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[H.A.S.C. No. 109–78]

HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2007

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

MILITARY PERSONNEL SUBCOMMITTEE HEARING

ON

BUDGET REQUEST ON RECRUITING AND RETENTION AND MILITARY PERSONNEL POLICY, BENEFITS AND COMPENSATION OVERVIEW

HEARING HELD
APRIL 6, 2006

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2007—BUDGET REQUEST ON RECRUITING AND RETENTION AND MILITARY PERSONNEL POLICY, BENEFITS AND COMPENSATION OVERVIEW

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CONTENTS

CHRONOLOGICAL LIST OF HEARINGS

2006

Page

HEARING:

Thursday, April 6, 2006, Fiscal Year 2007 National Defense Authorization Act—Budget Request on Recruiting and Retention and Military Personnel Policy, Benefits and Compensation Overview 1

APPENDIX:

Thursday, April 6, 2006 49

THURSDAY, APRIL 6, 2006

FISCAL YEAR 2007 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST ON RECRUITING AND RETENTION AND MILITARY PERSONNEL POLICY, BENEFITS AND COMPENSATION OVERVIEW

STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

McHugh, Hon. John M., a Representative from New York, Chairman, Military Personnel Subcommittee 1

Snyder, Hon. Vic, a Representative from Arkansas, Ranking Member, Military Personnel Subcommittee 2

WITNESSES

Chu, Hon. David S.C., Under Secretary of Defense (Personnel and Readiness); Lt. Gen. Franklin L. Hagenbeck, Deputy Chief of Staff, G–1, U.S. Army; Vice Adm. John C. Harvey, Jr., Chief of Navy Personnel, and Deputy Chief of Naval Operations (Manpower, Personnel, Training & Education), U.S. Navy; Lt. Gen. Roger A. Brady, Deputy Chief of Staff, Manpower & Personnel, U.S. Air Force; Lt. Gen. H.P. Osman, Deputy Commandant for Manpower and Reserve Affairs, U.S. Marine Corps 4

Pilling, Adm. Donald L. (Ret.), Chairman, Defense Advisory Committee on Military Compensation, U.S. Navy 34

Robertson, Robert E., Director, Education, Workforce, and Income Security Issues, U.S. Government Accountability Office 35

Strobridge, Col. Steven P. (Ret.), Director, Government Relations, Military Officers Association of America, U.S. Air Force 37

APPENDIX

PREPARED STATEMENTS:

Brady, Lt. Gen. Roger A. 170

Chu, Hon. David S.C. 60

Hagenbeck, Lt. Gen. Franklin L. 123

Harvey, Vice Adm. John C., Jr. 138

McHugh, Hon. John M. 53

Osman, Lt. Gen. H.P. 182

Pilling, Adm. Donald L. (Ret.) 214

Robertson, Robert E. 231

Snyder, Hon. Vic 55

Page

PREPARED STATEMENTS—CONTINUED
Strobridge, Col. Steven P. (Ret.) 247

DOCUMENTS SUBMITTED FOR THE RECORD:
Statement of Air Force Sergeants Association by Command Sgt. (Ret.) James E. Lokovic 280
Statement of Reserve Officers Association of the United States on Pay and Compensation 271
Statement of The National Military Family Association 293

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD:
Mrs. Drake 337

FISCAL YEAR 2007 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST ON RECRUITING AND RETENTION AND MILITARY PERSONNEL POLICY, BENEFITS AND COMPENSATION OVERVIEW

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Thursday, April 6, 2006.

The subcommittee met, pursuant to call, at 9 a.m. in room 2212, Rayburn House Office Building, Hon. John M. McHugh (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. JOHN M. MCHUGH, A REPRESENTATIVE FROM NEW YORK, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. MCHUGH. Good morning.

Dr. CHU. Good morning, Mr. Chairman.

Mr. MCHUGH. Figuratively speaking, actually literally speaking, I am gavel-less here. Probably figuratively speaking as well. So the hearing will come to order. Thank you all for being here. As my great military adviser, John Kline has informed me, this is not the optimum hearing room, and I think we are all in agreement with that, but we do appreciate your participation.

I am going to just submit a very—and recite just a very brief opening statement, because we do have two very distinguished panels here this morning. And all of us would like to devote our attention and time listening to them and engaging in an exchange that will follow. So beyond welcoming you this morning, let me just say the Subcommittee on Military Personnel has always considered the close oversight of military recruiting and retention programs as a matter of highest priority. And that responsibility has seldom weighed more heavily on this subcommittee as it has over the past four years.

We have watched these programs, recruiting and retention very closely, and I believe we have responded with reasonable effectiveness with the appropriate legislative solutions when problems have been identified.

Through all of that, however, our job remains very difficult. In fact, this may be the most challenging year for recruiting and retention since the creation of the all-volunteer force.

And the successful completion of our mission will require the close coordination at all levels, finely-tuned team comprised of the services, the Department of Defense and, of course, Congress.

And I promise that this subcommittee—all of its membership, both sides of the aisle—is prepared to hold up our end of the bargain.

And today we will continue our dialogue on those recruiting and retention initiatives and a variety of other personnel programs. And we have a number of concerns about continuing problems of achieving recruiting goals, the erosion in recruiting quality, and the commitment to fully funding recruiting and retention programs in a timely manner, as well as the advocacy and, excuse me, adequacy of the proposed pay raise.

We look forward to the upcoming discussions and appreciate the participation, I said, of our two very distinguished panels today.

I will introduce the participants in those two panels more fully in a moment. Before I do that, I would be happy to yield to my distinguished ranking member and friend in this initiative, the gentleman from Arkansas, Dr. Snyder.

[The prepared statement of Mr. McHugh can be found in the Appendix on page 53.]

STATEMENT OF HON. VIC SNYDER, A REPRESENTATIVE FROM ARKANSAS, RANKING MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Dr. SNYDER. Thank you, Mr. Chairman. I apologize for being a few minutes late. We were having our breakfast with Dr. Winkenwader, Dr. Chu.

Continuing our discussion the administration's proposals on the TRICARE programs, I appreciate you all being here. I am going to be very brief. I have a written statement, Mr. Chairman, I would like to submit it for the record.

[The prepared statement of Dr. Snyder can be found in the Appendix on page 55.]

Dr. SNYDER. We really are at a disadvantage. It seems worse this year in terms of our compressed congressional schedule that we try to cram so much into these hearings. But you do the best you can. We will do the best we can.

One issue I have I wanted to ask about, and if you have any comments you want to make as we go through the opening statements, feel free to, but I am concerned about our GI bill benefit when you we talk about retention and recruiting our GI bill benefit for our reserve component forces.

On the Veterans Committee, we have done some increases in benefit and dealt with that issue for our active component veterans. But, as you know, there are different legislative jurisdictions. And so I reserve my view. We have a lot of work to do on our reserve components, but if you have any comments on that, if not, I will ask you about it. Thank you all for being here. I appreciate it.

Mr. MCHUGH. Thank the gentleman. I would ask unanimous consent to include additional statements from the Reserve Officers Association, the Air Force Sergeants Association, and National Military Family Association as a part of the whole record hearing. Hearing no objection, that is so ordered.

[The information referred to can be found in the Appendix on pages 271, 280, and 293.]

Mr. MCHUGH. Let me introduce our first panel. First of all, no stranger to this subcommittee, or to the full committee for that matter, the Honorable David S.C. Chu, who is Under Secretary of Defense for Personnel and Readiness.

Mr. Secretary, thank you as always for being here.

No stranger to me and also to the subcommittee, Lieutenant General Franklin L. Hagenbeck, United States Army Deputy Chief of Staff, G–1 headquarters Department of the Army—there you are, Buster, welcome. Always have a soft place in my heart for former commanding generals of the 10th mountain division, and also generals who are appearing before this subcommittee for the last time, let me say, unless catastrophe strikes, the last time, let me say we deeply appreciate your service as the G–1.

I have enjoyed, we all have, working with you. I am pleased as a 12-year, nearly 12-year member of the board at West Point, that that will be your next assignment. We are looking forward to continue working with you through your entire career. Thank you for all you have done, and I look forward to our continued relationship.

Let me also introduce Vice Admiral John C. Harvey, Jr., chief of Navy Personnel Department of the Navy. Admiral, thank you for being here. Good to see you. Admiral Harvey, this is your first opportunity to testify. And if you had an opportunity to talk to those who appeared before you, it will be a brutal experience. But, we understand you are up to it, but we thank you for being here, sir.

Admiral HARVEY. Thank you, sir.

Mr. MCHUGH. And wish you all the best as your days go forward as the chief at personnel.

Next, Lieutenant General Roger A. Brady, who is Deputy Chief of Staff for Personnel Headquarters, United States Air Force. General good to see you again.

And Lieutenant General H.P. Osman, Deputy Commandant for Manpower and Reserve Affairs, United States Marine Corps. General, good to see you again. Again no strangers, either of those gentlemen to the subcommittee.

Just to make sure I have no other further housekeeping business on this side, I do not. So with that, Mr. Secretary, Secretary Chu, we look forward to your comments. Let me duly note, however, we have received all of your prepared testimony. Without objection, they will be ordered into the full record in their entirety. No objection is heard and that will be ordered.

And you may summarize and address your comments any way you see fit. Our attention is yours,

STATEMENT OF HON. DAVID S.C. CHU, UNDER SECRETARY OF DEFENSE (PERSONNEL AND READINESS); LT. GEN. FRANKLIN L. HAGENBECK, DEPUTY CHIEF OF STAFF, G–1, U.S. ARMY; VICE ADM. JOHN C. HARVEY, JR., CHIEF OF NAVY PERSONNEL, AND DEPUTY CHIEF OF NAVAL OPERATIONS (MANPOWER, PERSONNEL, TRAINING & EDUCATION), U.S. NAVY; LT. GEN. ROGER A. BRADY, DEPUTY CHIEF OF STAFF, MANPOWER & PERSONNEL, U.S. AIR FORCE; LT. GEN. H.P. OSMAN, DEPUTY COMMANDANT FOR MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS

Dr. CHU. Thank you, Mr. Chairman, members of the subcommittee, it is a privilege to be here with you this morning in this historic room. The photograph behind us reminds us of the centrality of personnel to the success of our military forces.

You noted in your opening comments, Mr. Chairman, that this is a volunteer force, a decision the country made 33 years ago this summer, returning to its historic tradition that our military typically is staffed by volunteers.

And we are very grateful for the partnership with this committee, with the Congress, that has allowed us to sustain that volunteer force in the face of significant challenges as you have noted.

We recognize that there are several elements that are central to our continued success in sustaining that volunteer force.

One element is a competitive pay and benefits package. There is a reason for our advancing a pay increase that is consistent with pay changes in the civil sector, and our coming recommendation for an additional increase for those in noncommissioned officer ranks and in the warrant officer group.

We believe, at the same time, it is critical for the Department of Defense (DOD) to make effective use of all its personnel resources and this subcommittee, this committee, was a leader in giving DOD an important set of tools with the authorities in the national security personnel system that, we believe, will allow us to make better use of our civilian personnel. You have, likewise, been very helpful to us in giving us better tools with which to manage our reserve force, which is equally important to our continued success.

The department, I think as you appreciate, continues reviews, how we manage our personnel, what authorities might be needed. Personnel, human resource strategy was a central element in the Quadrennial Defense Review you just concluded. That review argues we need to do a better job preparing our personnel, particularly our officer personnel, in terms of their language abilities, foreign language abilities. It also calls for the development of a human capital strategy for the future that emphasizes the competency of our personnel as opposed to specific task they might undertake.

The Secretary, a year ago, invited outside advice on the structure of our compensation package, and I am delighted you are going to hear this morning from Admiral Pilling, who will report its principal results.

We will use that outside committee's report as the foundation, as the starting point, for the 10th Quadrennial Review, military compensation that the Congress, by statute, has amended.

And I have just, within the last 24 hours, transmitted to the Congress our report as required by statute on joint officer management. And we will be proposing changes that we think will bring this system into these early years of the 21st century to continue success that has been achieved thus far, to make it a system where we emphasize joint qualifications, not just joint credit; to a system that defines joint matters to include multi national interagency efforts, to a system that speaks to fully joint qualified officers, not just the joint specialty officers, and to a system in which combatant commanders have more latitude to ensure those qualified officers are placed in abilities critical to their operations.

At the same time, DOD recognizes we must be judicious about the personnel costs of our enterprise. That lies behind our recommendations, both in terms of numbers and in terms of the compensation package.

We must balance the cost of operating DOD against the cost of investing in its future, most especially the systems that enable that force to be effective now and in the years ahead.

Mr. Chairman, members of the subcommittee, I look forward to your questions, and I am delighted to be joined by my colleagues from the military services.

General HAGENBECK. Thank you.

Mr. MCHUGH. Thank you, Mr. Secretary.

[The prepared statement of Dr. Chu can be found in the Appendix on page 60.]

Mr. MCHUGH. As we introduced, next up is General Hagenbeck. Buster, thank you again for being here. I look forward for your comment.

General HAGENBECK. Thank you, Mr. Chairman, thank you for those kind words earlier in your introduction. Dr. Snyder and distinguished members, it is indeed a privilege to be able to talk to you today about America's Army and the state of personnel readiness. I, as you mentioned, have submitted a written statement. So I will keep this very brief. I will highlight recruiting and retention. Recruiting right now is going very well across all three components. I am happy to report this morning that the active Army has succeeded for the tenth consecutive month in their recruiting goals. That is not to say that we do not have continued challenges throughout the remainder of this year. As you well know, about 50 percent of those that we seek to recruit will fall over the last 3 to 4 months of the year. So we will be in a day-to-day challenge to meet that. But we are optimistic that we will do so.

With regard to retention, we continue to do well. Last year, as you know, we set historic highs for retention. At this point we are exceeding what we did last year.

Again, I would be remiss if I did not thank this committee in Congress, though, for providing us with those incentives that undergird the recruiting and retention that is absolutely necessary to keep our all volunteer force viable and in the fight that we have got today.

As you know, we have got over 600,000 soldiers mobilized on active duty today across all three components dispersed in as many as 120 different countries. And they are performing magnificently

wherever we challenge them, and our sister services as well, we are working arm in arm with them in these difficult days.

The demonstrative performances I mentioned is seen day in and day out by America's Army. You see it. Many of you have been overseas and some of you are scheduled to go over very soon after these hearings conclude. And I am sure that you will also support these statements.

So again, I would just like to thank the support from this committee and from Congress. And I look forward to answering your questions. Thank you.

[The prepared statement of General Hagenbeck can be found in the Appendix on page 123.]

Mr. MCHUGH. Thank you very much, General.

Admiral Harvey.

Admiral HARVEY. Good afternoon, Mr. McHugh, Dr. Snyder, distinguished members of this subcommittee. Thank you very much for this first opportunity I have to appear before you today.

As we have continued to reshape and adapt the Navy to defeat the emerging threats, it continues to be the preeminent naval fighting force in the world. And we are going to keep it that way. At the very heart of this Navy, our people, active and reserve, military and civilian, remain the greatest strength and most fundamental element of our continuing readiness and success.

The fiscal year 2007 President's budget supports a Navy active duty end strength authorization of 340,700. We have reduced active end strength steadily since 2003 using a controlled measured approach to shape and balance this skill mix we have to maximize our warfighting readiness.

Several initiatives have contributed to our ability to do this, to do this in a measured fashion, including operable manning, substitution of civilian personnel in certain formerly military positions where appropriate, improving our understanding of the true work requirements throughout the force, and greatly improved mechanisms by which we perform this work and deliver training to the force.

The sailors, civil servants and contractors who will support joint missions in the future are entering the workforce in the Navy today. What we do today, the decisions we make, the constraints we live under, will determine our future capabilities.

We are positioning ourselves to assume new and increased roles in mission areas such as riverine operations, naval expeditionary security force, and increasing our contribution in the special operations area. We have focused significant efforts on our ability to recruit the right, high quality individuals, significantly reducing our post enlistment attrition and improving our ability to retain the highly qualified and motivated sailors.

We are continuing to look at our compensation strategy to ensure it is right for the decades ahead, given the changing demographics of our Navy and our Nation.

An effective compensation system must acknowledge that the future lies with an all-volunteer force and must, therefore, emphasize volunteerism.

We must shift focus to competency, performance, and skill-based compensation and away from reliance on longevity and rank.

Deferred compensation no longer has the efficacy it once did. I believe, instead, we must optimize current compensation in a manner that creates a push to a full career rather than the current cliff vested pull.

We are extremely grateful to your commitment to the men and women of the U.S. Navy and of the programs that make them the premier maritime fighting force in the world and has sustained them and their families.

On behalf of our total Navy, I thank you for your continuing and unwavering support, sir.

Mr. MCHUGH. Thank you very much, Admiral.

[The prepared statement of Admiral Harvey can be found in the Appendix on page 138.]

Mr. MCHUGH. Again, welcome.

General Brady.

General BRADY. Mr. Chairman, Dr. Snyder, distinguished committee members, thank you for this opportunity to be here today and to talk to you about your Air Force.

For the past 15 years, America's airmen have responded to dramatic changes in the world's security environment. We continue to streamline our Air Force while remaining engaged around the world at levels higher than at any time during the Cold War.

We will continue transforming our Air Force to meet the challenges of a dynamic world. Winning the Global War on Terror, developing and caring for airmen and recapitalizing and modernizing our air and space systems to meet the Nation's requirements.

Ladies and gentlemen, the Air Force is aggressively working to bring into a proper balance the investment, operations and people accounts in a way that will ensure we meet the demands of this war and whatever challenges might come next.

Just as the Base Realignment and Closure (BRAC) and Quadrennial Defense Review (QDR) have assisted in moving us toward appropriate infrastructure and investments, force shaping is essential to ensuring we have the right size and shaped force to face the challenges in the new century. In the past 18 months, we have reduced our active duty end strength to congressionally authorized levels, and taken action to relieve some of our most stressed career fields. While we met our 2005 end strength requirements, we began 2006 with a force imbalance, a shortage, of enlisted personnel, and an excess of officers. This imbalance created both operational and budgetary impacts.

We have taken several actions to ensure our force is correctly sized and shaped to meet future challenges and to reduce costs. First, we reduced our enlisted target for 2006 to address the enlisted imbalance. Second, we continue to encourage qualified officers, especially those commissioned in 2000, and later to consider voluntary options to accept service in the national guard, Air Force Reserve civil orders and inter-service transfer to U.S. Army. We are institutionalizing the force shaping authority that was granted in the 2005 National Defense Authorization Act to restructure our junior officer force.

Having given our officers the opportunities to select from several options of service, we are convening a force shaping board in 2006

to consider eligible officers that were admissioned in 2002 and 2003.

This board will be held annually thereafter as required to properly shape and manage the officer corps to meet the emerging needs of the Air Force.

We are diligently examining the capabilities we need to provide to the warfighter and to operate and train at home. We must add skillsets that are on demand, develop skills in evolving mission areas and take care of the world's finest airmen. As we reduce our overall force to balance our portfolio, we will continue to use the personnel authority currently available to us.

In addition, we are seeking additional authorities and incentives through the zero seven omnibus to properly recognize the contributions of our people for their loyal and dedicated service and to shape our force.

The Congress has been extremely generous in meeting the needs of airmen and their families. And we thank you.

We look forward to working with you to ensure your Air Force continues to be the best there is. Our active, guard, reserve, and civilians together form our total force and are building on their heritage of courage, excellence and innovation.

To succeed internationally as an air and space expeditionary force in this Global War on Terror, it is essential to remove barriers of culture and language and set new patterns of thinking. This necessitates understanding and successfully using knowledge of language and culture to enhance mission success. In our continuum of learning and education, we will place new emphasis on language and culture.

Officers at the Air Force Academy and in the reserve officer training corp (ROTC) will receive a foundation in a foreign language. As our officer and non-commissioned officer (NCO) core progress through their career, they will receive additional education to develop cultural understanding and awareness as a foundation for building relationships. Beginning this next school year, our intermediate and senior level schools will offer language training in French, Spanish, Chinese and Arabic.

This training and emphasis on cross cultural communication and negotiation skills will form the foundation for more effective planning and execution of military operations in coalition environments.

As we continue to develop and shape the force to meet the demands of the new century, we will ensure our people have the skills and equipment that yield real combat capability. And with your support, the Air Force will continue to be the most lethal Air Force in the world.

Mr. Chairman and members of the committee, thank you for all of your great support to the men and women of our Air Force. And I look forward to discussing these issues with you. Thank you.

Mr. MCHUGH. Thank you, General.

[The prepared statement of General Brady can be found in the Appendix on page 170.]

Mr. MCHUGH. And General Osman. Welcome.

General OSMAN. Chairman McHugh, Dr. Snyder, distinguished members of this committee, it is a pleasure to appear before you again this morning.

Since joining the Marine Corps in 1967, I have had an opportunity to work with generations of Marines, going back to World War II, Korea, my own generation in Vietnam. As a company commander, I watched our first batch of our volunteers, and of course the last two decades I have watched Marines come and go into the Middle East. I am here to tell you that there has been no finer Marine than the Marine we have today. And I say that out of great respect to the two Marines on the panel.

Dr. SNYDER. We agree with you, by the way.

Mr. MCHUGH. I would.

Dr. SNYDER. You were better looking.

General OSMAN. Today's Marine is a true volunteer. He believes in what he is doing. He has a sense of dedication and a level of professionalism that belies his youth.

He loves his Nation. He loves his corps and he loves his fellow Marine. He truly is a very special individual.

This last weekend, I had an opportunity to talk to a group of veterans from the Battle of the Bulge. And I told them that this generation is the next greatest generation.

Our written testimony, as you probably noted, was very positive. It was upbeat. Because that is the way things are today in the Corp.

I see that for four special reasons. The first, of course, is that individual Marine we have today; second thing, is the great support that our married marines are getting from their families. They allow it to happen.

Third thing is we have an active force and reserve force that is totally integrated and fights as a team. And fourth is, to be honest with you, is the support that we have gotten from Congress in the form of the correct legislation, the right budget and supplementals to allow us to operate today, and of course, your great moral support.

I am optimistic for the future. Things will continue to be good and I am convinced of that because I am convinced that Congress will continue to provide the tools to allow us to recruit, train, and retain the Marines that we need for the future.

I also believe that through the leadership of this committee, we will also continue to take care of that precious asset we call a Marine and his family. And I look very much forward to answering your questions this morning. Thank you.

[The prepared statement of General Osman can be found in the Appendix on page 182.]

Mr. MCHUGH. Thank you, General. Thank you all. I deeply appreciate your service and your leadership and of course your presence here today. I think General Osman's comments about the quality of men and women in his references in the Marine Corps but I think we can broad brush it and say in all the services as an appropriate segue to what this hearing, what this panel, what this Congress, and certainly the Armed Services Committee, is going to try to be about and that is continuing to be part of your solution and less a part of your problem.

We are blessed as a people, as a Nation, to have such incredible young men and women and older men and women, who have stepped forward to serve. We have all seen them in the field, as General Hagenbeck noted. Some of us are preparing to depart in the next few days to see them again.

And it makes us all very, very proud, and we want to see that continue.

I was listening to probably a terrible comment on my social life, but one of those late night supposedly political information shows where they bring in Hollywood people to talk about current affairs and international relations. I am not sure why they do that. I am not sure why I watched. But, it was very annoying to hear one of the stars say very, very bluntly that the high rate of retention, that General Hagenbeck and others have spoken about, that really, in the light of the operations and personnel tempo, is pretty remarkable, was really due to the fact that these people had nowhere else to go, and they weren't particularly bright and no kinds of options.

And for those of us that understand exactly the caliber, the mental capacity, and the skills of these remarkable people, I was angered to say the least. We want to make sure that ignorant people like that are kept off in the corner where ignorant people and ignorant opinions belong. But, part of that is to ensure that tomorrow's recruit is of the same caliber as yesterday's.

And in the full committee, when we had our general oversight hearing, and Secretary Harvey was in and the chief, we did talk about some concerns that we have as to recruit quality.

And I just want to read a few statistics and hear all of your responses.

On the one hand, we have the kinds of standards that DOD has imposed. Mr. Secretary, you are familiar with them. And today, the reality is we have got an Army national guard that has increased the number of recruits who had tested in mental category four, which is the lowest acceptable category, from three percent, which was found in fiscal year 2004 to five percent during fiscal 2005, to eight percent in fiscal 2006, at least through February. And the DOD goal for mental category four is less than four percent.

Naval Reserve has experienced a decline in recruit quality during the fiscal year of 2006 through February. In the mental category 4, we have seen, for example, high school diploma graduates 96 percent. In 2005, it dropped to 90, and so far in fiscal year 2006, the DOD goal is 90 percent. They are at 73 percent.

The Army Reserve mental category four, in 2004 one percent, in 2005, three percent, in 2006, five percent. And again, DOD goal is under four.

Those kinds of things are of concern. I understand the pressures to recruit. But I think you have to be very cautious and keep our eye on that particular trend. If you couple that with the reports you see in the media, and certainly the data we have available to us seems to validate that the numbers of waivers that are being granted for recruits, for aptitude, for medical, for moral offenses—and the moral offenses are listed from who hasn't gotten that unusual number of parking or minor traffic violations to loitering, to littering, to other areas that are of concern, experimental drug use, weapons on school property, assault, robbery, vehicular man-

slaughter, and some others that, I question if waivers have ever been issued for, but they have been listed. Those have increased to the highest levels for each component, in the Army, over the last six years.

So, what do you think? What is the response to these kinds of data? And what are we going to do to make sure that you have ups and downs in recruiting, and standards are based on averages, and as my dad said, put one foot in a bucket of ice water another foot in the bucket of boiling water on average you are comfortable. We have good weeks and bad weeks. But what is your reaction to those kinds of data, Mr. Secretary?

Dr. CHU. Let me offer an overview and invite my colleagues to comment in terms of specifics in their individual military services. First, let me emphasize the standards, DOD gains have remained the same. They are standards set approximately 15 years ago. They are, as you emphasized in your anecdote about your television selection, very high standards. They are above what the Nation as a whole typically achieves.

High school graduation rates for example on the whole are 75 to 85 percent, we have met 90 percent high school diploma graduate.

And as you implied with your review of the numbers, we set a variety of different standards. First ability, that is the aptitude standard. Second, stick-to-itiveness for which the high school diploma, as you appreciate, is a proxy. There may be other ways of addressing that issue. And we are constantly looking at it. The Army has had some success in that regard in recent months, at least from the preliminary data, and third, moral character.

Let me address the last first, and then, come back to what I see as the broad issue that I think we have already partnered on, and we need to continue our efforts and reinforce those efforts. On the waiver issue, those do go up and down over time, so the same time that the Army numbers have come back in 2005 to approximately where they were on the active side in 2002, having been below that in 2003 and 2004, you see on the Marine Corps side that the waiver numbers have come down from where they were in the early 2000s. So for DOD as a whole, we are approximately where we were in earlier years.

The services I will let them comment on it, my colleagues can comment on it individually, look behind the stated issue in the summary data. And I think one does have to look in each case at what actually happened, what are the circumstances, is this disqualifying or not.

To the broad issue, what I am impressed by is the willingness of young Americans to think positively about military service. We do surveys, polls of stratified random samples of American youth. That propensity for military service has remained roughly the same over the last five, six years.

It goes up and down a little bit. Up one year, down the next, but over the five-, six-year period, roughly the same. What has changed over this period of time, and this is, I think, a serious issue for the country, is the willingness of older Americans, parents, teachers, counselors, coaches, advisers, to recommend positively a military choice, whether that is for a few years or for a 20- or 30-year career. And I think that is a serious issue. It was an issue that was

with us before 9/11, it has become more serious since that period of time. And partnership with you, members of this subcommittee, the larger committee, the Congress, in celebrating military service, reinforces the willingness of young Americans rather than questioning the willingness of young Americans in their interest in military services, I think, is crucial to our success in the months and years ahead. And I think we need to reinforce what we are already doing in that regard if we are to succeed.

Mr. MCHUGH. Before you turn the microphone over to General Hagenbeck on your last point, chairman of the joint chiefs, General Pace was in to chat with me yesterday, and he made that very point. And I agree with it. What do we do about it is the issue. And I am asking from the congressional perspective. Do you have any suggestions as to what this panel and what this full committee might do, other than trying to talk up the troops, which we all do, is there anything legislatively? You see, it is a difficult target to get to.

Dr. CHU. It is a difficult target to get to. Let me underscore how important what you described as talking up the troops is to the troops and to young Americans that you, leaders in our country, speak positively of military service is a great, is a great addition to the efforts that we make.

We in DOD are trying to make sure that there is more information out there that we give parents specifically better ability to talk with their young people about military service, pro and con, so they make up their minds with the factual set of the mission out there.

I think I would recommend additional attention to important authorities that members had within their own offices. There are a few members, for example, that do not, I regret to say, fully use their military academy appointment authority. I think that is unfortunate in character, and I think we need to address that and ask why they don't use that authority. It is a great opportunity, great institutions, all three of them.

I do think that the facts about the quality of our military, as your anecdote emphasizes, deserve continued reinforcement. I am delighted to see our public affairs office take on some of the misinformation out there about the quality of the military. This is an extraordinary group of young people. I think the country saw that, for example, in the embedded reporters footage in the march to Baghdad in March of 2003. They saw the quality. They are seeing it every day in their ability to be effective in the extraordinarily challenging insurgency environment.

Together, I think we can change this trend. We can put it on an upward trajectory. But it will take enormous efforts.

Mr. MCHUGH. Thank you. General Hagenbeck.

General HAGENBECK. Mr. Chairman, there is absolutely no question that we are paying attention, daily attention to the quality of the force that we reenlist and that we retain. A data point that I know that you are familiar with is that only three out of 10 youngsters in America between 17 and 24 years of age are even qualified to join the military service, any of the sister services up here before you today. So that is the population which we begin with, which is roughly 10 to 11 million young folks out there today.

You cited the category four numbers. Let me sit here, and I assure you that both the United States Army and reserve and the active component will not exceed the four percent at the conclusion of if fiscal year on the active force, that is 2,840 soldiers that we will bring in against an end strength that we anticipate right now, will be somewhere on the order of 502,000. So that is a very small number that is embedded inside there. I will defer to General Blum and General Bonn to talk about the national guard since that is in their purview.

With regard to the waivers, they are up a very small percent this year, but I will tell you that across a five-year rolling average, which we maintain, they are within tolerance. And as you so stated, those waivers vary from location to location. And for a variety of reasons. And the way that we view this is to allow the chain of command to make those decisions based on the whole person concept, and those folks that may have overcome problems in their youth.

As you mentioned, most of these are things such as five misdemeanor parking tickets can get you disqualified without having to get a waiver as well as some more serious things, but we pay very close attention to it and the Secretary of the Army and chief are briefed every month on all the particulars that you raise. So we think right now we are doing fine, but we are not going to take our eye off the ball on this.

Mr. MCHUGH. I appreciate hearing that. I mean the object of this question really is to make sure we are all focused on that. The waivers are up for active Army about 13 percent of exceptions to about 18 percent. And clearly, if you add to that three out of ten who are baseline eligible for service in the military, things like curfew violation and parking tickets and littering, we are not going to have very many Americans who could ever put the uniform on. But on the end of that scale, there are some things that should be of concern.

So I appreciate your comments.

Admiral, do you want to comment because I mentioned, I know, it is not active, but I mentioned, I mentioned the Navy.

Admiral HARVEY. Absolutely, sir. It doesn't matter if it is not active. It is one Navy and that is the Navy we have to take care of.

You mentioned at the start, sir, that this was my first appearance before this committee. And that is absolutely correct. I have four months on the job. And while you were addressing this issue, I was thinking of what is the issue that I have most been concerned about during that four months, and the bulk of my conversations with Admiral Mullen, our Chief of Naval Operations, and it has been on the recruiting efforts. It is what I think about the most. And it is because of what I think the environment is going to be increasingly difficult, as you alluded to, sir, and so the actions that I am taking right now, number one, on the active side, certainly is reinforcing success. We have been very successful for a period of years now of meeting our targets in numbers and in quality.

And we are going to make sure that continues.

I have taken action to increase the number of recruiters, to increase the quality of those recruiters, and to ensure that we keep

our standards high. We had talked about the waiver issue. And as the general alluded to, over time, the percent of waivers that we have had to apply has gone down, I think, significantly.

And it is important not just to look at that and declare success. You look at waivers along with your attrition from the active force. And I think you also see, sir, that our attrition has gone down steadily over the last few years to almost historic lows. So I am confident that we are doing the right thing when we get behind the reason for the waivers, as Dr. Chu alluded to, and get into the particulars and make sure we are making an informed rational decision that gets reviewed up to my level, for all those types of waivers that we grant for the active force.

On reserve force, you are absolutely correct, we did not meet goals. There is a couple of reasons for that. None of them particularly pretty. But one of the things I have done is that we will meet the same standard for our reserve recruiting that we meet for our active recruiting. And that started the day I took the job. And so I am confident that we are going to be able to turn that around.

We have merged our recruiting forces. There is no longer an active recruiting force and reserve recruiting force. There is one Navy recruiting force. And we are going to recruit to a single standard, and we intend to meet that standard. We are going to put the resources into it that we need to maintain and in our program build, we are going to strengthen our recruiting force to take into account what I think will be a more challenging environment in the years ahead, sir.

Mr. MCHUGH. I am glad to hear you make that latter point because, you know, you and the Air Force are kind of on a recruiting holiday right now. You are drawn down force structure, and that presents you certain opportunities and certain leniency if you will, laxities under numbers that the other services may not have. But I think it is a very dangerous position if we, if you allow yourself to get into the mindset of recruiting and retention that you can just kind of mothball that effort, and then fire it back up. It doesn't happen overnight.

And I am going to defer my next question, if one of my colleagues doesn't ask it, but it goes hand in hand with reserve—excuse me, with recruit quality, and that is recruiting effort and budgets, and up and down funding that has occurred in those initiatives, and what I think is a dangerous overreliance. And you don't make these decisions, I understand that. But a dangerous overreliance on supplementals to sustain in a robust way, sufficiently robust way, a consistency of recruiting and retention programs.

And we will get to that in a minute.

With that, let me yield to my colleague from Arkansas, Dr. Snyder.

Dr. SNYDER. Thank you, Mr. Chairman, we must be watching the same late night TV shows.

Mr. MCHUGH. You are married. You ought to be having more fun than I am.

Dr. SNYDER. But she is in Arkansas and I am here.

On this issue of waivers, I have two questions. It sounds like you all follow this very closely. But Dr. Chu, what is the attrition rate? We have had some fairly high dropouts of our recruits in terms of

their ability to actually make it to training programs. Is there a way to monitor the waiver rates of attrition and what happens to these folks down the line? Are you satisfied that we are moving in that direction on attrition rates also?

Dr. CHU. Yes, I am. I will acknowledge, attrition has long been a challenge to DOD. We have tried a number of different things, the Army, for example, and others, can speak to that in more detail than I can, has modified its basic training philosophy approach to emphasize more coaching and less harassment, and believes it is showing gains. But, we do watch relationship between all these factors and what is driving attrition.

Dr. SNYDER. I recall I forgot who it was, one of the Hispanic members, a year or two or three ago, made this very eloquent, too, if you have such rigorous standards that you don't let folks in for second chances historically, there have been some people for whom the military has been the door opener for them, people who have got GEDs and we don't want to close that door.

I want to ask a specific question with regard to tattoos, General Brady, and not your personal tattoos, but we have gotten variations amongst the services with regard to tattoos, and I don't know if our military culture is different or needs to change, and I am asking about a specific young man, but a fellow, a young man whose father was career Air Force and he decided he wanted to join the Air Force and he was denied because of very extensive tattoos.

Now I looked at his tattoos, and they were cartoon characters, I don't know why someone has cartoon characters. But it wasn't anything obscene or nudity, but the Air Force seems to have a very fairly vigorous policy in contrast, I think, with the Marine Corps and the Army with regard to arm tattoos. Is this something that is being looked at? Or does our generation need to kind of take it—I have women in my office with tattoos, and yet we are denying young men the opportunity to join the military because of tattoos.

General BRADY. Sir, of all the questions I anticipated, that was not one.

Dr. SNYDER. That is because McHugh and I watch late night TV. It really bummed this guy out.

General BRADY. It is an interesting question. We mean, through our tattoo issue about five years ago, and quite frankly, our senior NCOs brought it to our attention and said you guys got to do something about this. They became concerned. It was at the time when not necessarily the Air Force per se, but society as a whole was concerned about gangs, and what tattoos might mean and the image that we present.

Now I realize that there is, to some degree, a healthy, and I emphasize healthy, tradition of tattoos, in at least one, if not another of the services that is not a—it is kind of not a culture we share, but that is not meant to be disparaging at all. But we did become concerned about tattoos and our NCOs bought it to us. They were concerned about it. And so we have, we do have a policy and this is a test question I realize. I think I will get this right. A tattoo can—a tattoo can cover no more than 25 percent of the exposed flesh, and you can't have anything above your collar is basically our

standard on that. We are pretty happy with it. We haven't had any issues with it since it was kind of a dustup a few years ago.

Dr. SNYDER. You won't have any issues with it because you are not letting people in. I mean that is, they have issues with it. I can understand the concerns about gang graffiti and tattoos and that kind of thing, but I think there is also a sense there is a changing culture out there that may be, it may be something that will progress with time.

I want to ask my question about the GI bill. General Osman pointed out that 1967 was a great year to join the Marine Corps because that is when I enlisted. And at the time, we had the 2-year enlistment, and so I joined the Marine Corps, did my 13-month overseas tour, came back and then got a 2–1/2-month early release to go to college. So I actually spent 21–1/2, but at the point of months not years. That enabled me to qualify for full-time GI bill benefits, and at that time, they actually extended it. So I got 45 months of school paid for, 2 years of undergraduate, and 3 years medical school, 45 months undergraduate. Here is one of the issues that I want us to address. I think the chairman and I have been talking about holding a hearing over here. We have had a couple of hearings on the Veterans Affairs side about the reserve component aspect of this.

If I am somebody today who has a 6-year enlistment in a reserve component force, and I am activated and I spend, let's say, 21–1/2 months in active duty, including time in Iraq and Afghanistan, come back, decide I have done my 6 years, I have been overseas, I have kids, I am going to not reenlist, I lose all my GI bill benefit, even though I will have spent the same amount of time as Vic Snyder did who got 45 months. And we have done that, through the time we said as a retention we want people to reenlist in the guard and reserve. But I think we have to readdress that. I think it is unconscionable that these folks completed their six years, including, you know a major activation during a time of war, and they get out of the service and they have no GI bill benefit, because they are in the reserve component and not the active component.

We have had two hearings on the Veterans Committee side, and with your indulgence, Mr. Chairman, I want to just read some comments about this.

It was on March 15 of 2006, and, we had a series of folks. First we had Mr. Carr, you all know these people, Mr. Carr is the Assistant Secretary Defense for Reserve Affairs, and—I am sorry, Mr. Carr, Acting Deputy Secretary of Defense for Military Personnel Policy, and Mr. Hall, the Assistant Secretary of Defense for Reserve Affairs. He said in a written statement, there was no significant shortcomings in GI bill for reserve component. But then we heard from a series of other people on the same panel, General Helmly, stated in his written statement, "the cost of college education has risen dramatically over the past 10 years, and there is now a significant disparity in the dollar amount for the acting components, Montgomery GI bill, Chapter 30, and MGIB for Selective Reserve Chapter 1606 and 1607." that was his quote. And he goes on to say we need to have an increase in the monetary benefit from the Montgomery GIB, SR.

General Bergman, in his written statement, said "the value of the reserve component has decreased since its initial implementation." that was the end of his quote. General Bradley's statement—I assume you all know who these folks are—reserve component forces, General Bradley stated, "Montgomery GI bill originally established reserve education benefit, 48 percent of the regular component benefit." Regular component benefits have increased over time with the result that the reserve benefit has fallen to approximately 27 percent. First we had a decrease from 40 to 27 percent. And I think that has gotten several members attention.

And then we have we had a couple of people, General Young and Admiral McDonald, in their oral statements, they also specifically stated we need to deal with that, with those differences.

But as you all know, we have several issues going on. One of them is our jurisdiction. The reserve component comes under this committee, and Mr. McHugh and I have talked about that, and the active component comes with the Veterans Committee, and it has been easier to deal with the active component, and so we have raised the benefit, but they don't go hand in hand.

So there is a real push by some of the Veterans Services organizations to bring those together, title 10 and title 38, and Dr. Chu, I would like your comment about that.

And then the second thing, Dr. Chu, I would like you to comment on—or any of the services—is the discrepancy I have mentioned between Vic Snyder, 21–1/2 months total in the Marine Corps, 13 months overseas, gets 45 months of service, today a reserve component member who may have spent 21 months activated, including same amount of time overseas, gets nothing for the GI bill when they get out of the service. Are there any comments you have about those issues?

Dr. CHU. Sir, you raise a very significant issue, one which DOD continues to review. On the second part, as you recall, Congress did pass, at the President's request, an enhanced benefit, educational benefit for those who are mobilized in support of current contingencies that is graduated, based upon what they—what period of time they have served.

I think the more important issue that you raise, is for all reservists, would a larger educational benefit be an important effective recruiting tool?

And I think that is a legitimate question for the 10th Quadrennial Review military conversation to take on. You are absolutely correct, the relationship between the benefit for the active force and the benefit for the reserve force has changed over the last 10, 15 years.

And as you suggest, the reserve benefit is a much smaller fraction of the active, of the active total. And I do think that is a legitimate issue out there, because we do know from the history of the volunteer force, the educational incentives are an important element, both in terms of a young person's appreciation of the attraction of military service and back to our inference issue of the advising generation's view of the positive elements of military service.

So I am quite willing to commit that we will take this on as part of the Quadrennial Review, try to reach a conclusion on what is the right place to be in terms of the reserve benefit over the long-term.

Dr. SNYDER. How about specifically, with regard to, and maybe some of the rest of you have a comment on the issue with regard to the reserve component member loses the benefit when they don't stay in the service. Do you have any opinion on that today? It seems entirely unfair to me. General Osman.

General OSMAN. I would just agree with you, and I really think this is an issue, and Dr. Chu has it right. This should be taken up by the Quadrennial Review in military compensation. It should be an important item for them to address. And thank you for raising it, sir.

I would add that probably today, the GI bill is as important as it has ever been. When it was founded after World War II, it had a huge impact on the Nation. I see the quality of the individual we have today of similar ilk, and would also benefit equally from the GI Bill. We are seeing some states, in fact, take some very proactive actions to entice the students or the service member when he separates to, in fact, use his GI bill. In fact, California is one of the lead states in doing that. So we are seeing some real interest in the utilization of the GI bill to ensure that we maximize its potential. So you have raised a good issue, sir. Thank you.

Dr. SNYDER. Dr. Chu, is the Department of Defense dug in against the consideration of merging this, breaking down the wall between the title 38 and title 10? I just don't see that we are ever going to—we talk about the total force, and yet when it comes to these educational benefits they are as separate as they can be. And they have been divorced for several years, and they just have not had any relation to each other.

Are you all dug in against looking at that as a way—what I would not want to do is somehow move that to another committee of jurisdiction and say hey, no problem, Pentagon is going to pay for it. We can't do that. On the other hand, we ought to able to do it in a simplified way that the benefits can move together so we don't end up with the disparate. Are you all dug in against, look at that, breaking down that barrier?

Dr. CHU. I think you have raised the issue that has led people to object to change in jurisdiction, which is the question of how it is to be financed in which department and which budget is going to be used for this purpose. There is also the parallel issue of who administers the program, which is, of course, currently Veteran Affairs Department responsibility.

Let me emphasize that we have, in this administration, tried to improve the relationship between DOD and VA. We created a joint, executive council, Gordon Mansfield, the Deputy VA Secretary coach and myself, and underneath that, we created a benefits executive council and tried to deal with these kinds of issues. But we are delighted to look at it again, sir.

Dr. SNYDER. Mr. McHugh told me the other day we have talked about the possibility of holding some hearings specifically on the GI bill where we could really drill down it, because I think it is really important, and when we look at issues like retention and recruitment, and so we analyze it, well, if we have this benefit, will this person stay in? But, we may forget what it means overall, what about the guy out there who got out. What is he telling his friend now, about how he was treated? I got nothing because I wanted to

get out. I put in a good 6 years, 18 months overseas and I got nothing. And you have all those issues, too.

Plus what it means for our country in terms of having these young men and women come out, war veterans, who are going to college. That is what drove the middle class in the 1950's and 1960's was the World War II and Korean War veterans taking advantage of their GI bill benefits. So I think it is a bigger issue than just how does it impact on this year's retention and recruitment.

Dr. CHU. I disagree with you, sir. I do think there is a factual disagreement here. You do get a benefit if you mobilized the current contingency. It is graduated, based upon the length of service that you serve in mobilized status. So to say you get nothing, I think, is not accurate.

Dr. SNYDER. Well, I would be glad to look at this. Isn't that benefit dependent on you staying in the guard and reserves?

Dr. CHU. Yes, there is a retention element. But there is also an underlying guard and reserve benefit to start with, so I think it is not quite fair to say you get nothing.

Dr. SNYDER. All right, well, we may have a full hearing. But the issue is, you are treated differently, if I get out of the military as an active component, I get my full benefits. If I get out of the military as a reserve component member, I do not get my full educational benefit. I think that is clearly the law.

Do you agree with that?

Dr. CHU. The two components are treated differently, absolutely. They have different terms of service, different conditions of service. That is a wide-ranging, fundamental principle that the Congress has enacted.

There are differences, yes, sir, but it would be unfair to say they get nothing.

Dr. SNYDER. I will just close by saying, I think it is unconscionable how these young men and women are being treated now that have served their Nation in a time of war and completed an enlistment contract and get out and are not treated the same. Thank you, Mr. Chairman.

Mr. MCHUGH. Thank the gentleman. And we did talk about this. And, we have, I think, the jurisdictional problem of the agency that pays for it, wants to control it, which is different between the active and the reserve, or excuse me, the active and the retirees. But we talked about a hearing. We are pursuing that. And I think it is a very worthy objective.

Gentlelady from California.

Ms. DAVIS OF CALIFORNIA. Thank you, Mr. Chairman, and thank you all for being here. I certainly appreciate your service and your openness on a number of issues. So I am going to challenge you to be open on an issue that is a difficult one, and it is in light of the discussion that we are having in terms of waivers in terms of whether or not we have the best and the brightest people in the service.

And, I wanted to just turn to Blue Ribbon Commission reports that the University of California had done that concluded that the DOD had spent over 360 million to implement its "don't ask don't tell" policy from 1994 to 2003.

And from that report, my understanding is it is almost twice the estimate of those costs, the report that we reported last year by the General Accounting Office (GAO).

And a lot of the examination of those records would indicate that those who were discharged under the policy, tend to have higher skill and higher training levels than the average service member. And we are talking now about whether or not we are actually including waivers and having some, perhaps, diminution and perhaps small in terms of educational levels as well.

The exclusion of openly gay and lesbian Americans from service in the Armed Financial Services may, in fact, deter many potential gay and lesbian recruits from pursuing military service in the first place. And of course, on the other side of that, we can argue that it deters other individuals perhaps from getting in if the policy were different.

And it is difficult to talk about this. And yet, I think it is important to engage on it and try and understand it. And see whether or not we actually are not encouraging some of our very skilled individuals to come into the service, whether it is linguistically or whatever has been decided. I know that it is easy to say, well, this is the policy, this is the law of the land right now.

But can you, from your perspective and from your discussions as well, help us to understand better whether this is something that should be looked at again, whether it is something that you feel is an out for people in some way?

I have heard that, in fact, people have used the "don't ask don't tell" policy as a way of getting out of the service, even if, in fact, they may be not have that as a legitimate excuse. I guess my response to that is why give people an out, if that is the case. Can you help me understand that?

Dr. CHU. Ma'am, this is an important issue. As you noted in your comments, it is not really a policy, it is statute.

This is enacted by the Congress, 10, 12 years ago, lengthy debate, lengthy consideration. My sense is it is where the Congress would be today, again, if another look were taken at it. My further sense is probably where the country is. And your votes reflect that.

On the University of California study, my recollection is that those members are members over a 10-year period, so that is on the order of $30 million a year, that is not a large number. I don't want to get into a quarrel between GAO's numbers, which is your official, our official agency, and UC scholars on this point. Although, I think people tend to have great faith in the GAO's estimates in these matters.

On the issue of do people use it as an out? I am sure. General Powell, when he served in the military, was fond of saying, I am confident there is somebody out there at this very moment doing something I don't like. So I am sure some people may have been successful in using this element of the statute.

But that is not our policy in terms of how we implement it. This does have to be actual conduct that is inappropriate.

Or avowals that indicate that you can't, you, the individual member of the service, can't abide by the of provisions of the statute. My sense is the military services certainly seek to do a fair, just and appropriate enforcement of the statute.

I defer to my colleagues on any specifics they wish to address.

General HAGENBECK. Thank you. It is an important topic, of course, but to put it in context, as you cited there over the 10-year period from GAO, our numbers reflect less than one third of one percent of the discharges from the Army have been for homosexual conduct discharge.

And so, it pales in comparison with those that are discharged for serious offenses or even weight standards, if you will.

And so, to address the point that some folks may misuse this to be discharged, our experience is that if a soldier wants to leave the Army, they will find a way to do it.

And if this were not one of the options that were there, they would find another way to do it, whether it was through drug use or some serious offense.

Ms. DAVIS OF CALIFORNIA. Could some of you respond to the skill levels as well as, though, are we discouraging individuals? And, in fact, once people are in the service, and they feel harassed, which certainly you must be aware that that is an issue and a problem. To what extent are they able to serve as capably as they would be able to, and if the policy were not there, would there be a difference?

Dr. CHU. The statute is not about orientation, it is about conduct. And that is—this is back to Chairman McHugh's opening statements and further questioning. We set a high standard on conduct before you come in, and we set an even higher standard, as I think you appreciate and the subcommittee appreciates, after you come in. So if your conduct doesn't measure up, yes, we will take action against you. And this is just one of the many elements of conduct—this one is statutory—that these gentlemen, their colleagues, the commanders of our units are charged to enforce.

Ms. DAVIS OF CALIFORNIA. My time is up. Thank you, Mr. Chairman.

Mr. MCHUGH. Mr. Jones, the gentleman from North Carolina.

Mr. JONES. Mr. Chairman, thank you very much.

I thought when you were talking about the TV shows you were watching that I might mention that I must really be bored. I watched William Delahunt on the floor talking about the budget.

Mr. MCHUGH. Neither one of us have very much to brag about. Bill is a good man. I don't want to get in trouble.

Mr. JONES. I can't help but think about—you were talking about recruitment and retention, and the first Armed Services Committee meeting, I believe, that Secretary Rumsfeld came to five years ago—and it might have been John Hostettler's question or mine—but he said the Department of Defense would be so efficient that we would be able to account for every one dollar spent.

I realize we all have dreams and goals. Some are realistic. Some are not. But it brings it to this point about the recommendation—and this is really not my question. I just want to make a statement, but it is going to lead to the question. The DOD is saying to the retirees that we are going to have to increase the fees. You are going to have to pay more of your health care.

Then I remember about a month ago a DOD inspector general, an auditor, whatever the title was, was sent to Iraq to see if he could find $8 billion that has been lost during this war.

My question, though, is because—I want to compliment every one of the services here today, because I know that you have really scrambled and some it has been easier for than others to meet your goals, but you have done it and should be complimented for that.

I want to talk to you about the Selective Service Board. I think about General Shinseki, General Zinni, Senator McCain, everyone that said that we probably should have a minimum of 200,000 to 300,000 troops in Iraq if we were going to do it right. And I know that can be debated. I am not going to bring that up for debate. But my question, though, is how often do you or the Secretary of Defense meet with the Director of the National Selective Security Board?

Because I believe—I hope we don't get involved in another land war somewhere, but who is to say we might not. And with all that I have heard for over a year about recruitment and retention, how often do you all meet with—I think it is Mr. Bill Chatfield. How often do you all meet to talk about contingency plans if we get into Iran or North Korea or wherever? How often do you meet to discuss what the fallback position is to make sure we have got enough troops?

Dr. CHU. Congressman Jones, DOD is committed to a volunteer force. In a study decision, that is the right course of action. Yes, there still is the Selective Service System on standby; and, yes, I have conferred with Mr. Chatfield on a number of issues. Because Congress mandated certain reports over time, so I do see him from time to time.

But let me underscore our fallback position, so to speak, is the volunteer force. That is why we are so committed to its successful sustainment. That is why we are so grateful for the partnership of this subcommittee and the committee as a whole in giving us the tools that has made it possible to carry out a series of very demanding deployments, essentially back-to-back deployments for many active Army personnel over the last four years or so.

Mr. JONES. Can you tell me how often you all meet on a regular basis of once or twice a quarter, or once a month, once every six months to say that if we get into this dilemma that he we need to consider activation? I just think we need to know this as a national security issue. We need to know this as a backup. Do you all have this conversation? Maybe we should bring the Selective Service chairman in at some point if we have time. But I want to know that you do have a plan that you have developed with the Director—if that is his title——

Dr. CHU. Yes, that is his title.

Mr. JONES [continuing]. That you have a plan that if we reach this bottom number that we are going to have the plan ready to go. Do you all have that set up?

Dr. CHU. Selective Service has its standby capacity. I have talked with its Director on a variety of issues over the last two years.

Mr. JONES. In the last three years?

Dr. CHU. He has only been in office for a year and a half or so, if I recall correctly. I have to check the records here.

But let me emphasize I don't want to give any comfort to the thought that we are thinking of retreating from the volunteer force concept.

Mr. JONES. I am not asking that. I think the volunteer service has worked extremely well. But there—again, the volunteer service has worked extremely well. We are in a different world right now. I mean a totally different world.

I am not trying to argue. I am just trying to find out that you have a systematic, an every-so-often we meet with the Director of Selective Service. Because I think, if you don't, it is like me at 63 giving up all my insurance, that I don't need it. That is absolutely unacceptable.

I would appreciate, Mr. Chairman, because I see my time—I will stay for another round, if possible, but I would like for you to please, to this chairman and the ranking member, send a letter for this committee and give us the times and how often you have met with the Director of Selective Service.

The reason for this—because I hope volunteer services work forever, but I am being realistic. When you have got the national polls showing that the American people, less than 35 percent support being in Iraq, they are talking to their children, whether we like it or not. We have got to have as a Nation that backup. And you are telling me—I mean you have answered my honestly, but sounds like to me that there is not a whole lot of discussions going on.

If you want to keep them private and out of the public, that is fine. But we in Congress, if we want to have a closed meeting to find out what we are doing, then I would request—I am not sure the chairman would grant that, but I would request that. What you are telling me is not telling me a whole lot.

Mr. MCHUGH. Would the gentleman yield to me? Your time has expired.

Mr. JONES. That is what I thought, Mr. Chairman.

Mr. MCHUGH. Let me just say, the gentleman raises some important points. As I know he knows, the only way Selective Service registrants can be accessed is if Congress authorizes that. Why don't we take a look at perhaps having Bill up and talking to us in a briefing?

I don't want to close the door on the potential of a hearing, but I don't think that kind of structure is necessary. You have one director, and we will have him up, and he can talk to us about where they are.

