needed basis. National Guard regulations dictate that any person on ADOS orders for a total of three years out of four counts against the AGR or Active Duty Army endstrength.\textsuperscript{27}

- **Technician**: Similar to ADOS, but no limit on active service. These soldiers are technically federal civilian employees, but are required to serve in the same Guard unit where they work. Additionally, the National Guard State Adjutant General has authority over their employment.\textsuperscript{28}

\textsuperscript{25} “National Guard Fact Sheet, Army National Guard (FY2005).”
\textsuperscript{26} Army National Guard Annual Financial Report for Fiscal Year 2008, 18.
\textsuperscript{27} Assistant Secretary of the Army (Manpower & Reserve Affairs) Ronald J. James to Deputy Chief of Staff, G-1 and G-3, February 2008, Office of the Assistant Secretary Manpower and Reserve Affairs, Policy for Management of of Reserve Component Soldiers on Active Duty for Operational Support and Full-Time National Guard Duty for Operational Support, Washington, D.C., 3-4.
\textsuperscript{28} National Guard Bureau, Office of Technician Personnel, *National Guard Technician Handbook* (Arlington: November 10, 2004), 5-6.
Two cost issues are evident immediately. First, there is a straight fiscal disparity in favor of the Guard over active duty. Based on the 48 MUTAs alone and under the current (2009) pay scale, a National Guard Captain would make $6,931 for twenty-four man-days of training. The same Captain on active duty would make only $4,332 for thirty man-days of training. On a man-day of training basis, the National Guardsman makes twice what an active soldier does; $288 vs. $144. Granted, the thirty training-day calculation theoretically counts weekends, but if we assume just twenty four man-days for the active side, we still get only $180 or twenty-two man-days for $196 compared to $288. What that means is that 85% of the National Guard is overpaid from a combat power generation viewpoint. Moreover, on a man-day basis, the National Guard requires 6.1 years to equal the active-duty year. This point is important later when this piece looks deeper at readiness and cost.

The second issue is that the daily status of individuals is complicated. The above section reflects just the few major, common duty statuses; there are actually 29 separate possible duty statuses for a National Guard soldier. A soldier could easily occupy three different statuses in a month. There is an associated organizational cost with writing and

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30 AC year defined as 239 days (365 - 96 weekends - 30 days of leave) and an ARNG year defined as 24 days plus 15 AT days for a total of 39 training days per year.
processing orders, pay, benefits, and correcting any deficiencies incurred from the transition of statuses. Interestingly, the reduction of duty statuses is acknowledged as a cost-saving measure, but is vehemently opposed by the National Guard political lobby because it would reduce "the financial benefit to the guard member." The question that arises from that position is: if the U.S. isn't paying based on training, on what basis is it paying?

Structurally speaking the National Guard is organized in a similar manner to the active Army, but with some visible differences that add overhead in terms of both manpower and monetary cost. As mentioned above, the Army National Guard has an end-strength of 352,200 soldiers. These soldiers man a total of 106 brigades of varying

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32 Enlisted Association of the National Guard of the United States, “Point Paper – Recommendations of the Commission on the National Guard and Reserves,” 2.
types. 28 of these are Brigade Combat Teams, the rest are a mixture of Fires, Maneuver Enhancement, Engineer, Aviation, Sustainment, Battlefield Surveillance, and other so called-functional brigades that provide various support capacities. These brigades generally fall under the eight divisions maintained by the Army Guard. Additionally, each state has a State National Guard Bureau (NGB) and a Joint Forces Headquarters (JFHQ). The State NGB is responsible overseeing all personnel and administrative actions for the Army Guard; the Joint Force Headquarters manages the training installations, footprint, and acts as the coordinating entity for all National Guard forces (including the Air National Guard) during a time of emergency. The total force is spread out over 3000 local armories, training centers, and other sites across the U.S. and its territories.

So, what is the monetary cost of the National Guard, and compared to what? Admittedly a cost comparison of a National Guard formation is difficult, since the existence of a military unit is supported by many indirect costs. Nonetheless, a comparison is possible and important because it directly reflects the purpose of this piece: contextualizing the cost of the National Guard.

Historically, the National Guard per-unit cost is set from a low range of 16-19% as that of a corresponding AC unit, a medium range of 23-25%, to a high of 38%.

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33 The Army as a whole is in the middle of reorganizing. Total brigades reflect the planned 2010 end state for the ARNG. See sources for note 3.
34 Adele R. Palmer et al., Assessing the Structure and Mix of Future Active and Reserve Forces: Cost Estimation Methodology (Santa Monica: RAND Corp, 1992), 34.
Recent work addressing unit costs picks the middle range value of 25%. These estimates rest on a key assumption: that ARNG units are cheaper in peacetime, but acknowledge that they may be more expensive after mobilization. The problem with that assumption is that it is based solely on dollars spent per year, not an actual results-based metric of readiness or training. Money is a means to an end, not the end itself. Ostensibly the cheapest force on a year-to-year basis is that which does not exist (such as a pool of potential draftees); the trade off is that that force is completely unready for any mission and needs to be stood-up and trained. The measure of effectiveness is the ability to perform missions divided by cost, not cost by itself.

