

USAWC STRATEGY RESEARCH PROJECT

**TRANSFORMING THE NAVAL RESERVE:
HOW TO STAY RELEVANT AND AFFORDABLE IN THE POST-COLD WAR ENVIRONMENT**

by

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The views expressed in this academic research paper are those of the author and do not necessarily reflect the official policy or position of the U.S. Government, the Department of Defense, or any of its agencies.

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ABSTRACT

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HOW TO STAY RELEVANT AND AFFORDABLE IN THE POST-COLD WAR
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The Naval Reserve has traditionally been viewed as a force multiplier. Since the Gulf War, the Naval Reserve has been called up in response to various contingencies. Although the Naval Reserve markets itself as an economic benefit to the active forces, it is fragmented, disjointed and expensive. In particular, reserve manpower levels are based on a global war scenario rather than current and projected requirements. In addition, their infrastructure is aged and costly to maintain. The Naval Reserve needs to review its current manning levels with respect to the current environment/requirements. Furthermore, it needs to rid itself of aged training facilities to improve the quality of training for the reserves and lower its maintenance costs. Once the Naval Reserve addresses these two key areas, it can transform itself into a more cost effective force and remain an asset to the active component.

TABLE OF CONTENTS

ABSTRACT	iii
LIST OF ILLUSTRATIONS.....	vii
TRANSFORMING THE NAVAL RESERVE: HOW TO STAY RELEVANT AND AFFORDABLE IN THE POST-COLD WAR ENVIRONMENT.....	1
THE MISSION OF THE NAVAL RESERVE.....	1
HISTORY OF THE NAVAL RESERVE.....	3
DISCUSSION	3
RESERVE MANPOWER	4
AUGMENT UNITS.....	4
COMMISSIONED UNITS.....	10
MANPOWER SUMMARY.....	11
RESERVE INFRASTRUCTURE.....	12
RECOMMENDATIONS	16
CONCLUSION.....	19
ENDNOTES.....	21
BIBLIOGRAPHY	23

LIST OF ILLUSTRATIONS

FIGURE 1: NAVAL RESERVE FORCES.....	4
FIGURE 2 : ACTIVE VERSUS RESERVE ENDSTRENGTH.....	6
FIGURE 3 : SRM COSTS FOR NAVAL RESERVE ACTIVITIES.....	13
FIGURE 4 : BOS COSTS FOR NAVAL RESERVE ACTIVITIES.....	13
FIGURE 5 : FY-03 RPN BUDGET STRUCTURE.....	18

**TRANSFORMING THE NAVAL RESERVE:
HOW TO STAY RELEVANT AND AFFORDABLE IN THE POST-COLD WAR ENVIRONMENT**

“As I consider the status of the Naval Reserve Force in relation to the mission of our active force, I am reminded again and again – sometimes quite starkly – that the world is still a dangerous place. As actions in the Middle East over the past few months have shown, our active and reserve Sailors put themselves at risk every day in support of national policy objectives. The unsettling events around the world clearly illustrate the need to maintain well equipped, trained, and ready Armed Forces. But that capability does not come cheaply.”

—Vice Admiral John B. Totushek
Chief of Naval Reserve
18 July 2001

The words of Admiral Totushek, offered before the House Armed Services Committee adequately sum up the dilemma of the Navy with respect to its reserve force. Although traditionally viewed as a huge force multiplier, in today’s environment, Naval Reserve support is fragmented, piecemeal, disjointed, and expensive. Attempts to either streamline convoluted procedures or to synthesize disparate ones have consistently met with parochially oriented objections.¹ Compounding these historical long-term problems are current Navy efforts aimed at “transforming” the force for future operations. The Chief of Naval Operations is looking for \$10 billion within the current budget to pay for these efforts. The Naval Reserve represents one of the many potential sources for providing transformation funds. Simply looking at overall manpower in terms of endstrength or aged training equipment in isolation is an inadequate means of developing efficiencies within the Reserve Force. Historical missions, actual mobilization and training requirements, and support costs need to be scrutinized and evaluated so that the implementation of the Total Force does not become cost prohibitive. The Naval Reserve must also transform itself from an outdated Cold War posture to a lean, responsive force that reflects the requirements of our current National Military Strategy.

THE MISSION OF THE NAVAL RESERVE

The purpose of the U.S. Naval Reserve is to provide mission capable units and individuals to the Navy and Marine Corps Team throughout the full range of operations from peace to war. In today’s environment, this mandate takes on added meaning and responsibilities as the Naval Reserve Force is called on to play an increasingly active role in day-to-day planning and operational requirements of the Navy. The Naval Reserve represents approximately 20 percent of the Navy’s total assets and is a critical component to the Fleet’s ability to meet its growing

global commitments.² The entire Naval Reserve Force consists of the Ready Reserve, the Standby Reserve and the Retired Reserve, numbering over 690,000 men and women.³ The Ready Reserve is made up of Selected Reserve and Individual Ready Reserve (IRR) personnel. Selected Reservists, commonly referred to as SELRES, are the Navy's primary source of immediate mobilization manpower and represent those Reserve personnel who are paid, either as weekend drillers, or who serve in fulltime support on active duty status in the Training and Administration of the Reserves (TAR) program. The Standby Reserve and Retired Reserve are inactive components comprised of individuals who still have a reserve contractual commitment but have traditionally never been mobilized.⁴ They may receive training via correspondence courses but do not receive any drill pay or retirement credit.

The Naval Reserve is headquartered in New Orleans, Louisiana and is comprised of the Naval Reserve Forces Command and the Naval Air Force Reserve. The Naval Reserve Forces Command is made up of 88,000 Reserve and active duty Sailors located throughout the United States. Subordinate commands reporting to the Commander, Naval Reserve Forces Command include 9 regional Naval Reserve Readiness Commands, 156 Navy and Marine Corps Reserve Centers, 22 Mobile Inshore Undersea Warfare Units, 12 Naval Reserve Cargo Handling Battalions, 4 Naval Reserve Fleet Hospitals, 14 Inshore Boat Units, and 12 Construction Battalions. There are 25 Naval Reserve Force ships that are under the operational control of the two Navy Fleet commanders.⁵ Administratively assigned to the 156 reserve centers are the various augment units which report to a variety of line and staff commands in the event of a mobilization or recall.