It is really a numbers issue. If they are registering those who should be registered, if they have the proper documentation as to where they are—although I would certainly echo Secretary Chu's comments that it doesn't seem even remotely necessary—but, obviously, we are maintaining the system. There is a purpose in maintaining the system. So let's see what we are getting for that effort. I think that is a legitimate request. So if the gentleman agrees, we will try to pursue that.

Mr. JONES. Thank you.

Mr. MCHUGH. The gentleman from Texas.

Mr. CONAWAY. Just to digress on that, I would hope that we do this in ways—and I hope my good colleague from North Carolina is not intentionally trying to inflame the world the way our Democrat friends did a year or so ago by introducing a bill to go to a Selective Service. The line of questioning is unnecessary, and I am

hoping that your intent was not to further your own personal drive to get us out of Iraq by scaring people. It is unworthy of us to do that, Walter; and I would rather you not do it.

Mr. JONES. Would the gentleman yield?

Mr. MCHUGH. You have to ask the gentleman.

Mr. CONAWAY. Absolutely.

Mr. JONES. I assure you that my question is of great concern about national security and great concern about what could happen in the world ahead of us. It has nothing to do with politics at all.

So I thank the gentleman for yielding to me.

Mr. CONAWAY. Dr. Chu, in some of our staff briefing materials there is some indication that the services intend to rely on supplemental appropriations for the back half of the recruiting budgets, the back half of the bonus budgets, and that the Navy and the Air Force have actually reallocated resources away from recruiting because of the circumstances within those services.

The two questions are, one, supplemental funding for just normal pay is not necessarily the right kind of supplemental concepts that most of us have agreed to; and then comments from the Air Force and the Navy that, obviously, you can't go forever. As you bring down the size of your service, you have got to continue to bring people in at the bottom to percolate up.

Can you respond without having to have new resources outside your budgets to get that done over the foreseeable future?

Dr. CHU. Let me try to answer your broad question and turn to General Brady and Admiral Harvey on the specifics of their individual service context.

Yes, particularly the Army is relying importantly on supplemental funding for the balance of its budget. I have discussed this at great length with Secretary Harvey personally on several occasions. We have agreed that he is going to execute and is executing his program with the assumption that money is there. So we are proceeding on a premise of success of supplemental funds.

I would also acknowledge, as Chairman McHugh has emphasized, sort of not my area, how we finance these things. It is the Comptroller and Office of Management and Budget's (OMB's) decision. But there have been theories over the last 25 years of what does or not go into supplemental. At one point, the pay raise went into the supplemental. We changed that practice in the 1980's.

We have been in different places collectively about what is the right financial vehicle, but what is more important is the commitment by the Secretary of the Army personally, and he is—and I think that is behind the success the Army is seeing—executing a program on the full trajectory that is the sum of the supplemental regular budget.

Mr. CONAWAY. Dr. Chu, I understand he is committed to that. I used to be in banking. If we called the loan and it didn't come, you didn't get the money. If the supplemental doesn't happen, are you going to——

Dr. CHU. My view is Secretary Harvey is committed to proposing a reprogramming if it doesn't come. We believe the supplemental will be there. Everybody appreciates—while we have been talking this morning about an all-volunteer force, it is, in the end, an all-recruited force. It is critical we sustain these resources at the right

level. I think that does speak to the Air Force and Navy situation. We don't want to, when the budget is pressed, to put extra money in recruiting in those service areas where that might not be needed.

Mr. CONAWAY. Some comment from the Navy and Air Force about at least acknowledging you are on a bit of a recruiting holiday or enlisting in less difficult circumstances than the Marines and Army, in terms of the money you are spending recruiting.

General BRADY. I think Admiral Harvey and I—neither of us feel like we are on a holiday, recruiting or anyplace else. Actually, as we get smaller, as the Navy is—and I certainly won't speak for him—but as you get smaller, every recruit you get has got to be exactly the right recruit.

So I know there is a temptation—in fact, it becomes a reality. If you reduce the number of people you are bringing in, people are going to reduce your recruiting budget. There is a cost of doing business when you recruit, and as you get smaller in some ways recruiting becomes more difficult because the people you need the most, the most difficult to recruit, are people who have other really good options in the civilian world. So it is a challenge to get those people.

We have tried really hard to keep our recruiting consistent and to keep our budgets pretty consistent, and one thing we have done lately is we think we have got about the right number of the people in the field recruiting, but what we are looking at is making a portion of our people—not all of our people but a portion of our people career recruiters. In other words, some of our more senior people to be career recruiters. We like to have operational people be recruiters, because they are the people that can relate to young recruits about what the Air Force is really about.

So we don't ever want to go to an all-professional recruiting force, because we think that force gets a little staid in terms of their operational currency. But we are moving toward some percentage of our folks that, as they become more senior and they are in management positions, they develop recruiting policy for us, that they be people who are more experienced in the recruiting business.

We really feel—we are not lackadaisical at all about the recruiting business. We have had great success. We are grateful for it. But we are knocking wood. Our challenges will come. It is inevitable. So we are not relaxed at all about it, actually.

Admiral HARVEY. Thank you for asking that question. This goes to the heart of an issue that we talked about in my first office call with you, sir, some months ago and to the chairman's point about we are going to flatten out, we are going to get to a number, and when we get to that number, the recruiting mission that we will need to sustain that number is not the one we have today.

The recruiting mission today and our retention goals are tuned to give us that force decrease that we have been experiencing over the last several years. As Admiral Mullen testified to the full committee in his testimony, we are going to get to this number; and my job is to tell him, A, what that number is and, B, what are the recruiting resources that we are going to have to get to sustain that number.

So to your point, sir, my recommendation to my boss is probably going to be we are going to have to increase the number of resources, the amount of resources in terms of the people recruiting, in terms of the dollars we support recruiting with to maintain the quality of the force we have talked about already that is so critical to our future and get at that and have to actually do that.

As General Brady just told you, as you get down to this smaller number, you cannot bring just anybody that you can find to raise the right hand and say I do. We are going to have to go out and find the right person with the right skill set, and these people are in great competition elsewhere. This recruiting job is going to get harder for all of us, and we are not on a holiday, don't anticipate getting on one anytime soon, sir.

Mr. CONAWAY. Thank you, sir.

Mr. MCHUGH. Thank you, gentlemen.

I appreciate Mr. Conaway pursuing that point I made earlier that I think is an important one. I understand fully you folks don't make this decision, but I think it is an important point to make.

As we as a subcommittee look at the current year recruiting budget overall you entered the year, you expected about $500 to $700 million to come out of supplemental because it wasn't embedded in the base budget. Frankly, given the fact that we don't have a supplemental passed yet, hasn't gone to conference—even if that were the case, I am not sure we would know then how much was included for recruiting. Because, at least insofar as the House bill is, there is no line for that. Your level of confidence can't be all that high your money is going to be there.

I appreciate your commitment to that, and he is a bright guy, and he understands the necessity of that mission, but that is him looking at taking it out of hide somewhere if it doesn't come true. Do you have any idea what is included in the House bill for recruiting? I can't find out.

Dr. CHU. The recruiting element is part of DOD's request.

Mr. MCHUGH. It isn't lined out, Mr. Secretary.

Dr. CHU. I would take the positive view it gives us additional flexibility. That might be best justified——

Mr. MCHUGH. I admire your optimism, David. This is half full. As we look at 2007, the Army's looking at a $250 to $350 million bogey that is going to have to be made up in the next fiscal year in a supplemental we haven't seen.

Just for the record—and you don't have to comment. It is no way to run a railroad. It is certainly no way to run recruiting and retention. You have got to have identified, reliable sourcing; and part of the problems we have right now in recruiting programs is that we have been on this up-and-down roller coaster.

You are right, Mr. Secretary. We have done it in a variety of ways, sometimes in the base budget, sometimes in supplementals. Every time we have done it in supplemental, we have done it the wrong way. Not your decision. I have made my point. I will rest my point.

Let's talk about pay raise, 2.2 percent in the base budget. Over the last seven years, all of us together have acted to pass pay raises that were at least a half a percent above CPI, the calculated pay raise for the private sector, trying to do some things to make

the services a better career opportunity and, of course, to remunerate those brave men and women that serve us.

Why are we just equaling CPI this year? Do you feel we have overcome the challenge or how do you posture on that?

Dr. CHU. Obviously, this is a results-oriented decision. It depends on how we believe we are postured.

One of the important indicators we do use, as you appreciate, is the recommendation of the 9th Quadrennial Review of military compensation, that we peg the package at the 70th percentile, meaning better than 70 percent of what Americans with similar education experience enjoy, for our force as a whole. That therefore is, as you appreciate, influenced by the basic pay raise, also by decisions on the housing allowance and on the subsistence allowance, which are part of that calculation.

We believe that when you take into account both the housing allowance changes already made and those embedded in the 2007 budget request, that the base pay rates for everyone at 2.2 percent, which is the employment cost index change in the year ending 30 September 2005, is the right number as the base pay raise.

We do believe and we are hopeful that we will have before you shortly—I apologize for the delay in completing this—a proposal for an additional increase under authority you earlier gave DOD on April 1st of 2007 for the noncommissioned officers and for the warrant officers that would vary in the pay table. We have found very effective in being judicious in the use of personnel resources what people have called targeted pay increases, looking at individual points in the career.

Are we at the right place against these standards, both results and this benchmark of the 70th percentile of comparable civilian personnel? We think that for the force, officers as a whole and junior enlisted communities, we are at the right place.

We are a little weak, in our judgment, against where we think the noncommissioned officer and warrant officer groups ought to be; and that additional pay raise would correct that deficiency.

Mr. MCHUGH. Thank you. I wanted to get your comments on the record.

As you know, in fairness, the second panel is coming up, and distinguished members all, and are probably going to talk a little bit about the Senior Executive Council (SEC) test, the establishment of the Defense Advisory Committee on Military Compensation, a wide range of proposals involved there. Some I found extraordinarily interesting. Did you want to say anything about those prior to the second panel?

Dr. CHU. Let me just say this, sir, to emphasize, as you have in your comments and your questions, we are just now receiving the report of the Advisory Committee. It is a very interesting report. The DOD has made no decisions that it either supports or opposes any particular element of what the committee is recommending. We do intend to take the committee's report, which I believe will get to us sometime later this month, as a foundation element of the Tenth Quadrennial Review of Military Compensation, which we have started and the statute requires.

My expectation—our goal is to be ready to come back to you in the cycle next year at this time with our conclusions on these, the DOD's position on the various elements.

Mr. MCHUGH. So you haven't ruled out or definitely adopted any component of that.

Dr. CHU. Absolutely right. We have just ourselves been briefed at a very early stage, a first-rate briefing on the main recommendations of the report, but it is early days in terms of deciding which elements are meritorious, what package; and really what I think the committee is recommending is we all step back from what we historically received, our inheritance, so to speak, of the way we approach these issues and take a fresh look at a number of foundation elements.

I think it is a very challenging report, at least in terms of the outline summary we have seen, raises a number of interesting issues. But we are not prepared to comment pro or con at this juncture.

Mr. MCHUGH. Fine.

I want to close on a comment—well, a couple of questions and a comment, try to help you. I want to be helpful.

I went to college, took the SATs, studied hard for them, didn't do all that well, should have studied harder. Went to graduate study, took the GREs, studied harder for those, did better.

Secretary Chu, I look at your educational background; and, boy, is it impressive. When you went to school, did you take SATs?

Dr. CHU. Yes, sir, I did.

Mr. MCHUGH. Study for them?

Dr. CHU. I don't recollect. It is too long ago.

Mr. MCHUGH. Really. Then you must not have. Because, if you did, you would have remembered it.

Let me—General Hagenbeck, you took them to get into the Point, didn't you.

General HAGENBECK. I did.

Mr. MCHUGH. Study for them?

General HAGENBECK. I did.

Mr. MCHUGH. Damn hard, I bet.

General Brady, you took bachelor of arts, University of Oklahoma. Study when you took those entrance exams?

General BRADY. I did not study for them.

Mr. MCHUGH. At all?

General BRADY. No.

Mr. MCHUGH. By God Almighty. Masters? You didn't study for GREs?

General BRADY. I did for the GRE.

Mr. MCHUGH. I have got political science. Studied for those. On and on and on.

I have got to tell you, every college student today that I am aware of, before they take an SAT, a GRE, an MCAT, whatever it is, studies. Every lawyer in America—and I took the LSATs—certainly 90 plus percent go to a Kaplan course, some kind of course to study. You get a book of past tests.

I have outlined some of the concerns I have got about erosion, category fours, taking category fours—taking people on moral waivers. You assault somebody; that is okay. Experimental drug use; as

long as you experimented, that is all right. Robbery, shoplifting; come on in. But take a study course for our entrance exam—nonsense.

I was stunned to find out in the armed services military personnel accession test and program you have a prohibition against participation of the services in any way of a program that will assist—and in this case marginal—but really any, any recruit, potential recruit preparing for the ASVAB test. So you are going to take somebody who beat somebody up, gets drunk—not you specifically—gets a little drunk, does some marijuana, but, Goddammit, don't study for that test.

Does that sound stupid to you, Mr. Secretary? It sure sounds stupid to me.

Dr. CHU. I think we have to step back and ask what we are trying to accomplish. We are trying to measure the aptitude of the individuals. You could go to a regime like SATs where you invest heavily in preparation, but then you have to be sure that you invest heavily in everyone's preparation, not just a few people, or you skew the outcome. We would have to rethink both the content and how it is done.

I am not a test expert, but this is a test that has gone through many iterations to get to the present model, which has served us very well in predicting people's ability to accept the kind of training that we have to give in a high-technology environment and to be effective in the post to which they are assigned.

The level playing field we have created—you are absolutely correct. The services are not to assist people. Because the slippery slope which you perch yourself is some recruiter thinks he is going to help Ms. Jones extra and maybe give one or two answers out. So you don't want to be in that position because you are trying to measure—the benchmark is—that is the way it was given to standardize the test, to create the norms against which we then measure all those who come through the recruiting process, is no formal preparation. What they do on their own, they can select.

We have concluded we should not be in the test preparation business. If it is your direction to change, obviously, we will carry out that direction. But we would have to change the whole system and come back to the issue Congressman Snyder raised, be sure it was a level playing field, everyone got similar preparatory assistance to be sure we are accurate in measuring what we are seeking to determine, which is your aptitude—that is what this is about—your aptitude for this training and these assignments.

Mr. CONAWAY. Would the gentleman yield?

Mr. MCHUGH. Let me make one point, and I will be happy to yield.

First of all, the SAT is hardly a measurement across the board on any equitable basis. Because you study—I don't know what Kaplan costs any more on LSATs, but I suggest it is probably well over a thousand dollars. It is pay to play.

I am not suggesting that an individual recruiter be out there conducting preparatory classes for anybody who is going to take the ASVAB. I am concerned if there were contracts in the works—and I am not saying the contracts were good. I am not saying they should have gone forward. But the reason I understand they were

interrupted is because somebody cited this and said we shouldn't be involved.

It seems to me that if every service offered to every recruit the opportunity on an equal basis to take that kind of course, that keeps it as equitable as possible. And if we are finding ourselves in a recruiting environment where we have to waive in people who have done drugs and who have been involved in robbery and assaults, maybe it is not so unreasonable to say to folks maybe you don't take a test well. Some of the brightest people I went to college with did not test well.

Dr. CHU. That is exactly why we don't say zero for Category four. We recognize there is distribution, many different kinds of talents out there, a distribution of talents. Not all talent is evidenced in the test result. We also recognize there is error. There are errors in the tests. We have had all the national commotion over the SAT scoring issue. So there are a whole set of issues out there.

In the end, what is at stake is are we measuring accurately the aptitude of the population. The outcome I think you are describing is we get the same distribution. If we gave everybody preparatory courses, we would have the same outcome. We would have an additional burden, resource cost to do that, but we are not really going to change the outcome in the end. The test measures—or at least that is what the test experts have assured us—the test measures the aptitude of the population we are recruiting. That is all it does.

Mr. MCHUGH. It does, but it can also move you from a four to a three or a three to a two.

Dr. CHU. I think what I am arguing is, if familiarity of the questions is at the level it now exists and we raise everybody up, it is still going to create the same distribution because we norm it against the national population. This is not an absolute element. It is a normed standard.

Mr. MCHUGH. That is assuming that input has exactly the same output. I was a political science major. We didn't get into much of that. But I think that is an erroneous assumption.

I made my point. I will conclude and yield to the gentleman. I just think that doing what we are doing to meet recruiting numbers and seeing the erosion in quality—and I don't mean to cast aspersions on those folks who are signing up today or tomorrow or the next day. That is not my objective and not my point. But to do that while at the same time saying perhaps we should look at the efficacy of providing what every college student—potential college student and graduate student does in America today, and that is the opportunity to prepare, is kind of silly based on a "hell no" regulation.

This is not anything that allows any kind of flexibility, any kind of opportunity to study. It just says no. I think it puts the dah in dumb.

I made my point. I will be happy to yield to the gentleman from Texas.

Mr. CONAWAY. I am a CPA, and I did study for the certified public accountant (CPA) exam and also spent seven and a half years trying to regulate CPAs and the entry—to make sure the exam was fair. We used a group of scientists that I had never heard of called psychometricians. People actually feed their families grading tests,

deciding whether or not the test makes sense, along the lines what Dr. Chu is talking about.

The idea of the CPA exam is to set the minimum bar for the entry into the profession, in this instance, entering into the armed services. There are people, Mr. Chairman, who do look at tests like this to say, all right, if our base is for everybody to have no preparation for the exam, then we can measure the exam results against that standard. If, on the other hand, we have everybody takes a certain preparatory course, then we would expect a different level of performance on the exam. We are just grading these people against themselves or a standard.

So the question is, Dr. Chu, are you using psychometricians to evaluate the tests?

And the other thing we did in the CPA world is you had to decide what were the minimum standards to get into the profession, what kind of work would you do the first two years, first four years. So you go through an analysis of all those capabilities and then you try to figure out how to do that.

I expect the same would go on here, where we need to know what it is that we want a young recruit to be able to do and be successful, given the huge investment that we are going to make in the training, investment we have made in the recruiting. Have we got the right kind of scientists looking at that to make sure we are measuring what we ought to be measuring in terms of how somebody is going to be successful once they are in the service?

Dr. CHU. Yes, sir. You described exactly the process we go through; and, yes, we do have an extensive psychometric staff effort behind this test to produce what you described.

It has several different parts. While there is an emphasis on the raw score in terms of basic eligibility, the services use the subparts of it to help direct people to those elements of the force that they have the greatest aptitude for and where their underlying aptitudes will have the greatest payoff for the Nation.

Mr. MCHUGH. Were you referring to the ASVAB test has several parts?

Dr. CHU. The armed forces qualification test has a whole series of subparts. There are different scores for different talents.

Mr. MCHUGH. As they gave me in college. What would you rather do?

Dr. CHU. It measures different talents. There is an overall score, but there are sub elements.

Mr. MCHUGH. Has, to your knowledge, the Department of Defense tested the efficacy of having a test to familiarize people with the constructs of that several-part exam?

Dr. CHU. I have to look into that. I don't know off the top of my head.

Mr. MCHUGH. Would you? Thank you very much.

Dr. Snyder.

Dr. SNYDER. Dr. Chu, is it psychometrics? How do you spell that?

Mr. CONAWAY. They are, by the way, actuaries with less personality.

Dr. SNYDER. How do you spell the word?

Mr. CONAWAY. P-S-Y-C-O.

Dr. CHU. Psychometrics.

Dr. SNYDER. I used to think the answer, Mr. McHugh, was if you had like all the state capitols and multiplication tables tattooed on your arms you could go into the test and that would help you, but then the Air Force won't give you a waiver on the tattoos, so that is not such a good plan after all.

Dr. Chu, you began, I think, your opening statement talking about the nobility of military service, and I really believe that, and I think that is true all the time, regardless of whether we have foreign policy discussions in our country. Because we are always going to have commanders in chief that make foreign policy decisions that we don't all agree with, but the nobility of military service, we always need to be speaking for that, regardless of, in my view, where we are at with regard to whatever foreign policy disputes are going on in the world at that particular time.

You mentioned the Academy appointments. We are having an Academy night in a couple weeks. Our numbers are so small for the actual appointments, I can't follow any trends. Have you all—are there trends in Academy appointments? It seems like it has been fairly robust, but are there any numbers out there that are good, bad, holding our own with regard to the Academy appointments?

Dr. CHU. Let me cover that briefly and turn to my colleagues.

I think the interesting issue is applications. The bottom line is we believe we are continuing to get a good flow of high-quality applications and terrific applicants and appointees to the Academy. There was a surge in applications after 9/11; and we have come back down from that surge roughly speaking, if I recollect correctly, to where we were before 9/11. So we have seen a peak but a return to an underlying trend.

General HAGENBECK. Sir, that is exactly right. The trend pre–9/11 and over the decade that preceded that.

Dr. SNYDER. I had wanted to ask one specific question on this recruiting budget discussion you had, Dr. Chu. Regardless of where the money comes from, I assume that you follow what you spend very closely so that you can compare year to year how much is going in this slot, how much in this slot, whether it is working or not, so you can follow very closely regardless of whether you get the money on supplemental or through the normal budget process, is that correct?

Dr. CHU. Our tracking starts with results. That is, of course, the most important issue, how are we actually doing. Then we back up to which instruments are proving most effective and are we—if we are facing challenges, as we have in the last two years or so, are we adding to those instruments that we believe from history and analysis of the past data would argue are the most effective.

One of those instruments, of course, is recruiters. This was, I think, part of the problem the Army encountered about a year ago in the terrific results of calendar 2003. We had decided as a department that we could cut back on Army recruiters because, as General Brady testified, we want the right number but not excess effort here. While, of course, the recruiting situation got more difficult faster than we could react. Because once you take a recruiter out of the field, putting somebody back in the field does take a pe-

riod of time, and I think that is an important element of the recent history in the Army case specifically.

So our monitoring is focused on results, on the instruments most useful to producing those results, which will change over time; and we are grateful for the authority on bonuses that the Congress has given us in the last two authorization acts, very important instruments. It is less on how much money is there except insofar as that is the bottom line. If we have this many recruiters in the field or pay these bonus, there has to be the resources that are consistent with those decisions.

Dr. SNYDER. We just want to have the information from you in case we need to respond in some specific way.

My last question, Mr. Chairman.

Dr. Chu, would you discuss—I don't know if you need to go to individual services, but my understanding is we are having a bit of challenge with regard to our health profession scholarships or Medical doctors (M.D.s) and dentists. Is there any need for us to do anything legislatively this go-round?

Dr. CHU. I don't think so at this juncture, but we are looking at this very carefully.

I think there are two issues out there. One is the take rate on the Health Professional Scholarship Program. Some of that may be due to—or let me put it this way. We may need to rethink who does the recruiting, to put more of it in the medical community's hands.

Second, there is the issue is our compensation package adequate for the specialties where we have shortages. We have not in every one of those cases fully exhausted the authority, but we are reluctant to come forward to ask for additional authority until we have done that. We are reviewing the data because these professionals are crucial to our continued success, and we may wish to revise our view.

Dr. SNYDER. You mean authority for compensation? So you haven't hit your legislative ceiling on that?

Dr. CHU. It may be wise to ask for something. We are asking for higher ceilings for reserve medical compensation bonuses. That is in our legislative package. Whether we need it for the active force or not is an open question.

Dr. SNYDER. Thank you, Mr. Chairman.

Mr. MCHUGH. Thank you.

Gentlemen, again, as I tried to indicate in my opening comments, thank you all for being here, for your service. We look forward—for those who you sticking by your current assignments, thank you. We look forward to working with you. To those in new ones, we look forward to working with you in those capacities.

These are challenging times; and we are very, very fortunate as a subcommittee, a committee and as a Nation to have capable, dedicated and very, very effective folks like you serving all of us. Our words of appreciation——

You got through it, Admiral, first time. Thank you so much.

We are clearing out the second panel to come up.

[Pause.]

Mr. MCHUGH. Gentlemen, thank you for being here; and let me for the record have the honor of introducing our second panelists:

The first, Admiral Donald Pilling, United States Navy, Retired, chairman of the Defense Advisory Committee on Military Compensation. Admiral, thank you so much for being here, sir.

Mr. Robert E. Robertson, Director of Education, Workforce and Income Security Issues with the United States Government Accountability Office. Sir, welcome.

Colonel Steve Strobridge, United States Air Force, Retired, Director, Government Relations of the Military Officers Association of America. Thank you for being here.

As you heard from the first panel, we have received your testimony as submitted. All of them will be introduced into the record in their entirety without objection. Without hearing any objection, will be so ordered. So you can approach your comments in any way you see fit.

Why don't we start with the order of introduction. Admiral.

STATEMENT OF ADM. DONALD L. PILLING (RET.), CHAIRMAN, DEFENSE ADVISORY COMMITTEE ON MILITARY COMPENSATION, U.S. NAVY

Admiral PILLING. Good morning, Mr. Chairman, members of the subcommittee. Thank you for the opportunity to talk about the results of the Defense Advisory Committee on Military Compensation. Although our final report is not due until later this month, we have already communicated our basic recommendations to DOD; and I would like to take a few minutes to discuss what we are proposing.

The committee was established over a year ago by Secretary Rumsfeld and has seven members. Two are retired four-star officers, two are economists who were instrumental in the Gates Commission report in the 1970's which led to the all-volunteer force, two members are outside compensation human resource experts, and one is a former Deputy Secretary of Defense.

Our task was to develop an overall architecture for military compensation in this century which would recognize the realities and changes in the environment since the original compensation scheme was put in place in the middle of the last century. Along with that formidable task, we were asked to develop a set of principles which could be used to form a framework for evaluating future changes to the military compensation structure.

The two biggest changes we are recommending are to the retirement system and to move toward a system which reflects pay for performance.

The first recommendation on the retirement system was based on our review of how we got to the current retirement system. We reviewed the testimony of three deputy chiefs of staff to the Congress in the post-World War II hearings on the retirement system. They asserted that the average military career would be about 30 years in length. The system in place provided for an immediate annuity at that point because life expectancy in the last century at that point was in the 60's. It was also believed that retiring military members had no easily transferable skills and obtaining private sector employment would be very difficult.

The services asked that the restrictions imposed by the Congress for a 20-year retirement be repealed because there might be a few

who wanted a shorter military career. As they thought about how this retirement system has been used, we find most people who stay for a full career retire at 20 years. We also believe the current system is inequitable and inflexible because you must stay for 20 years or you will get nothing. Further, our investigation showed that less than 15 percent of enlisted members serve long enough to become retirement-eligible.

Finally, advances in health care have moved life expectancy into the 80's for the current generation; and data shows most members who retire in 20 years enjoy a second career. We believe a retirement system for future enlistees should vest at 10 years and extend out to 40 years for a hundred percent retirement but that the retirement annuity not begin until age 60. The savings generated from the reduced funding of the retirement pay accrual could be used to put more cash in the military member's pocket while he or she is on active duty. This would include a five percent contribution to a member's Thrift Savings Plan (TSP) and special bonus pay to be paid at appropriate points beyond ten years of service to encourage longer service for those with critical skills and value to their parent service.

The second major change would be pay for performance. We recommend the pay table based on time and grade, as opposed to the current time in service pay table. So that military members whose performance is recognized by early selection would retain that pay advantage over their peers on a permanent basis.

The second proposal in this area would eliminate the distinction between basic allowances for those with dependents and for those without dependents. The current system results in enlisted members with dependents realizing 245 percent more housing-related compensation than their peers who perform the same job but get paid without dependents rate.

Our other recommendations address incentive pays, increase in the Tricare fees for the under 65 military retirees, and removing the hard edges when reserve and guard members are called to active duty.

Thank you for this opportunity today, and I look forward to your questions.

Mr. MCHUGH. Thank you very much, Admiral.

[The prepared statement of Admiral Pilling can be found in the Appendix on page 214.]

Mr. MCHUGH. Mr. Robertson.

STATEMENT OF ROBERT E. ROBERTSON, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. ROBERTSON. I am really happy to be here today.

By the way, this is the first time I have been before this subcommittee. I am happy to be here today——

Mr. MCHUGH. If I may interrupt you, I have been advised if you could pull that a little closer.

Mr. ROBERTSON. I have to tell you, sir, that I refrained from doing the initial tap, tap, tapping on the microphone to see if it was on.

At any rate, I am happy to be here this morning; and I am going to be summarizing a report that we recently issued that basically examined the military's disability evaluation system. That report basically covered three areas. It compared the policy and guidance governing disability determinations among each of the services as well as between reserve and active duty personnel. It also examined the oversight and quality control procedures that are in place to assure consistent and timely disability decisions; and, finally, the report uses an original statistical analysis, which I am very proud of, by the way, to compare disability rating and benefit decisions for active duty and reserve members of the Army.

Now here is what we found. Instead of waving these glasses, I better put them on, because I don't know what will come out of my mouth otherwise.

First, while there are basic characteristics common to each of the services' disability systems, DOD has given the services latitude in implementing certain aspects of these systems. As a result, you are going to see some differences in several areas, and that includes the nature and composition of individual services' decision-making bodies.

There are also differences in the laws and policies that affect reservists going through the disability determination process. For example, the part-time status of reservists means it can take them longer to accrue the necessary service years to qualify for certain types of benefits.

Now, moving on to oversight of the disability systems, we found that neither the DOD nor the services are adequately monitoring the consistency of decision-making, and that is a key component of any credible disability determination process. Timely disability decisions are also essential to a well-functioning disability determination. We found, however, that DOD is not collecting available information to assure compliance with its own timeliness goals, nor are the services assuring that the timeliness data they are collecting is reliable and accurate. In short, we believe there is a need for improved oversight with regard to consistency and timeliness of disability decisions.

Finally, concerning the third area of our report, we found that, after controlling for differences in the characteristics of reservists and active duty military personnel, reservists and active duty personnel with similar characteristics receive similar ratings; and that is a good thing.

We also have found, again after controlling for differences in the reservists and active duty military, that reservists appeared less likely to receive disability benefits than their active duty counterparts.

Now, we were unable to rule out preexisting conditions or years of service as possible explanations for this difference. Based on these and other findings in our study, we made several recommendations to the Secretary of Defense, all aimed at basically shoring up the decision-making process in terms of producing consistent and timely disability decisions.

Mr. Chairman, that concludes my prepared remarks; and I will be happy to answer questions at the appropriate time.

Mr. MCHUGH. Thank you very much, sir, and welcome again.

[The prepared statement of Mr. Robertson can be found in the Appendix on page 231.]

Mr. MCHUGH. Colonel.

STATEMENT OF COL. STEVEN P. STROBRIDGE (RET.), DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA, U.S. AIR FORCE

Colonel STROBRIDGE. Thank you. Thank you, Mr. Chairman and distinguished members of the subcommittee, for this opportunity to present the views of the Military Coalition. We certainly appreciate all the committee has done, the subcommittee has done in recent years to protect the interests of the entire military community during these very trying times, but, as you heard many years before or many times before, we think there is a lot that still has to be done.

For the active duty forces, we continue to be very concerned that all the services are stretched thin. We take DOD's assertions that retention is good with a little bit of a grain of salt. We see families, looking at their third Iraq deployment in five years, increasingly asking themselves whether that is too much sacrifice. We believe there is a reason why the Army is promoting nearly all the captains and majors, and that is because a lot them have left and others are thinking of doing so.

We certainly support your efforts to increase the Army and Marine Corps end strengths and are concerned about the wisdom of large manpower cuts by the Air Force and Navy. We think those cuts are budget driven and not mission driven.

The Coalition is grateful for your emphasis on improving family support programs, particularly for guard and reserve families and those affected by BRAC and rebasing plans. Large-scale movements of troops and families from Germany is going to start soon. Thousands are going to need access to health care and child care and schools from the day they arrive at their new locations.

We also hope you will continue recent progress toward restoring military pay comparability, including those added targeted raises for enlisted members and warrant officers. We do urge correction of the housing allowance standards that depress allowances for most mid-grade and senior enlisted members by assuming they occupy inappropriately small quarters. We hope the committee will authorize shipping a second vehicle for our dual-income families.

In the education area, you hit the Montgomery GI Bill earlier. We certainly believe it is time to upgrade and strengthen the GI Bill for the 21st century, and one of the biggest goals is to do a better job by our guard and reserve forces. We certainly agree with the comments that Congressman Snyder made.

We also continue to believe that there should be some adjustment in the reserve retirement age, at least for those who have experienced extended mobilizations.

We are grateful for the very significant increases that the subcommittee worked on death gratuity and Servicemen's Group Life Insurance (SGLI), but we are sensitive that those only affect relatively recent survivors. There are significant inequities that remain in the Survivor Benefit Plan (SBP) areas for thousands of widows whose sponsors died from combat- or service-connected

causes, most of whom did not get the increases. The deduction of VA benefits leaves many survivors with annuities of about a thousand dollars a month. We strongly believe if the member's death was caused by the service, the VA compensation should be added to SBP, not subtracted from it.

We urge you to do all you can to implement 30-year paid-up SBP coverage this year, instead of the October 2008, effective date in current law. Those World War II and Korean era retirees have paid 25 percent more SBP premiums than the post-1978 counterparts will ever have to. We think making them wait 2 more years and raising that what we call the greatest generation tax from 25 to 34 percent is an undue penalty. We think that those folks who literally saved the world have already paid enough.

Similarly, we need a fairer solution for severely disabled retirees who now have to fund part or all of their VA disability compensation from their earned military retired pay. Last year, the subcommittee moved up the full payment date to October 2009, for those who are deemed unemployable by the VA. We hope you will be able to eliminate that offset entirely this year.

Another equally deserving group that I don't think get enough attention are those who are disabled in combat so severely that they were forced into medical retirement before completing 20 years of service. The current rules for combat-related compensation require 20 years, as if those members had the option of serving that long. We fully compensate 10 percent combat-disabled members who serve 20 years and 1 day, but a member who is shot through the spine and becomes a quadriplegic with 19 years and 11 months ends up losing most or all of his retired paid to that disability offset. The only reason they didn't serve 20 years was the combat wounds wouldn't let them, and we think equity demands we vest them proportionate to their service, 2.5 percent times year of service, like we do for the people who are combat-disabled and medically retired with more than 20.

That concludes my testimony. We certainly appreciate the opportunity to provide it.

Mr. MCHUGH. Thank you very much, Colonel.

[The prepared statement of Colonel Strobridge can be found in the Appendix on page 247.]

Mr. MCHUGH. Admiral, let's go to you.

I gave Secretary Chu an opportunity to try to comment and give us a little—no pun intended here—to chew upon. He actually didn't take that. I had met with the Secretary privately on these initiatives before, and he was similarly noncommittal.

Let's talk in general terms about your body of work. Obviously, some of the things that you provide, retirement based on time and grade and the lifting, if you will, of single soldier, sailors, airmen, Marines to the same Basic Allowance for Housing (BAH) as married folks and so on, those all have a cost factor. Were you able to analyze each cost implication or did you not get to that level?

Admiral PILLING. We did look at the offset that would be generated if you made the retirement system—the annuity start at age 60. For example, an enlisted member retiring at age 40 would go without that annuity for that period of time, which would free up a considerable amount of cash from the retired pay accrual because

you are no longer paying for a full lifetime annuity. We took those resources and looked at various schemes to put those resources into the individual's pocket through TSP contributions, bonus pay for serving beyond 10 years.

We did not look at how we would offset the increase in costs for changing the distinction between with and without dependents. That is a big bill. We recognize that. We think it is around $500 million a year.

There would be offsets, obviously, if you did that. Because now those members who don't have dependents would essentially see a pay raise, which would help in recruiting and retention, but also take away this bonus if you get married or gained dependents. So we think the percentage of the force that has dependents might change, and you would see some savings in the infrastructure, but it might take a long time to liquidate that offset.

Mr. MCHUGH. $500 million.

Admiral PILLING. Yes, sir.

Mr. MCHUGH. How about the cultural aspect? Obviously, if you tell someone you are—well, let me focus on the military cultural aspect. These programs are embedded in the traditions—the military retirement has always been sold as particularly attractive because of the early age at which you can draw it, et cetera. I don't know if there is any way to judge that. Is there any way you can talk to folks or discover the receptivity, a military cultural——

Admiral PILLING. Basically, I briefed the leadership of DOD, not only the uniformed leadership, and the leadership—the uniformed leadership was somewhat sensitive about doing away with the—distinguishing with and without dependents; and you can probably guess which services were the most nervous about that. So that was a cultural issue.

But to change the retirement scheme didn't strike me from their questions and comment that that was a cultural issue. Their concern was more, this is for a future force. We grandfather the current force.

Mr. MCHUGH. And that is your proposal as well?

Admiral PILLING. Yes, sir.

Mr. MCHUGH. This is not changing in midstream a flow of benefits and processes that folks signed up under?

Admiral PILLING. Yes, sir.

Mr. MCHUGH. Colonel, how about your constituents? Those are who we work for on this side of the dais. Any thoughts about some of these things that you have heard the Admiral talking about?

Colonel STROBRIDGE. Yes, sir. We have reported on the findings of the Commission and gotten a considerable amount of mail on them, as you can imagine.

I have got a little bit of different perspective. In 1986, when Congress passed the reduction plan, I was the DOD retention officer at that point. We expressed concern that again was only for the future force; and we expressed at that point what—that was going on, basically saying you are going to reduce what people get at the 20 year points. And nobody really worried too much about it until the Joint Chiefs came over in the late 1990's and said it wasn't working, and we had to repeal it.

I do have to have some—you know, any idea I think deserves a look. You don't want to just say we can never change anything. But I also think that good ideas have to stand up to some pretty heavy scrutiny. I think if we had this kind of situation today with today's force, the soldier that I was talking about earlier, where you have someone looking at their third tour in Iraq in five years, then they have a situation where basically they can be vested and take some of their retirement and leave or, if they stay, they have to wait until age 60 to get their full compensation, I don't think we would be looking at very good retention numbers.

Mr. MCHUGH. Admiral.

Admiral PILLING. Sir, first of all, I don't think we should get hung up on the comparisons to the reduction. Reduction clearly had two classes of citizens, the ones that were grandfathered and then the new entrants who were really going to have a reduction in the compensation. This takes the money that you save from deferring the annuity to age 60 and puts it up front as an offsetting compensation in terms of cash or in terms of contributions to TSP. So, depending on your perspective, you could think this is much better for you rather than worse. That wasn't true in reduction. You were clearly a second-class citizen.

Mr. MCHUGH. Well, it is not my intention to engage you in debate. We will have a lot of time talking about that. But, obviously, you both have important perspectives in this.

In light of your positions, Mr. Robertson, let me just ask you a shotgun-type question here.

Your report identified a lot of areas of focus and concerns—I guess that word fits—perhaps not the best word—but things that we have got to be looking at, and obviously that was the kind of product we wanted when we invented this in our last authorization bill, and we appreciate what you have done in that regard in helping us.

But if you had to recommend to the services right now those steps they should most immediately take, could you tick off a few for us?

Mr. ROBERTSON. Absolutely. Basically, as I alluded to earlier, our recommendations are aimed at helping the military disability evaluation systems produce timely and consistent decisions.

Now, before I get into the two or three recommendations I would like to talk about, I should really put some perspective on this and note that these types of concerns, timeliness and consistency, are not unique to the DOD disability system. VA and Social Security Administration (SSA) have been struggling with the same problems for a long time. So they are difficult problems to address.

But the essence in biggies in terms of recommendations that we have for the Department of Defense is first that the service, at the service level, make sure that the services are collecting accurate data on timeliness and consistency. And, again, we ran into some problems looking at the Army, the Army timeliness data in terms of reliability of that data.

So, first, make sure you are collecting accurate data; second, have the services monitor and report routinely on those data to DOD; and, finally, have DOD basically look across the services

from the standpoint of are the decisions consistent, are they timely, that type of thing.

So that, in a nutshell, are the big recommendations.

We did have a couple other recommendations concerning training in terms of also DOD taking a look—a hard look at the timeliness performance goals that it has in place now.

Mr. MCHUGH. What is the main obstacle to timeliness? We generally just say, oh, bureaucracy, and I guess that is probably a good response here. But what does that mean?

Mr. ROBERTSON. I think one of the problems in timeliness is that we really don't have good numbers on the timeliness issue. Again, as I said a minute ago, when we were looking at the Army's data, you know, we had some concerns about the reliability of their electronic data; and there were problems, basically, in transferring the hard copy data from the electronic data.

So there are probably problems basically with the reliability of that, number one, meaning you have to have data to be able to figure out what the problem is. And then, number two, once you get that reliable data, if it does show indeed that there are some timeliness problems, then you look at the why; and then you go about to address the underlying factors.

But getting the bottom line to your question is, in order to understand, A, if there is a problem and, B, what the source of the problem is, there needs to be more data analysis done than it is now.

Mr. MCHUGH. So you wouldn't be willing to say it is just a backlog issue? That is what we hear on Social Security Disability, we are ten years behind because there are so many backlogs.

Well, I have been all-consuming in the time, and I apologize to my colleagues. I would be happy to yield to Dr. Snyder.

Dr. SNYDER. Mr. Udall has been darting between committee meetings. Can we go to him first?

Mr. MCHUGH. Absolutely, if the ranking member wants to defer.

Mr. UDALL. Thank you, Mr. Chairman. I thank my ranking member as well; and I have to tell the chairman I appreciate his New York sense of humor, although I am not sure I completely understand it.

Mr. MCHUGH. I don't always either.

Mr. UDALL. I want to thank the panel for your important testimony today.

If I could start with Colonel Strobridge, I make the initial general comment I think for all of the work that we do to educate the general public and recruiting, that is still a powerful form of word-of-mouth recruiting, and that goes on, and all of us are helping make sure that word of mouth continues to have that effect that it is having for a couple hundred years, frankly.

Also, I want to thank you particularly, Colonel Strobridge. You don't pull punches in your report here. A couple of sections caught my interest. One is your discussion of end strength, and a number of us have been proposing an increase in the Army's end strength. I know your Air Force background, but I wonder if you would talk briefly about your sense of end strength and even increasing it and the effect that that would have on potentially the guard and reserves as well.

Colonel STROBRIDGE. Yes, sir. I am here in my capacity as co-chairman of the Mililtary Coalition, which comprises 36 associations; and we are unanimous in saying that we think we agree completely with both Armed Services Committees that there really needs to be significant increase in end strength.

As I said, we are worried about the cuts in the Air Force and the Navy. Most of us have been there before. Once you start drawing down, you stop even monitoring retention, and it is very easy to get surprised.

The big concern is it has come out pretty clearly in the Discharge Monitoring Report (DMR) that these aren't mission-based kinds of changes. They are efforts to cut people. And we are cutting people because that is where the money is so we can fund other programs. To us, when you are talking about national security, that is taking an awful big risk and particularly when the people who are paying the price are those folks, like I say, who are going to Iraq time and time and time again. We like to say they are running on adrenaline and patriotism, but that only lasts so long.

Mr. UDALL. Admiral, I know you are in a little different position, a different set of responsibilities, but do you have a point of view on this question?

Admiral PILLING. Sir, I have been retired five years. I don't know the thinking of the service chiefs, whether they want to reduce their end strength or increase it.

Mr. UDALL. Colonel, if I can come back to you, if you were to list your three greatest priorities in this calendar year as well as the overlapping fiscal year—I know in your internal statement you mentioned some of them, but I would like to give you another opportunity to.

Colonel STROBRIDGE. I think the end strength is probably the largest single one. If you look at today's situation and you are concerned about national security, I think you have to be worried about the recruiting and the retention as well.

We think that there is a pretty significant inequity for the survivors that I mentioned, the SBP–Death in Captivity (DIC) offset in particular; and we are particularly concerned about the inequity for those folks, particularly people who are coming back wounded who are not going to be able to live their lives as expected. Right now, they are being basically denied their earned military retirement because of this 20-year rule; and we think that is particularly unfair particularly for the person—and I have talked to several people who literally were mandatorily retired with 19 years and 11 months, and it is pretty hard talking with those folks.

Mr. UDALL. I think the point you made, too, is that—what I was alluding to earlier—you have that word-of-mouth dynamic where you want the retired corps with enlisted personnel officers to be speaking highly and positively about their service and how they were treated when they were in the service and when they retired as well. I think that is the key point you make here.

Colonel STROBRIDGE. You asked for top three. I do think when you look at guard and reserve forces, those folks are going above and beyond. They are really paying more—maybe even a—more penalty than the active duty folks.

When the active duty folks come back, they are getting lauded for their combat experience. They are in a culture that admires and rewards that. Folks who are coming back to guard and reserve are going back to a civilian employer who may resent them being gone. As Congressman Snyder says, once they get out, they are not allowed to use their—when they are recruited, get your college. And what they are finding is that they are mobilized so they can't use their college. Once they get out, they can't use it. I do think that we have some things to make up to those folks.

Mr. UDALL. Admiral, can I go to the front end, the intake valve, if you will? You talked quite a bit about this in your report. You took a look at the recruiting challenges as well as how we might adjust compensation. I apologize for being a little bit late on the panel, but would you be willing to again summarize the point that you made particularly to the compensation side?

Admiral PILLING. When the committee started its work a year ago, the Army and, to some extent, the Marine Corps were experiencing recruiting problems; and we were trying to determine is this a compensation issue or not. As we looked into it, it was the number of recruiters and the recruiting budget, the economy and the war going on is what we sort of concluded; and those facets the Army and Marine Corps can control. They have taken the right steps.

So as you heard—you didn't hear this morning, but the Army has had ten successful months of recruiting as a result of putting the recruits back in the field and recruiting resources. And we said it didn't appear to be a compensation issue for us.

If we changed the retirement program, that would change the rate of cash compensation that members would get, and that might be in the enhanced recruiting tool because you get more pay while you are in the military.

Mr. UDALL. Colonel Strobridge—and then I will conclude, Mr. Chairman. The points made here about flexible spending accounts. That is interesting that we have made that available to active duty personnel. It doesn't make sense, and I think your word was unconscionable.

Colonel STROBRIDGE. It is, sir. We can't believe, very frankly, that every other federal employee and every corporate employee in America has access to flexible spending accounts where they can have their child care and adult care and out-of-pocket health care experiences taken out of their pay before taxes. That authority exists for the Department of Defense. The Department of Defense, for whatever reason, has chosen not to apply it for their military people like they have for federal civilians. To us, you know, we have got single members, there are two-member parents where one is deployed, we have got increases in their needs for child care. Gosh, it seems like we ought to be able to let them use the same benefit that the law already allows.

Mr. UDALL. My experience in my own life, there are savings that can be significant to soldiers and airmen and Marines, sailors who are trying to get by with a thousand, $1,500 pretax and more choice in the process. Thank you for being there on that.

Mr. Robertson, my question, I have a man in my district, a man who lost part of his leg in the theater, 21 years old. What are his

prospects? Are we going to do right by him over the rest of his life span?

Mr. ROBERTSON. I think that the system in place would basically allow him to be compensated for in the same way using the same rating schedule as the VA is using right now. So, you know, short answer to that question is I would say, yes, he will go through the system; and he should be compensated in the way the system is set up, which is okay.

Mr. UDALL. Thank you.

Again, thanks for all the panel for their good work. Thank you.

Mr. MCHUGH. Ranking member.

Dr. SNYDER. Thank you, Mr. Chairman.

I wanted to dwell just a little bit on this GI Bill. I appreciate you all being here. You all heard discussion this morning.

I am going to read, Colonel Strobridge, from your opening statement. Your section is divided up into active component, and you talk about the need to do something with the benefit and active component. But I want to drill down in your statement about the Montgomery GI Bill for the reserve components.

Total Force Montgomery GI Bill. The Nation's active duty, national guard and reserve forces are operationally integrated under the total force policy. But educational benefits under the MGIB neither reflect that policy nor match benefits for service commitment. The Mililtary Coalition is grateful to Congress for significant increases in active duty MGIB benefits enacted prior to 9/11, but little has been done since then.

For the first 15 years of the Montgomery GI Bill, reserve Montgomery GI Bill benefits, Chapter 1606, Title 10 USC, maintained almost 50 percent parity with active duty MGIB benefits. Slippage from the 50 percent level began following the September 11, 2001, attacks. Today the guard and reserve MGIB pays less than 29 percent of the active duty program. Congress attempted to address the gap by authorizing a new MGIB program, Chapter 1607, Title 10 USC, for guard and reserve service members mobilized for more than 90 days in a contingency operation. More than a year after the law was changed, the new 1607 program still has not been implemented. Further, there is no readjustment benefit for MGIB benefits earned by mobilized reservists. If the benefit is not used during the period of their reserve service, it is lost. This is a nonbenefit at best, and false advertising at worst, when members are effectively precluded from using their MGIB entitlement because of repeated mobilizations.

A total force MGIB program is needed to integrate all components of the MGIB under Title 38, benchmark benefits to the average cost of a public college education, and provide equity of benefits for service rendered. A total force approach to the MGIB will better support active and reserve recruitment programs, readjustment to civilian life and administration of the program.

That is the end of the quote from your written statement.

I wish I had written that. I would have read that as my opening statement. But I think it really summarizes the problem. I hadn't thought about this before.

I was talking earlier, Mr. Chairman, about the unfairness of a guy or gal who who is mobilized 18 months or 20 months, but then

they come to the end of their 6-year enlistment and that is all they intended, they want to get with their life, and they get no benefit. But you bring up the point that when they are mobilized you are not going to be able to go to college in Baghdad. And they are only eligible while they are a member of the reserve component. It really is doubly unfair. They have earned it, literally bled for it, and then—but can't take advantage of it because they can only take advantage of it when they are in the service. So I think your statement really brings home this issue.

Were you here this morning when Dr. Chu testified?

Colonel STROBRIDGE. Yes, sir.

Dr. SNYDER. We have issues, and Mr. McHugh and I have talked about them, the Chapter 38. You recommend merging these under Chapter 38, but there is a lot of issues connected with that, and we really would like your help.

I met with some folks from the Military Officers Association of America (MOAA) in the last couple of days. We talked about this. But I think we need to get language on paper that says, here what is we think we can do, and then start floating it around so we can see, well, what does the Pentagon think of this? How would CBO score this? How would the Pentagon maintain—not be stuck for paying for benefits over which this committee may not see. I think we need to start getting words on paper and not just have a concept.

So any help on that we would appreciate. I think there are some folks working on that. Because things are complex not just to be complex, they are complex because the reality is it is complex, and it is expensive, and we need to do a good job by it.

So if you have specific language on how to do that merger or ideas on how to do it, I would sure like to see it in written form so we can start floating that around with the committee staff and Mr. McHugh and others so we can start looking at those issues.

Colonel STROBRIDGE. We will be more than happy to provide that.

Dr. SNYDER. I think it is really an important issue for the long term of our country plus the short term of retention and recruitment.

Thank you all for being here.

Mr. MCHUGH. I thank ranking member.

Colonel, you mentioned specifically SBP. As I know you are aware, in both concurrent receipt and SBP, I am proud of the fact that at least this recent Congress and recent actions by this committee has started to address that. We hadn't done anything on concurrent receipt since the Civil War, and we have chipped away a little bit.

SBP, we had direct spending that we have accommodated and whittled that down, narrowed it down about $2.2 billion. To make it all go away, which I think all of us would philosophically like to see happen, would cost about another $8.4 billion.

So many of those things is, as Dr. Snyder just said with respect to the Montgomery GI bill and Title 38, et cetera, our costs associated. If your organization could direct us to spend $8 billion, is that where you would spend it first? I am trying to understand your constituents' priorities.

Colonel STROBRIDGE. Yes, sir. That is a very good question. I had to think when Congressman Udall asked me earlier. I think there would probably be some of our coalition members who might not be happy with the top three or four that I named, very frankly, because when we talk about it within the coalition, we really don't talk about a top three, it is more look a top six or seven; and we have conscientiously avoided trying to say this is our number one, two and three just for that reason. You start to lose support when you do that.

If we had to do that, we could do it. But, for example, one of the things that I didn't mention, and I am regretting not mentioning it, is the guard and reserve health care issue that came up last year. We made some progress last year. This is a huge issue for the guard and reserve community.

But we will deal with those things regularly. We—as you know, we come here with a long agenda every year, and I don't think we are naive enough to think that the subcommittee is going to be able to improve everything and we all go home happy. We recognize the constraints that you are under; and I hope that you believe, and the staff believes, that we work hard to try to prioritize with you, to try to find ways, productive ways to get things done.

We have in the past, as necessary, on concurrent receipt or SBC, developed phasing options to try to, you know, reduce those cost opportunities, cost needs; and and we will do that again if necessary.

Mr. MCHUGH. Well, I appreciate that. And, truth be told, that is why we have had narrowing under concurrent receipts and narrowing under SBC. It comes down to, well, we don't have $8.4 billion that we can spend in one place. We have lesser amounts. So where can we provide the greatest benefit and do what is right in the most areas and most areas of need; and, clearly, MOAA has been an important part of that.

We have got a series of votes here, and I am not going to—with my colleagues' agreement, I am not going to ask that you stay through those. So we do have a few minutes left if Mr. Udall or Mr. Snyder have any follow-up questions for the panelists.

Dr. SNYDER. Mr. Chairman, if you would yield your question about limited dollars and the things we can do.

One of the issues on this GI Bill, and you may have some comments about this, as part of this discussion Mr. Chatfield and I were talking about, some of the folks that are experts that represent some of the Base Supply Offices (BSOs) recognize this issue of money but are trying to keep this thing as much as possible, this first step, revenue neutral, the issue of how could you move it into Title 38.

Maybe there is a way to do that without being really expensive, but you can start evaluating the program year after year so you can maintain your equity. And with one exception, that would be it would cost money. It really does concern me about these guys losing the benefit after they have been mobilized. Maybe there may be a way to look at that aspect without it being a big-dollar item, although it is complex, and Mr. Chatfield is working on that. We are trying to get language. We can't evaluate things without language.

Mr. MCHUGH. The gentleman makes an excellent point.

Reclaiming my time, just to make clear, I was asking about the SBP based on Colonel Strobridge's earlier comments not to Mr. Udall but to me, specifically had mentioned SBP. And if we can do—anything we can do that is good and doesn't cost money, we ought to do it real quick. The money parts perhaps come a little bit slower. But, Mr. Udall, any——

Mr. UDALL. Just piggy-backing on the chairman's comments, so that the flexible savings account concept is something we can do and I think we can do it without any outlay of funds.

Colonel, I don't know quite how to say this, but, Mr. Chairman, when he talks about having six priorities instead of three, sounds to me like what we face every day as elected officials, that there is that pressure on us because we have so many constituents. So the chairman is right when he talks about your constituency group. You look at the first page of the Military Service Obligation (MSO) here, and that is quite an impressive list of Americans.

Colonel STROBRIDGE. When you have a spouse—when you have, collectively talking, at one time a spouse whose military member is poised for multiple deployments and when you have a gold-star wife affected by the SBP and you have one of these disabled folks, it is pretty hard to say, you know, I think you get a bigger priority, you wait a year.

Now we did that on SBP. We made a conscious decision, because there is multiple SBP issues, to say the age 62 issue has to come first. That was the biggest inequity applied to the most people. And we are very grateful that you did that. But we can't ignore the reality that there are still these others issues that we told these folks please wait because we will address your problem when we can but this is more important.

Mr. MCHUGH. Because really, if I may interrupt, we are just kind of free associating here. I have heard the comment, well, we don't really have to look at SBP because we have increased the life insurance up to 400 and did the death gratuity to 100,000. Well, that is not adequate compensation for the loss of any loved one, but it sure doesn't apply to those folks you just talked about who were never a benefit of that.