Accordingly, an aggregate look at dollars spent vs. training completed is a better metric for gauging relative cost. This piece has its own assumption: that an ARNG unit can conduct the same level and quality of training as an AC unit if given the correct amount of time. Basically, an ARNG unit will be at the same readiness level as an AC unit if the total yearly training days are the same. Based on that assumption, and the earlier calculation that ARNG units need approximately 6 calendar years to equal the training time of an AC unit, there are two ways of comparing the fiscal cost of an ARNG unit to an AC unit. The first is a line-item look at budget expenditures; the second is a look at total Operations and Maintenance (O&M) spending as a “cost-of-doing-business” metric factored across the total force and across time.

\[^{35}\text{Jacob Alex Klerman, Rethinking the Reserves (Santa Monica: RAND Corp., 2008), 57.}\]
Quickly, the reason this section looks mostly at the BCT is that it is the “coin of the realm” for combat power and the most in-demand type of unit. Since 2001, all but two ARNG BCTs have deployed to a combat zone.\textsuperscript{36} Plus, five ARNG BCTs are coming up on, or are already into, their second rotation and one on its third.\textsuperscript{37} That equates to roughly 140,000 soldier mobilizations out of a total of 291,000.\textsuperscript{38} So, the BCTs are bearing half of mobilizations and combat tours despite being only 1/3 of the force. Some states, such as Michigan which has a Military Police brigade as its main unit, have less than one tour on average across the brigade; hence why the BCT is an appropriate unit of measure for work, cost and comparison.\textsuperscript{39}

The Department of the Army (DA) O&M Justification Book breaks out the total fiscal expenditures by category of spending. The Army Budget Subactivity Group 111 is labeled “Land Maneuver Units.” This line encompasses the spending that “[e]xecutes the training and operations required to maintain readiness in the active Army's Brigade Combat Teams and all Organic Forces associated with those BCTs.”\textsuperscript{40} The DA National

Guard budget materials are labeled in a similar manner and so one can look at the expenditures across both components for the same activities.

In FY09, the AC BCT expenditures were around $951M. This figure counts fourteen deployed active duty BCTs operating under contingency funding and not drawing base-line O&M funds. In fairness, the AC FY08 funding was around $912M; these two numbers together reasonably bracket the rotation of BCTs in and out of combat zones – a BCT deployed in '08 would likely be drawing O&M funds in '09. In contrast, the ARNG O&M fund for BCTs was $1.2B. The budget documents make no mention of deployed ARNG BCTs, but in large part that is irrelevant. 29 AC BCTs drew less funding than an equal or lesser number of ARNG BCTs. Over the last two fiscal years the AC expenditure has been $1.86B for 43 BCTs compared to $1.46B for 28 ARNG BCTs.41 By that metric, ARNG BCTs as a whole cost 120% that of the active duty side.

Alternatively, a look at the total O&M funding across all activity categories compares the total force of the ARNG and AC. In this “cost of doing business” method all BCTs, support brigades, supporting structures, and organizations are accounted for. The FY09 AC O&M expenditure was $31.2B (excluding Emergency Supplemental funds) compared to $5.8B for the ARNG.42 Across all 116 AC brigades this averages to

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41 Ibid., 41 and Assistant Secretary of the Army for Financial Management & Comptroller, “Operations and Maintenance, Army National Guard: Justification Book, Volume 1, May 2009,” in Department of the Army Fiscal Year (FY) 2010 Budget Estimates, 2009, 39. This figure excludes bridge funding from supplemental appropriations.

42 Defense O-1 Budget Book, 19.
a total of $264M per brigade; the ARNG works out to $54.7M per brigade. At first glance this appears to indicate that ARNG formations are within the historical percentage range at 20%. But this is just a one year calculation; the Guard requires six training years to equal the training time of the AC. However, in just 4.7 years an ARNG unit will have spent the monetary equivalent of an AC training year, but received only 78% of the training time. Under this results-based metric that factors in time, the ARNG unit cost is 124% that of an AC unit. Although on a year-to-year basis ARNG units are a fraction of the cost of AC units, that measurement is made independent of the goal of spending: readiness and warfighting ability.

Where do the ARNG funds go inside the states? The Federal National Guard Bureau (the controlling entity for the entire National Guard) divides states into three sizes based on authorized force structure; small, medium, and large. Large states typically have a division headquarters and two or more BCTs; medium states may have a division headquarters and one BCT; small states a single BCT or smaller functional brigade. Minnesota, with a division headquarters, a BCT, and an Attack Aviation brigade for an authorized force structure of 9600 is considered a medium state alongside Virginia, which has a division headquarters, one BCT and an authorized strength of 7000. States are funded on a 5-7 year mission density plan that forecasts training and

44 LTC Robert L. Clarke, Virginia Army National Guard Comptroller, and LTC Steven Hanson, Minnesota Army National Guard Comptroller, conversations with the author, September 18, 2009 and October 29, 2009.
operational requirements at, historically, 50-60% of requested funding for operations. Given that shortfall coupled with the full-time manning shortfall mentioned earlier, a legitimate question about readiness and priority exists. If the Guard is chronically short on training funds and full-time support, can it ever be as ready as expected or needed?

The size of each state's Guard varies alongside the unit composition which makes extracting a BCT-specific cost difficult, since cost reporting is based on all of the state Guard structure, including JFHQs, State NGBs, and any training/cadre units and centers. For Virginia, the operational funding was $89.6 million in FY08 and for Minnesota the expenditures were $125M for the same period. Looking across all three state sizes, a fair estimate is around $70M per year for a state to field a BCT in a total “cost-of-doing business” metric. Tellingly, even though maneuver-type units (BCTs or other functional brigades) are the mission executors, they hold only about half of total state Guard personnel. The surplus personnel occupy slots in non-deployable Joint Force Headquarters, training cadre, or State NGBs. Given that state pay funding is near double operations funding, this amounts to a sizeable pricetag in overhead that is paid whether the state units are deployed or not. The 1:1 support/deploy personnel ratio seems excessive and inefficient.

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45 LTC Clarke to the author, September 18, 2009.
47 Estimate by the author based on operations funding and brigade/troop strength drawn from Army National Guard Annual Financial Report for Fiscal Year 2008, State Pages.
48 This holds true for large states as well. Pennsylvania has three brigades and a division headquarters for a total about 11,000 personnel out of 21,000.
49 See note 46. Examples (personnel cost expressed as a percentage of O&M cost) MN: 170%, PA: 185%, OK: 160%.
V. Current Challenges for National Guard Costs

So far, this piece has just touched on some underlying costs issues with the National Guard structure. Not only are soldiers more expensive on a day-to-day basis, but there is a substantial unused structural overhead that does not translate into combat power or deployability. Further, training ARNG BCTs to reach peer levels with the AC requires time and financing that do not exist. These issues are systemic, but they also apply independent of current global operations. That is, soldiers will be paid in peacetime and the organization will exist as is in peacetime. To really get an idea of the cost challenges of the Guard, a look at current, War on Terror-related issues is necessary. The operational tempo and duration of conflict have placed stresses on National Guard systems and ideas that have no precedent. Personnel, equipment, and legacy costs are moving upward in unforeseen ways that increase the fiscal cost of using and readying the National Guard.

