

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMISSION ON THE NATIONAL
GUARD AND RESERVES

STATEMENT OF

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BEFORE THE

COMMISSION ON THE NATIONAL GUARD AND RESERVES

ON

RESOURCING THE RESERVE COMPONENTS

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I. Introduction

Chairman Punaro, distinguished members of the commission, thank you for the opportunity to speak today about Department of Navy resourcing of its Navy and Marine Corps Reserve.

Our mission at ASN (FM&C) (per 10 USC 5025) is to direct and manage financial management activities of the Department of the Navy. This means, on the one hand, overseeing the management of the annual budget and supporting processes, and, on the other hand, providing independent analysis to our constituent clients. We provide informed recommendations to the senior leadership of the Department of the Navy regarding efficient and effective allocation of all financial resources, active and reserve, consistent with the national security priorities of the President and the Secretary of Defense.

The Navy and Marine Corps Reserve have always been and will continue to be an important element of the Department'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."

Resourcing the Department of Navy Reserve Components

Your invitation letter asked several salient questions and information regarding the Department's position follows.

II. Budget Policy Development and guidance and the PPBE process

Funding for the Navy and Marine Corps Reserve Component (RC) is provided through the Department of the Navy's President's Budget request and Supplemental appropriations. Navy and Marine Corps RC participate directly in all phases of the PPBE process, with direct participation in development and submission on budgets and autonomous control of appropriated resources. The Navy and Marine Corps RC Commanders are the senior executives responsible for supervisory control over designated RC appropriations.

The Navy and Marine Corps Reserve Total Obligation Authority (TOA) for FY 2008 is \$4.3B. This level of overall funding is consistent throughout the Future Years Defense Plan (FYDP). Department of the Navy RC appropriations include Operations & Maintenance, Reserve

Personnel and Defense Health Accrual (Medicare-Eligible Retiree Health Fund) for both the Navy RC and Marine Corps RC, and a Military Construction appropriation that goes to both Navy and Marine Corps RC.

The Navy and Marine Corps form a seamless and fully integrated Total Force. Navy and Marine Corps Reserve units are resourced to accomplish all assigned missions and have a manpower, equipment, and operations distribution program that is balanced, responsive to mission requirements, and sustainable. The Active Component (AC) determines requirements to leverage Total Force capabilities and ensure Reserve Component (RC) compatibility and proper resourcing for any RC specific mission or requirement.

The Navy and Marine Corps team is seamlessly integrating the RC and AC into a cohesive Total Force capable of meeting all operational requirements. The establishment of the Navy Enterprise system for requirement generation and resource allocation addresses requirement packages in a comprehensive, capabilities-based, Total Force approach.

The Chief of Navy Reserve works with the Navy Warfare Enterprises (Aviation, Surface, Undersea, Expeditionary Combat, SPECWAR, and NETWAR) to establish requirements and funding for RC readiness and training, consolidating AC and RC where feasible, simplifying the programming and funding processes and validating RC requirements in accordance with CNO Strategic Guidance.

The Commandant of the Marine Corps establishes requirements and funding in a parallel process for AC and RC readiness and training, and validates all Marine Corps requirements. Marine Corps participates fully in the Naval Aviation Enterprise process, as the Department of the Navy budget request is developed.

How Reserve Components fit into the Combatant Commander and Joint Chiefs of Staff budget process

The Navy and Marine Corps Reserve provide units and individuals to our active component as directed. Navy Total Force units and individuals are employed to meet combatant commanders' tasking. Additionally, RC individuals are provided to Joint and Combined staffs not associated with Combatant Commanders.

Each Navy Combatant Commander (COCOM) identifies and prioritizes military requirements via an Integrated Priority List (IPL). The Navy and Marine Corps Reserve work closely with the COCOMs at this point to develop the IPLs with the intent of providing visibility to key RC issues, which are then submitted to the SECDEF, DEPSECDEF, and the Chairman of the Joint Chiefs of Staff (CJCS). The intent is to provide visibility to identified requirements in the programming process. The Chairman of the Joint Chiefs of Staff then presents the COCOM IPLs during the Office of the Secretary of Defense / Office of Management and Budget combined program and budget review and during discussions of major budget issues with the DEPSECDEF. The COCOMs also review the Program Objective Memorandum and work with the AC and RC commands to submit outlines of major issues that each would like to address during the program review.

III. Budget and affordability of the RC

Our RC contributes daily to support fleet operations and provides critical surge and sustainment capabilities to meet real world contingencies. The contributions of the

Navy Reserve and the Marine Corps Reserve have been exemplary.

Since 9/11/2001, over 42,000 Navy Reservists have been mobilized to support the Global War on Terrorism (GWOT). The Navy has increased the number of personnel deployed as Individual Augmentees (IA) and performing "in-lieu-of" missions often serving in non-traditional capacities but adding to the warfighting capability of our military with their expertise. On any given day, over 24,000 Navy RC Sailors are on some type of orders at their supported commands to meet COCOM requirements and provide operational support. This number includes over 6,000 Sailors mobilized in support of GWOT.

