



January 6, 2015

The Honorable Charles Hagel
Secretary
U.S. Department of Defense
The Pentagon
Washington, DC 20301-1000

The Honorable Robert Work
Deputy Secretary
U.S. Department of Defense
The Pentagon
Washington, DC 20301-1010

Dear Secretary Hagel and Deputy Secretary Work:

Thank you for your participation and leadership during the Council of Governors (Council) conference call on December 2, 2014. While governors greatly appreciate your efforts to improve engagement with governors, listen to states' concerns and increase transparency, we continue to disagree with the Department of Defense's (DoD) strategy for addressing future budget shortfalls and Army restructuring.

The Office of Cost Assessment and Program Evaluation's (CAPE) recent review of the Army's Aviation Restructuring Initiative (ARI) and the National Guard Bureau's (NGB) alternative plan was an important step towards bringing budget officials from the military components together to fully assess these proposals and their effects. CAPE's process, including the participation of select state Adjutants General, allowed for an open dialogue that we hope will strengthen the understanding of the Army National Guard (ARNG) and its role in our states. As mentioned during the conference call, however, governors have several concerns about CAPE's conclusions and the assumptions behind them including:

- *Use of paid days as a substitute for training days* – The CAPE review relied upon proxy data to compare budget proposals. The use of “paid” days as a substitute for “training” days inflates the cost to train and maintain ARNG battalions. The National Guard Bureau continues to work with states to review this data and improve its accuracy.
- *Operational tempo* – CAPE concludes that the ARNG will be unable to maintain the Army's operational tempo requirements during peacetime. States do not agree with that conclusion and believe there are opportunities to identify efficiencies in mobilization and training processes across the Total Force. Doing so would allow the Army to capitalize on the ARNG's cost-effectiveness and maintain strategic-depth through the retention of combat aviation capability in the reserve component.

- *Mobilization training requirements* – CAPE also concludes that the ARNG will be unable to meet the training requirements for overseas demand over an extended timeframe. During the last 13 years, however, ARNG has successfully met active Army training requirements to achieve proficiency for overseas missions such as Operation Enduring Freedom and Operation Iraqi Freedom. States believe that the ARNG will continue to meet training requirements in support of Active Army missions in the future.

We are disappointed that, following our discussions, DoD plans to move forward with the ARI and resubmit it as part of the fiscal year (FY) 2016 budget request. This despite CAPE's conclusion that the ARNG alternative would retain additional proficient crews (20% more) and operational Apache airframes (15% more) for only 2-3% additional cost. Governors remain opposed to eliminating ARNG combat aviation capability and believe it will result in an increased cost to taxpayers over time; deprive states of critical equipment, personnel and experience during times of domestic emergency; and degrade the ARNG's ability to effectively serve as the combat reserve of the active component.

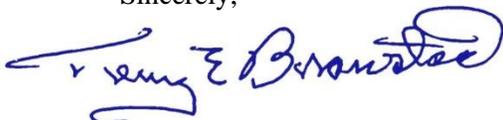
Congress agreed with governors during deliberations over the FY 2015 budget and placed limits on the transfer of ARNG Apaches in the recently passed National Defense Authorization Act. As a result, we were hopeful that DoD would continue to work with governors on an alternative solution to the Apache issue. In the absence of such an opportunity, governors will continue to work with the 114th Congress and the newly established *National Commission on the Future of the Army* to retain the Apache mission for the ARNG.

We continue to believe that the Council's budget consultative process provides an opportunity for DoD and states to work together and proactively identify cost-effective solutions *in advance* of congressional action. We encourage DoD to use a similar process through which CAPE, the Army, NGB and states could review other budget proposals affecting the National Guard and states, such as reductions to ARNG end strength and force structure.

As Secretary Hagel emphasized during the call, the National Guard's role and presence in our communities nationwide creates a critical connection between the military and the citizens it serves. As Commanders-in-chief of state forces and with active and reserve personnel located in almost every state, governors are advocates for a strong and sustainable military that can support our defense needs both at home and abroad.

We thank Secretary Hagel for his distinguished service to the nation and his leadership in improving engagement with the Council and transparency on the defense budget. We look forward to maintaining this progress during the upcoming leadership transition.

Sincerely,



Governor Terry E Branstad
Co-Chair
Iowa



Governor Martin O'Malley
Co-Chair
Maryland



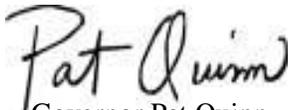
Jan Brewer

Governor Jan Brewer
Arizona



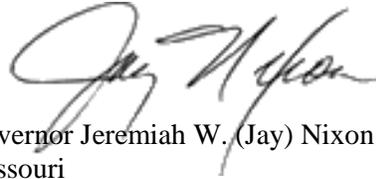
Dannel P. Malloy

Governor Dannel P. Malloy
Connecticut



Pat Quinn

Governor Pat Quinn
Illinois



Jay Nixon

Governor Jeremiah W. (Jay) Nixon
Missouri



Brian Sandoval

Governor Brian Sandoval
Nevada



Bill Haslam

Governor Bill Haslam
Tennessee



Matthew Mead

Governor Matthew Mead
Wyoming

cc:

U.S. Senate Committee on Armed Services Leadership

U.S. House of Representatives Committee on Armed Services Leadership

General Frank Grass, Chief, National Guard Bureau

The Honorable Eric Rosenbach, Assistant Secretary of Defense for Homeland Defense and Global Security Affairs

Mr. Jerry Abramson, Deputy Assistant to the President and Director, Intergovernmental Affairs