



April 2014

ARMY MODULAR FORCE STRUCTURE

Annual Report
Generally Met
Requirements, but
Challenges in
Estimating Costs and
Assessing Capability
Remain

GAO Highlights

Highlights of [GAO-14-294](#), a report to congressional committees

Why GAO Did This Study

The Army considers its modular force transformation, which began in 2004, to be its most extensive restructuring since World War II. The Army expanded the number of deployable units and incorporated advanced equipment and specialized personnel, but removed a maneuver battalion from its brigades. Throughout the transformation, GAO reported, testified, and made recommendations on associated challenges the Army faced. In 2013, the Army stated it had completed its transformation and submitted its last required report to Congress on its modular progress. It also announced plans to restore a maneuver battalion to most brigades.

Congress mandated that GAO report annually on the Army's modular force. For this report, GAO (1) evaluates whether the Army addressed the legislative requirements in its modular force report and (2) provides an overview of any challenges that the Army faced in its modular force transformation and describes how the Army is addressing these challenges as it implements further changes in its force structure. GAO analyzed the Army's report against the legislative requirements, reviewed key Army reports, and spoke to Army officials.

What GAO Recommends

GAO is not making new recommendations, but this analysis provides additional support for past recommendations to develop realistic cost estimates and to create a comprehensive assessment plan to measure achievement of desired benefits. In oral comments on a draft of this report, the Army concurred with the report.

View [GAO-14-294](#). For more information, contact John H. Pendleton at (404) 679-1816 or pendletonj@gao.gov.

April 2014

ARMY MODULAR FORCE STRUCTURE

Annual Report Generally Met Requirements, but Challenges in Estimating Costs and Assessing Capability Remain

What GAO Found

The Army's annual report on its modular force either fully or partially addressed all of the requirements mandated by law. GAO's analysis showed that of the 14 legislative requirements, the report fully addressed 9 and partially addressed 5. The requirements that were fully addressed included an assessment of the modular force capabilities and the status of doctrine for the modular force, among others. Some of the requirements that were partially addressed included information related to risks and mitigation strategies associated with shortfalls; scheduling for repairing, recapitalizing, and replacing equipment; and itemizing information by active-duty and reserve components. The 2013 report provided more thorough information to congressional decision makers on the Army's progress in its modular force transformation than previous reports.

GAO's body of work since 2005 on the Army's modular restructuring found that the Army faced challenges in creating a results-oriented plan, developing realistic cost estimates, and planning comprehensive assessments. GAO made 20 recommendations from 2005 through 2008 to help address these challenges; the Army generally agreed with 18 of the recommendations but so far has implemented only 3. As the Army plans to restructure its modular force it has made some progress in creating a results-oriented plan, but more work remains in developing realistic cost estimates and planning comprehensive assessments.

- *Creating a results-oriented plan.* As the Army plans further changes to its modular force design, it has taken initial steps to create a results-oriented plan by developing a timeline with associated tasks and milestones. When the Army began its modular force transformation it did not create a plan with clear milestones to guide its efforts to fully staff and equip the modular force. By incorporating lessons identified in GAO's prior work as it makes further changes, the Army has established a baseline against which to measure performance and may provide decision makers the ability to mitigate any potential problems that may arise.
- *Developing realistic cost estimates.* From 2005 through 2013, the Army did not create realistic cost estimates or provide a reliable accounting of past spending or future funding needs for implementing its modular force transformation. As the Army plans further changes to its modular force design, it has not developed cost estimates for military construction, personnel relocation, or training for the reorganized units. GAO continues to believe that realistic cost estimates would better position the Army to weigh competing priorities in a fiscally constrained environment and provide Congress with the information needed to evaluate funding requests.
- *Planning comprehensive assessments.* Since 2004, the Army has made many changes to its modular design based on limited assessments, but it has not completed a comprehensive assessment plan to measure the extent that its modular force transformation is meeting performance goals. As the Army continues to make changes to its modular design, the Army plans to conduct assessments but has not identified outcome-oriented metrics to measure progress. If the Army created a comprehensive assessment plan, it could help decision makers identify capability gaps and mitigate risks.

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Abbreviation

DOD Department of Defense

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April 16, 2014

Congressional Committees

The Army considers its modular force transformation, which began in 2004, to be the most extensive restructuring that it has undertaken since World War II. The Army's primary goals in creating modular (i.e., standardized) forces were to expand the number of brigades in order to meet operational requirements and increase the flexibility of its forces. In creating its new modular force, Army leaders made a controversial decision to organize the modular force under a two-battalion brigade combat team formation, moving away from the traditional three-battalion brigades. Although generally smaller than the brigades they replaced, modular brigade combat teams were expected to maintain combat effectiveness equal to or better than the previous division brigades by using specialized equipment and specialist personnel called "key enablers." For example, modular brigade combat teams included embedded combat support functions, such as military intelligence, reconnaissance, and logistics. Throughout the Army's transition to the modular design, we reported and testified on the Army's management of its modular transformation and made 20 recommendations intended to help the Army improve management controls, enhance transparency, and reduce the risk associated with modularity costs. In 2013, the Army stated that its transition to a modular force was completed and, due to decreasing financial resources and increasing ambiguity regarding future missions, announced plans to modify its modular brigade combat team designs to include more engineering capabilities and restore a third maneuver battalion to most brigades.¹

The John Warner National Defense Authorization Act for Fiscal Year 2007,² as amended by the Ike Skelton National Defense Authorization Act for Fiscal Year 2011,³ mandated the Army to report annually on its progress in fulfilling the requirements for key enablers of modular units

¹Brigade combat teams outside of the continental United States in Hawaii, Alaska, and Italy will not receive a third maneuver battalion. Also, Stryker brigade combat teams already have a third maneuver battalion and will not receive an additional battalion.

²Pub. L. No. 109-364, § 323 (2006).

³Pub. L. No. 111-383, § 332 (2011).

and in repairing, recapitalizing, and replacing items used in support of overseas contingency operations. The law required the Army's report to include, among other things, a comparison of the authorized and on-hand levels of key enabler equipment, an identification of the risks associated with shortfalls of equipment and personnel, and mitigation strategies for addressing those risks. In addition, the law required that the Army's report include an assessment of modular force capabilities, the status of the development of doctrine on the modular force, and comments from both the National Guard and Army Reserve on all the legislative requirements. Also, the law mandated us to review the report and to provide information and any recommendations deemed to be appropriate in light of our review. In September 2013, the Army issued its fiscal year 2013 report, which is the last required report on the progress of the modular force. In our report, we (1) evaluate whether the Army addressed the legislative requirements in its modular force report and (2) provide an overview of any challenges that the Army faced in its modular force transformation and describe how the Army is addressing these challenges as it implements further changes to its force structure.

To determine the extent to which the Army addressed the legislative requirements in its modular force report, three GAO analysts independently reviewed the Army's fiscal year 2013 report, comparing it with each element required by the law and determining whether each required reporting element was included. In the case of any conflicting determinations, a fourth GAO analyst adjudicated the difference. To gain a full understanding of the elements included in the annual report and to discuss the methodology used for collecting information and reporting on the Army's progress toward modular restructuring, we met with Army officials knowledgeable about compiling information for the report, including individuals from the Department of the Army, Army Training and Doctrine Command, Army Reserve, and Army National Guard. We also reviewed related documentation used to compile the report, including a Director of the Army Staff memorandum to complete the fiscal year 2013 modular report and the list of key enabler personnel and equipment required to be included in the report. Additionally, we reviewed the Army's fiscal year 2012 report on progress in fulfilling modularity requirements to compare it with the fiscal year 2013 report and to determine the extent of progress made in fulfilling modularity requirements between fiscal years 2012 and 2013.

For the overview of the challenges related to the Army's modular force transformation and how the Army is addressing these challenges, we reviewed our prior testimonies and reports on modularity. To determine

how the Army is addressing these challenges, we reviewed whether the Army implemented recommendations made in prior GAO reports evaluating the Army modular force structure. We reviewed documents regarding the Army's changes to its modular force design, including an analysis supporting the decision to add a third maneuver battalion to most brigades and the Army Structure Memorandum for fiscal years 2014 to 2019. We also interviewed Army officials from the Department of the Army and Army Training and Doctrine Command to obtain information on challenges or lessons learned from the Army's modular force transformation, as well as how those lessons learned are being applied to ongoing efforts to modify the force structure. More details about our scope and methodology are included in appendix I.

