THIRD WAY

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Next Steps to Combat Star Creep: The Costs of a Top Heavy Military

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Takeaways

Following Third Way's release of Star Creep: The Costs of a Top Heavy Military, Congress tasked the Government Accountability Office (GAO) with figuring out exactly how much money this bloat costs taxpayers. DoD's answer to GAO: we don't know.According to the GAO Report, "The full cost to DOD...is unknown because complete cost data were not available." Additionally, despite not knowing the full cost of their Generals and Admirals and not having conducted an analysis of the number of top-commanders the military *needs* to fulfill military missions, Pentagon officials told GAO they *wanted* more.

In an era of constrained budgets it's simply unacceptable for the Pentagon to grow the back office while the front-lines shrink. Thus, Third Way now recommends that Congress require the Pentagon to:

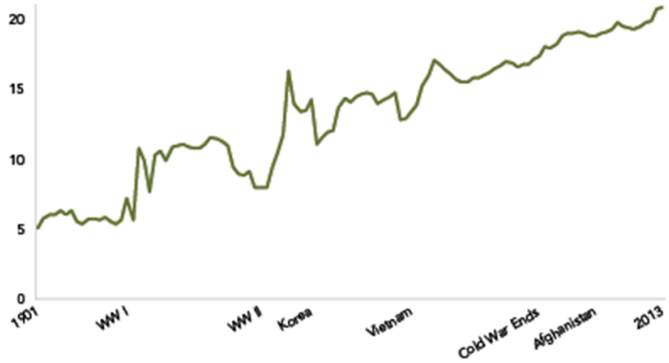
- Conduct a comprehensive review of requirements for Generals and Admirals.
- Take the necessary steps to determine the full-cost to taxpayers of Generals and Admirals, as recommended by GAO.

The Problem

The U.S. military is more top-heavy than it has ever been, and the problem has worsened with each passing decade. Our military was once structured very differently. At the height of

World War II, we had twelve million people in uniform, many of them draftees. [1] As the military transitioned from the Greatest Generation to the Vietnam draft era to an all-volunteer force, it has gotten smaller. But the officer corps has not shrunk at the same rate—in fact, the ratio of officers to enlisted personnel has more than doubled since World War II and is now at an all-time high. [2]

The Number of Officers Per 100 Enlisted Personnel from 1901-2013

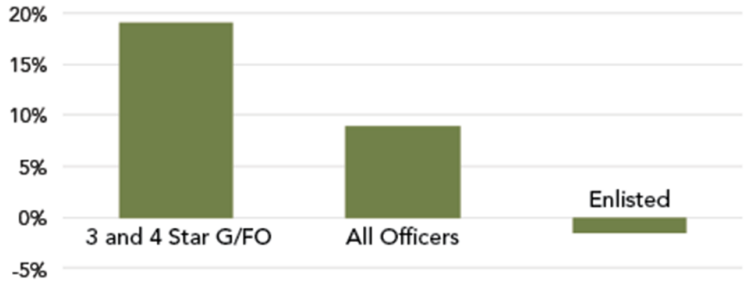


The imbalance is worst at the general and flag officer (G/FO) level. There are approximately 10% fewer G/FOs now than there were at the end of the Cold War. But during that same time period, the military shrank by more than 600,000 (30%) active-duty uniformed personnel, and the total number of officers dropped by more than 50,000 (19%).

There are currently 30 more (19%) three and four-star generals and admirals on the Department of Defense (DoD) payroll than there were at the end of the Cold War. That means each three and four-star officer is now responsible for 5,000 fewer personnel, on average, than their predecessors were just over two decades ago.

This trend towards a more top-heavy officer corps—which we have dubbed Star Creep—continued throughout the Iraq and Afghanistan conflicts. Since 2001, the three and four-star ranks have grown by nearly 20%, while the enlisted ranks shrank by nearly 1.5% (17,190 troops).

Percent Change in the Number of Active Duty Military by Rank from 2001-2013



The Cost of a Top-Heavy Military

Impeding the Warfighter

A top-heavy military is an impediment to military effectiveness because DoD bureaucracy slows decision-making, impairs adaptability, and funnels resources from the warfighter to administrative personnel. Troops on the battlefield succeed despite these layers, not because of them.