The use of the National Guard has undergone a substantial change since 9/11. The traditional concept that drove the employment of the National Guard was that of "strategic reserve." Strategic reserve meant that the National Guard was called up in big-war scenarios to augment the active force, but for the most part would remain at home and available for state governors. As mentioned in the history section, the Guard has not had a major mobilization since Korea. In contrast, today the Guard has been "operationalized." The Department of Defense defines Operational Reserve as:
The RCs provide operational capabilities and strategic depth to meet U.S. defense requirements across the full spectrum of conflict. In their operational roles, RCs participate in a full range of missions according to their Services’ force generation plans. Units and individuals participate in missions in an established cyclic or periodic manner that provides predictability for the combatant commands, the Services, Service members, their families, and employers. In their strategic roles, RC units and individuals train or are available for missions in accordance with the national defense strategy. As such, the RCs provide strategic depth and are available to transition to operational roles as needed (emphasis added).50

In plain terms, the National Guard is now expected to conduct sustained and prolonged rotational deployments to the same theaters and conduct the same missions as the active component. The Department of the Army's stated goal for the National Guard is one year deployed and five years (noted as “1:5”) at home station for training. Currently, the Department of the Army operates at about a 1:3 ratio for its National Guard BCTs and is trying to get to 1:4 by 2012.51 Given the fact that it takes six years to get a National Guard the same amount of training days as the AC, is 1:4 or 1:5 even enough? There is a readiness penalty associated with compressing a training timeline too far.

When an ARNG BCT is mobilized for overseas duty, it is sent to a U.S military base for pre-deployment training and certification of readiness (known as mob-station). For a BCT, this process takes around 60 days.52 Those 60 days of post-mobilization

training covers all skills, from individual to theater-related. The problem is that those 60 days are equal to two regular calendar years of training. In other words, ARNG units are wasting two years of home station training on skills that will be re-validated at mob-station. For a medium sized state, that translates into about $140 million in redundant training. Although there is a value in showing up to mob-station in a ready state, it does not expedite the process of deploying. By retraining basic skills, the mob-station process acknowledges that Army National Guard units are not ready to deploy overseas on short notice and are, on a training-day metric, under-trained by at least two years and therefore require an additional 40-66% of yearly funding (based on a 3 or 5 year deployment cycle) to correct that shortfall.

Another issue of readiness cost is personnel attrition before deployment. This dynamic is changing drastically because of the lift of DA’s 'stop-loss' policy that kept soldiers in deploying units beyond their contractual obligations. The National Guard stopped mobilizing soldiers under stop loss in September, 2009.53 The effect is that units slated for deployment will be short a fraction of soldiers that would have been forced to deploy in previous years. DA is offering financial incentives for soldiers to stay for deployments, but the estimated attrition rate for soldiers eligible to separate is currently 40-50%.54

54 See note 55.
To paint a more complete picture, a recent pre-deployment forecast by a mid-size state with one BCT scheduled to deploy overseas projected a 66% personnel readiness rate.\textsuperscript{55} The attrition came primarily from two sources: soldiers at the end of their contracts (17%) and Soldier Readiness Processing (SRP) failures (25%). SRP is medical and legal screening that flags soldiers who are medically unfit for deployment. Importantly, SRP is conducted only on soldiers eligible to deploy. That particular attrition rate is calculated on the downward-adjusted end strength once other factors such as certain college-first options or enrollment in ROTC are calculated in. It should be noted that SRP screens dental readiness alongside medical readiness; a non-deployable soldier may be dentally unfit but otherwise medically sound. Nonetheless, a 25% SRP failure for an ARNG unit is a stark comparison to a 1-3% SRP failure for an AC BCT.\textsuperscript{56} Looking at the aggregate, deployable combat power for this entire medium sized state with an authorized strength of 6500 soldiers, the total is a paltry 33% of ARNG soldiers that are available for overseas contingency operations (calculation includes non-deployable state elements like JFHQ and State NGB. See previous section for personnel overhead metric).

The reason for the high attrition rate during the SRP process is that by and large, the National Guardsmen is less medically fit than his active counterpart. In fact in 2007 the ARNG had the worse medical readiness of any service or component at 38%.

\textsuperscript{55}State ARNG official asked not to be identified along with the state.
\textsuperscript{56}CPT Dustin Medeiros, Army personnel officer, conversation with the author, October 30, 2009.
“ready.”\textsuperscript{57} Potentially, this is a function of the readiness processing that happens more frequently in the AC, e.g. for National Training Center rotations or combat deployments. The National Guard, since it deploys less, has less visibility on medical related readiness. Moreover, the AC has continuous access to medical care while the National Guard has whatever its soldiers carry in their civilian jobs. Healthcare and insurance are examples of a cross-subsidized cost that makes the RC so attractive financially, but level a penalty in readiness. An ARNG soldier may not have health- or dental insurance, but an AC soldier receives it as an automatic benefit. In the above deployment case, a 25% SRP failure equates to around 850 soldiers out of a BCT. Assuming that all of those soldiers are relatively junior enlisted (E-4)\textsuperscript{58}, the cost penalty is $3 million per year for those soldiers to train, but not deploy. On top of that, those soldiers will still drill with a replacement unit or rear-detachment element while their parent unit is deployed, further raising the sunk costs.

Underpinning readiness alongside the issue of personnel is the equally important issue of equipment. Despite the commentary of former Secretary of Defense Rumsfeld regarding “going to war with the Army you have...” the National Guard Bureau has made a substantial effort to equip its formations with the most current technology and warfighting systems used by the AC.\textsuperscript{59} Counter to that effort has been the extended

\textsuperscript{57} Commission on the National Guard and Reserves, \textit{Final Report to Congress and the Secretary of Defense}. Arlington, January 31, 2008, 194. Annotated in future notes as “CNGR.”