Since 9/11/2001, over 46,000 Marine Reservists have been mobilized to support GWOT, including participation in active combat in Iraq and Afghanistan. Marine RC also provides personnel for a wide variety of joint supporting operations and activities. In the words of the Commandant of the Marine Corps, "*...our fights thus far in Iraq and Afghanistan have been a Total Force effort. Our Reserves have once again performed with grit and determination – and we may have to ask them to do more. However, as our Marines*

have made abundantly clear, when there is a fight, they want to be part of it."

Reservist's skill sets can surge to meet emergent requirements. If requirements are periodic and predictable, they can best be met by a Reservist.

IV. Prioritization of RC capabilities and requirements within service programs

Active-Reserve Integration

Navy is taking a Total Force approach to delivering the workforce of the 21st century. The Total Navy consists of AC and RC military, civil service, and contractors. The Total Navy will deliver a more responsive workforce with new skills, improved integrated training and will be better prepared to meet today's challenges.

The Chief of Naval Operations recently commented that *"Navy's Active/Reserve Integration program (ARI) aligns Reserve Component (RC) and Active Component (AC) personnel, training, equipment and policy to achieve unity of command. It leverages both budgetary and administrative efficiencies, as well as ensuring that the full weight of*

Navy resources and capabilities are under the authority of a single commander. Navy Reservists are aligned and fully integrated into their AC supported commands, and often conduct "flex-drilling," putting multiple drill periods together to provide longer periods of availability when requested. This flexibility enables our Reserve Sailors to better balance the schedules and demands of their civilian employers and families while achieving greater technical proficiency, more cohesive units and increased readiness."

Equipment

To support hardware procurement, each Navy Warfare Enterprise (Aviation, Surface, Undersea, Expeditionary Combat, SPECWAR, and NETWAR) identifies RC requirements for new equipment as part of the Navy's resource allocation process; as the Commandant of the Marine Corps identifies his equipment priorities. Funding for equipping the RC is provided through the Department of the Navy's President's Budget request and Supplemental Appropriations.

As of FY 2007, Navy RC major hardware is valued at approximately \$11.5B, including 17 ships and 348 aircraft for both the Navy and Marine Corps, operated and maintained by the RC. More than \$450M has been provided in FY 2005-FY

2007 for RC specific hardware procurement through the budget process. This is \$50M more in Navy RC procurement than the three previous years FY 2002-FY 2004. Active Navy appropriations support the RC by procuring assets as part of the overall procurement program. An example is the new MH-60S helicopter, which provided 8 new production aircraft to RC squadrons. The Department is committed to keeping the Navy RC properly equipped.

As of FY 2007, Marine Corps RC major hardware is valued at approximately \$5.9B. More than \$542M has been provided in FY 2005-FY 2007 for RC hardware procurement through the budget process. This is \$22M more in Marine Corps RC procurement than the three previous years FY 2002-FY 2004. There is no difference in the level of equipping of AC and RC Marines in OIF/OEF. The Department is committed to keeping the Marine Corps RC properly equipped.

Legislative and Policy changes

The Department of the Navy and the Department of Defense asked for, and Congress passed, legislation authorizing a change to the Reserve Personnel appropriation budget structure. The change consolidated two budget activities into one budget activity. This increased flexibility by

allowing the transfer of funds from Reserve Annual Training (AT) accounts to Reserve Active Duty (AD) accounts. The Department supports making this change permanent.

Congress added an additional \$10M to enable the startup of the New Accession Training (NAT) in 2006. Under the NAT program, recruits are accessed into the RC and immediately sent to full Boot Camp and A-School.

Upon completion of Boot Camp and A-School, members report to their reserve unit ready for mobilization, reducing the training period from 2 years to six months. March 2006 to April 2007, when Navy went with NAT as the sole non-prior service training program, Recruiting Command has brought in a total of 3,700 NAT personnel and we expect to bring in at least an additional 1,500 more in FY07.

Recruiting more GWOT

Navy Recruiting Command is shifting its emphasis to recruiting more personnel with GWOT-related skills. Bonuses of up to \$20K for GWOT skill sets have helped Navy Recruiting Command bring in more personnel during the last year and a half who are best prepared to provide direct GWOT support. As the Navy continues to contribute more to

GWOT, bonuses for Enlisted and Officers have been expanded to capture more GWOT high demand ratings and designators. The Marine Corps RC offers bonuses of up to \$15K for reenlistments and began offering lump sum enlistment bonuses in FY 2007.

BRAC

As the result of BRAC 2005, Readiness Commands (REDCOMs) have been re-titled Reserve Component Commands (RCCs) and will also align with each of the Navy Regions. This alignment will streamline the communication process between the Active and Reserve forces and serve to further support Active/Reserve Integration. In support of the Navy Regions, the Navy Operational Support Centers are aligned to support the Regional Commanders.

IV. Summary

The Navy and Marine Corps Reserve are an essential part of the Department's Total Force. Our RC Sailors and Marines serve selflessly and are fully integrated throughout the Department of Defense, with our coalition partners and with every civil agency. These dedicated men and women leverage the Department's investment in training, and maintain a Continuum of Service to answer our country's call.

Thank you for devoting your time and expertise to this
commission as you help to strengthen our nation's defense.