Former Secretary of Defense Robert Gates often bemoaned the DoD's top-heavy and bloated bureaucracy. He once complained, "In some cases the gap between me and an action officer may be as high as 30 layers," and this results in a "bureaucracy which has the fine motor skills of a dinosaur." [3]

In addition to the command-structure growing from top to bottom, it has also become fatter, more inefficient, and more redundant.

- A May 2013 GAO analysis found that the number of support staff at DoD's Combatant Command headquarters grew "by about 50 percent from fiscal years 2001 through 2012," as DoD created two new commands—U.S. Northern Command and U.S. Africa Command—to support two new four-stars. [4]

- These two new headquarters employ more than 2,000 personnel, [5] and, like all combatant command headquarters, are supported by subordinate commands that employ hundreds of additional administrative personnel. [6]

Given the substantial growth in these supporting positions, it should come as little surprise that the U.S. military's tooth-to-tail ratio (i.e. number of warfighters to administrators) is decidedly in favor of the latter. In fact, a 2010 McKinsey analysis of this issue among 29 militaries ranked the U.S. next to last, with less than a quarter of all U.S. military spending going to combatants or combat-support personnel. [7]

The result is that most senior officers are in offices, not commanding troops in the field. To address this problem, according to Gates, "We need to create a system of fewer, flatter and more agile and responsive structures, where reductions in rank at the top create a virtuous cascading downward and outward." [8]

Wasting Taxpayer Money

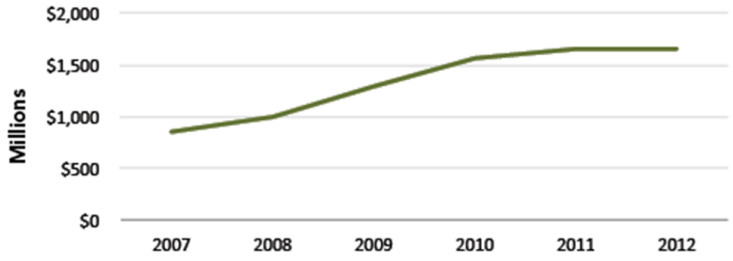
This top-heaviness also increases costs at a time of shrinking defense budgets. Taxpayers are paying more for fewer troops. For example, just comparing regular military compensation—which accounts for basic pay, housing, subsistence, and certain tax advantages of military service—a three or four-star officer earns over $225,000 per year, more than four times as much as an enlisted sergeant. Thus, the 30 three and four-star officers the DoD added to its payroll since the end of the Cold War cost taxpayers almost $7 million annually.

Unfortunately, the financial costs of this trend only begin with direct compensation. Beyond take-home pay, some generals and admirals receive impressive perks, including mansions, private jets, and a small legion of personal staff to serve as chefs, gardeners, drivers, and personal assistants. [9] And, "If they want music with their dinner parties, their staff can summon a string quartet or a choir," according to *The Washington Post*. [10]

Lifestyle costs for senior officers may be colorfully wasteful, but they are small compared to headquarters support costs. In May 2013, GAO found that combatant command support costs had more than doubled from fiscal year 2007 ($459 million)

through fiscal year 2012 ($1.06 billion). Furthermore, support costs at their subordinate commands had grown from $395 million in 2007 to $604 million in 2012, as we were ending the Iraq conflict. [11] This kind of increase as conflicts are ending raises serious questions about efficiency and cost growth.

Total Cost of Support Personnel at Five Combatant Commands



What's Being Done

Fortunately, the DoD has begun to acknowledge this problem. Chairman of the Joint Chiefs of Staff Martin Dempsey said in June 2013 that, "We got in the habit of surrounding general officers with a level of support that was probably excessive in some ways." [12]

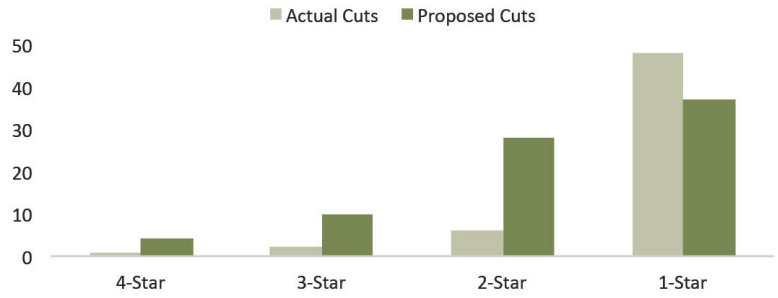
Over the last three years, the DoD reduced its G/FO ranks following Gates' "Efficiency Initiatives," which, among other proposals, called for the elimination of more than 100 G/FO positions—a reduction of just over 10%. [13] From the time Gates announced this plan in August 2010 to the end of February 2013 (the most recent data available) the DoD had cut 57 G/FOs from its payroll.