\textsuperscript{58} E-4 (Specialist) with 2 years = $61.00 x 76 MUTAs (48 + AT) x 850 (See note 29).

\textsuperscript{59} Deputy Assistant Secretary of Defense (Materiel and Facilities), “National Guard and Reserve Equipment Report for Fiscal Year 2009 (NGRER FY 2009),” Department of Defense, Office of the
interruption of the "cascading modernization" program used to supply the Guard with at least some equipment-parity with the AC. Since 2005, planned cascades across the breadth of equipment and vehicles ceased.\textsuperscript{60} This is most likely a function of equipment from all components being left behind in combat zones for use by follow-on units coupled with increased attritional wear and tear on the equipment in total.

The larger implication is that the Guard has to make do for training, federal, and domestic mission, with increasingly aged equipment or purchase new equipment alongside the active component. Currently, the Guard is doing both; DA purchase of M4 rifles alongside new Stryker Combat Vehicles exemplifies the spirit of Guard modernization. However, the ARNG still projects a FY13 total shortfall of $10B in critical, modern equipment on top of a requisition funding of $17B for FY10-15.\textsuperscript{61} The shortage reveals that a chronic modernization lag is not being met by cascade or by purchase. At some point, substantial investment will be needed to either upgrade or replace aging Guard equipment against a deficit of $10 billion.

VI. Trends in National Guard Direct Costs

Just as significant as immediate cost challenges are associated trends in cost and spending. This piece has shown that the National Guard has a high fiscal overhead for

\textsuperscript{60} Ibid., 6-1-6-2 in comparison to the FY07 Version of the same document available at http://osd.dtic.mil/ra/documents/fy2007NGREREquipment.pdf (accessed November 11, 2009). There appears to be a four year lag time in reporting planned vs. actual cascade transfers. The FY09 report has 2005 data, the FY07 report has 2003 data.

\textsuperscript{61} Army National Guard Annual Financial Report for Fiscal Year 2008, 57.
maintaining structure and personnel that are underused in deployments. Moreover, the funding concepts designed to save money are being ignored or put on hold in order to face immediate issues. By looking at some trends directly related to cost, it is possible to try and gauge what the future looks like for the Guard and see if there are any prospects for controlling the rising direct cost.

First is a look at the federal funding that applies to the National Guard when it is deployed. A unique aspect of the defense budget is that all of the personnel and operational costs incurred by a National Guard unit that has been federalized are funded out of emergency/supplemental funding appropriated by the Department of Defense (DoD). A National Guard BCT in Iraq is paid salaries and allowances out of the same funds that pay for fuel, ammunition, and equipment upkeep. That money does not exist in peacetime, but is allocated by Congress on an as-needed basis. Supplemental funding has been a big issue in recent years as the DoD budget increases along with the cost of Afghanistan and Iraq, and it is useful to contextualize National Guard deployments to those theaters with overall DoD spending.
Figure 1 on top overlays Army National Guard soldiers serving in Afghanistan and Iraq with Army funding for Operations and Maintenance. The chart depicts a single fact—National Guard deployment strength does not clearly or dramatically increase supplemental funding. Obviously supplemental funding will increase when National Guard troops are mobilized, but how much is unclear. The supplemental funding reflects many contingencies and line items, from increasing fuel costs to buying track for armored vehicles, spread across all the deployed AC units. National Guard mobilization costs are rolled up into this generic war fund and so the actual cost of activating a unit, training it, equipping it, and sending it overseas may never be known to any kind of certainty. Only the 2004 DoD Supplemental Request specifically addresses the mobilization of RC soldiers: $22.2 billion across all services. Out of a total of $53.2 billion (O&M), that is a substantial cost to mobilize and use the RC but still masks the cost of specific activities.

The graph might imply that there are expensive fixed costs associated with warfighting activity, but that the marginal cost to deploy more ARNG units is low. In response, its useful to think of the ARNG as being 100% equal in cost to an AC unit.

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when deployed; the maximum marginal cost. But, the cost cannot get lower like in a traditional marginal cost curve. Deployment is an all-or-nothing cost proposition; there is no savings from deploying one type of unit over another. The real issue is that since the maximum marginal cost is being paid to deploy an ARNG unit, is that unit up to the same standard and capabilities as its AC counterpart? Cost is the same, but is performance?

Arguably, the ARNG is still suffering from the 48th's Gulf War experience. Generally speaking, ARNG units are given less-intensive missions than the AC. This includes Kosovo peacekeeping, logistic security (known as SECFOR for “security force”), or training/advisory teams. Currently ARNG units have replaced AC units in Iraq, but it could easily be argued that the level of danger has declined to an acceptable level to use an ARNG unit.64 In Afghanistan, the two ARNG BCTs are training and advising the Afghan National Army; all the ISAF maneuver forces are Active Component BCTs.65 This suggests that the perception of the ARNG's ability to execute the tough fight in Afghanistan is lacking in the higher echelons of the Army. Whether true or not, it does not appear that the Department of Defense is willing to expose ARNG units to the same tactical situations as the AC.

Something else to keep in mind that relates to the end-performance of the ARNG is that it is subject to a 12-month mobilization cap. An ARNG can only be mobilized,  

including any time spent at mob-station, for a total of 12 months at a time. The AC works on a boots-on-ground (BOG) model, where deployed time is measured by time spent in the combat zone.\textsuperscript{66} An activated ARNG that spends 60 days at mob-station and requires 30 days of demobilization training and processing gets only 9 months in a combat zone, despite being the same cost as an AC unit that spends 12 months in a combat zone.