We conducted this performance audit from September 2013 to April 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Army's modular force transformation affected the Army's combat units and the related command and support organizations in both the active and reserve components. The Army's objective in redesigning its force structure was to create more units to meet operational needs and be more flexible in deploying independently while maintaining combat capabilities of division-based brigades. According to the Army, having more combat brigades with specialized equipment and specialist personnel would increase combat capability and add value for combatant commanders. To increase the flexibility of units, the Army standardized brigade combat teams in one of three designs—armored brigade, infantry brigade, or Stryker brigade (see fig. 1). The Army's new modular units were designed, equipped, and staffed differently than the units they replaced, and thus the transformation required many changes, such as new equipment and facilities, a different mix of skills and occupational specialties among Army personnel, and significant changes to training and doctrine. A key change was the reduction in the number of maneuver battalions within the modular units from three battalions per brigade under the division-based organization to two battalions for most brigade combat teams. Critics of the decision to have only two battalions raised concerns about whether the new structure would maintain as much combat capability as the division-based battalion. However, the Army expected to

increase the modular brigade combat teams' capability through specialized equipment and personnel, called "key enablers."

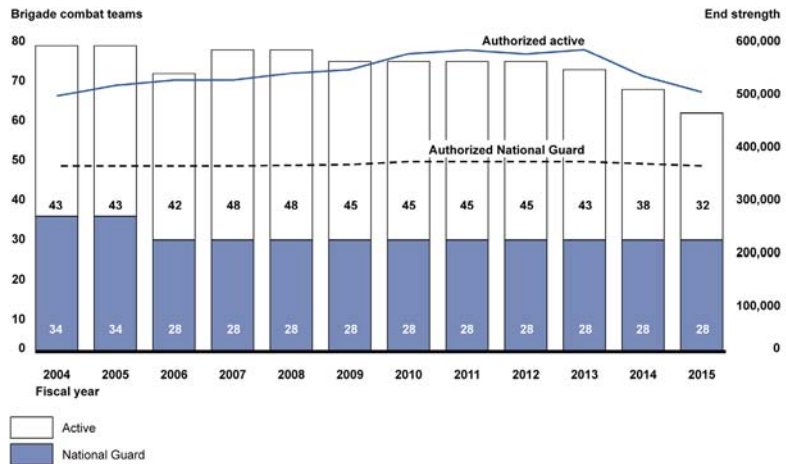
Figure 1: Standard Armored, Infantry, and Stryker Brigades



Source: GAO analysis of Army data; National War College and U.S. Army (photos).

Since 2004, when the Army introduced its modular restructuring initiative, the Army has made multiple adjustments to its original plans for restructuring its operational force. The Army's initial restructuring plan called for 77 modular brigade combat teams—43 active-duty brigade combat teams and 34 National Guard brigades. As of fiscal year 2013, the Army had 71 brigade combat teams, consisting of 43 active-duty brigade combat teams and 28 National Guard brigades. In 2013, the Army announced plans for another change in the structure of the modular force related to the need to reduce the active-duty component from 570,000 to 490,000 soldiers by fiscal year 2015. As figure 2 shows, the Army plans to reduce the number of active-duty brigade combat teams from a high of 45 teams to 32 teams by fiscal year 2015. The number of National Guard brigades would remain at 28, bringing the total of brigade combat teams to 60. In addition to the reduction in the numbers of brigade combat teams, the Army plans to refine the designs of the remaining brigades to add engineering and artillery capabilities, as well as increase the number of maneuver battalions from two to three for most brigade combat teams. According to the Army, the modifications to the modular force would enable it to preserve operational capability and flexibility, while reducing the number of soldiers in the active-duty component.

Figure 2: Planned Active-Duty and National Guard Brigade Combat Teams and Authorized End Strength, Fiscal Years 2004 through 2015



Source: GAO analysis of Army data and National Defense Authorization Act.

Note: Although for fiscal years 2007 and 2008 the chart lists 48 planned active-duty brigade combat teams, the Army only formed 45 active-duty brigade combat teams.

Our body of work on the Army’s modular force transformation includes seven reports and three testimonies. The related work is listed at the end of this report. Based on our work, we made several recommendations to the Secretary of Defense and to the Army intended to improve the information on the Army’s transition to a modular design that the Army provided to decision makers in Congress. Because of the magnitude of the Army’s transformation plans and concerns about their affordability, we initially conducted work under the Comptroller General’s statutory authority and examined both the force structure and cost implications of the Army’s transformation into a modular force. Subsequently, Congress enacted requirements that the Army submit an annual report on its progress on its modular force transformation and that we review the Army’s report. According to the Army, the transition to the modular force structure, which began in 2004, was completed by the end of fiscal year 2013. The National Defense Authorization Act for Fiscal Year 2014 repealed the requirement for the Army and GAO to prepare annual reports about the Army’s modular force restructuring.⁴

⁴Pub. L. No. 113-66, § 332.

Army's Modular Report Generally Met Legislative Requirements

The Army's annual report on its modular force generally met legislative requirements by providing information that either fully or partially addressed each of the requirements.⁵ Our analysis showed that of the 14 legislative requirements, the report fully addressed 9 and partially addressed 5. The fully addressed requirements included information related to the status of key enabler personnel and equipment, an assessment of the modular force capabilities, and the status of doctrine for the modular force, among others. The partially addressed requirements included risks associated with shortfalls; mitigation strategies for shortfalls; scheduling for repairing, recapitalizing, and replacing equipment; itemizing information by active-duty and reserve components; and comments by the National Guard and Army Reserve regarding key enabler personnel and equipment. By fully or partially addressing the requirements, the Army's 2013 report provided more thorough information to congressional decision makers on the Army's progress in its modular force transformation than previous reports.

Army officials gave several reasons why the report did not fully address some of these requirements. For example, the Army's report discussed mitigation strategies for personnel shortfalls but not for all equipment shortfalls. According to Army officials, the Army mitigated risk by providing equipment to the next deploying units. In other cases, the Army chose not to mitigate equipment shortfalls due to the costs involved or because the specific equipment item no longer met the needs of the modular force. Additionally, the Army did not fully report on a schedule for the repair of equipment because, according to Army officials, the number of battle losses and the related amount of wear and tear on equipment returning from overseas operations was unpredictable.⁶ However, the Army provided some general information about its repair schedule for fiscal years 2013 and 2014, such as when the Army expects to begin

⁵Section 323(c) of the John Warner National Defense Authorization Act for Fiscal Year 2007 as amended by Section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011.

⁶Although according to Army officials battle losses may be unpredictable and affect their ability to prioritize equipment for reset, Army Regulation 750-1, *Army Materiel Maintenance Policy*, describes how the Army is to prioritize maintenance and repairs. We previously reported that, in 2010, the Army took steps to synchronize national depot-level reset efforts and, in 2011, the Army issued a priority list for the reset of equipment. For additional information, see GAO, *Warfighter Support: Army Has Taken Steps to Improve Reset Process, but More Complete Reporting of Equipment and Future Costs Is Needed*, [GAO-12-133](#) (Washington, D.C.: May 15, 2012).

addressing postcombat equipment repairs. In addition, according to officials the report did not itemize information by component because the report included a separate section with comments from the reserve components. However, the comments by the reserve components did not include all required information, such as identifying risks and mitigation strategies associated with equipment shortfalls. Table 1 summarizes our assessment of the extent to which the Army's annual modular force report included each of the legislative requirements.