So the problems continue, and that is why we so much appreciate the good people like you helping us across the broad range.

And, Admiral, I suspect after you are released formally your agreement will have, I hope, the opportunity to interact on that again.

Mr. Robertson, we are going to take that report you so effectively gave us and try to do some things with it that make the system better, sir.

Mr. ROBERTSON. Yes, 30 seconds, sir; and I think this will give the subcommittee members a good feeling to leave this place with.

In answering Representative Udall's question, I failed to mention one thing, and I think it gives you a flavor of where everybody is coming in this disability determination process, where the military is coming from in this disability termination process, and again—30 seconds—I attended a physical evaluation board (PEB), and it was a heart-wrenching situation involving a serious man, obviously. But I was really, really struck by how sensitive and how well the PEB members solicited information from this individual to

make sure they got all the facts out, tried to make him feel comfortable. It was very impressive, and I think that should make you feel good about how they are being treated the system. I can't say much about timeliness or consistency, but I can tell you where they are coming from.

Mr. MCHUGH. Well, we appreciate that, and we are blessed to have great people working in government and the military, and every American should stop and thank their lucky stars for that occasion.

Also, Colonel, it should go—well, it shouldn't. It does not go without saying but perhaps should, but MOAA has been such an important part of helping this Congress, this subcommittee and committee deal with those issues that are so important to those who have served to whom we owe so much and those who continue to serve to this day. So thank you for that as well.

Gentlemen, I now have what I didn't have in the beginning, a gavel, with that and our appreciation, hearing is adjourned.

[Whereupon, at 11:45 a.m., the subcommittee was adjourned.]

A P P E N D I X

April 6, 2006

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

APRIL 6, 2006

Chairman McHugh Opening Statement

Recruiting and Retention and Personnel Policy, Compensation, and Benefits Hearing

Military Personnel Subcommittee

April 6, 2006

The Subcommittee on Military Personnel has always considered the close oversight of military recruiting and retention programs a matter of the highest priority. That responsibility has seldom weighed as heavily on this Subcommittee as it has over the past four years. We have watched these programs very closely and I believe we have responded with the appropriate legislative solutions when problems have been identified.

Our job remains difficult. This may be the most challenging era for recruiting and retention since the creation of the all volunteer force. The successful completion of our mission will require the close coordination, at all levels, of a finely tuned team comprised of the services, DoD, and the Congress. I promise that this Subcommittee is prepared to hold up our end of the bargain.

Today we will continue our dialogue on recruiting, retention, and a variety of other personnel programs. We have a number of concerns about continuing problems achieving recruiting goals, the erosion in recruit quality, the commitment to fully fund recruiting and retention programs in a timely manner, and the adequacy of the proposed pay raise. We look forward to the upcoming discussion and appreciate the participation of our two panels today.

I will introduce those members in some detail as we proceed, but first I would turn to the Ranking Member, Dr. Snyder.

HONORABLE VIC SNYDER

**HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL**

RECRUITING AND RETENTION AND MILITARY PERSONNEL POLICY, BENEFITS, AND COMPENSATION OVERVIEW

April 6, 2006

Thank you, Mr. Chairman.

Welcome Secretary Chu, General Hagenbeck, General Brady, and General Osman, it is good to have you back again. Admiral Harvey, welcome, I believe this is your first time testifying before the subcommittee, my colleagues and I look forward to hearing from you.

I also want to recognize the witnesses who will be following on the second panel — Admiral Pilling, Mr. Robertson, Colonel Strobridge, and Mr. Barnes. Gentlemen, thank you for coming, we look forward to hearing from you and thank you for your patience.

Mr. Chairman, I understand that the Congressional schedule has put us in this predicament. And, frankly, I am not sure how we

resolve this problem. However, given that this country is at war, I would have hoped that our subcommittee could have held more than the two hearings we will be holding this year prior to markup. It is unimaginable that this subcommittee, which is responsible for the military personnel budget that last year totaled over $108.9 billion, will have held only two hearings this year—one on the Administration's efforts to raise TRICARE fees for our retirees under age 65, and today's hearing.

A hearing that will not only focus on recruiting and retention, but also military personnel policies, benefits, and the compensation system, each topic alone could provide us ample opportunity for separate hearings. While I understand that these two hearings will be all that can be accomplished prior to markup, I would ask that we continue to hold oversight hearings after markup and through the end of the session. Not only do we have a constitutional oversight responsibility, we also have a moral responsibility to ensure for the welfare of our troops.

Which is why we are here today, so let me turn back to the issue at hand. So far this year, the services seem to be doing relatively well in recruiting and retention, except for two reserve components—the Navy Reserve and the Air Force National Guard—the environment seems to have shifted slightly in favor of the services.

I am interested in hearing from the services if they are also seeing a notable shift, or are we just waiting for the real test to come during the summer months, when the services normally have their largest recruiting goals. For example, the Army enlistment goals in July and August are 10,450 and 10,050, respectively, compare those goals with last month's goal of 5,200, that's about a 50 percent increase. My concern is that if the Army is unable to meet its goals for these two months, chances are they will end the year under end strength again because these two months are in the last quarter of the year and it will not give the Army any time to make up such losses.

Retention continues to be the good news story as the services continue to meet their retention goals, but at what costs? The retention budget has increased tremendously, last year the active and reserve components spent $1.5 billion on retention bonuses, compared to the $885.3 million spent in 2004. There is no doubt that those who defend this nation in uniform deserve these bonuses. My concern is that the services are not programming for the higher funding requirements within their baseline budget to be able to sustain these retention goals.

This gets me to my last point. How long will the Services be able to sustain these benefits if they are not included in the base budget, but continue to rely upon supplemental funding? The Air Force and the Navy leadership have made a decision to forgo the boys in favor of the toys, or that is the perception among many. However, if the conflict in Iraq and Afghanistan has taught us anything, it is the people on the ground, in the air, and at sea that are making the difference each and every day.

I look forward to hearing from our witnesses on what challenges they foresee and look forward to working with everyone to overcome these challenges. Thank you, Mr. Chairman.

Prepared Statement

of

The Honorable David S. C. Chu

Under Secretary of Defense (Personnel and Readiness)

Before the

House Armed Services Military Personnel Subcommittee

April 6, 2006

Not for publication until released by the committee

Under Secretary of Defense for Personnel and Readiness

The Honorable David S. C. Chu

David S. C. Chu was sworn in as the Under Secretary of Defense for Personnel and Readiness on June 1, 2001. A Presidential appointee confirmed by the Senate, he is the Secretary's senior policy advisor on recruitment, career development, pay and benefits for 1.4 million active duty military personnel, 1.2 million Guard and Reserve personnel and 680,000 DoD civilians and is responsible for overseeing the state of military readiness.

The Under Secretary of Defense for Personnel and Readiness also oversees the $15 billion Defense Health Program, Defense Commissaries and Exchanges with $16 billion in annual sales, the Defense Education Activity which supports over 100,000 students, and the Defense Equal Opportunity Management Institute, the nation's largest equal opportunity training program.

Dr. Chu began his service to the nation in 1968 when he was commissioned in the Army and became an instructor at the U.S. Army Logistics Management Center, Fort Lee VA. He later served a tour of duty in the Republic of Vietnam, working in the Office of the Comptroller, Headquarters, 1st Logistical Command. He obtained the rank of captain and completed his service with the Army in 1970.

Dr. Chu earlier served in government as the Director and then Assistant Secretary of Defense (Program Analysis and Evaluation) from May 1981 to January 1993. In that capacity, he advised the Secretary of Defense on the future size and structure of the armed forces, their equipment, and their preparation for crisis or conflict.

From 1978 to 1981, Dr. Chu served as the Assistant Director for National Security and International Affairs, Congressional Budget Office, providing advice to the Congress on the full range of national security and international economic issues.

Prior to rejoining the Department of Defense, Dr. Chu served in several senior executive positions with RAND, including Director of the Arroyo Center, the Army's federally funded research and development center for studies and analysis and Director of RAND's Washington Office.

Dr. Chu received a Bachelor of Arts Degree, magna cum laude, in Economics and Mathematics from Yale University in 1964 and a Doctorate in Economics, also from Yale, in 1972. He is a fellow of the National Academy of Public Administration and a recipient of its National Public Service Award. He holds the Department of Defense Medal for Distinguished Public service with silver palm.

INTRODUCTION

Mr. Chairman and members of this distinguished Subcommittee, thank you for inviting me to be here today.

I am struck by the consistent theme of our annual review of the Department's personnel programs: we are a nation committed to an all-volunteer military force and we must do our very best to sustain it. It falls to us to sustain it not in a time of peace and tranquility, but in the midst of a long war – a war irregular in nature in which we fight against unconventional enemies, extremists, and global terrorist networks.

Additionally, we must sustain that force with limited resources. Difficult choices will need to be made, predicated on careful analysis and careful consideration of risks.

The Department began its transformation journey before September 11, 2001, and we have been revamping continuously our structure, and capabilities. The Quadrennial Defense Review (QDR) represents the latest stage in that journey. It recommends developing an Information Age Human Capital Strategy to shape a 21st century Total Force. Over three million people across the military Services and components, multiple organizations and agencies work for DoD. The Department uses over 15 different occupational systems with over 6,000 occupational definitions. The future Human Capital Strategy should provide a uniform competency-based approach to occupational planning, performance-based management, and enhanced opportunities for personal and professional growth.

Some ask if the force is broken. It is not. Our military and civilian forces comprise high quality, motivated individuals who are choosing to continue to serve. Almost two thirds of the active military tell us they intend to stay on active duty and a similar fraction expresses satisfaction with the overall military way of life. Survey results likewise show a strong, resilient

reserve force – over 70% are satisfied overall with the military way of life. Furthermore, in recent surveys over 80% of civilians indicate they are satisfied with their jobs and three quarters indicate they plan to continue to work for their current organization.

Obviously, we have done many things right over the last several years, but we should not assume that we have done enough. To that end, we seek expert reviews of some of our most important policies and programs. The Defense Advisory Committee on Military Compensation was chartered last year to provide the Secretary with advice on matters pertaining to military compensation. The Advisory Committee has been examining approaches to balancing military pay and benefits and incentive structures and may make suggestions for improvements that they believe will assist us in meeting our recruiting and retention objectives. I look forward to the release of the final report in April and discussing its conclusions with the leadership of the Department and the Congress. We will use the Advisory Committee's report as a starting point for the Tenth Quadrennial Review of Military Compensation, mandated by statute.

THE ALL VOLUNTEER FORCE

End Strength, Stress, and Shaping the Force. Maintaining a strong defense that is able to quickly overcome and defeat enemy threats remains an imperative for our nation. In that regard, the Department of Defense continues to take actions aimed at reducing the stress on the force as operations in Iraq, Afghanistan, and the Global War on Terror (GWOT) continue, while maximizing present and future Total Force capabilities. By focusing our efforts on more effectively structuring and managing our forces, and employing advanced technology, we strongly believe there is no requirement for permanent increases in our military end strength. In fact, we believe that planned reductions resulting from transformation efforts in the Active Air

Force and Navy manpower programs, and the Navy Reserve, as stated in our FY 2007 President's budget request, balance risk with fiscally responsible manpower program decisions.

To support these programmed strengths, we continue to transform how the U.S. military is structured. We are continuing to develop an integrated package of voluntary separation incentives that sustain our commitment to members who have given loyal and dedicated service. I want to recognize the targeted incentive authority that you provided us, which allows us to offer monetary incentives to shape the military Services in specific year of service officer cohorts. Voluntary incentive tools like this are of particular importance when the Air Force and Navy are decreasing in size while the Army and Marine Corps are increasing operating strength. Our goal is to use these tools sparingly to make sure our forces are sized and shaped to be the most effective, flexible and lethal. Only if voluntary separations do not suffice would the military departments, as a last resort, implement involuntary separation measures such as Selective Early Retirement.

We also recognize that stability of the force, particularly its leaders, is key to the successful transformation of organizations. Although development is an important endeavor that requires a breadth of experience, far too often we accept extraordinary turbulence in positions of special responsibility, and tacitly accept shorter careers and earlier retirement. I do not believe this is a prescription for long-term success, particularly during periods of transformation. As a result, we have begun looking for opportunities to extend tenure and careers where it makes sense.

The old force structure, designed to respond to Cold War threats, does not provide us with the best balance of capabilities in the active and reserve components for the 21st century. Rebalancing the force must continue, converting capabilities within and between the active and

reserve components, shifting resources from lower demand capabilities to higher priorities. The Services are improving their posture with respect to the active component/reserve component mix and have rebalanced about 70,000 spaces through FY 2005. The Services are pursuing additional rebalancing initiatives for FY 2006 through FY 2011 totaling 55,000 additional spaces.

Military-to-civilian conversions are also helping to alleviate stress on the force while increasing our combat potential. In FY 2004 and FY 2005, the Department converted over 20,000 military billets to DoD civilian or private sector performance and currently plans to convert an additional 10,000 plus billets in FY 2006 and FY 2007. Further conversions are being identified for FY 2008 through FY 2011, that could raise the number of conversions to over 60,000. Military strength made available from these conversions is being used to ameliorate high demand/low density capabilities, alleviate stressed career fields, and enable initiatives such as Army Modularity. Because of conversions, the Navy and the Air Force will be able to reduce their authorized military end strength without any loss of combat capabilities. In fact, savings from these conversions will result in increased force effectiveness as resultant savings are applied toward force modernization, recapitalization, and other compelling needs.

Stress on our all volunteer force will also be reduced through targeted investments in less manpower intensive platforms and new age technologies such as electronic hardware, communications systems, precision weapons and unmanned air, land and sea vehicles. One such example is the application of new technologies that reduce the manpower required for the performance of Air Force installation security. This success is being implemented around the world. To ease the burden on some high demand/low density units and individuals, we have employed innovative joint concepts to meet mission requirements. Today, Navy and Air Force

personnel are augmenting ground forces in Iraq and elsewhere. Actions like this result in additional capabilities and effects that would simply not be possible in a parochial "stove-piped" organization.

Active Duty Recruiting and Retention. The success of our all volunteer force starts with recruiting. An improving economy, lower support from influencers to recommend Service, growing concerns from GWOT, increased Army recruiting goals, and high operations tempo continue to challenge our ability to recruit. During FY 2005, the military Services recruited 153,887 first-term enlistees and an additional 9,372 individuals with previous military service into their active duty components, for a total of 163,259 active duty recruits, attaining 96% of the DoD goal of 169,452 accessions. The quality of new active duty recruits remained high in FY 2005. DoD-wide, 95% of new active duty recruits were high school diploma graduates (against a goal of 90%) and 70% scored above average on the Armed Forces Qualification Test (versus a desired minimum of 60%).

Through February, FY 2006 all Services have met or exceeded numerical recruiting objectives for the active force. Army achieved 25,973 of its 25,100 recruiting goal through February, for a 104% accomplishment. However, the Army's high school diploma graduate rate of 84% is not yet at our desired level (90%). The Army is focusing its recruiting on the summer months when more high school diploma graduates are available.

FY 2006 Active Component Accessions
(Through February 2006)

	Quantity		
	Accessions	**Goal**	**% of Goal**
Army	25,973	25,100	104%
Navy	12,454	12,236	101%
Marine Corps	11,570	11,308	102%
Air Force	12,086	11,995	101%
Total	62,083	60,639	102%

We appreciate the new authorities to support recruiting you provided in the FY 2006 National Defense Authorization Act (NDAA), especially the increased levels of enlistment bonuses and the $1,000 referral bonus. The increased enlistment bonus is allowing the Army to target those especially difficult skills formerly constrained by the $20,000 limit. Army already has over 1,000 leads from referrals and sees this new program growing daily. Additionally, the three-year opportunity for the Army to provide additional recruitment incentives will allow the Department a level of additional flexibility to tailor incentives quickly to meet current needs. We have every confidence that requested supplemental funding and policy modifications will be sufficient to ensure continued success in achieving recruiting goals. Active duty officer accessions are on track in all Services for numerical success this year.

Army, Air Force and Marine Corps met or exceeded FY 2005 retention goals. Navy did well, achieving 91% of its mid-career goal, reflecting a shortfall in retention for a limited number of nuclear specialties. Retention bonuses for nuclear specialties at the statutory ceilings were insufficient for FY 2005, but legislation in FY 2006 provides a higher retention bonus ceiling.

Overall, retention remains healthy in FY 2006, and we expect all Services to meet or

exceed FY 2006 retention goals. To date, the Army has reenlisted 31,365 soldiers toward an end of year goal of 64,200. Army mid-career retention is 4% below the desired glide path, but the Army is targeting bonuses toward that population, and we believe the additional Non-Commissioned Officer (NCO) pay raise for FY 2007 will also help the Army finish FY 2006 in a strong position. Navy, Marine Corps and Air Force have enjoyed excellent reenlistment rates through January 2006, and are predicted to meet their goals for the fiscal year.

The Army is the only Service currently executing Stop Loss. As of December 2005, 7,620 active soldiers, 2,418 Army Reserve soldiers, and 2,429 Army National Guard soldiers were impacted by the Stop Loss Program. The Army will terminate Stop Loss as soon as it is operationally feasible. Army initiatives of Modularity, Restructuring and Rebalancing the Active/Reserve component mix, and Force Stabilization will over time eliminate the present need for Stop Loss.

Over the past three years, the Department has worked to improve Service members' quality of life. We look forward to working with Congress to achieve needed military pay raises and flexible, discretionary compensation programs. We have every confidence that those actions will be sufficient to ensure continued success in achieving desired strength levels.

Purpose, Missions, and Policies of the Reserve Components. The Department's use of the Reserve components has changed significantly since 1990, and a mission-ready National Guard and Reserve force has become a critical element in implementing our national security strategy. The Reserve components support day-to-day defense requirements, and portions of the Reserve have served as an operational force since Operations Desert Shield/Desert Storm. This force is no longer just a strategic reserve used only once in a generation. Since September 11, 2001, an annual average of about 60 million duty days have been provided by Reserve

component members – the equivalent of adding over 164,000 personnel to the active strength each year.

The Reserve components support the full spectrum of operational missions and currently furnish about 20% of the troops in the Central Command (CENTCOM) theater of operation. The Reserve components are performing a variety of non-traditional missions in support of the GWOT, including providing command and control and advisory support teams in support of the training that will allow Iraqi and Afghan forces to assume a greater role in securing their own countries. The National Guard also remains integral to homeland defense missions and will remain a dual-missioned force, performing federal and state missions, exemplified by the more than 50,000 National Guard members who responded to Hurricane Katrina relief efforts last fall.

The Department's development of a "Continuum of Service" construct in FY 2001 facilitates this transition to an Operational Reserve and provides the foundation for the new "Operational Support" strength accounting category authorized by Congress in the FY 2005 NDAA. This new strength category makes it easier and less disruptive for Reserve component members to volunteer to perform operational missions.

Recognizing that this Operational Reserve is still a Reserve force, our policies continue to support the prudent and judicious use of National Guard and Reserve members – something we have emphasized since 2001. We have focused on husbanding Reserve component resources and being sensitive to the quality of life of mobilized personnel, their families, and the impact on civilian employers of reservists. Our policies stress advance notification to aid in predictability, as well as now enabling reservists and their families to take advantage of early access to medical benefits.

Volunteerism is the cornerstone of our force. Of the more than 493,000 Reserve

component members who have served since September 11, 2001, approximately 88,000 have served more than once—and almost all of those who have served more than once have been volunteers. No reservist has been involuntarily mobilized for more than 24 cumulative months.

This Operational Reserve supports on-going missions where appropriate, while providing the additional reserve capacity needed to meet surge requirements or support wartime or contingency operations. This new construct allows greater flexibility to perform new missions ideally suited to reserve service, such as "reach-back" missions (Intelligence, Communications, Unmanned Arial Vehicles, etc.) and training missions which would be appropriate to assign to a Reserve component unit.

One element in responding to domestic terrorist attacks is the fielding of 55 Weapons of Mass Destruction Civil Support Teams (WMD CSTs), one in each state, territory and the District of Columbia. These 55 teams support our nation's local first responders by identifying the agents or substances involved, assessing current and projected consequences, advising on response measures, and assisting with appropriate requests for additional state support. Each team is comprised of 22 highly-skilled, full-time, well trained and equipped Army and Air National Guardsmen. To date, the Secretary of Defense has certified 36 of the 55 congressionally authorized teams as being operationally ready. The WMD CST funding for FY2006 is $214.6 million, and the budget request for FY 2007 is for $224.2 million. The Department is preparing eight teams for certification in FY 2006. The final 11 teams are being prepared for certification in FY 2007.

Reserve and National Guard Utilization. There continues to be considerable discussion about the stress that the GWOT is placing on the force. The most frequently asked question is: what level of utilization can the Guard and Reserve sustain while still maintaining a viable

Reserve force? Recognizing that the GWOT is a long war, the Department established a strategic approach to ensure the judicious and prudent use of the Reserve components, postulating involuntary mobilization no more than one year in six. We will continue to assess the impact of mobilization and deployment on the Guard and Reserve and adjust our policies as needed to sustain the Reserve components.

As stated earlier, more than 493,000 Reserve component members have served in support of current contingencies since September 11, 2001. Of the current Selected Reserve force of about 824,000 today, slightly more than 46% have been mobilized. We are monitoring the effects of this level of effort.

End strength achievement in FY 2004 was less than 100% (98.4%) for the first time in five years, with the shortfall primarily in the Army National Guard and the Navy Reserve. In FY 2005 the Army National Guard, the Army Reserve, and the Navy Reserve fell short of achieving their authorized strengths. Fiscal Year 2006 projections, based partially on data through February 2006, indicate we will see some improvement in end strength achievement for the Army Guard.

The composite Reserve component percentage of recruiting goals achieved over the past three years are 97.5% in FY 2003, 95.9% in FY 2004, and 85.5% in FY 2005. However, recruiting results through February 2006 show a general reversal of this negative trend, with four of the six DoD Reserve components near meeting or exceeding their recruiting goals—including both Army Reserve components.

Overall, Reserve component attrition rates remain at historically low levels: 18.4% in FY 2003, 18.7% in FY 2004, and 19.2% in FY 2005. Attrition data through February 2006 indicates that attrition rates will remain at this level for FY 2006, and may even decrease.

Department of Labor cases involving Reserve component member claims of mistreatment by civilian employers have risen from 724 in FY 2001 to 1,752 FY 2005, reflecting the mobilization of nearly half million Reserve personnel, and a usage rate of Reserve component members in 2005 over five times higher than in 2001 (68 million mandays in 2005 compared to 12.7 million mandays in 2001).

We implemented a variety of mitigation strategies to reduce stress: retaining reservists on active duty only as long as absolutely necessary; limiting the total period that a member may be involuntarily mobilized to 24 cumulative months for the current contingency operation; using innovative concepts to spread mission requirements across the Reserve force where possible; rebalancing forces to reduce the need for involuntary Guard and Reserve mobilization; and, providing increased predictability of service and increased notification time to aid members, their families, and their employers. Simultaneously, to help ensure that we meet rotation requirements, other mitigation strategies have been developed. These strategies include, but are not limited to: use of provisional units; use of joint solutions; use of civilians and contractors; developing new incentives; increased use of volunteers; and, the training and use of indigenous forces.

Compared to Operation Desert Storm when we mobilized 30,000 Individual Ready Reserve (IRR) members, since September 11, 2001, we have only mobilized about 11,000 IRR members. We have established an enhanced expectation management program to ensure that members, their families, their employers, Congress, and the public are more informed of Reserve service obligations and requirements – including obligations and service while in the IRR.

Reserve Component Recruiting and Retention. As noted earlier, recruiting has been a challenge for the Reserve components over the last three fiscal years. Although FY 2006 data

through February indicate a reversal, we are aware that the Reserves will continue to face a very challenging recruiting environment. Through February 2006, four of the six Reserve components were near or exceeding their recruiting goals; only the Navy Reserve and Air National Guard did not achieve their goals. We are seeing steady improvements with overall Reserve component attainment of recruiting objectives—increasing from 98% achievement in October 2005 to 100%, year-to-date, in February 2006. The Army National Guard is leading the Reserve components at 107% achievement of its goal through February 2006, with the Army, Marine Corps and Air Force Reserve all near 100% of their goals. The Air Force Reserve has exceeded its recruiting goals for each of the past four months. The Marine Corps Reserve performance is quite remarkable since it has had the greatest proportion of its force mobilized since September 11, 2001, in support of the GWOT, yet recruiting remains strong. FY 2006 Reserve component enlisted accession performance, year-to-date, is depicted below.

FY 2006 Reserve Component Recruiting
(Through February 2006)

Reserve Component	Goal YTD	Accessions YTD	% of Goal	Annual Goal
Army National Guard	24,755	26,390	107%	70,000
Army Reserve	11,247	11,133	99%	36,032
Navy Reserve	4,021	3,415	85%	11,180
Marine Corps Reserve	3,004	2,937	98%	8,100
Air National Guard	3,914	3,180	81%	9,380
Air Force Reserve	2,844	2,935	103%	6,604
DoD	49,785	49,990	100%	141,296

To address their recruiting challenges, the Army National Guard and Army Reserve have employed the enhanced enlistment and reenlistment incentives provided in the FY 2004 and FY 2005 National Defense Authorization Acts. They fielded additional recruiters and increased advertising funding. As a result, Army National Guard and Reserve recruiting is trending

upward. Additionally, Army Reserve component recruiting efforts are again focusing on those personnel separating from active service who have long been an important Reserve recruiting source. Accordingly, they are determining how to best use incentives that encourage those leaving active service to join the Reserves, and also offering inter-service transfers to help accessions.

The Navy Reserve is still experiencing both quantity and quality recruiting shortfalls. Part of the reason for the Navy Reserve shortfalls is the downsizing that the Navy Reserve has been undergoing. Once the significant programmed downsizing is over at the end of FY 2006, healthier recruiting numbers are expected.

All Reserve components, with the exception of Navy, are achieving success in retention, with attrition (through December 2005) at or below our baseline year of 2000. Reserve attrition rates remain at historically low levels.

Reserve Component Attrition

Component	FY 2006 Target (Ceiling)	FY 2000 YTD Feb 2000	FY 2005 YTD Feb 2005	FY 2006 YTD Feb 2006
Army National Guard	19.5	8.44	8.77	7.39
Army Reserve	28.6	11.30	9.06	8.34
Navy Reserve	36	12.66	12.85	14.62
Marine Corps Reserve	30	12.12	8.09	9.60
Air National Guard	12	5.30	4.32	4.62
Air Force Reserve	18	8.24	5.71	5.82
DOD	NA	9.25	8.33	7.82

The mission of the National Committee for Employer Support of the Guard and Reserve (ESGR) is directly related to retention of the Guard and Reserve force. ESGR's mission is to "gain and maintain support from all public and private employers for the men and women of the

National Guard and Reserve as defined by demonstrated employer commitment to employee military service." Employer support for employee service in the National Guard and Reserve is an area of emphasis, considering the continuing demand the GWOT has placed on the nation's Reserve components and the employers who share this precious manpower resource. The broad-based, nationwide support for our troops by employers continues to be superb.

Through its locally-based network of 3,500 volunteers and its full-time national staff, ESGR reaches out to both employers and Service members to help ensure the requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA), 38 U.S.C., (sections 4301-4334) are understood and applied. Service members and employers may resolve USERRA conflicts by utilizing the free mediation and ombudsman services provided by ESGR. ESGR's aggressive outreach efforts have resulted in a 50% reduction in the number of ombudsman cases from 2004 to 2005. ESGR continually increases the percentage of cases resolved through informal mediation. Additionally, DoD and Department of Labor have established a Memorandum of Understanding that enhances communication and information sharing and provides greater efficiencies of all available government resources for Reserve component members.

We established the Civilian Employment Information database and now require Reserve component members to register their employers. ESGR has established a Customer Service Center hotline to provide information, assistance and to gather data on issues related to Reserve component service. Used together, these databases enable ESGR to develop personal relationships with employers, measure and manage employment issues, and advise the Department when developing policies and practices to mitigate the impact on employers when a reservist employee is called to military duty.

COMPENSATION AND MANAGEMENT

Compensation. Prosecuting the GWOT requires top quality, highly skilled men and women whose compensation package must be competitive enough to recruit and retain them in voluntary service. Basic pay, housing and subsistence allowances, bonuses, special and incentive pay and other key benefits must serve to sustain these war-fighting professionals. We are grateful to the Congress for its work in improving each of these areas, especially over the past several years.

Under this Administration since 2001, military basic pay has increased by approximately 25%. In addition to an overall pay raise of 2.2%, the FY 2007 budget increases pay by larger percentages for Warrant Officers and higher ranking enlisted personnel. DoD also intends to propose extending the pay table to encourage longer service. With these pay increases, the Department will reach the standard for pay that the 9th Quadrennial Review of Military Compensation established – that is, enlisted at the 70th percentile against the distribution of comparably educated civilians.

Members view the housing allowance as one of the key elements of their total compensation package and can be confident they can afford adequate housing when they move in the service of their country. The Basic Allowance for Housing increased almost 70% since 2000 as a direct result of the close cooperation between the Department and the Congress. To ensure the allowance accurately reflects the current housing markets where Service members and their families reside, the Department will continue its efforts to improve our data collection. Additionally, we are grateful to the Congress for the authority to increase the allowance or extend the Temporary Lodging Expense period for areas subject to major disasters or installations experiencing a sudden increase in troop levels.

The Department is committed to taking care of Service members and their families through appropriate compensation while members are deployed and serving their country in dangerous locations around the world. Military personnel serving in OEF and OIF in a designated combat zone, as well as members serving in direct support of these operations, receive combat zone tax benefits that exclude all the income of our enlisted members from federal income tax. These Service members also receive $225 per month in Imminent Danger Pay and $250 per month in Family Separation Allowance. Additionally, these individuals qualify for Hardship Duty Pay-Location at the rate of $100 per month and $105 per month in incidental expense allowance. This results in pay increases for a typical married member of over $700 per month and over $500 per month for a typical single member, while deployed.

In recognition of deployments of excessive duration, the Department has authorized payment of Assignment Incentive Pay to members serving longer than 12 months in Iraq or Afghanistan. These payments are as much as $1,000 per month for members serving necessary extensions beyond 12 months. The Department is grateful to the Congress for its substantiation of Assignment Incentive Pay as a flexible and responsive means for Services to compensate appropriately members who are called on to extend their service in demanding assignments by increasing the cap to $3,000 and providing for lump sum payments. We also appreciate the increase in the ceiling for Hardship Duty Pay, as it will allow us further flexibility with additional options to better address these pressing issues of frequent deployments as well as those that follow in quick succession.

Retention of Special Operations Forces presents another critical compensation challenge. The United States Special Operations Command force structure is projected to increase. Retention of current Special Operations Forces members, in the face of ever demanding

requirements and lucrative alternatives, is critical to the success of that growth. In 2004, the Department authorized a robust retention incentive package that includes extensive use of the Critical Skills Retention Bonus, Special Duty Assignment Pay, Assignment Incentive Pay, and the Accession Bonus for new Warrant Officers in Critical Skills. For example, we are offering bonuses of up to $150,000 for highly skilled senior noncommissioned officers to serve an additional six years, when that service would take them beyond typical retirement points. The Department continues to monitor Special Operations Forces retention and review initiatives to sustain these highly valued professionals.

We realize that no benefits can replace a human life; the lost presence of the family member is what survivors face. We are grateful to the Congress for supporting the President's initiative to increase death benefits in the FY 2006 NDAA, which acknowledges the principle that a Service member be able to elect a benefits package that would provide up to $500,000 to the surviving family. Our objective is to ensure that we fully support our Service members when we send them into harm's way, and that we properly support the family's needs if the Service member dies on active duty.

Joint Officer Management. In 1986, Title IV of the Goldwater-Nichols Act codified joint officer personnel policies, providing specific personnel management guidance on how to identify, educate, train, promote, and assign officers to joint duties. While the operational forces have developed an exceptional capability to execute joint operations, the system used for Joint Officer Management has not kept pace. We recognize the need to modernize current joint management processes to enable a flexible joint qualified officer construct to meet both the challenges of today and the 21st century war fighting environment.

Joint Task Forces (JTFs) now define the way we array our armed forces for both war and

operations other than war. The effectiveness of joint operations is no longer simply the interoperability of two or more military services; it requires the synergistic employment of forces from multiple services, agencies, and nations. Non-governmental agencies and commercial enterprises must now be routinely combined with traditional military forces and interagency components to achieve national objectives. Such a dynamic and varied environment demands flexibility, responsiveness, and adaptability not only from the individual Soldiers, Sailors, Airmen, and Marines, but also from the programmatic infrastructure supporting joint force development.

The Department will deliver to Congress in the next few weeks the culmination of a multi-phase strategic review of Joint Officer Management and Joint Officer Development. This review examined the demand for joint officers in the 21st century environment and our ability to produce a supply to meet the demand. Also assessed was whether today's management structure is suitable to fit the supply-demand model. The findings from this review were incorporated in the recently completed Strategic Plan for Joint Officer Management and Joint Professional Military Education.

This Strategic Plan proposes an expansion of the existing joint officer management system in pursuit of a career-long development model. This model recognizes that joint experience can be gained in a myriad of locations and organizational constructs. Many of these constructs were not in existence when the Goldwater-Nichols Act was initiated. This model also takes into consideration that the level, or amount, of joint experience attained by an officer may be a function of currency, frequency, and intensity in addition to the standard measure of a specific period of time in a billet. This expansion can be executed with only minor increases in flexibility to the existing statutes – flexibility which will recognize the realities of today's multi-

national and interagency operating environment and the need to capture all joint experiences, not just those attained through traditional means. The end result of this proposed expansion will be a flexible and dynamic joint officer management system which will stay true to the stated and implied objectives and goals of the Goldwater-Nichols Act throughout the 21st century.

Transforming DoD Training. Secretary Rumsfeld reported to you, in his submission of the 2006 Quadrennial Defense Review, that although the Military Departments have established operationally proven processes and standards, it is clear that further advances in joint training and education are urgently needed to prepare for complex multinational and interagency operations in the future. The Department has made extraordinary progress in building a transformed joint training capability. Our ability to successfully defend our nation's interests relies heavily upon the Department's Total Force – its active and reserve military components, its civil servants, and its contractors – for its war fighting capability and capacity. The Total Force must be trained and educated to adapt to different joint operating environments, develop new skills and rebalance its capabilities and people if it is to remain prepared for the new challenges of an uncertain future. Our forces must be capable of adapting to rapidly changing situations, ill-defined threats, and a growing need to operate across a broad spectrum of asymmetric missions, including stability and support operations and disaster response.

The Department's Training Transforming Program is focused on melding world-class individual Service competencies and training capabilities into a cohesive joint capability. We are developing three joint capabilities: Joint Knowledge Development and Distribution Capability (joint training and education for individuals), Joint National Training Capability (joint unit and staff training), and Joint Assessment and Enabling Capability (assessments to answer the question: are we truly transforming training?).

The Joint Knowledge Development and Distribution Capability (JKDDC) provides access to Service and DoD agency learning management systems, anywhere and anytime. Populated with 19 joint courses, the JKDDC Web site addresses prioritized combatant command needs and fills individual joint knowledge gaps and seams. Another success for JKDDC is its hosting of the "Combating Trafficking in Persons" course developed collaboratively with the Department of State and our Academic Advanced Distributed Learning Co-laboratory at the University of Wisconsin.

Joint National Training Capability (JNTC) is providing realistic distributed joint context to the Services' training sites and events as well as to the combatant commands. JNTC has already moved from discrete "throw-away after one use" events to a more persistent "stay-behind" capability. Service and combatant command training sites and training events are now being accredited and certified. We continue to decrease planning time for joint training and mission rehearsal exercises. We are distributing joint training over large distances to the right training audience for their specific mission needs. Jointness is moving from the strategic to the tactical level. All DoD operations in the GWOT are joint. We are creating, a Live, Virtual, Constructive (LVC) environment that supports efficient participation of joint forces in appropriate training across the country and around the world. When not utilized for joint training, this LVC environment is being used by the Services to improve their own training capability. We will, with your continued support, expand the persistence of JNTC to be more globally postured. JNTC will become a Joint Global Training Capability in the future.

Our Joint Assessment and Enabling Capability created a performance assessment architecture and used it as a start point for the conduct of a block assessment and balanced scorecard assessment. Our first block assessment serves as a baseline set of metrics to measure

Training Transformation. Upon completion of these assessments and outcome measurements of Training Transformation missions and programs we will adapt and revise our strategic guidance and programmatics.

The Training Transformation Interagency, Intergovernmental, Multinational Mission Essential Tasks (TIM2) Task Force is a collaborative effort supported by my staff and is under the purview of the Office of the Under Secretary of Defense (Policy). TIM2 seeks to integrate DoD capabilities better in support of other federal entities, including the Departments of State and Homeland Security.

Training Transformation has created a capability to tailor distributed training to deploying forces. In fact, our priority for joint training is to the deploying force. Exercise Unified Endeavor 06-1 this past fall prepared Army's 10th Mountain Division headquarters and staff for their upcoming rotation to Afghanistan to head Combined Joint Task Force 76. The exercise used actual lessons learned from Afghan operations. Real and simulated input and stimuli were used to feed real–world systems and decision cycles. Tailored realistic joint training tasked members of the training audience to conduct joint operations while coordinating air, ground and space forces with the ongoing ground campaign and all its related cultural exigencies. The leadership also had to work with NATO, coalition, Afghan and non-governmental organizations during each phase of the operation. This could not have been done three years ago.

Sexual Assault Prevention. The Department's Sexual Assault Prevention and Response (SAPR) Program has made great progress during the past year. We introduced and implemented a comprehensive policy designed to effect a cultural change and serve as a benchmark for other large organizations. The Joint Task Force for Sexual Assault Prevention and Response (JTF-

SAPR) published a Department of Defense Directive. The JTF-SAPR has transitioned into a permanent office to lead the Department's long-term efforts.

The Directive and its forthcoming Instruction incorporate the 14 Directive Type Memorandums that the Department released in 2005. These publications form the framework of a comprehensive response structure and protocol that ensures a consistent level of care and support world-wide for military victims of sexual assault. These documents implement a fundamental change in how the Department responds to sexual assault with a confidential reporting structure for victims of sexual assault. This removes a major barrier to reporting by enabling victims to receive medical care without necessarily initiating a criminal investigation. Although confidential reporting has been available only since June 14, 2005, early analysis indicates that the program is meeting our objective of increasing victim access to care and support.

The Department has mandated an aggressive training and education program that ensures training is conducted throughout every Service member's career at both the unit level and at all professional military education programs. The military Services have implemented ambitious training programs to meet this requirement and to provide trained sexual assault response coordinators at all major installations. Additionally all major commands in the Army have received baseline SAPR training as well as over 1,300 sexual assault response coordinators and uniformed victim advocates. The Navy has successfully integrated SAPR baseline training into all Navy military training, resulting in 365,900 trained sailors. In addition to its sexual assault response coordinator training, the Marine Corps has trained over 700 unit victim advocates and has targeted leadership instruction at both the junior and advanced level. As part of its training program, the Air Force produced a highly acclaimed video which facilitated the training of over

356,000 Airmen.

This aggressive training and outreach program and confidential reporting, has, as we expected, increased the overall number of reported sexual assaults in DoD. In calendar year (CY) 2005 there were 2,374 reported assaults involving a Service member as either the alleged victim or alleged offender. Although one assault is too many, we believe that this increase reflects the effectiveness of the training programs in that more people understand what behaviors constitute assault, are more willing to report, and know how to report. The numbers also reflect positively on the design of the confidential reporting option. Although in effect for only six months, there were 435 confidential reports. Even more compelling is the fact that 108 of these victims later changed from Restricted to Unrestricted reporting. Future data will continue to assist the Department in evaluating how the new sexual assault policy and our training efforts are affecting the incidence of this crime. Trend data on reported cases will be augmented with surveys such as the Active Component survey and the Reserve Component survey, which provide baselines against which to measure progress.

The Department's next steps will focus on continued guidance to the Services and oversight of their implementation of the SAPR program. We will continue our comprehensive survey schedule in 2006, including the Service academies[1], and the fourth quadrennial survey of active duty members. Additionally, we will use the Defense Task Force on Sexual Assault in the Military Services as another source to evaluate the effectiveness of the SAPR program.

[1] We believe it would be more effective to conduct the Academy Survey biennually, and will submit a legislative proposal to permit this.

READINESS

Readiness Assessment and Reporting. To meet its challenges, the Department needs visibility into the current status and capabilities of forces across the Department. Over the past year we have increased the capabilities of our new Defense Readiness Reporting System (DRRS). DRRS contains near real time assessments of military capabilities in terms of the tasks or missions that units and organizations are currently able to perform. These assessments are informed by the availability of specific personnel and equipment. Our partnerships with United States Northern Command (NORTHCOM), United States Joint Forces Command (JFCOM), United States Pacific Command (PACOM), and United States Strategic Command (STRATCOM) have produced working, scalable versions of measurement, assessment and force management tools over the past year. We continue to add more data describing the structure, status, and location of military forces. Of special interest this year is the registry of Title 32 capabilities in support of the homeland defense/security mission under NORTHCOM. Development of DRRS will continue through 2007.

Expanding Our Foreign Language and Regional Expertise Capabilities. To win the long war the Department must embrace and institutionalize foreign language and regional expertise into Department of Defense doctrine, planning, contingencies, organizational structure, and training, as the Quadrennial Defense Review directs. Last year the Defense Language Transformation Roadmap provided three broad goals that will ensure a strong foundation in language and cultural expertise, a capacity to surge, and a cadre of language professionals. This year our focus and goal is to take deliberate steps and actions to transform our force. One key goal is to establish policies, practices and funding that will ensure a base of officers possessing language ability in key languages such as Arabic, Chinese, Persian Farsi, and Urdu. We have

been successful in establishing policies that will create language as a core capability and obtained necessary funding through the QDR to effect this needed change.

We have begun the process to imbed language and regional expertise as a core military skill. The Chairman of the Joint Chiefs of Staff has published an Instruction (a CJCSI) that will drive a more accurate documentation of language capabilities needed, which is essential to effective planning, Commanders and planners will identify and analyze the key language skills and performance capabilities they will need to be successful in all operations.

The need for language and regional expertise has long been a core requirement for Special Forces Command, but as the type of conflicts and wars in which we engage change, and irregular operations and counterinsurgency and stability operations increase, language and regional expertise and cultural awareness become key skills needed by every Soldier, Marine, Sailor, and Airman for this century's global and ever-changing mission.

Through guidance in the Roadmap, we have completed self-reported screening of 83% of our military personnel. Over 17,000 of our members reported language skills in Arabic, Chinese, Farsi, Urdu, Hindi and Korean. We have provided for increased proficiency by adding 785 training billets for crypto-language analysts in the Army, Navy and the Air Force and increasing funding for Defense Language Institute Foreign Language Center (DLIFLC) to change the graduation standard to higher proficiency levels. We have developed 26 on-line language survival courses and provided over 183,000 language survival kits for deploying units. Our prestigious DLIFLC has scheduled 23 languages classes for FY 2006 for over 3,000 new students. Special Operations Command will teach over 1,300 students in 10 different languages focused on the long war.

The QDR recommended $429.7 million through the FutureYears Defense Program for nine initiatives that include technology, training and education, and recruitment. The QDR targets officer candidates for foreign language training, with regional and cultural training to be embedded in follow-on professional military education. It recommends funding the enhancement of the three Service Academies language training of cadets and midshipmen in the strategic languages; providing grants to colleges and universities with ROTC programs to incentivize teaching of languages of strategic interest to the Department; increasing grants to expand the National Security Education Program, which provides civilians scholarships and fellowships to undergraduate and graduate students in critical languages to national security; and expanding and continuing the Army's successful 09L Translator Aide heritage language recruiting program. The QDR recommended funding for the development of a pilot Civilian Linguist Reserve Corps; increased foreign language proficiency pay based on language in the FY 2005 NDAA; technology enhancement at the DLIFLC; pre-deployment training for members prior to deployment; and centralized accession screening to identify personnel with language aptitude.

We are very proud is the Army's 09L Translator Aide program. This pilot program generated over 500 Arabic and Afghani speaking soldiers in the Individual Ready Reserve to support OEF and OIF. Acclaimed by on-the-ground commanders, 09L is now the Army's newest Military Occupational Specialty (MOS). Establishment of the MOS allows soldiers to pursue full careers in the Army, making it more likely they will remain. The QDR recommended requesting $50 million to expand this program further.

We view Foreign Area Officers (FAO) as a key asset for the 21st century military – providing a unique combination of regional expertise, political knowledge, languages and

military skills. That is why we are building a more robust FAO program that will form a professional cadre of military officers with the right skills to support our Combatant Commanders. We published a new "Military Department Foreign Area Officer Programs" Directive in April 2005 which provides common standards for the FAO program across the Services, focusing on accession, training, utilization, promotion and retention rates. Our current plan will create an additional 400 officers with languages and skills critical to the Department's mission.

At the national level, we have worked with other federal agencies and were proud to be part of the team for the President's announcement of the National Security Language Initiative (NSLI). The Initiative has three broad goals: expand the number of Americans mastering critical languages at a younger age, increase the number of advance-level speakers of foreign languages, and increase the number of foreign language teachers and their resources. We will support this initiative through the Civilian Linguist Reserve Corps (CLRC), which will develop a cadre of civilian personnel with high levels of language proficiency in less commonly taught languages, available when needed by the nation. We have also expanded the National Security Education Program by adding additional fellowships and languages which will produce 2,000 advanced speakers of Arabic, Chinese, Persian, Hindi and central Asian languages by 2009. Additionally, in September 2005, through our National Security Education Program, we launched a pilot K-16 Chinese program with the University of Oregon. The program is a major grant to the University of Oregon and Portland Public Schools to become the national model for the study of Mandarin Chinese. The goal of the K-16 project is to develop a fully articulated program of instruction for students that progress from early learning through advanced

proficiency levels in high school to superior levels in college. This is the first project of its kind in the U.S; the National Security Language Initiative proposes to build on this model.

Secretary Rumsfeld's Mishap Reduction Initiative. The Department continues its pursuit of reducing mishaps and injuries. We have established a 75% reduction goal by the end of FY 2008 from our FY 2002 baseline. Our metrics focus on civilian and military injuries, aviation mishaps and the number one non-combat killer: private motor vehicle accidents.

The direct cost of these accidents and injuries is over $3 billion per year. We believe that the use of technologies to address these safety issues has a demonstrated cost benefit and increases operational readiness. Safety technologies include systems and processes. For example, we are pursuing the Military Flight Operations Quality Assurance (MFOQA) process to reduce aircraft flight mishaps. We are exploring the use of data recorders and roll-over warning systems as tools to help drivers avoid wheeled vehicle accidents. Our plan is for all DoD components to include these and other appropriate safety technologies as a standard requirement in all future acquisition programs.

Range Sustainment. Training transformation calls for significant advancements in the joint nature of training and a major change in the way we use our existing training infrastructure. Continued and assured access to high-quality test and training ranges and operating areas plays a critically important role in sustaining force readiness.

However, the Department finds itself increasingly in competition with a broad range of interests for a diminishing supply of land, air and sea space and frequency spectrum that we use to test and train effectively. Exacerbating the encroachment challenge, the demands of the military mission are expanding. The increased complexity and integration of training opportunities necessary to satisfy joint mission requirements, combined with the increasing

testing and training battlespace needs of new weapons systems and evolving tactics associated with force transformation, point to a military need for more, rather than less, range space. The confluence of these competing trends makes it clear that encroachment remains a powerful challenge to military readiness, and requires a comprehensive and continuing response.

Through the DoD Range Sustainment Integrated Product Team (IPT), the Department seeks to mitigate encroachment's impacts and to ensure the long-term sustainability of military readiness and the resources entrusted to our care. Congressional action on a number of DoD legislative provisions has provided increased mission flexibility, and at the same time has enabled improved environment management on our test and training ranges. The Department is increasingly looking "beyond its fence lines" to engage with local, state, regional and national stakeholders in order to address concerns and build effective partnerships that advance range sustainment.

As we move forward, we are emphasizing cooperative approaches to sustainment, such as the acquisition of buffers from willing sellers around our ranges, conservation partnering, increased interagency coordination on cooperative federal land use, improved sustainment policy and planning for overseas training with our allies, and more integrated development of information and decision making tools for range management. Such thrusts clearly build on our past efforts, and will emplace enabling capabilities, tools, and processes to support range sustainment goals well into the future.

THE DOD CIVILIAN FORCE

Human Capital Planning. Department of Defense civilian employees have joined our military forces and faced significant challenges this past year. They have supported the GWOT here and on the front-line of battle, helped build democracies in Afghanistan and Iraq, and

responded with alacrity and compassion to those affected by the tsunami, hurricanes, and earthquakes around the globe and here at home. Just as agile military forces are needed to meet a mission characterized by irregular, catastrophic and disruptive challenges, we need agile and decisive support from our DoD civilians. It is only through the integration of DoD civilian employees that we can realize the potential of a Total Force.

The Department continues to make great strides in our strategic human capital planning by ensuring that human capital investments are focused on long-term issues. These guiding principles are continually reviewed and refreshed in the Department's Civilian Human Capital Strategic Plan (HCSP). Our 2006-2011 HCSP recognizes the need to refocus civilian force capabilities for the future--that is a civilian workforce with the attributes and capabilities to perform in an environment of uncertainty and surprise, execute with a wartime sense of urgency, create tailored solutions to multiple complex challenges, build partnerships, shape choices, and plan rapidly.

Our HCSP is based upon the 2006 QDR. The QDR calls for an updated integrated human capital strategy for the development of talent that is more consistent with 21st century demands. As a human capital strategy it aims to ensure DoD has the right people, doing the right jobs, at the right time and place, and at the best value. The HCSP is delineated by a DoD-wide set of human resources goals and objectives that focus on leadership and knowledge management, workforce capabilities, and a mission-focused, results-oriented, high-performing workforce. These goals and objectives incorporate a competency-based occupational system that reinforce a performance-based management system and provide enhanced opportunities for personal and professional growth.

The National Security Personnel System (NSPS) provides the framework for implementation. This modern, flexible, and agile human resource system enables contemporary responses to meet our national security mission requirements, while preserving employee protections and benefits, veterans' preference, as well as the enduring core values of the civil service.

The Department plans to begin implementing the performance management, compensation and classification, staffing, and workforce shaping provisions of the NSPS human resources management system this spring. NSPS design and development has been a broad-based, participative process involving key stakeholders, including employees, supervisors and managers, unions, employee advocacy groups, and various public interest groups. Employees slated for conversion will be included in groupings, or Spirals, with the first phase covering over 11,000 Department of Defense civilian employees. Implementation of the labor relations, adverse actions, and appeals portions of NSPS is on hold pending the final outcome of the litigation against the Department and the Office of Personnel Management (OPM). Our attorneys, in consultation with attorneys at OPM and the Department of Justice, are working on the next steps relative to the recent federal court decision on labor relations, adverse actions, and appeals. The Department is committed to a labor relations system and adverse actions and appeals process that are more responsive to our national security mission while respecting and preserving collective bargaining and due process.

Acquiring, Developing, and Retaining Civilians. The Department's civilian workforce is a unique mix of employees providing support to DoD's national security and military mission. The Department's challenge will be attracting and sustaining the right talent – those who can perform in ambiguous, uncertain environments, create rapid solutions, perform with a wartime

sense of urgency, develop integrated approaches, and lead multiple complex challenges with integrity and excellence. Technological advances, contract oversight, and complex missions have generated the need for more employees with advanced education and more sophisticated technical skills. Additionally, there must be a very active campaign for recruitment of a diverse workforce. We take seriously the responsibility to foster and promote an environment that is attractive to individuals from all segments of society.

Last year, the Department launched a campaign to reach out to the injured and disabled men and women who fought and served on behalf of our nation. We are committed to providing every disabled veteran who wants to serve our country as a DoD civil servant the opportunity to do so. The Department offers over 700 diverse, challenging, and rewarding occupations for those who want to continue to serve their country as a DoD civilian employee. We introduced a new Defense Web site especially for disabled veterans—www.DoDVETS.com. This web portal serves as a resource of employment information for veterans, their spouses, and managers. To date, 68 Service members who were disabled from OIF or OEF have been offered positions, of whom 54 have accepted positions at various DoD and federal agencies. We are continuing to work with other federal agencies, such as, the Department of Labor to provide job training, counseling, and reemployment services to seriously injured or wounded veterans.

We have dedicated an office within the Department to help us transform the way we attract and hire talented civilian employees. Our nationwide recruitment campaign takes us to college and university campuses where we personally invite talented individuals to serve the Department. Through technology, including importantly the Internet, we educate and interest talent from a variety of sources. Our exciting internship programs, while still too modest, continue to entice and infuse specialized and high-demand talent into our workforce.

Workforce planning takes on a special importance with the expected exodus of federal employees over the next decade. Significant to this equation are DoD career Senior Executive Service (SES) members, 67% of whom are eligible to retire in 2008. Our HCSP calls for the identification and closing of leadership competency gaps and strengthening the pipeline to ensure continuity of diverse and capable leaders. In addition, the Department is updating its civilian human resources policies for the deployment of civilians in support of military operations to ensure that DoD civilian employees are able to contribute to the DoD mission.

The Defense Leadership and Management Program (DLAMP) is the premier DoD program to develop senior civilian leaders and a key component of the Department's succession management strategy. DLAMP is important to DoD readiness, providing a vehicle to mature a diverse cadre of civilian leaders throughout the Department, with a joint perspective on managing the Department's workforce and programs. Through a comprehensive program of Professional Military Education, formal graduate education, and courses in national security strategy and leadership, DLAMP ensures that the next generation of civilian executives has the critical skills to provide strong leadership in a joint environment in challenging times. With 350 participants who have met program goals to date and approximately 200 more each year projected to complete their development programs, DLAMP is providing a pipeline of well-qualified leaders ready for tomorrow's challenges. We are currently reviewing the DLAMP curriculum to ensure alignment with a DoD-wide competency-based leadership development model and best practices in private and public sector executive development.

The Department has established and fully implemented the Pipeline Reemployment Program. The program enables partially recovered employees with job related injuries and illnesses to return to work. The program supports the President's Safety, Health, and Return-to-

Employment (SHARE) initiatives by assisting each Department installation in reducing lost days resulting from injuries. DoD organizations will have resources and funding to reemploy partially recovered injured employees for up to one year. Returning injured employees to suitable productive duty, as soon as they are able, improves that employee's sense of value to the organization while minimizing the cost of workers' compensation disability payments. To date the Pipeline program has returned 211 of employees to productive positions, and saved the Department approximately $171 million in cost avoidance charges.

Civilian Force Shaping. A number of initiatives are influencing the size and shape of the Department's civilian workforce. The most significant items are upcoming Base Realignment and Closure (BRAC) actions, global repositioning of deployed military and civilians, competitive sourcing, and military to civilian conversions. The Department of Defense is committed to provide comprehensive transition tools and programs that take care of our employees and families when these changes occur. Since the first BRAC round in 1988, the Department has reduced the civilian workforce by more than 400,000, with less than 10% of that total separated involuntarily. To mitigate the impact of these force-shaping initiatives on our civilians, we have sought and obtained extensions to several of our transition tools assuring that any drawdown or reorganizations are handled strategically and that we maintain and continue to recruit the talent needed to support the Department's mission.