The Naval Reserve Forces Command maintains assigned personnel and equipment in a state of readiness and availability, which permits rapid augmentation into the active Fleet upon partial or full mobilization. In addition to the aforementioned subordinate commands, Naval Reserve Forces Command also oversees four Naval Air Station Joint Reserve Bases (NASJRB), one Naval Air Facility, and six Naval Air Reserve commands located throughout the United States. Naval Reserve Intelligence is also a part of the Naval Reserve Forces Command.

The Naval Air Force Reserve had its genesis in 1946 with the establishment of the Naval Air Reserve Training Command, headquartered at Naval Air Station Glenview, Illinois. In 1973, the air and surface reserve training commands were combined in New Orleans under the Chief of Naval Reserve who reports directly to the Chief of Naval Operations (CNO). In 1983, the Naval Air Reserve Force (NAVAIRRESFOR) was established as a separate command within the Naval Reserve Force structure and was directed from New Orleans by a Rear Admiral. The

aforementioned reorganization, accomplished in 2002, provides for the current organizational structure.

The Naval Air Force Reserve is ranked among the best and most capable air forces in the world. Its 35 squadrons are equipped with the most modern aircraft and technology associated with the active Navy including the F/A-18 Hornet, EA-6B Prowler, HH-60 Seahawk, P-3C (Update III) Orion, the C-130T transport and the E-2C, among others.⁶

HISTORY OF THE NAVAL RESERVE

The tradition of a reserve militia dates back to Colonial days. The Navy Department, in 1887, prepared a plan of organization where the Secretary of the Navy was given authority to lend each state having a naval militia one of the Navy's older ships, as well as equipment, to "promote drills and instruction."⁷ In 1915, Congress formally created a Federal Naval Reserve, the ancestor organization of today's Naval Reserve.

On August 29, 1916, Congress passed the Naval Reserve Appropriations Act that established the Naval Reserve Flying Corps. Approximately seven months later, March 24, 1917, 12 students from Yale volunteered to become what is recognized as the first Naval Air Reserve flying squadron.⁸ From that beginning, Naval Air Reservists have served in every major crisis that has confronted the nation, including World Wars I and II, Korea, the Berlin Airlift, Vietnam, and Operation Desert Storm. During World War II, four out of every five Sailors were Naval Reservists.⁹

DISCUSSION

Naval Reserve forces have always been an important component of the Navy's total force structure. Based on their utilization in the last decade for various contingencies, their importance will undoubtedly grow in the coming years. The "total force concept", incorporating reserves side by side with the active forces with seamless integration, has been advocated for years in theory but has proven difficult to achieve. Rather than integration, one of the most frequently suggested alternatives to save active duty forces and funds has been to transfer some mission responsibilities into the reserves.¹⁰ However, relying totally on the reserves for certain capabilities can be a mistake. The Navy found this out with respect to its minesweeping capabilities. When a large portion of that capability was transferred to the Naval Reserve, the Navy had to initiate recalls and massive drill rescheduling to accomplish the most routine missions. This situation is not without precedent in the other services. Most of the Army's logistical tail is in the reserves, necessitating call-ups in times of crisis.¹¹ Ignoring the reserves

will not be an option in future years, as they will provide critical support to the active Navy. However, reserve support must be affordable as well as responsive. The current force is too expensive with respect to manpower and infrastructure. It needs to be tailored to meet the requirements of the National Military Strategy. Once that is accomplished, any cost savings should be reprogrammed back to the active forces to pay for recapitalization of ships, aircraft and other hardware. A study of reserve manpower and infrastructure uncovers excesses and inefficiencies and highlights the potential for a transformed, efficient and affordable Naval Reserve to meet the needs of the active fleet.

RESERVE MANPOWER

Naval Reserve units are typically classified as either augment or commissioned units. Augment units, those that mobilize to an existing active command, comprise 64 percent of Naval Reserve Forces manpower while commissioned units which mobilize as independent entities comprise the remaining 36 percent. Figure 1 shows the distribution of forces.

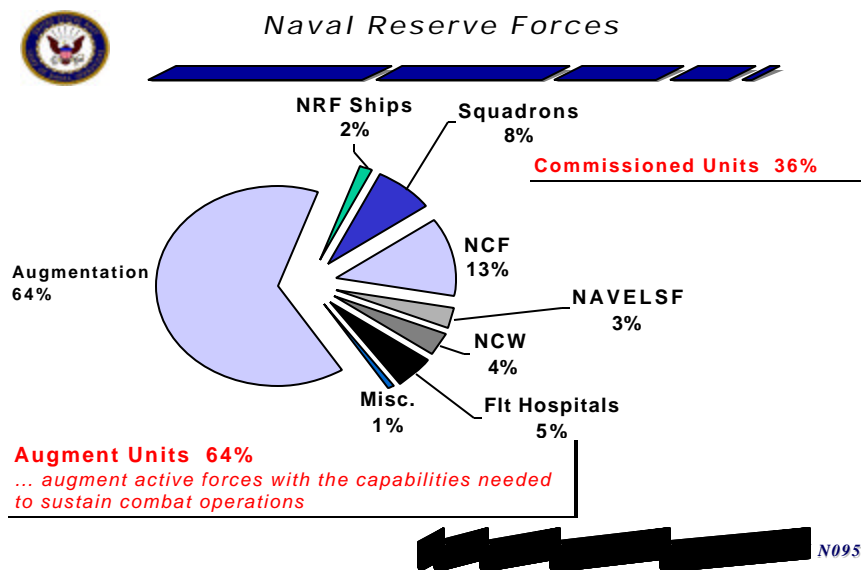


FIGURE 1: NAVAL RESERVE FORCES

AUGMENT UNITS

Although each individual augment unit is administratively attached to a Naval Reserve center, the billets or manpower are owned by the active gaining command the unit supports and to which it is mobilized when recalled. Each individual reservist occupies a particular