Table 1: GAO Assessment of the Extent to Which the Army’s Annual Report Addressed the Legislative Requirements on Modularity Progress

| Legislative requirements and GAO comments | Our assessment |
|--|-------------------|
| <p>(1) Does the report describe the Army’s progress in fulfilling the requirements for key enabler⁷ equipment of modular units?</p> <p>Comments: The Army’s report included the required information on the progress made in fulfilling requirements for key enabler equipment. The report specifically described 10 systems from the fiscal year 2014 budget request that the Army deemed are critical to success in operations. The report included two appendixes listing key enabler equipment, funding requests associated with the equipment, and specific line item numbers for the listed equipment. The report also included an appendix that provided details about key enabler equipment on hand, procurements, and shortages between fiscal year 2015 and fiscal year 2018, which allows the Army to observe a trend and provides information on progress made.</p> | Addressed |
| <p>(2) Does the report describe the Army’s progress in repairing, recapitalizing, and replacing equipment and materiel used in support of overseas contingency operations, and associated sustainment?</p> <p>Comments: The report included information on the repairing, recapitalizing, and replacing of equipment and identifies reset funding obligations for fiscal years 2011, 2012, and 2013. The report included an appendix that lists the quantities of equipment expected to be repaired, recapitalized, and replaced in fiscal year 2013 based on contingency operations. The report also noted that in fiscal year 2013, the Army would repair approximately 70,000 items through depot reset and 275,000 items through special repair teams; according to the report, this would restore readiness to 23 brigades and supporting elements.</p> | Addressed |
| <p>(3) Is information in the report itemized by active-duty and reserve components?</p> <p>Comments: The appendixes in the report are itemized by active-duty and reserve components, but the major sections of the report on key enabler equipment and personnel do not itemize the information. According to Army officials, the report mostly covered the active-duty component, although the introduction and equipment sections covered both the active-duty and reserve components. Army officials stated that they did not itemize the information because the report included a separate section with comments from the reserve component. Although the report includes a section with comments from the reserve component, this section does not cover the same information detailed in the sections on key enabler equipment and personnel for the active-duty component.</p> | Addressed in part |

⁷The legislation defines “key enabler” as follows: The term ‘key enabler’, in the case of equipment or personnel, means equipment or personnel, as the case may be, that make a modular force or unit as capable or more capable than the non-modular force or unit it replaced, including the following: (A) Equipment such as tactical and high frequency radio, tactical wheeled vehicles, battle command systems, unmanned aerial vehicles, all-source analysis systems, analysis and control elements, fire support sensor systems, firefinder radar, joint network nodes, long-range advanced scout surveillance systems, Trojan Spirit systems (or any successor system), and any other equipment items identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced and (B) Personnel in specialties needed to operate or support the equipment specified in above and personnel in specialties relating to civil affairs, communication and information systems operation, explosive ordinance disposal, military intelligence, psychological operations, and any other personnel specialties identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced.

| Legislative requirements and GAO comments | Our assessment |
|---|-------------------|
| <p>(4) Does the report include an assessment of the Army's key enabler equipment and personnel?</p> <p>Comments: The report assessed both the Army's key enabler equipment and personnel. The appendixes in the report included assessments on the levels of key enablers. For example, the report provided information on 10 equipment systems that according to the Army are critical to success in operations. The Army included as key enabler equipment and personnel all line item numbers and military occupational specialties as defined in our prior work.⁸</p> | Addressed |
| <p>(5) Does the assessment referred to in requirement 4 include a comparison of the authorized level of key enabler equipment, the level of key enabler equipment on hand, and planned purchases of key enabler equipment as set out in the future years defense program for fiscal year 2013?</p> <p>Comments: The Army's report showed the levels of authorized, on hand, and future procurement of key enabler equipment projected through the future years defense program for 2018 based on existing inventory.</p> | Addressed |
| <p>(6) Does the report include a comparison of the authorized and actual personnel levels for personnel having key enabler specialties with the requirements for such specialties?</p> <p>Comments: An appendix in the report showed authorized and assigned levels of key enabler personnel.</p> | Addressed |
| <p>(7) Does the report include an identification of any shortfalls indicated by the comparisons described in requirements 5 and 6?</p> <p>Comments: The report identified shortfalls for both key enabler equipment and personnel. For example, the report highlighted noteworthy shortfalls in specific personnel categories for the active-duty component including field artillery firefinder radar operators, counterintelligence agents, cryptologic network warfare specialists, psychological operations specialists, and civil affairs specialists.</p> | Addressed |
| <p>(8) Does the report include an assessment of the number and type of key enabler equipment the Army projects it will have on hand by the end of the future years defense program that will require repair, recapitalization, or replacement by the end of the time covered by the future years defense program (including repair, recapitalization, or replacement resulting from use in overseas contingency operations)?</p> <p>Comments: An appendix of the report included quantities of key enabler equipment expected to be repaired, replaced, and recapitalized in fiscal year 2013 based on overseas contingency operations requirements.</p> | Addressed |
| <p>(9) If the assessment in requirement 4 and including the items in requirements 5-8 identifies shortfalls with the future years defense program, does the report identify the risks associated with such shortfalls?</p> <p>Comments: The report described some of the risks associated with key enabler equipment, but it did not describe risks associated with key enabler personnel shortfalls. For example, the report identified the risk that aviation units might lack high-frequency capability due to an equipment shortfall of specific radios. Although the report did not describe risks associated with personnel shortfalls, according to Army officials there were two identifiable risks. First, for some military occupational specialties, the soldiers had a shorter time at home and rotated more quickly back into combat. Second, there is a risk of future shortfalls in higher-ranking officers because there is a current shortage of younger officers. Army officials did not explain why these risks were not included in the report.</p> | Addressed in part |

⁸GAO, *Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities*, [GAO-09-131](#) (Washington, D.C.: Nov. 14, 2008).

| Legislative requirements and GAO comments | Our assessment |
|--|-------------------|
| <p data-bbox="99 464 1192 495">(10) If shortfalls discussed in requirement 9 exist, does the report identify mitigation strategies?</p> <p data-bbox="99 499 1252 604">Comments: The report described mitigation strategies for shortfalls on key enabler personnel but not for key enabler equipment. The report identified how the Army is mitigating the shortfalls for the active-duty component through efforts such as increased accessions, increased training base output, and adjustments to promotion rate targets.</p> <p data-bbox="99 615 1252 909">However, although the report listed 83 shortfalls for key enabler equipment, only 4 of the 83 shortfalls listed mitigation plans and those 4 plans were not specific. For example, for shortfalls in aircraft-unmanned aerial systems, the mitigation plan stated that the Army has already fielded the system. The Army noted that the mandated reduction of 80,000 soldiers by fiscal year 2015 and the reductions in the numbers of battalions would mean fewer requirements for equipment, which would decrease the difference between equipment need and the amount available. In addition, according to Army officials, during periods of high deployments the Army mitigated equipment shortfall risks by giving equipment from returning units to deploying units. Moreover, according to an Army official in some cases the Army deliberately chose not to mitigate equipment shortfalls for particular items due to the costs involved or because the equipment was outdated and no longer met the needs of the modular force. Army officials did not explain why specific equipment mitigation strategies were not included in the report.</p> | Addressed in part |
| <p data-bbox="99 915 1252 999">(11) Does the report include a schedule to accomplish the fulfillment of requirements for key enabler equipment and repair, recapitalization, and replacement of equipment and materiel used in support of overseas contingency operations, and associated sustainment?</p> <p data-bbox="99 1003 1252 1266">Comments: The report included general information but did not include a schedule for repair, recapitalization, and replacement of equipment. According to the report, the Army could not accurately forecast a schedule because the schedule is driven by battle losses and not part of projecting normal attrition. However, the Army did include some general information about its repair schedule, such as identifying the amount of equipment repairs to be completed in fiscal year 2013 and the post-combat equipment repairs to begin in fiscal year 2014. Although Army officials asserted that battle losses may be unpredictable and affect their ability to prioritize equipment for reset, the Army Materiel Maintenance Policy describes how the Army is to prioritize maintenance and repairs. We previously reported that, in 2010, the Army took steps to synchronize national depot-level reset efforts and, in 2011, the Army issued a priority list for the reset of equipment.</p> <p data-bbox="99 1276 1252 1434">Although the Army did not fully calculate a schedule, according to officials, the Army tried to shorten repair time by sending reset and repair teams to the troops rather than sending the equipment to a repair depot and then back to the troops. The report noted that to ensure future readiness the Army requires reset funding during deployments and for 3 years after equipment leaves the theater. Due to sequestration, the Army deferred approximately \$500 million in funding for the Army's depot reset program to future fiscal years, which affects operational readiness.</p> | Addressed in part |
| <p data-bbox="99 1440 1252 1503">(12) Does the report include the results of Army assessments of modular force capabilities, including lessons learned from existing modular units and modifications to modularity?</p> <p data-bbox="99 1507 1252 1648">Comments: The report identified some of the centers that assessed force structure and force capabilities such as the Center for Army Lessons Learned, Army Training and Doctrine Command's Army Capabilities Integration Center, and Army Training and Doctrine Command's Analysis Center. The report included five key emerging changes to the modular force operational concepts, doctrine, and organizational designs based on the analytical efforts of these centers.</p> | Addressed |

