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TESTIMONY TO:

COMMISSION ON THE NATIONAL GUARD AND RESERVES

1300, 12 April 2007, Rayburn Building, Room 212

Opening Comments (limited to 5 mins)

Chairman Punaro, distinguished members of the Commission, thank you for this opportunity to speak today about the Human Capital transformation of the Department of the Navy. I will include in my remarks the Navy and Marine Corps Reserve Components, our employment of those Reserve Components in the Global War on Terror, and how our Human Capital Strategy provides the overarching construct to ensure our forces are successful as we transition to a Reserve Component that will become more functional and adaptive to the current and future environments.

These items must be addressed within the context of why our forces, particularly our Reserve Components, were structured the way they were, the nature of the war we are fighting today, and what we require our forces to accomplish tomorrow.

Theodore Roosevelt, in particular, was a relentless advocate—both as Assistant Secretary of the Navy and later as President—of building and maintaining a large Navy during peacetime. It is worth quoting from President Roosevelt’s first annual message to Congress, submitted in December 1901, during which he focused on the Navy as much as on any other subject:

“Far from being in any way a provocation to war, an adequate and highly trained Navy is the best guaranty against war, the cheapest and most effective peace insurance. The cost of building and maintaining a Navy represents the very lightest premium for insuring peace which this nation can possibly pay.”

Today we recognize that the Navy and Marine Corps team is made up of Active, Reserve, Civilian and Contractor personnel all focused on a single mission and providing the best value in each mission area. This is the baseline of our 2007 Human Capital Strategy. Implementing this strategy is an iterative process designed to provide the best force mix, at the best value to the taxpayer, to successfully accomplish our Department’s missions while recognizing the new operational and strategic environments we will be called to operate in. Most importantly, our Human Capital Strategy must contribute to achieving our primary objective of winning in Iraq, Afghanistan, the overall Global War on Terrorism, and other 21st Century conflicts.

We, in the Department of the Navy recognize that implementation of our Human Capital Strategy is taking place during a new era in warfare – one could call it the “post-modern” era, characterized by three things:

- 1) *Asymmetric Threats* – IEDs controlled by garage door openers and cell phones; airliners used as manned cruise missiles;

2) *Insurgencies* – Violent offensives waged by enemies with small foot prints;

3) *The Prolonged Engagement* – This is the “long war”; perhaps as the Joint Staff has speculated, a 200-year war; and, a war with non-state actors, meaning that the adversary’s behavior cannot be controlled by official sanctions or tools such as the Geneva Convention.

The conflict is global in nature – the threat can come from anywhere. It is networked – killing a key lieutenant won’t stop it. It is also manpower-intensive. Therefore, technology won’t help us escape the manpower requirements. The conflict has a psycho-cultural dimension and falls into the progression of wars that Retired Major General Robert Scales outlined in his July 2006 *Armed Forces Journal* article, “Clausewitz and World War IV.” In that article, Scales writes that World War I was the chemists’ war, World War II was the physicists’ war, World War III was and is the information war, and “World War IV is and will be the psycho-cultural war.

As this Commission has recognized, in this new era of warfare we are fighting with a force designed, built, and manned to support a cold-war strategy. While, Navy and Marine Corps forces have always been, and remain, expeditionary in nature, this has not always been true of their respective Reserve Components.

However, prior to 9/11/01, both Services realized the importance of “operationalizing” their Reserve Components. This was particularly true of the Marine Corps which implemented Total Force Structure Division while the Navy was creating Operational Support Units. Additionally, the Navy, in early 2003, recognized the need to increase the operational relevance of their Reserve Component and conducted a “Zero Based Review” in August of that year designed to yield a more relevant Reserve Force. The changes made to the Navy and Marine Corps Reserve Components have done much to increase their relevance, flexibility, and the capability to transition to an important operational role in the long war.

This concludes my opening comments. I have prepared testimony outlining the historic context within which force structure decisions were made, and what has influenced the decisions we have made to better “operationalize”, size, and employ our Reserve Components. Additionally, I want to address Service initiatives, including the Marine Corps’ “Total Force Structure”, the Navy’s “Zero Based Review” (ZBR), the Redesign of the Navy Reserve or “Active Reserve Integration” (ARI), and DoD initiatives, including the Quadrennial Defense Review (QDR) 2006. These initiatives have all contributed to shaping the Department of the Navy’s transformational “Human Capital Strategy” (HCS).