mobilization billet within that unit and trains to the requirements of that billet. When reservists are 100 percent qualified in their training for those assigned jobs, they are considered fully qualified to mobilize to perform their duties at the active gaining command. Individual reserve training requirements are set jointly by the Naval Reserve headquarters and the gaining command. While the billets are managed by the reserve chain of command (unit, reserve center, readiness command, and New Orleans headquarters), they are owned by Manpower Claimants (MC). The five systems commands within the Navy (NAVSEA, NAVAIR, NAVSUP, BUMED, SPAWAR) are the claimants for most of the Naval Reserve billets. Gaining commands are ultimately responsible to identify needed mobilization forces to their Manpower Claimants. Reserve billets should be based on a justified need to augment a command's active peacetime workforce to meet the obligations of a "swiftly defeat and/or win decisively" effort.

The Chief of Naval Operations (CNO) funds these reserve mobilization billets as the Resource Sponsor (RS). For example, the Deputy CNO for Logistics (OPNAV N4) funds all the logistics billets associated with the Navy Supply Systems Command (NAVSUP).

Because the CNO pays for these positions, OPNAV has published guidance in the form of OPNAV Instruction 1000.16J, MANUAL OF NAVY TOTAL FORCE MANPOWER POLICIES AND PROCEDURES to ensure all Naval Reserve billets address bona fide mobilization requirements that cannot be satisfied with active forces (military or civilian). This comprehensive document provides "...policy guidance and procedures to develop, review, approve, and implement total force manpower requirements and authorizations for naval activities."¹² With respect to creating a reserve position, the requirement must be tied to an actual operational scenario, be military essential, and require pre-mobilization training. In order to continue to ensure the validity of reserve billets, the instruction directs manpower claimants to conduct periodic reviews of the mobilization manpower requirements. These studies shall:

- Match mobilization manpower requirements to validated peacetime manpower requirements to validated peacetime manpower requirements and organizational structure on the command's Activity Manning Document.
- Provide valid mobilization manpower requirements in the Planning Programming and Budgeting System (PPBS).
- Provide the Navy the ability to justify mobilization manpower requirements.
- Comply with Congressional and DOD policies and instructions.¹³

Two issues immediately surface regarding the review. First, the words "periodic reviews" are ambiguous and non-directive in nature and subject to local interpretation. As a result, reviews are often given a low priority and not conducted. Second, if they are performed

correctly, these reviews can be quite labor intensive. They involve statistical analysis, workload measurements, development of data regarding productive work weeks, etc. Decisions need to be made regarding whether commercial or industrial work should be performed by contract with private resources or in-house, using government facilities and personnel. If it's a surge requirement associated with mobilization activity, choices range from overtime by the civilian component of the workforce or adding reserve billets to the Activity Manning Document. Experience has shown that gaining commands have neither the time nor resident expertise to properly conduct a periodic review. As a result, they are often ignored or approached in a manner that will not generate quality results.¹⁴ In addition, with the recent "right-sizing" efforts involving multiple Efficiency Reviews (ER) and A-76 (Competitive Sourcing) initiatives, active duty commands are reluctant to task internal personnel to conduct yet another organizational study. Certainly, in terms of reserve manpower in augment units, the lack of comprehensive studies highlights one of the most glaring manpower issues: unit manning authorizations (levels, billet titles, etc.) are based on Cold War mobilization scenarios and not reflective of current and projected requirements.¹⁵

Figure 2 depicts the Navy's manpower drawdown in terms of MPN (active) versus RPN (reserve) numbers from fiscal year 1995 projected through 2005.

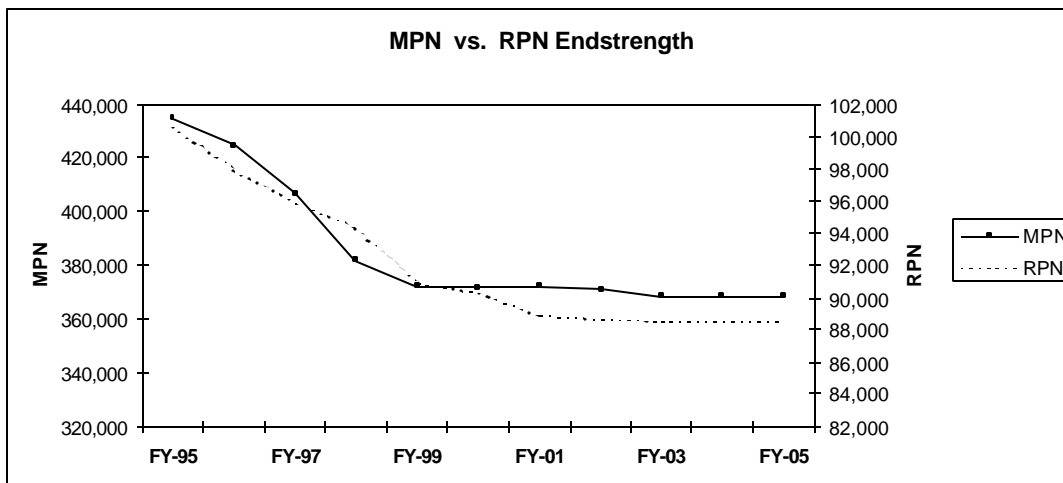


FIGURE 2 : ACTIVE VERSUS RESERVE ENDSTRENGTH

While active duty forces lost over 14 percent of their endstrength, reserve manpower was reduced approximately 12 percent. Most of the reserve decline was in ship and squadron

requirements, which declined by 47 percent. By comparison, shore staff levels with respect to reserve manpower remained nearly the same.¹⁶

A Department of Defense Inspector General Report from 1996 on Naval Reserve manpower reported findings that highlight the lack of proper reviews and audits. It stated:

“Navy manpower claimants and their subordinate commands did not use criteria in Navy manpower policy guidance in determining Selected Reserve mobilization requirements. As a result, Naval Selected Reserve mobilization requirements were overstated and the Navy may expend resources on Reserve personnel without having a valid mobilization need.”¹⁷

Although the Navy concurred with recommendations to establish guidelines that require validation of mobilization requirements by independent personnel trained to do such reviews, little has been done to address potential excesses in reserve unit manpower levels.¹⁸ In particular, the audit found that reserve manpower reviews that have been conducted were justifications of existing billets rather than an examination of actual reserve requirements as part of the command's total force.