| Legislative requirements and GAO comments | Our assessment |
|---|-------------------|
| <p>(13) Does the report include a description of the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight?</p> <p>Comments: The report identified the Army Training and Doctrine Command's efforts to refocus and reorganize doctrinal publications to provide a more logical flow of doctrine to the force and to categorize content, resulting in Doctrine 2015. The report noted that the change would create a concise, relevant, and accessible doctrine for the force. According to Army officials, Doctrine 2015 encompasses all modularity initiatives, but the recent change to reorganize the brigades from two to three maneuver battalions will require further updates to the doctrine. As of August 2013, the Army published 15 Army Doctrine Publications, 15 Army Doctrine Reference Publications, and 11 Field Manuals of Doctrine 2015. Additionally, the Army was developing 35 Field Manuals, which lay out Army tactics and procedures.</p> | Addressed |
| <p>(14) Does the report include comments of the Chief of the National Guard Bureau and the Chief of the Army Reserve on each of the preceding requirements?</p> <p>Comments: The report included comments received from both the Chief of the Army Reserve and the Director of the Army National Guard.⁹ The comments, however, did not address all of the preceding requirements of the report. For example, while the Army Reserve identified shortfalls in key enabler personnel categories, it did not address risks or mitigation strategies. Although the report did not describe mitigation strategies associated with personnel shortfalls, according to Army Reserve officials, the Army Reserve mitigated shortfalls through recruitment of the individual ready reserves.¹⁰</p> <p>Similarly, the Army National Guard identified that its equipment on hand is at 88 percent of authorized requirements, but did not comment on the shortfalls and the risks associated with the shortfalls. Although information was not included in the report, according to Army National Guard officials, the Army National Guard mitigates equipment shortfalls by receiving older equipment rather than newly developed and more modernized equipment.</p> | Addressed in part |

Source: GAO.

By fully or partially addressing each of the legislative requirements, the Army's fiscal year 2013 report on its modular force improved on its fiscal year 2012 report, which we reported did not address all of the legislative requirements.¹¹ In our review of the Army's fiscal year 2012 report, we

⁹Army officials told us that they included the comments of the Director of the Army National Guard rather than the Chief of the National Guard Bureau because the National Guard Bureau is a coordinating organization that includes both the Army National Guard and the Air National Guard, while the Army National Guard has the responsibility of training and equipping Army National Guard Forces.

¹⁰The Individual Ready Reserve is a subcategory of the Ready Reserve of the Army Reserve. Members of the Individual Ready Reserve include individuals who were previously trained during periods of active service, but have not completed their service obligations; individuals who have completed their service obligation and voluntarily retain their reserve status; and personnel who have not completed basic training. Most of these members are not assigned to organized units, do not attend weekend or annual training, and do not receive pay unless they are called to active duty.

¹¹GAO, *Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers*, [GAO-13-183R](#) (Washington, D.C.: Jan. 16, 2013).

reported that Army officials responsible for providing information on the modular force progress were not given sufficient guidance to ensure the completeness of its report. We recommended that the Army provide guidance on the level and type of detail needed for each office within the Army responsible for providing information on the Army's progress in meeting modularity requirements. In preparing the fiscal year 2013 report, the Army implemented our recommendation to provide guidance to Army officials to ensure the completeness of its report. The Director of the Army Staff sent a memorandum in March 2013 to Army staff that outlined the coordination process for preparing the fiscal year 2013 report, identifying each office responsible for providing information for the report. In addition, Army officials coordinating the report held meetings with each office early in the process to ensure they complied with the mandated language. Additionally, the Army provided the offices with a list of the key enabler items to report on rather than letting the offices interpret what to report. By implementing our recommendation, the Army's fiscal year 2013 modularity report generally met legislative requirements and provided congressional decision makers with additional information on the Army's progress in its modular force restructuring.

Lessons Learned from Modular Restructuring Provide Opportunities in Future Restructuring

The Army has completed its transition to modular brigade combat team designs, but it has not addressed the key challenges of creating a results-oriented plan, creating realistic cost estimates, and planning comprehensive assessments that we identified in our work since 2005. In our prior reports between 2005 and 2008 on the Army's modular transformation, we made 20 recommendations intended to help the Army address these challenges. The Army generally agreed with 18 of those recommendations, but it has so far implemented only 3 of them.¹² The Army has begun to create a results-oriented plan, but more work remains to create realistic cost estimates and plan comprehensive assessments. As the Army continues to make changes to the structure of its modular brigade combat team—including adding a maneuver battalion to the infantry and armored brigade combat teams—it has the opportunity to

¹²In general, we track recommendations for 4 years following a report's publication. From 2005 to 2008, we made 20 recommendations regarding the Army's modular force structure. We tracked each recommendation for 4 years and closed them as either implemented or not implemented. The Army concurred with 9 recommendations, partially concurred with 9 recommendations, and nonconcurred with 2 recommendations.

incorporate lessons learned and reduce the risk of repeating mistakes from its recent experience in changing its force structure.

Army Has Made Some Progress Creating a Results-Oriented Plan, Including Taking Initial Steps in Ongoing Restructuring

Summary of GAO Recommendations to Army on Creating a Results-Oriented Plan

In order to improve the Army's focus on the relationship between key enabler investments and results and the completeness of the information that the Army provides Congress, between 2005 and 2008 we made four recommendations regarding creating a results-oriented plan. Our recommendations were rooted in key practices that we have identified for assisting organizational transformations, suggesting agencies can be more results-oriented by focusing on a key set of principles and priorities at the outset of the transformation as well as setting implementation goals to show progress from the beginning of the transformation.¹³ Our recommendations to the Army included developing a plan to identify authorized and projected personnel and equipment levels as well as an assessment of the risks associated with any shortfalls. The Army generally agreed with three of the recommendations and ultimately implemented two of them. For example, the Army concurred with but did not implement our 2006 recommendation to provide the Secretary of Defense and Congress with details about the Army's equipping strategy; when we reiterated a similar recommendation in 2008, the Army implemented it by providing more detailed information on its progress in providing the modular force with key personnel and equipment enablers. For a full list of our past recommendations and their implementation status regarding creating a results-oriented plan for the Army's modular force transformation, see appendix II.

¹³GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

GAO's Prior Work Found That the Army Did Not Have Adequate Plans to Staff and Equip Modular Forces

Our work since 2005 found that the Army began its modular transition without creating a results-oriented plan with clear milestones to provide units with specially trained personnel and specialized equipment. In 2005 and 2006, we reported that the Army began its modular transformation without creating a staffing plan that considered the size and composition of the modular force. For example, in 2005 we testified that the Army had begun its modular transformation without deciding on the number of brigade combat teams or finalizing the design of supporting units.¹⁴ Without finalized designs or key decisions, the Army did not have a complete understanding of the personnel needed to achieve its goals. As a result, the Army could not assure decision makers when modular units would have the required key enabler staff in place to restore readiness, and it experienced cost growth and timeline slippage in its efforts to transform to a modular and more capable force. In 2006, we testified¹⁵ and reported¹⁶ that the Army did not plan to fill some key intelligence positions required by its new modular force structure. Without continued and significant progress in meeting personnel requirements, the Army had to accept increased risk in its ability to support its combat forces, and it ultimately sought support for an increase in overall personnel from the Department of Defense (DOD) and Congress.

Additionally, in 2005 and 2006 we reported that the Army did not develop an equipping plan to provide modular units the required quantities of key enabler equipment considered critical for the transformation. For example, in 2005 we testified that although the Army had some of its key enabler equipment on hand at the start of its modular transformation, the amount of equipment provided to brigade combat teams was well below the levels tested by the Army Training and Doctrine Command.¹⁷ As a result, officials from two divisions that we visited expressed concern over their soldiers' ability to train and become proficient with some of this high-tech equipment because the equipment was not available in sufficient

¹⁴GAO, *Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces*, [GAO-05-443T](#) (Washington, D.C.: Mar. 16, 2005).

¹⁵GAO, *Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain*, [GAO-06-548T](#) (Washington, D.C.: Apr. 4, 2006).

¹⁶GAO, *Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans*, [GAO-06-745](#) (Washington, D.C.: Sept. 6, 2006).

¹⁷[GAO-05-443T](#).

numbers. In 2006, we similarly testified that although active modular combat brigades were receiving considerable quantities of equipment, they initially lacked required quantities of items such as communications systems that were key for providing the enhanced intelligence, situational awareness, and network capabilities needed to help match the combat power of the Army's former brigade structure.¹⁸ At that time, the Army's modular combat brigade conversion schedule outpaced the planned acquisition or funding for some equipment requirements, and the Army had not defined specific equipping plans for brigades. By not completing development of its equipping strategy, the Secretary of Defense and Congress were not in a good position to assess the Army's equipment requirements and the level of risk associated with the Army's plans.