Employees adversely affected by BRAC may be offered the opportunity to separate voluntarily under the Voluntary Early Retirement Authority and the Voluntary Separation Incentive Payment programs. Involuntarily separated employees are also eligible for a number of post-separation benefits and entitlements, to include temporary continuation of health

insurance for 18 months with the Department paying the employer portion of the premium; severance pay, including a lump-sum payment option; and unemployment compensation.

The Department will continue to seek regulatory and legislative changes to assist employees affected by these actions in transitioning to other positions, careers, or to private life. We are continuing to establish and foster employment partnerships with federal agencies, state, county and local governments, trade and professional organizations, local Chambers of Commerce, and private industry. Our goal is to provide comprehensive transition tools and programs that take care of our employees and their families.

THE MILITARY HEALTH SYSTEM

Sustaining the Military Health Benefit. The Department seeks to sustain this important benefit for the future by rebalancing its fees in a way that will control long-term costs. As Secretary Rumsfeld and General Pace have testified, it is critically important to place the health benefit program on a sound fiscal foundation for the long term. Costs have doubled in five years from $19 billion in FY 2001 to $38 billion in FY 2006, despite management actions to make the system more efficient. Our analysts project these costs will reach $64 billion by 2015, over 12% of the Department's projected budget (vs. 4.5% in 1990). One of the important factors contributing to this cost spiral is increased usage among retirees under 65. Their return to TRICARE reflects a wise financial decision for them in that TRICARE offers as comprehensive and high quality a plan as any in the private sector. But, TRICARE cost shares are significantly lower – and increasingly so. This divergence reflects our failure to adjust cost-sharing since the TRICARE program began eleven years ago.

Our proposals to manage cost growth and sustain this valuable benefit encourage beneficiaries to elect medically appropriate, cost-effective health care options. Our proposals

seek to re-norm contributions closer to those when TRICARE was established in 1995, while recognizing differences in the financial circumstances of officers and enlisted personnel.

Management. The Department has initiated several management actions to use resources more effectively and thus help to control the increasing costs of health care delivery. The MHS is implementing performance-based budgeting that focuses on the value of health care provided instead of the cost of health care delivered. An integrated pharmacy benefits program, including a uniform formulary based on relative clinical and cost effectiveness, is being established. With Congressional assistance, we will use discounted federal pricing of pharmaceuticals in the TRICARE retail pharmacy program to generate additional cost avoidance. We have established new TRICARE regional contracts to streamline our managed care support contracts and reduce administrative overhead. Utilization management programs continue to ensure that all provided care is clinically necessary and appropriate.

We need your assistance by restoring the flexibility to manage DHP resources across budget activity groups. Our new health care contracts use best-practice principles to improve beneficiary satisfaction, support our military treatment facilities (MTFs), strengthen relationships with network providers and control private sector costs. Our civilian partners must manage their enrollee health care and can control their costs by referring more care to our MTFs in the direct care system. In concert with the new contracts, we are implementing a Prospective Payment System to create the financial incentive for our MTFs to increase productivity and reduce overall costs to the Department. Funds will flow between the MTFs and the private sector based on where the patient care is delivered. Currently, MTFs' enrollee care funds (revised financing funds) are in the private sector budget activity group. Fencing DHP In-House Care funds inhibits the Department's ability to provide the TRICARE benefit in the most accessible, cost

effective setting, particularly during time of war when MTFs frequently lose health care providers to support contingency operations. We understand and appreciate the Congressional intent to protect direct care funding; however, Congressionally imposed restrictions fencing the DHP funds adversely affects both the MTFs and care in the private sector. We urge you to allow the MTFs and the MHS to manage the DHP as an integrated system. Funds must be allowed to flow on a timely basis to where care is delivered.

During FY 2005, we successfully introduced the TRICARE Reserve Select program for Reserve Component members and their families. We deployed the Extended Health Care Option (ECHO) which replaced the Program for Persons with Disabilities and recently revised policy allows survivors to remain eligible for TRICARE prime during a three-year transitional survivor period.

AHLTA, an innovative electronic record system, is being implemented throughout the MHS. Information in AHLTA's one central data repository can be accessed anytime, anywhere. It represents one of the most comprehensive technology deployments ever undertaken by any health care system.

We have begun on the design and development of government requirements for TRICARE's third generation of contracts (T-3). The Managed Care Support Contracts are TRICARE's largest and most complex purchase care contracts. Others include the TRICARE Pharmacy Program (TPharm), the TRICARE Dual Eligible Fiscal Intermediary Contract (TDEFIC), the Active Duty Dental Contract, the National Quality Monitoring Contract, and the TRICARE Retiree Dental Contract.

Military medical facilities remain at the core of the Military Health System (MHS), and the TRICARE structure promotes increased involvement of the military commanders in

determining the optimum approach to health care delivery within each region. Military commanders' accountability and responsibility for patient care in their communities is now centered on sound business planning and resourcing to meet their planned production.

We now have in place a new TRICARE Regional Governance structure. The three TRICARE Regional Directors are actively engaged in managing and monitoring regional health care with a dedicated staff of both military and civilian personnel. They are strengthening existing partnerships between the active duty components and the civilian provider community to help fulfill our mission responsibilities.

Force Health Protection. Force Health Protection embraces a broad compilation of programs and systems designed to protect and preserve the health and fitness of our Service members – from their entrance into the military, to their separation or retirement, and follow-on care by the VA.

Since January 2003, environmental health professionals have analyzed over 4000 theater air, water, and soil samples to ensure that forces are not unduly exposed to harmful substances during deployments. These samples were taken at 274 locations in Iraq, 28 locations in Afghanistan, and from other sites across the world. The most important preventive health measures in place for our Service members today – immunization programs – offer protection from diseases endemic to certain areas of the world and from diseases that can be used as weapons. These vaccines are highly effective, and we base our programs on sound scientific information that independent experts have verified. Insect repellant impregnated uniforms and prophylactic medications also protect our Service members from endemic diseases during deployments.

Among the many performance measures tracked within the MHS is the medical readiness

status of individual members, both active and Reserve. The MHS tracks individual dental health, immunizations, required laboratory tests, deployment-limiting conditions, Service-specific health assessments, and availability of required individual medical equipment. We are committed to deploying healthy and fit Service members and to providing consistent, careful post-deployment health evaluations with appropriate, expeditious follow-up care when needed.

Service members receive pre-deployment health assessments to ensure they are fit to deploy and post-deployment health assessments to identify any health issues when they return. Deployment health records are maintained in the individual's permanent health record and electronic copies of the health assessment are archived centrally for easy retrieval. We have an aggressive quality assurance program to monitor the conduct of these assessments. Most recently, we have begun post-deployment health reassessments, which are conducted three to six months after deployment.

Mental health services are available for all Service members and their families before, during, and after deployment. Service members are trained to recognize sources of stress and the symptoms of depression, including thoughts of suicide, in themselves and others, that might occur because of deployment. Combat stress control and mental health care are available in theater. Before returning home, Service members are briefed on how to manage their reintegration into their families, including managing expectations, the importance of communication, and the need to control alcohol use. During redeployment, the Service members are educated and assessed for signs of mental health issues, including depression and Post Traumatic Stress Disorder (PTSD), and physical health issues. During the post-deployment reassessment we include additional education and assessment for signs of mental and physical health issues. The Services began initial implementation of this program in June 2005 and we

are working toward Department-wide implementation. After returning home, help for any mental health issues that may arise, including depression and PTSD, is available through the MHS for active duty and retired Service members, or through the VA for non-retired veterans. TRICARE is also available for six months post-return for reserve and guard members. To facilitate access for all Service members and family members, especially Reserve Component personnel, the Military OneSource Program -- a 24/7 referral and assistance service -- is available by telephone and on the Internet.

Medical technology on the battlefield includes expanded implementation of the Theater Medical Information Program and Joint Medical Work Station in support of OIF. These capabilities provide a means for medical units to capture and disseminate electronically near real-time information to commanders. Information provided includes in-theater medical data, environmental hazards, detected exposures and critical logistics data such as blood supply, beds and equipment availability. With the expanded use of the web-based Joint Patient Tracking Application, our medical providers should have total visibility into the continuum of care across the battlefield, and from theater to sustaining base. New medical devices introduced to OIF provide field medics with blood-clotting capability, while light, modular diagnostic equipment improves the mobility of our medical forces, and individual protective armor serves to prevent injuries and save lives.

Pandemic influenza represents a new threat to national security. With our global footprint and far-reaching capabilities, we are actively engaged in the federal interagency effort to help prevent, detect and respond to the threat of avian influenza, domestically and internationally. The President's National Strategy for Pandemic Influenza includes the Department of Defense as an integral component in our nation's response to this threat.

DoD-DVA Sharing. DoD works closely with the Department of Veterans Affairs (VA) at many organizational levels to maintain and foster a collaborative federal partnership. We have shared health care resources successfully with the VA for 20 years, but many opportunities for improvement remain. Early in this Administration we formed the DoD-VA Joint Executive Council, which meets quarterly to coordinate health and benefit actions of the two cabinet departments.

DoD and VA electronically share health information to enhance the continuity of care for our nation's veterans. Each month, DoD transfers electronic patient information on Service members who have recently separated. This data includes laboratory and radiology results, outpatient pharmacy data, allergy information, consult reports, discharge summaries, transfer information and patient demographic information. To date, we have transferred this electronic health information on more than 3.2 million separated service members to a central data repository at the VA Austin Automation Center. Over 2 million of these separated Service members have presented to VA. We are in the process of developing solutions for transmitting key inpatient information and documentation to the VA. We believe that this collaborative effort with the VA has been going extremely well, and, together, the DoD and VA are improving services to our veterans. Another important capability is the bidirectional real-time sharing of allergy information, outpatient prescription and demographic data, and laboratory and radiology results between DoD and VA for patients being treated by both DoD and VA. This capability is operational at seven sites, including the National Capital Area. Deployment to additional sites is planned in FY 2006. The electronic health information from each DoD facility that implements this functionality is available to all VA facilities.

In addition, DoD is now sending electronic pre- and post-deployment health assessment

information to VA. More than 515,000 pre- and post-deployment health assessments on over 266,000 individuals are available to VA. This number will continue to grow as assessments on newly separated Service members are sent each month. VA providers began accessing the data in December 2005. DoD plans to add post-deployment health reassessment information in FY 2006.

In the past year, DoD and VA have developed and improved a number of joint planning efforts. For instance, the 2006 Joint Strategic Plan (JSP) builds upon successes of the two previous plans. Each goal, objective and strategy in the previous plan was reviewed to reflect the current climate of DoD/VA joint collaboration.

DoD and VA are implementing the Joint Incentive Fund (JIF) and Demonstration Site Projects required by Sections 721 and 722 of the FY 2003 NDAA, respectively. The demonstration sites are submitting quarterly interim project reviews to the VA/DoD Joint Utilization/Resource Sharing Work Group and are finalizing their business plans. In this past year, the Financial Management Work Group under the VA DoD Health Executive Council (HEC) recommended 12 projects to the HEC for JIF funding for a total combined cost of $29.9 million.

To ensure Operation Enduring Freedom and Operation Iraqi Freedom veterans benefit from continuity of care, DoD works with the VA's Office of Seamless Transition. In the past year, DoD and VA completed a Memorandum of Understanding to define protected health information data sharing activities between DoD and VA. DoD is now transmitting rosters to VA's Office of Seamless Transition containing pertinent demographic and clinical information of all service members who have been recommended for Medical and/or Physical Evaluation Boards. This enables VA to place its benefits counselors and Social Workers in touch with

prospective veterans prior to separation to expedite the delivery of benefits.

DoD has worked closely with VA's Office of Seamless Transition to ensure that VA is a partner in a new program, the Post-Deployment Health Reassessment (PDHRA). The PDHRA is a force health protection process designed to enhance the deployment-related continuum of care. Targeted at three to six months post return for a contingency operation, the PDHRA provides education, screening and a global health assessment to identify and facilitate access to care for deployment-related physical and mental health as well as re-adjustment concerns.

In the coming year, the VA DoD Joint Executive Council will continue to focus on further improving collaboration, service and assistance to our severely injured veterans from OIF and OEF, as well as on our capital planning and facility life-cycle management efforts to benefit all of our beneficiaries and the American taxpayer.

TAKING CARE OF THE FORCE AND OUR FAMILIES

The Department's Social Compact with troops and families declares that "families also serve." Today, our troops and families are rising to the current challenge and responding to unprecedented deployments in support of the GWOT. We are committed to providing troops and families with the support and services necessary to balance the competing demands of military and personal life.

State Liaison Initiation. The Department has recognized the need to collaborate with state and local governments to effect positive change at the local level. Through interaction with governors and other state officials, DoD has prompted action on ten key quality of life issues. With DoD assistance, the National Governors Association (NGA) developed a survey of state actions to support Guard and Reserve members and families, which showed the 50 states are providing over 600 benefits in education, family support, licensure and certification, tax relief,

and state employment benefits. In April of 2005, the NGA co-hosted a working conference attended by senior gubernatorial policy advisors from 18 states with large military populations to discuss best practices relative to the ten key issues, and we expect further progress in the years ahead.

Communication. We have instituted an integrated communication strategy to ensure troops and families have access to reliable information and support services 24 hours per day/7 days a week. Our communications system is comprised of a variety of Web sites, linked together by a portal, to provide information and to connect with troops and families, particularly those outside the gate, and Guard and Reserve components. In FY 2005, total contacts with troops and families averaged 3.8 million per month. During the first three months of FY 2006, contacts have increased to over 8 million per month.

The cornerstone of our communications with troops and families is Military OneSource. Each military Service has its own OneSource identity: Marine Corps MCCS OneSource, Army OneSource, Navy OneSource and Air Force OneSource. This toll-free information service is available 24 hours a day, 365 days a year, from anyplace in the world. Military OneSource has quickly become the trusted source of information and assistance for our troops and families.

This very high performance capability provides families with immediate access to professionals trained to listen and assess any number of situations for the best solution. The telephones are staffed by Master's level professionals, and questions can be answered in over 120 languages. Case managers can refer troops and families to licensed counselors if they wish to receive personal assistance. The areas that receive the most inquiries are deployment-related issues, parenting, child care, and finances. Military OneSource professionals can also be accessed via the Internet with researched, tailored answers to each question. In January 2006,

Military OneSource incorporated Turbo Tax into its arsenal of resources, and to date, over 240,000 Service members (including Guard and Reserve members) have filed their 2005 taxes on-line with Turbo Tax at no cost to them. Troops can even file while overseas in Iraq, Afghanistan, or anywhere their military duties take them.

Research has shown that use of the Internet/Web sites is the number one way troops prefer to get information for themselves and their families. The sources of information expand so frequently that DoD needed to launch a quality of life Web portal - www.MilitaryHomefront.mil, to consolidate all military Web sites and act as a directory of all quality of life information. MilitaryHomefront has been in operation less than a year and has already reached 2 million hits a month.

Another component of communication is telephone service for personnel in OEF and OIF. U.S. Central Command provides two phone services that enable Service members to call anywhere in the world – Health, Morale and Welfare calls using official phone lines and unofficial telecommunications provided by the Armed Services Exchanges. There are an average of 27,000 Health, Morale, and Welfare calls made each day. The November 2005 unofficial call volume was nearly 16.4 million minutes. Service members also have free access to the non-secure military Internet by using their military e-mail address and free Internet access through 32 MWR operated fixed site Internet cafes and 146 military unit operated mobile Internet cafes in Iraq.

Expediting Citizenship. On behalf of the non-citizens on active duty, the Department continues to work closely with the Department of Homeland Security's Citizenship and Immigration Service to expedite citizenship applications for non-U.S. citizen members of the Armed Forces. Over 28,800 military members have been granted U.S. citizenship through an

expedited process since September 2001. We are working with the Department of Homeland Security and the FBI to streamline the military member citizenship application process by accessing fingerprints provided at the time of enlistment versus requiring fingerprints to be retaken for a citizenship application. The Department has also worked closely with the Citizenship and Immigration Service to accomplish naturalization processing for military personnel overseas. Over 1,700 military members have been naturalized at overseas ceremonies conducted since October 1, 2004; in the past three months, 349 military members were naturalized in Iraq and Kuwait.

Child Care. The Department of Defense continues to be the model for the nation on employer supported child care. A report issued in 2005 on non-monetary benefits shows child care to be one of the most important benefits we provide to our Service members and families. The Senior Enlisted Advisors testified last year that child care is the number one quality of life issue. Child care also supports spouse employment as part of a family's financial readiness. Currently, DoD provides 184,000 spaces—but needs 30,000 more. We appreciate the support from Congress in the FY 2006 appropriation for child care, and will apply the increase to child care for deployed high personnel tempo installations.

The Department initiated an emergency intervention strategy, using supplemental funding, to address the most pressing child care needs at locations affected by significant deployments. Many locations had high post-deployment birth rates, causing a greater need for infant care. To increase child care spaces, the Department dedicated over $90 million toward the purchase of modular facilities and renovations and expansion of current facilities. The intervention will create 4,077 child care spaces in 35 high perstempo locations. The Army will build 17 centers and the Navy and Marine Corps will each build 2 centers. The Air Force will

add or renovate space at 24 locations.

Further, in FY 2005 the Department used $9 million to subsidize child care on a temporary basis for deployed active duty and activated Guard and Reserve families who do not have access to on-base care. Funding provided extended hours care, subsidies for family child care providers, reserve component weekend drill care, and family support group meetings. Since FY 2003, over 10 million hours of subsidized child care has been provided to support families affected by the GWOT.

Casualty Assistance. The Department's long-standing practice is to recover, identify, and return deceased Service members to their families as expeditiously and respectfully as possible. When a military member dies, our first concern is to inform the next-of-kin in a manner that is accurate, timely, and deeply respectful. Casualty assistance is provided until family members indicate assistance is no longer needed. Our military personnel assigned to casualty assistance or notification responsibilities receive appropriate training, and when possible a Service member who has prior assistance experience assists first-time casualty assistance officers.

The Department's casualty program is constantly reviewed and revised as needed to ensure the most accurate reporting systems are utilized and the most compassionate and dignified notification and assistance procedures are provided to the survivors of Service members. Today's complex family structures demanded that we establish a new procedure that requires all Service members to identify the person authorized to direct disposition of their remains should they be killed. During the casualty assistance process, family members provide instructions for their loved one's remains; every possible action is taken to satisfy the requests and directions of the family. The remains of the fallen are handled in the most appropriate and respectful manner possible at each point of the final journey home.

We have established partnerships with non-governmental organizations to draw on their expertise in responding to the needs of survivors. This ensures our policies are responsive and are addressing the needs of our families. The expedited claims process initiated in partnership with the Department of Veterans Affairs and the Social Security Administration continues to enhance the delivery of critically needed financial assistance and service to our families.

Military Severely Injured Center. In February 2005, DoD established the Military Severely Injured (MSI) Center, a 24/7 call center to assist OEF and OIF severely injured and their families as they transition through their recovery, rehabilitation, and reintegration either back into the military or into the civilian communities. The Center augments the efforts of severely injured programs of the individual Services (Army Wounded Warrior Program, Marine For Life Injured Support, Air Force Palace HART, and Navy SAFE HARBOR) in serving these men and women who have sacrificed so much. The MSI Center team of military personnel and contractors, to include counselor advocates at hospitals with large numbers of the severely injured, has made more than 11,000 contacts with severely injured Service members, their families and support resources. Assistance provided encompasses advocacy for rehabilitation, education and training, job placement, accommodations, coordination of air travel, personal and family counseling and financial resources.

To assist in this effort, the MSI Center has as part of its full-time staff representatives from three federal agencies: Department of Labor, the Department of Veterans Affairs, and the Department of Homeland Security's Transportation Security Administration. With these key partnerships, the Center can facilitate resolution of the issues important to the severely injured: Labor assists in finding employment for the severely injured and in some cases, the spouses and parents; the VA helps with health and benefits related issues; and TSA helps troops travel

through security checkpoints at airports. The Department is also committed to linking severely injured members and their families with local, state, and national level groups to ensure that their continuing needs are provided for.

We thank the Congress for its support for the Administration's Traumatic Servicemember's Group Life Insurance legislation which is now providing our severely injured from OIF and OEF with lump sum payments ranging from $25,000 to $100,000, depending on the injuries sustained. While no amount of money will ever compensate for a loss, the TSGLI payments are certainly appreciated by the members and their families, and are assisting with the challenges they face as they progress through recovery, rehabilitation, and long-term reintegration.

Transition Assistance Program (TAP). In partnership with the Department of Labor and the Department of Veterans Affairs, our transition assistance program helps separating, retiring, and deactivating Service members and their families, from both Active and Reserve Components, make smooth and successful transitions to civilian life. Upon separation or demobilization, Service members are provided information on employment, relocation, education and training, health and life insurance, finances and other veterans' benefits. We established an Interagency Working Group to focus on the improvement of transition assistance. To respond to the needs of the Guard and Reserve members, DoD is working to retool TAP and bring it into the 21st century. The vision, entitled "Just in Time Transition Assistance", is to make TAP a web-based accessible program, available whenever the member may need it.

The Department of Labor, in collaboration with DoD, recently launched a new "Key to Career Success Campaign" focused on career guidance, job search, skills training, child care, and transportation services available at the local DoL One-Stop Career Centers. Additionally, the

Department of Veterans Affairs and the National Guard Bureau signed a Memorandum of Understanding to locate additional opportunities to provide veterans benefits information to members of the Guard and other military personnel.

Voluntary Education. We are proud to continue our commitment to our Voluntary Education Program, the largest continuing education program in the world – each year over 420,000 Service members enroll in postsecondary education. In FY 2003, we began uniformly funding 100% tuition assistance across the Services, up to $250 per semester hour of credit and $4500 per year. In FY 2005, 857,384 enrollments were funded and well over 36,000 diplomas and degrees were completed. In the coming year, we plan to place even more emphasis on our voluntary education benefits, including working with major book distributors to reduce expenditures of the cost of books and providing personal, one-on-one education counseling for our severely injured personnel.

Financial Readiness. Equipping Service members with the tools and resources they need to make sound financial decisions is integral to both military readiness and the strength and stability of our Service members and their families. The Department has partnered with over 26 federal agencies and nonprofit organizations to increase awareness and education of Service members and their families. For example, the InCharge Institute, in collaboration with the National Military Family Association, distributes 250,000 copies of Military Money Magazine quarterly to military spouses through commissaries and direct distribution. The Financial Literacy and Education Commission "mymoney.gov" Web site has linked the resources of 20 federal agencies to DoD and Service quality of life Web sites. Additionally, the National Association of Securities Dealers has developed a $6.8 million multi-year personal finance education program focused on training troops and families on the importance of saving money.

However, unscrupulous insurance and financial product solicitors continue to prey on our troops. Over the past 18 months we have included predatory lending, in particular payday lending, as one of our key issues which we have addressed with governors and state legislators to make them aware of the impact of their statutes on the quality of life of Service members and their families. We are collaborating with consumer advocate organizations who have pledged their assistance, some of whom have agreed to assist installations in defining the prevalence of predatory lending activities. We appreciate the support of Congress in providing additional protections to Service members and their families with regards to the sale of insurance and certain investment products.

Spousal Careers and Education. The majority of military spouses continue to work outside of the home pursue a career of choice and supplement the family income. The Department is committed to helping military spouses pursue rewarding careers and to remove barriers to career advancement. Significant progress has occurred in the last two years. Employers have been made aware of the value of hiring military spouses and we have greatly increased our efforts at the state level where licensing and certification requirements differ from state to state. We have identified a range of popular spouse careers that have state-specific licensing requirements and have designed strategies to address them, initially focusing on teaching and real-estate. To offer more scholarships, grants, and reduced tuition for Service members' spouses, we are working closely with colleges and universities.

In order to raise employer awareness, we partnered with military.com, a division of Monster, Inc. to create a military spouse career network Web site portal: www.military.com/spouse. At this site, spouses can post their resumes, search both private sector and federal jobs (USAJOBS) simultaneously and they can search them by using

installation names. Over 60 spouse-friendly employers are actively recruiting military spouses for their vacant positions; these organizations can post jobs at no cost and may search this exclusive database for military spouse candidates. In the nine months since this site was launched, over 800,000 spouses have visited the site; over 500,00 have signed up for the newsletter, over 400,000 have visited the chat rooms and over 1.5 million job searches have been conducted. In recent months, DoD has co-sponsored specialty career fairs that focus employers on severely injured Service members and military spouses.

To assist military spouses to find employment and careers, the Department's partnership with the Department of Labor was expanded to include a Web site (www.milspouse.org). This site assists spouses with resume development, locating careers and identifying available training. During this past year, the Department of Labor was able to include military spouses under the definition of dislocated workers. This increases the benefits, such as training, available to them and also ensures they get assistance in finding new employment.

Military Children's Education. The Department recognizes that quality education for their children is a key factor in decisions to accept assignments for Service members and their families. There are approximately 692,000 school age children in active duty families (1.3 million including the reserves).

Our DoD schools have high expectations for the 91,300 students enrolled in our 220 schools located in 13 countries, seven states and two territories. The world-wide Department of Defense Schools system serves as a model education system for the nation and is critical to the quality of life for Service members and families. DoD students are among the highest performing in the nation as measured by norm-reference assessments like the TerraNova and the National Assessment of Education Progress. DoD schools are also leading the nation in closing

the achievement gap between white and non-white students.

Our schools work aggressively to resolve transition issues as more than 30% of the student body transitions each year. The Department recently entered into a formal memorandum of understanding to promote cooperative efforts between the Department of Defense and the U.S. Department of Education to address the quality of education and the unique challenges of children of military families who move from one education system to another. We are working with Johns Hopkins University to identify and disseminate proven educational best practices and policies that can respond to the academic and affective needs of mobile military children. Further, educational consultants are building an information resource of educational options around military installations to provide military families a wide array of quality educational choices.

DoD has worked with renowned experts on terrorism, trauma and children, regarding publications, Web site information and program development for students of deployed families, their parents and teachers. All publications are on a special Web site designed to meet the needs of children of deployed parents, www.MilitaryStudent.org. We continue to work to provide national, state and local education agencies, schools, parents and health professions with an awareness of the issues, current best practices, and services to promote academic success.

Youth and Family Support. With the extensive number of parents deployed, it has been more important than ever to stay connected. Computer-connectivity and special kits help youth "stay in touch" and become involved in understanding the stages of development and the emotional challenges that they may experience. DoD recently developed a "Guide for Helping Youth Cope with Separation" as an additional resource.

Each youth responds differently to the challenges of military life and a variety of

programs provide positive outlets and help youth channel feelings into personal growth rather than violent or destructive behavior. One supportive outlet is camping experiences, with an emphasis on leadership and understanding the military better. Boys & Girls Clubs of America have opened their doors to our military youth and provided wholesome recreation designed to help young people succeed in school, stay healthy and learn important life skills. A partnership between the Services and the U.S. Department of Agriculture Extension Services/4H provides outreach to those youth whose parents are Reserve or National Guard or are not geographically located near a military installation.

For the youngest children of parents deployed, our "Read to the Kids" program was developed in partnership with the Army Library program and the Army Arts and Crafts program manager. The project films individual soldiers reading a children's book while deployed or during pre-deployment. The books used in the program will be available in the base libraries for the child to take home and read along with the deployed parent.

Each of the military departments has a highly responsive family support system to help families cope with the demands of military life. The cornerstone is a worldwide network of installation family centers. Located at roughly 300 active military installations worldwide, the centers provide a wide range of services supporting commanders, military members, and families. Thanks to the National Guard Bureau, over 400 family assistance centers provide outreach to Guard and Reserve families who are not located near an installation. Unit Family Readiness Groups, staffed by volunteers, actively maintain communication with families in outlying areas through newsletters, Web sites, and direct communication to enhance unit-to-family communication

Young families, although resourceful and resilient, occasionally need guidance and

support to help them over life's rough spots. The Department's non-medical counseling program helps these families by providing civilian counselors in the military family's community, at no cost to troops or families. The goal of this program is to deliver short-term assistance on everyday issues and problems, such as raising children when the member is deployed, managing finances, and preparing for deployment and reunion. Counseling is offered in a variety of settings to individuals, families and couples, and groups. Using civilian counselors is an important aspect of this program, because research has shown that military members and their families prefer the privacy thus provided.

Domestic Violence. We have strengthened our response to domestic violence. We have adopted a restricted reporting policy for incidents of domestic abuse – this new policy offers the option of confidentiality to victims. In the military community, a victim is usually concerned that reporting will have immediate repercussions on the military career of the family-member offender, and thus affect the family's financial welfare. Our new system affords victims access to medical and victim advocacy services without immediate command or law enforcement involvement and encourages victims to feel more comfortable and safe about reporting domestic abuse.

I am pleased to report that we have initiated implementation of 121 of the nearly 200 Domestic Violence Task Force recommendations, focusing first on recommendations pertaining to victim safety and advocacy, command education, and training key players who prevent and respond to domestic violence such as law enforcement personnel, health care personnel, victim advocates, and chaplains. We worked closely with Congress to create or change legislation pertaining to transitional compensation for victims of abuse, shipment of household goods for abused family members, and a fatality review in each fatality known or suspected to have

resulted from domestic violence or child abuse. During the past year, we conducted eight domestic violence training conferences, six of which were offered to joint gatherings of commanding officers, Judge Advocates, and law enforcement personnel. These conferences addressed each groups' responsibilities in responding to domestic violence in accordance with new domestic violence policies issued by the Department.

In partnership with the Office on Violence Against Women of the Department of Justice, we have continued several joint initiatives, including training for law enforcement professionals, victim advocates, chaplains, and fatality review team members. Additionally, we are conducting domestic violence coordinated community response demonstration projects in two communities near large military installations. The goal of the projects is to develop a coordinated community response to domestic violence focusing on enhancing victim services and developing special law enforcement and prosecution units.

In partnership with the National Domestic Violence Hotline, we developed and launched a public awareness campaign to increase awareness of the Hotline as a resource for victims and their families. Finally, a central victim advocacy program provides access to on-call victim advocates and shelters to assist victims of domestic violence.

Exchanges and Commissaries. All three of the exchange systems are modernizing their policies and practices. Force repositioning, BRAC, and the GWOT, with its attendant increased costs to provide the exchange benefit, will continue to challenge exchange profitability. The Unified Exchange Task Force study of the shared services concept has been completed, but no final decisions on shared services have been made. The Military Departments will take the lead as we build on the work of the task force to devise a mutually-beneficial business proposal. The DoD Executive Resale Board is providing oversight of exchange operations and revenues.

To directly support troops in the OIF and OEF theaters, there are 40 Tactical Field Exchanges, 60 exchange supported/unit run field exchanges, and an average of 15 ships' stores providing quality goods at a savings, and quality services necessary for day-to-day living. Goods and services offered include phone call centers, music CDs, DVDs, laundry and tailoring, photo development, health and beauty products, barber and beauty shops, vending and amusement machines, food and beverages, and name brand fast food operations. Goods and services vary by location based on troop strength and unit missions requirements. Commissaries now have 'gift' food packs that can be forwarded to troops.

The Department's commissary is a critical quality of life component for members of the active duty and reserve forces and their families. The Department's strategy remains to sustain the value of the commissary benefit without increasing—indeed, preferably reducing—its cost. The Defense Commissary Agency's (DeCA's) re-engineering efforts are aimed at reducing overhead by centralizing support and streamlining store operations. Although in the early states of re-engineering, DeCA has demonstrated success. DeCA's strong stewardship of taxpayer dollars has also been demonstrated by the fourth consecutive unqualified audit opinion of its financial records. DeCA's sales remain strong with solid growth over the last two years. This demonstrated vote of confidence by military families is confirmed by both the internal and external customer satisfaction scores awarded to DeCA.

Morale, Welfare, and Recreation. MWR programs support the Service members and families at the homestation and while the Service members are deployed. Fitness centers consistently rank as the most popular MWR program and improving fitness programs, to include upgrading and modernizing fitness facilities, is a high priority within the Department. The military Services operate 478 fitness centers world-wide.

Computers and Internet service at home station libraries, youth centers, and Internet cafes provide for access to world events and ensure families can send and receive e-mails to and from their loved ones who are deployed. Additional recreational and social activities include sports, motion pictures, continuing education support, board games, large screen televisions, DVD/CD players, video games and game CDs. MWR programs are designed to support all phases of deployment; the Army's "Battlemind" program is noteworthy for engaging personnel in high adventure activities to address the high adrenalin of the returning warriors.

MWR libraries are very important components in the education and advancement of today's Service members. Paperback book kits are an essential part of MWR during combat situations. On ships, Library Multimedia Resource Centers provide a much needed communication vehicle for those back home. This support in the areas of operation provides a means of mental escape from the rigors of being deployed in a hostile environment.

The Department has a responsibility to provide morale enhancing entertainment for troops and families assigned overseas. Nowhere is this support more important than in the austere locations where Service members are performing duty in support of the GWOT. Armed Forces Entertainment (AFE), in cooperation with the USO, continues to provide much welcomed entertainment to our forces, both overseas and on military installation in the United States. In 2005, AFE provided 136 tours with 1,268 shows at 370 sites overseas. From 2002 through 2005, the Robert and Nina Rosenthal Foundation has worked closely with the Country Music industry to provide 62 celebrity entertainment shows at military installations at no cost to military personnel and their families. The Spirit of America Tour provides a brief reprieve from the stresses of deployments. Performers have given generously of their time and talents.

BRAC and Rebasing. Our most recent challenge is to ensure quality of life support is

realigned to coincide with the movement of troops and families during BRAC and rebasing. Once BRAC/rebasing decisions were announced, commanders began working with local communities to lay out timelines. We are taking a proactive approach to ensure quality of life for our troops and families is being planned as they move to new communities. Twenty-five installations are gaining more than 500 active duty members in 16 states. We estimate BRAC and rebasing will affect more than 77,000 active duty members, more than 40,000 military spouses and over 78,000 minor children. Currently, two thirds of families live outside the gates and Service policies are allowing E-4 and above more choice to live off base. Our plan is to partner with community based service agencies to serve large numbers of our military Service members and their families. Community partnerships will need to be increased to deliver support such as child care, fitness opportunities, youth services, and other family services.

CONCLUSION

Mr. Chairman, I want to thank you and members of this Subcommittee for your advocacy on behalf of the men and women of the Department of Defense, and share with you our sense of the state of Defense personnel, supported by the programs described in this testimony.

We established our survey program to listen to our military and civilian personnel. We believe they are telling us that we have a stable, satisfied, and committed Total Force.

Four-fifths of active duty members believe they are personally prepared, and two-thirds believe their unit is prepared, for their wartime jobs. These views have held steady from the start of Operation Iraqi Freedom (March 2003) through the latest survey (December 2005). The top concerns of those currently deployed are problems their spouses are facing back home, the ability to communicate with their families, and the possibility of experiencing emotional issues as a result of deployment. Today I have reviewed many of the programs that address these

specific issues, and we are fielding special surveys to spouses so we can fully understand the impact of deployments on the family.

In April 2004, 14% of our Service members indicated they were having problems "making ends meet" or "being in over their head," while only 9% indicated this in a March 2005 survey. Overall, more than three-fifths of members reported being financially comfortable in March 2005, up 10 percentage points from results in the previous year.

Reserve retention intentions are currently at 67%--up three percentage points between June and December 2005. We also have seen increased perceptions of personal and unit readiness, and a reduction in reports of stress. Through the survey program, we have identified the factors affecting Reservists' continuation decisions--and pay and allowances top that list. With your help, we have taken actions to improve reserve pay incentives and medical and dental benefits. Seventy percent of members indicated TRICARE medical and dental coverage was better or comparable to their civilian plans--food for thought as we consider how to sustain the military health program. The June 2005 survey results show that approximately two-thirds of members say they have *not* been away longer than expected. In addition, over three-fourths of members indicate their Reserve duty has been what they expected--or better than they expected--when first entering the Reserves.

Although we have challenges ahead managing our civilian workforce – assimilating them into jobs previously performed by the military, implementing a new personnel system, and managing the exodus of retiring personnel – the outlook is very encouraging. Since we began surveying civilians in the fall of 2003, we have learned that large majorities are satisfied, and their satisfaction levels on a number of indicators are rising. Two-thirds are satisfied with their overall quality of work life, the quality of their co-workers and supervisors. Ninety percent

consistently report they are prepared to perform their duties in support of their organization's mission, and over half are satisfied with management and leadership.

In conclusion, we continue to have a dynamic, energetic, adaptable all-volunteer Total Force. The force is increasingly joint and, increasingly ready for new challenges. I look forward to working with you this year to provide the means by which we can sustain this success.

STATEMENT BY

LTG FRANKLIN L. HAGENBECK

DEPUTY CHIEF OF STAFF, G1

UNITED STATES ARMY

BEFORE

PERSONNEL SUBCOMMITTEE

HOUSE ARMED SERVICES COMMITTEE

HOUSE OF REPRESENTATIVES

SECOND SESSION, 109TH CONGRESS

APRIL 06, 2006

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HOUSE ARMED SERVICES COMMITTEE

Chairman McHugh, Representative Snyder, distinguished members of the Committee, thank you for providing me opportunity to appear before you today on behalf of America's Army. The United States Army is grateful to this committee for all legislation passed recently that improved incentives and bonuses for attracting and retaining the very best Soldiers. As you know, we are competing in a very tough market within a robust economy and these recent legislative enactments will assist the Army to continue to grow and maintain the All-Volunteer Force. With your support now and in the future, our Army will meet the needs of the nation and continue to fight the Global War on Terror. These Soldiers continue to make history and demonstrate to America that this Army is unparalleled. This generation shows for the first time in our history that the All-Volunteer Force can be called upon to face a prolonged conflict and persevere. Creating the right composition of this All-Volunteer Army is our challenge. With your assistance we will achieve the right mix of incentives to compensate, educate, and keep the Army properly manned with the best and brightest our nation has to offer.

As the Army transforms, the Soldier remains the centerpiece in all that the Army is now and aspires to achieve. The responsibility is ours to provide these Soldiers as relevant and ready land forces to the combatant commanders to meet mission accomplishment, now and in the future. As I speak to you today, more than 600,000 Soldiers are serving on active duty. Currently we have more than 245,000 Soldiers, Active, Guard and Reserve deployed or forward stationed overseas and another 13,000 securing the homeland. Soldiers from every state and territory...Soldiers from every corner of this country... serving the people of the United States with incredible honor and distinction. Soldiers participate in homeland security activities and support civil authorities on a variety of different missions within the United States. This past year showed an unprecedented reliance on the Army National Guard and Reserve Forces both here and abroad in reaction to natural disasters and to the continued

fight in the Global War on Terror. As the Regular Army rotated out of theater to re-set as a modular force for continued operations in the Global War on Terror, the reserve component stepped up to the mission. We are truly one Army with Active and Reserve forces working the same mission in concert and with great successes. Additionally, a large Army civilian workforce (over 240,000), reinforced by contractors, supports our Army – to mobilize, deploy, and sustain the operational forces – both at home and abroad. Our Soldiers and Department of Army Civilians remain fully engaged around the world and remain committed to fighting and winning the Global War on Terror.

The Army continues to face and meet challenges in the Human Resources Environment. In recent years, Congressional support for benefits, compensation and incentive packages has ensured the recruitment and retention of a quality force. Today, I would like to provide you with an overview of our current military personnel policy and the status of our benefits and compensation packages as they relate to maintaining a quality force.

Recruiting

Recruiting Soldiers who will fight and win on the battlefield is critical to the success of our mission. These Soldiers must be confident, adaptive, and competent; able to handle the full complexity of 21st century warfare in our current combined, joint, expeditionary environment. They are the warriors of the 21st century. However, recruiting these qualified young men and women is extremely challenging in the highly competitive environment. The head to head competition with industry, an improving economy, lower unemployment, decreased support from key influencers, the media and the continuing Global War on Terror present significant challenges.

Currently we are meeting our year-to-date recruiting missions. The active component finished February 2006 at 102% accomplished with a

year to date achievement of 103%. The United States Army Reserve accessions were 97% for February 2006 and 99% year to date. The National Guard finished February 2006 at 101% accomplished with a year to date achievement of 107%. All components are projecting successful annual missions for FY06. However, there is still two-thirds of the mission remaining. With Congressional help, the Army is aggressively adjusting its resources to meet the recruiting challenge. It is a challenge that we must meet.

Incentives & Enlistment Bonuses

The Army must maintain a competitive advantage to remain successful in attracting high quality applicants. Bonuses are the primary and most effective competitive advantage for the Army. These incentives are instrumental in filling critical Military Occupation Specialties.

Enacted legislation last year has assisted the Army in this effort by increasing the cap on bonuses from $20,000 to $40,000. ($10,000 to $20,000 for Reserves) These bonuses are designed to attract the special needs of the Army and our applicants. These bonuses help us to compete against current market conditions now and in the future. The bonuses enable us to target critical skills in an increasingly college oriented market and meet seasonal ("quick-ship") priorities.

The Army's recruiting program is most effective when equipped with the right mix of incentives and bonuses. The Army College Fund is a proven expander of the high-quality market. College attendance rates are at an all-time high and continue to grow, with 66 percent of the high school market attending college within one year of graduation. The Army College Fund allows recruits to both serve their country and earn additional money for college.

The Loan Repayment Program, with a maximum of $65,000 payment for already accrued college expenses, is another expander of the high-quality market. This Loan Repayment Program is the best tool for

those who have college education credits and student loans. In fiscal year 2005, 28 percent of our recruits had some college education credits.

Other recently passed legislation we expect to assist in our recruiting mission includes the increase of enlistment age, the $1K Referral Bonus (Pilot ends 31 Dec 07), the expanded Student Loan Repayment Program to include officers, and the Temporary Recruiting Incentives Authority. Collectively these will directly assist the Army in achieving the FY 06 mission and build the entry pool for FY 07. The reality is that given the competition with industry, an improving economy, decreased support from key influencers and continuing deployments to wage the Global War on Terror, we need your continued support for the additional resources to maintain the all volunteer Army.

Enlisted Retention

The Active Army has achieved all retention goals for the past six years, a result that can be directly attributed to the Army's Selective Reenlistment Bonus (SRB) program and the motivation of our Soldiers to accept their "Call to Duty". The Active Army retained 69,512 Soldiers in fiscal year 2005, finishing the year 108% of mission. The Army Reserve finished the year 102 % of mission and the Army National Guard finished at 104% of mission.

In fiscal year 2006, the Active Army must retain approximately 64,200 Soldiers to achieve the desired manning levels. This year's mission is similar in size to last year and we are on glide path and ahead of last year's pace. We remain confident that we will achieve all assigned retention goals. Through February 06, the Active Army has achieved 109 % of the year-to-date mission, while the Army Reserve has achieved 91% of the year-to-date mission and the Army National Guard has achieved 106% of their year-to-date mission. A robust bonus program facilitates meeting Army retention goals.

We continue to review our Reenlistment Bonus Programs and their impacts on retaining sufficient forces to meet combatant commander and defense strategy needs. It is imperative for the Army to receive complete future funding of the SRB program to ensure program flexibility during the foreseeable future. Developing ways to retain Soldiers directly engaged in the ongoing Global War on Terror is critical. We are now using a deployed reenlistment bonus as a tool to attract and retain quality Soldiers with combat experience. This bonus aggressively targets eligible Soldiers assigned to units in Afghanistan, Iraq and Kuwait. Soldiers can receive a lump sum payment up to $15,000 to reenlist while deployed to Afghanistan, Iraq, or Kuwait. All components are benefiting from this program and we are realizing increased reenlistments among deployed Soldiers.

Worldwide deployments and an improving economy affect retention. All components closely monitor leading indicators including historic reenlistment rates, retirement trends, first term attrition, Army Research Institute Surveys, and Mobilization/Demobilization Surveys, to ensure we achieve total success.

Moreover, all components are employing positive levers including Force Stabilization policy initiatives, updates to the reenlistment bonus program, targeted specialty pays, and policy updates to positively influence the retention program. Ultimately, we expect to achieve FY06 retention success in the Active Army, the Army National Guard, and the United States Army Reserve.

Officer Retention

The Army is retaining roughly 92% of our company grade officers. Company grade loss rates (lieutenant and captain) for FY05 were 8.55%, slightly below the historical Army average of 8.64% (FY 96-04). First quarter, FY06 company grade loss rates were 8.4%. Immediately following September 11, 2001, company grade loss rates were at

historical lows: 7.08% and 6.29% respectively. The three years prior to September 11th, company grade loss rates averaged 9.8%. Officer retention has taken on renewed interest not because of an increase in officer loss rates, but because of a significant force structure growth and modularity. The Army is short roughly 3,500 active component officers, most of which are senior captains and majors.

While the overall company grade loss rates are not alarming, the Army is being proactive and is working several initiatives to retain more of our best and brightest officers. These initiatives include higher promotion rates for captains and majors. The Army is currently promoting qualified officers above the DOPMA promotion goals. These initiatives also include earlier promotion pin-on points. The Army is promoting officers sooner than historical averages to fill the expanding captain and major authorizations. Promotion to captain averages 38 months time-in-service, against the historical average of 42 months. Another initiative we are utilizing is expanding graduate school opportunities. The Army is offering up to an additional 200 fully funded graduate school opportunities to high performing company grade officers. These officers will begin attending school in the summer of 2006. This is above the normal 412 officers the Army currently sends to school. Branch & Posting for Active Service is another program that offers USMA and ROTC cadets their first choice for branch or assignment in exchange of three additional years of active duty service. To date, over 800 officers have signed up for these programs. In summary, officer loss rates are consistent with historical trends; however, to fill the growth of officer modularity structure, we must retain more of our officers. We are confident that we can achieve this through these officer retention initiatives.

Stop Loss

The focus of Army deployments is on trained and ready units. Stop Loss is a management tool that effectively sustains a force that has

trained together, to remain a cohesive element throughout its deployment. Losses caused by non-casualty oriented separations, retirements, and reassignments have the potential to adversely impact training, cohesion, and stability in Operation Iraqi Freedom (OIF), Operation Enduring Freedom (OEF) and Operation Nobel Eagle (ONE) deploying units. The commitment to pursue the Global War on Terror requires us to provide our combatant commanders with cohesive, trained, and ready forces necessary that will decisively defeat the enemy. This effort requires us to continue the following two Stop Loss programs, the first of which is Active Army (AA) Unit Stop Loss. This applies to all Regular Army Soldiers assigned units alerted or participating in OIF and OEF. The second program is the Reserve Component (RC) Unit Stop Loss which is applicable to all Ready Reserve Soldiers who are members of Army National Guard or United States Army Reserve who are assigned to RC units alerted or mobilized for participation in ONE, OEF and OIF.

There is not a specific end date for the current use of Stop Loss. The size of future troop rotations will in large measure determine the levels of Stop Loss needed in the future. Initiatives such as Force Stabilization (three year life cycle managed units), Modularity, and the program to Rebalance/Restructure the Active Component/Reserve Component for mix should alleviate much stress on the force and will help mitigate Stop Loss in the future.

The number of Soldiers affected by Stop Loss will decrease as the Army moves towards more lifecycle manned units, reduced deployment requirements and a smaller overseas footprint. For the National Guard and Reserve, unit Stop Loss will still occur - at a reduced level - during periods of mobilization due to limited control for distributing personnel resulting from community based manning. The Army intends to terminate Stop Loss as soon as operationally feasible or upon determination that it is no longer needed.

As of end of month January 2006 Stop Loss potentially affected a total of 13,314 Soldiers from all Components (Active Army, 8,826, Army National Guard, 2,250 and United States Army Reserve, 2,238).

Individual Ready Reserve Mobilization

The mission of the Individual Ready Reserve (IRR) is to provide a pool of Soldiers who are "individually ready" for call-up. In August of 2004, the Army began its most current IRR mobilization effort. As of February 2006, over 5,347 IRR Soldiers have served on active duty in support of current operations. The IRR has been used primarily to fill deploying reserve component forces supporting Operations Iraqi Freedom and Enduring Freedom and to fill individual augmentation requirements in joint organizations supporting Combatant Commanders.

The IRR has improved the readiness of deploying reserve component units and has reduced required cross-leveling from other reserve component units, which allows us to preserve units for future operations. Currently there are over 2,200 IRR Soldiers filling positions in deployed units, with approximately 500 more in the training process who will link up with their units by the end of March 2006. Approximately 87 percent of the Soldiers scheduled to report to active duty through February 2006 reported for duty. We continue to work with the remaining 13% to resolve issues that may have precluded them from reporting.

The IRR has also contributed to the manning of joint headquarters elements such as the Multi-National Force-Iraq, Combined Forces Command-Afghanistan, and others; which allows the Army to balance the contributions of the Active and Reserve components in these headquarters. Over 365 IRR Soldiers have served in individual augmentation positions. Another 143 IRR Soldiers have served in a special linguist program to support commanders on the ground in the Central Command area of operations.

The Army plans to continue use of the IRR and has developed a transformation plan to reset and reinvigorate the IRR. Previously a large number of the IRR were either unaware of their service obligations or not qualified to perform further service. The Army is implementing several programmed initiatives to transform the IRR into a more viable and ready prior-service talent bank. We created a new administrative category called the Individual Warrior. This category requires Soldiers to participate in virtual musters, attend annual readiness processing and participate in training opportunities thus maintaining their military occupational specialties. To improve Soldier's understanding of service commitments, the Army will develop and deliver expectation management briefings and obligation confirmation checklists to all Soldiers at initial enlistments/appointments and again during transition. The Army is also conducting systematic screening to reconcile records and identify non-mobilization assets which will likely result in a reduction in the current IRR population and aid in establishing realistic readiness reporting.

Military Benefits and Compensation

Maintaining an equitable and effective compensation package is paramount in sustaining a superior force. A strong benefits package is essential to recruit and retain the quality, dedicated Soldiers necessary to execute the National Military Strategy. In recent years, the Administration and Congress have supported compensation and entitlements programs designed to support our Soldiers and their families. An effective compensation package is critical to efforts in the Global War on Terror as we transition to a more joint, expeditionary, and cohesive force.

The Reserve Components represent a significant portion of the capability of the Total Force and are an essential element in the full spectrum of worldwide military operations. Both the Department and Congress recognize the importance of appropriate compensation and benefits for these Soldiers. The National Defense Authorization Act for

fiscal year 2006 authorized the full rate of Basic Allowance for Housing for Reserve Component members called or ordered to active duty for greater than 30 days. We now have the ability to provide involuntarily mobilized Soldiers replacement income should they make less money on active duty than they do in their civilian employment. Additionally, we believe the increases to affiliation bonus and special pay for high priority units will ensure we can attract and retain our Reserve Component force.

The Army continues to develop programs to address the unique challenges we face with our recruiting and retention mission. The legislation authorized by Congress provides the flexible tools needed to encourage citizens to enlist in the Army. The Army is currently developing the pilot program for first-term initial entry soldiers to offer matching funds for Thrift Savings Plan contributions. We expect to announce this program 3rd quarter of this fiscal year. We are executing increases in enlistment and reenlistment bonuses. We continue to use the Critical Skills Retention Bonus (CSRB) to retain the valuable experience of our senior Soldiers who are in high-demand, low-density critical skills such as Explosive Ordnance and Special Operations.

We constantly look for ways to compensate our Soldiers for the hardships they and their families endure and we appreciate your commitment in this regard. We evaluated military housing areas affected by Hurricane Katrina and will continue to address areas where Soldiers may need additional housing assistance due to the impacts of disasters on the local housing market.

The Army appreciates your emphasis and interest in Soldiers & families and their need for financial support when they suffer a combat injury or become a casualty. Soldiers perform best when they know their families are in good care. Many of our surviving families are able to stay in Government housing for an extended period during their recovery from the loss of their spouse contributing to a better organized transition from the Service and allowing their children to continue the school year with the

least amount of interruption. The changes to survivor benefits ensure all Soldiers and their families are treated fairly and equitably. We are working with our sister services and the Office of the Secretary of Defense in developing the procedures to implement the Combat-related Injury rehabilitation Pay (CIP) to assist our injured Soldiers in their time of need. These enhancements to survivor benefits and entitlements for our wounded Soldiers demonstrate recognition of their ultimate contributions and a commitment to taking care of our own.

Well Being

A broad spectrum of services, programs and initiatives from a number of Army agencies provide for the well-being of our people while supporting senior leaders in sustaining their Joint Warfighting human capabilities requirements. Our well-being efforts are focused on strengthening the mental, physical, spiritual and material condition of our Soldiers, civilians and their families while balancing demanding institutional needs of today's expeditionary Army. Allow me to take a few minutes to address three of our programs that directly support our Army at war, regardless of component.

U.S. Army Wounded Warrior Program (AW2)

Wounded Soldiers from Operations Enduring Freedom and Iraqi Freedom deserve the highest priority from the Army for support services, healing and recuperation, rehabilitation, evaluation for return to duty and successful transition from active duty if required. To date the Army has assisted nearly 1000 Soldiers under this program.

AW2 takes to heart the Warrior Ethos, "Never leave a fallen comrade." The severely injured Soldier can be assured the Army will be with him and do whatever it takes to assist a Soldier during and after the recovery process.

As Soldiers progress through their care and rehab, AW2 remains with them to ensure all their immediate non clinical needs are met (securing financial assistance in the form of grants from a network of providers, resolving travel claims, and finding a place for family members to live). AW2 has resolved numerous wounded soldier pay issues and benefits to ensure all Soldiers' pay is properly protected and monitored while they recover. AW2 is staffed now with an Army Finance Specialist, VA Specialist, HR and Employment Specialists to get to the root of the problems and fix them quickly.

AW2 has taken active roles in changing policy to resolve Soldier debts, remain on Active Duty despite traumatic injuries (e.g. amputations, blindness), and working with public and private sector employers to provide meaningful employment. Corporations interested in our wounded Soldiers include Disney, Evergreen Aviation Intl, Osh-Kosh Trucking and other Federal agencies as well.

USCENTCOM Rest and Recuperation Leave Program

A fit, mission-focused Soldier is the irreducible foundation of our readiness. For Soldiers fighting the Global War on Terror in the USCENTCOM area of responsibility, the Rest & Recuperation (R&R) Leave Program is a vital component of their well-being and readiness.

Every day, flights depart Kuwait City International Airport carrying hundreds of Soldiers and DOD civilians to scores of leave destinations in the continental United States and throughout the world. Such R&R opportunities are essential to maintaining combat readiness and capability when units are deployed and engaged in such intense and sustained operations. Since 25 September 2003, 311,949 Soldiers and DOD civilians have participated in this highly successful program. They have benefited through a break from the tensions of the combat environment and from the opportunity to reconnect with family and loved ones.

GEN Abizaid, the CENTCOM Commander has stated, "The Rest and Recuperation Leave Program has been a major success." Additionally, this program also generates substantial, positive public reaction and increased political support for U.S. objectives in the Global War on Terror. The R&R Leave Program has become an integral part of operations and readiness and is a significant contributor to our Soldiers' success.

Deployment Cycle Support

Deployment Cycle Support, or DCS, is a comprehensive process focused on preparing Soldiers, their families and deployed DA Civilians for their return and reintegration into their families, communities, and jobs.