According to the DOD IG, the Navy issued guidance in 1993 directing manpower claimants to perform a zero based review (ZBR) of all Navy shore mobilization manpower requirements (active, civilian and reserve). This ZBR was in response to a Naval Audit Service recommendation that Navy shore organizations justify and validate Selected Reserve mobilization billets.¹⁹ The ZBR was intended to identify mobilization requirements as a result of a 1993 change in military strategy from a Cold War to a two MRC scenario. Even though the expected employment of the Navy Selected Reserve was substantially less in the latter scenario, the study actually caused an increase in reserve shore mobilization requirements.

One of the main reasons for the increase in reserve billets despite a dramatic change in military strategy is the concept of peacetime contributory support. Under this arrangement between individual reserve units and respective gaining commands, assigned reservists will contribute valuable man-hours toward the accomplishment of the command's peacetime mission. This support is normally provided once a reservist has completed his/her mobilization training.

Prior to Operation Desert Shield/Desert Storm, the Selected Reserve had not experienced a large-scale mobilization in decades.²⁰ As entire unit mobilizations appeared unlikely, individual unit members began utilizing their drill time to perform other duties as assigned within

the command. This new role, above and beyond the Title 10 requirements of Naval Reservists, became a major quantifiable metric in measuring the effectiveness of a command's reserve program. Although peacetime contributory support does not justify a valid requirement to establish reserve endstrength, it is formally recognized by the Naval Reserve and some gaining commands in assessing the value of augmentation units. Gaining commands use this metric to justify reserve billets as opposed to studying actual mobilization requirements. This creates a manpower imbalance.

The reserve programs within the Naval Supply Systems Command provide an example of what can happen in a mobilization scenario when manpower levels are overstated due to continued reliance on peacetime contributory support. During the Gulf War, only 13 percent of all logisticians assigned to NAVSUP augmentation units were mobilized as a result of a Presidential Recall. For Operation Enduring Freedom, that percentage fell to 2 percent.²¹ This is a direct result of reservists not training to valid mobilization requirements at their gaining commands.

During a manpower validation conducted in 1996, the Fleet and Industrial Supply Centers (FISC) within NAVSUP identified a mobilization requirement for 1,046 Selected Reserve personnel.²² However, the FISCs did not validate a need for additional manpower to augment their workforce during a contingency. The one thousand billets that were validated were based on peacetime contributory support functions. When FISC San Diego performed its validation, the positions identified to be filled by Selected Reserve Personnel were placed in the customer service and billing departments. Mobilization requirements for customer service and billing at the FISC do not meet the Navy's criteria that Selected Reserve mobilization manpower be used only for positions that are military essential - about 95 percent of the peacetime workforce for FISC, San Diego is civilian.²³ Therefore, any reserve endstrength programmed against those specific requirements (customer service and billing) can be accurately classified as excess.

In addition, in 1995, the concept of how Selected Reserve personnel are assigned to FISC units changed. Naval reservists are now assigned using a "pooling" concept.²⁴ Under this new concept, Selected Reserve personnel are assigned to FISC East and West and to one of the three FISCs overseas (Yokosuka, Pearl Harbor, or Guam) instead of being individually assigned to billets at the respective FISCs. Personnel at the office of the Chief of Naval Operations (N41-Logistics), the Naval Supply Systems Command, and FISC East and West could not explain how they determined Selected Reserve mobilization requirements using this new "pooling" concept especially when the requirement for a reserve billet should come directly from the gaining command.²⁵

The problem of overstated manpower requirements with respect to peacetime contributory support is certainly not limited to the NAVSUP community. The Supervisor of Shipbuilding, Newport News, identified a mobilization requirement for 26 Selected Reservists.²⁶ Personnel at the office of the Supervisor of Shipbuilding based the requirements on an assumption that the shipyard would be used for battle damage repair during a contingency. They estimated that the current workforce of 300 civilian employees would not be sufficient to handle the expected surge and, as a result, requested Naval Reserve augmentation billets to satisfy that surge requirement. The IG audit found no historical evidence that the shipyard's workload would increase as a result of a two MRC scenario. During Operation Desert Shield/Storm, the shipyard did not recall any Selected Reservists. In addition, official guidance for ship maintenance published by the Chief of Naval Operations in 1994 does not support the shipyard's assumption that battle damage repair will be done in U.S. shipyards. Therefore, those 26 reserve requirements are not reflective of valid mobilization needs.

Peacetime contributory support has become such a common practice that some gaining commands believe they need reserve generated man-hours to meet basic mission requirements. That view is highlighted in a Naval Reserve Policy Statement issued by the Chief of Naval Operations in March 1994, which states:

- the change in strategy to regional contingencies allows for flexibility in meeting mobilization training requirements;
- this new flexibility offers enhanced opportunities for the Selected Reserve to provide peacetime support to the active component; and
- work performed by the Naval Reserve for peacetime support of active component operations is the work tasked by the Navy component commanders, which enhances the readiness and proficiency of the total force.²⁷

However, in spite of the benefits derived for both Selected Reserve personnel and gaining commands under these contributory support agreements, the CNO's policy statement is clearly inconsistent with Title 10, United States Code and published guidance from the CNO's own staff (OPNAVINST 1000.16J).