Moreover, in 2008 we reported that although the Army had established over 80 percent of its modular units, it did not have a results-oriented plan with clear milestones in place to guide efforts to staff and equip those new units.¹⁹ The Army extended its estimates of how long it would take to equip the modular force from 2011 to 2019, but it provided few details about interim steps. While the Army projected that it would have enough personnel and equipment in the aggregate, its projections relied on uncertain assumptions related to meeting recruiting and retention goals as well as restoring equipment used in current operations. For example, the Army centered its equipping strategy on the Future Combat System, a longer-term transformation effort that comprised 14 integrated weapon systems and an advanced information network. The Army expected brigade combat teams equipped with the Future Combat System to provide significant warfighting capabilities to DOD's overall joint military operations. However, in 2009, after 6 years and an estimated \$18 billion invested, DOD canceled the Future Combat System acquisition program and instead identified alternate plans to modernize equipment. The cancelation of the Future Combat System presented setbacks to the equipping of the modular force. Without a results-oriented plan for equipment and staffing with realistic milestones, the Army could not assure decision makers when modular units would have the required equipment and staff in place to restore readiness.

¹⁸ [GAO-06-548T](#).

¹⁹ [GAO-09-131](#).

Army Is Taking Initial Steps to Plan for Ongoing Restructuring

In 2013, when the Army announced plans to change its modular force designs and add a third battalion to most brigade combat teams, it incorporated some lessons we identified in our prior work and took some initial steps to create a results-oriented plan to guide implementation of the changes. The Army based decisions on which units to inactivate on quantitative and qualitative analyses and developed a timeline for the changes, with associated tasks and milestones. For example, as we reported in December 2013, the Army established a planning team for the brigade combat team reorganization to assess factors such as strategic considerations, military construction costs, and proximity to embarkation points, among others, and to develop stationing options for decision makers.²⁰ Furthermore, the Army has developed a plan to reduce risk to the readiness of the force during this reorganization by providing equipment, personnel, and training resources to units currently deployed or deploying for operations or contingencies and then to seven brigade combat teams that will maintain a high level of readiness for 18 to 24 months. According to Army officials, these seven teams will remain at the highest level of readiness in order to support any planned or unexpected operations while the remaining brigade combat teams undergo their reorganizations and accept a risk of low readiness to respond to potential contingencies.

Moreover, the Army Structure memorandum for 2015 through 2019 documented interim steps in reorganizing the Army modular force structure.²¹ For example, the Army identified inactivation and reorganization dates as well as changes to the tables of equipment for the brigade combat teams. Additionally, once the Army identified which units would be inactivated or reorganized, officials developed an online tracking system that provides information such as when the reorganization and associated training will occur and what tasks each reorganized unit will have to complete. According to an Army official, senior leaders—including three-star generals and the Chief of Staff of the Army—reviewed the online system to track progress in implementing planned changes. However, the Army has not always been able to implement its plans to

²⁰GAO, *Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process*, [GAO-14-76](#) (Washington, D.C.: Dec. 11, 2013).

²¹Army Director of Force Management, *Army Structure (ARSTRUC) Memorandum 15-19, Version 1301* (Washington, D.C.: Sept. 5, 2013) and *Addendum 1 to Army Structure (ARSTRUC) Memorandum 15-19, Version 1403* (Washington, D.C.: Oct. 4, 2013).

achieve its goals. For example, the Army was not able to fulfill plans for some key enabler equipment such as through its Future Combat System program that were deemed critical to achieving the combat effectiveness of the modular brigade combat teams. The Army could face risks in implementing current plans without sustaining attention and following through on its plans for changes to the modular force design. By creating a results-oriented plan for the inactivations and reorganizations, the Army has established a baseline against which to measure performance. If the Army follows through its initial steps to create a results-oriented plan for changes to the modular force design, it would help to provide senior officials and Congress the ability to identify and mitigate any potential problems that may arise.

Army Did Not Develop Realistic Cost Estimates Associated with Its Modular Force Transformation, and Costs and Savings of Ongoing Restructuring Are Not Clear

Summary of GAO Recommendations to Army on Developing Realistic Cost Estimates

In order to improve information available to decision makers on the cost of the Army's plan for its modular force transformation, between 2005 and 2008 we made 10 recommendations regarding creating a realistic cost estimate. In the John Warner National Defense Authorization Act for Fiscal Year 2007, Congress specifically required the Army to report on a complete itemization of the amount of funds expended to date on the modular brigades and itemization of the requirements for the funding priorities.²² Our recommendations to the Army included submitting an annual cost plan that incorporated a clear definition of the costs the Army considered to be related to the modular transformation, estimates for equipment and personnel, and divergences from the plan as stated in the prior year's report, among others. The Army generally agreed with all the recommendations, but it did not implement any of them. For example, the Army did not develop a plan for overseeing the costs related to the

²²Pub. L. No. 109-364, § 323(c).

GAO's Prior Work Found That Modularity Costs Increased Dramatically from Initial Estimates, but Were Never Clearly Reported

Army's transformation to a modular force as we had recommended, stating that the administrative costs of such an effort would outweigh any benefit. For a full list of our past recommendations and their implementation status regarding creating realistic cost estimates for the Army's modular force transformation, see appendix II.

From 2005 through 2013, the Army did not create realistic cost estimates for implementing its modular force transformation. We reported in 2005 that the Army might not have estimated all potential costs for its modular force transformation because it had not made decisions related to force design, equipment, facilities, and personnel.²³ We reported that the Army likely understated its estimates for equipment costs because it did not entirely reflect the cost of purchasing all the equipment needed to bring the planned units to the modular design—and therefore to the level of capability—that the Army validated in testing. In addition, Army officials were uncertain whether the personnel authorization was enough to support the modular transformation, putting costs at risk of increasing if the Army determined that the transformation required additional personnel. Additionally, the Army was uncertain of the costs of constructing permanent facilities because it did not incorporate proposals for base realignment and closure and restationing of personnel from overseas. As costs grew due to these uncertainties, the Army required additional funding or needed to accept reduced capabilities among some or all of its units. By not developing a better understanding of costs associated with the modular force and a clearer picture of the effect of resource decisions on the modular force capability, DOD was not well positioned to weigh competing priorities or to provide congressional decision makers the information they needed to evaluate funding requests.

Additionally, in 2007 we reported that Army officials did not identify how much additional funding they needed to fully equip modular units but they planned to request funds for additional equipment needs through DOD's annual budget process.²⁴ We noted that in the absence of a complete

²³GAO, *Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force*, [GAO-05-926](#) (Washington, D.C.: Sept. 29, 2005).

²⁴GAO, *Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results*, [GAO-08-145](#) (Washington, D.C.: Dec. 14, 2007).

cost estimate, the Army would not be in a good position to identify detailed costs and provide transparency to Congress of its total funding needs. We also reported that the Army sought multiple sources of money without linking funding to its modular unit design requirements, thus complicating decision makers' ability to assess the Army's progress in fully equipping the modular force. In 2007, we reported that the Army estimated the modular restructuring could cost \$52.5 billion—more than two-and-a-half times greater than its initial cost estimate of \$20 billion in 2004. In 2009, the Army reported to Congress that it could no longer itemize modular costs because all Army personnel and equipment budgets support the modular force. Without linking funding to requirements, decision makers would have difficulty assessing the Army's progress in meeting its goals, knowing what resources would be required to equip and staff modular units, and balancing funding requests for these initiatives with other competing priorities.

Costs and Savings Associated with Ongoing Restructuring Are Not Clear

As the Army continues planning for changes to its modular force design, Army officials compiling the fiscal year 2013 report were not aware of any cost estimates developed for inactivating 12 brigade combat teams and adding a third battalion to the infantry and armored brigade combat teams. According to Army officials, the Army expects that the costs will be low because 9 of the 12 inactivations would involve reorganizations within the same installation, minimizing military construction and personnel relocation costs. However, the Army did not provide us with any detailed cost analysis. Further, the Army did not provide cost estimates for military construction and personnel relocation costs for those reorganizations occurring across installations or for associated doctrine development or training for the reorganized units. Without realistic cost estimates, the Army may encounter many of the same risks that we reported previously.