As of 10 February 2006, nearly 400,000 (387,550) Soldiers have completed the in-theater Redeployment Phase DCS tasks prior to returning home to their pre-deployment environment. The DCSP is expanding to include all phases of the deployment cycle (Train up / preparation, mobilization, deployment, employment phases).

The bravery and sacrifices of today's Soldiers and family members are in the tradition set by our retired Soldiers and family members. Those who fight the Global War on Terror follow in the footsteps of retired Soldiers who fought in WWII, Korea, Vietnam and Desert Storm and the families who supported them.

Retirement Services

I would like to also point out that our efforts extend beyond our active duty population. The Army counts on its retired Soldiers to continue to serve as mobilization assets and as volunteers on military installations. Retired Soldiers are the face of the military in communities far from military installations and often act as adjunct recruiters, encouraging neighbors and relatives to become part of their Army.

Retired Soldiers and family members are a force of more than a million strong. Retired Soldiers receiving retired pay and retired Reserve Soldiers not yet age 60 and not yet receiving retired pay, total almost 800,000 and their spouses and family members brings this total to over a million.

Conclusion

In our efforts to maintain your all volunteer Army, we need the continued support of Congress for the appropriate level of resources. In addition we need your support as national leaders to affect influencers and encourage all who are ready to answer this nation's call to duty. To ensure our Army is prepared for the future, we need full support for the issues and funding requested in the FY06 Supplemental and the FY07 President's Budget to support the Army manning requirements given the current operational environment.

Once again thank you for the opportunity to appear before you today. I look forward to answering your questions.

NOT FOR PUBLICATION UNTIL RELEASED BY
THE HOUSE ARMED SERVICES COMMITTEE

STATEMENT OF

VICE ADMIRAL JOHN C. HARVEY, JR., U.S. NAVY

CHIEF OF NAVAL PERSONNEL

AND

DEPUTY CHIEF OF NAVAL OPERATIONS

(MANPOWER, PERSONNEL, TRAINING & EDUCATION)

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

RECRUITING, RETENTION, COMPENSATION AND END STRENGTH OVERVIEW

6 APRIL 2006

NOT FOR PUBLICATION UNTIL RELEASED BY
THE HOUSE ARMED SERVICES COMMITTEE

United States Navy Biography

Vice Admiral John C. Harvey, Jr.
Chief of Naval Personnel
Deputy Chief of Naval Operations
(Manpower, Personnel, Training & Education)

Vice Admiral Harvey was born and raised in Baltimore, Md. He received his commission from the U.S. Naval Academy in 1973 and immediately commenced training in the Navy's Nuclear Propulsion program.

Vice Adm. Harvey has served at sea in *USS Enterprise* (CVN 65), *USS Bainbridge* (CGN25), *USS McInerney* (FFG 8), as Reactor Officer in *USS Nimitz* (CVN 68), and as Executive Officer in *USS Long Beach* (CGN 9). He commanded *USS David R Ray* (DD 971), *USS Cape St. George* (CG 71) and Cruiser-Destroyer Group Eight/*Theodore Roosevelt* Strike Group. Vice Adm. Harvey has deployed to the North and South Atlantic; the Mediterranean, Baltic and Red Seas; the Western Pacific, Indian Ocean, and the Arabian Gulf.

Ashore, Vice Adm. Harvey has served at the Bureau of Naval Personnel (two tours), as the Senior Military Assistant to the Under Secretary of Defense (Policy), as Director, Total Force Programming and Manpower Management Division (OPNAV N12), and as Deputy for Warfare Integration (OPNAV N7F).

On 22 November 2005, Vice Adm. Harvey assumed duties as the Navy's 54th Chief of Naval Personnel. He serves concurrently as the Deputy Chief of Naval Operations (Manpower, Personnel, Training & Education).

Education: Phillips Exeter Academy, 1969
U. S. Naval Academy, BS in Political Science, 1973
John F. Kennedy School of Government, Harvard University, MA in Public Administration, 1988.

I. Introduction – A Changing World

Chairman McHugh, Representative Snyder, distinguished members of the Military Personnel Subcommittee, thank you for providing me with this opportunity to appear before you today.

Our Navy is adapting rapidly to the new challenge of a very changed world. We are transforming from the largely blue water force of the Cold War to a much more broadly and jointly engaged force. Our Sailors today are pursuing everywhere the enemy in the Global War on Terror (GWOT). While we man the ships and aircraft of a matchless Fleet in every one of the world's oceans, we are also fighting on the mountaintops of Afghanistan, in the deserts of Iraq, in the Horn of Africa and increasingly near shore, on rivers and inland waterways. We can also be found providing humanitarian relief to Tsunami victims in Indonesia and Southeast Asia, earthquake victims in Pakistan, mudslide victims in the Philippines, and to flood victims on our own Gulf Coast. The pace of our missions has changed. We no longer operate under a peacetime tempo, but rather with a wartime sense of urgency. Our enemies are not predictable – they rely on surprise, confusion and uncertainty. We can no longer be reactive to threats, but must be proactive and focused on capabilities we can apply to rapidly changing situations. We must be combat ready – every day.

Navy operations are requiring us to get the most we can out of our available resources – to deliver ever-increasing capability from an increasingly talented and educated force. At the same time, our market for this talent is changing - getting more competitive. The increasing pace of technological change, globalization, and demographic changes will significantly impact the pool of talent from which we draw the Navy's workforce. We will need to successfully compete in a more dynamic labor market, with a smaller, more diversified population.

To meet Navy workforce demands in the 21st century, we must take a broader view – we must take a Total Navy approach. To be successful in delivering the Navy workforce of the 21st century and beyond we must start planning now. We are positioning ourselves to deliver a more responsive Navy workforce with new skills, improved training and better preparation to increasingly deliver a wide range of capabilities precisely where needed. Navy is meeting the dynamic national defense needs by creating a Strategy for Our People that addresses the Total Navy workforce – active, reserve, civil service, and contractors, and is capability-based – i.e., defined by the work and workforce required to carry out Navy and joint missions. We are building this long-term strategy through integration, collaboration, and coordination of all the Manpower, Personnel, Training and Education (MPT&E) Enterprise. We are capitalizing on Navy's Enterprise approach, and using our initial efforts as the Single Manpower Resource Sponsor as a launching point for our new capabilities-based approach. We will deliver this strategy by significantly changing the way we do business, and implementing new Sea Warrior systems that enable more flexible and responsive development and deployment of the Total Navy workforce. Underlying the capability-based approach, and necessary to support our new Sea Warrior systems, is a newly merged Manpower, Personnel, Training and Education Enterprise.

Strategy for Our People. The Strategy for Our People provides the guidance to assess, train, distribute and develop our manpower to become a mission-focused force that meets the war

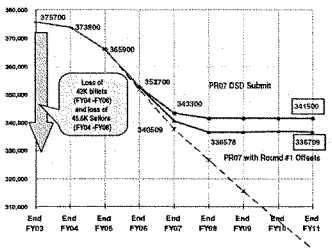
fighting requirements of the Navy. It gives us a roadmap – with objectives, desired effects and specific tasking that, when executed, will transform the MPT&E domain. The goal is to be postured better to determine, based on DoD and DoN strategic guidance and operational needs, the future force – capabilities, number, size and mix. The goal of a transformed MPT&E is to define and deliver the required Navy workforce capabilities at best value in an uncertain future. Specifically, a transformed MPT&E domain will deliver:

- *A Workforce Responsive To The Joint Mission*: Based on national defense strategies. Derived from, and responsive to, the needs of joint warfighters as described in DoD guidance.
- *A Total Navy*: Address the Total Navy – active and reserve military, civil service and contractor. Provide for a flexible mix of manpower options to meet war-fighting needs while managing risk.
- *Cost Effectiveness*: This ability to balance across the total workforce permits the Navy to deliver its future workforce at best value, within fiscal constraints and realities.

Single Manpower Resource Sponsor. One of the first steps in moving toward a new approach for MPT&E was to review the "glideslope." Previous estimations of current and future manpower needs focused on identifying the lowest possible execution end-strength limit – determining the right number for the current mission. It was based on managing "the numbers." As we move to a capabilities-based approach, we will focus on determining the right workforce (number, skills and mix) based on current and future missions – based on an analysis of the work and work management, balanced with cost and operational risk. We examined and analyzed the Navy's shipbuilding and aircraft procurement plans. We reviewed the Quadrennial Defense Review (QDR) and understand its implications on Navy missions and force structure. We have explored sea/shore rotation options. We understand and now incorporate these drivers into the definition and development of our workforce requirements and compensation needs. Figure 1 describes the past and future approaches.

Past and Future Strategies For Manpower

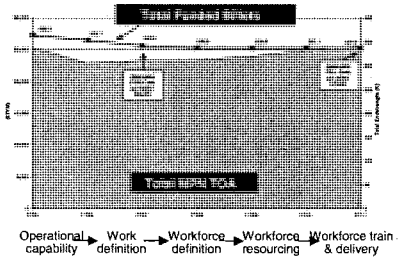
PAST



Analysis based on **end-strength**

- **Little relationship to capabilities**
- **End-strength constrained**
- **Resource driven**
- **Risk not understood**
- **Not supported analytically**

FUTURE



Analysis based on **work management**

- **Capabilities-based**
- **Flexible and responsive**
- **Cost effective**
- **Mitigates risk**
- **Analytically supported**

Figure 1

Future definitions of MPT&E requirements and resource needs will be based on significant collaboration with the Navy Enterprises, which use DoD and DoN strategic guidance to define their war-fighting capabilities and, subsequently, their workforce needs. The Enterprise construct gives us a good start in gaining understanding of missions, requirements, and capabilities. Using current billet baselines, we will validate the Enterprise domains and the associated work using a value chain assessment. The Navy Enterprises will be asked to define new capability requirements and asked where we can take risk or divest functions and workload, allowing the Navy to identify "puts and takes" (billets needed and offsets). From this information we can build forward-looking, capability-based, affordable demand plans for recruiting, retention and training.

Sea Warrior. Sea Warrior evolved over several years from three separate efforts to transform the manpower, personnel and training domains (Figure 2). These separate efforts were merged into a single program, and the projects integrated to provide cohesive, coordinated products. Sea Warrior comprises the training, education and career-management systems that provide for the growth and development of our people and enhance their contribution to joint war-fighting

ability. Sea Warrior delivers to Sailors greater control over career management and enables them to take a more active role in furthering their careers through education and training opportunities. The goal is to create a Navy in which all personnel – active, reserve, civil service and contractors – are optimally accessed, trained and assigned so they can contribute their fullest to mission accomplishment.

This year we deliver the initial functionality of Sea Warrior (known as Spiral 1). Sea Warrior Spiral 1 fiscal year 2006 deliverables consist of four systems that provide our Sailors with better information to plan their Navy careers. *My Course* provides an individualized roadmap of the training needed to meet the requirements of a desired position. *Life-Long Learning* is the longer-term view of meeting the Sailor's professional & personal education and training goals. *Certifications & Qualifications*, along with the *Five Vector Model Advancement Index*, provide Sailors online assistance to bridge navy and civilian credentialing, as well as additional career planning tools.

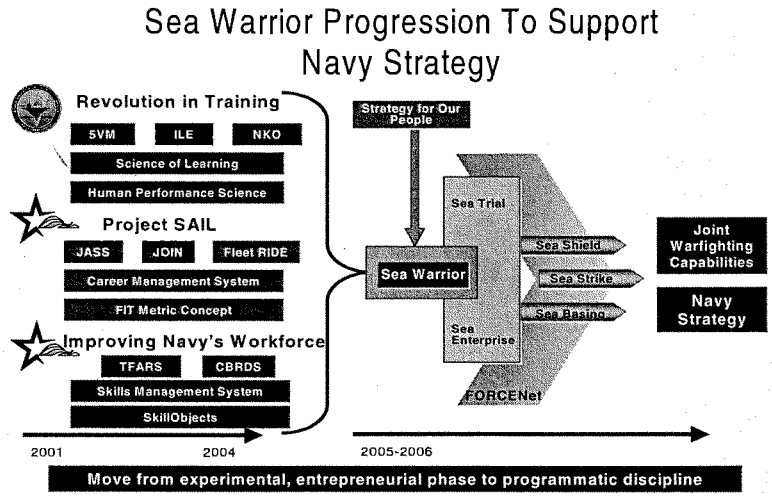


Figure 2

II. Changing Demand Signals ... New And Non-Traditional Missions

Expeditionary Combat Command. We established the Navy Expeditionary Combat Command (NECC) in recognition of the need to establish combat capability in the non-blue water regions adjacent to the littoral. Some of these new missions (such as Riverine Warfare and Civil Affairs) will be enduring while others (such as Detainee Operations) may be transitory in nature. NECC will provide the oversight of the unique training and equipping these challenging missions will require.

Individual Augmentations (Iraq, Afghanistan, Horn of Africa). The Navy has been proactive in assuming non-traditional missions in order to take maximum advantage of the superb capabilities inherent in our force. As a result, Navy augmentation to ground forces in the CENTCOM Area Of Responsibility has grown from approximately 2000 in December 2003 to over 10,000 today. Navy is leaning forward to assume even more combat, combat support and combat service support missions. For Sailors in today's Navy it is not a question of whether they will do an augmentation tour but when.

Increased Interaction with Global Partners and Allies. Given the changes in the strategic landscape since 9/11, the diversity of post-Cold War cultures we now interact with, and the unique security challenges of the 21st Century, our success depends in large part on our ability to understand both adversaries and partners around the globe. Development and improvement of our foreign language skills, regional expertise, and awareness of foreign cultures is essential to conducting successful operations.

Accordingly, Navy is developing a Language, Regional Expertise and Culture (LREC) Strategy tailored to our mission. This strategy acknowledges language skill and regional expertise as key warfare enablers and provides overarching guidance for their development in the force. A core element of this effort is the reinvigoration of Navy's Foreign Area Officer (FAO) Program. FAOs are a professional cadre of officers with regional expertise and language skills who provide support to Fleets, Component Commanders, Combatant Commanders and Joint Staffs. We are also closely examining Navy's Personnel Exchange Program (PEP) with the intent of better distributing PEP members according to Navy Component Commander regional engagement strategies to enhance interoperability and mutual understanding with emerging partner nations.

III. Changing Market

As Navy's technology becomes increasingly sophisticated and the world in which we deploy becomes increasingly complex, we need more capable and better-educated Sailors. To enlist the very high quality recruits necessary for today's Navy, we are competing head to head with business in a robust economy to attract the best and brightest of America's youth.

IV. Size and Shape of the Force –

Recruiting and Retaining the Right Force. Our future Navy must be shaped to best support the GWOT while still preserving our ability to prevail in major combat operations. Our force must be sized properly and shaped to meet the uncertain and dynamic security environment.

One Force

Navy has worked aggressively to integrate our active and reserve components into a single, seamless force which will support a more operational and flexible unit structure. Together, as one team, we are providing all of the capabilities and skills required by Navy. Our experienced Navy Reservists augment the active force with the right numbers of personnel, in the right skills and at the right time to meet mission demands. For example, we directly integrate our Fleet

Replacement Units (FRU) with active component units. The FRU supports the Fleet Response Plan by providing Reserve Component (RC) Sailors who are already trained to operate the same equipment and thus enables a smooth transition to mobilization and or deployment. We also reduce training costs by having all Sailors train on the same equipment. Over 38 percent of Construction Battalion (Seabees) personnel deployed to Iraq are reservists and 791 Expeditionary Logistics Support Force Sailors are filling a vital combat service support role as customs inspectors. A detachment from Helicopter Combat Support Special Squadron FIVE is providing direct support to ground forces engaging the enemy.

Reserve Sailors are also contributing to operational support while on drills (IDT), annual training (AT), active duty for training (ADT), and active duty for special work (ADSW). During the past year, these Sailors provided over 15,000 man-years of support to the Fleet. This support is the equivalent of 18 Naval Construction Battalions or two Carrier Battle Groups.

Active Component End Strength. Navy has reduced active end strength steadily since 2003 using a controlled, measured approach to shape and balance the skill mix within the force to maximize war-fighting readiness. Several initiatives have played a key role in allowing us to reduce active military manpower. These initiatives include optimal manning and substitution of civilian personnel in certain formerly military positions. We continuously assess the optimal mix of military manpower, procurement, and operations and maintenance required in light of evolving technology, missions, and Navy war-fighting capabilities. We are positioning ourselves to take on new or increased roles in mission areas such as riverine operations, Naval Expeditionary Security Force and special operations; we have focused significant efforts to recruit the right individuals, significantly reduce post-enlistment attrition, and retain highly qualified and motivated Sailors. The Fiscal Year 2007 President's Budget supports, and the Defense Authorization Request seeks, a Navy active duty strength authorization of 340,700. (Figure 3)

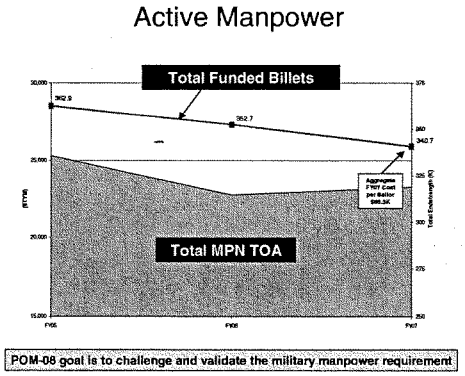


Figure 3

Reserve Component End Strength Request. The Navy Reserve Zero-Based Review identified those capabilities best provided by Reserve Component (RC) members to support Navy missions on a periodic and predictable basis. Accordingly, Reserve Component end strength for Fiscal Year 2007 is requested to be 71,300. (Figure 4)

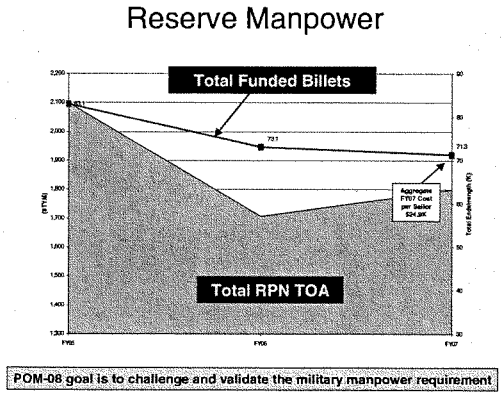


Figure 4

Achieving the Right Force Mix. Three components are key to achieving and affording the right force mix within the end-strength numbers requested. First - recruiting the numbers and quality of personnel to fully man needed skill sets; second - retaining personnel whose skill sets and experience are in demand; and third - incentivizing the voluntary separation of personnel whose skill sets are in excess or for which a need is no longer foreseen.

Conversion of Military Positions to Civilian Performance. Navy is intent on shaping our workforce so the military can focus on military work. Conversion of former military positions to civilian positions allows us to better align the military personnel to war-fighting functions. The programmed conversions target non war-fighting functions previously staffed and performed by military personnel. Programmed conversions include: transfer of USS vessels to Military Sealift Command (civilian mariners); medical; legal services; training support; and headquarters administrative functions.

V. Recruiting

Active Enlisted Navy Recruiting. With the judicious application of recruiting incentives authorized by Congress, Fiscal Year 2005 marked the seventh consecutive year we achieved overall active duty accession mission. It is very important to note that we met our active duty accession goal while maintaining high recruit quality standards.

We have been successful in our active enlisted recruiting. Over the last five years, the quality of Navy accessions has increased significantly. In 2001, 90 percent of accessions were High School Diploma Graduates (HSDG), 63.3 percent scored in the Test Score Categories (TSC) I-IIIA, and 4.7 percent had some college. In Fiscal Year 2005, we met 100 percent of our active enlisted accession goal, with 95 percent HSDG and 70 percent in TSC I to IIIA. Eleven percent of accessions had some college. In addition to overall quality goals, we met TSC I-IIIA goals for all diversity groups for the first time in history and increased the TSC I-IIIA percentage of every diversity group over the previous year. This improved quality has contributed to reductions in first-term attrition and changes in training regimen that reduced training time and improved Fleet readiness. Our emphasis on quality continues.

It is becoming increasingly clear that we are competing in a far more challenging environment where unemployment is predicted to continue at low levels and where we are experiencing a significantly reduced propensity for America's youth to enlist in the Armed Forces. Future active and reserve recruiting success will require continued and perhaps enhanced authority for tools such as Enlistment Bonuses.

We continue to fall short of goals in recruiting for certain highly demanding and specialized communities, specifically Special Operations (SPECOPS) and Naval Special Warfare (SPECWAR). These special programs, with some of the most demanding training in the world, require exceptionally bright and physically fit individuals. The health of these communities is very important to the Navy's success in the Global War on Terror and requires us to place special emphasis both on recruiting and on Fleet accessions. As a Navy we have taken the following measures to improve the enlisted SEAL and Special Warfare Combatant Crewman (SWCC) manning from their 83 percent and 79 percent levels (respectively):

- Established a SEAL Rating program which will ship recruits directly to Basic Underwater Demolition School after Recruit Training Command (RTC) Basic Training.
- Established a SEAL recruiting goal for each Navy Recruiting District (NRD).
- Designated a SEAL coordinator in each NRD to monitor all SEAL recruits in the Delayed Entry Program (DEP). In the near future we will also hire former Special Warfare and Special Operations personnel as contractors to assist districts in selection, testing, education and mentoring of new recruits for Naval Special Warfare programs.
- Directed Commander Navy Recruiting Command NRDs to administer the Physical Standards Test prior to shipping the recruiting with a SEAL Challenge contract to RTC by March 2006.

Similar initiatives have also been implemented to address shortfalls in our very demanding programs for enlisted Explosive Ordnance Disposal and Fleet Diver communities.

Another area of great challenge for us is Reserve Enlisted Recruiting.

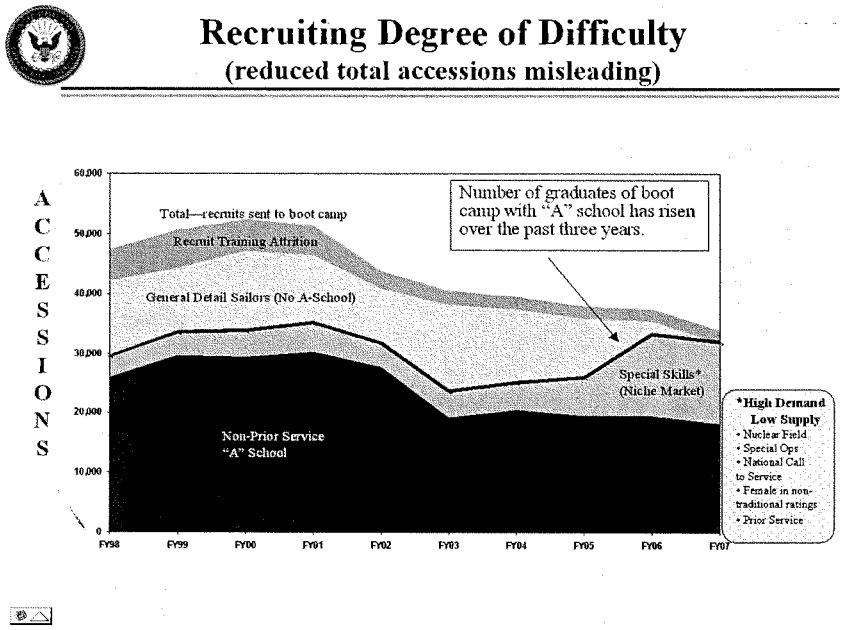


Figure 5

Reserve Enlisted Recruiting. Recruiting for the Navy Reserve is fundamentally different from recruiting for active duty. Whereas for most active duty recruits the Navy will provide the first real job and the start of a career, those entering the Navy Reserve are either continuing service after leaving active duty or enlisting for a part-time commitment.

In Fiscal Year 2005 Navy only achieved 85 percent of goal for Reserve enlisted recruits. While Fiscal Year 2006 attainment is ahead of the pace from Fiscal Year 2005, we are still not on track to make goal for this year. Much of the shortfall for Fiscal Year 2005 and Fiscal Year 2006 was in those ratings which directly support GWOT. These ratings include Seabees, Hospital Corpsmen, Master at Arms and Information Specialists. These ratings are particularly challenging to fill because Sailors with prior naval service primarily populate them. The issue here is two-fold. First, is high active duty retention and the consequently low supply of eligible recruits with the specific rating experience. Second, some Sailors in these ratings saw high operational tempo (OPTEMPO) during their active service and are now hesitant to join the Reserves and face the possibility of further mobilization.

To address our reserve recruiting challenges and to promote continued success in recruiting the active force, Navy initiated a process in Fiscal Year 2003 that is leading us to a single recruiting

force and command responsible for supplying all our manpower needs. We have now nearly completed the consolidation of active and reserve infrastructure and recruiting forces. In the near future, the six reserve area commands that oversaw reserve recruiting and two of the four active regions will be closed, leaving two regions in charge of both active and reserve recruiting. We have determined the most efficient design for the recruiting infrastructure and the headquarters workforce and will reduce the number of Navy Recruiting Districts (NRDs) conducting mission operations. Through the 2005 Base Realignment and Closure process, five NRDs are slated for closure, with their territory being realigned to the remaining 26 districts. Our recruiting command realignment will be complete by June 2006.

We are also increasing the amount of enlistment bonuses for both prior service and non-prior service Reserve accessions. Congress raised the legislative cap from $10K to $20K for this important program that will be key to enhancing the attractiveness of service in the Reserves for those currently in our targeted ratings.

Other measures being taken to address our Reserve recruiting shortfall include implementation of expanded authorities provided by Congress in the Fiscal Year 2006 NDAA. These include: authority to pay Reserve Affiliation Bonuses in lump sum, enhanced high-priority unit assignment pay; and increases in the amount of the Reserve Montgomery G.I. Bill. Navy is also applying force-shaping tools to attract non-rated Reserve Sailors to undermanned ratings.

National Call to Service. Another measure being taken to address our accession shortfall in the Navy reserve is our increased use of the National Call to Service Act enacted by Congress in the Fiscal Year 2003 NDAA. This program, which combines service in the active and reserve components, is enjoying considerable success and is helping to mitigate some of the prior-service shortage in ratings that are critical to the prosecution of GWOT. Under this program, a recruit enlists for an active duty commitment of 15 months after training. At the end of the commitment, the individual can either extend on active duty or commit to two years of drilling in the Selected Reserve. Navy has been particularly aggressive in recruiting Masters at Arms and Hospital Corpsmen for this program and the first of those recruited will begin drilling in the Reserves this year. Navy's success in attracting recruits for this program is growing steadily. We took in 998 recruits in 13 ratings in Fiscal Year 2004, 1866 recruits in 23 ratings in Fiscal Year 2005 and this year we have a goal of 2340 recruits in 45 different ratings.

Continuum of Service. The direct link between active duty commitment and Reserve commitment in National Call to Service is a model worth emulating. We are developing the concept of a continuum of service with a transition at the end of active duty obligation to drilling with the Selected Reserve. By beginning the recruiting process while the Sailor is still on active duty, we significantly improve our chances of follow on affiliation with the Reserves.

New Enlisted Recruiting Initiatives. An area where our focus on quality is evident is our increasing emphasis on education. Additional education after high school is almost a requirement for success today. The market's desire for college education creates competition for the best and brightest, but also provides an opportunity for the Navy to capitalize on the many education benefits we offer. Navy is working this issue by targeting more recruits who already have college and by expanding programs that will help our Sailors to further their education. In

order to attract a broader, brighter and more diverse market of applicants, Navy is implementing a number of new recruiting initiatives:

College First. To meet the desire of America's youth for college education, as well as to prepare our recruits to meet Navy's increasingly demanding performance requirements, Navy has implemented the College First Program that was authorized by the Fiscal Year 2005 National Defense Authorization Act. Qualified recruits, who have committed to join the Navy and are in our Delayed Entry Program, can now start college and receive a stipend from the Navy. This program will help them earn credits toward a degree and should also result in lower attrition from the recruiting and recruit training pipelines.

Enlisted Bonus Cap Increase in Fiscal Year 2006. The importance of meeting SPECOPS/SPECWAR goals with our current very high tempo of operations cannot be overemphasized. These programs are exceptionally challenging and require special incentives to attract the right people. Congress raised the Enlistment Bonus cap from $20,000 to $40,000 and this will significantly improve our ability to attract the best recruits to these very demanding programs.

Improving Diversity. The Navy diversity strategy is aimed at creating and maintaining our Navy as a team whose people are treated with dignity and respect, are encouraged to lead, and feel empowered to reach their full potential. The changing composition of the American workforce, with increased participation by women and minorities, will have significant impact upon the military. The changing demographics over the next two decades mean that we must work now to establish processes and programs to ensure that we have access to the full range of talent in our Nation. Navy has embarked on a force-wide diversity campaign plan to improve diversity up, down and across our organization. Specific initiatives are aligned under four focus areas of recruiting, growth and development, organizational alignment and communications. The intent of the plan is to operationalize diversity as a frontline issue by involving all Navy leadership and their commands in this effort, rather than delegating the issue to the Manpower, Personnel, Training and Education Organization. We are attempting to understand why we have diversity shortfalls in some communities, ratings and occupations, and how we can best improve and sustain representation in those areas. We also want to leverage our current diversity and build a culture which values "diversity of thought" at all levels. There are many initiatives tied to this effort. Nationwide "Navy Weeks" will increase our community outreach, to highlight Navy opportunities to potential recruits and to get the Navy message to a larger segment of the population. Recruiting Command is energizing programs to partner and network with diverse Centers of Influence to provide exposure to specific communities we are attempting to attract. We are improving our growth and development processes so we can ensure all of our Sailors and civilians are growing equally and effectively and to maximize their talents in support of our mission. Diversity efforts are aimed at improving our retention processes so we can retain the top quality talent in whom we have invested. Lastly, we are continuing to stress in our communications that a diverse organization is a more effective organization, essential to current and future readiness. Executing the diversity strategy will be a long-term process; we are taking big steps each year as we streamline and improve all of the efforts that help us leverage our diverse Total Navy.

"Heritage Recruiting." The increased involvement in Nation building, development, and humanitarian relief efforts requires Sailors with additional skill sets. The ability to speak other languages and understand cultural norms and values is very important. Navy Recruiting is partnering with other Service Recruiting Commands to gather data on potential markets for heritage language speakers to supplement those traditionally assigned to intelligence gathering communities and other ratings likely to have contact with indigenous people.

To expand foreign language and cultural expertise capability and capacity in the Total Navy, particularly in areas considered strategic, the Navy is implementing language-related accession and heritage-community recruiting goals. Tapping the strength of the nation's rich diversity, the Heritage Language Program (HLP) is designed to recruit native-level speakers of languages and dialects deemed critical to the GWOT. To the extent practical, we will place these valuable assets in occupational specialties where their languages and dialects can be employed.

Increased Recruiting of Women for Technical Ratings. Representation of women in the Navy is important across all ratings to ensure women have appropriate promotion and leadership opportunities. Since Fiscal Year 2004, CNO Guidance has driven Navy Recruiting to increase the number of women entering non-traditional and sea intensive ratings. Initiatives to support this effort include increasing the number of female recruiters and developing better marketing plans.

Active Duty Officer Recruiting.
Navy fills its active duty officer ranks from several sources, including the Naval Academy, Naval Reserve Officer Training Corps (NROTC), Officer Candidate School (OCS) and Officer Indoctrination School (OIS).

Navy Recruiting Command has the mission for the latter three. Navy attained 84 percent of active duty officer goals in Fiscal Year 2005 with shortages mostly in Medical Programs. The latter continue to be very challenging to recruit for because of high levels of compensation in the private sector and because of demographic shifts among new medical professionals towards higher numbers of women and older students with families. Both groups have a lower propensity for military service.

Reserve Officer Recruiting. The primary market for Reserve Officers is Navy Veterans. This limits the size of the market, particularly in an era when active duty retention is very high. Consequently, Navy has not met its Reserve Officer Recruiting Goal since Fiscal Year 2002. For Medical Programs, the same market and compensation issues challenging active duty recruiting inhibit the ability to meet reserve mission. There are additional objections which must be overcome; doctors with private practices are concerned that a prolonged recall to active duty will cause them to lose patients and the compensation and benefits the Navy offers do not always offset the perceived risk to their practices.

Compensation Strategy. The compensation strategy must complement and be aligned with the Strategy for Our People and all associated sub-strategies (recruiting / accessions, training and education, distribution, etc.). In an All-Volunteer Force environment the primary function of the compensation strategy must be to incentivize Sailors to choose the behavior desired to meet the

Navy's current and future needs. Our ability to attract and retain quality people is directly related to our ability to promote voluntarism in a challenging and dynamic environment. It follows the system must be market-based – flexible and responsive enough to address both expected and unexpected changes.

To be an "Employer of Choice" in an All-Volunteer Force environment means compensation must effectively function, i.e., compete, against the backdrop of the broader national (and often global) economy. The compensation policies that support this strategy must be rational and holistic, encompassing both tangible and intangible forms of compensation. They should support a system that is competitive, equitable, flexible, and sufficiently responsive to be effective in an ever changing operational and market environment. Sound implementation of the strategy will ensure cost-efficient stewardship of the commitments made by our personnel and the American taxpayers.

Overall, today's military compensation does succeed and is *generally* competitive in the market place. It is a product not of deliberate design, but rather more than two hundred years of evolution. Since pays and entitlements are founded in statute and implemented through DoD-wide policy and regulation, change often comes slowly and incrementally. The current compensation system is best characterized as evolutionary, not revolutionary.

The men and women who serve are with us not through the coercion of conscription, but through voluntary decisions to enter and remain in military service. It is the innate ability, training, experience and motivation of our men and women that are the primary reasons for the Navy's superb capabilities. The compensation offered to both active and reserve members, coupled with patriotism and the willingness to serve, are the most important factors affecting our ability to attract and retain qualified people.

VI. Force Shaping and Retention.

The elements necessary to achieve a properly sized and manned force are retaining personnel whose skill sets and experience are in demand and incentivizing the separation of personnel whose skill sets are in excess or for which a need is no longer foreseen. Our goal is to build a Manpower, Personnel, Training, and Education Organization that can deliver the right Sailor; with the right skills, experience, and training; to the right place, at the right time, for the best value. Achieving this goal requires a robust array of force shaping tools to carry out efficient force realignment within fiscal constraints and to remain an "Employer of Choice" in a dynamic, competitive marketplace. Congress's support has resulted in improving, enhancing, and adding to our force shaping tool kit. Improvements to Selective Reenlistment Bonus (SRB), Assignment Incentive Pay (AIP), nuclear officer bonuses, and Reserve Component Bonuses are all appreciated. Authority enacted by the Congress in the Fiscal Year 06 NDAA which provided incentives for targeted voluntary separations was an especially welcome addition to our toolkit.

Navy has employed a very carefully controlled, measured approach to the use of the above listed authorities .We use these force shaping authorities sparingly and as precision tools rather than as blunt force instruments. We also employ a progressive and cost effective approach when determining which "tools" to use:

- Retaining personnel in the skills we need,
- Shifting personnel from overmanned to undermanned skills through retraining and conversion,
- Transferring from Navy's active component to valid reserve component requirements, and
- Encouraging Inter-service transfers.

Under no circumstance should we retain personnel in overmanned skills if it were feasible and cost-effective to move them into undermanned skills. To do so would be poor stewardship of taxpayer dollars and would force Navy to endure gaps in undermanned skills to remain within authorized aggregate strength levels, adversely impacting our readiness. Retraining and converting personnel from overmanned skills to undermanned skills is our primary approach for retaining experienced personnel while simultaneously improving the balance of the force. We are finding significant savings -- and, indeed, significant efficiencies -- right now by better aligning our personnel skill and experience mix with current Fleet requirements.

In some cases, retraining and conversion are neither feasible nor cost-effective. Only after exhausting all logical retention options do we then consider encouraging Sailors whose experience levels and skills are "in excess" to voluntarily separate from the service. To accomplish the latter, Navy has employed available force shaping tools to the fullest extent practicable: approving waivers for portions of minimum active duty service requirements; authorizing one-year waivers of the requirement to serve three years in pay grades O-5 and O-6 to be eligible to retire; employing our Perform to Serve program for enlisted members in their first term; authorizing Sailors who have made the decision to voluntarily leave the Navy to do so slightly ahead of the end of their current enlistments; and establishing High Year Tenure (HYT) limits.

Perform to Serve. Three years ago, Navy introduced the Perform-to-Serve Program to align our Navy personnel inventory and skill sets by means of a centrally managed reenlistment program and to instill competition in the retention process. Perform-to-Serve encourages Sailors to reenlist in ratings that offer more advancement opportunity. Perform-to-Serve features a centralized reenlistment and extension reservation system, which gives Sailors other avenues to pursue success. Designed primarily with Fleet input and to meet Fleet readiness needs, Perform-to-Serve offers first-term Sailors in ratings with stalled advancement opportunity the chance to reenlist and retrain for conversion to a rating where advancement opportunity is better and in which the Fleet most needs skilled people. We have already used existing authorities and our Perform-to-Serve program to preserve the specialties, skill sets and expertise needed to continue the proper shaping of the force. Since inception, more than 3,300 Sailors have been guided to undermanned ratings, and more than 52,000 have been approved for in-rate reenlistment. Our Perform-to-Serve and early transition programs are part of our deliberate, controlled, and responsible force-shaping strategy.

Navy Success in Retaining and Utilizing the Right People/Skills. Retaining the best and brightest Sailors has always been a Navy core objective and key to mission success. We retain the right people by offering rewarding opportunities for professional growth, development, and leadership. Navy has experienced significant reenlistment improvement since a 20-year low in Fiscal Year 1999, reaching a peak at the end of Fiscal Year 2003.

Targeted special pays continue to have the strongest impact on reenlistments. Maintaining Selective Reenlistment Bonus funding is essential to sustained retention of critical skills. One specific area of challenge is Zone B retention (a category comprised of Sailors with between 6 and 10 years service) in technically oriented ratings. Congress raised the legislative cap from $60K to $90K for Zone B, allowing selected ratings to increase their Selective Reenlistment Bonus multiples to target shortfalls.

Reduced Undesirable Attrition. Since 1999, we have made significant reductions in enlisted attrition. Specifically, we reduced Zone A attrition by nearly 37 percent (Zone A is comprised of Sailors who have served for up to 6 years). We've also reduced attrition in Zones B (6-10 years) and C (10-15 years) by more than 50 percent.

This past year, leaders throughout our Navy successfully attacked the number one cause for Zone A attrition: illegal drug use. Despite a nine percent increase in Navy-wide drug use testing, the number of individuals who tested and turned up positive has decreased by 20 percent since 2003. The result is that attrition due to illegal drug use is no longer the leading cause for enlisted attrition. Current leading contributors to attrition are fraudulent enlistments into the Navy and medical disqualifications. We are exploring ways to reduce attrition in these areas as well. With enlisted attrition near all time lows, we are benefiting from the highest quality workforce the Navy has ever had.

Assignment Incentive Pay (AIP). An integral part of our "Strategy for our People," Navy's AIP program is enhancing combat readiness by permitting market forces to efficiently distribute Sailors where they are most needed. The success of AIP in attracting volunteers to difficult-to-fill geographic locations and jobs has led to the progressive elimination of non-monetary, but nonetheless costly, incentives such as awarding sea duty credit for assignment to hard-to-fill overseas shore duty billets. The result has been a growth in the available population of Sailors eligible for assignment to sea duty without a concurrent increase in end strength. Navy will ultimately be able to allocate almost 10,000 additional Sailors to sea duty who would previously have been locked into a shore duty assignment following an overseas tour of duty ashore. This will provide future readiness benefits in the form of better at-sea manning and a more efficient use of Sailors' acquired Fleet experience. More importantly, challenging duty assignments can be filled without forced assignments.

The numbers of applications for AIP continue to grow as this adaptable and highly flexible authority allows us to address unique assignment and distribution challenges in a market-based manner by emphasizing and rewarding volunteerism. Today, 18-months after implementation of Navy's AIP program, its success is unequivocal. The "fill rate" of AIP jobs is almost ten percent higher than the Navy-wide rate, while the average bid since inception is $362 per month.

Perhaps there is no better example of the success of AIP and its ability to leverage volunteerism and the forces of the market place than its use in 2005 to respond to an emergent GWOT requirement. In early May 2005, 259 Master-at-Arms Sailors were needed to report to the Detainee Operations Detachment in Guantanamo Bay, Cuba for 12-month unaccompanied tours. By mid-May, Navy assignment officers had only been able to recruit 42 volunteers. AIP was subsequently implemented to attract volunteers to these assignments; 223 Sailors volunteered

with AIP as an incentive in just a 6-day assignment window. Of those, 40 of the 42 Sailors who had previously volunteered based on receiving non-monetary "sea duty credit" toward a future ship-board tour, opted instead to bid for a billet with AIP and forego the non-monetary (and ultimately more expensive to the Navy) sea duty credit.

The AIP bid system is also currently used to incentivize extensions among personnel in designated continuity billets in dependent-restricted Bahrain and to attract volunteers for subsequent longer 18-month assignments. Bahrain is also the location of the first Navy application of AIP for officer assignments. Its use there will afford us an opportunity to evaluate the impact of market-based incentives in addressing future officer manning and distribution challenges.

With Congressional support, we now have the authority to make lump-sum AIP payments, and an expanded payment cap of $3,000 per month that allows us to set and adjust the incentive to best match the nature of the assignment and the available labor pool. This expanded authority will significantly improve our ability to apply a valuable assignment tool to manning challenges and emergent requirements arising from the Global War on Terror.

Selective Reenlistment Bonuses (SRB). Selective Reenlistment Bonus is without question our most successful and effective retention and force-shaping tool. It enables us to retain the right number of high quality Sailors with the right skills and experience. While we have enjoyed much success in our retention efforts of recent years, we must not presume we can rest on these accomplishments or surrender to the notion that the tools, which made such successes possible, are no longer needed. SRB authority is sometimes questioned because of the funding required to support it. Selective Reenlistment Bonus directly supports Navy's emerging Strategy for Our People and enables us to selectively retain the Sailors we need as we transform to a lean, high-tech, high capability, mission-centric force. More importantly, SRB affords Navy the ability to compete in a domestic labor market that is increasingly demanding of skilled, technically proficient, highly trainable and adaptable personnel.

The Navy is at a crucial juncture in the transformation of our workforce. In the future we will recruit fewer generalists, and instead seek a predominantly technical and more experienced force. To that end, our SRB strategy has shifted from targeting general skill sets in zones A and B (17 months to ten years) to focusing on specific skill sets across all zones (17 months to 14 years). Navy Enlisted Community Managers (ECMs) have applied increasing levels of analytical rigor to predicting and monitoring reenlistment requirements at a very granular skill level and by individual years of service [also called Length of Service (LOS) Cells]. By monitoring actual reenlistment behavior in comparison to requirements, the ECMs review clear and unambiguous data flagging SRB performance and pointing to areas meriting increase or decrease. This ensures precious SRB dollars are applied only when and where needed based on requirements and outcome.

Congress raised the SRB cap from $60,000 to $90,000; we will ensure award level increases are applied in a prudent and fiscally responsible manner. This cap increase will initially allow us to adequately incentivize experienced nuclear-trained personnel to reenlist. We will later apply it to other skills as retention trends dictate. We save over $100,000 in training costs and retain ten to

fourteen years of invaluable nuclear power plant experience for each one of these individuals. SRB allows us to reenlist. Navy-wide, we also cannot laterally hire experienced technicians as Oracle or Microsoft can, but must grow from recruits and retain as journeymen from an internal labor market. Failure to fully fund the SRB program would create a long-term degradation in readiness. Congress' continued support for this vital program is necessary; we need fully funded SRB at the President's Fiscal Year 2007 requested budget levels of $179.7 million for anniversary payments and $159.8 million for new payments.

Targeted Separation Incentives. With the enactment of the fiscal year 2006 National Defense Authorization Act, Congress provided a targeted voluntary separation incentive to help shape our force in the short-term while allowing us to maintain a positive tone that will not detract from recruiting and retention of talented professionals over the long-term. The addition of this authority goes a long way to filling the previously existing gap in our force-shaping toolkit, i.e., the lack of incentives to selectively target voluntary separations. Voluntary Separation Pay (VSP), while limited in its application through December 2008 to officers with more than 6 but less than 12 years of service, enhances our ability to properly shape the force, aids us in reducing officer excesses and ultimately saves the taxpayer money. We are aggressively working to field this new tool and reap the readiness benefits of its use.

While we undertake to employ the current authority, we will also examine the efficacy of expanding the application of the authority across the entire career continuum, extending the date of expiration of VSP; and restoring the authority to employ enhanced selective early retirements. Navy is carefully examining these expansions because we are acutely aware that different communities and skill fields have varying force shaping needs at varying times. Our ultimate goal is to ensure we have at our disposal the ability to retain in our ranks those personnel we need, while permitting us to stimulate voluntary separation of those no longer filling valid requirements.

With the continuing support from Congress – and reliance on the talents of America's men and women who choose to serve – Navy will continue to build a force that is properly sized, balanced, and priced for tomorrow.

Foreign Language Proficiency Bonus (FLPB). To incentivize the identification, development and sustainment of proficiency in foreign languages, especially those considered strategic, we will award FLPB to the Total Navy (active, reserve and civilians) to the maximum extent allowable by law and consistent with current DoD policies. Navy instructions relative to FLPB are being updated to reflect both higher award levels and expanded eligibility.

VII. Officer Community Management

The Officer Community is trained and prepared to continue leading Navy Forces in support of the Global War on Terror. We are experiencing improved retention rates across most Officer communities. This is attributable to the highly effective special and incentive pays enacted by Congress. These bonuses are essential to our ability to recruit and retain our officers.

Special Operations (SPECOPS).
At perhaps no other time in our Navy's history have the skills of our Special Operations officers and technicians played such a vital role in mission accomplishment. Since the events of September 11, 2001, the demand for their skills in Explosive Ordnance Disposal (EOD) Anti-terrorism and Force Protection has skyrocketed. Our Officer accessions are aligned to fill our EOD Detachment Officer in Charge demands and require approximately 38 officers per year (Fiscal Year 06/07) accessed through a variety of sources including direct accessions as well as lateral transfers. Retention of SPECOPS officers is measured by the continuation of officers serving in years 6 through 11 of commissioned service. In Fiscal Year 2005, we retained 48 percent of our senior Lieutenants and control grade officers, two percent shortfall from the goal. To address this shortfall we recently implemented a Critical Skill Retention Bonus (CSRB) of up to $75 thousand to improve retention of EOD Lieutenants. Our Special Operations community is heavily involved in providing the operational and tactical leadership to our newly established Riverine Forces, the Naval Expeditionary Combat Command (NECC) and the Joint IED Defeat Organization (JIEDDO).

Naval Special Warfare Officer Community. The Naval Special Warfare Officer (NSW) Community is manned at 95 percent of assigned billets. SEAL Officer accessions are currently averaging five applicants for every opening and new accessions are on track to meet increasing Officer Department Head requirement (SEAL Platoon commander) at the sixth year of commissioned service (YCS 6). The community now requires 34 department heads per year (76 percent retention rate across 6-11 YCS) based on increased growth in pay grades O-4 thru O-6. Fiscal Year 2005 retention was 62 percent. Nonetheless, we currently face a number of manpower and personnel challenges at the O-4 and O-5 level. NSW currently has a shortage of 50 LCDRs and 8 CDRs. These shortages primarily result from the effects of Navy downsizing of all Officer accessions in the early 1990s. The Navy has used Naval Special Warfare (SPECWAR) Officer Continuation Pay since 1999 to successfully retain officers with 6-14 Years of Commissioned Service (YOCS). The Navy is evaluating options for closing the remaining gaps.

Seabee and Civil Engineer Corps. Seabee and Civil Engineer Corps communities are healthy and fully engaged in supporting GWOT operational requirements. In the aggregate the Seabee Community is 95 percent manned and the Civil Engineer Corps is 98 percent manned. Current Seabee attrition, retention and reenlistment behavior are trending in line with or better than average Navy levels while the Civil Engineer Corps has seen an increase in attrition. We continue to predict and forecast that additional incentive pays may be necessary to sustain current retention and reenlistment behavior based upon the current high OPTEMPO endured by our Seabees and Civil Engineer Corps officers. The Naval Construction Force Reserve Seabees and Civil Engineer Corps officers have experienced significant manning shortages and accession challenges. Reserve Seabee accessions have significantly missed goals for the past three years. The health of our reserve component Seabees, Civil Engineer Corps and Naval Construction Force (NCF) is imperative to the Navy's GWOT support. The Navy Manpower, Personnel and Training (MPTE) Enterprise is working on this challenge and has developed plans to guide this focused effort.

Next I'd like to discuss selected other officer communities:

Surface Warfare Officer (SWO) Community. The Surface Warfare community's initial accession plan is designed to yield sufficient officers to meet the demand for department heads with about 7 years of cumulative service; in Fiscal Year 2006 we will bring in approximately 750 new Surface Warfare Officers. This year, Navy implemented a Junior Surface Warfare Critical Skills Retention Bonus (CSRB) to help meet community requirements for trained and experienced Department Heads (currently 275 per year). This program, in conjunction with the Surface Warfare Officer's Continuation Pay (SWOCP), targets Officers reaching their first retention decision milestone and has been a very successful tool to persuade them to remain on active duty through completion of mid-grade Department Head tours. The community is generally well-manned now except for a shortage of control grade officers. That shortage is being remedied with the help of a CSRB authorized by Congress. Continued CSRB support is key to long-term retention and proper shaping of this community.

Submarine Warfare Officer Community. As a direct result of improved junior officer retention, accession requirements have been reduced from 440 to 346 between Fiscal Year 2004 and Fiscal Year 2006. Although overall accession goals have been met for the past six years, significant challenges remain in recruiting high quality candidates into this technically demanding warfare community. The 5-year average retention rate for submarine junior officers has improved from 29 percent in Fiscal Year 2000 to 39 percent in Fiscal Year 2006 as a direct result of targeted Nuclear Officer Incentive Pay (NOIP) and Continuation Pay (COPAY) rate increases authorized since Fiscal Year 2001. Despite these significant improvements, retention has only fully met requirements once in the past six years. Nuclear Officer Incentive Pay (NOIP) has proven to be an extremely effective tool over its more than 35-year history and is largely responsible for improving submarine officer retention. NOIP is widely viewed as DoD's model retention incentive program. It remains the surest, most cost-effective means of sustaining required retention and meeting Fleet readiness requirements for high-quality, highly-trained officers.

Aviation Community. The Fiscal Year 2006 requirement for pilots and Naval Flight Officers is 380. This reduction from previous years is due to reduced training attrition and fleet requirements. Fiscal Year 2005 aviation retention was 47.8 percent through Department Head tours (at 12 years of commissioned service), a slight decrease from fiscal year 2004 but still well above the historical average of 40 percent. Retention has started to rise through the first quarter of Fiscal Year 2006 and currently stands at 51.8 percent. The excellent aviation retention figures can be attributed in large part to five consecutive years of Congressional authorization for Aviation Career Continuation Pay (ACCP). Aviation Career Continuation Pay continues to be our most efficient and cost-effective tool for stimulating retention behavior to meet current and future requirements and overall manning challenges.

Medical Communities. Navy Medicine has been actively executing military-to-civilian conversions in Fiscal Year 2005, as directed by the Office of the Secretary of Defense. In addition, many of our medical personnel are directly involved in the GWOT, and we are faced with several challenges in recruiting and retention. Specific community issues are as follows:

Medical Corps. As of December 2005, the Medical Corps dipped below endstrength targets for the first time since 1998, with acute shortages in subspecialties critical to support wartime

requirements and hospital operations. On the recruiting side, the Health Professions Scholarship Program (HPSP), the primary student pipeline for medical corps officers, made 84 percent of goal during Fiscal Year 2004 and only made 56 percent of goal in Fiscal Year 2005. Early indications are Fiscal Year 2006 attainment will again fall far short of goal; Navy is considering an initiative for an HPSP accession bonus to attract applicants. Decreased accessions have not been able to make up for increased loss rates in retention among all specialties. Increased medical special pay rates have been offered for Fiscal Year 2006 but do not seem to be having a significant impact on increasing retention at this point.

Dental Corps. Dental Corps is significantly under endstrength in the range of 5-13 years commissioned service. Dental accessions continue to be problematic. Retention rates for Dental Corps officers, reaching the end of their initial obligation, have steadily declined over the past eight years. The Dental Corps is projected to lose 144 officers in fiscal year 2006, or 13 percent of the dental force. Residency training opportunities and significant increases in the Fiscal Year 2006 Dental Officer Multi-year Retention Bonus (DOMRB) are being used to try to retain dental officers for long-term service. We are considering establishing a Critical Skills Retention Bonus (CSRB), under existing statutory authority, to help reduce junior officer losses after completion of their initial obligation. This initiative has been submitted and funding is available for this CSRB.

Medical Service Corps. The Medical Service Corps accesses to vacancies in subspecialties and direct accessions are market-driven. Last year the Medical Service Corps fell short of their direct accession goal by 30 percent, directly impacting ability to meet current mission requirements. Retention of specialized professionals such as Clinical Psychologists, Pharmacists and Podiatrists has been the greatest challenge. Licensed Clinical Psychologists have experienced an increasingly heavy OPTEMPO and the resulting loss rates are significant. The Health Professions Loan Repayment Program has been implemented as an accession and retention tool to attract and retain critical specialties with some success. Additionally, the community is requesting authority for Critical Skills Retention Bonuses to retain officers in critically undermanned specialties.

Nurse Corps. National nursing shortages and competition with other services have resulted in shortfalls in Navy Nurse Corps accessions over the last two years. To counter this, in 2006 we have increased levels for both the Nurse Accession Bonus and the Nurse Candidate Program. Retention of Nurse Corps officers also poses a significant challenge. Retention rates after initial obligation range from 60-72 percent and decrease even further beyond 5 years of service. The Health Professions Loan Repayment Program is being used to attract and retain Nurse Corps officers and is drawing significant interest. The Nurse Corps community is also studying options for a Critical Skills Retention Bonus in specific surgical subspecialties.

Joint Leader Development & Management. The priority accorded to the future Joint force will be one of the key and essential elements in our future national security calculus. The development of joint leaders for that force is vital to its ability to operate across the range of military operations in support of this Nation's strategic objectives.

To this end, the Navy seeks to develop fully qualified and inherently joint leaders in its officer and senior enlisted communities that are skilled joint war-fighters and strategically minded, critical thinkers. We will plan for, prepare, and assign high quality officer and senior enlisted personnel to Joint billets to enhance Joint war-fighting readiness. We will develop leaders with professional qualifications and competencies needed in the Joint environment to achieve their full potential, so that key decision makers seek out Navy Joint war-fighters as trusted advisors and key staff members who can effectively articulate the role of the maritime component in the design and execution of campaigns.

The Navy is fully committed to the Chairman of the Joint Chiefs of Staff *Vision for Joint Officer Development*. To effectively realize this vision, we are moving out decisively. In one instance, we have modified the centuries-old career path of one of our largest war-fighting communities to provide additional time for Joint Leader Development. We have formulated policy initiatives that link career progression and assignment within the Navy to the Chairman's *Vision* and the CNO's Professional Military Education (PME) Continuum. These initiatives:

- Establish the PME requirements for E-1 through O-8.
- Provide appropriate PME to the entire AC/RC force.
- Ensure PME graduates are closely tracked and assigned to billets that exploit their education and accelerate their development as Joint leaders.
- Assess policy effectiveness by tracking number and percentage of PME graduates assigned to career milestone billets.
- Formalize selection board processes for PME opportunities.
- Require 100% fill of Navy resident student billets at all Joint, Service and foreign war colleges in Fiscal Year 06 and beyond with an annual report to CNO on implementation of this policy.

