

**Prepared Statement**

**of**

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**Before the**

**Subcommittee on Personnel**

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## **General and Flag Officer Efficiency Task Force Co Chairs – Executive Summary**

The General and Flag Officer (G/FO) Efficiencies Study Group was directed by the Secretary of Defense to:

- Conduct a Fiscal Year 2010-level baseline review of all active G/FO positions and related overhead and accoutrements.
- Restructure to best align with mission, responsibilities and relevant counterparts.
- Eliminate at least 50 positions over the next two years.
- Reallocate G/FO billets based on mission.
- Redistribute ranks to reduce overhead and bureaucracy.
- Develop policies and procedures to manage future G/FO growth.

The Study Group's analysis looked at common positions that will help restructure organizations based upon elimination, redistribution, or a reduction in pay-grade. The Study Group attempted to move away from a pure vertical sorting and did a commonality of functions analysis across Service and organizational lines. These commonalities were based on like functions such as recruiting and accessions, education and training, health care, legal, legislative affairs, installation commands, service headquarters staff, and combatant commander headquarters / component staffs. The Study Group was cognizant that a strength of our military is the differences of our individual Services, but looking across Services and comparing similar functions revealed areas for possible efficiencies.

The Study Group recommended 103 positions for elimination (50 over the next two years and the remainder based on conditions in overseas contingency operations). The majority of these positions were directly related to the Joint growth over the past ten years and the reduction of Service "grade creep" over the course of the protracted war effort. Many U.S. service based operations have moved forward to ensure sustained combat operations and have left legacy command structures and or redundant 24/7 operations capability. Many of the positions that are encumbered by overseas operations in Iraq and Afghanistan were created from Service/Joint billets in offset. By eliminating these positions, we also reduce the Service strength by their fair share percentage in the Joint Pool. The Study Group further recommended reallocating ten G/FO positions to increase the Joint Pool based on elimination savings from other organizations. Twenty-three positions were reduced from a higher to a lower grade of G/FO.

The most significant difference between this and previous studies is that we did not ask for a "percent bogey" that just slices the overall number equally amongst the Services that has usually resulted in a change to legislation to maintain. Because of this difference, our recommended policy provides a governance oversight framework for the Secretary of Defense and the Military Departments to create a culture of self discipline below authorized end strength. Two years ago, the Joint Pool policy created the foundation for increased flexibility for the Department in the management of positions; this policy will take those governance procedures to the next step and create additional buffer allocations. It will also create a similar Secretary of the Service-controlled buffer.

Mr. Chairman, Senator Graham, and members of this distinguished Subcommittee, thank you for inviting us to testify before you.

The General and Flag Officer Efficiencies Study Group (Study Group) was directed by the Secretary of Defense, and by follow-on guidance from the Chair of the Efficiencies Task Force to:

- Conduct a Fiscal Year 2010 (FY10) level baseline review of all active General and Flag Officer (G/FO) positions and related overhead and accoutrements.
- Restructure to best align with mission, responsibilities and relevant counterparts.
- Eliminate at least 50 positions over the next two years.
- Reallocate G/FO billets based on mission.
- Redistribute ranks to reduce overhead and bureaucracy.
- Develop policies and procedures to manage future G/FO growth.

This review differed from the ten earlier G/FO reviews conducted since World War II in several distinct ways: the review was conducted while armed conflict was ongoing, the amount of time allotted to conduct the review was very compressed, and the objective was not to determine how many G/FO were required, but instead to identify organizational efficiencies that would allow the Department to more effectively align the force with priority missions. The most significant difference may be the fact that the Secretary has approved a governance structure that will maintain discipline on the number of requirements and provide for the first time in the history of the Department the flexibility to rapidly adapt Service G/FO force structure to emerging requirements.

### Methodology

Based off authorizations proscribed in title 10 United States Code (U.S.C.), §525 and 526, the Study Group determined there are 952 authorized and funded G/FO positions in the active duty ranks. That baseline number is divided into two sections: Joint authorizations of 294, and Service authorizations of 658. Conversely, we found that if we purely counted the number of G/FO's vice the number of authorized positions, the numbers constantly fluctuated due to the 60-day transition time (when a G/FO departs a Joint position, that officer is considered exempt from Service Statutory ceilings for 60 days), and those positions affected by approved retirements or terminal leave. The authorized and funded number of 952 defines the FY10 baseline and is the basis for recommended reductions to meet the intent of the Secretary of Defense's efficiency goal.