The Army plans to reduce its budget by \$170 billion between fiscal years 2013 and 2022, and the reorganization of the brigade combat teams and the associated reduction of 80,000 personnel should contribute to the cost savings. However, given two decades of GAO reports delineating DOD's overly optimistic planning assumptions in budget formulation, which often lead to costly program delays, we believe that not having a detailed cost analysis could lead to increases in the Army's incremental costs for its reorganization. Specifically, if costs grow due to uncertainties regarding equipment and personnel movement costs, the Army may require additional funding or need to accept reduced capabilities among some or all of its units. In the absence of a complete cost estimate, the Army may be unable to assure Congress that the Army has identified the total funding needs for reorganizing modular forces. We continue to

believe that realistic cost estimates would enhance DOD decision makers' ability to weigh competing priorities in a fiscally constrained environment and provide Congress with the information needed to evaluate funding requests.

Army Has Not Completed a Comprehensive Assessment Plan to Monitor Performance of Its Modular Force Transformation, and Assessments for Ongoing Restructuring Are Not Formalized

Summary of GAO Recommendations to Army on Planning Comprehensive Assessments

In order to assess the implications of changes to the Army force structure in terms of the goals of modular restructuring, from 2005 through 2008 we made six recommendations regarding creating comprehensive assessment plans. Standards for Internal Control in the Federal Government state that agencies should provide reasonable assurance to decision makers that their objectives are being achieved and that decision makers should have reliable data to determine whether they are meeting goals and using resources effectively and efficiently.²⁵ Our recommendations to the Army included developing a comprehensive plan for assessing the Army's progress toward achieving the benefits of the modular transformation that incorporated quantifiable metrics and addressed a wide range of both traditional and irregular security challenges. The Army generally agreed with five of the recommendations but implemented only one. For example, the Army agreed with but did not implement our recommendation to develop a comprehensive assessment plan that includes steps to evaluate modular units in full-spectrum combat. However, the Army acted upon our recommendation by assessing aspects of the modular force and refining its modular designs based on lessons learned in the areas of equipment, doctrine, and

²⁵GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

GAO's Prior Work Found That the Army Did Not Provide Comprehensive Assessments of Modular Restructuring

training. For a full list of our past recommendations and their implementation status regarding completing a comprehensive assessment plan for the Army's modular force transformation, see appendix II.

Since 2004, the Army has made many refinements to its modular design based on lessons learned and limited assessments of specific capabilities, but it has not completed a comprehensive assessment plan to measure the extent that its modular force transformation is meeting performance goals. In 2006, we reported that the Army did not have a comprehensive and transparent approach to measure progress against stated modularity objectives, assess the need for further changes to modular designs, and monitor implementation plans.²⁶ While DOD had identified the importance of establishing objectives that translate into measurable metrics that in turn provide accountability for results, the Army had not established outcome-related metrics linked to most of its modularity objectives. Further, we reported that although the Army analyzed lessons learned from Iraq and training events, the Army did not have a long-term comprehensive plan for further analysis and testing of its modular combat brigade designs and fielded capabilities. As a result, decision makers did not have sufficient information to assess the capabilities, cost, and risks of the Army's modular force implementation plans.

Moreover, in 2007 we reported that the Army was evaluating and applying lessons learned from its counterinsurgency operations. However, it did not have a comprehensive assessment plan to determine whether fielded modular unit designs met the Army's original goals for modular units across the full spectrum of low- and high-intensity warfare, and it did not have outcome-oriented metrics that helped to measure progress in achieving the goals of the modular force.²⁷ The Army evaluated the experiences of modular units deployed to Iraq and Afghanistan and had made some changes in unit designs based on these lessons; however, the Army did not develop a plan for assessing modular units in high-intensity combat operations. In seeking approval to establish modular units, the Army identified a number of planned benefits associated with them, such as providing the same or better combat effectiveness of the

²⁶ [GAO-06-745](#).

²⁷ [GAO-08-145](#).

Army Has Ongoing Steps for
Planning Comprehensive
Assessments

Army's division-based brigades. However, the Army limited its evaluations to the performance of modular units during predeployment exercises and counterinsurgency operations and did not evaluate their performance across the full spectrum of combat operations that include large-scale, high-intensity combat operations. As a result, the Army did not have a clear way to measure the extent to which new modular brigades were as effective as its division-based brigades for a range of missions. Without a comprehensive assessment plan that included a wider range of potential missions, the Army may have missed opportunities to strengthen its designs.

Additionally, we reported in our 2008 report on Army modularity that the Army tested its units with the full complement of required equipment and personnel, and not at the somewhat lower level of personnel and equipment the Army actually provided to units. As a result, the Army assessment of whether the capabilities that it was fielding could perform mission requirements did not capture realistic missions and outcomes.²⁸ Without an analysis of the capabilities of the modular force at realistic personnel and equipment levels, the Army was not in a position to assess whether the capabilities that it was fielding could perform mission requirements.

Faced with decreasing financial resources and increasing ambiguity regarding future missions, decision makers sought to determine how to organize combat formations to best position the Army for a range of possible missions. The Army Training and Doctrine Command Analysis Center prepared an analysis in May 2012 to consider whether the Army should add a third maneuver battalion to the armored and infantry brigade combat team designs. To begin this analysis, the Army assembled 23 commanders of brigade combat teams to gather insights into the effectiveness of the both the two- and three-battalion designs across a wide range of possible future demands, such as major combat operations, low-threat activities, and enhanced protective posture. In doing so, the Army considered several factors we reported on in our prior work, including reviewing the full spectrum of low- and high-intensity warfare and identifying assessment metrics such as security of vehicles. However, the analysis was not an assessment of the Army's prior performance under a two-battalion construct. Rather, the analysis was a

²⁸GAO-09-131.

projection of how to organize the Army for future demands and thus did not meet the intent of our past recommendations.

The Army has developed some plans to conduct assessments and capture lessons learned as it changes its modular force design, but it has not formalized these plans with a detailed methodology, data-collection procedures, or outcome-based metrics. According to Army officials, the Army plans to conduct assessments and capture lessons learned during the reorganization of the brigade combat teams. The Army issued an execution order for the Army Training and Doctrine Command to conduct assessments for this reorganization. According to a senior official from the Army Training and Doctrine Command, the Army plans to collect baseline metrics on the brigades both prior to and following their reorganization. Additionally, the Army has developed new mission-essential task lists for the infantry, Stryker, and armored brigade combat teams on which to base assessments. When the brigade combat teams participate in training exercises in their new organizational designs, assessors will evaluate how well the teams achieve their mission-essential tasks. The assessors can then adjust the training if the brigade combat teams are having difficulties understanding the new tasks. However, the Army officials stated that there is no checklist or detailed plan on how to conduct these assessments or what outputs to measure. Moreover, according to Army officials, the assessments are dependent upon receiving sufficient funding and potentially may not occur. If the Army created a comprehensive assessment plan, it could help enable the Army to clearly measure the extent to which it is achieving desired benefits in the design of its modular force.

Agency Comments

We are not making new recommendations in this report. However, this report's analysis provides additional support for past recommendations to develop realistic cost estimates and to create a comprehensive assessment plan to measure achievement of desired benefits. We provided a draft of this report to DOD for comment. Army officials provided oral comments on the draft indicating that DOD concurred with our report.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; and the Secretary of the Army. The report is also available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

A handwritten signature in black ink that reads "John H. Pendleton". The signature is written in a cursive style with a long horizontal flourish extending to the right.

John H. Pendleton, Director
Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable James Inhofe
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Richard J. Durbin
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Rodney Frelinghuysen
Chairman
The Honorable Pete Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To determine the extent that the Army addressed legislative requirements to report information regarding key equipment and personnel needs for its reorganized modular force, three analysts independently reviewed the Army's fiscal year 2013 modularity report and compared the report to the legislative requirements. A fourth analyst adjudicated the differences in cases of dispute and determined a final categorization. The analysts used an evaluation tool that listed the legislative requirements and categorized the extent to which the Army's report included information required for each reporting element from the mandate. The categories were "Addressed," "Addressed in part," and "Not addressed." "Addressed" meant the report thoroughly addressed all components of the requirement. "Addressed in part" meant that one or more, but not all, components of the requirement were addressed, or that all components of the requirement were addressed, but the information provided was insufficient to answer the requirement fully due to limitations in the data or information provided. "Not addressed" meant that the report did not address any part of the requirement. To gain a full understanding of the method and data the Army used to prepare the report, clarify the significance of the information presented in the report, and obtain additional information that addressed the legislative reporting requirements, we met with Army officials knowledgeable about compiling information for the report, about key enabler personnel and equipment, and about equipment reset, doctrine, and force structure changes. Specifically we met with Army officials from the Offices of the Deputy Chiefs of Staff for Personnel (G-1), Logistics (G-4), Operations and Plans (G-3/5/7), and Programs (G-8); Training and Doctrine Command; Army National Guard; and Army Reserve who provided data for the Army's fiscal year 2013 modularity report. To gain a full understanding of the data the Army used to prepare the report, analysts reviewed documents the Army used to compile the report, including a Director of the Army Staff memorandum, the list of key enabler personnel and equipment required to be included in the report, and the Army Equipment Reset Update. To gain a full understanding of the progress made in fulfilling modularity requirements in the fiscal year 2013 report, we reviewed the fiscal year 2012 report to determine the extent of progress made between fiscal years 2012 and 2013. After the initial interview, document review, and completion of the evaluation tool and adjudication of the differences, the analysts determined that of the 14 legislative requirements, 9 were addressed and 5 were addressed in part. Analysts conducted a follow-up interview regarding the five legislative requirements that were addressed in part to obtain additional information or documentation on why the elements were not fully addressed.