In addition, we have instituted management control actions that:

- Optimize the "fit" within this "fill" by revising the Navy's process to select and assign officers who have clearly demonstrated the potential to assume positions of strategic and operational leadership or staff responsibilities as appropriate to their grade in Navy, Joint, interagency and multinational billets.
    - Only order those officers who, by the time they attend resident intermediate level PME programs, have met those community gates, appropriate to their grade, required for Unrestricted Line (URL) command selection.
    - In the case of URL officers, only order those Commanders and Captains to resident senior level PME programs who, by the time they attend resident senior PME programs, have successfully completed a URL Commander Command; have been screened for such a command; or, for the transitional period of 2005-2009, are still eligible for screening for such a command and are considered by their community leadership as having strong potential to do so.
    - In the case of Restricted Line/STAFF officers, only order those officers to resident intermediate and senior level PME programs whom the leadership of their respective community's assess as likely to assume key milestone positions.

- Require the completion of Intermediate PME, including JPME Phase 1, for selection to URL-O5 command by the Fiscal Year 09 screen boards that are held in Fiscal Year 08

Navy is making measurable progress in creating a pool of well-qualified personnel who are fully qualified and inherently joint leaders suitable for joint command and staff responsibilities. Navy acknowledges a responsibility to produce skilled joint leaders, tested in their Service's specific roles, missions and capabilities; and we are aggressively executing this responsibility.

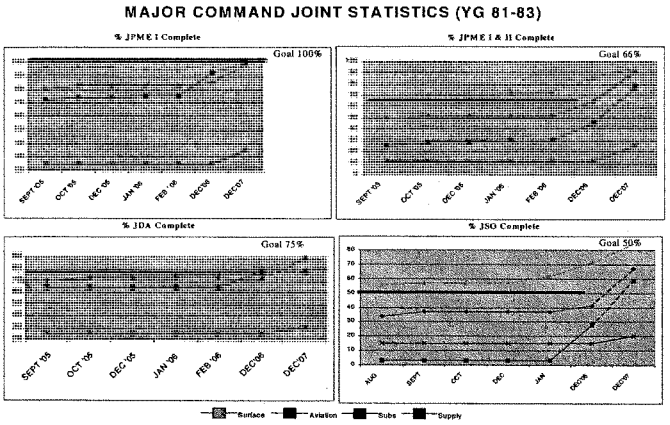


Figure 6

Civilian Community Management. National Security Personnel System will provide new civil service rules for the over 700,000 DoD civilian workers. It will strengthen our ability to accomplish the mission in an ever-changing national security environment. NSPS accelerates the Department's efforts to create a Total Force, operating as one cohesive unit, with each performing the work most suitable to their skills. DoN needs a human resources system that appropriately recognizes and rewards employee performance and the contributions they make to the DoD mission. NSPS will give us better tools to attract and retain the best employees.

VIII. Professional Military Education

Education is a key enabler in developing the competencies, professional knowledge and critical thinking skills to deliver combat-ready naval forces to meet joint war-fighting requirements of the Navy. In July 2004, we established the Professional Military Education (PME) Continuum to provide the framework for life-long learning that enables mission accomplishment and provides for personal and professional development. The continuum integrates Advanced Education (beyond the secondary level), Navy-specific Professional Military Education (NPME),

Joint Professional Military Education (JPME) and Leadership Development. It is focused on ensuring future leaders have the knowledge base to think through uncertainty; drive innovation; fully exploit advanced technologies, systems and platforms; understand the culture, environment and language of the battle space; conduct operations as a coherently joint force; and practice effects-based thinking and operations. It applies to all Sailors. Specific education opportunities to provide learning solutions sequenced to meet growing and changing roles and requirements throughout a career are being phased in across multiple years.

We are sharpening our focus on requirements linked to competencies and capabilities to better prepare more capable Sailors for joint war-fighting. We are also focused on integrating education achievements into a career development system to ensure the ability to plan and track growth and to measure competency attainment.

Flexible Learning Options. Internet or computer-based delivery of course material remains an important focus of our effort to make educational material readily available to all of our people both ashore and afloat. The Naval Postgraduate School, Naval War College, and Center for Naval Leadership are endeavoring to increase non-resident opportunities to enable education anytime, anywhere to accommodate busy careers that do not always allow time for resident education. Naval Postgraduate School distance learning options include select degree programs; non-degree certificate programs that provide a concentrated focus in a specific field, for example; Space Systems, Information Systems and Operations, and Anti-Submarine Warfare; and individual courses. Naval War College is employing web-enabled, CD-ROM and Fleet Concentration Area Seminar programs to provide maritime focused Joint Professional Military Education at a distance. Naval War College JPME courses have been embedded into many of the degree programs at Naval Postgraduate School. The Center for Naval Leadership continues to develop on-line opportunities for all Sailors to complete Leadership Education as a part of their career development. Our content is dynamic and reflects the most current leadership theories and principles.

While we continue to promote non-resident learning opportunities for our force, our Fiscal Year 2007 budget also requests funds to allow us to increase the number of officers we will send in-residence to Naval Postgraduate School for technical, analytical and regional area studies programs. The latter supports our Foreign Area Officer program, which promotes graduate degrees in regional area studies.

The Navy College Program continues to provide opportunities for Sailors to earn college degrees while on active duty. Partnerships with colleges and universities leverage academic credit recommended for Navy training and experience and offer rating related associate and bachelors degrees through distance learning. The Navy College Program for Afloat College Education makes it possible for Sailors to pursue courses at sea and in remote locations at no tuition cost to themselves.

Joint Professional Military Education. In the Fiscal Year 2007 budget, we expand resident service college opportunities to enhance Navy's ability to provide unique and complementary war-fighting from the sea to Joint Force Commanders. The expansion enables Navy to ensure the appropriate service composition requirements for certification of senior service college

instruction of Joint Professional Military Education Phase II as authorized by the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005. Additionally, the expansion supports the Navy's new requirement for completion of Joint Professional Military Education Phase I for Unrestricted Line Officer Commander Command beginning with Command Screen Boards in 2008.

Culture of Effects-Based Thinkers. In keeping with *The Strategy for Our People*, we are in the process of moving towards a capabilities-based and competency-focused learning continuum whose education programs will result in measurable mission capability while enabling personal and professional development. A key area we are addressing is the development of a culture of effects-based thinkers and operators who evaluate effect as a measure of execution by focusing on desired outcomes and root causes, measuring results, and making appropriate adjustments. Updated Naval Postgraduate School, Naval War College and executive learning program curricula provide essential learning building blocks while we continue to expand and sequence course offerings to ensure a full continuum of the appropriate learning.

IX. Additional Transformational Initiatives

The key to our operational prowess is a properly defined, trained, educated and ready force. Since 2000, the Navy has embarked on a number of transformational initiatives designed to fundamentally change the way we think about and act to develop and deliver the personnel component of war fighting. From the earliest phases of capability definition and system design, through training and education, to continuous performance improvement, Navy is changing the way it addresses manpower, personnel, training and education.

Systems Engineering, Acquisition and Personnel Integration (SEAPRINT): SEAPRINT includes specific program management controls and a technical process designed to ensure that human considerations are addressed adequately and in a timely manner during the definition of war fighting capabilities and development of weapons systems. SEAPRINT integrates the transformational MPT&E initiatives into the acquisition process to create a proactive environment where manpower, personnel and training concerns are drivers vice consequences.

Science of Learning (SL). The science of learning will transform the Navy's training and education environments by applying the latest advances in technology and educational psychology to the learning process. It will move Navy training and education from a "lecture, listen, learn" format to a more active learning process through which Sailors will receive feedback necessary to improve their performance.

Integrated Learning Environment (ILE). The Integrated Learning Environment is the means by which we will provide individually tailored, high quality learning and electronic performance aids in order to allow the best fit between the worker and the work to be performed.

Human Performance Improvement. A "systems approach", Human Performance Improvement is a cyclical model that defines organizational and individual performance requirements, establishes how best to achieve this performance, develops the necessary tools or products to enable this performance, implements the solution set, and provides feedback based

on an evaluation of the outcomes. Human Performance Improvement may be described best as a systematic method for finding cost-effective ways to enable people to perform their jobs better by focusing on selecting the right interventions based on root cause and true requirements.

X. Sailor Quality of Life

Commitment to personal and family readiness is fundamental to sustaining a combat-ready naval force. Our success in the nation's defense depends on the entire Navy community – active, reserve, civilian and their families. The frequent deployments of our highly mobile force places considerable stress upon our Sailors and their families. Our deployed service members characteristically enjoy high morale and pride. They value the opportunity to use their training in real world missions and realize a sense of accomplishment that contributes to positive attitudes and is reflected in their decisions to reenlist in the Navy. At the same time, however, the family separation and high operating tempo place great stress upon them and their families. Our challenge is clear. We must provide effective, responsive programs and services to our Sailors and their families to mitigate the negative factors.

Predatory Lending. An issue that is becoming a significant concern to Navy leadership: Navy leadership is very concerned over the serious problem of predatory lending practices and the impact on financial and personal readiness of Sailors and families. Predatory lending occurs when a lender takes unfair advantage of a borrower through deception, fraud or loans containing extremely high interest rates or fees. Our junior Sailors and families are particularly vulnerable when they find themselves short of money between paydays to pay essential expenses such as rent, groceries, utility bills, unexpected expenses and car payments. In our research we have found personal predatory loans with interest rates as high as 2146 percent, 1288 percent and 782 percent.

The use of these "bridge" loans, with exorbitant interest rates, leads to a downward cycle of more borrowing and increased indebtedness. Not only does it result in continued financial hardship and damage to credit but it also seriously impacts unit morale and personal and family readiness. The CNO has challenged leadership to develop and aggressively implement a plan to improve consumer education and personal financial counseling for military personnel in order to increase awareness of the practice and its risks and to assist in recovery for those who have fallen into this downward financial spiral.

State laws vary widely in their oversight and control of commercial lending practices. This is a complicated challenge to personal readiness that deserves the attention of a diverse group of experts including financial industry professionals, legislators and state government officials. We seek your support in encouraging a coalition of leadership in government, the commercial sector, nonprofit agencies and the military services to curtail and constrain predatory lending practices. I am prepared to partner with the Congress in seeking means to effectively address this serious problem.

Task Force Navy Family. The lives of more than 88,000 Navy personnel, retirees and immediate family members were severely disrupted by Hurricanes Katrina and Rita. Task Force Navy Family leveraged existing agencies and local community support centers to assist our

personnel. While we still have cases outstanding, we have transitioned the Task Force to Commander, Navy Installations Command for follow-up. This effort to respond to the crisis in "our own backyard" has been a reminder of the importance we place on the family and has also provided several lessons learned we could employ in case of future catastrophic events.

Personal and Family Readiness Initiative. Commander, Navy Installations Command and I recently established a Personal and Family Readiness Program Board of Directors. Actionable issues are identified, analyzed by a Family Readiness Program Advisory Council and implemented by the Board of Directors. I am enthusiastic about the significant opportunity to identify real needs and workable solutions to improve quality of service and life issues for our Navy family.

Child Development and Youth Programs. Sailors and their families continue to rank the need for Child and Youth Programs (CYP) very high. This program is now an integral support system for mission readiness and deployments. To help meet the demand, multiple delivery systems are offered to include child development centers, child development homes, child development group homes, school-age care, and resource and referral to licensed civilian community childcare programs. To meet the needs of shift workers and watch standers, we piloted several programs; including the addition of around-the-clock in-home care providers, as well as two new child development group homes. Following the success of those pilot programs, we are expanding those initiatives at several additional sites.

The DoD goal is to provide CYP spaces to meet 80 percent of the potential need for ages 0 to 12 by Fiscal Year 2007. The Navy potential need has been calculated as 65,858 spaces. Navy CYP achieved 69 percent of that potential need in Fiscal Year 2005 and with added spaces will reach 71 percent in Fiscal Year 2006. The CYP waiting list in Fiscal Year 2005 was 7,908, up 19 percent since Fiscal Year 2003. The new Youth Program DOD Instruction directs the implementation of performance standards and eventual DoD certification similar to the current requirements for children under 12. This requirement will add to the overall future funding requirements for Navy CYP. Also, in Fiscal Year 2005, we achieved 100 percent DoD certification and 96 percent accreditation of our child development centers by the National Association for the Education of Young Children (NAEYC). Our objective for Fiscal Year 2006 is to ensure all Navy child development centers and school age care programs are accredited. This tells our Navy families their children are receiving top quality care that equals or exceeds the highest national standards.

Caring for Our People. Navy maintains a long-standing and proud tradition of "taking care of our own" by providing prompt and compassionate care to Sailors and their families in times of crisis. In the past, we have measured our success by how quickly we could certify benefits and entitlements and by how expeditiously we could transport families to the bedsides of their seriously ill or injured Sailors. These traditional metrics, while still important, are insufficient and do not fully address what our families need and deserve. Through careful research and collaboration with the Veterans Administration, Social Security Administration and the other Services, we have identified additional areas of focus. We have set ourselves goals to improve our casualty reporting process and to provide better and more personal oversight of casualty

cases. We also endeavor to maintain our benefits certification efficiency and to improve case management effectiveness.

Traumatic Servicemembers' Group Life Insurance (T-SGLI). We are extremely grateful for your efforts in enacting the T-SGLI which is essential to our ability to provide appropriate and well-deserved support for our severely injured personnel. Navy implemented T-SGLI in December 2005, and it is providing much needed financial support to our wounded heroes and their families as they deal with expenses incurred during convalescence.

Safe Harbor Program. This past summer, Navy established the "Safe Harbor" program, designed to have senior staff personally visit and assist our seriously injured Sailors and their families. Our commitment is to a seamless transition from arrival at a CONUS medical treatment facility, throughout medical treatment, and then in subsequent rehabilitation and recovery. Since instituting this program, we have contacted every Sailor who has been seriously injured since 9/11. Twenty-six of them asked to have their names placed on our active follow up list and are periodically contacted. When Hurricane Katrina struck, we identified and contacted all seriously injured Sailors who were residents in the affected area to offer them assistance and attend to their needs and those of their families. Since then, we have established a toll free number and set up a website to further speed access to information and facilitate contact with our program office personnel. We are committed to maintaining personal links with our seriously injured Sailors, sustaining effective follow up programs and doing everything in our power to advance the quality of their care and the support to their families.

Care of All Returning Sailors and their Families. Navy has long been in the business of preparing Sailors and family members with pre, mid and post deployment briefings and services. In view of the recent research on the needs of our returning service members and their families, as well as CNO's commitment to personal and family readiness, we have fine tuned those programs and services to ease return from deployment or mobilization. We have met increased demand for our Return and Reunion programs in which Fleet and Family Support Center teams embark upon returning ships, in transit, to provide educational briefings, workshops and consultation for our personnel. These programs focus on re-establishment of personal and family relationships, understanding behavioral and developmental stages of children, effective parenting strategies and financial management. Command leaders are trained to identify post-deployment stress symptoms and refer personnel for treatment.

Sexual Assault Victim Intervention (SAVI). Sexual assault prevention, victim assistance and treatment are top priority efforts throughout the Navy. Our SAVI program has been recognized as a model for over a decade. We enforce a zero tolerance policy while continually striving to improve support for victims.

Navy contributed significantly to the work of the DoD Care for Victims of Sexual Assault Task Force and fully supports enhancements enacted in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005. This past year, we aggressively implemented DoD's policy changes based on Task Force recommendations. This required the SAVI program to transition from a program management to case management approach. Toward that end, the Navy has almost doubled the number of installation Sexual Assault Response Coordinators

(SARCs), ensured 24/7 victim advocate response capability both afloat and ashore, and implemented confidential reporting procedures and monthly case management review to ensure that all responders and systems are acting in coordination and that all available support to the victim is being provided.

With respect to training, the Navy adopted revised training and education definitions; trained all SARCs and their supervisors, trained select Criminal Investigators, Judge Advocates and Chaplains on the new requirements, reengineered Navy victim advocate training, upgraded General Military and Accession training, and improved reporting and leadership awareness. To evaluate the effectiveness of our sexual assault awareness and prevention efforts, Navy conducted two polls in 2004 and 2005. Compared to baseline, the 2005 poll results indicated increased awareness of SAVI programs and services, 90% of personnel given sexual assault training in the past 12 months, and very high understanding that sexual assault is a crime and which behaviors constitute sexual assault. At least three-quarters of members surveyed also expressed general confidence in their command leadership by reporting that sexual assault was not tolerated at their command and that they would report sexual assault to Navy authorities.

Transition Assistance Management Program (TAMP). The Navy Transition Assistance Management Program (TAMP) coordinates post-military employment assistance workshops, veterans' benefit seminars, and disability entitlements briefings at 65 shore-based sites worldwide and aboard ships at sea. These specialized classes assist our Sailors and their family members as they prepare to transition to civilian life or formulate decisions to remain on active duty. In Fiscal Year 2005, we expanded Veterans' Affairs benefit counseling to our deployed personnel operating in Navy Region Southwest Asia and developed a web-based training curriculum for Command Career Counselors to improve pre-separation counseling. We also implemented Military life-cycle career development seminars for first-term and mid-career Sailors and placed increased emphasis on developing and providing assistance to our demobilizing reserve component and war-wounded Sailors.

Culture of Fitness – Fit for Duty, Fit for Life – Cornerstone of Personal Health and Readiness. The Navy Fitness program provides members of the Navy community ready access to high quality fitness programs, equipment, and facilities dedicated to meeting their total fitness needs. MWR maintains 145 fitness centers, more than 200 indoor basketball courts, over 300 racquetball courts, 150 swimming pools, and thousands of outdoor sports facilities, including softball/football/soccer fields, tennis/volleyball courts and running tracks. MWR fitness incorporates all elements of personal and group fitness activities such as cardio and weight training, intramural (team and individual) sports, group exercise (e.g., aerobics, step, martial arts, yoga) classes, personal training, group and individual fitness testing and programming, aquatic activities, swimming, and special events (e.g., runs, tri/biathlons, track meets, swim meets). In Fiscal Year 2005, Navy MWR centrally funded and procured over 868 pieces of fitness equipment for 54 Operational Support Centers. This action completed an initiative that outfitted all 134 Navy Reserve Centers with fitness equipment to enable personnel to maintain proper fitness levels and adopt healthy lifestyle changes.

MWR Fleet Readiness. The MWR Fleet Readiness Program remains the cornerstone of MWR. We continue to use a variety of funding and equipment initiatives to ensure that the Fleet has the

MWR support it needs. We used allocations and supplemental funding to enhance our fitness and recreation support to deployed forces at sea and ashore. In Fiscal Year 2005, we began expanding our Civilian Afloat Program that provides recreation and fitness professionals, who live and work onboard our aircraft carriers, amphibious assault ships and submarine tenders, to enhance shipboard habitability and promote positive use of off duty time. Feedback from the Fleet remains very positive as reflected in customer surveys and reports from commanding officers.

We also developed and conducted an Importance-Performance Program Assessment to measure the overall effectiveness of the Fleet Readiness Program by providing an understanding of what Sailors perceive to be the most and least important components of service delivery and service performance. Over 10,000 Sailors participated in this valuable program assessment for Afloat Recreation, Fitness and Liberty programs. This data will serve as our baseline in establishing various performance metrics as we move forward with our "Focus on the Fleet" initiatives.

The top rated MWR program and service for Fleet Sailors over the past several years remains access to electronic mail (e-mail) and Internet connectivity. The Library Multimedia Resource Center (LMRC) on each ship is the delivery point for this service. We completed the total Fleet LMRC replacement and upgrade in Fiscal Year 2005 with the purchase and distribution of an additional 1,950 laptops and other related equipments.

Navy Movie Program. The Navy Movie program supports one of the most popular recreational activities for active duty personnel and their families, with attendance figures of 2.7 million patrons ashore and 23 million viewing hours afloat. We distributed 192 movie titles to 800 Navy Fleet and shore sites, Marine Corps, Coast Guard, National Oceanic and Atmospheric Administration, Military Sealift Command, and Department of State locations. This consisted of 150,000 videotapes, 5,500 35mm prints, 30 early tape releases to forward-deployed ships, and 30 first-run features to CONUS base theaters, two weeks after the U.S. premiere. The Navy Movie program conducted 13 free sneak previews at CONUS base theaters, attended by 110,000 Sailors and family members. The movie program continues to evolve to stay current with technology changes. In a cooperative effort with the Naval Media Center, we have established digital format requirements to replace analog tapes, and will begin deploying them later this year.

XI. Conclusion

As we reshape and adapt the U.S. Navy to defeat emerging threats, we continue to be the predominant naval force in the world. At the very heart of our Navy, people, active and reserve, military and civilian, remain our greatest strength and the most fundamental element of our readiness and success. They, and their families, are making daily sacrifices to protect this Nation and to prosecute the Global War on Terror. These patriotic and professional Americans continue to perform brilliantly and you have every reason to be proud of them.

We often think of the 21st century as the future. It is not. It is today. The Sailors, civil servants and contractors who will support joint missions in the future are entering the workforce and Navy today. What we do today -- the decisions we make, the constraints we live under -- will determine what we are capable of in the future.

If we are to succeed in defining, developing and delivering the workforce required in the future, we must examine today's practices and make necessary changes now. For example, in order to continue to respond effectively to new and increased mission areas, we will analyze our manpower requirements to determine if we need to move to a different officer/enlisted mix or a more senior mix within the officer or enlisted structure. This analysis will include evaluating and analyzing the impact of current Defense Officer Personnel Management Act (DOPMA) control grade ceilings and considering the need for relief from these constraints.

We will continue to look at our compensation strategy to ensure it is the right compensation strategy for 2020-2025 given our changing demographics. A compensation system for that timeframe must acknowledge that our future lies with the All Volunteer Force, and must therefore emphasize volunteerism. We must shift our focus to competency, performance and skill-based compensation and away from longevity and rank. We need to refocus away from deferred compensation and instead optimize the current compensation in a manner that creates a "push" to a full career (as opposed to the current cliff-vested retirement's "pull" to full career). Major bonus programs should remain separate and intact in the near term (e.g. SRB, EB, community-specific bonuses) with a long-term eye toward rational consolidation into a select number of broad, flexible authorities applied with agility in response to "market conditions."

We must devise "on ramps and off ramps" to facilitate smooth transition between active duty, reserve duty and civil service. We need to compensate the total workforce we want in peace & wartime. Our future compensation strategy must incentivize voluntary acquisition and effective utilization of skills/competencies for a diverse workforce, while enhancing service flexibility and discretion vis-à-vis statutory ceilings to provide room for future growth ahead of the power curve in a rapidly changing environment. Such a system must also incentivize voluntary transitions/separation of careerists and support the Service's ability to pilot and demonstrate new business practices.

We are grateful for your commitment to the men and women of the U.S. Navy and to the programs that make them the premier maritime fighting force and sustains them and their families. On behalf of all Navy Sailors and civil servants, and their families, I thank the Congress for continuing and unwavering support.

PRESENTATION TO THE MILITARY PERSONNEL SUBCOMMITTEE

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: Recruiting and Retention and Military Personnel Policy, Benefits and Compensation Overview

STATEMENT OF: LIEUTENANT GENERAL ROGER A. BRADY
DEPUTY CHIEF OF STAFF, MANPOWER & PERSONNEL
UNITED STATES AIR FORCE

4 April 2006

NOT FOR PUBLICATION UNTIL RELEASED
BY THE ARMED SERVICES COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

LIEUTENANT GENERAL ROGER A. BRADY

Lt. Gen. Roger A. Brady is Deputy Chief of Staff, Personnel, Headquarters U.S. Air Force, Washington, D.C. He serves as the senior Air Force officer responsible for comprehensive plans and policies covering all life cycles of military and civilian personnel management, which includes military and civilian end strength management, education and training, and compensation and resource allocation.

General Brady entered the Air Force in 1969 through the University of Oklahoma ROTC program. He has commanded a support group and flying training wing, and he was vice commander of an air logistics center. The general has served as a director of personnel, logistics, plans and programs, and operations at three major commands. His involvement in deployed operations includes service in Vietnam, deployment of NATO forces in support of Operation Desert Storm, securing coalition support for the stand-up of expeditionary wings during Operation Allied Force, and providing Total Force and Civil Reserve Air Fleet air mobility support to operations Noble Eagle, Enduring Freedom and Iraqi Freedom. Prior to his current position, General Brady was Director of Operations, Air Mobility Command.

General Brady is a command pilot with more than 3,000 hours in T-37, T-38, T-1, KC-135, C-21 and C-5.

EDUCATION
1968 Bachelor of Arts degree in foreign services, University of Oklahoma
1969 Master of Arts degree in political science, Colorado State University
1974 Squadron Officer School, Maxwell Air Force Base, Ala.
1982 Air Command and Staff College, Maxwell AFB, Ala.
1988 National War College, Fort Lesley J. McNair, Washington, D.C.
1994 Executive Program in Business Administration, Columbia University
1998 Harvard Ukrainian National Security Program, Harvard University

ASSIGNMENTS
1. November 1969 - July 1970, student, Armed Forces Air Intelligence Training Center, Lowry AFB, Colo.
2. July 1970 - July 1971, air intelligence officer, 20th Tactical Air Support Squadron, Da Nang Air Base, South Vietnam
3. July 1971 - June 1972, Chief, Target Processing Branch, 320th Bomb Wing, Mather AFB, Calif.
4. July 1972 - October 1973, student, undergraduate pilot training, 71st Flying Training Wing, Vance AFB, Okla.
5. November 1973 - March 1974, student, KC-135 Aircrew Training, Castle AFB, Calif.
6. April 1974 - April 1977, co-pilot, aircraft and flight commander, 301st Air Refueling Wing, Rickenbacker

AFB, Ohio
7. May 1977 - August 1977, student, pilot instructor training, 12th Flying Training Wing, Randolph AFB, Texas
8. September 1977 - August 1981, instructor pilot, flight commander and Chief, Standardization and Evaluation Division, 64th Flying Training Wing, Reese AFB, Texas
9. August 1981 - June 1982, student, Air Command and Staff College, Maxwell AFB, Ala.
10. July 1982 - June 1984, Chief, T-38 Standardization and Evaluation, Directorate of Operations, Headquarters Air Training Command, Randolph AFB, Texas
11. July 1984 - July 1987, staff officer, Airlift Special Operations and Training Division, later, special assistant and executive officer to the Deputy Chief of Staff for Research, Development and Acquisition, Headquarters U.S. Air Force, Washington, D.C.
12. August 1987 - June 1988, student, National War College, Fort Lesley J. McNair, Washington, D.C.
13. July 1988 - June 1991, staff officer, Policies and Studies Branch, later, Chief, Long-Range Plans Branch, AIRSOUTH Arms Control Team, and later, Chief, Programs and Requirements Branch, Allied Air Forces Southern Europe, Naples, Italy
14. July 1991 - May 1992, Commander, 3415th Support Group, Lowry AFB, Colo.
15. June 1992 - June 1993, Director of Personnel, Headquarters Air Training Command, Randolph AFB, Texas
16. July 1993 - July 1995, Commander, 64th Flying Training Wing, Reese AFB, Texas
17. August 1995 - June 1997, Vice Commander, Ogden Air Logistics Center, Hill AFB, Utah
18. July 1997 - June 1998, Director of Logistics, Headquarters U.S. Air Forces in Europe, Ramstein AB, Germany
19. July 1998 - July 1999, Director of Plans and Programs, Headquarters USAFE, Ramstein AB, Germany
20. July 1999 - October 2000, Director of Logistics, Headquarters Air Mobility Command, Scott AFB, Ill.
21. October 2000 - November 2003, Director of Operations, Headquarters AMC, Scott AFB, Ill.
22. November 2003 - June 2004, Special Assistant to the Chief of Staff for Force Development, Headquarters U.S. Air Force, Washington, D.C.
23. June 2004 - present, Deputy Chief of Staff, Personnel, Headquarters U.S. Air Force, Washington, D.C.

FLIGHT INFORMATION
Rating: Command pilot
Flight hours: 3,000
Aircraft flown: T-37, T-38, T-1, KC-135, C-21 and C-5

MAJOR AWARDS AND DECORATIONS
Distinguished Service Medal with oak leaf cluster
Defense Superior Service Medal
Legion of Merit with oak leaf cluster
Bronze Star Medal
Meritorious Service Medal with two oak leaf clusters
Air Force Commendation Medal

EFFECTIVE DATES OF PROMOTION
Second Lieutenant June 2, 1968
First Lieutenant Nov. 13, 1970
Captain May 13, 1972
Major April 22, 1980
Lieutenant Colonel March 1, 1985
Colonel Jan. 1, 1991
Brigadier General Oct. 1, 1995
Major General March 4, 1999
Lieutenant General June 3, 2004

(Current as of May 2005)

INTRODUCTION

We are America's Airmen. Our mission is to deliver sovereign options for the defense of the United States of America and its global interests—we fly and we fight—in air, space and cyberspace. For the past 15 years, our Air Force team has proven its mettle and skill every day. Since the days of DESERT STORM, we have been globally and continuously engaged in combat. We will continue to show the same ingenuity, courage and resolve and achieve success in our three most important challenges: winning the Global War on Terror (GWOT); developing and caring for our Airmen; and maintaining, modernizing and recapitalizing our aircraft and equipment.

To ensure we have the right sized and shaped force to face the challenges of the new century, the Air Force is transforming itself to meet the threats of the future security environment by recapitalizing our force to develop capabilities across a range of sovereign options for our nation's leaders. However, we must judiciously balance our transformation with the ongoing global demands of the GWOT; hence, transforming the Air Force of the 21st Century will require reductions in our legacy force structures; bold, new thinking to derive process efficiencies and development of innovative organization structures to facilitate our recapitalization efforts.

Our people have been the key to our success. We will continue to look for ways to maintain and improve their training, their personal and professional development and their quality of life, so they may continue to meet the commitments of today while preparing for the challenges of tomorrow.

Force Shaping

For the past 18 months, the Air Force has reduced our active duty end strength to Congressionally authorized levels and taken action to relieve some of our most stressed career fields. The 2004-2005 Force Shaping Program allowed officers and enlisted personnel to separate from active duty service earlier than they would otherwise have been eligible. In addition to voluntary force shaping measures, the Air Force significantly reduced enlisted accessions in 2005 to help meet our Congressional mandate.

While we met our 2005 end strength requirement, we began 2006 with a force imbalance: a shortage of enlisted personnel and an excess of officer personnel, principally among those officers commissioned from 2000 to 2004. This imbalance created several unacceptable operational and budgetary impacts. Consequently, we took several actions to ensure our force is correctly sized and shaped to meet future challenges and to reduce unprogrammed military pay costs. First, we increased our enlisted accession target for 2006 to address the enlisted imbalance. Second, we continued to encourage qualified officers, especially those commissioned in 2000 and later, to consider voluntary options to accept service in the Air National Guard, Air Force Reserve, civil service, or as an inter-service transfer to the Army.

Additionally, we are institutionalizing the force shaping authority granted in the 2005 National Defense Authorization Act to restructure our junior officer force. Only after exhausting all efforts to reduce officer end strength by voluntary means, we will convene a Force Shaping Board in 2006 to consider the performance and potential of all eligible officers commissioned in 2002 and 2003. This board will be held annually

thereafter, as required, to properly shape and manage the officer corps to meet the emerging needs of the Air Force. Essentially, the Force Shaping Board will select officers for continued service in our Air Force. Current projections indicate that we need about 7,800 of these eligible officers (2002 and 2003 year groups) to continue on active duty. Approximately 1,900 officers will be subject to the force reduction. Exercising this authority is difficult, but our guiding principle is simple—we must proactively manage our force to ensure the Air Force is properly sized, shaped and organized to meet the global challenges of today and tomorrow. To this end, we will continue to look at legislation necessary to properly shape our total force of active duty, civilian employees, Air National Guard and Air Force Reserve Airmen.

Balancing the Total Force

In addition to maintaining and shaping the active duty force, we must continue to focus on the balance of forces and specialties between Regular, Air National Guard and Reserve components, as well as our civilian employees and contractor partners—the Total Force. We are diligently examining the capabilities we need to provide to the warfighter and to operate and train at home. We continue to realign manpower to our most stressed areas and are watchful for any new areas that show signs of strain.

As we look to the future in implementing Base Realignment and Closure (BRAC) and Quadrennial Defense Review (QDR) decisions, we must ensure a seamless transition to new structures and missions while preserving the unique capabilities resident in our Regular Air Force, Air National Guard and Reserve communities. Examining functions for Competitive Sourcing opportunities or conversion to civilian performance will

continue to be one of our many tools for striking the correct balance of missions across the Total Force.

Force Development

The Air Force's Force Development construct is a Total Force initiative that develops officers, enlisted members, and civilian employees from the Regular Air Force, the Air National Guard and the Air Force Reserve. The fundamental purpose of force development is to produce leaders at all levels with the right capabilities to meet the Air Force's operational needs by leveraging deliberate training, education and experience opportunities.

To succeed internationally, as an Aerospace Expeditionary Force, and in the Global War on Terrorism, it is essential to breakdown the barriers of culture and language and set new patterns of thinking. This necessitates understanding and successfully using knowledge of language and culture to enhance mission success. Our goal is to rigorously educate our force, as well as, provide additional learning opportunities that will enable Airmen to become internationally savvy. In our Continuums of Learning and Education, additional emphasis is being placed on language and culture. Officers at the AF Academy and ROTC will receive a foundation in a foreign language. As our officer and NCO Corps progress through their career they will receive additional education to develop cultural understanding and awareness as a foundation for building relationships. For example, at our intermediate level education we are instituting courses to develop regional cultural awareness and study of a corresponding language such as Spanish, French, Arabic, or Chinese. At our senior level education we will continue that depth of knowledge emphasizing cross-cultural

communication and negotiation skills as a foundation for planning and executing military operations.

In addition, today's dynamic security environment and expeditionary nature of air and space operations require a cadre of Air Force professionals with a deeper international insight, foreign language proficiency, and cultural understanding. The International Affairs Specialist Program is a Force Development initiative that offers Airmen the opportunity to fully develop these key military competencies. Officers will receive more in-depth formal training and education with an appropriate follow-on assignment. Many officers will do this as a well-managed, single-career broadening opportunity to gain international political-military affairs experience. But, for some this will be a more demanding developmental opportunity creating a true regional expert possessing professional language skills. These officers will be carefully managed to remain viable and competitive. To ensure all these efforts are synchronized in our development of the force, I established a Foreign Language and Culture office under the Air Force Senior Language Authority within the Directorate of Manpower and Personnel.

To operationalize Force Development, the Air Force Personnel Center created a division dedicated to supporting corporate and career field development team needs. Development teams have now been incorporated into the officer assignment process and they now guide assignment of all officer career fields. Additionally, development teams recommend officers for special selection boards and developmental education opportunities.

The Air Force is also deliberately developing our enlisted Airmen through a combined series of educational and training opportunities. We are exploring new and

exciting avenues to expand our process beyond the current system in place today. Each tier of the enlisted force will see changes to enlisted development. Airmen (E-1 to E-4) will be introduced to the enlisted development plan, increasing their knowledge and solidifying future tactical leadership roles. The noncommissioned officer (NCO) tier will be encouraged and identified to explore career-broadening experiences and continuing with developmental education. Our Senior NCO tier will see the most dramatic changes as we explore the use of development teams in conjunction with assignment teams to give career vectoring and strategic level assignments. Institutionalizing the practice of development as a part of enlisted Air Force culture is paramount for supervisors, commanders and senior leaders.

On the civilian side, the Air Force is making significant progress in civilian force development as we align policy, processes and systems to deliberately develop and manage our civilian workforce. We have identified and mapped over 97% of all Air Force civilian positions to career fields and have 15 Career Field Management Teams in place with three additional management teams forming this year. Additionally, we manage various civilian developmental opportunities and programs, with our career-broadening program providing several centrally funded positions, specifically tailored to provide career-broadening opportunities and professionally enriching experiences.

Recruiting/Retention

After intentionally reducing total accessions in 2005, the Air Force is working to get the right mix of officer and enlisted Airmen as we move to a leaner, more lethal and more agile force. We will align the respective ranks to get the right person, in the right

job, at the right time to meet the Air Force mission requirements in support of the GWOT, the Joint Force and the Air Force's expeditionary posture.

A key element for success is our ability to continue to offer bonuses and incentives where we have traditionally experienced shortfalls. Congressional support for these programs, along with increases in pay and benefits and quality-of-life initiatives, has greatly helped us retain the skilled Airmen we need to defend our Nation.

Personnel Services Delivery

To achieve the Secretary of Defense's objective to shift resources "from bureaucracy to battlefield," we are overhauling Air Force personnel services. Our Personnel Services Delivery initiative dramatically modernizes the processes, organizations and technologies through which the Air Force supports our Airmen and their commanders.

Our goal is to deliver higher-quality personnel services with greater access, speed, accuracy, reliability and efficiency. The Air Force has been able to program the resulting manpower savings to other compelling needs over the next six years. This initiative enhances our ability to acquire, train, educate, deliver, employ and empower Airmen with the needed skills, knowledge and experience to accomplish Air Force missions.

National Security Personnel System (NSPS)

Our civilian workforce will undergo a significant transformation with implementation of the DoD NSPS. NSPS is a simplified and more flexible civilian personnel management system that will improve the way we hire, assign, compensate and reward our civilian employees. This modern and agile management system will be

responsive to the national security environment, preserve employee protections and benefits, and maintain the core values of the civil service.

NSPS design and development has been a broad-based, participative process to include employees, supervisors and managers, unions, employee advocacy groups and various public interest groups. We plan to implement these human resource and performance management provisions in three phases called "spirals." NSPS is the most comprehensive new federal personnel management system in more than 50 years, and it's a key component in the DoD's achievement of a performance-based, results-oriented Total Force.

Caring for Airmen

Combat capability begins and ends with healthy, motivated, trained and equipped Airmen. We must remain committed to providing our entire Air Force team with world class programs, facilities and morale-enhancing activities. Our "Fit to Fight" program ensures Airmen remain ready to execute our expeditionary mission at a moment's notice, and our food service operations further complement an Air Force healthy lifestyle.

Through various investment strategies in both dormitories and military family housing, we are providing superior living spaces for our single Airmen and quality, affordable homes for our Airmen who support families. Our focus on providing quality childcare facilities and programs, on and off installations, enables our people to stay focused on the mission, confident that their children are receiving affordable, quality care. The Air Force is a family, and our clubs and recreation programs foster and strengthen those community bonds, promoting high morale and an esprit de corps vital to all our endeavors.

Additionally, we are equally committed to ensuring that all Airmen in every mission area operate with infrastructure that is modern, safe and efficient, no matter what the mission entails—from Depot Recapitalization to the bed down of new weapon systems. Moreover, we must ensure Airmen worldwide have the world class training, tools and developmental opportunities that best posture them to perform with excellence. We also continually strive to provide opportunities and support services that further enable them to serve their Nation in a way that leaves them personally fulfilled, contributes to family health, and provides America with a more stable, retained and capable fighting force.

CONCLUSION

As we continue to develop and shape the force to meet the demands of the Air Expeditionary Force, we continue to seek more efficient service delivery methods, opportunities to educate our future leaders, and make the extra efforts required to recruit and retain the incredible men and women who will take on the challenge of defending our nation well into the 21st century. While doing so, we will remain vigilant in our adherence to our core values of Service, Integrity, and Excellence which make ours the greatest Air and Space Force in the world.

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THE HOUSE ARMED
SERVICES COMMITTEE

STATEMENT OF

LIEUTENANT GENERAL H. P. OSMAN

UNITED STATES MARINE CORPS

DEPUTY COMMANDANT FOR MANPOWER AND RESERVE AFFAIRS

BEFORE THE

PERSONNEL SUBCOMMITTEE

OF THE

HOUSE ARMED SERVICES COMMITTEE

CONCERNING

POLICY, COMPENSATION AND BENEFITS OVERVIEW

ON

APRIL 4, 2006

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE ARMED
SERVICES COMMITTEE

Lieutenant General
H. P. Osman
Deputy Commandant for Manpower and Reserve Affairs

Lieutenant General H. P. (Pete) Osman is the Deputy Commandant for Manpower and Reserve Affairs, Headquarters Marine Corps, Washington D.C.

General Osman joined the Marine Corps in March 1967 and was commissioned upon graduation from Old Dominion College in 1969.

Following The Basic School, General Osman served in several platoon commander billets, to include duty as a rifle platoon commander with 2d Battalion, 1st Marines in the Republic of Vietnam. In July 1971, General Osman was assigned to Marine Corps Base, Quantico, where he served as a company commander and as aide to the base commander before joining the staff at The Basic School in 1973.

Upon graduation from the Amphibious Warfare School in 1976, General Osman reported to the 1st Marine Division where he served as a company commander, logistics officer, and operations officer for 1st Marines. In 1979, General Osman assumed command of the Marine Detachment aboard the aircraft carrier, USS EISENHOWER.

Following his tour at sea, General Osman attended the Armed Forces Staff College in Norfolk, Va. Graduating in 1982, he was assigned to Manpower Department at Headquarters Marine Corps and was later selected to serve as the aide to the Assistant Commandant. General Osman returned to the 1st Marine Division in July 1986, initially assuming duties as G-3 Plans Officer. He subsequently served as Commanding Officer of 3d Battalion, 7th Marines.

In 1989, General Osman attended the NATO Defense College in Rome, Italy. Upon graduation, he was assigned to the Supreme Headquarters Allied Powers Europe where he served as Chief of Strategy. General Osman returned to the U.S. in 1992 to serve as the Commanding Officer of Officer Candidates School, Quantico, VA.

In 1995 he was promoted to Brigadier General and assigned as the Director, Personnel Management Division, Headquarters, U.S. Marine Corps. In July 1997, General Osman assumed command of the Marine Corps Recruit Depot/Western Recruiting Region, San Diego. In April 2000, General Osman was assigned as Director, Operational Plans and Joint Force Development (J-7), Joint Staff, Washington D.C.

General Osman's previous assignment was Commanding General, II Marine Expeditionary Force, Camp Lejeune, NC from August 2002 to July 2004. During this assignment General Osman lead a small Joint Task Force into Northern Iraq to coordinate political and military activities in that region during the Iraq war.

General Osman assumed his current duties on July 27, 2004.

Chairman McHugh, Representative Snyder, and distinguished Members of the Subcommittee, it is my privilege to appear before you today to provide an overview of your Marine Corps from a personnel perspective.

Introduction

We remain a Corps of Marines at war with over 39,000 Marines deployed to dozens of countries around the globe. Your Marines are performing magnificently in no small part due to your support and the realization that they have the support of the American people. The young men and women who fill our ranks today recognize the global, protracted, and lethal nature of the challenges facing our Nation, and their dedicated service and sacrifice rivals that of any generation preceding them.

The continued commitment of the Congress to increase the warfighting and crisis response capabilities of our Nation's armed forces, and to improve the quality of life of Marines, is central to the strength that your Marine Corps enjoys today. Marines remain committed to warfighting excellence, and the support of the Congress and the American people is indispensable to our success in the Global War on Terror. Thank you for your efforts to ensure that your Marines and their families are poised to continue to respond to the nation's call in the manner Americans expect of them.

The 25,000 Marines and Sailors under the command of I MEF in the Al Anbar Province, Iraq and those Marines assigned to transition teams have made significant progress in their efforts to develop capable, credible Iraqi Security Forces. In setting the conditions for the historic constitutional referendum and national elections, they have also distinguished themselves with valor and distinction in places like Fallujah, Ramadi, and the Euphrates River Valley. In Afghanistan, we have almost 1,100 Marines and Sailors continuing to provide support

to the increasingly capable Afghan National Army. As part of CJTF-76, a Marine infantry battalion has conducted operations against the Taliban and Anti-Coalition Militia in the north-eastern portion of the country. Marine officers and senior enlisted leaders continue to train, mentor, and operate with their Afghan counterparts as part of Task Force Phoenix.

The success of our Marines in the current fight is the result of time-tested methods. Today, we continue to recruit quality Americans who seek the challenge of a culture that requires them to think independently and act aggressively in chaotic and unpredictable environments. We rigorously train these young Marines to perform under adverse circumstances, and to accept greater responsibility as part of a team. We educate our Marines and their leaders to prepare their minds for the intellectual component of the clash of wills and chaos inherent to combat. Our fundamental tenet—every Marine a rifleman—continues to serve as the foundation for all our training, and provides the common core that defines every Marine. I know you share my pride in the young men and women we are fortunate to have in our Corps of Marines.

Your Marines have proven equally capable of responding in support of humanitarian operations. In the aftermath of Hurricane Katrina and following the earthquake in Pakistan, Marines were quickly on the scene. In response to Katrina, 2,650 Marines and sailors, from our Active and Reserve components deployed to conduct Search and Rescue, Humanitarian Relief, and Disaster Recovery Operations in Louisiana and Mississippi. Survivors were rescued, streets were cleared, food and water was distributed, transportation provided, and medical care administered in six separate locations. Our contribution totaled 815 helicopter sorties which transported 1.1 million tons of cargo and 5,248 survivors. We conducted 446 rescue missions, rescuing 1,467 people. After the devastating earthquake in Pakistan, your Marines deployed to the cities of Shinkiari and Muzaffarabad providing a hospital, Helicopter Support Teams, and Air

Traffic Control in support of the Combined Joint Task Force. The Marines and Sailors treated more than 11,600 patients.

The Nation is receiving a superb return on its investment in the world's finest expeditionary force. Nearly one in three Marines of our operating forces is today forward deployed or forward based protecting America's interests. This contribution remains distinctly out of proportion to the four percent share of the Defense Department budget the Marine Corps receives.

Personnel Readiness

The Marine Corps continues to answer the call because of our individual Marines and the support they receive from their families, the Nation, and Congress. The individual Marine is the most effective weapon system in our arsenal. Our ranks are comprised of intelligent men and women representing a cross section of our society. Our Marines must think critically and stay one step ahead of the enemy despite an uncertain operating environment; their lives and the lives of their fellow Marines depend upon it. Morale and commitment remain high. Marines join the Corps to "fight and win battles" and they are receiving the opportunity to do that.

Warfighting Initiatives. On 28 October 2005, the Secretary of Defense approved a Marine Component within Special Operations Command (MARSOC). The new Marine Component will provide approximately 2,600 USMC/Navy billets within U.S. Special Operations Command (SOCOM), led by a Marine major general. The MARSOC will provide additional capability to SOCOM by adding forces that will conduct direct action, special reconnaissance, counterterrorism, and foreign military training. MARSOC will include organic fires integration, combat support, and logistics capabilities. Additionally, Marine Corps Special Operations Forces linked to the Marine Expeditionary Unit will provide a scalable worldwide

maritime special operations force presence for SOCOM. The current plan provides the MARSOC to SOCOM with an initial operational capability during the spring of 2006 and a full operational capability by 2008.

In 2004, we conducted an extensive Force Structure Review recommending approximately 15,000 structure changes to improve the Marine Corps' ability to meet the long-term needs of the Global War on Terror and the emerging requirements of the 21st Century. This effort was end strength and structure neutral; offsets to balance these increases in capabilities come from military to civilian conversions and the disestablishment and reorganization of less critical capabilities. For example, we are assigning each artillery regiment a secondary mission to conduct civil military operations (CMO). To do this, each regiment will be augmented by a reserve civil affairs capability. By assigning a secondary CMO mission to artillery units, we have augmented our high-demand/low density civil affairs capability while retaining much needed artillery units.

Significantly, this month, we began a comprehensive initiative to determine if the operational Marine Corps is optimally organized, trained, and equipped to provide the best support possible to the Combatant Commanders and the nation by 2015 and beyond. We are conducting this review to ensure the Corps is fully prepared to respond to the emerging threats of irregular warfare, as well as to conduct major combat operations, including forcible entry from a sea base. The assessment will not only examine existing capabilities and capacities, but will also consider new capabilities, like MARSOC, future national security requirements, and recent decisions by the Quadrennial Defense Review.

End Strength. The Marine Corps greatly appreciates the increase in end strength to 179,000 as authorized in the Fiscal Year 2006 National Defense Authorization Act. Currently,

our Program of Record requires that we internally fund any end strength in excess of 175,000 Marines. We are resourcing these additional costs through Supplemental funding.

Military to Civilian Conversions. The Marine Corps continues to pursue sensible military-to-civilian conversions in support of Marine Corps Warfighting initiatives. These conversions increase the number of Marines in the operating force and help reduce stress on the force. Funding remains a critical issue to the success of this initiative; cuts in both the Fiscal Year 2005 Appropriations Bill ($35 million) and Fiscal Year 2006 Appropriations Bill ($20 million) have decreased our ability to execute our planned Fiscal Year 2005 conversion program and will reduce our planned Fiscal Year 2006 conversions.

Funding. The President's Fiscal Year 2007 budget provides for a total force of 175,000 active duty Marines, 39,600 reserve Marines, and approximately 14,000 appropriated fund civilian Marines. Approximately, 61 percent of Marine Corps Total Obligation Authority is targeted toward Military Pay, Retired Pay Accrual, Basic Allowance for Housing, Defense Health Care, Basic Allowance for Subsistence, Permanent Change of Station relocations, and Special pays. Only one percent of our Military Personnel budget is available to pay for discretionary items such as our Selective Reenlistment Bonus (SRB), Marine Corps College Fund recruitment program, and Aviation Continuation Bonus.

Of the few discretionary pays that we utilize, the SRB is crucial. We take pride in our prudent stewardship of these critical resources. For Fiscal Year 2007, we are requesting $55.4 million for SRB. This remains just one-half of one percent of our Military Personnel budget, and is critical to effectively target our retention efforts. In Fiscal Year 2005, the Marine Corps derived great results from our SRB efforts in the infantry MOSs. This proven application of SRB monies is a sound investment. The Marine Corps' prudent utilization of the SRB reduces

recruiting costs and retains experienced Marines in the force. Congress' continued support of our SRB program is critical to the continued health of your Marine Corps.

Compensation. The Marine Corps appreciates the efforts by this Subcommittee to raise the standard of living for our Marines. Being a Marine is both challenging and rewarding. America's youth continue to join the Marine Corps and remain, in a large part, because of our institutional culture and core values. However, it is important that the other factors in the accession and retention decision remain supportive, to include compensation. Compensation is a double-edged sword in that it is a principle factor for Marines both when they decide to reenlist and when they decide not to reenlist. Private sector competition will always seek to capitalize on the military training and education provided to our Marines – Marines are a highly desirable labor resource for private sector organizations. The support of the Congress to continue appropriate increases in basic pay and to ensure a sound comprehensive compensation and entitlements structure greatly assists efforts to recruit and retain the quality Americans you expect in your Corps. A targeted pay raise for 2007 will allow the Department to accomplish its efforts to bring all pay grades up to better match that pay of comparably educated civilians. As the Defense Advisory Committee on Military Compensation concludes its review, we look forward to a complete and thorough analysis of their recommendations during the Quadrennial Review of Military Compensation.

Recruiting

Active Component. In Fiscal Year 2005, the Marine Corps achieved 100.1 percent of the enlisted shipping (accession) objective. Nearly 96 percent of those shipped to recruit training were Tier 1 high school diploma graduates, above the Department of Defense and Marine Corps standards of 90 percent and 95 percent, respectively. In addition, 70 percent were in the I-IIIA

upper mental testing categories, again well above the Department of Defense and Marine Corps standards of 60 percent and 63 percent, respectively. As of 28 Feb 2006, we have shipped (accessed) 11,570 Marines which represents 102 percent of our shipping mission. We fully anticipate meeting our annual mission. With regard to our self-imposed contracting mission, we are ahead of our current plan for the year and expect to meet our objectives. Concerning officers, we accessed 1,425 in Fiscal Year 2005, 100 percent of mission, and we are on course to make our officer accession mission in Fiscal Year 2006.

Reserve Component. The Marine Corps similarly achieved its Fiscal Year 2005 reserve enlisted recruiting goals with the accession of 5,927 non-prior service Marines and 2,259 prior service Marines. As of 28 Feb 2006, we have accessed 1,956 non-prior service and 981 prior service Marines, which reflects 33 percent and 47 percent of our annual mission, respectively. Again, we project to meet our reserve recruiting goals this year. Officer recruiting and retention for our Selected Marine Corps Reserve units is traditionally our greatest challenge, and remains the same this year. The challenge continues to exist primarily due to the low attrition rate for company grade officers from the active force. We recruit reserve officers exclusively from the ranks of those who have first served a tour as an active duty Marine officer. We continue to explore methods to increase the reserve participation of company grade officers to include the use of increased command focus on reserve participation upon leaving active duty and reserve officer programs for qualified enlisted Marines. Your support of legislation to authorize the payment of the reserve officer affiliation bonus has helped in this effort.

Accomplishing the Mission. The Marine Corps' recruiting environment continues to be highly competitive and challenging. Low unemployment, lower propensity to enlist and higher costs in advertising continue to foster the need for innovation in marketing the Marine Corps.

We continue to market intangible benefits by projecting the Marine Corps message of "Tough, Smart, Elite Warrior," focused on the "transformation" that a young man or woman makes to become a Marine. The Corps continues to explore the most efficient manner to communicate and appeal to the most qualified young men and women of the millennial generation. We continue to attempt to inform and influence the parents of potential applicants. Parents continue to have the greatest influence on young men and women in their decision to serve their country, and it is important that we educate them on the benefits of serving in the Marine Corps.

Our message is reinforced through marketing and advertising programs - paid media, leads for recruiters, and effective recruiter support materials. Paid advertising continues to be the most effective means to communicate our message and, as a result, remains the focus of our marketing efforts. As advertising costs continue to increase it is imperative that our advertising budgets remain competitive in order to ensure that our recruiting message reaches the right audience. Marine Corps recruiting successes over the past years are a direct reflection of a quality recruiting force and an effective and efficient marketing and advertising program. Finally, a very important factor in our success lies in ensuring clear and direct responsibility and oversight. The Commanding Generals of our two Marine Corps Recruit Depots also serve as the Commanding Generals of our two Recruiting Regions. Having the same individual responsible for obtaining the right high quality individuals and then seeing them through recruit training until they earn the title Marine has been critical to our recruiting success and to making Marines. Consistent with this, our recruiters' commitment to recruiting quality recruits is reinforced by the fact that they are held accountable for their recruits' successful completion of "boot camp."

Retention

A successful recruiting effort is but one part of placing a properly trained Marine in the right place at the right time. The dynamics of our manpower system must match skills and grades to our Commanders' needs throughout the operating forces. The Marine Corps endeavors to attain and maintain stable, predictable retention patterns. However, as is the case with recruiting, civilian opportunities abound for Marines as employers actively solicit our young Marine leaders for private sector employment. Leadership opportunities, our core values, and other similar intangibles are a large part of the reason we retain dedicated men and women to be active duty Marines after their initial commitment. Of course retention success is also a consequence of the investments made in tangible forms of compensation and in supporting our operating forces – giving our Marines what they need to do their jobs in the field, as well as the funds required to educate and train these phenomenal men and women.