Returning to the graphs, Figure 2 represents the percentage of the normal, peacetime Army O&M budget that the National Guard occupies.\textsuperscript{67} Although the percentage is increasing, the value in real dollars is only slightly above inflation. The increasing costs of equipment fielding and maintenance along with the need for increased readiness (and therefore training, both increased in quantity and quality) suggests that the Guard is being underfunded for training and operations. This is compounded by two serious, long-term, cost intensive issues which dramatically affect the Guard: on-hand equipment shortfalls and the ongoing identity crisis with regards to the Guard's primary role.

On-hand equipment for training and combat in the National Guard is reaching a crisis point. There are two sub-issues. The first issue is the normal, peacetime shortage of equipment that plagues the National Guard as a whole. Typically, units in the National Guard will have only 65 to 75 percent of authorized equipment on hand during

\textsuperscript{67} See note 62.
When they deploy, theater commanders require a 90 percent fill.\(^6\) Moreover, many units (in both AC and RC) operate with much higher levels, or different types of critical equipment in theater than required in peacetime via normal authorizations.\(^7\) This leads to a cross-leveling effect that strips non-deployed units of equipment and transfers it to deploying ones. This is obviously a temporary fix to a temporary problem, but it has been compounded by the fact that much of the critical equipment for training and operations does not come back from combat theaters.\(^8\) The current equipment on hand levels for the Guard as a whole is down to 55 percent\(^9\) which has a dual impact on stateside training for the federal warfighting mission and the state-level emergency response mission.\(^10\) The cost-savings generated by not transporting equipment back and forth overseas is underwritten by the domestic readiness of National Guard units. The DoD is borrowing from the ability of the Guard to perform its domestic mission. Ultimately, all the equipment will have to come back, and the DoD has recently begun steps to pay back this readiness debt and return Guard equipment.\(^11\)

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\(^7\) Ibid., 10.

\(^8\) Ibid., 14


\(^10\) NGRER FY09, 1-2.

\(^11\) For some examples pulled from newspapers, see the Democratic Caucus’ Senate Journal at http://democrats.senate.gov/journal/entry.cfm?id=273668 (accessed November 11, 2009).

The reason that the domestic readiness and preparedness debt is so crucial is due to the fundamental identity crisis that afflicts the National Guard. The National Guard has a dual-mission that is by nature in conflict with itself. The website of the National Guard describes the Guard’s first mission as supporting the regular army and its main mission as serving as a state force. The nomenclature indicates the priority-issue that even the Guard cannot adequately clarify. The DoD has acknowledged the difficulty in maintaining a domestic response capacity while filling a warfighting role by promising that state governors will have at least 50% of National Guard forces available for home use.\textsuperscript{75} The National Guard availability for homeland security (HLS)/emergency relief is contradicted by the force generation model of the DoD.\textsuperscript{76} Obviously the more frequent use of ARNG units overseas means less availability at home. The potential for a large scale disaster to hit the “seam” between the two missions is amply demonstrated by Hurricane Katrina.

When Hurricane hit New Orleans in September 2005 half of the Louisiana Army National Guard’s deployable units were overseas; the 256\textsuperscript{th} BCT and its subordinate battalions were en route home from Iraq but not yet stateside. The lack of law enforcement and government presence in New Orleans required the mobilization and deployment of other states’ National Guards from as far away as Massachusetts and


Pennsylvania in addition to two active duty brigades.\textsuperscript{77} Clearly the magnitude of the event lessens the impact of just one BCT, but the circumstances are still illustrative.

The state of Louisiana lost a first-response law and order capacity that it normally had as a consequence of the federal/state mission conflict. Moreover, the ARNG battalion that is normally headquartered in New Orleans proper was deployed along with its parent brigade.\textsuperscript{78} Although Guard forces from other parts of Louisiana and other states arrived within a day or two, the impact of not having several hundred soldiers already in the correct spot to assist law enforcement can only be speculated. For sure though, the arrival of 300 soldiers from the Arkansas National Guard on the 2\textsuperscript{nd} of September (three days after landfall) was large boost to security in New Orleans;\textsuperscript{79} the absence of the regular unit can at least be contextualized in that regard. The cost of not being able to respond quickly to crisis domestically cannot be adequately estimated either in terms of money or in human misery. However, it is fair to say that not having the ability to react is less desirable than having it; the potential for not having the response capabilities grows with increased use of Guard forces overseas. There is a cost, but no one knows how much it is or when the bill will come due.


\textsuperscript{78} Louisiana Army National Guard Website at http://www.la.ngb.army.mil/1-141/ (accessed November 11, 2009).

VII. Indirect Costs and Concepts

So far this piece has looked at some of the direct fiscal costs of maintaining and fielding the Army National Guard in the contemporary environment. However, direct spending really only tells part of the story. This section looks at some of the indirect, cross-subsidized, and hidden costs associated with having combat power in the National Guard. Many of these costs are incalculable, since they span many socio-economic categories. Still, a look at what some of those costs are, and how we as a nation make mental and physical calculations about costs and benefits is warranted, especially if heavy use of the National Guard will continue.

The National Guard is unique in its status as a combat organization because it is subject to a social compact that is fundamentally different from that of the active component. This social compact is unwritten and had been largely ignored until the War on Terror, when it was thrust to forefront. This social compact idea has been recently addressed by the Center for Strategic and International Studies (CSIS) in its report “The Future of the National Guard and Reserves.” The report describes the social compact as “the set of expectations and obligations that govern how the nation uses, compensate, and take care of reservists and their families.”