Historical Context

The Marine Corps Reserve served a recognizably “strategic” purpose from its founding in 1916 until the end of the Vietnam War. Perhaps the distinguishing characteristic of that era was the practice of treating Reserve units as essentially pools of semi-trained manpower to be used upon mobilization as individual fillers in existing or new wartime units. While this practice served the Marine Corps well in World War II and in Korea, it was clearly not the optimum way of either training or retaining talented individual Reservists. It also did not leverage the full potential of hometown or regionally-based Reserve units.

In 1974, with the start of the “All Volunteer Force” in a post-Vietnam world, the Reserve Component remained largely a Strategic Force. Notably, at the end of Vietnam, we did not face an enemy who wanted to follow us to our shores and continue attacks on freedom, as we are experiencing with our enemy of today. It is therefore necessary to recognize that our Nation’s ultimate goal must be meaningful success in Iraq and Afghanistan and worldwide containment of terrorism/violent extremism. The transformation of our military must take place in the context of providing the best Total Force to achieve those victories, whether it is Active, Reserve, Civilian, or Contractor. This is the ultimate goal of our Human Capital Strategy.

From 1974 through the collapse of the Berlin Wall in 1989, our military was structured to fight the communist block on land, at sea, and in the air. The Reserve Components were built as surge forces to help fight and win the Nation's wars. We focused on providing a global presence to prevent the spread of communism, which included development of Quick Reaction Forces, Surge Forces, and Strategic Nuclear Deterrence.

The Marine Corps Reserve, in this post-Vietnam War era, shifted to a more "operational" focus as the reduction or elimination of some units in the active force drove an increasing reliance on the early mobilization of select combat and combat support units in Operational Plans. The first test of post-Vietnam Marine Corps Reserve organization and mobilization procedures came in 1990-1991 during Operations DESERT SHIELD and DESERT STORM. Our experience there validated the Marine Corps view of a more "operational" use of the Selected Marine Corps Reserve (SMCR). Although the initial deployment of U.S. forces featured units that were overwhelmingly drawn from the active component, subsequent deployments featured significant numbers of Marine Corps Reserve battalions, squadrons, companies, and detachments. The Navy Reserve also contributed greatly to Operations DESERT SHIELD and DESERT STORM by recalling large numbers of Reservists as Individual Augmentees – particularly in the medical and intelligence fields.

Operations DESERT SHIELD and DESERT STORM proved the Strategic Reserve's capability through rapid mobilization, deployment, re-deployment, and de-mobilization of the Total Force. This was the first significant call-up of Reserves since the creation of the "All Volunteer Force."

After Operations DESERT SHIELD and DESERT STORM, the Marine Corps Total Force primarily served the Nation as a forward presence and contingency response force. Many Reservists in high-demand specialties served as individual augments to staffs and in other capacities. Marine Corps Reservists served as individual augments in peace operations and conflicts throughout the 1990s, in places such as

- Bosnia (Operations PROVIDE PROMISE, DENY FLIGHT, and JOINT ENDEAVOR)
- Somalia (Operations RESTORE HOPE and CONTINUE HOPE)
- Kosovo (Operation ALLIED FORCE)
- Haiti (Operations RESTORE DEMOCRACY and UPHOLD DEMOCRACY).

The largest Reserve unit activation of the 1990s occurred in 1994, when three volunteer rifle companies (473 Marines) were deployed to Guantanamo Bay, Cuba (Operation SEA SIGNAL) to guard refugee camps. Throughout the 1990s, Marine Corps Reserve units were engaged in intensive and focused training, education, and mobilization preparation.

Throughout this period the Reserve Components were viewed primarily as strategic. However, their varied activities were consistently proving their operational worth, deployability, and readiness on the sea, in the air, and in the sands in and around Iraq.

9/11/01

The infamous attacks on the World Trade Center Towers and the Pentagon on September 11, 2001 marked the start of a new era of increased reliance on the Navy and Marine Corps Reserves. The Reserves were immediately called into action to provide additional forces for Homeland Defense. For the first time in more than 60 years, the Nation demanded forces able to respond immediately to a host of homeland defense missions. The Navy and Marine Corps Reserve again proved ready for the call.

