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The Commission on the National Guard and Reserves: Reforming the Reserve Component

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The independent Commission on the National Guard and Reserves, chartered by Congress in 2005, submitted its third and final report on January 31.¹ The extensive review offers an exhaustive list of thoughtful and necessary recommendations to sustain America's "operational reserve." Congress should carefully study the series of reports, hold hearings on the proposals that may require legislative action, and pass legislation to transform America's military—specifically, its Reserve component.

Codifying the "Operational Reserve." No longer are America's National Guard and Reserves afterthoughts; rather, these forces are essential to successfully fighting and winning today's wars and defending the homeland. Reserve forces are not just serving in Iraq and Afghanistan but also in places like Tanzania, Uganda, Djibouti, and even along the U.S.–Mexico border. While many think that a surge in U.S. force levels began in Iraq last year, in fact, the entire military has been "surging" since 2001—and there is no end in sight. A protracted war requires an "operational reserve" to succeed. Given this new reality of using Reserve forces on an unprecedented scale, Congress must update all the corresponding statutes, doctrine, training, education, qualification, equipment, organizations, compensation, and budgets to adapt and update America's military.

Maintaining the professional, all-volunteer force is expensive, as The Heritage Foundation's Baker Spring notes.² Operations and support activities continue to absorb roughly 60 percent of the Department of Defense (DoD) budget, whereas modernization absorbs only about 35 percent. The

trend of more defense dollars going toward operations and support is the result of an elevated operational tempo and the rapidly escalating per capita compensation cost for military personnel. The latter has more than doubled in the past 10 years.

To keep uniformed personnel and their families in service, the overall military compensation package must be fundamentally reformed. Based in large part on the Commission's recommendations, Congress should hold hearings on a broad range of options for updating the military compensation system to make it more flexible, easier to manage, and more efficient.

Continuum of Service. As the Commission's report astutely notes, massive reforms are needed to make the 21st century force flexible and cost-effective. Doing so will promote and reward the most competent people rather than those who have simply served a predetermined amount of time.

Wholly reforming the Reserve component from its current Cold War model will not be enough. America's military must also be able to interest, recruit, and retain a highly professional and mobile force. Achieving this goal is already costly, and the bills are growing every year. According to the Gov-

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ernment Accountability Office, “increasing compensation costs [for the U.S. military] make the need to address the appropriateness and reasonableness of the compensation mix and the long-term affordability and sustainability of the system more urgent...particularly when less than one in five service members will serve 20 years of active duty service to become eligible for retirement benefits.”³

The military’s compensation structure requires a comprehensive review to determine how Congress can better align the tangible forms of cash and in-kind compensation with the intangible benefits of military service. A more flexible and choice-driven system would give service members more opportunities to move between active and reserve military service and civilian employment. Moreover, the military should not be exempt from reforming its health care or retirement systems. Restructuring military medicine is not simply about lowering costs or cutting benefits. The system should be updated to give troops and their families more flexibility and control over their care. Both the retirement and health care systems should gradually move toward a defined-contribution plan that allows service members to maintain access to programs and benefits regardless of their status.

For some reforms, the National Guard and Reserves require different fixes. Reserve forces often do not have nearby active military installations for family support when an individual is mobilized. The U.S. Army Reserve, for example, currently has more than 80 specialty areas not found in the active component or National Guard. Guard forces, however, bear an additional state mission set under both Title 10 and Title 32. Reforms must be appropriately targeted depending on the service member component and status.

Maintaining a healthy national defense requires a robust top line and an efficient allocation of resources within the defense budget. This demands rebalancing the internal defense accounts to meet long-term needs, increasing funding for the core defense programs when supplemental appropriations inevitably decline, reallocating resources from operations and support to modernization, and increasing the share of modernization funding devoted specifically to procurement. Without reform to rein in exponentially rising costs, the military will continue to cede modernization dollars to pay its personnel bills. This will occur even if the overall defense budget is maintained at today’s levels—around 4 percent of gross domestic product.

Conclusion. The consequences of *not* fundamentally reforming today’s “operational reserve” are unacceptable. Operational readiness is damaged by outdated polices in the areas of personnel, compensation and benefits, and retirement. The nation cannot afford to lose ready access to its highly skilled reserve forces, which also serve as vital links between America’s communities and the military. A critical recommendation of the Commission—providing a continuum of service for America’s military forces—is a prerequisite to recruiting a technologically advanced and mobile generation of service members that will expect easy transition from active to reserve status—along with portable benefits weighted toward cash compensation.

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1. Commission on the National Guard and Reserves, “Final Report to Congress and the Secretary of Defense,” January 31, 2008, at www.cngr.gov/Final%20Report/CNGR%20Final%20Report.pdf.
2. Baker Spring, “Defense FY 2008 Budget Analysis: Four Percent for Freedom,” Heritage Foundation Backgrounder No. 2012, March 5, 2007, at www.heritage.org/Research/Budget/bg2012.cfm.
3. U.S. Government Accountability Office, “DoD Needs to Improve the Transparency and Reassess the Reasonableness, Appropriateness, Affordability, and Sustainability of Its Military Compensation System,” July 2005, p. 1, at www.gao.gov/highlights/d05798high.pdf.