CSIS argues that the current social compact is a relic of the Cold War, when RC soldiers joined and expected to deploy seldom, if at all, over a 20-30 year career. CSIS asserts that the pace of current operations is souring RC soldiers and their families and a new compact stressing more

deployments in exchange for more benefits is needed. The piece stresses the central pillar of the existing compact: few deployments.\(^{81}\)

This exemplifies the irrationality of the National Guard as an operational combat power generation tool. Why does the U.S. Maintain 40% of its land combat power inside an organization that has cost-imposing moral guilt complex associated with it? In early 2009 former Army Vice Chief of Staff General Jack Keane told a public forum that "we [the U.S.] have violated [the] unwritten social compact" with the National Guard by relying on the Guard to carry some of the burden in the War on Terror.\(^{82}\) The implication is that pace of deployments is somehow unfair to Guardsmen and their families. Whether it is unfair or not is irrelevant. The key point is that the "they didn't sign up for this" concept has substantial weight in the debate on the use of the RC. Accordingly, the cost in both monetary terms: increasing benefits and training; and political capital: overcoming the reluctance to place a burden on the citizen solider and community at large, are rising. A social compact can also be seen with the AC – but that is based around the principle of quality of life for soldiers and their families and higher compensation (reenlistment bonuses, options, etc) for continued high tempo service.\(^{83}\)

Although the Total Force Policy failed to check the executive's ability to go to war, it did succeed in creating a power civil-military bond vis-à-vis the National Guard that is

\(^{81}\) Ibid., 92-93.
crystal clear today in this discussion. Transforming an RC social compact based on non-deployment will require substantial monetary support and a realignment of the thought process that is reluctant to deploy the Guard based on its historical inactivity.

Additionally, there is currently some political debate about giving the Chief of the National Guard Bureau a seat the Joint Chiefs of Staff. The argument in favor states that the Guard is looking at an increase in mission volume and that the DoD does not understand the impact of mobilizations on the family unit of Guard members. Decisions are being made without any recourse from the Guard as an entity. This illustrates that the rules that govern the active side apply differently to the Guard, and that Guard members see themselves as a separate entity from the RA with different obligations and considerations. The social compact that governs the Guard is important to enough people to warrant a petition to fragment the Army and fundamentally change the concepts and legacy of the Total Force.

Alongside the concept of changing the social compact for the National Guard is considering the unit of measure to which that compact applies. That is, is the individual soldier the entity that matters in designing policy and procedures, or is it the family as the unit? The DoD has made it clear that it regards the family unit as critical to readiness and mission success. As such, the AC family and soldier receive certain quality of life benefits for service, such as healthcare and housing. The family focus of the DoD

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85 Laura Werber Castaneda et al., Deployment Experiences of Guard and Reserve Families: Implications for Support and Retention (Santa Monica: RAND Corp., 2008), xxii.
theoretically applies without distinction to the National Guard. However, the National Guard family unit is a different entity than the AC family unit. A National Guard family does not necessarily live near a major military base, nor does it have military healthcare. By and large, the National Guard family is less integrated into a community of peers than AC families, which has ramifications for both the soldier and the force.86

The fabric and concentration of military members and their families differs greatly between the AC and the Guard. The AC is predominantly centered on a handful of large posts numbering around fifteen. Guard members and their families are spread out across the U.S. Referring back to the footprint graphic earlier, it is useful to envision Guardsmen and their families as both living and working in the spaces between armories. The concentration of people that are in, or affiliated with, the military that a Guardsman interacts with outside his unit is smaller. The family unit as a whole is less likely to have friends in the military or even in a soldier's unit.87 As a result, National Guard families are less likely to seek emotional or physical support from organizational resources or other peers/families versus their active counterparts. The outlets and informal networks of community support from like-minded (or like experienced) peers are not available as a pressure valve for National Guardsmen.

This lack of community is manifested in the Post Traumatic Stress Disorder rates in RC soldiers versus active soldiers. Although both components reported similar


87 Ibid.
percentages of combat related experiences, the RC was more likely to be referred for mental health care issues than the AC and twice as likely when employee assistance referrals are counted. The lack of a common experience between Guard members and their employers, friends, and peers coupled with the challenge of securing adequate mental health care options puts a serious strain on the individual soldier and family. The savings gained by demobilizing a Guardsman after combat is challenged by the social and economic cost of a person and family that struggle to readjust without adequate support mechanisms.

One of the critical support mechanisms for veterans and soldiers is access to healthcare. Healthcare costs are one of the biggest cross-subsidized savings costs for the Army. The deferment of daily healthcare costs of Guardsmen onto their employers or individual soldiers allows the DoD as a whole to try and tackle its own skyrocketing healthcare costs. Although standard TRICARE (DoD-wide healthcare) is available to all mobilized National Guard soldiers and their families for the duration of mobilization as well as short a period after, there is a hidden cost when transitioning back to civilian healthcare programs. A Guardsman is legally entitled to maintain an existing employee


plan, but this may lapse inadvertently if the soldier fails to notify his employer due to not understanding the legal obligations of activation.\(^90\)

Alternatively, a Guard family may enjoy TRICARE benefits while mobilized, but then not be able to afford a civilian plan when the mobilization ends, since 20% of RC members lack civilian insurance plans.\(^91\) Worse yet is the possibility that Guard members or families may be denied or charged extra for "pre-existing" conditions that may have developed while mobilized or are an artificial by-product of switching plans.\(^92\) The AC does not have to bear any disruption in coverage or worry that coverage will be denied. The health insurance issue is a central pillar of the social compact revision. Arguably a higher pace of activity should be compensated by expanded benefits, healthcare chief among them.\(^93\) A direct cost for renegotiating the compact in this manner is evidenced by the creation of TRICARE Select, a premium based plan for all RC soldiers and families in 2005.\(^94\) This plan offers similar coverage as active TRICARE at a substantially lower yearly premium than the average U.S. family pays.\(^95\)


\(^93\) Ibid.


Not only is there a hidden cost that is shifted onto Guard soldiers and families, but there is an increasing overt cost in benefit expansion.

A critical health-related matter that cannot be so easily addressed by spending is that of availability of care in the event of serious injury. A National Guard member severely wounded in combat receives the same benefits as AC soldiers, but has to deal with complications that come from not being a part of a larger military community. Specifically, serious issues identified in wounded vets, like Traumatic Brain Injury (TBI) or multiple limb amputations, require extensive and specialized treatment facilities. These facilities are located on major active duty posts and major regional civilian hospitals. However, an ARNG member may not live anywhere near a Military Treatment Facility (MTF) with the right capability, or maybe the nearest hospital does not offer the specialty treatment or care required. The DoD authorizes care at VA facilities if no MTF is within "reasonable" distance, but given the emerging issue with VA facilities at large this may not be adequate or appropriate to properly care for wounded soldiers. The ARNG family unit bears the cost of transporting a soldier to, or moving near, a MTF or suitably adequate civilian faculty as compared to an AC soldier who receives care on or near the post where he lives. How much does it cost to relocate

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a family, not just in terms of money, but career and life disruption on top of caring for a wounded family member? Obviously that question is rhetorical, but it bears keeping in mind.