In summary, with respect to augmentation units, the Navy continues to have difficulty justifying its shore-based Naval Reserve endstrength requirements. Shifts in military strategy and expected employment of Naval Reserve forces require Navy shore organizations to realistically evaluate their mission need for military augmentation. Commands must be willing to dedicate the necessary resources and correctly follow the official guidance. The process is a complicated one and requires patience and discipline in its administration. The leadership (at

the gaining commands) must make sure that personnel determining mobilization requirements are properly trained in the function and can provide specific recommendations on meeting those Total Force requirements. Additionally, the Navy needs an outside expert to be the honest broker. This requires an independent validation process for assurance that shore-based wartime Selected Reserve requirements identified by major claimants and specific gaining commands are, in fact, needed.

COMMISSIONED UNITS

Commissioned units are not assigned to a specific shore command and mobilize independently. They comprise 36 percent of Naval Reserve manpower. Commissioned units are also beset by endstrength versus requirements issues, although not in the same fashion as their augmentation brethren. These units are traditionally viewed as the most significant force multipliers because they tend to provide a fairly large portion (sometimes 100 percent) of the Navy's capability in a particular mission area. Table 1 provides an overview of some of the reserve's largest commissioned units and the mission support percentage they provide.

Naval Reserve Percentage of Total Capacity

Fleet Support Airlift	100
Naval Coastal Warfare	100
Naval Embarked Advisory Teams	100
Adversary Support	100
Naval Control of Shipping	99
Cargo Handling	93
Mobile Construction Battalion	65
Intelligence	53
CSAR/SPECWAR HELO	43
Fleet Hospital	40

TABLE 1

Many of these components were mobilized during the Gulf War and these reserve personnel worked extremely well alongside active duty units (ships, squadrons, etc.). They fully embody the Total Force concept that is the CNO's vision. Fleet Hospital units, Cargo Handling Battalions, Mobile Construction Battalions and Naval Intelligence units provided key support to Gulf War operations.²⁸

Despite the unqualified successes in the Gulf, a closer examination of the overall staffing of these units reveals some similar flaws that were discussed previously when looking at augmentation units. For instance, there are currently 12 Navy Cargo Handling Battalions (CHB) assigned to Commander, Naval Expeditionary Logistics Support Force (COMNAVELSF). In

addition, there is one active component, the Navy Cargo Handling and Port Group (NAVCHAPGRU), which performs the same mission (combat stevedore-loading/unloading MPS ships in theater of operations) as well as providing training to the reserve battalions. There are 132 officer and 982 enlisted billets within the 12 reserve battalions, yet there is only ample equipment (flatbed trucks, 2 ½ ton trucks, forklifts, etc.) to support mobilizing two battalions.²⁹ While the mission performed by cargo handling component of the ELSF is critical and most likely will never be assumed by the active forces, does the Navy really need all of this endstrength? If there is only enough equipment to support mobilizing two battalions, why does the Navy need 12? The current manning posture is not representative of a valid requirement or actual mobilization needs. The Navy has never mobilized more than two reserve battalions. It appears that the OPNAV code that manages the CHB equipment has a better idea of the need than the code that manages the manpower. There are definitely significant excesses within current CHB force structure.

When mobilized, Naval Reserve Fleet Hospital units provide triage support to field battle units during conflict. They provide over 40 percent of the total Navy capability in this area. During Desert Shield/Storm, over 10,000 Naval Reserve medical personnel were mobilized to the Persian Gulf theater (about 52 percent of total assets). Three entire Fleet Hospital units were activated in 1991 as part of our massive force build-up.³⁰ Because of the low casualty count, two of the units were sent home within six months, leaving the third on station. As with the Cargo Handling units, the support provided to the active component is unquestionably high. However, does a “swiftly defeat/win decisively” scenario justify the present Fleet Hospital force structure? The fact that only 52 percent of the reserve assets were mobilized during the Gulf War should mandate a closer scrutiny of today’s actual requirements.

MANPOWER SUMMARY

Recently, the issue of invalid and overstated requirements had a significant impact within Naval Supply Systems Command organization during the partial Presidential recall of reservists in support of Operations Noble Eagle and Enduring Freedom. Of the 1,700 officers and enlisted personnel assigned to various commands within NAVSUP (including the aforementioned FISCs, Naval Inventory Control Point, Navy Petroleum Office, Navy Transportation Support Command) only forty-eight individuals (both officer and enlisted) were recalled to their respective gaining commands. Thirty of the forty-eight personnel were enlisted Sailors recalled to provide anti-terrorism and force protection (AT/FP) to the FISCs, currently being provided “in-house” by active duty Sailors.³¹ These increased security measures were required when the threat

condition was upgraded in the immediate aftermath of the September 11th terrorist attacks. Surge requirements for security are typically handled by reserve Master-At-Arms (MAA) personnel. There were no requirements for Security AT/FP during Operation Desert Shield/Desert Storm but more than 5,000 in support of Noble Eagle/Enduring Freedom, which greatly exceeds the amount of security billets available within the Naval Reserve; yet another example of commands identifying purely mobilization requirements.

The 18 remaining NAVSUP recalls (primarily officers) were responsible for manning new “contingency operations support centers” within these logistics commands, which were set up to handle the spike in stock requirements in response to the increased tempo of operations. Not one of the recalled logisticians was recalled to the mobilization billet he or she was assigned to or had been training for. That discrepancy is a perfect example of the main issue with respect to the DOD IG audit regarding reserve staffing – valid mobilization requirements had not been established at those gaining commands. As a result, when a recall situation had occurred, individual reservists were assigned, more or less, as temporary or contracted staff and given ad hoc duties that certainly could have been accomplished by the current active workforce.

These reservists were originally recalled for 12 months with another 12-month possible extension written into the orders. However, only six months into their recall orders, all forty-eight reservists assigned within NAVSUP commands had their orders terminated and were sent home. This situation was not isolated to the logisticians. Other SYSCOM staffs (NAVSEA, NAVAIR, SPAWAR) also had reservists sent home early when assets were mobilized to satisfy ambiguous requirements on CONUS staffs.³² These recalls were due more to a post-September 11th emotional spike rather than being based on firm planning. It’s this ambiguity that has caused many of the excesses in reserve manpower.