Enlisted Retention. As we continue our fight on the Global War on Terrorism, we recognize that achieving our enlisted retention goals is of national importance for the Marine Corps, our senior civilian and military leaders, and the American people. History has proven that the enlisted leadership in our Noncommissioned Officer and Staff Noncommissioned Officer ranks is the cornerstone to our Marine Corps' combat effectiveness on today's battlefield.

The Marine Corps is a youthful service by design and retaining the highest qnality Marines to lead our force remains of paramount importance. Within our 160,260 active duty enlisted force, 107,545 Marines are on their first enlistment. Sustaining our career force requires that we reenlist approximately 25 percent of our first-term Marine population. In Fiscal Year 2005, we reenlisted 6,159 first term Marines with a 96.0 percent MOS match and achieved our first-term goal for the 13th consecutive year. To better manage the career force, we introduced the Subsequent Term Alignment Plan (STAP) in Fiscal Year 2002 to track reenlistments in our

active career force. In Fiscal Year 2005, we met our career reenlistment goals for the fourth consecutive year. Concerning our reserve force, we satisfied our manpower requirements by retaining 80 percent in Fiscal Year 2005; the fifth consecutive year above our pre-9/11 historic norm of 70.7 percent.

The Marine Corps' appeal for today's Marines remains the "intangible" benefits of leadership, esprit de corps, and camaraderie from claiming the title 'U.S. Marine' and is the singular reason why we continue to experience retention success in our Marine Corps. We are off to another strong start this fiscal year. As of 15 March 2006, I am pleased to report that we have attained 90.1 percent of the First Term Alignment Plan's (FTAP) goal of reenlisting 5,887 Marines while sustaining a 98.9 percent MOS match. This impressive MOS match ensures that we are keeping the "best and brightest" while prudently placing the right skilled Marines in the right job. We have also achieved a higher reenlistment rate for first-term infantry Marines this fiscal year by reenlisting 93.8 percent of our goal thus far, as compared to 79.5 percent at this point in Fiscal Year 2005. The Marine Corps is also on track to achieve its career force target of 6,250 Marines for Fiscal Year 2006; we have already reenlisted 4,128 (66%) Marines with a corresponding MOS Match of 96.5% for our career force, ahead of last year's successful pace.

The Selective Reenlistment Bonus Program continues to shape and complement our reenlistment efforts; it helps us keep our critically skilled Marines. Surveys of Marines nearing the end of their first enlistment, and Center for Naval Analyses studies, continue to bear out that the Selective Reenlistment Bonus Program and duty station options add impetus to the intangibles of being a 'U.S. Marine.' Thus, we increased the Selective Reenlistment Bonus Program from $51.1 million in Fiscal Year 2005 to $53.1 million in Fiscal Year 2006, with a supplemental request for another $32 million. To date, we have paid over $67.2 million in

Selective Reenlistment Bonuses, with an average payment of $15,283. This program remains a powerful influence for the undecided who witness another Marine's reenlistment and receipt of his or her Selective Reenlistment Bonus in a "lump sum." With the added benefit of the Thrift Savings Program, our Marines can now confidently invest their Selective Reenlistment Bonus Program funds for future financial security. The Marine Corps takes great pride in prudent stewardship of the resources Congress has allocated to the critical Selective Reenlistment Bonus Program.

Officer Retention. Overall, we continue to achieve our goals for officer retention. We are retaining experienced and high quality officers. Our aggregate officer retention rate was 91.3 percent for Fiscal Year 2005, which is above our historical average. Current officer retention forecasts indicate healthy continuation rates for the officer force as a whole. Reserve officer retention in Fiscal Year 2005, was 79.5 percent, slightly above the pre-9/11 historical average of 77 percent. For the current year, reserve officer retention has thus far remained above historical norms. It is important to note that despite high retention in the active component, which reduces the number of officers transitioning (thus accessions) into the Selected Marine Corps Reserve, our reserve force continues to meet its operational requirements. Several initiatives are being reviewed to significantly close the gap between reserve officer requirements and manning, specifically in the junior officer ranks.

Marine Corps Reserve

This year marks the fourth year that our reserve component has augmented and reinforced our active component in support of the Global War on Terror. Thanks to strong Congressional support, the Marine Corps has staffed, trained and equipped its Reserve to respond to crises around the world. Our Reserve Component possesses capabilities to fight

across the full spectrum of conflicts to support our Marine Air Ground Task Forces. To date, 39,356 Reserve Marines have served on active duty since 9/11. The Marine Corps Reserve continues to recruit and retain quality men and women willing to serve in our military and help our nation fight the Global War on Terror. These men and women do so while maintaining their commitments to their families, their communities and their civilian careers.

More than 6,000 Reserve Marines are currently on active duty with over 5,000 in cohesive reserve ground, aviation and combat support units and over 500 serving as individual augments in both Marine and Joint commands. Seventy one percent of all mobilized Reservists have deployed to the CENTCOM area of operations. To support ongoing mission requirements for Operation IRAQI FREEDOM, the Marine Corps Reserve provides approximately 10 percent of our Total Force commitment. The progression of the current mobilization reinforces the point that our Reserve force is a limited resource that must be carefully managed to ensure optimum employment over a protracted conflict. In addition to supporting the overseas GWOT mission, our Reserve Marines are positioned throughout the country ready to support homeland defense if required or assist with civil-military missions such as disaster relief efforts as shown in the wake of Hurricanes Katrina and Rita.

As mentioned, recruiting and retention remain a significant interest as the Marine Corps Reserve continues its support for the GWOT. The funding increases and flexibility inherent in the Reserve incentives you provided in the Fiscal Year 2006 National Defense Authorization Act are an invaluable asset to assist in our continued recruitment and retention mission. The approved legislation assists our efforts to encourage reserve affiliation by officers transitioning from active duty. The generous increase in affiliation bonus and the broadening of eligibility to include those officers who have prior enlisted service in the reserve are greatly appreciated. The

increased bonus not only generates greater interest in reserve affiliation, but also provides financial assistance during the critical period of transition from active duty to reserve service.

Healthcare remains an essential part of mobilization readiness for our reserve component. The new healthcare benefits that Congress authorized this fiscal year will help ensure that our Selected Marine Corps Reserve members, and their families, have access to affordable healthcare as they do their part to prosecute the Global War on Terrorism. Increased access and flexibility to healthcare for these families assists in alleviating one of the most burdensome challenges facing families of deploying reserve Marines.

The long-term success and sustainability of our Reserve Forces is directly related to our ability to prepare and employ our forces in ways that best manage limited assets while meeting the expectations and needs of individual Marines and their families. In an effort to ensure a well-balanced total force and address any potential challenges that may arise, we are constantly monitoring current processes and policies, as well as implementing adjustments to the structure and support of our reserve forces.

In order to meet the operational needs of the Global War on Terror, the Marine Corps continues to make changes to active and reserve structure and capabilities. We conducted a top-to-bottom review of our Individual Mobilization Augmentee (IMA) program during the spring of 2005 as part of our force rebalancing efforts. This review resulted in the funding of previously-unfunded billets, increasing our overall IMA manning levels by nearly 1,200 paid billets. The preponderance of manning increases were applied to commands possessing unique high demand-low density skill set requirements, such as military intelligence or communications and information systems. We view our IMA Marines as force multipliers - augmenting active component staffs and commands with trained, skilled and experienced Marines - and we will

continue to actively and effectively employ all members of our total force when and where needed to meet mission requirements.

In regard to the Individual Ready Reserve (IRR), the Marine Corps' present policy is to only activate members who have volunteered for duty. The current number of activated IRR volunteers is 808. The two primary means of recruiting IRR volunteers for Individual Augmentee billets are through the use of Reserve Duty On-Line and the Mobilization Command Call Center. Currently, there are 519 Individual Augment billets being filled by Individual Mobilization Augmentees, Individual Ready Reserves, and retired recall or retired retained Marines. These Marines have been critical to successfully meet these individual augment requirements.

Civilian Marines

Civilian Marines are integral to the Marine Corps Total Force concept. We have approximately 25,000 Civilian Marines, of which approximately 14,000 are appropriated fund employees, 11,000 are non-appropriated fund employees. Our Civilian Marines fill key billets aboard Marine Corps bases and stations, freeing active duty Marines to perform their war fighting requirements in the operating forces.

Marine Corps Civilian Workforce Campaign Plan. Marines, more than ever before, recognize the importance of our civilian teammates and the invaluable service they provide to our Corps as an integral component of the Total Force. To that end we continue to mature and execute our Civilian Workforce Campaign Plan, a strategic road map to achieve a civilian workforce capable of meeting the challenges of the future. We are committed to building leadership skills at all levels, providing interesting and challenging training and career opportunities, and improving the quality of work life for all appropriated and non-appropriated

Civilian Marines. As part of our effort to meet our goal of accessing and retaining a select group of civilians who understand our Core Values, we have developed a program to provide our Civilian Marines an opportunity to learn about the Marine Corps ethos, history, and Core Values – to properly acculturate them to this special institution. All this supports our value proposition, why a civilian chooses to pursue a job with the Marine Corps - to "Support Our Marines. Be Part of the Team."

National Security Personnel System. The Marine Corps is actively participating with the Department of Defense in the development and implementation of this new personnel system. Following an intensive training program for supervisors, managers, human resources specialists, employees, commanders and senior management, we will execute our first phase of implementation, with a tentative conversion date of October 2006. In the Marine Corps we will lead from the top and have our Headquarters Marine Corps civilian personnel included in our first phase.

Information Technology

We continue to transform our manpower processes by exploiting the unique benefits of the Marine Corps Total Force System, our fully integrated personnel, pay, and manpower system. The Marine Corps Total Force System (MCTFS) seamlessly serves our active, reserve and retired members, both officer and enlisted; provides total visibility of the mobilization and demobilization process of our Marines; and ensures proper and timely payments are made throughout the process. MCTFS provides one system, one record, regardless of an individual's mobilization status.

MCTFS is addressing three key deficiencies currently existing in DoD:

- Financial visibility/traceability – Positioning the Marine Corps for an unqualified audit opinion in FY07, a DoD strategic goal;

- Manpower recruiting and retention goals - Pay Marines on time and accurately, while supporting manpower models for recruiting; and
- Information Technology Management - Supporting the Department's stated IT goal of "making information readily available and in a useable format."

MCTFS is a key enabler of the Marine Corps Financial Improvement Initiative. Sixty-one percent of the Marine Corps budget is calculated, obligated and accounted for by MCTFS. Intrinsic to MCTFS is full traceability of all of these expenditures to the source of input. MCTFS contains robust business logic that seamlessly links personnel and pay events. According to the Defense Finance and Accounting Service's "Bare Facts" report, MCTFS has an accuracy rate of 100% for our active component and 99.73% for our reserve component so far in Fiscal Year 2006.

With MCTFS as the backbone, the Marine Corps developed the Total Force Administration System (TFAS), a virtual administration center. TFAS's enterprise architecture and software, business processes, organizational arrangements, and the defined roles of the commanders and individual Marines all combine to efficiently reduce and/or eliminate highly labor intensive and redundant administrative processes. During 2005, individual Marines and their leaders leveraged MCTFS' capabilities using TFAS via Marine OnLine, a web based application that automatically processes more than 1.3 million transactions, including over 60% of our annual leave events. In December alone, more than 26,000 Marines processed their leave via TFAS/Marine OnLine. This capability eliminated the need for 26,000 individual pieces of paper to be manually routed from requesters, to one or more approvers, to an administrative clerk's desk, and to then be manually entered into MCTFS. Coupling MCTFS integrated business logic with Marine OnLine's web-based capabilities increases the amount of time Marine

leaders can to devote to warfighting. Routine administrative tasks are being virtually eliminated, decreasing the requirement for administrators. TFAS is the catalyst for realignment of more than 1,700 administrative billets to other critical occupational fields.

MCTFS' integrated environment directly feeds our Operational Data Store Enterprise and Total Force Data Warehouse, a shared data environment of current and historical individual and aggregate data. Our Manpower Performance Indicators then present this data in a flexible, easy to read, graphical format to operational commanders and headquarters planners via the Internet. We program continued technology investments that build on these integrated capabilities, ultimately providing greater effectiveness and efficiencies to allow us to continue decreasing Marine administrative support and redirect structure to warfighting capabilities. Proper management of our manpower requirements and processes requires continued investment in modern technologies; we remain committed to these prudent investments.

Military Health Care Benefit

The DoD military health care benefit is important, and a benefit we must properly sustain. To sustain this outstanding benefit, the issue of the rising costs of the military health care benefit needs to be addressed. Despite past management actions, these alone will not stem the rising cost of the military health benefit. Costs have doubled in the past five years and projections indicate that they will jump to over 12% of the total DoD budget by 2015 (vs. 4.5% in 1990).

We support DoD's efforts concerning military health care and want to work closely with Congress to sustain this outstanding health benefit for the men and women of our Armed Forces and our retired community. It is critically important that we place the health benefit program on a sound fiscal foundation for the long term, so that we can sustain the vital needs of our military

to recruit, train, equip, and protect our Service members who daily support our National Security responsibilities throughout the world.

Taking Care of Marines and Their Families

We remain committed to providing for our Marines and their families in a manner befitting their unwavering dedication and sacrifice. As an expeditionary force, the personal and family readiness of Marines and their families has always been integral to mission readiness. Today, some of our Marines are on their third deployment to Operation ENDURING FREEDOM (OEF)/Operation IRAQI FREEDOM (OIF). Separation from loved ones can be a challenging experience and tests the endurance of Marines and their families. While deployed, significant life events may occur on both the battle and home fronts. During the same cycle, a Marine may experience the joy and wonder of parenthood and the loss and sympathy associated with the death of a fellow Marine or family member at home. The stress of combat and increased operational tempo may also be experienced. Marine spouses certainly experience the responsibilities associated with "keeping the home fire burning." Our Marines and their families must be ready, therefore, for separation and the inherent requirements to sustain and succeed in the mission. As our warfighting skills are advanced and honed, so too must be our personal and family readiness skills, regardless of the number of times deployed. We have made transformational advances in providing for the personal and family readiness of Marines and their families and believe these changes are making a positive contribution to their preparedness.

Organization and Program Delivery –

Separation from loved ones necessitates clear communication, a plan for discharge of responsibilities, such as family care plans, payment of bills, a review of benefits and beneficiaries, and other miscellaneous but important actions. To address these issues and

information requirements, we provide Marines and families a continuum of support throughout the deployment cycle by way of the Marine Corps Community Services (MCCS).

MCCS was first established in 1999 and enables the leveraging of all community services programs for common achievement of goals. The melding of our Exchange operations, MWR programs, and personal and family readiness programs is a model that has provided incredible support to our Marines and their families. As a former operational commander and significant user of the programs, I believed MCCS was the right model for the Marines in the field, as well as being the ideal tool to assist commanders in support of Marines and their families. As the Deputy Commandant for Manpower and Reserve Affairs, I have observed the continued evolution of MCCS and seen the energy and dedication of base and station commanders and their staffs as they seek to provide needed support. MCCS is right for the Marine Corps and has proven to be beneficial for customers and leaders alike. At home stations of Marines and their families, MCCS offers more than 80 programs that make our bases and stations responsive and livable communities. In the process, MCCS programs are helping Marines and their families pursue healthy lifestyles, lifelong learning, responsible citizenship, family readiness, quick acclimation (whether a result of relocation or transition), and providing valued goods and services to support basic necessities and other desired merchandise. This home station support is the base of MCCS capabilities that is then scaled for deployment with Marines, while still supporting the needs of those who remain behind. Regardless of environment, MCCS is focused on enhancing the personal and family readiness of Marines and their families.

Deployment Support. At the pre-deployment phase, Marines and spouses receive briefs on a wide range of issues from coping skills, including the potential of traumatic combat

experiences and stress; to financial matters; to safety. These briefs help to ensure smooth household operation while the Marine is away.

Marines are proud of their accomplishments in OEF/OIF and morale remains high among these selfless warfighters. They are appreciative of the touches of home they receive while in theater, and we endeavor to see that deployed Marines, especially those at remote sites, enjoy a measure of recreation and relaxation. Working with the Army and Air Force Exchange Service, the Marine Corps Exchange (MCX) offers warriors items such as health and comfort products, DVDs, magazines, and snack foods. MCX services are available at the main camps seven days a week. We also have Tactical Field Exchanges at various locations. Moreover, we have placed a high priority on our Warrior Express Service Teams, who regularly travel to Marines at the outlying remote sites to ensure they have access to MCX items. To keep Marines in steady contact with home, there is in-theater phone service and mail service. We also continue to offer our Internet-based mail service, "MotoMail." MotoMail has been highly successful and its popularity continues to grow -- the service has generated nearly one million letters since its inception in December 2004. MotoMail services are currently offered at 10 camps in OIF. As a result of its success, we plan to extend it to additional deployed environments.

Successfully providing for our families allows us to maintain our warrior ethos and operate effectively in the current high operational tempo, wartime environment. There is a direct correlation between mission readiness and family sustainment. Marines concentrate on their mission because they know their families at home have the resources and support necessary to tackle and triumph over issues that may arise during deployment. Our resources, tools, and support mechanisms are readily available and easily accessible to help Marines manage separation issues, multiple deployments, and other associated challenges.

Especially today, the Key Volunteer Network (KVN) and Lifestyle, Insights, Networking, Knowledge and Skills (L.I.N.K.S.) programs are particularly relevant. The KVN supports the spouses of deployed Marines by providing official communication from the Command about the welfare of the unit and other key status or information. Beyond providing a source for accurate and reliable information, KVN also offers referral services and fosters a sense of community within the unit. L.I.N.K.S. is a mentoring program that helps spouses adapt to the military lifestyle and understand Marine Corps history, our traditions, and language. Spouses who participate in L.I.N.K.S. gain important knowledge from seasoned spouses, veritable pros, on surviving and flourishing during separation periods. Participants also learn about benefits and services such as health, housing, and compensation, and available community services. For our Reserve families, we are updating and streamlining our KVN and L.I.N.K.S. training guides to more appropriately reflect their needs, based upon their separated locations. Under a recent enhancement, Reserve unit Key Volunteers can contact MCCS/Military One Source and request a "Know Your Neighborhood" report on all available community support resources to be used as part of the "Local Resources" portion of KVN education. We will continue to grow and improve KVN and L.I.N.K.S. programs.

Strengthening Personal and Family Readiness –

Combat/Operational Stress Control (COSC). The nature of today's battlefield is uncertain and chaotic and the Marine Corps will continue to recruit and retain the right men and women to thrive in this environment. We educate Marines and their leaders to prepare their minds for the intellectual component of the clash of wills and chaos inherent to combat. Part of this preparation is effectively addressing the potential effects of combat/operational stress both before and after it may occur. Since the Marine Corps crossed the line of departure into Iraq in

March 2003, we have continuously developed and improved our operational stress control programs based upon lessons learned.

Though we provide many prevention and treatment programs, we know that their success is dependent upon Marines confidently availing themselves of the support offered. As such, we consistently encourage use of our many easily accessible resources. We also emphasize that stress heals more quickly and completely if it is identified early and managed properly. We are vigilant in watching our young and vigorous members for signs of distress and endeavor to effectively manage operational stress at every level. We provide pre-deployment training, assistance when the stress is occurring, a multi-tiered deployment health assessment process, and post-combat monitoring and assistance to identify mental health issues early so those affected will have the best chance of healing completely.

To coordinate our COSC efforts, we have established a COSC Section in our Manpower and Reserve Affairs Department. The objectives of the Marine Corps' COSC program are to provide the tools to prevent, identify, and treat combat/operational stress injuries in warfighters and their family members before, during, and after deployment.

To assist during the pre-deployment phase, Marine Officers and staff NCOs are trained to prevent, identify, and manage stress injuries. Moreover, Marines are trained on the stressors to be expected and how to monitor and manage personal stress levels.

In January 2004, we launched the Operational Stress Control and Readiness (OSCAR) program. OSCAR embeds mental health professionals with ground units, and has been successful in helping Marines deal with the acute stress of combat. It keeps Marines with low-level problems at their assigned duties and allows those with more severe conditions to immediately receive appropriate treatment. OSCAR also plays a role in pre-deployment, as

personnel train with the units they will support during the deployment. This builds two-way trust and familiarly. In addition to OSCAR, there are mentorship programs and treatment services by Chaplains in theater. We also have briefs for Marine leaders on homecoming and how to identify, and refer for help, Marines with persistent operational stress injuries. For families during deployments, KVN and L.I.N.K.S. (discussed previously) provide valuable support and resources. Our families can also avail themselves of various programs offered by MCCS, and Military/MCCS One Source.

To ensure smooth homecomings, we launched the Warrior Transition and Return and Reunion Programs. These programs, launched in 2003, help Marines and their families readjust when the combat Marine reintegrates to home life. Beyond training Marines for homecoming, family members also receive briefs, including information on reuniting with their Marine spouses, and how to know whether their spouse is experiencing a stress problem that requires attention.

We are beginning to screen all returning Marines and sailors for a variety of potential mental health problems after they have been back home for 90-180 days, and those who screened positive are evaluated and treated. Marines experiencing a severe form of stress are referred to medical professionals for diagnosis.

To ensure COSC training participation, we have a system using the Marine Corps Total Force System for unit-level tracking by individual Marines during pre-deployment, re-deployment, and post-deployment.

Finally, we are very proud of the recent activation of a new web-based information and referral tool, the "Leaders Guide to Managing Marines in Distress." The guide gives Marine leaders the ability to help Marines at the point of greatest positive impact: Marine-to-Marine. It

offers leaders at all levels information to resolve high-risk problems faced by Marines that could be detrimental to personal and unit readiness. The faster and more effectively these problems are solved, the more time the individual and unit will have to focus on the mission. The guide is separated into six major categories: deployment, family, personal, harassment, substance use, and emotional. Within these categories, there are 16 main problem areas that include an overview of the problem, risk factors, why Marines may not seek help, prevention strategies, resources, and Marine Corps guidance. The guide can be accessed at http://www.usmc-mccs.org/leadersguide.

Marine Corps Critical Incident Stress Response. In the case of mass casualties experienced by a command/unit, the Marine Corps' Critical Incident Stress management trained teams provide crisis management briefings to family members and friends of the command/unit. During crisis management briefings, Marine Corps personnel, Chaplains, and Managed Health Network (MHN) counselors are available to provide information and answer questions concerning the casualties. MHN is an OSD-contracted support surge operation mechanism that allows us to provide augmentation counselors for our base counseling centers and primary support at sites around the country to address catastrophic requirements.

Child Care. We work to help the youngest members of the Marine Corps family adjust to being separated from a deployed parent by providing children-specific deployment briefs. For children who are experiencing difficulties adjusting to deployments, we offer the Operation Hero Program. This program targets children from six to 12 years and provides after-school tutoring and mentoring assistance in small groups with certified teachers. We also have initiatives that target care and support for children of activated Reservists who are geographically separated. For example, we have established partnerships with the Boys and Girls Clubs of America, the

Early Head Start/Zero to Three Program, and the National Association for Child Care Resource and Referral Agencies.

Especially when a parent is deployed, emergency child care needs may arise. Using Department of Defense funds, the Marine Corps implemented the Enhanced Extended Child Care initiative, provided through Family Child care homes. Examples of situations where the services are provided are: when family members have been hospitalized; for attendance at bereavement ceremonies; respite for family members during deployments; and unexpected duty or duty hours.

Suicide Prevention. For the Marine Corps, one suicide is too many, and we remain steadfast in our dedication to prevention and the early identification of problems that could potentially contribute to suicide. All Marines receive annual suicide awareness training to support early identification of problems. We also provide ready access to counseling support and crisis intervention services. More recently, we have updated Marine Corps-specific videos on suicide prevention. In addition, the Leaders Guide to Managing Marines in Distress includes extensive information on suicide prevention. As with any prevention program, its effectiveness is dependent upon on proper usage. With this in mind, we are fostering a climate in which Marines feel compelled to convince their fellow Marines that seeking help is a sign of good judgment and for the betterment of personal and mission readiness.

As for a possible correlation between deployments and the high operational tempo, we closely monitor our suicide cases to determine whether OEF/OIF operations are having an impact on our rates. Our analysis shows no correlation between Marines with a history of deployments and suicide rates.

Domestic Abuse. We have observed that spouse and child abuse continues to decline for the Marine Corps. In Fiscal Year 2001, there were 1,358 substantiated cases of spouse abuse. In Fiscal Year 2005, the number dropped to 995 substantiated cases. Similarly, substantiated child abuse cases declined from 821 in Fiscal Year 2001 to 448 in Fiscal Year 2005. An analysis of this data indicates that abuse does not increase as Marines deploy. Our prevention efforts and care for victims remain strong and effective. We focus on early intervention, education for new parents, and for our victims, our Victim Advocate Program is available around-the-clock.

Sexual Assault. For the Marine Corps, we have always had a zero tolerance policy when it comes to sexual assault. Beyond punishing offenders, we place a high priority on prevention and protecting and supporting victims.

We are in complete compliance with the mandates of the Defense Department's Joint Task Force for Sexual Assault Prevention and Response. We have established a Sexual Assault Prevention Office, which serves as the single point of contact for all sexual assault matters, including victim support and care, reporting, training, and protective measures. We thoroughly educate Marines on this issue and have instituted extensive sexual assault awareness training for all entry-level officers and enlisted members. We have also established procedures to protect a victim's privacy and right to select unrestricted or restricted reporting. For in-theater incidents, we have trained Uniformed Victim Advocates who stand ready to provide support and care.

Transition Assistance. Our Transition Assistance Management Program (TAMP) provides resources and assistance to enable separating Marines and their families to make a successful and seamless transition from military to civilian life. TAMP provides information and assistance on various transition topics, including: employment, education and training benefits, determining health and life insurance requirements, financial planning, the benefits of affiliating

with the Marine Corps Reserves, and veteran's benefits and entitlements. For our injured Marines, we provide TAMP services at a time and location to best suit their needs, whether at bedside at a military treatment facility or their home. In cases where the Marine is not in a condition to receive transition information, but the family members are, assistance and services are provided to the family member.

Transition services are available to all Marines and their family members who are within 12 months of separation or within 24 months of retirement. On a space-available basis, separated Marines can attend workshops up to 180 days after their date of separation. Pre-separation counseling and the Transition Assistance Program workshops are mandatory for all separating Marines. Other services include:

- Career Coaching Employment and training assistance
- Individual Transition Plan Career assessment
- Financial Planning Instruction in resume preparation, cover letter, and job applications
- Job analysis, search techniques, preparation and interview techniques
- Federal employment application information
- Information on Federal, State, and local programs providing assistance
- Veteran's benefits
- Disabled Transition Assistance Program

Casualty Assistance. Marine Corps casualty assistance is viewed as a fulfillment of duty and commitment to take care of Marines and their families. Our trained Casualty Assistance Calls Officers (CACOs) receive training that is always supported by ongoing on-line assistance and the continuous 24/7 availability of the HQMC Casualty Section. Our training is regularly refined based upon lessons learned. We have approximately 5,000 trained CACOS across the country to help our survivors by providing consistent and measured engagement during the entire casualty process and beyond. They provide death notification, help to coordinate funeral arrangements (including travel), and serve as the primary point of contact to connect survivors

with benefits agencies, such as the Department of Veterans Affairs, the Social Security Administration, and TRICARE. When survivors relocate, CACO assignments are geographically transferred to continue support of the survivor as needed or desired. In these cases, there is a "warm handoff" between CACOs. For our survivors requiring extended support, CACOs connect families to a Long-Term Survivor Case Manager. The Case Manager makes personal contact with our survivors to reassure them that support will be provided for as long as it is needed.

As with all we do, we will continue to seek ways to improve how we take care of Marines and families into the future.

Marine for Life--Injured Support.

Built on the philosophy "Once a Marine, Always a Marine" and fulfilling our obligation to "take care of our own," the Marine For Life program offers support to approximately 27,000 honorably discharged Marines transitioning from active service back to civilian life each year.

Leveraging the organizational network and strengths of the Marine for Life program, we implemented an Injured Support program during January 2005 to assist combat injured Marines, Sailors serving with Marines, and their families. The program essentially seeks to bridge the gap that can exist between military medical care and the Department of Veterans Affairs - providing continuity of support through transition and assistance for several years afterwards.

The program recently assigned two full-time Marine Corps liaison officers to the Seamless Transition Office at the Veterans Affairs. These liaison officers interface between the Veterans Health Administration, the Veterans Benefits Administration, and the Marine Corps on individual cases to facilitate cooperative solutions to transition issues.

Additionally, the Injured Support program conducts direct outreach to injured Marines and Sailors via phone and site visits to the National Naval Medical Center, Walter Reed, and Brooke Army Medical Centers. On average, 30 percent of our seriously injured Marines requested and received some type of assistance.

Lastly, the program continues to work closely with Office of the Secretary of Defense (OSD) on Marine Corps-related injury cases. Information sharing between the program and OSD contributes to developing capabilities for the Military Severely Injured Center.

Conclusion

As we continue to fight the Global War on Terrorism, our Services will be required to meet many commitments, both at home and abroad. We must remember that Marines, sailors, airmen, and soldiers are the heart of our Services – they are our most precious assets – and we must continue to attract and retain the best and brightest into our ranks. Personnel costs are a major portion of the Department of Defense and Service budgets, and our challenge is to effectively and properly balance personnel, readiness, and modernization costs to provide mission capable forces. In some cases a one-size fits all approach may be best, in others flexibility to support service unique requirements may be paramount. Regardless, we look forward to working with the Congress to maintain readiness and take care of your Marines.

The Marine Corps continues to be a significant force provider and major participant in joint operations. Our successes have been achieved by following the same core values today that gave us victory on yesterday's battlefields. Our active, reserve, and civilian Marines remain our most important assets and, with your support, we can continue to achieve our goals and provide what is required to accomplish the requirements of the nation. Marines are proud of what they

do! They are proud of the "Eagle, Globe, and Anchor" and what it represents to our country. It is our job to provide for them the leadership, resources, quality of life, and moral guidance to carry our proud Corps forward. With your support, a vibrant Marine Corps will continue to meet our nation's call as we have for the past 230 years! Thank you for the opportunity to present this testimony.

PREPARED STATEMENT
OF
ADMIRAL DONALD L. PILLING USN (RET.)
CHAIRMAN
DEFENSE ADVISORY COMMITTEE ON MILITARY COMPENSATION
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE ARMED SERVICES COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

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DONALD L. PILLING
President and Chief Executive Officer
LMI

Admiral Pilling assumed leadership of LMI on January 1, 2002. LMI is a $125M government consulting firm that specializes in logistics and infrastructure management, information technology, human resources and financial resources planning. Before becoming the President/CEO of LMI, he served as Vice President for Strategic Planning at Battelle Memorial Institute (BMI).

Before his time with Battelle and LMI, Admiral Pilling's career was with the U.S. Navy. He commanded a warship; a destroyer squadron; a cruiser destroyer group; a carrier battle group; the U.S. Sixth Fleet; and NATO's Naval Striking and Support Forces Southern Europe.

Ashore, he was assigned to a variety of defense resources and planning billets. In his earlier career, he served four years in the Office of the Secretary of Defense (PA&E). As a more senior officer, he served as a Federal Executive Fellow at the Brookings Institution in 1985-86. A member of the National Security Council staff from 1989 until 1992, he was selected to flag rank in 1989 while serving there. From 1993 to 1995, he was the Director for Programming on the staff of the Chief of Naval Operations, and later served as the Navy's Chief Financial Officer from July 1996 to November 1997. He assumed duties as the 30th Vice Chief of Naval Operations, the Navy's Chief Operating Officer and second-ranking officer, from November 1997 until his retirement from active service in October 2000.

Admiral Pilling is a member of the Defense Science Board, the Council on Foreign Relations, and the White House Fellows Commission in addition to being the Chairman of the Defense Advisory Committee on Military Compensation. He is on the Board of Trustees/Advisors at the Naval War College, the Applied Physics Laboratory of the Johns Hopkins University, and the National Defense Industrial Association. He is also a Fellow of the National Academy of Public Administration.

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Mr. Chairman, and members of the distinguished subcommittee, thank you for inviting me here today.

The Defense Advisory Committee on Military Compensation was chartered on March 14, 2005. Its purpose is to "... provide the Secretary of Defense, through the Under Secretary of Defense (Personnel and Readiness), with assistance and advice on matters pertaining to military compensation. More specifically, the Committee shall identify approaches to balance military pay and benefits in sustaining recruitment and retention of high-quality people, as well as a cost-effective and ready military force."

I will take this opportunity to summarize the Defense Advisory Committee's findings and recommendations through January, 2006. Our final report should be published later this month. These recommendations are robust in that they provide flexibility to adapt to changing force structure demands and other circumstances that may arise. However, there may be future changes in force structure or other circumstances that can not be anticipated now. At such a time, these recommendations as well as other aspects of the compensation system should be reexamined.

The men and women who serve in the U.S. military are there through voluntary decisions to enter and remain in military service, not through the coercion of conscription. It is the innate ability, training, experience, and motivation of the men and women that staff this force that are the primary reasons for its superb capabilities. The compensation offered to both active and reserve members, coupled with patriotism and the willingness to serve, is, arguably, the single most important factor affecting our ability to staff the forces with qualified people. Most certainly, it is the most important factor that can be affected by policy.

If the military compensation system is not sufficiently competitive to attract new entrants, its other virtues are moot. Beginning in late FY 2004, the active Army, and to a lesser extent the Marine Corps, began experiencing increased difficulties in the active duty recruiting market. This culminated in the Army falling short of its accession goal in February 2005, followed by additional shortfalls through May.

As the Army's recruiting problems grew in the spring of 2005, the Committee undertook a review of the problem. The Army's current recruiting difficulties appear to be the result of a confluence of several factors to include a robust economy and high employment low unemployment. Another contribution was that the Army had reduced its recruiters in the field in the period prior to increasing its end strength and accession goals. This reduction in recruiters has now been reversed. The Army has successfully met its monthly accession goals through December 2005. While the path ahead remains

difficult—the number of recruits in the Army's delayed entry program remains low—the resources are now in place to allow it to succeed but the market and the resources necessary to succeed in it must continue to be carefully monitored.

Although there are some acute recruiting problems unrelated to compensation, the current compensation system can be improved. With the inception of the modern all-volunteer force in 1973, first term military pay was increased to a level that was competitive with the civilian sector for youth coming out of high school. However, the compensation system inherited in 1973 has elements of lack of choice and relative inflexibility. These aspects of the basic structure of military compensation have remained largely unchanged. Improvements to the system as described below would complete the transition of the compensation system to the volunteer era, and could result in greater flexibility for force managers, providing a yet more effective and efficient force.

Principles for Guiding Change

Changes to the military compensation system should be focused on increasing the effectiveness and efficiency of the system as a force management tool. Proposals that do not improve staffing, force management, motivation of members, performance, or efficiency should be questioned. The following principles or criteria provide a set of guidelines for evaluating proposed changes to both active and reserve compensation in this context:

1. ***Force management.*** Changes to the compensation system should be linked to force management objectives.
2. ***Flexibility.*** The compensation system should be able to adjust quickly to changes in circumstances affecting the supply and demand for personnel in general and for specific skills.
3. ***Simplification.*** A change that simplifies the compensation system, rather than one that makes it more complex, difficult to manage and difficult to understand, is preferred.
4. ***Systems approach.*** The change in compensation should consider all the implications for incentives and force staffing.
5. ***Choice, volunteerism, and market-based compensation.*** Where possible, preferences of individual members should be considered in making policy, and compensation should support policies that consider member preferences and provide choice.

6. ***Efficiency.*** Proposed compensation changes should be "efficient" in that, of alternative ways to meet the objectives associated with the proposed change, the least costly way should be chosen.
7. ***Cost transparency and visibility.*** The full costs of proposed changes to the compensation system should be clear.
8. ***Leverage.*** Where possible, compensation improvements should leverage existing benefits in the civilian or other sectors of the economy, rather than crowd them out.
9. ***Fairness.*** Commitments should be honored and any changes to those commitments freely entered by both the services and the members.

If a particular proposal meets all or most of these criteria, the proposal is likely to be one that moves the compensation system in a coherent direction towards the development of a highly capable, ready, and efficient volunteer force. If a proposed change is inconsistent with most of these criteria, a reasonable observer would conclude that it is unlikely that this change is an improvement to the compensation system. This presumes that observers share the purpose of the compensation system: to attract, retain, and motivate the right numbers of qualified staff; to ensure that they are allocated to where they are needed most; and to do so efficiently.

A Compensation Architecture

The current compensation system has helped to produce an armed force without peer. However, it contains elements that were better suited to an era of conscription and paternalism. These features impede force management, raise costs, and keep a very good force from becoming even better. The compensation architecture presented below addresses the major elements of the compensation system. In particular, the Committee offers specific recommendations in the following areas:

- Substantial changes to the structure of the active component non-disability retirement system.
- Revamping of the Basic Pay table to better reward performance and to support longer career profiles where desirable.
- Changes in the system of housing and other allowances to remove discrepancies in pay unrelated to performance or a member's value to the service.
- Consolidation, simplification, and enhancement of Special and Incentive Pays.
- Revision of the system of health benefits for retirees to more closely align the benefit's value to the retiree with its cost to the Department.

- Periodic evaluation of quality of life programs to ensure that they are cost-effective and focused on alleviating the most onerous aspects of military life for members and their families.
- Review of the system of Reserve Component pay and benefits to ensure that Reserve members called to active duty receive the same pay and benefits as Active Component members and that they have an improved opportunity to continue their civilian health benefits while on active duty.

Summary of Recommendations

Active Component Non-Disability Retirement System

The current system provides an immediate lifetime annuity—generous by civilian-sector standards—for those who leave after completing at least 20 years of service. However, those who complete fewer than 20 years of service receive no retirement benefit. The current system provides a powerful incentive to serve for at least 20 years, and a similarly powerful incentive to leave shortly thereafter.

Under the current system, members essentially become locked into a 20-year career after 8-12 years of service. This may happen even if both the member and the service would be better off if the member left prior to completing 20 years. Members are retained until the vesting point because of the powerful incentive provided by the retirement annuity and by the services' reluctance to be seen as acting opportunistically by involuntarily separating members who have invested many years of service.

The current system also makes a diversity of career lengths across occupations difficult. Careers in the health professions, law, languages, cryptology, engineering, information technology, and other technical and scientific occupations might usefully extend beyond 20 or even 30 years. But the compensation system, coupled with high year of tenure policies that require members of certain rank to separate by fixed "years of service" points, makes careers beyond 20 years unusual and careers beyond 30 years rare.

Paradoxically, the current system also results in career lengths in ground forces and combat arms that may be too short. Enlisted members become vested at much lower rates than officers. The services are reluctant to induce many first term enlisted in these "youth and vigor" occupations to stay for additional terms of service, because they may not be able to offer them a 20-year career. The compensation system does not provide a graceful way for large numbers in the combat arms to stay beyond an initial term and exit prior to 20 years of service.

Recommendation

In the near term, the services need ways to improve management flexibility within the current system.

- In the near term, the services should have the authority to "buy-out" members with more than 10 years of service who are not yet vested. The members would presumably be in occupations where changed circumstances have resulted in an excess supply of qualified members.

  - The "buy-outs" would be voluntary. That is, selected members would be offered the opportunity to accept a cash payment and, in exchange, leave active duty prior to vesting in the current retirement system at 20 years of service. However, the member would be free to reject the opportunity.

  - A plan similar to the Voluntary Separation Pay recently proposed by the Navy would be one way to do this.

This near-term solution does not address the underlying problem: management inflexibility resulting from the current retirement system. In the longer term, the military retirement system should be restructured under a vision that increases its overall flexibility and efficiency. This vision would include earlier vesting of retirement and incentives to serve beyond a 20- or even 30-year career, in some occupations. High year tenure policies should be reassessed so that the potential benefits of longer careers can be realized.

The recommended architecture for a new retirement system would include the following features:

- A government contribution to a thrift savings plan (TSP) or 401K-like plan that is a percentage of Basic Pay in the range of 5-10%. Government contributions would begin to accumulate immediately upon entrance to active duty and would vest no later than year of service 10 (but not before year of service 5). The member should be provided the flexibility to receive the government contribution in cash, in lieu of the TSP contribution, when vested.

- A retirement annuity that begins at age 60, computed under a formula similar to the current retirement annuity. The annuity would vest at the completion of year of service 10.

- The annuity formula would be extended through 40 years of service, so that a member serving 40 years would receive 100% of the high-three average of Basic Pay.

- The retirement health benefit would continue to vest at the completion of 20 years of service.

- Additional compensation, which could come in various forms. For example, it could include one or more of the following:

  - Transition pay of limited duration for those who leave military service after the vesting point, where the amount and duration of the pay is a function of the pay grade and years of service at separation.

  - Additional pay in the form of a multiple of Basic Pay payable at key years of service such as 10, 15, 20, 25, and 30 years. The member receives this "gate pay" upon completing the relevant year of service, regardless of whether the member separates or remains in service at that point.

  - An increase in Basic Pay or bonuses.

This retirement system change is intended to accomplish three goals. First, it will increase management flexibility and permit a greater diversity of career lengths by providing earlier vesting and continued incentives for longer careers. Second, it will permit those who provide substantial service, but less than 20 years, to leave with some retirement benefits. Third, it will increase the efficiency of the retention incentive by replacing the portion of the annuity members receive from separation to age 60 with an "up front" cash payment. This could come in the form of a "gate pay" at various years of service, or of higher levels of Basic Pay or bonuses.

The current force would be grandfathered under the current retirement system. However, they would have the opportunity to choose to participate in the new system at the time it is introduced.

Basic Pay Table and Pay for Performance

The current Basic Pay table—the centerpiece of the compensation system—is a function of pay grade and years of service. Performance is rewarded almost solely

through the promotion system. The primary financial incentive for promotion is the increase in Basic Pay and allowances that comes with the higher pay grade. Those who have performed extraordinarily well may be promoted early. Those who have had lagging, but ultimately adequate, performance may be promoted later.

Because Basic Pay is a function of longevity, the financial consequences of early or late promotion, compared to an "on time" promotion, are small. Promotion that is a year early, for example, results in compensation higher than it otherwise would be only for a year. After that year, the member's compensation is the same as it would have been for an "on time" promotion.

Another consequence of the existing pay table is that, because compensation is a function of tenure in the system, it will be difficult to attract lateral entrants into the system should it become important to do so. Similarly, it will also be difficult to be financially attractive to prior service individuals who have been in the civilian sector for more than a short period.

Recommendation

The pay table should become a function of time in grade, rather than years of service.

- Time-in-grade increases in Basic Pay should extend beyond the career lengths currently implied by the time-in-service pay table. High year of tenure ("up or out") policies should be reassessed. For those occupations where high year of tenure constraints have been relaxed to encourage longer careers, the pay table "time-in-grade" increases should provide a financial incentive consistent with longer service. This change will complement changes in the retirement system that provide incentives to serve beyond 30 years.

The time-in-grade pay table would improve performance both by encouraging greater effort and performance from all, and by being a more attractive system to top performers compared to others. By extending time-in-grade increases to reward service that may extend beyond 30 years, the pay table will provide the financial incentives to encourage longer careers, where appropriate.

Finally, a time-in-grade pay table will be more attractive to prior service individuals considering reentry, as well as to lateral entrants in selected skills.

Differences in Compensation by Dependency Status

The current allowance for housing varies by pay grade and geographic location, as well as whether or not the member has dependents. This variation by dependency status is a remnant of paternalism carried over from an earlier era. Members with dependents receive housing allowances that are about 25% greater (on average) than those who have no dependents at the same grade and year of service.

There is no evidence this differential is related to differences in the productivity or value of the member to the service. Moreover, the differential may encourage, at the margin, members to marry, or to marry earlier than they otherwise might. Further, because members with dependents are paid more than those without dependents, retention rates for members may be relatively higher for those with dependents compared to those without dependents than they might otherwise be.

Members receive the basic allowance for housing when they do not receive government housing (quarters "in-kind") at a military installation. When a member and family receive government housing, they forfeit the basic allowance for housing (BAH). In principle, the fair market rental value of the government housing is approximately equal to BAH. In practice, this is more likely to be true for mid-level, senior enlisted, and officers than it is for single junior enlisted who live in barracks.

There are other benefits that distinguish between members with dependents and those without dependents. The Overseas Housing Allowance, for example, provides for a differential based on dependents in a manner similar to BAH. Further, the Family Separation Allowance, by its nature, is not provided to members without dependents.

<u>Recommendation</u>

- The distinction between "with" and "without" dependents in the payment of BAH should be eliminated by paying the allowance to all at the "with dependents" rate. The Overseas Housing Allowance should also eliminate the distinction between those "with" and "without" dependents through a similar change.

- All members should receive BAH. Those in government housing should pay fair market rental rates for the housing they receive. This may mean that some members, particularly junior enlisted living in barracks, would receive BAH that is greater than the amount they must pay for government housing.

- The Family Separation Allowance should be consolidated with other Special and Incentive Pays related to deployment or unaccompanied tours. Appropriate compensation for deployment or the nature of the tour should not differ between those with dependents and those without dependents.

Paying BAH at a rate that does not vary by dependent status eliminates a component of compensation variation that is unrelated to performance. Further, it no longer provides a differential financial incentive to retain those with dependents. In the long run, this more neutral policy with regard to dependents will reduce some types of costs. Raising the "without" dependents rate to the "with" rate will increase compensation of single members and improve retention of these members. Moreover, because single members are disproportionately in the first term enlisted force, the change in BAH should have a positive effect on recruiting.

Special and Incentive Pays

Basic pay and allowances constitute the largest portion of cash compensation—well over 90% on average. These compensation elements, however, vary only by pay grade and years of service. Special and Incentive (S&I) pays are, in principle, the pays that provide the flexibility of the compensation system to respond to differences in supply and demand by occupation, provide compensating differentials for onerous assignments or hazardous duty, or provide incentives to acquire and remain proficient in particular skills. With the flexibility to target these pays to meet specific staffing challenges, S&I pays can be particularly powerful tools for improving staffing and personnel readiness.

While S&I pays are an important part of the compensation package, the current pays have important weaknesses that inhibit their effectiveness and efficiency. The proliferation of pays (there are currently over 60 different S&I pays) makes the system difficult to monitor and manage. Further, payment criteria and payment amounts for many of the S&I pays are rigidly established in law. Some pays have become entitlements that are paid regardless of any underlying force management or staffing issue. In this sense, some of these pays have impeded flexibility, not increased it. Finally, S&I pays constitute only a very small portion of cash compensation—about 5% of cash compensation and about 3% of total compensation. Given that these pays are the primary compensation policy tool to directly target specific staffing and incentive problems, the proportion appears to be inefficiently small.

<u>Recommendation</u>

- Special and Incentive pays should be consolidated into a smaller number of categories. These categories would be descriptive of the broad function of the pay.

- Within each broad category, the budget should be fungible across areas that are included in the broad category. Within broad parameters specified in legislation, the Secretary of Defense and the Secretaries of the military departments should have the authority to determine criteria, payment amounts, and to change payment amounts.

- Of special importance is increased flexibility in responding to wartime conditions to insure that retention and recruiting remain satisfactory. Within the category of hardship/hazardous duty or imminent danger (or the equivalent), the Secretary of Defense should have the authority and discretion to provide monthly payments to deployed members, up to a maximum ceiling amount specified in law.

  - The Secretary would have the discretion to determine if any payments are made; to target those payments by occupation, unit, geography, or other criteria; and to determine the amount of the monthly payment up to the maximum.

  - The legislated maximum should be set reasonably high. This is to provide the Secretary with the flexibility to meet unlikely contingencies.

- Given changes in the structure of S&I pays, the share of S&I pays in the compensation budget should be increased. Once such an increase has been achieved, the effectiveness of S&I pays in achieving force staffing goals should be evaluated to determine if the increase should be sustained.

The current Selective Reenlistment Bonus (SRB) program is an example of how the consolidated S&I pay program may operate. There would be authority to raise or lower payments over broad ranges, with force managers making tough tradeoff decisions across competing uses within overall budget authority. The consolidation of S&I pays and the increased flexibility in the authority to pay them should result in a more efficient program and in improved staffing and readiness.

Military Health Benefit

TRICARE, the military health benefit, is a valuable component of the military compensation package. The health benefit offered to the active member and the member's family competes favorably with the benefits offered by civilian employers. It serves to increase the attractiveness of military service. Moreover, its comprehensive

nature is particularly valuable to the family when the member is deployed, mitigating stress on the family from that source. The health benefit offered to military retirees, however, has shortcomings. The provision of a retiree health benefit, both to pre-65 retirees and under TRICARE for Life for the post-65 retirees, is a deferred, "in-kind" benefit that is not likely to be valued highly by junior and mid-career active duty members, but is costly to the Department.

Moreover, in the case of the pre-age 65 benefit, it tends to "crowd-out" civilian health benefits for the pre-65 retirees. Most pre-age 65 retirees are employed in the civilian sector and are offered a health benefit by their employer. The employee is typically asked to pay a share of the total premium. Because TRICARE premiums for pre-age 65 retirees have not been adjusted since 1995, pre-65 retirees are increasingly switching to TRICARE. There is evidence that some employers provide cash bonuses to employees who are eligible for TRICARE and are willing to shift to TRICARE. The pre-65 retiree who switches to TRICARE from a civilian employer program gains the difference in the premiums (and any bonus from the employer). However, the Department pays for the full cost of the insurance, less the nominal premium. The civilian employer's plan saves the difference in premium cost to the employer. The result is a large cost to the Department of Defense for a relatively modest benefit to pre-65 retirees and a subsidy to civilian employers. This migration from civilian health programs to TRICARE should be discouraged.

Recommendation

- The premium and cost-sharing provisions for TRICARE retiree pre-65 Prime beneficiaries should be restored to more competitive levels commensurate with premiums and cost sharing in civilian employer plans.

- The premium and cost-sharing provisions (i.e., deductibles and copays) once adjusted should grow at the same rate as the annual cost-of-living adjustment to the military retirement annuity.

- The retiree pre-age 65 TRICARE plan should be funded on an accrual basis, similar to retirement pay and the TRICARE for Life programs.

Funding the entire retiree health program on an accrual basis should result in decisions regarding active duty personnel strengths that more fully reflect the cost, potentially resulting in more efficient choices. Further, greater visibility to the costs of the health care program in the budget will help to focus attention on managing those costs. However, because the change to an accrual basis for the pre-age 65 TRICARE benefit from a system of budgeting for actual outlays is an accounting change, a one-time

accounting adjustment should be made to the Defense budget "top line" to offset the difference between the accrual charge and what the outlay costs would have been in the year that the change is made. The incentives provided by the budget structure should also be examined to ensure that those who are likely to be most effective in controlling health care costs have the appropriate budgetary incentives to do so.

Quality of Life Programs

Quality of life programs are an integral part of the total compensation package. They provide members and families with recreational and shopping opportunities in remote areas where they otherwise would be unavailable. They help members and their families adjust to the rigors of military life, including frequent permanent change-of-station moves and deployment. They are particularly important to military families in helping prepare for deployment and adjust to the absence of the deployed military member.

Two particularly difficult areas associated with the quality of life for members and families are spouse employment and dependent schools. Because of frequent moves and assignments to remote areas or areas with underdeveloped community services, spouses may face reduced employment opportunities, and educational opportunities for spouses and children may be less than desired. One way to attempt to reduce hardships on military members and their families in these areas is by providing greater choice in assignments, subject to the needs of the service.

Quality of life programs can be a valuable way to offset some of the hardships that military life imposes on the member and the family. However, it is important to consider that "in-kind" compensation, which includes most quality of life programs, is generally less efficient than cash compensation. Moreover, it is also important to leverage programs and services that are available in the civilian sector where possible, rather than "crowding out" civilian sector services and opportunities through direct government provision.

The benefits of quality of life programs are often difficult to discern clearly. Because resources are scarce and quality of life programs compete directly with other uses of compensation resources, such as cash compensation, it is important that the benefits and costs of quality of life programs be better understood. Finally, commanders of military units should ensure that members understand and know how to take advantage of these quality of life programs.

<u>Recommendation</u>

Quality of life programs should be subject to periodic, rigorous evaluation to ensure that they represent the best use of resources, meeting the demands of members and families, and the readiness demands of the services.

- Recognizing that the quantitative assessment of the benefits of such programs is difficult, the Office of the Under Secretary of Defense (Personnel and Readiness), should develop a framework and guidelines for determining the efficacy of potential investment in quality of life programs.

- Further, programs that are implemented should be periodically and systematically evaluated, using these guidelines, to insure that the programs continue to represent the best expenditure of resources.

Reserve Compensation

During the Cold War, the role of the reserve components was that of a strategic reserve. Reserve members were expected to remain ready through weekend drill and summer training. They were likely to be called only rarely and within the context of a larger, national mobilization scenario. In the post Cold War period, the role of the Selected Reserves has changed from one of a strategic reserve to one of an "operational reserve" with reserve units more highly integrated into deployment operations. Despite the smaller size of today's reserve, annual mobilization days for reserve members have increased significantly relative to the Cold War, with peaks for Desert Shield/Desert Storm and Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF).

One would anticipate that some reserve members who entered under the older concept of reserve use might find it difficult to continue under the anticipation of more frequent mobilization. In particular, deployment to OEF/OIF operations might be expected to reduce retention. However, despite this significant change in the expected use of the reserve, retention has remained acceptable, in the aggregate. Recruiting in the Army National Guard and Army Reserve has fallen short of goals.

Reserve members who are mobilized are frequently faced with the choice of maintaining their civilian employer-provided health insurance for their family or changing to TRICARE. In many instances, changes in health insurance also imply changes in health care providers. Because continuity of care is important, particularly when family members are undergoing treatment, many members attempt to keep their civilian employer's health insurance during periods of mobilization.

<u>Recommendation</u>

- Mobilized reserve members and any reserve member on active duty should receive the same pay and benefits as otherwise equivalent active duty members.

- Reserve members who are called to active duty but who choose not to participate in TRICARE should be offered a stipend or payment to help defer the cost of their alternative insurance.

- The reserve components must have the flexibility to solve recruiting and retention problems as they arise. A "systems" approach is critical to recruiting in that active and reserve components recruit from the same non-prior service market and prior service reserve accessions are active duty losses. Further, because reserve units rely on a local population for staffing, reserve components need the flexibility to target incentives by unit or geographic location.

In addressing actual staffing problems or anticipating future problems, it may be tempting to increase the attractiveness of reserve service by (for example) increasing retirement benefits or health benefits offered to reserve members. It is important, however, that any changes in the compensation and benefit system for reserve or active duty members be structured to achieve force management and staffing goals efficiently, and be considered in the context of a comprehensive "system" where both active and reserve staffing are considered.

We have today a force without peer. However, it operates, in part, under a compensation system that was best suited for an earlier era. The recommendations suggested here would modernize the compensation system. The recommended retirement system architecture increases force management flexibility, provides for a greater diversity in career lengths, and enfranchises members who serve less than 20 years. Changes to the pay table and housing allowance will make the compensation more responsive to performance, motivating and encouraging the top performers, while eliminating distinctions in compensation that are not relevant in a volunteer force. Consolidation of special and incentive pays will simplify a complex system and improve its efficiency. Adjustments to the health benefit will better align benefits and costs, and insure that costs are visible to those making force management decisions. Finally, with greater operational integration of the active and reserve component, it is important to firmly establish the principle that the reserve member enjoys the same compensation as his or her active duty counterpart when called to active duty.