Another parallel cost to consider is the economic disruption caused by the use of the National Guard. Interestingly, the effects of National Guard deployments and activations do not apply directly in the way that seems obvious. At first glance, it seems logical to conclude that deployed national Guardsmen would have an economic impact on the community they leave behind and that a substantial fraction would take a pay-cut with respect to their civilian salaries. These assumptions are half true. The reality of economic disruption is that although there is some disruption in local communities, they overall impact is much lower than expected and it lasts for just a few months.\footnote{David S. Loughran, Jacob Alex Klerman, and Bogdan Savych, \textit{The Effect of Reserve Activations and Active-Duty Deployments on Local Employment During the Global War on Terrorism} (Santa Monica: RAND Corp., 2006.), xii.} Local employers do initially suffer when Guardsmen are deployed, but hire replacements within a few months. Moreover, the total economic impact is limited by the geographic spread of Guardsmen and units across many communities and localities. Plus, studies indicate the majority of Guardsmen actually earn more money while deployed.\footnote{David S. Loughran, Jacob Alex Klerman, and Craig Martin, \textit{Activation and Earning of Reservists} (Santa Monica: RAND Corp., 2006), xvii.}

What that ignores is the fact that a deploying Guard member economically impacts someone else: the replacement worker. Although returning Guardsmen have the right to return to their old jobs, what about the worker hired to replace that Guardsman
while deployed? Either they are out of a job or the employer must carry both workers. This gives employers a difficult choice – go without a position or fill it and fire somebody. Some businesses that support the Guard will pay their deployed employees the salary difference; others will balk at giving returning their jobs back, forcing the soldier to sue. All the choices impose a fiscal cost on someone, whether it is the business, the soldier, or the replacement and this cost does not have a companion on the active duty side. The organizations that support active soldiers exist the same in both peace and war without disruption.

And what about the extreme cases, those where a Guardsmen is severely wounded and unable to return to work? A significant fraction of Guardsmen are first-responder type personnel on the civilian side, police, EMTs, etc. A soldier with TBI, or the loss of limb/eyesight can no longer function in their old job. The same thing applies to blue-collar professionals; the tool and die workers, electricians, etc. The professional investment in time and money into Guardsmen by the civilian workforce is sadly wasted and would need to be reinvested in someone new (the implication being that new person is not in the Guard). Although soldiers of all components are exposed to the same risks and combat potentials, the issue is that the Guardsmen impact more organizations directly given their primary occupation on the civilian side. Every impact

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102 Loughran, The Effect of Reserve Activations, 15.
on a military organization is instantly mirrored onto a civilian one. Although true that the overall effects are mitigated geographic distribution, that ignores the human terrain in between.

Finally, there is a strange dichotomy when it comes to the individual Guard soldier that is part and parcel to the social compact mentioned earlier. One of the fundamental principles behind the compact is that mobilized Guardsmen should not suffer financial harm form that mobilization. Accordingly, some employers will pay their mobilized employees the difference in salary as mentioned above, but the DoD will supplement income if not. The Reserve Income Replacement Program was enacted in 2003 and compensates deployed Guardsmen for income lost if they meet certain criteria. Granted, the current criteria are designed to limit the eligibility by applying it to those who have been mobilized for 18 consecutive months or 24 months out of the last 60. Still, this means that somewhere there is a National Guard soldier doing the same job in the same location as an active duty soldier but getting paid more. This is not a judgment on the merits of the particular program, but rather a comment on the fact that U.S. combat power is ultimately governed by a compact that stresses minimal disruption to society over mission requirements. The National Guard soldier is considered different than his active counterpart, which flows opposite the grain of the Total Force theory and practice.

VIII. Conclusions and Implications

The implications for U.S. defense policy after laying out the direct and indirect costs and cost concepts for the National Guard span several different realms. The recommendations below address some of the inefficiencies that drive the National Guard costs while also attempting to make the final, deployable unit a better value increasing its readiness and capabilities.

**Combat Power Generation:** The biggest implication of this discussion is that the National Guard is not the proper organization or mechanism for the U.S. to store and generate combat power for a steady-state contingency/conflict. The assumption that the National Guard is a fraction of the cost of the AC side reflected the fact that the U.S. had never seriously tested the organization as a whole and had no idea about the fighting shape of the National Guard. The “cost-effectiveness” in peace time over the last few decades is rendered moot by the fact that the National Guard needs additional training, money, equipment, and resources to properly accomplish its mission.

The National Guard is torn between its two missions of federal combat power and homeland security/domestic emergency response; being available and preferred for one takes away from the other. Plus, even when it is fulfilling its federal role in combat zones, the National Guard is still relegated to second-tier missions that reflect a lack of confidence and trust in their warfighting abilities. Although that is a choice made by combatant commanders, it reflects the institutional training weaknesses and deficits with
which the Guard continually struggles. Moreover, the social compact that binds the DoD and the Guard imposes an emotional cost associated with using the Guard in a sustained capacity that in turn limits the ability of the DoD to accomplish its warfighting mission overseas.

Recommendation: Migrate all BCTs from the National Guard to the Army Reserve and migrate the same number of functional brigades from the USAR to the ARNG. While this recommendation does not eliminate the training-year shortfall, it does mitigate the equipment leave-behind issue and the HLS mission degradation by eliminating a dual-focus approach. Also, a BCT with no HLS mission is less sensitive to equipment shortages since there is no non-training need. This would prevent National Guards from excessive mobilizations, since the in-demand units would be in another service, while still providing the Guard as a whole with an opportunity to participate in overseas operations but not at the expense of the "in extremis" social compact.