RESERVE INFRASTRUCTURE

Manpower is not the only area that needs a proper assessment with respect to Naval Reserve Transformation and streamlining costs. The Naval Reserve owns and maintains 1,280 structures covering 6,800 acres throughout all 50 states. The average age of these facilities is 42 years, and the general readiness condition of them is “useable but degraded.”³³ Naval Reserve facilities include office buildings, hangars, runways and ramp areas, fuel and equipment storage areas, maintenance and training buildings, utilities and power generation.

The Naval Reserve has worked hard to manage its resources wisely, reducing infrastructure and cutting costs while trying to maintain current facilities to provide Reservists with the quality of service, quality of life and the quality of workplace they require to train and be

fully supportive to the active duty fleet, which is their Title 10 responsibility. Figure 3 shows current funding levels for Sustainment, Restoration and Modernization (SRM) for reserve facilities.

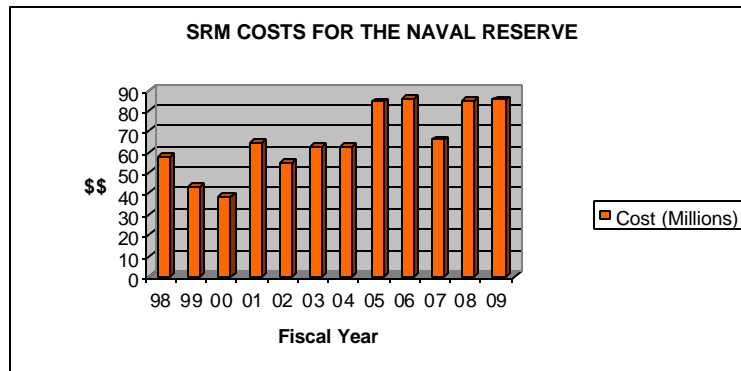


FIGURE 3 : SRM COSTS FOR NAVAL RESERVE ACTIVITIES

These SRM costs, which are projected to rise over the course of the next several fiscal years, do not include Base Operating Support (BOS) funding requirements (security, janitorial, landscaping, communications, child care, environmental, MWR, bachelor quarters operations, and utilities). These everyday operating expenditures are significantly larger than the aforementioned sustainment and modernization costs. Figure 4 shows projected BOS costs for all Naval Reserve activities for the next several fiscal years.

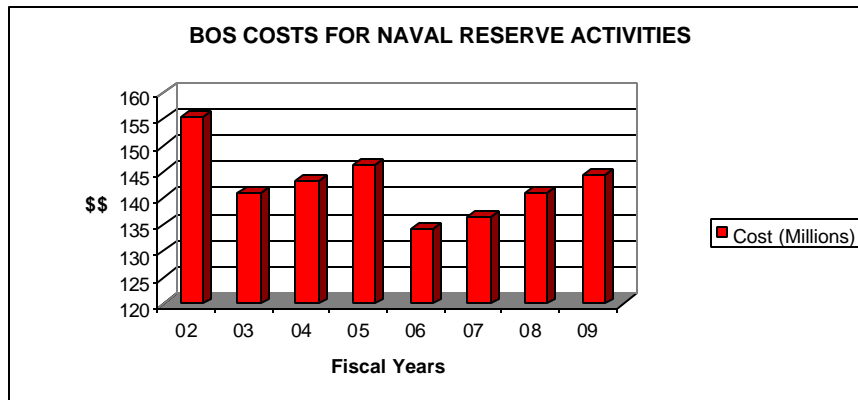


FIGURE 4 : BOS COSTS FOR NAVAL RESERVE ACTIVITIES

Consistent under funding of the Naval Reserve Real Property Maintenance Account has resulted in a critical backlog of maintenance and repair. This backlog is expected to reach \$296

million by the end of FY07 and directly contributes to minimal and often degraded facility condition ratings. In short, \$20.25 million is required in FY03 alone merely to arrest the growth of this critical backlog.³⁴

As with manpower funding, budget constraints for infrastructure present a constant challenge to the Naval Reserve. As it attempts to maintain the proper size and composition of the infrastructure needed to administer and train personnel properly, the Naval Reserve will still need to maintain and operate equipment in a safe environment while providing day-to-day support to the active component.

Even before the drawdown of personnel began in the early 1990s, the Naval Reserve had been working to reduce its infrastructure and utilize facilities more efficiently and effectively. For example, the number of Naval Reserve Centers has been reduced by 50 percent since fiscal year 1975, and the 12 percent decrease in Naval Reserve personnel during the latter half of the 1990s was matched by a 30 percent drawdown of reserve center inventory.³⁵ It should be noted that a significant portion of reserve center reductions (more than 75 percent) was mandated by the two Base Realignment and Closure Commission efforts that occurred in 1993 and 1995 and not due to volunteer restructuring efforts from within the Naval Reserve hierarchy.³⁶

The Naval Reserve's demolition of excess facilities – such as outdated buildings, water towers and piers – is one means of reducing its maintenance budget. In fiscal year 1999, the Navy established a Naval Reserve Demolition Program with initial funding of \$1 million per year for five years. This amount of funding has proven to be inadequate funding level as an additional \$3.98 million is needed in FY 03 for planned Naval Reserve Force demolition projects.³⁷ This issue highlights the glaring problem with respect to reserve facilities – while it's been established that inadequate funding is available for programming to sustain, maintain or repair current facilities, the Naval Reserve also lacks sufficient funds to properly dispose of those infrastructure assets it seeks to deplete from its excess inventory. Disposal costs include demolition, removal of debris, landscaping and environmental clean up.