While these reductions are clearly needed, they have been targeted much more heavily toward one-star G/FOs and have kept the very top ranks largely intact:

- Since Gates announced this initiative, the DoD cut just three (1.6%) three or four-star officers, and six two-star officers (1.9%), while removing 48 (10%) one-star officers from its payroll.

- These reductions have not kept pace with cuts to the enlisted ranks, which have shrunk by 45,046 (3.8%) during this same time period. Nor have they adhered to the Efficiency Initiatives' timeline, which called for eliminating or reducing the rank of more than a dozen three and four-star billets and more than two dozen two-star billets by the end of 2012.

Actual G/FO Cuts vs. Gates' Proposal



What Needs to Be Done

Cutting one-star officers while not meaningfully reining in growth in higher ranking G/FOs is a half-measure for a problem that needs a full solution. Gates' G/FO Efficiency Initiatives should be fully implemented at all G/FO ranks.

- Congressionally mandated caps on the total number of G/FOs, rescinded by President Bush following 9/11, should be reinstated. [14]

- G/FO caps should change in relation to the forces that those generals or admirals lead. The top ranks shouldn't grow while the force shrinks.

Enacting these G/FO caps will make it easier to create "a system of fewer, flatter and more agile and responsive structures," as Gates envisioned. [15] Furthermore, fulfilling this vision requires the military to analyze the existing components of its bureaucracy. Any proposal to create a new command should be rigorously evaluated to gauge the degree to which it overlaps with existing functions in the military bureaucracy. The question isn't whether a new command will create redundancies—it will—but rather whether the cost of

this redundancy and increased bureaucracy is offset by discrete, measurable national security benefits.

In some cases, like the creation of U.S. Cyber Command in 2009, it's clear that a national security imperative outweighed the costs of establishing a new command. In other cases, however, like Army Chief of Staff General Ray Odierno's current push to create a Joint Landpower Office at a time when the U.S. is focusing on Air-Sea Battle and the rebalancing toward Asia, the redundancy and bureaucratic bloat exceed any benefit a new bureaucracy would provide. [16]

In addition to casting a skeptical eye toward new commands, the DoD should rigorously evaluate the utility of existing organizational units. Bureaucratic inertia may be common in Washington, but it is no excuse for inaction. Gates recognized this when recommending the closure of Joint Forces Command (JFCOM) in August 2010. According to Gates, JFCOM "created an extra layer in the force management process," and, while its tasks were valuable, "they do not necessarily require a separate four-star combatant command which, in the case of JFCOM entails about 2,800 military and civilian positions and roughly 3,000 contractors of all kinds at an annual cost of at least $240 million to operate." [17] Unfortunately, most of these positions were not eliminated; they were simply moved to the Joint Staff, which has added nearly 3,000 personnel since JFCOM closed. [18]

The DoD also should reduce the number of redundant support personnel it employs. In an age of austerity, the current tooth-to-tail ratio is unsustainable if the U.S. hopes to maintain the most effective military in the world. Unfortunately, the DoD appears resistant to tackling this problem. GAO recently recommended that the DoD "periodically evaluate the commands' authorized positions to ensure they are still needed," but DoD did not concur with this seemingly simple recommendation, arguing that "any periodic review must be a mission review." [19] But efficiencies can certainly be found even if missions remain the same. Thus, to reduce support staff costs and promote efficiency it

is imperative that the DoD comply with GAO's recommendation.

Conclusion

Reducing the bloated G/FO ranks and the bureaucracy that surrounds them is essential for maintaining an effective military. This bloat is a threat to U.S. national security—hindering the troops and wasting money better used combating 21st century threats.

With a declining budget, the DoD must fully implement G/FO efficiencies that have already been identified and seek further efficiencies whenever possible. The time has come for the Pentagon brass to lead by example—the front-line should not be sacrificed to spare the back office.

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END NOTES

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