To identify challenges in the Army's modular force restructuring over the past 10 years, we reviewed prior GAO reports evaluating the Army force structure. We also reviewed prior GAO reports evaluating technology and equipment related to the Army's modular restructuring to identify challenges. From our review of prior reports, we identified three main challenges the Army faced during its modular force restructuring. To determine how the Army is addressing these challenges, we reviewed whether the Army implemented the recommendations in our prior GAO reports that evaluated the Army's modular force structure. To determine whether the Army plans in its modular force structure reorganization to address challenges previously identified in our reports, we reviewed Army documents and interviewed Army officials. We reviewed documents including the Brigade Combat Team inactivation execution order, Army Structure Memorandum for fiscal years 2014 to 2019, Army of 2020 Analysis Supporting the Brigade Combat Team Design Decision, and the Army Campaign Plan portal, which the Army uses to track the reorganization. We met with officials knowledgeable about the changes to the brigade combat team designs to gain a full understanding of the plans the Army is developing to execute the changes. We also spoke with an official from the Army Training and Doctrine Command to learn about the Army's plans to conduct comprehensive assessments of its modular force reorganization.

We conducted this performance audit from September 2013 to April 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Status of GAO Recommendations from Army Modularity Reviews

This appendix presents a list of (1) the 20 recommendations that we had previously made regarding the Army's modular force transformation, (2) the Department of Defense (DOD) response to those recommendations, and (3) our analysis of whether the Army has addressed the issues that gave rise to the recommendations. From 2005 to 2008, we made 20 recommendations regarding the Army's modular force transformation in the following four reports:

- Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force. [GAO-05-926](#). Washington, D.C.: September 29, 2005. (Referred to below as September 2005 recommendations).
- Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans. [GAO-06-745](#). Washington, D.C.: September 6, 2006. (Referred to below as September 2006 recommendations).
- Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results. [GAO-08-145](#). Washington, D.C.: December 14, 2007. (Referred to below as December 2007 recommendations).
- Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities. [GAO-09-131](#). Washington, D.C.: November 14, 2008. (Referred to below as November 2008 recommendations).

We tracked the recommendations for 4 years following each report's publication and closed each one as either implemented or not implemented. We grouped our recommendations by the types of issues and challenges on which the recommendations focused: (1) creating a results-oriented plan, (2) developing realistic cost estimates, and (3) planning comprehensive assessments. The appendix lists the recommendations by these three key challenges.

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

Table 2: GAO Recommendations Regarding Creating a Results-Oriented Plan for the Army’s Modular Force Transformation, and the Status of Each Recommendation

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|---|---------------------|------------------------|--|
| September 2006 | In order for decision makers to have the visibility needed to assess the Army’s ability to meet the personnel requirements for its new modular operational forces while simultaneously managing the risk to its noncombat forces, the Army should develop and provide the Secretary of Defense and Congress with a report on the status of its personnel initiatives, including executable milestones for realigning and reducing its noncombat forces, and an assessment of how the Army will fully staff its modular operational combat force while managing the risk to its noncombat supporting force structure. | Partially concur | Closed—not implemented | The decision to expand the size of the Army by 74,400 soldiers from fiscal year 2007 through fiscal year 2013 changed the condition we originally reported. At the time of our September 2006 report, the Army was attempting to reduce its end strength back to a 482,400 level from approximately 512,400, and we expected the Army would face significant challenges in executing its plans. Since the Army’s increased end strength level changed the condition we originally reported, this recommendation no longer applied. |
| September 2006 | In order for decision makers to better assess the Army’s strategy for equipping modular combat brigades, the Secretary of Defense should direct the Secretary of the Army to develop and provide the Secretary of Defense and Congress with details about the Army’s equipping strategy, to include the types and quantities of equipment active component and National Guard modular units would receive in each phase of the force rotation model, including how these amounts compare to design requirements for modular units, and an assessment of the operational risk associated with this equipping strategy. | Concur | Closed—not implemented | The Army stated that it considered this information as part of its biannual equipping conference. However, the Army did not provide information to the Secretary of Defense and Congress that included the level of detail in our recommendation. |
| November 2008 | To enhance the Army’s efforts to comprehensively assess modular designs, the Secretary of Defense should direct the Secretary of the Army to develop a plan, including timelines, for completing doctrine for modular support forces. | Concur | Closed—implemented | The Army completed several initiatives and studies to examine the modular force. According to its reports to Congress, the results of assessments of modular force capabilities, including lessons learned from existing modular units, led to modifications to modular designs, equipment, doctrine, and training. |

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|--|---------------------|------------------------|---|
| November 2008 | To improve the Army's focus on the relationship between investments and results and the completeness of the information that the Army provides Congress, the Secretary of Defense should direct the Secretary of the Army to develop and report to Congress a results-oriented plan that provides detailed information on the Army's progress in providing the modular force with key equipment and personnel enablers. The plan should show actual status and planned milestones through 2019 for each type of key equipment and personnel, including (1) goals for on-hand equipment and personnel levels at the end of each fiscal year; (2) projected on-hand equipment and personnel levels at the end of each fiscal year, including planned annual investments and quantities of equipment expected to be procured or repaired as well as key assumptions underlying the Army's plans; and (3) an assessment of interim progress toward meeting overall Army requirements and the risks associated with any shortfalls. | Nonconcur | Closed— implemented | Even though the Army nonconcurrent, it included information about its progress in equipping the modular force in its 2011 and 2012 reports to Congress as required by section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007, as amended by section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011. |

Source: GAO.

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

Table 3: GAO Recommendations Regarding Creating Realistic Cost Estimates for the Army's Modular Force Transformation, and the Status of Each Recommendation

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|--|---------------------|------------------------|---|
| September 2005 | To facilitate his oversight of the program and collecting the data for Congress mentioned above, the Secretary of Defense should direct the Secretary of the Army in coordination with the Undersecretary of Defense (Comptroller) to develop a plan for overseeing the costs related to the Army's transformation to a modular force. This plan should include an approach for tracking modular transformation costs that clearly identifies obligations for the modular force | Partially concur | Closed—not implemented | The Army did not establish an encompassing framework that would group Army projects together under the heading of modularity. The Army commented that the administrative costs of such an effort would outweigh any benefit. |
| September 2005 | To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include divergences from the plan as stated in the prior year's report, and contributing factors. | Partially concur | Closed—not implemented | The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program-management oversight practices, but they did not address divergences from the plan as stated in the prior year's report and contributing factors. |

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|---|---------------------|------------------------|--|
| September 2005 | To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include a report on obligations related to the modular force made the previous fiscal year. | Partially concur | Closed—not implemented | The Army stated it provided some information on the status of its modularity initiative in its budgets since 2006. However, the Army did not include information on obligations related to the modular force from the previous year. |
| September 2005 | To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include identification of uncertainties in the plan due to pending force structure design decisions or other decisions that may affect costs, and updates to the plan as these decisions are made. | Partially concur | Closed—not implemented | The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program-management oversight practices, but they did not identify uncertainties in the plans due to pending force structure design decisions or other decisions that could affect costs. |

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|--|---------------------|------------------------|---|
| September 2005 | To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include estimates for equipment, facilities and personnel. | Partially concur | Closed—not implemented | The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program management oversight practices, but they did not provide estimates for equipment, facilities, and personnel. |
| September 2005 | To improve information available to decision makers on the cost of the Army's plan for modularity, the Secretary of Defense should direct the Secretary of the Army to provide Congress a detailed plan estimating the costs of modularity sufficient to provide Congress reasonable assurance that estimated costs reflect total costs of modularity as designed and tested. Such a plan should be prepared annually and submitted as part of justification material supporting DOD's budget request, until the modular force is fully implemented. It should include a clear definition of what costs the Army does and does not consider to be related to the modular transformation. | Partially concur | Closed—not implemented | The Army reported to Congress in 2006, 2007, and 2008 on the status of its modularity initiative. The reports discussed funding challenges, equipment requirements, and program management oversight practices, but they did not provide a clear definition of the total costs for modularity as designed and tested. |