The preeminent charge for the Study Group was restructuring of the Department's G/FO force to best align individual Service G/FO positions by mission, responsibilities and its relevant counterparts. To accomplish this task, we began by requesting each Military Service's evaluation of their Service G/FO positions in the following manner.

- Tier: (Prioritization from 1-4)
  1. Must Have
  2. Need to Have
  3. Good to Have
  4. Nice to Have – Services were required to designate at least ten percent of their positions as Tier 4 to force discussion and create organizational change
- Line Of Operations:
  - Operations
  - Headquarters
  - Service Support
- Categories
  - MO: Military Operations - direct action
  - MS: Military Support
  - MP: Military Presence - nature of job supports public support and confidence
  - ME: Military Experience - nature of job requires years of military experience

The Study Group, armed with this insight, looked longitudinally across the Services at all functions and identified opportunities that would not have been visible if the Group had only reviewed the structure of a single Service. Study Group business rules were created to take subjective data and turn it into an objective study. Meeting the business rules was not a trigger for position elimination, but rather a signal to the Group that a position required further study and justification. This methodology allowed us to view every position from many different angles. The business rules were:

- The grade is dissimilar to a common position held by another Service
- The position resides in an academic setting
- The position resides in the Office of the Secretary of Defense or Department of Defense and is not listed as a Director of an organization
- The position was assigned as a Tier 4 (nice to have) position
- The position was historically filled by a lesser grade or a member of the Senior Executive Service
- The position was created as a direct result of an Overseas Contingency Operation
- The position can be best served by an SES who possesses scientific/technical expertise
- The position's tour length exceeds four years and could/should be filled by a civilian
- The position was created for a specific mission, which has been completed
- The position's roles and responsibilities are duplicative with another position
- The position had been historically filled with one officer then split into two separate positions

- The position is a Deputy or Vice Commander
- The position's higher headquarters is realigned under a new organization
- The position is located on a Joint Base with multiple GO/FO's that could have originated from a previous service base

Throughout the process we engaged Service stakeholders and ensured transparency to elicit responses and discussion that would aid us in creating the intended efficiencies. We conducted a range of meetings and published co-chair memos to outline and request feedback through each phase of our study. These efforts were coordinated with ongoing assessments and parallel studies so that we could capitalize on organizational, functional, and senior leadership efficiency recommendations and provide a more comprehensive product.

While a role and mission assessment was not conducted in the interest of time, the alignment of the G/FO positions against operational and non-operational organizational structures was assessed, albeit in a necessarily cursory manner. The results of this assessment were included in our recommendations to the Secretary of Defense. Identification of additional efficiencies in the future may be possible, but we are confident that the proposed recommendations capture the major efficiencies readily available in the existing environment.

## Results

The Study Group recommended 110 positions and the Secretary of Defense ultimately approved 103 G/FO positions for elimination. Twenty-three additional positions were reduced from a higher to a lower grade of G/FO, and ten additional positions were restructured or reallocated (i.e. to support establishment of the new Cyber Command). Instead of recommending changes to statutory allowances as has been done in the past, at this time the Secretary of Defense instead has chosen to allow the Services to use these 103 efficiency positions to establish Service buffers and we have developed a new framework for managing the G/FO force below authorized end strengths.

## Joint Pool

Two years ago, creation of the Joint Pool policy built a foundation for increased position management flexibility by providing the Secretary of Defense with G/FO authorizations he could manage based on operational needs. Our new recommended policy will take those Joint Pool governance procedures to the next step by creating additional buffer allocations, as well as, by

creating similar Service Secretary-controlled buffers. To facilitate reprioritization of Joint G/FO positions and to set a policy of self governance based on the efficiency recommendations, 86 of the 324 G/FO authorizations provided for under title 10, U.S.C, section 526 will be held as a buffer by the Secretary of Defense for future requirements and to facilitate temporary requirements.

Additionally, Service minimum required contributions to the Joint Pool were lowered as follows:

- United States Army- **82** from 102
- United States Navy- **60** from 74
- United States Air Force- **75** from 92
- United States Marine Corps- **21** from 26

These 238 designated positions will be excluded from the Military Service's G/FO grade and strength limitations specified in title 10, U.S.C., § 525 and 526 after required information, has been provided to Congress and 12 months have elapsed, unless sooner authorized by Congress. The allocations are predicated on the Military Services maintaining their minimum number of Joint G/FO in Joint Pool positions; should one Service fail to maintain its allocation, those positions may be reallocated to another Service. To provide a stable promotion planning platform, a five year rolling average of encumbered Joint Pool positions will be used as the method for calculating future allocations.