The bulk of the Naval Reserve's military construction budget goes to operations and training facilities.³⁸ Due to the advanced age of those facilities, additional funding is needed for infrastructure improvements in those areas, as well. The Naval Reserve's current plan to meet this challenge and respond to the changing training needs of today's Sailors is to reconfigure existing facilities and construct new ones. Many of the reserve's older facilities have classroom configurations that no longer reflect training methods employed today. Staffing standards have changed, as have the ways in which Sailors work and receive training. Most of the Naval Reserve centers were built well before the advent and general use of personal computers. The

original reserve center designers and builders had no notion whatsoever of the need for individual workstations or the requirements associated with Local Area Networks (LAN). These outdated and inappropriate building designs not only reduce the efficiency of the assigned personnel working in them; they also degrade the Reserve Sailors' quality of life and work. To address this current training and quality of life need, the Naval Reserve currently has numerous expansion and reconfiguration plans in place, from building additions to reserve centers to modifying hangars and other reserve facilities. However, the price of this infrastructure modernization is understandably high; a total of \$12.2 million is needed to cover the costs of these projects.³⁹

Through outsourcing, privatization and regionalization, the Naval Reserve is working to minimize these infrastructure costs where it can. One avenue being explored is the joint or shared use of training facilities. The Navy fully supports the joint use Reserve facilities concepts outlined by the Department of Defense.⁴⁰ The Joint Service Reserve Component Facility Board is responsible for reviewing all Naval Reserve facilities requirements annually for joint use potential and feasibility. The opportunity for consolidation with nearby activities is considered in the design of any new facilities.

A modified approach to this Joint Reserve concept is currently being practiced within the Naval Air Force Reserve. Three of the larger naval reserve air bases (Willow Grove, Fort Worth, and New Orleans) no longer operate solely as naval air stations. Because they have reserve components from other services training onboard their facility, these three bases are now known as Naval Air Stations Joint Reserve Bases (NASJRB). Although limited operational training resources (primarily the airfield, fuel farm, tower, and air traffic control support) are currently being jointly optimized, "purple use" of dining facilities and bachelor quarters at these installations is the first step in realizing significant economies of scale with respect to joint reserve training. This initiative could easily be applied to other training areas on these installations including classrooms, audio/visual equipment, LAN and certain AT/FP security requirements. However, there are hurdles to overcome. The Navy owns most of the real estate involved and pays an overwhelming majority of the base operating costs. They are quite adept at being a good landlord. The Naval Reserve provides for the lion's share of utilities and a Naval Reserve (usually a TAR) Captain always occupies the Commanding Officer jobs at these joint reserve aviation bases. If a truly joint operation were to occur at these facilities, the Navy would have to be willing to share more of the costs and more of the benefits (ownership, command, etc.). Until then, at least on the air reserve side, issues that tend to promote

individual service identity have the potential to adversely affect any complete development of a totally joint operation.

On the surface reserve side, there are also joint training initiatives being developed. The Joint Armed Forces Reserve Center in Orlando, now under construction, and the planned Joint Armed Forces Reserve Center in New Orleans, bring economies of scale and potential significant cost savings to Reserve components of all services. The combined services theory is currently in practice on a limited basis within the Navy in the form of Navy and Marine Corps Reserve Centers, where Reservists from both branches occupy the same structures and utilize the same training equipment. As with the Joint Reserve Base concept, there are inherent benefits to the Naval and Marine Corps Reserves with this concept. However, even within the Navy and Marine Corps family, service identity issues exist. Naval Reservists significantly outnumber their Marine Corps counterparts at these installations and comprise nearly 100 percent of the staff. Once again, the Commanding Officer is always a Navy TAR line officer. These organizational roadblocks to true jointness must be overcome in order to capitalize on any joint reserve facilities venture.

The Naval Reserve Headquarters has officially embraced Joint Reserve facilities as the way of the future. The goal is to ensure a cost-effective infrastructure that will contribute to an improved quality of life and work for the Reserve Sailors. Ideally, a direct benefit of any investment here will also be an improved quality of service to the active fleet. In addition, the Naval Reserve is actively working to reduce infrastructure and cut costs through a planned demolition of excess facilities, reconfiguring current facilities and construction of new facilities to meet today's modern training standards. The price tag is high and additional funding in this area is critical to the Naval Reserve's success, especially if it is to arrest the rate of growth of the critical backlog of maintenance and repair. Where these additional funds will come from as the active force continues its transformation efforts is a key question.

RECOMMENDATIONS

The Naval Reserve must aggressively address key force structure issues (manpower and infrastructure) in order to remain viable, current and responsive in a "transformed" Navy. Traditional "stovepipe" views need to be abandoned. Bold and unconventional steps need to be taken to make the force more reflective of actual mobilization needs and to streamline manpower and facility costs.

With respect to validating manpower requirements, the Navy must establish an independent validation process for assurance that shore-based wartime Selected Reserve requirements identified by major commands are, in fact, needed. Specific steps include:

- Having the Chief of Naval Operations (OPNAV N4) establish a requirement for annual reviews of manpower claimants' mobilization requirements to ensure that policies and procedures, in OPNAV Instruction 1000.16J, "Manual of Naval Total Force Manpower Policies and Procedures", are followed.
- Establish guidelines for Navy major claimants to require an outside review of its commands' staffing requirements by personnel who are properly trained in manpower analysis and requirements determination. This step is critical in ensuring requirements are analyzed from a zero-based perspective, rather than a simple justification of existing billets.
- Reaffirm the policies set forth in Title 10, U.S. Code and OPNAV Instruction 1000.16J with respect to peacetime contributory support. Obviously, the CNO's policy statements need to be brought in line with official guidance. All work in support of the command's peacetime mission needs to be accomplished by the active staff of each respective gaining command. If there is a requirement that cannot be met by current staff (and is not mobilization related) then additional manpower needs to be officially requested via the POM process.
- Examine the manpower requirements of commissioned units (Cargo Handling Battalions, Fleet Hospitals, etc.). Current levels are based on a full mobilization in response to a Cold War scenario. Data is now available from Operation Desert Shield/Storm and subsequent operations to better predict actual requirements in support of the current National Security and National Military Strategies. The goal here is retaining the capability while reducing personnel.