Organization: The disproportionate deployment of BCTs versus the rest of the Guard implies that the organization as a whole is misstructured for a federal mission and under structured for a HLS mission. The BCT concept uses valuable endstrength that could be in the form of units better suited to respond to natural disasters and other domestic incidents.

Recommendation: Fill the vacated BCT endstrength with a mixture of functional brigades (migrated from the Army Reserve) and specific disaster relief formations.
comprised of various specialties such as water purification, engineers, and military police. Although the concept exists now with the ARNG Civilian Support Team (CST), the CST is a small team dedicated to WMD detection. The Guard needs larger, brigade and battalion sized formations that can execute crowd control and respond to any type of large scale disaster but can focus training on building critical skills and joint civilian-military response capacity. Additionally, merge the JFHQ and State NGB, giving the JFQ administrative control over training and personnel as well as in state contingency operations with the aim of eliminating redundancy and consolidating command and control over state assets.

Training: National Guard units suffer from a chronic shortage of time and collective-unit training opportunities due to the limited duration of drill and geographic spread of organic units. The implication is that the National Guard is always trying to 'play catch-up' to the AC in terms of training and preparation. Moreover, the mob-station certification plan only reinforces disorganized and redundant training plans by re-certifying basic skills.

Recommendation: There are two changes that can be made to reduce the inefficiency of the ARNG and adjust the cost-curve of getting a unit up to readiness levels. First, adjust the ARNG training schedule to eliminate drills and replace them two, two-week AT periods at the BCT level. This would allow more training with less time spent on administrative and organizational tasks and would provide better visibility on
readiness issues, such as medical or dental shortfalls. Moreover large training events would have more options as far as bringing in local authorities and relief organizations for better joint-community and state preparedness. This recommendation would require additional legislation to support Guardsmen who miss work or school for these events. Alternatively, schedule the training periods closer together around the end of the academic year and just before it begins to allow college students to participate without penalty. The ideal would be to have units cycling through their second AT at different times in the year. This would create a pool of units that are ready to deploy and need less time at mob-station. This is contrasted with the current systems where all units have AT around the same time; a unit may be mobilized close to a year after the last time any collective training was done.

The second change is to adjust the training and force generation model that the ARNG follows. The Army Forces Generation Cycle (ARFORGEN) cycle treats all units (AC and RC) as equal following deployment. Units start training from scratch in order to build teams that are nominally comprised of new soldiers that have just arrived to the unit to replace those moving on to schools or other units. The ARNG is less sensitive to the personnel fluctuations that occur after deployment than the AC. ARNG soldiers belong to a local unit and cannot be ordered to move to a different one without their consent. Moreover, going to professional schools does not entail a change of unit as in the AC. Thus, ARNG units are better suited to build off the collective experience of deployment and integrate new soldiers into existing teams rather than build new ones from scratch. ARNG units should not start their training cycles over, but rather refresh
individual tasks while moving forward with sustaining collective training. The goal is to spend less time at mob-station by eliminating low-level tasks and focusing on theater specific training by harnessing unit experience and personnel stability.

**Pay and Benefits:** These two areas overlap in implications for the Guard. The mathematical breakdown implies that the Guard is overpaid in peace time/M-day status and Guard units as a whole are more expensive to train and maintain than assumed. As far as wartime/deployment pay, the current rationale of income supplemental address the minority of Guardsmen that take a pay-cut from mobilization at the expense of overall equity of soldiers and mission. The cross-subsidized health care has year-to-year savings for the DoD, but causes substantial attrition on mobilization. Moreover, the post combat treatment and reintegration of NG soldiers is less successful than the active side due to facilities access and overall support community.

**Recommendation:** Reduce drill pay to better reflect actual training time and effort. Use the savings from this to supplement the extension of TRICARE benefits to soldiers who are mobilized and one year from deployment. This gives soldiers a year of care prior to deployment which will reduce the attrition rate at readiness processing.

The National Guard is a unique and critical piece of U.S. national security and preparedness. The Guard has long served as a bridge from the civilian sector to the military sector and provides a much needed tool for states to respond to emergencies.
However, the dual-use mission of the Guard as a rotational combat force and a homeland security force means that both missions suffer in readiness and execution ability. Additionally, the monetary costs associated with generating one ARNG BCT for a combat rotation are higher than the AC; when compared with the appropriate metric a National Guard BCT is actually more expensive in peacetime than its AC counterpart. Moreover, restrictions on mobilization time mean that an ARNG unit is available for only 75-80% the time in combat as an active unit. The DoD strategy of deferring and cross-subsidizing costs, such as healthcare, housing, and equipment usage, ultimately borrow against the readiness of the Guard and its ability to execute. On top of that, the existing social compact makes using the Guard difficult by imposing a cultural and emotional cost on families and policy makers. The Guard’s big-war emergency mentality is no longer appropriate, but neither are the benefits and compensation correctly aligned with the National Guard’s mission burden. The Guard is at a crossroads in its existence, much as it was in 1973 with the introduction of the Total Force policy. And just as then, the U.S. must take a hard look at what kind of combat power it needs at home and abroad and make correspondingly tough decisions about who and what is in the National Guard. Without some sort of realignment to bring down cost and raise efficiency, the Guard is in danger of becoming the opposite of its motto: relevant and ready.
List of Acronyms

ADOS – Active Duty for Operational Support
AGR – Active Guard/Reserve
ARNG – Army National Guard
AT – Annual Training
AVF – All Volunteer Force
BCT – Brigade Combat Team
BOG – Boots on Ground
DA – Department of the Army
DOD – Department of Defense
JFHQ – Joint Forces Headquarters
MTF – Military (or Major) Treatment Facility
MUTA – Mobilized Unit Training Assembly
NGB – National Guard Bureau
O&M – Operations and Maintenance
RA – Regular Army
RC – Reserve Component
SRP – Soldier Readiness Processing
TBI – Traumatic Brain Injury
USAR – United States Army Reserve
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