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|---|---------------------|------------------------|--|
| December 2007 | To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Secretary of the Army to include exhibits with the annual budget submissions to show how the budget requests help meet the equipment and personnel requirements of the Army's modular units and help identify what remains to be funded in future years. | Concur | Closed—not implemented | The Army did not report in detail how its budget requests met the equipment and personnel requirements as they related specifically to modular units. The Army stated that modularity became the Army's design, and all personnel and equipment requirements and budgets supported the modular force. |
| December 2007 | To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Deputy Secretary of Defense, with support from the Director, Program Analysis and Evaluation, and the DOD Comptroller, and in keeping with the overall priorities of the department and current and expected resource levels, to replace the Army's existing Office of the Secretary of Defense–approved funding plan for modularity that ends in fiscal year 2011, with a new approved Office of the Secretary of Defense funding plan that fully considers the Army's requirements for a modular force and is consistent with the Army's extended time frames to fully staff and equip the modular force. This plan should also be reported to Congress. | Concur | Closed—not implemented | The Army did not develop a comprehensive strategy and funding plan that identified equipment and personnel requirements based on the modular designs, identified total funding, and included management controls. According to the Army, it completed the transition to modularity and its equipping and personnel strategies represented the Army in its modular structure. |

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|--|---------------------|------------------------|--|
| December 2007 | To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Deputy Secretary of Defense, with support from the Director, Program Analysis and Evaluation, to review and assess whether the Army's strategy and funding plan clearly identifies and links requirements, progress to date, and additional funding requirements. | Concur | Closed—not implemented | The Director, Program Analysis and Evaluation, performed assessments of the Army's personnel and equipping plans as part of the budget development for Program Objectives Memorandum. However, the linkage between requirements, progress toward goals, and additional funding needed was not clear. |
| December 2007 | To improve management controls, enhance transparency, and reduce the risk associated with the Army modularity and force expansion initiatives' costs, the Secretary of Defense should direct the Secretary of the Army to develop a comprehensive strategy and funding plan that identifies requirements for equipment and personnel based on modular unit designs, identifies total funding needs, and includes management controls for measuring progress in staffing and equipping units. Also, direct the Secretary of the Army to report its estimates to Congress. | Concur | Closed—not implemented | The Army did not develop the transition plan recommended. According to the Army, the transition to the modular force was complete, and department personnel and equipping strategies and budgets represented plans for the modular force. |

Source: GAO.

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

Table 4: GAO Recommendations Regarding Completing a Comprehensive Assessment Plan for the Army's Modular Force Transformation, and the Status of Each Recommendation

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|--|---------------------|------------------------|---|
| September 2006 | The Secretary of the Army should provide a testing plan as part of its Army Campaign Plan that includes milestones for conducting comprehensive assessments of the modular force as it is being implemented so that decision makers—both inside and outside the Army—can assess the implications of changes to the Army force structure in terms of the goals of modular restructuring. The results of these assessments should be provided to Congress as part of the Army's justification for its annual budget through fiscal year 2011. | Nonconcur | Closed—not implemented | The Army did not provide a testing plan as part of the Army's Campaign Plan. According to the Army, it had thoroughly evaluated modular force designs both in training and combat operations. |
| September 2006 | To improve information available for decision makers on progress of the Army's modular force implementation plans, the Army should develop and provide the Secretary of Defense and Congress with a comprehensive plan for assessing the Army's progress toward achieving the benefits of modularity to include specific, quantifiable performance metrics to measure progress toward meeting the goals and objectives established in the Army Campaign Plan, and plans and milestones for conducting further evaluation of modular unit designs that discuss the extent to which unit designs provide sufficient capabilities needed to execute the National Defense Strategy and 2006 QDR objectives for addressing a wider range of both traditional and irregular security challenges. | Partially concur | Closed—not implemented | The Army did not establish performance metrics to measure progress toward meeting the goals and objectives established in the Army Campaign Plan. |

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|---|---------------------|------------------------|--|
| December 2007 | To enhance the rigorousness of the Army's efforts to assess modular designs, the Secretary of Defense should oversee the Army's assessment program. | Concur | Closed—not implemented | The Army assessed elements of its modular designs, but it did not develop a comprehensive assessment plan that included steps to evaluate modular units in full-spectrum combat. |
| December 2007 | To enhance the rigorousness of the Army's efforts to assess modular designs, the Secretary of Defense should require the Army to develop a comprehensive assessment plan that includes steps to evaluate modular units in full spectrum combat. | Concur | Closed—not implemented | The Office of the Secretary of Defense did not require the Army to develop a comprehensive assessment plan as recommended. Rather, the department commented that current practices accomplished the intent of the recommendation. |
| November 2008 | To enhance the Army's efforts to comprehensively assess modular designs, the Secretary of Defense should direct the Secretary of the Army to assess the capabilities of the modular force based on the amount and type of authorized equipment and personnel to identify capability shortfalls between authorized and design levels and take steps to revise authorized levels where appropriate. | Partially concur | Closed— implemented | In the Army's fiscal year 2012 report to Congress on its modular force, the Army cited lessons learned that precipitated modularity changes in the areas of equipment, doctrine, and training related to modular force capabilities. In addition, it reported ongoing efforts to support the development of modular forces, including leveraging all available resources, new production, reset, and equipment redistribution to meet deployed and deploying unit requirements and achieve a fully equipped force. Although the Army did not complete a review at the time of our report, the Army continued to refine the modular brigades' organizational design and equipment needs to identify shortfalls and mitigate risks, addressing the intent of the recommendation. |

**Appendix II: Status of GAO Recommendations
from Army Modularity Reviews**

| Recommendation date | Recommendation | DOD response | Status | Comments |
|----------------------------|--|---------------------|------------------------|---|
| November 2008 | To enhance the Army's efforts to comprehensively assess modular designs, the Secretary of Defense should direct the Secretary of the Army to establish an organizational focal point to ensure that integrated assessments of modular support units' designs are performed across the doctrine, organization, training, materiel, leadership, personnel, and facilities domains. | Concur | Closed—not implemented | DOD agreed with the recommendation indicating that the Deputy Chief of Staff of the Army was the focal point for all Army organization, integration, decision making, and execution of the spectrum of activities encompassing requirements definition, force development and integration, force structuring, combat development, training development, resourcing, and prioritization. However, our recommendation was not directed toward the responsibilities of senior Army leadership. Rather, our recommendation focused more narrowly on the need to address the lack of integrated assessments for support units. The Army did not take the recommended action. |

Source: GAO.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Margaret Morgan (Assistant Director), Alice Paszel, Richard Powelson, Kelly Rubin, Jodie Sandel, Amie Steele, and Sabrina Streagle made significant contributions to this report.

Related GAO Products

Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers. [GAO-13-183R](#). Washington, D.C.: January 16, 2013.

Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring. [GAO-12-527R](#). Washington, D.C.: March 26, 2012.

Force Structure: Assessment of Army Progress in Modular Restructuring, Prepositioned Equipment, and Equipment Reset. [GAO-10-507R](#). Washington, D.C.: April 26, 2010.

Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities. [GAO-09-131](#). Washington, D.C.: November 14, 2008.

Force Structure: Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment but the Total Cost Is Uncertain. [GAO-08-669T](#). Washington, D.C.: April 10, 2008.

Force Structure: Better Management Controls Are Needed to Oversee the Army's Modular Force and Expansion Initiatives and Improve Accountability for Results. [GAO-08-145](#). Washington, D.C.: December 14, 2007.

Force Structure: Army Needs to Provide DOD and Congress More Visibility Regarding Modular Force Capabilities and Implementation Plans. [GAO-06-745](#). Washington, D.C.: September 6, 2006.

Force Structure: Capabilities and Cost of Army Modular Force Remain Uncertain. [GAO-06-548T](#). Washington, D.C.: April 4, 2006.

Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force. [GAO-05-926](#). Washington, D.C.: September 29, 2005.

Force Structure: Preliminary Observations on Army Plans to Implement and Fund Modular Forces. [GAO-05-443T](#). Washington, D.C.: March 16, 2005.

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