The Navy activated nearly 9,000 Reserve Sailors and the Marine Corps activated nearly 5,000 Reserve Marines, as part of units or individual augments, in support of Operations NOBLE EAGLE at home and ENDURING FREEDOM (OEF) in Afghanistan and the Horn of Africa. The Marine Corps provided Reserve aircraft squadrons, infantry battalions and supporting units for airspace and land security, while Sailors provided Base Security, Port Security, Staff Augmentation, and Air,

Logistics and Construction Support. Although the Marine battalions were never required to respond to a domestic attack, they did enter the training cycles of the 2d and 1st Marine Divisions respectively, providing Division commanders with additional assets and flexibility for crisis response. However, it became apparent in the opening months of mobilization that the Navy Reserve would need to undergo a redesign to make it more relevant and integrated if it was to contribute to the Total Force, as required.

Shaping the Reserve Components in a Post 9/11/01 World

In August 2003, the Navy implemented a “Zero Based Review” – led by Commander, Fleet Forces Command – to assess the relevance of their Reserve Component to functional mission areas. In this review, all 664 functions involving Reserve Units were assessed for mission capability and risk tolerance for eliminating force structure. As a result of this review, the Navy reduced its overall Reserve Component by 16,018 billets (in mission areas that were deemed redundant, unnecessary, or impractical for RC participation given the current strategic environment, budget, and ability to accept risk). This net reduction included shifting 2,350 billets from RC to AC to provide additional AC capacity, and creating 4,338 RC billets where greater capacity was deemed necessary and relevant.

The Navy and its Reserve have aligned, organized, integrated, and transformed to support its four warfighting pillars of Sea Strike, Sea Shield, Sea Base, and FORCENet. To provide sufficient operational range and depth to many of these capabilities and to efficiently and effectively meet its requirements as part of the Joint Force, Navy must continue to leverage its investment in the extraordinary capabilities, critical skills, innovative nature, and entrepreneurial spirit of its Reserve personnel.

A follow on to, and in support of, the ZBR was the Navy's Redesign of the Navy Reserve, "Active Reserve Integration", or ARI. ARI consists initially of 14 actions, of which some include embedding key full-time support staff in headquarters, fleet, and type commands, and developing strategic linkages between Reserve Forces Command and Fleet Forces Command. The linkage of these two commands has produced tangible results and continues to build new bridges throughout the Navy.

By more closely aligning the Reserve and Active Components, combat effectiveness and efficiency have been dramatically improved. Readiness, training, and equipping the Reserve Component are now part of the Active Component's role, and substantially strengthens the ties between the Navy's Active and Navy Reserve Components. ARI is an initiative that defines and forges a cohesive "total force" team that more effectively satisfies the Navy's operational requirements. We will continue to identify and propose practical ways to better integrate

Reservists and equipment with the fleet, and continue to take steps to solidify our integration efforts.

Additionally, the Navy began to fully integrate its Reserve into the new Fleet Response Plan (FRP) through both unit level and individual augmentation during day-to-day operational support. This has been accomplished while still maintaining the ability to mobilize Reservists and equipment to support expanded surge operations around the globe. The fundamental construct of FRP is a surge-ready fleet, able to sail to any troubled spot in the world, swiftly defeat the enemy, and then reconstitute in minimum time. Most reservists have both fleet experience and critical civilian skills to contribute to this concept. Experienced and trained Reserve personnel are ideally suited for surge capability.

The basic 24 drill days per year and 14 days of annual training are provided at 20 percent of the cost of full-time personnel. This leverage's prior Navy investment in training and maintains a continuum of service.

The Navy's Reserve has always been and will continue to be an important element of the Navy's Total Force. In the Chief of Naval Operations' own words,

"... with the Navy's Reserve playing such a vital role in our day-to-day operations, it is imperative that we continue to properly assess and fund Reserve personnel and readiness requirements now and in the future."

The Navy's Reserve contributes daily to support fleet operations and provides critical surge and sustainment capabilities to meet real world contingencies.

However, to remain relevant, Reservists must be even more accessible, flexible, and adaptable to better support fleet operations at home and abroad.

Every structural change being considered for the future is intended to ensure that the Navy's Reserve remains an important element of the Navy Team. Providing a more tightly integrated force creates the opportunity for Reservists to train, deploy, and operate alongside their active counterparts using current doctrine, concepts, tactics, and the Navy's most modern equipment.