- Offsets are required for each new Joint Pool position unless the Secretary of Defense decides to increase the Joint Pool beyond the 238 previously-distributed authorizations; such an increase would result in the reallocation of the increase to the Military Services.
- Temporary allocation of additional G/FO authorizations for new positions added to the Joint Pool are included in the determination of a Military Service's average participation rate in the Joint Pool.
- Once the incumbent in the previously-designated position departs, the Service filling the new Joint Pool position will begin receiving credit for filling the position.

### Service Pool

Using the Joint Pool as a model for a policy vice legislative-driven strength limiting mechanism; a Service Pool managed by the Service Secretaries in the same manner the Joint Pool buffer is managed by the Secretary of Defense will be created from the 44 remaining positions (103 recommended eliminations minus the 59 which were designated to the Joint Pool buffer).

The Service Pools will be used as a self governance tool to maintain the reductions realized by the

efficiency study. By no means is this intended to impact the Services' ability or responsibility to man, train, and equip in accordance with title 10, U.S.C. The current distribution of commissioned officers on active duty in G/FO grades is legislated in title 10, U.S.C., § 525, (excluding § 528) and has the following appointment limitations:

- United States Army- total of 230
  - 7 officers in the grade of general
  - 45 officers in a grade above the grade of major general
  - 90 officers in the grade of major general
- United States Air Force- total of 208
  - 9 officers in the grade of general
  - 43 officers in a grade above the grade of major general
  - 73 officers in the grade of major general
- United States Navy- total of 160
  - 6 officers in the grade of admiral
  - 32 officers in a grade above the grade of rear admiral
  - 50 officers in the grade of rear admiral
- United States Marine Corps- total of 60
  - 2 officers in the grade of general
  - 15 officers in a grade above the grade of major general
  - 22 officers in the grade of major general

Based on the Study Group's recommendation that appointment limitations should not change in statute but should be limited by policy, the new Department-limited distributions will be:

- United States Army- total of **219**
  - 7 officers in the grade of general
  - 45 officers in a grade above the grade of major general
  - 90 officers in the grade of major general
- United States Air Force- total of **186**
  - 9 officers in the grade of general
  - 43 officers in a grade above the grade of major general
  - 73 officers in the grade of major general
- United States Navy- total of **149**
  - 6 officers in the grade of admiral
  - 32 officers in a grade above the grade of rear admiral
  - 50 officers in the grade of rear admiral
- United States Marine Corps- total of **60**
  - 2 officers in the grade of general
  - 15 officers in a grade above the grade of major general
  - 22 officers in the grade of major general

To facilitate future and temporary requirements without the need for statutory relief each time, the Military Departments will be allowed to keep as a buffer efficiency positions identified by the Study Group. Services buffers are as follow:

- United States Army- **11**
- United States Air Force- **22**
- United States Navy- **11**
- United States Marine Corps- **0**

Each Military Department Secretary is responsible for:

- Establishing procedures for the temporary use of these authorizations. Each authorization may only be used for an encumbered position for a period not to exceed two years.
- Ensuring the number of authorizations are not exceeded.
- Providing a report of all G/FO to the USD (P&R) through the CJCS semi-annually.
- Submitting requests for increases to the authorized number of Military Service G/FO positions to the Secretary of Defense through the CJCS and the USD (P&R).

The implementation of these changes requires careful monitoring by all involved to avoid ill-effect to the development and maintenance of an appropriately experienced G/FO force. Particular attention is necessary in order to retain warfighting experience gained in Iraq and Afghanistan. As a means of providing the necessary promotion stability and for the maintenance of an effective bench of candidates, positions identified for elimination will only be re-designated upon the departure of the incumbent. This delay in elimination or re-designation will mitigate the need for the use of extraordinary authorities to deal with early retirements and unplanned departures from Joint positions. Implementation began January 1, 2011. By December 30, 2013 we will have eliminated 50 G/FO positions as directed by the Secretary at the outset of our Study Group's work. Service quarterly updates to the Secretary of Defense have maintained a positive control on the implementation and execution of the efficiency reductions.

Thank you for the opportunity to provide you with an explanation of our Study Group's analysis and recommendations combined with our plan for implementation.