FY-03 RPN Budget Structure Entitlement Vs. Discretionary

Total: \$1,927M

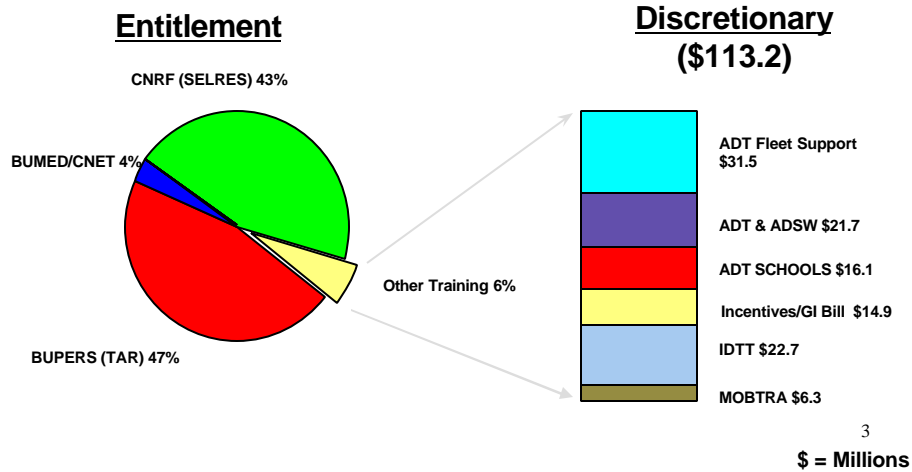


FIGURE 5 : FY-03 RPN BUDGET STRUCTURE

The financial impact associated with any manpower reduction is significant. Figure 5 depicts Entitlement and Discretionary Spending within the FY 03 Reserve Personnel Navy (RPN) budget structure. A modest 10 percent reduction in manpower would generate almost \$90 million in savings in pay and allowance alone.

With respect to infrastructure, particularly facilities management, the potential for cost savings is also significant but the approaches require great forward thinking. The Naval Reserve, as any bureaucratic institution, has not been very effective in this area. Some options include:

- Continue to reduce the number of reserve centers and readiness commands. The Naval Reserve has frequently used the “Prairie Navy” argument (reserve centers in every state) to combat this reduction. However, readiness commands have decreased from 22 to 9 and reserve centers have decreased by 40 percent since 1990. Although there have been minor perturbations, individual reservists are still getting paid and trained. By bringing the reserve to fleet concentration areas, the Naval Reserve will be putting the assets where the customer (the active fleet) is and at a lower cost.

- Continue to explore joint opportunities with other services. Efforts currently underway at the various NASJRBs can be expanded upon and other efforts outside of the Naval Air Force Reserve can be initiated. Joint Armed Forces Reserve Centers are the way of the future and provide a cost effective way of providing the most modern training facilities to the largest number of reservists.

Finally, the bold approach that can positively affect both manpower (Selected Reserve and TAR) and infrastructure is the complete reorganization of the Naval Reserve Headquarters and hierarchy. An increasing number of augmentation units are already performing drills at their gaining commands, bypassing the reserve center. Also, the concept of “flex drilling” allows reserve unit members to perform their training during the week with active duty counterparts rather than on the weekends when no one from the active staff is present. With these developments, traditional reserve center drilling and training are becoming increasingly obsolete. Assigning the reserve units and supporting TAR personnel directly to gaining command staffs, instead of reserve centers or readiness commands, provides several important benefits:

- TARs can accomplish drill/pay accounting and travel administration directly at the gaining command. They can also provide FITREP/EVAL support and other administration. In effect, creating a “mini-reserve center” staff at gaining commands (from existing TAR personnel) will greatly improve customer support to reservists especially with respect to pay problems and travel claim reconciliation, traditional problem areas.
- The repositioning of these TAR assets will reduce the need for large reserve center and readiness command staffs resulting in even greater infrastructure savings. Readiness commands, which are a “middle management” level, between reserve centers and Headquarters, could be eliminated, streamlining administrative processes.
- Gaining commands will have more “hands on” control of their reserve personnel. As a result, they can exercise greater control over determining mobilization requirements and developing an effective mobilization training program. The result will be a fully integrated reserve staff that embodies the CNO’s Total Force vision.

CONCLUSION

Recent history has shown that the Navy’s active component will continue to rely on the Naval Reserve to provide key mission support. While both augmentation and commissioned

units have embraced the CNO's Total Force policy and integrate seamlessly with active duty forces, the Naval Reserve as a whole needs to become a leaner, tighter and more efficient force. The Reserves, like their active counterparts, have to streamline their costs in order to remain both relevant and affordable. They also need to free up funds in order for the CNO to reprogram precious dollars to pay for vital recapitalization of equipment (ships, planes, etc.) in support of Transformation. The two key components to meeting these goals and creating a more cost-effective and relevant Naval Reserve are 1) validating mobilization requirements and adjusting force levels to meet those needs and 2) elimination of unneeded infrastructure. The Naval Reserve needs to achieve these efficiencies to become a cost-effective organization of mission ready men and women. They not only need to be ready when called by the active component but they also need to ensure they provide unsurpassed value.

WORD COUNT=6,855

ENDNOTES

¹ Louis A. Zurcher, Milton L. Boykin, and Hardy L. Merritt, Citizen-Sailors in a Changing Society: Policy Issues for Manning the United States Naval Reserve, (New York: Greenwood Press, 1986), 3-4.

² "U.S. Naval Reserve Force Overview"; available from <<http://www.navres.navy.mil/navresfor/sitefiles/about.htm>>; Internet; accessed 11 January 2003.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Zurcher, 7-8.

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¹³ Ibid.

¹⁴ Commander Matthew Lawless, Budget Analyst, CNO Staff (N412D), telephone interview by author, 8 December 2002

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¹⁹ Office of the Inspector General, 5.

²⁰ Lawless telephone interview.

²¹ Commander Robert Little <little.robert@hq.navy.mil>. "Naval Reserve Manpower," electronic mail message to Robert Edmunds <Robert.Edmunds@carlisle.army.mil>, 03 December 2002.

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²³ Ibid.

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²⁶ Ibid, 11.

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³² Ibid.

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³⁷ Rye, 39.

³⁸ Ibid.

³⁹ Ibid, 40.

⁴⁰ Ibid.

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