Since 9/11/2001, over 42,000 Navy Reservists have been mobilized to support the Global War on Terrorism (GWOT), representing more than 80 percent of all Sailors deployed on the ground in theater.

The contributions of the Marine Corps Reserve have been exemplary. Today, Reserve Marines are serving in active combat as part of II Marine Expeditionary Force (Forward) in Al Anbar Province, Iraq. Our Marine Reserves are also

providing personnel for a wide variety of joint supporting operations and activities, including Iraqi military transition teams, Afghan National Army embedded training teams, civil affairs detachments, and personnel recovery and processing teams. Globally, Reserve forces perform anti-terrorist and humanitarian operations in the Horn of Africa, Afghanistan, Central America, and the Caribbean. Our approach to integrating our Active and Reserve components into a truly capable, operationally focused Marine Corps has borne fruit in this long war. Their performance proves that our Total Force is truly "one team, one fight."

In 2004, the Marine Corps conducted an extensive Total Force Structure Review (conducted by the Force Structure Review Group, or FSRG) recommending approximately 15,000 structure changes to improve the Marine Corps' Total Force ability to meet the Global War on Terrorism's long-term needs and the emerging 21st Century requirements. This effort resulted in a restructuring of manpower from low- to high-demand needs and provided for the conversion of more roles from military to civilian.

Presently, on any given day, over 24,000 Navy RC Sailors are on some type of Active Duty (AD) or Inactive Duty (ID) orders at their supported commands to meet global COCOM requirements and provide operational support. This number includes about 6,300 RC Sailors mobilized in support of Operations IRAQI and ENDURING FREEDOM. With this steady state requirement, we maintain the

capacity to rapidly increase contingency support with more than 28,000 RC Sailors who are ready and have yet to be mobilized.

Whether supporting combat operations in Iraq or Afghanistan, providing Humanitarian Assistance and Disaster Relief (HA/DR) at home or abroad, supporting daily Navy missions at every Fleet and COCOM command, or providing for Homeland Defense (HLD), Navy Reservists are providing unprecedented levels of Operational Support while continuing to maintain a Strategic Reserve capability.

In a 19 January, 2007 Memorandum, Secretary of Defense established dwell ration goals for our Active Component at 1:2 and for our Reserve Component at 1:5.

This is significant in that the Reserves are truly operational and necessary to alleviate the current high operational tempo of our Active Component from their current 1:1 and 1:1.5 dwell ratios for many units.

Structuring for Tomorrow

While the contributions of the Marine Corps and Navy Reserve are of vital importance to our National Security, we also recognize that we must shape ourselves as an adaptive, agile, and ready force for tomorrow. The 2006 Quadrennial Defense Review focused on reorienting DoD capabilities and forces

to be more agile, better prepared for irregular challenges and to serve as a hedge against uncertainty. Relying on our Navy and Marine Corps Reserve is part of our institutional solution to these challenges to our National Security.

Within this context, the Marine Corps stated the role of its Reserve Component is to be an integral part of the Joint Force and the Naval Service, with roles, missions, functions, and structure shaped by the unique demands of expeditionary operations from the sea, in the littorals, as well as deep inland. The Marine Corps adheres to a Total Force construct, which standardizes and integrates an Active Component of 175,000 and a Reserve Component of 39,600. Marine Corps Reserve Component forces are held to the same tough warfighting standards as our Active Component forces. The capacity of our Reserves to augment and reinforce the Active force in operations and to provide unique capabilities such as civil affairs strengthens the utility and flexibility of the Marine Corps' Total Force. The Department of the Navy is contending with challenges associated with growing the Marine Corps from its current Active Component end-strength of 175,000 personnel to 202,000 by FY 2012. As we increase and adjust our end-strength, and as changes occur in budgets and the security demands on our forces, we should ensure "surge" capability is provided within our Reserves by continually assessing the capabilities mix between the Active and Reserve Components.

Similarly, the Navy Reserve's role is to provide a force to augment and reinforce the Active Component, or in some cases provide the sole naval capability, such as expeditionary logistics, for particular missions. The U.S. Navy is planning to reduce its end strength in the Active Component from 340,700 to 322,800 and reduce Reserve Component from 71,300 today to 68,000 personnel by FY 2013.

Tools and Methods to Shape the Department of the Navy's Personnel Systems

To implement change, we established an office of Total Force Transformation (which is essentially our program office) and we use the Force Management Oversight Council (FMOC) as our OIPT. The TFX Office and the FMOC worked to produce our first Human Capital Strategy in 2004 and they continue to champion change. The FMOC is a collaborative council of principals, where "good ideas" get traction, alignment is assured and policy recommendations are vetted to avoid or mitigate unintended consequences.

We (DON) see our future force as – one that is aligned to mission requirements while being agile and flexible enough to adapt to changing environments in a timely manner. A critical component in whether we successfully meet the demands of 21st Century missions will be the evolution of our total naval force.

Two weeks ago, the Secretary of the Navy signed the Department's 2007 Human Capital Strategy. Our vision, in a nutshell, is to support the National Security and National Defense Objectives through strategic management of our Total Naval Force – active and reserve military, government civilian, private contractor, and volunteer personnel. We will produce and employ the right people, with the right skills, at the right time and place, and at the best value to support or accomplish 21st Century missions.

To carry out this strategy, we need to change some of the ways we think and act.

We need to adopt a true Total Force perspective. This means acknowledging that our most sophisticated weapons system is the human brain, and our most powerful advantage is our people. Different people can serve and contribute in different ways. The Total Force, well managed, can be greater than the sum of its parts.

We need to assign work to the right workers. This means understanding the nature of the work to be done and developing a workforce that will effectively and efficiently perform that work. The Department of the Navy should concentrate on

its core competencies. Work that is not inherently military should be done by civilians. Work that is not inherently governmental should be outsourced.

We need to apply the best practices of leadership and management. We lead people by inspiring, motivating and developing them. We manage people through a life-cycle process from initial accession through distribution to their eventual transition to another status. Transition – from active to reserve, from military to civilian, from full-time to part-time or retirement – is an opportunity to find another way to serve.

And so, here are some areas to consider in carrying out this strategy

-Develop a National Security Military Personnel System to leverage the best leadership and management principles and systems to enable our modern military.

-Build intellectual capacity by creating an environment that supports lifelong learning and individual growth opportunities.

-Deepen the workforce's commitment to mission accomplishment and warfighting excellence by divesting of those competencies that are no longer needed, so we can invest in those we do need or need more of.

-Examine a 40-year service continuum (Active, Reserve and Government Civilian) to provide opportunities for productive, meaningful lives that merit lifelong commitment to a career of service to the Nation.

-Examine On and Off ramps in support of the continuum of service to provide flexibility and greater opportunities for our military personnel at perhaps the 5-, 10-, or 15-year intervals.

-Promote the idea of establishing a National Security Officer Corps as discussed in the 2006 QDR. The National Security Officer Corps would be made up of senior military and civilian personnel to work the “seams” in our interagency processes and to bring national security expertise where needed – National Security Planners for example.

-Exploit the best scientific and technological advancements.

-Create a realistically affordable compensation system. Consider providing a more portable alternative benefits package (FERS/FEHBP) and/or conversion options for military personnel to possibly convert to an alternative benefits system. Possibly even a health care system that is capable of allowing Reservists to maintain their own insurance with some compensation or assure easy transition from federal to civilian systems.

The National Security Military Personnel System would permit military personnel to transition to their “next career” at the right time and on good terms. It would provide multiple opportunities to move between statuses (i.e., Active and Reserve military, government civilian, private contractor, and volunteer) without compromising opportunities, compensation, or lifestyle.

Closing

In the end, our vision is to support the National Security and National Defense Objectives through strategic management of the Department’s Total Naval Force of Active and Reserve military, government civilians, private contractor and volunteer personnel. Achieving our vision requires that we deepen the workforce’s commitment to mission accomplishment and warfighting excellence; build intellectual capital by creating an environment that supports lifelong learning and individual growth opportunities; create a realistically affordable compensation system; recruit the right number and mix of individuals for the Total Naval Force; manage our total workforce through an aligned and integrated human capital management system; use workforce planning and utilization tools to shape and manage the force; and provide opportunities for our people to transition between different career avenues at different stages of their lives.

People are our most valued asset. They provide the asymmetric advantage that will lead to success in GWOT and future 21st Century missions. The Department of the Navy's success in these missions depends on having the agility, flexibility, and adaptability to deliver the right people with the right skills, at the right time and place, and at the best value.

I'm excited about working with the Commission with whom we share many common interests.

Thank you.