Thank you for the opportunity to present these recommendations.

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- Retired as Vice Chief of Naval Operations, U.S. Navy, November 2000

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MILITARY DISABILITY EVALUATION

Ensuring Consistent and Timely Outcomes for Reserve and Active Duty Service Members

Statement of Robert E. Robertson, Director, Education, Workforce, and Income Security Issues

GAO-06-561T

April 2006

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Accountability · Integrity · Reliability

Highlights

Highlights of GAO-06-561T, a testimony to the Subcommittee on Military Personnel, House Committee on Armed Services

MILITARY DISABILITY EVALUATION

Ensuring Consistent and Timely Outcomes for Reserve and Active Duty Service Members

Why GAO Did This Study

The House Subcommittee on Military Personnel asked GAO to discuss the results of its recent study on the Military Disability Evaluation System. In this study, GAO determined: (1) how current DOD policies and guidance for disability determinations compare for the Army, Navy, and Air Force, and what policies are specific to reserve component members of the military; (2) what oversight and quality control mechanisms are in place at DOD and these three services of the military to ensure consistent and timely disability decisions for active and reserve component members As shown in figure 1,; and (3) how disability decisions, ratings, and processing times compare for active and reserve component members of the Army, the largest branch of the service, and what factors might explain any differences.

What GAO Recommends

In this report, GAO recommended that the Secretary of Defense take certain steps to improve DOD oversight of the military disability evaluation system, including evaluating the appropriateness of timeliness standards for case processing, and assessing the adequacy of training for disability evaluation staff.

The Secretary concurred and indicated that our recommendations would be implemented.

www.gao.gov/cgi-bin/getrpt?GAO-06-561T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Robert E. Robertson at (202) 512-7215 or robertsonr@gao.gov.

What GAO Found

In March 2006, GAO reported that policies and guidance for military disability determinations differ somewhat among the Army, Navy, and Air Force. DOD has explicitly given the services the responsibility to set up their own processes for certain aspects of the disability evaluation system and has given them latitude in how they go about this. As a result, each service implements its system somewhat differently. Further, the laws that govern military disability and the policies that DOD and the services have developed to implement these laws have led reservists to have different experiences in the disability system compared to active duty members. For example, because they are not on active duty at all times, it takes longer for reservists to accrue the 20 years of service that may be needed to earn monthly disability retirement benefits.

While DOD has issued policies and guidance to promote consistent and timely disability decisions for active duty and reserve disability cases, DOD is not monitoring compliance. To encourage consistent decision-making, DOD requires all services to use multiple reviewers to evaluate disability cases. Furthermore, federal law requires that they use a standardized disability rating system to classify the severity of the medical impairment. In addition, DOD periodically convenes the Disability Advisory Council, comprised of DOD and service officials, to review and update disability policy and to discuss current issues. However, neither DOD nor the services systematically determine the consistency of disability decision-making. DOD has issued timeliness goals for processing disability cases, but is not collecting information to determine compliance. Finally, the consistency and timeliness of decisions depend, in part, on the training that disability staff receive. However, DOD is not exercising oversight over training for staff in the disability system.

While GAO's review of the military disability evaluation system's policies and oversight covered the three services, GAO examined Army data on disability ratings and benefit decisions from 2001 to 2005. After controlling for many of the differences between reserve and active duty soldiers, GAO found that, among soldiers who received disability ratings, the ratings of reservists were comparable to those of active duty soldiers with similar conditions. GAO's analyses of the military disability benefit decisions for the soldiers who were determined to be unfit for duty were less definitive, but suggest that Army reservists were less likely to receive permanent disability retirement or lump sum disability severance pay than their active duty counterparts. However, data on possible reasons for this difference, such as whether the condition existed prior to service, were not available for our analysis. GAO did not compare processing times for Army reserve and active duty cases because we found that Army's data needed to calculate processing times were unreliable. However, Army statistics based on this data indicate that from 2001 through 2005, reservists' cases took longer to process than active duty cases.

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to present the results of our work in response to this Committee's mandate to review the Department of Defense (DOD) disability evaluation system, in particular how the system ensures that decisions in reserve and active duty cases are consistent and timely. Under certain circumstances, both active duty and reserve component members of the military are entitled to receive compensation for service-incurred or aggravated injuries or illnesses that render them unfit for continued military service. According to DOD regulations, a primary goal of the military disability evaluation system is to ensure consistent and timely decisions for active duty and reserve component members.

Over the past 5 years, nearly half a million reserve component members across all services have been mobilized to augment active duty military forces in conflicts and peacekeeping missions worldwide.[1] In total, the Army, Navy, and Air Force evaluated 23,316 disability cases in fiscal year 2005. One in four of these was a reservist's case. Because reserve component members represent a substantial proportion of the mobilized military force, it is incumbent on DOD and the military to ensure that disability decisions made in their cases are consistent with those made in the cases of active duty members, and as timely.

The information I'm providing today is based on work we reported on March 31, 2006,[2] which was completed in accordance with generally accepted government auditing standards. I will be discussing (1) how current DOD policies and guidance for disability determinations compare for the Army, Navy, and Air Force, and what policies are specific to reserve component members of the military; (2) what oversight and quality control mechanisms are in place at DOD and these three services to ensure consistent and timely disability decisions for active and reserve component members; and (3) how disability decisions, ratings and processing times compare for active and reserve component members of the Army, the largest branch of the military, and what factors might explain any differences.

[1]In this testimony, the word reservist refers to a reserve component member.

[2]GAO, *Military Disability System: Improved Oversight Needed to Ensure Consistent and Timely Outcomes for Reserve and Active Duty Service Members*, GAO-06-362 (Washington, D.C.: March 31, 2006).

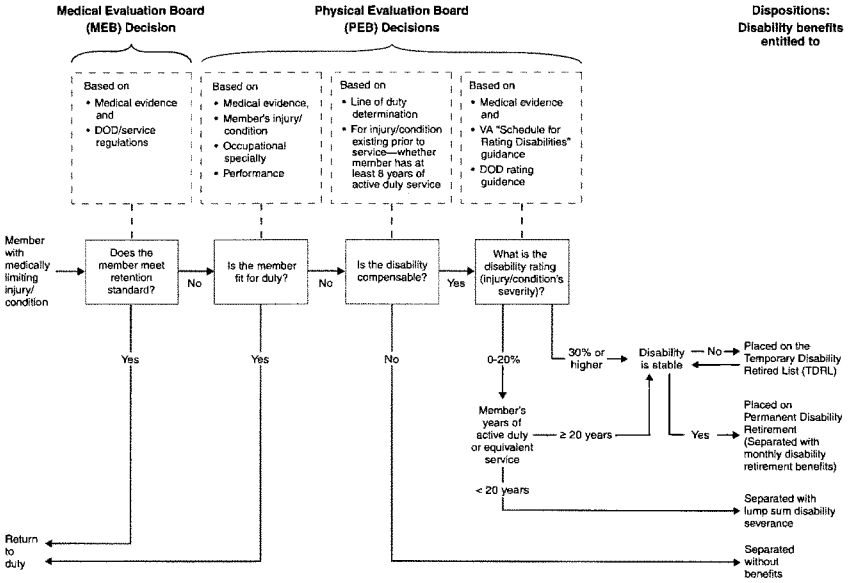
In summary, GAO found that DOD has explicitly given the services the responsibility to set up their own processes for certain aspects of the disability evaluation system and has given them latitude in how they go about this. As a result, each service implements its system somewhat differently. Further, the laws that govern military disability and DOD and service policies implementing these laws have led reservists to have different experiences in the disability system compared to active duty members. While DOD has issued policies and guidance to promote consistent and timely disability decisions for active duty and reserve disability cases, DOD is not monitoring compliance, and neither DOD nor the services systematically determine the consistency of disability decision making. With regard to ensuring the timeliness of disability case processing, DOD has issued processing time goals but is not collecting information to determine compliance. Our own statistical analysis found that Army reservists received similar disability ratings as their active duty counterparts, but reservists may be less likely to receive military disability benefits than their active duty counterparts. Data available from the Army was not reliable enough for our analysis, however, Army statistics indicate that from 2001 through 2005 reservists' cases took longer to process than active duty soldiers' cases.

Background

Service members who become physically unfit to perform military duties due to service-incurred or aggravated injuries or illnesses may receive military disability compensation under certain conditions. Each of the services administers its own disability evaluation process. According to DOD regulations, the process should include a medical evaluation board (MEB), a physical evaluation board (PEB), an appellate review process, and a final disposition. Each service member who goes through the system should be assigned a Physical Evaluation Board Liaison Officer (PEBLO) that helps the service member navigate the system and prepare documents for the PEB.

There are a number of steps in the disability evaluation process and several factors play a role in the decisions that are made at each step. See fig. 1.

Figure 1: Decisions Made During the Military Disability Evaluation Process



Source: DOD documents.

The disability evaluation process has four possible outcomes. A service member can be:

1. Found fit for duty;
2. Separated from the service without benefits—Service members whose disabilities were incurred while not on duty or as a result of intentional misconduct are discharged from the service without disability benefits;
3. Separated from the service with lump sum disability severance pay; or

4. Retired from the service with permanent monthly disability benefits or placed on the temporary disability retirement list (TDRL).

The disability evaluation process begins at a military treatment facility (MTF), when a physician medically evaluates a service member's injury or condition to determine if the service member meets the military's retention standards, and prepares a narrative summary describing the findings. This process is referred to as a medical evaluation board, or MEB. Service members who meet retention standards are returned to duty. Those who do not are referred to the physical evaluation board or PEB.

The first step in the PEB stage of the process is the informal PEB—an administrative review of the case file without the presence of the service member. To arrive at its findings and recommendations regarding eligibility for disability benefits, the PEB determines if service members are fit for duty and their injuries or conditions are compensable, and what disability rating their injuries or conditions should be assigned. The PEB also considers the stability of the condition in cases eligible for monthly disability retirement benefits. Service members with conditions that might improve or worsen are placed on TDRL and reevaluated by the PEB at least every 18 months to determine if their condition has stabilized. Those who continue to be unfit for duty after 5 years on TDRL are separated from the military with monthly retirement benefits, discharged with severance pay, or discharged without benefits depending on their condition and years of service.

Service members have the opportunity to review the informal PEB's findings and may request a formal hearing with the PEB; however, only those found unfit are guaranteed a formal hearing. If service members disagree with a formal PEB's findings and recommendations, they can, under certain circumstances, appeal to the reviewing authority of the PEB. Once the service member either agrees with the PEB's findings and recommendations or exhausts all available appeals, the reviewing authority issues the final disposition in the case.

DOD Policies and Guidance Allow the Services to Implement the Disability Evaluation System Differently

DOD explicitly gives the services responsibility for administering the military disability evaluation system. While DOD regulations establish some parameters and guidelines for this system, the services have considerable latitude in how they interpret them. Consequently, across the services there are differences in Medical and Physical Evaluation Board

procedures and the use of counselors to help service members navigate the system.

With regard to the MEB, the medical evaluation of a service member's ability to meet military retention standards, the Air Force convenes an actual board of physicians who meet regularly and vote on whether service members meet retention standards. In contrast, the Army and Navy's MEB are informal procedures during which case files are separately reviewed by board members. Each branch of the service has established PEB to determine whether service members who do not meet medical retention standards are entitled to disability compensation. Makeup of the board differs by service. The Army allows the same individuals to sit on both the informal and formal PEB in the same case. The Air Force allows this only under certain circumstances. The Navy has no written policy on the matter and one Navy PEB official indicated that the same individuals often served on both informal and formal PEBs in a case.

DOD regulations require that each service assign a Physical Evaluation Board Liaison Officer (PEBLO) to service members whose disability cases are being evaluated. According to these regulations, PEBLOs are expected to counsel these service members on their rights, the effects of MEB and PEB decisions, and available disability benefits. Each service employs PEBLO counselors in accordance with these rules, but has placed them under different commands, begins the counseling process at different points in the disability evaluation process, and provides PEBLOS with different levels of training.

DOD and the Services Have Established Policies that Result in Different Experiences With the Disability System for Reservists

Due to the part-time nature of reserve service, some laws governing military disability compensation result in different experiences with the disability system for reservists. Under the law, to receive monthly disability retirement benefits a service member determined unfit for duty must have at least 20 years of active duty service, or a disability rated at least 30 percent. Because reservists are not on duty at all times, it takes longer for them to accrue the 20 years of service needed to qualify for monthly disability retirement benefits when their disability rating is less than 30 percent.

Part-time status also makes it more difficult for reservists with preexisting conditions to be covered by the 8 year rule and therefore eligible for disability compensation of any kind. By law, service members determined to be unfit for duty are automatically eligible for disability compensation if

they have at least 8 years of active duty service, even if their conditions existed prior to entry into the military or were not aggravated by their military service. However, this entitlement only applies to reservists when they are on ordered active duty of more than 30 days at the time their case is before a PEB. For reservists, accruing these 8 years can be more difficult than for active duty service members.

Questions About Line of Duty Determinations

Officials reported that commanders and others responsible for completing line of duty determinations were often uncertain as to when line of duty determinations were necessary for reservists and active duty members. Moreover, these officials noted that in some cases, the necessary line of duty determinations were not made, resulting in delays for service members. For example, Air Force officials we spoke with had different impressions as to whether line of duty determinations were always required for reservists, even though Air Force regulations state they are. Officials from the Army and Army National Guard similarly offered different perspectives on the need for line of duty determinations for reservists.

Army Reservists Often Are Not Returned Home for Medical Treatment

In the Army, deployed active duty soldiers return to their unit in a back up capacity when they are injured or ill and require medical treatment. Mobilized injured or ill Army reservists have no similar unit to return to. Consequently, their mobilization orders are often suspended; they are retained on active duty in "medical holdover status" and often assigned to a medical retention processing unit while they receive medical treatment. While in medical holdover status, reservists may live on base, at a military treatment facility, at home or other locations. After their mobilization orders expire, they can elect to continue on active duty through a program such as medical retention processing, which allows them to continue receiving pay and benefits. According to the Army, about 26,000 reservists entered medical holdover status between 2003 and 2005.

Unlike most injured active duty soldiers, reservists in medical holdover generally must live away from their families while receiving medical treatment. In certain cases reservists in medical holdover may receive treatment and recuperate at home. The Army's Community Based Health Care Organizations (CBHCOs) provide medical and case management for these reservists. As of December 2005, about 35 percent of the reservists in medical holdover were being cared for in the CBHCO program. In order to be assigned to this program, reservists must meet a number of criteria. For example, reservists must live in communities where they can get

appropriate care, and they must also be reliable in keeping medical appointments.

Several Features of the Disability Evaluation System Are Intended to Help Ensure Consistent Decision Making

To help ensure consistent decision making in disability cases, all services must use a common rating schedule, multiple reviews are required, and a disability advisory council was created to oversee administration of the system. The law requires all services to assign ratings to disabilities based on a common schedule—VA's Schedule for Rating Disabilities (VASRD). The VASRD is a descriptive list of medical conditions associated with disability ratings. DOD regulations require each service to review service members' case files multiple times during the disability evaluation process by a number of officials with different roles. Military officials also regard the appeals process required by DOD as helping to ensure the consistency of disability evaluation decision making.

According to DOD officials, primary oversight of the disability evaluation system currently rests with the DOD Disability Advisory Council. The Council is composed of officials from each of the three service's disability agency, DOD health affairs, reserve affairs, and personnel officials, and representatives from the Department of Veterans Affairs. According to DOD officials, the Council serves as a forum to discuss issues such as changing rules and increasing coordination among the services. The council generally does not formally report on its activities and accomplishments to higher officials in the DOD chain of command nor has it met on a regular basis during the last year.

Lack of Oversight by DOD and the Services Provides Little Assurance Decisions Are Consistent

Despite this policy guidance and the presence of the disability council, both DOD and the three services lack quality assurance mechanisms to ensure that decisions are consistent. Given that one of the primary goals of the disability system is that disability evaluations take place in a consistent manner, collecting and analyzing the service member's final disability determinations are critical for ensuring that decisions are consistent. DOD regulations recognize this and require that the agency establish necessary reporting requirements to monitor and assess the performance of the disability system and compliance with relevant DOD regulations. Yet, DOD does not collect and analyze information from the services on the final disability determinations and personal characteristics of service members going through the disability system.

DOD Has Instituted Timeliness Goals for Processing Disability Cases, but Does Not Oversee Compliance with Them

To help ensure timely disability decisions, DOD regulations indicate that MEBs should normally be completed in 30 days or less; PEBs should normally be completed in 40 days or less. DOD does not regularly collect available data from the services on their MEB and PEB processing times, however, so does not monitor compliance with its goals.

The Army and Navy generally use the data they compile on their disability cases to track the timeliness of both MEB and PEB decisions. The Air Force only tracks processing times for PEB cases because it has no centralized database containing information from all its MEB cases. Data reported by the services show disability case processing time goals are not being met. Some of the military officials we spoke with believe this is because the goals themselves are unrealistic, particularly when addendums to the MEB's findings are required, such as in orthopedic or psychiatric cases requiring certain medical tests.

The usefulness of data of disability case processing times may also be undermined by confusion among military officials and data entry staff regarding when the disability evaluation process begins. According to DOD, the process begins on the date a physician dictates the narrative summary for an MEB. When we compared original Army PEB case files to Army electronic data from both its MEB and PEB databases, for example, we found that the date entered in the electronic file was often not the date on the narrative summary. When we asked about these errors, Army officials said that increased training of data entry staff would help resolve this problem. Navy officials also noted that there was some confusion about when case processing begins if additional medical information is needed to make a disability decision for a service member.

DOD's Delegation of Training to the Services and Staff Turnover Presents Additional Challenges for the Disability System

According to DOD regulations, the Assistant Secretary of Defense for Health Affairs is given explicit instructions to develop and maintain a training program for MEB and PEB staff. When we spoke with officials from the Office of Health Affairs, however, they indicated they were unaware that they had the responsibility to develop such a training program. In addition, despite high turnover among military disability evaluation staff, the services do not have a system to ensure that all staff are properly trained. This turnover stems, in part, from the military requirement that personnel rotate to different positions in order to be promoted. Depending on the positions involved, military officials told us that some staff remain in their positions from 1 to 6 years, with most remaining about 3 years. This turnover and the resulting loss of institutional knowledge require that the services systematically track who

has been properly trained. However, all of the services lack data systems that would allow them to do so, an issue that was highlighted in a recent RAND report.[3]

Some Inconsistencies May Exist in Disability Decisions for Army Reserve and Active Duty Service Members

Our analyses of Army data from calendar year 2001 to 2005 indicated that, after taking into account many of the differences between reserve and active duty soldiers, Army reservists and their active duty counterparts received similar disability ratings. The results of our analyses of military disability benefit decisions for soldiers suggest that Army reservists with impairments that made them unfit for duty were less likely to receive either permanent disability retirement or lump-sum disability severance pay than their active duty counterparts. The results of our analysis of benefits are less definitive than those from our analysis of ratings, however, because data on all possible reasons for the difference in receipt of benefits, such as years of service and whether the condition existed prior to service, were not available for our analysis.

Poor Quality Data Precluded GAO Analysis, but the Army Reports Reservists' Cases Can Take Longer to Process

We did not conduct our own statistical analysis to determine if processing times for Army reserve and active duty soldiers' cases were comparable. The electronic data needed to calculate these times were unreliable, so not of sufficient quality to warrant their use in our analysis. Nonetheless, the statistics the Army provided on PEB disability case processing times indicate that cases reviewed between fiscal years 2001 and 2005 took consistently longer than those of active duty soldiers. Over half (54 percent) of reserve soldiers' cases took longer than 90 days while over one-third (35 percent) of active duty soldiers' cases exceed 90 days.

According to Army officials, there are a number of possible explanations for the differences in processing times in reservist and active duty cases. In reservists' cases, the MEB often must request medical records from private medical practitioners, which can cause considerable delays in the process. In addition, the personnel documents for reservists are stored in facilities around the U.S., and may take longer to retrieve than records for active duty soldiers.

[3] Cheryl Y. Marcum, Robert M. Emmerichs, Jennifer S. Sloan, and Harry J. Thie, *Methods and Actions for Improving Performance of the Department of Defense Disability Evaluation System*. MR-1228-OSD (Santa Monica, Calif.: the Rand Corporation, 2002).

Conclusions

Decisions affecting eligibility for military disability benefits have a significant impact on the future of service members dedicated to serving their country. Given the importance of these decisions and the complexity of the evaluation process and rules governing eligibility for benefits, it is essential that the services take adequate steps to ensure that decisions in reserve and active duty cases are consistent and timely. It is also incumbent on DOD to adequately oversee administration of its disability evaluation system and the fairness of the system's outcomes for both reserve and active duty members of the military across all the services.

DOD is not adequately monitoring disability evaluation outcomes in reserve and active duty disability cases. The services are not systematically evaluating the consistency and timeliness of disability decisions, or compiling reliable data on all aspects of the system needed to statistically analyze disability evaluation outcomes. With regard to the timeliness of disability case processing, military officials recognize that not all disability cases are processed within the timeframes set by DOD and that reservist cases take longer to process than those of active duty members. They have suggested that the goals may not be appropriate in many cases. If timeliness goals do not reflect appropriate processing times, they may not be a useful program management tool. Finally, while the consistency and timeliness of decisions depend on the adequate training and experience of all those involved in evaluating disability cases, we found that DOD had little assurance that staff at all levels in the process are properly trained.

Based on these findings and conclusions we recommended in our recent report that the Secretary of Defense take certain steps to improve DOD oversight of the military disability system, including evaluating the appropriateness of timeliness standards for case processing, and assessing the adequacy of training for disability evaluation staff. The Secretary concurred with our recommendations and indicated our recommendations would be implemented.

Mr. Chairman, this concludes my remarks. I would be happy to answer any questions you or the other members of the Committee may have.

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Staff Acknowledgements

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STATEMENT OF

THE MILITARY COALITION

to the

SUBCOMMITTEE ON MILITARY PERSONNEL, HOUSE ARMED SERVICES COMMITTEE

April 6, 2006

Presented by

Colonel Steven P. Strobridge (USAF-Ret)
Director, Government Relations
Military Officers Association of America
and
Co-chairman, The Military Coalition

MISTER CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE. On behalf of The Military Coalition, a consortium of nationally prominent uniformed services and veterans' organizations, we are grateful to the committee for this opportunity to express our views concerning issues affecting the uniformed services community. This testimony provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

- Air Force Association
- Air Force Sergeants Association
- Air Force Women Officers Associated
- American Logistics Association
- AMVETS (American Veterans)
- Army Aviation Association of America
- Association of Military Surgeons of the United States
- Association of the United States Army
- Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
- Commissioned Officers Association of the U.S. Public Health Service, Inc.
- Enlisted Association of the National Guard of the United States
- Fleet Reserve Association
- Gold Star Wives of America, Inc.
- Jewish War Veterans of the United States of America
- Marine Corps League
- Marine Corps Reserve Association
- Military Chaplains Association of the United States of America
- Military Officers Association of America
- Military Order of the Purple Heart
- National Association for Uniformed Services
- National Guard Association of the United States
- National Military Family Association
- National Order of Battlefield Commissions
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Non Commissioned Officers Association
- Reserve Enlisted Association
- Reserve Officers Association
- Society of Medical Consultants to the Armed Forces
- The Retired Enlisted Association
- United Armed Forces Association
- United States Army Warrant Officers Association
- United States Coast Guard Chief Petty Officers Association
- Veterans of Foreign Wars of the United States
- Veterans' Widows International Network

The Military Coalition, Inc., does not receive any grants or contracts from the federal government.

EXECUTIVE SUMMARY
RECOMMENDATIONS OF THE MILITARY COALITION

ACTIVE FORCE ISSUES

Pay Raises – The Military Coalition strongly recommends providing military pay raises that exceed the Employment Cost Index until such time as full military pay comparability has been restored. The Coalition further recommends targeted increases for selected non-commissioned officers/petty officers and warrant officers as needed to attain the 70th-percentile comparability standard.

Family Readiness, Support Structure, and Morale, Welfare and Recreation Programs – The Military Coalition urges Congress to maintain a well-funded family readiness and support structure to enhance family well-being and to improve retention and morale. The Coalition also asks Congress to highlight and protect the interests of all beneficiaries impacted by overseas rebasing, Army modularity, and BRAC and ensure support services and infrastructure remain in place throughout the entire transition period for all beneficiary populations.

Personnel Strengths – The Military Coalition strongly urges sustaining end strengths to meet mission requirements, and opposing force reductions that have the primary purpose of paying for other programs.

Housing – The Military Coalition urges correction of military housing standards that inequitably depress BAH rates for mid to senior enlisted members by assuming their occupancy of inappropriately small quarters.

Flexible Spending Accounts – TMC urges the Subcommittee to continue pressing the Defense Department until servicemembers are provided the same eligibility to participate in Flexible Spending Accounts that all other federal employees and corporate employees enjoy.

Permanent Change of Station (PCS) Reimbursement – The Military Coalition supports upgrading permanent change-of-station allowances to reflect the expenses members are forced to incur in complying with government-directed relocations.

Dependent Education – The Coalition urges the Subcommittee to continue its priority on mitigating adverse effects of government decisions on military children's education. The Coalition urges the Subcommittee to support nationwide in-state tuition eligibility for service families in the state in which the member is assigned or the member's home state of record, and continuity of in-state tuition once established for a military student. The Coalition also urges support of a nationwide reciprocity standard to allow full transfer of school credits for graduation requirements for service and family members. The Coalition continues to believe that it would be a powerful career retention incentive to authorize transferability of at least a portion of MGIB benefits to family members for long-serving members who agree to complete a military career.

Montgomery GI Bill – The Coalition urges the Subcommittee's support for a 21st Century MGIB, with benefit amounts indexed to the cost of a four-year education at a public institution, and no reduction in benefits for education obtained while on active duty.

GUARD AND RESERVE ISSUES

Guard/Reserve Retirement Age – The Military Coalition urges Congress to reduce the age when a Guard and Reserve member is eligible for retirement pay, particularly for those members who have experienced extended mobilizations.

Transition Assistance Services and Protections – TMC urges funding of tailored 'TAP' services and enactment of stronger economic, financial, academic, health and legal protections for Guard and Reserve members and their families.

"Total Force" Montgomery GI Bill – TMC supports the integration of all elements of the MGIB under Title 38, restoring benefit rates commensurate with service performed, and a post-service eligibility period for Selected Reserve members.

Guard and Reserve Family Support Programs – TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with these support programs.

OVERSEAS REBASING, BASE REALIGNMENT AND CLOSURE (BRAC) ISSUES

Rebasing and BRAC – The Military Coalition urges the Subcommittee to monitor the implementation of rebasing, BRAC, and Service Transformation initiatives to ensure protection of support services for military families.

SURVIVOR PROGRAM ISSUES

SBP-DIC Offset – The Military Coalition strongly supports legislation to repeal the SBP-DIC offset introduced by Sen. Nelson (D-FL) (S. 185) and Rep. Brown (R-SC) (H.R. 808), respectively. Enactment remains a top Coalition goal for 2006.

30-Year Paid-Up SBP – The Military Coalition recommends a two-year acceleration of the implementation date for paid-up SBP coverage, so that it takes effect on October 1, 2006.

Final Retired Pay Check – The Military Coalition urges Congress to allow survivors of retirees to retain the full month's retired pay for the month in which the retired member dies.

RETIREMENT ISSUES

Concurrent Receipt – The Coalition urges the Subcommittee to expand Combat-Related Special Compensation to members who were medically compelled to retire short of 20 years of service solely because of their combat-incurred disabilities, as envisioned in H.R. 1366. The Coalition urges the Subcommittee to end the disability offset to retired pay immediately for otherwise-qualifying members rated as "unemployable" by the VA.

Former Spouse Issues – The Military Coalition urges legislation to eliminate inequities in the USFSPA.

OVERVIEW

Mr. Chairman, The Military Coalition (TMC) thanks you and the entire Subcommittee for your continued, unwavering support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services, to include their families and survivors. The Subcommittee's work has generated significant improvements in military end strength, pay, health care, survivor benefits, and disabled retiree programs.

Six years ago, the Joint Chiefs of Staff advised Congress of the need to repeal REDUX, fix pay raises, and correct inequities in retiree health care, all of which were having a negative retention impact on serving members. You heard the call, and made those fixes and others.

Now, unfortunately, we hear increasing complaints about the cost of some of those improvements from leaders who seem to have forgotten why they were enacted.

Some in the Administration argue for a return to past practices of capping military pay raises below private sector wage growth. Service leaders are planning force reductions even as Congress has authorized end strength increases to meet frenetic rotation requirements that have no end in sight. Defense officials decry the cost of retiree health care and seek to impose four-figure increases in health care fees charged to those who spent a career thinking they were paying their premiums in specie of personal and family sacrifice.

Some contend that support for military personnel programs inevitably faces a periodic cycle of ebb and flow, and that the benefit improvements of the last 6 years must now yield to several years of cutbacks.

The Military Coalition continues to look to this Subcommittee for leadership to ensure the country doesn't return to the penny-wise and pound-foolish benefit cutbacks that caused the retention problems of the 1970s and the 1990s.

Today's reality is that servicemembers and their families are being asked to endure ever-greater workloads and ever-greater sacrifices. Repeated deployments, often near back-to-back, have stressed the force to the point where recruiting is a real concern, and anyone who talks to frustrated military families has to question the credibility of any alleged rosy retention outlook.

In testimony today, The Military Coalition offers its collective recommendations on what needs to be done to address these important issues and sustain long-term personnel readiness.

ACTIVE FORCE ISSUES

The Coalition appreciates the Subcommittee's many actions to help relieve the stress of repeated deployments – end strength increases, bonus improvements, family separation, and danger area pay increases, and more.

From the servicemembers' standpoint, the increased personnel tempo necessary to meet continued and sustained training and operational requirements has meant having to work progressively longer and harder every year. They are enduring longer duty days; increased family separations; cutbacks

in installation services; less opportunity to use education benefits; and significant out-of-pocket expenses with each permanent change of station move.

Intensified and sustained operations in Iraq and Afghanistan are being met by servicemembers' patriotic dedication, but retention must be an increasing concern as 1% of Americans continue to bear the entire burden of national sacrifice in the Global War on Terrorism. Service leaders may tout seemingly high retention figures, but the Coalition cannot reconcile this with the ever-increasing stresses on military families.

Military families have continued to demonstrate their exceptional support of servicemembers' long, recurring deployments; yet, many servicemembers and their families debate among themselves whether the rewards of a service career are sufficient to offset the attendant demands and sacrifices inherent in uniformed service. Unless they see some prospect of near-term respite, many of our excellent soldiers, sailors, airmen and Marines will opt for civilian career choices, not because they don't love what they do, but because their families just can no longer take the stress. High retention simply cannot continue to co-exist with such levels of high operations tempo and family separations, despite the reluctance of some to see anything but rosy scenarios.

The Coalition views with alarm the Defense Department's determination to sacrifice troop levels to pay for weapons systems, with seemingly little regard for the impact these decisions will have on servicemembers and their future retention. The finest weapon systems in the world will be of little use if the Services don't have enough high quality, well-trained people to operate, maintain and support them.

The Coalition believes the "weapons or people" debate is a patently false one – akin to forcing a choice between one's left and right arms.

Pay Raises. Now that the statutory requirement to reduce the relative military "pay gap" has expired, the Coalition is concerned that an Administration looking for ways to cut people costs may seek to reintroduce the failed practice of capping military raises. In the relatively recent past, the Office of Management and Budget advocated capping military pay raises at the level of inflation, rather than restoring comparability with private sector wage growth. The measure of merit with pay raises is not inflation – it's the draw from the private sector. Pay comparability with private sector wage growth is a fundamental underpinning of the all-volunteer force, and it cannot be dismissed without dire consequences for national defense.

When the pay raise comparability gap reached 13.5 percent in 1999 – resulting in predictable readiness crises – this Subcommittee took responsible action to change the law. Thanks to your efforts, the gap has been reduced to 4.4 percent in 2006. But while the Subcommittee recently established private sector wage growth as the statutory standard for future military pay raises, there is no longer any statutory requirement to continue reducing the current comparability gap.

The Subcommittee also has supported previous Department of Defense plans to fix problems within the basic pay table by authorizing special "targeted" adjustments for specific grade and longevity combinations in order to align career servicemembers' pay with private sector earnings of civilians with similar education and experience. Those targeted raises were intended to establish a new pay comparability standard, setting military pay at the 70th percentile of earnings for private workers of

comparable age, experience, and education as recommended by the 9th Quadrennial Review of Military Compensation (QRMC).

In the not-so-distant past, however, the Office of Management and Budget has denied DoD's request to continue targeted raises for career servicemembers – a decision that deeply disappointed the Coalition.

Pay and allowance raises and higher reenlistment bonuses are essential to reduce other significant career irritants, but they can't fix fatigue and lengthy, frequent family separations.

A recent Rand Corporation survey indicated that the higher operations tempo and extended working hours, even when not deployed, are taking a toll on military members and families that will harm retention. Over the long run, experience has shown that time and again that time spent away from the family – whether on deployment or at the home duty station -- is the single greatest retention disincentive. The Military Coalition believes that those who ignore this and argue there is no retention problem are "whistling past the graveyard."

The Military Coalition strongly recommends providing military pay raises that exceed the Employment Cost Index until such time as full military pay comparability has been restored. The Coalition further recommends targeted increases for selected non-commissioned officers/petty officers and warrant officers as needed to attain the 70th-percentile comparability standard.

Maintain Well-funded Family Readiness, Support Structure, and Morale, Welfare and Recreation (MWR) Programs. Today, two-thirds of active duty families and virtually all Guard and Reserve families live off military installations, and more than one-half of these servicemembers are married. A fully funded family readiness program to include financial education and benefit information has never been a more crucial component to the military mission and overall readiness than it is today, especially when military families are coping with the increased deployments and separation.

More needs to be done to "connect" servicemembers and their families with important resources. Military One Source has provided a great start to improve family readiness; however, a more aggressive outreach effort is needed to educate servicemembers and their families on the benefits and programs to which they are entitled. These outreach efforts need to address the unique needs of National Guard and Reserve families to include transitioning to and from active duty status. Traditional delivery systems of "build it and they will come" no longer serve the transforming military community of today that is increasingly non-installation based. More robust outreach delivery systems and programs are called for that can be accessed anywhere and anytime.

Additionally, we cannot forget Public Health Service families as deployments are expected to increase under Public Health Service transformation initiatives. A systematic and integrated family support system will help families cope with deployment stresses and military life demands. Addressing such issues as childcare, spousal employment/education, flexible-spending accounts, increases in SGLI, and other quality of life concerns will go a long way in enhancing family well-being and improving retention and morale of the force.

Because of multiple DoD modernization efforts (global rebasing, Army modularity, and BRAC initiatives) that are occurring simultaneously, TMC is concerned about the synchronization, pace of

planning, implementation timetables, timing of budgets and resource allocations, and the evaluation of the rebasing and BRAC plans. TMC asks Congress to ensure necessary family support/quality of life program dollars are in line with the DoD/Military Services overseas rebasing and BRAC plans. Further, the Coalition urges Congress to insist that support services and infrastructure remain in place at both the closing and the gaining installations, throughout the transition period.

The Coalition appreciates the recent congressional enhancements in military childcare, family readiness, and supportive counseling programs to assist families in dealing with deployments and the return of servicemembers. Family support, Quality of Life, and MWR programs are especially critical to the readiness of our forces and the support of their families during periods of conflict and extended separations. Therefore, the Coalition urges the Subcommittee to block any DOD initiative that withholds, reduces, or eliminates program dollar availability for military beneficiaries. In order for these programs to flourish, they require consistent sourcing, deliberate outreach, and must remain flexible to meet emerging challenges.

The Military Coalition urges Congress to maintain a well-funded family readiness and support structure to enhance family well-being and to improve retention and morale.

The Coalition also asks Congress to highlight and protect the interests of all beneficiaries impacted by overseas rebasing, Army modularity, and BRAC and ensure support services and infrastructure remain in place throughout the entire transition period for all beneficiary populations.

Personnel Strengths. The Coalition has been disappointed at the Defense Department's annual resistance to Congress' repeated offers to permanently increase Service end strength to relieve the stress on today's armed forces. While we are encouraged by the Subcommittee's work to increase Army and Marine Corps end strength and authorizing much needed recruiting and retention bonuses; however, we are deeply concerned that Administration-proposed plans rely too heavily on overly optimistic retention assumptions, overuse of the Guard and Reserves, optimistic scenarios in Southwest Asia, and the absence of new contingency needs.

The Department has indicated that it prefers to "transform" forces, placing non-mission essential resources in core war fighting skills, and transferring certain functions to civilians. However, any such implementation will take a long time while we continue to exhaust our downsized forces.

In addition, the Department is already cutting back even on those plans, proposing to reduce 6 Army National Guard brigades, reduce planned growth in the number of active duty brigades, continue systematic personnel reductions within the Navy, and impose further dramatic reductions in Air Force personnel. Media reports indicate that previous plans to civilianize military positions have been changed, and that substantial numbers of military positions now will simply be eliminated, without civilian replacements – imposing even greater stress on the remaining force.

Force reductions envisioned in the Quadrennial Defense Review are being undertaken not because of any reduction in mission, but simply to free up billions of dollars for weapons programs.

Defense leaders warn that the long-term mission against terrorism will require sustained, large deployments to Central Asia and elsewhere, but the Services are being denied the manpower to meet those requirements without unacceptable impacts on members' and families' quality of life.

If the Administration does not recognize when extra missions exceed the capacity to perform them, Congress must assume that obligation. Deferral of additional meaningful action to address this problem cannot continue without risking serious consequences.

The Military Coalition's concerns in this regard are not limited to the Army and Marine Corps. The DoD Inspector General reported that visits to 14 units found that four units deployed with less than 80 per cent of their senior enlisted war fighting positions filled. According to the report, "personnel in those units were exposed to a higher level of risk for mishap or injury during their deployment." Planned strength reductions can only exacerbate this problem.

The Military Coalition strongly urges sustaining end strengths to meet mission requirements, and opposing force reductions that have the primary purpose of paying for other programs.

Access to Quality Housing. The Military Coalition thanks Congress and the Subcommittee for this past year's provision that provides temporary housing allowance adjustments for military members affected by disasters. Additionally, the Coalition is particularly grateful for the Subcommittee's multi-year effort to raise housing allowances to cover 100% of servicemembers' median housing costs, by grade and location. But the recent achievement of that goal doesn't satisfy the entire housing problem, especially for enlisted members. Fundamental flaws in the standards used to make those calculations remain to be corrected.

The Coalition supports revised housing standards that are more realistic and appropriate for each pay grade. Many enlisted personnel are unaware of the standards for their respective pay grade and assume that their BAH level is determined by a higher standard or by the type of housing for which they would qualify if they live on a military installation. For example, only 1% of the enlisted force (E-9) is eligible for BAH sufficient to pay for a 3-bedroom single-family detached house, even though thousands of more junior enlisted members do, in fact, reside in detached homes. The Coalition believes that as a minimum, this BAH standard (single family detached house) should be extended gradually to qualifying servicemembers beginning in grade E-8 and subsequently to grade E-7 and below over several years as resources allow.

In addition, we urge the Subcommittee to keep close vigilance on two areas that could potentially impact military members and families, housing privatization initiatives and the end of geographic housing rate protection. The Coalition will monitor the impact of these initiatives to ensure increases to occupant costs and housing allowances are applied uniformly and that military personnel accounts remain adequate to ensure servicemembers on average have zero out of pocket costs for housing at the standard for their rank.

The Military Coalition urges correction of military housing standards that inequitably depress BAH rates for mid to senior enlisted members by assuming their occupancy of inappropriately small quarters.

Flexible Spending Accounts. The Coalition cannot comprehend the Defense Department's continuing failure to implement existing statutory authority for active duty and Selected Reserve members to participate in Flexible Spending Accounts (FSAs).

All other federal employees and corporate civilian employees are able to use this authority to save thousands of dollars a year by paying out-of-pocket health care and dependent care expenses with pre-tax dollars. It is unconscionable that the Department has failed to implement this money-saving program for the military members who are bearing the entire burden of national sacrifice in the Global War on Terrorism.

TMC urges the Subcommittee to continue pressing the Defense Department until servicemembers are provided the same eligibility to participate in Flexible Spending Accounts that all other federal employees and corporate employees enjoy.

Permanent Change of Station (PCS) Reimbursement Needs. The Military Coalition is most appreciative of the significant increases in the Temporary Lodging Expense (TLE) allowance authorized for FY 2002 and the authority to raise PCS per diem expenses to match those for federal civilian employees in FY 2003. The Coalition also greatly appreciates the provision in the FY 2004 defense bill to provide full replacement value for household goods lost or damaged by private carriers during government directed moves, but is concerned that the Department of Defense has not yet implemented its "Family First" re-engineering that would allow payment under this provision. The Coalition appreciates this past year's gains and Congress' support by modifying the personal property weight allowances for senior enlisted grades (E-7, E-8 and E-9).

These were significant steps to upgrade allowances that had been unchanged over many years. Even with these changes, servicemembers continue to incur significant out-of-pocket costs in complying with government-directed relocation orders.

For example, PCS mileage rates still have not been adjusted since 1985. The current rates range from 15 to 20 cents per mile – less than half the 2006 temporary duty mileage rate of 44.5 cents per mile for military members and federal civilians. The Military Coalition also supports authorization of a 500-pound professional goods weight allowance for military spouses.

In addition, the overwhelming majority of service families own two privately owned vehicles, driven by the financial need for the spouse to work, or the distance some families must live from an installation and its support services. Authority is needed to ship a second POV at government expense to overseas accompanied assignments. In many overseas locations, families have difficulty managing without a second family vehicle because family housing is often not co-located with installation support services.

With regard to families making a PCS move, members are authorized time off for housing-hunting trips in advance of PCS relocations, but must make any such trips at personal expense, without any government reimbursement such as federal civilians receive. Further, federal and state cooperation is required to provide unemployment compensation equity for military spouses who are forced to leave jobs due to the service member's PCS orders. The Coalition also supports authorization of a dislocation allowance to servicemembers making their final "change of station" upon retirement from the uniformed services.

We are sensitive to the Subcommittee's efforts to reduce the frequency of PCS moves. But we cannot avoid requiring members to make regular relocations, with all the attendant disruptions in their children's education and their spouses' career progression. The Coalition believes strongly

that the Nation that requires military families to incur these disruptions should not be requiring them to bear the resulting high expenses out of their own pockets.

The Military Coalition supports upgrading permanent change-of-station allowances to reflect the expenses members are forced to incur in complying with government-directed relocations.

Dependent Education Needs. Quality education is an instrumental retention tool for DoD – we recruit the member, but retain the family. However, many ongoing initiatives – housing privatization, Service transformation, overseas rebasing, and BRAC – will have a direct impact on the surrounding communities that provide educational programs for our military families. A positive step in the right direction is reflected by the Subcommittee's efforts in the 2006 NDAA that provided increased Impact Aid funding for highly impacted school districts with significant military student enrollment.

The Coalition urges the Subcommittee to continue its priority on mitigating adverse effects of government decisions on military children's education.

Affordability of children's college education is a critical issue for military families. This is of particularly importance for members whose frequent moves cause difficulties in satisfying eligibility requirements for graduation and in-state tuition rates. Some states, but not all, authorize in-state tuition eligibility for servicemembers assigned within the state. A smaller number allows continuation of such eligibility for already enrolled children after the member is reassigned out of the state, recognizing the difficulty of completing a degree during one military assignment. Graduation requirements also vary greatly by state-by-state. Military children or family members often must repeat course work and incur additional costs because school credits do not transfer to another state.

The Coalition urges the Subcommittee to support nationwide in-state tuition eligibility for service families in the state in which the member is assigned or the member's home state of record, and continuity of in-state tuition once established for a military student.

The Coalition also urges support of a nationwide reciprocity standard to allow full transfer of school credits for graduation requirements for service and family members.

The Coalition continues to believe that it would be a powerful career retention incentive to authorize transferability of at least a portion of MGIB benefits to family members for long-serving members who agree to complete a military career.

Montgomery GI Bill (MGIB). Military transformation and rising pressures on the total force point to the need to restructure the MGIB, which Congress intended to support military recruitment as well as transition. The Coalition notes with appreciation that Congress has enacted increases to MGIB benefits for active duty recruits and authorized full access to these benefits during active duty.

However, the "laptop generation" of active duty troops gets reduced MGIB benefits compared to veterans, if they use them on active duty. Fixing this could stimulate greater retention. Moreover, double-digit education inflation is dramatically diminishing the value of MGIB. Despite recent increases, MGIB benefits fall well short of the actual cost of education at a four-year public college

or university. In addition, approximately 63,000 career servicemembers who entered service during the "VEAP" era but declined to enroll in that program (in many cases, on the advice of government education officials) have been denied a MGIB enrollment opportunity.

The Coalition urges the Subcommittee's support for a 21st Century MGIB, with benefit amounts indexed to the cost of a four-year education at a public institution, and no reduction in benefits for education obtained while on active duty.

GUARD AND RESERVE ISSUES

More than a half a million members of the National Guard and Reserve have been mobilized since September 11, 2001, and many thousands more are in the activation pipeline. Today, they face the same challenges as their active counterparts, with a deployment pace greater than at any time since World War II.

Guard/Reserve operational tempo has placed enormous strains on Reservists, their family members, and their civilian employers that were never anticipated by the designers of Guard and Reserve personnel and compensation programs.

The Coalition fully supports the prominent role of the Guard and Reserve forces in the national security equation. However, many Guard and Reserve members are facing increased family stresses and financial burdens under the current policy of multiple extended activations over the course of a Reserve career. Many Reserve component leaders are rightly alarmed over likely manpower losses if action is not taken to relieve pressures on Guard and Reserve troops.

The Coalition believes it is essential to substantively address critical Guard and Reserve personnel, pay, and benefits issues – along with active duty manpower increases – to alleviate those pressures and help retain these qualified, trained professionals.

The Coalition greatly appreciates this Subcommittee's effort to address several Guard and Reserve priorities with the FY 2006 NDAA. Specifically, the Coalition commends the Subcommittee for implementing limited income replacement authority for mobilized members and extending fee-based TRICARE eligibility to all drilling Guard and Reserve members. Still, we believe that more must be done to ensure that Guard and Reserve members' and their families' readiness remains a viable part of our National Security Strategy. It is clear that our country is absolutely dependent on these valuable members of our national military team to meet ongoing readiness requirements.

Guard/Reserve Retirement Age. The fundamental assumption for the Reserve retirement system established in 1947 is that a Reservist has a primary career in the civilian sector. But it's past time to recognize that greatly increased military service demands over the last dozen years have cost tens of thousands of Reservists significantly in terms of their civilian retirement accrual, civilian 401(k) contributions, and civilian job promotions.

DoD routinely relies on the capabilities of the Reserve forces across the entire spectrum of conflict from homeland security to overseas deployments and ground combat. This reliance is not just a trend – it's a central fixture in the national security strategy. DoD, however, has shown little interest adjusting the reserve compensation package to acknowledge this long-term civilian

compensation cost to Guard and Reserve members. Inevitably, civilian career potential and retirement plans will be hurt by frequent and lengthy activations.

The time has come to recognize the reserve retirement system must be adjusted to sustain its value as a complement to civilian retirement programs. The future financial penalties of increased military service requirements are clear, and should not be ignored by the government that imposes them. Failing to acknowledge and respond to the changed environment could have far-reaching, catastrophic effects on reserve participation and career retention.

The Military Coalition urges Congress to reduce the age when a Guard and Reserve member is eligible for retirement pay, particularly for those members who have experienced extended mobilizations.

Transition Assistance Services and Protections. Congressional hearings and media reports have documented that many of the half-million mobilized Guard and Reserve members have not received the transition services they and their families need to make a successful readjustment to civilian status. Needed improvements include, but are not limited to, the following:

- Funding to develop tailored Transition Assistance Program (TAP) services in the hometown area following release from active duty
- Expansion of VA outreach to provide "benefits delivery at discharge" in the hometown setting
- Authority for mobilized Guard and Reserve members to file "Flexible Spending Account" claims with a civilian employer for a prior reporting year after return from active duty
- Authority for employers and employees to contribute to 401(k) and 403(b) accounts during mobilization
- Enactment of academic protections for mobilized Guard and Reserve students, such as academic standing and refund guarantees and exemption from making Federal student loan payments during activation
- Automatic waivers on scheduled licensing/certification/promotion exams scheduled during a mobilization
- Reemployment rights protection for Guard and Reserve spouses who must suspend employment to care for children during mobilization
- Stronger credit protections under the Servicemembers Civil Relief Act

TMC urges funding of tailored 'TAP' services and enactment of stronger economic, financial, academic, health and legal protections for Guard and Reserve members and their families.

"Total Force" Montgomery GI Bill. The nation's active duty, National Guard and Reserve forces are operationally integrated under the Total Force policy. But educational benefits under the MGIB neither reflect that policy nor match benefits to service commitment. TMC is grateful to Congress

for significant increases in active duty MGIB benefits enacted prior to 9/11, but little has been done since then.

For the first 15 years of the MGIB, Reserve MGIB benefits (Chapter 1606, Title 10 USC) maintained almost 50% parity with active duty MGIB benefits. Slippage from the 50% level began following the September 11, 2001 attacks. Today the Guard and Reserve MGIB pays less than 29% of the active duty program. Congress attempted to address the gap by authorizing a new MGIB program (Chapter 1607, Title 10 USC) for Guard and Reserve servicemembers mobilized for more than 90 days in a contingency operation. More than a year after the law was changed, the new "1607" program still has not been implemented. Further, there is no readjustment benefit for MGIB benefits earned by mobilized Reservists. If the benefit is not used during the period of their Reserve service, it is lost. This is a non-benefit at best, and false advertising at worst, when members are effectively precluded from using their MGIB entitlement because of repeated mobilizations.

A "total force" MGIB program is needed to integrate all components of the MGIB under Title 38, benchmark benefits to the average cost of a public college education, and provide equity of benefits for service rendered. A total force approach to the MGIB will better support active and Reserve recruitment programs, readjustment to civilian life and administration of the program.

TMC supports the integration of all elements of the MGIB under Title 38, restoring benefit rates commensurate with service performed, and a post-service eligibility period for Selected Reserve members.

Guard and Reserve Family Support Programs. The increase in Guard and Reserve operational tempo is taking a toll on the families of these servicemembers. These families are routinely called upon to make more and more sacrifices as the global war on terror continues. Reserve component families live in communities throughout the Nation, and most of these communities are not close to military installations. These families face unique challenges in the absence of mobilized members, since they don't have access to traditional family support services enjoyed by active duty members on military installations.

Providing a core set of family programs and benefits that meet the unique needs of these families is essential to meeting family readiness challenges. These programs would promote better communication with servicemembers, specialized support for geographically separated Guard and Reserve families, and training (and back-up) for family readiness volunteers. Such access would include:

- Web-based programs and employee assistance programs such as Military OneSource and GuardFamily.org;
- Enforcement of command responsibility for ensuring that programs are in place to meet the special information and support needs of families of individual augmentees or those who are geographically dispersed
- Expanded programs between military and community religious leaders to support servicemembers and families during all phases of deployments

- The availability of robust preventive counseling services for servicemembers and families and training so they know when to seek professional help related to their circumstances
- Enhanced education for Guard and Reserve family members about their rights and benefits
- Innovative and effective ways to meet the Guard and Reserve community's needs for occasional child care, particularly for preventive respite care, volunteering, and family readiness group meetings and drill time
- A joint family readiness program to facilitate understanding and sharing of information between all family members, no matter what the service

TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with these support programs.

OVERSEAS REBASING, BASE REALIGNMENT AND CLOSURE (BRAC) ISSUES

Thousands military members and families will be under great stress in the months and years ahead as a result of rebasing, closure, and transformation actions. But the impact extends beyond the active duty personnel currently assigned to the affected installations. The entire local community – school districts, chambers of commerce, Guard/Reserve, retirees, survivors, civil servants, and others – experiences the traumatic impact of a rebasing or closure action. Jobs are lost or transferred, installation support facilities are closed, and beneficiaries who relied on the base for support are forced to search elsewhere.

The Coalition urges the Subcommittee to ensure rebasing plans are not executed without ensuring full support is available to families as long as they are present at losing installations and before they arrive at gaining installations. The critical family support/quality of life programs include MWR, childcare, exchanges and commissaries, housing, health care, education, family centers, and other traditional support programs.

The Coalition will actively be engaged in ensuring the implementations of the 2005 BRAC recommendations, Service transformation initiatives, Global Repositioning, and Army modularity initiatives not only take each beneficiary community into consideration, but also to advocate for beneficiaries significantly impacted by these initiatives.

The Military Coalition urges the Subcommittee to monitor the implementation of rebasing, BRAC, and Service Transformation initiatives to ensure protection of support services for all military members and their families.

SURVIVOR PROGRAM ISSUES

The Coalition thanks the Subcommittee for past support of improvements to the Survivor Benefit Plan (SBP), especially the FY 2005 Defense Authorization Act provision that will phase out the SBP age-62 benefit reduction in the next two years. This victory for military survivors is a major step forward in addressing long-standing survivor benefits inequities.

But two serious SBP inequities remain to be addressed and the Coalition hopes that this year the Subcommittee will be able to support ending the SBP-DIC offset and moving up the effective date for paid-up SBP to October 1, 2006.

SBP-DIC Offset. The Coalition was extremely disappointed that House and Senate conferees failed to make at least some progress in the FY2006 Defense Authorization Act to ease the unfair law that reduces military Survivor Benefit Plan (SBP) annuities by the amount of any survivor benefits payable from the VA Dependency and Indemnity Compensation (DIC) program.

Under current law, the surviving spouse of a retired member who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs. If the military retiree was also enrolled in SBP, the surviving spouse's SBP benefits are reduced by the amount of DIC (about $1,000 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. The offset also affects all survivors of members who are killed on active duty. There are approximately 60,000 military widows/widowers affected by the DIC offset.

The Coalition believes SBP and DIC payments are paid for different reasons. SBP is purchased by the retiree and is intended to provide a portion of retired pay to the survivor. DIC is a special indemnity compensation paid to the survivor when a member's service causes premature death. In such cases, the VA indemnity compensation should be added to the SBP the retiree paid for, not substituted for it. It's also noteworthy as a matter of equity that surviving spouses of federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their purchased federal civilian SBP benefits.

In the case of members killed on active duty, a surviving spouse with children can avoid the dollar-for-dollar offset only by assigning SBP to the children. But that forces the spouse to give up any SBP claim after the children attain their majority – leaving the spouse with only a $1,000 monthly annuity from the VA. Military members whose service costs them their lives deserve fairer compensation for their surviving spouses.

The Military Coalition strongly supports legislation to repeal the SBP-DIC offset introduced by Sen. Nelson (D-FL) (S. 185) and Rep. Brown (R-SC) (H.R. 808), respectively. Enactment remains a top Coalition goal for 2006.

30-Year Paid-Up SBP. Congress approved a provision in the FY 1999 Defense Authorization Act authorizing retired members who had attained age 70 and paid SBP premiums for at least 30 years to enter "paid-up SBP" status, whereby they would stop paying any further premiums while retaining full SBP coverage for their survivors in the event of their death. Because of cost considerations, the effective date of the provision was delayed until October 1, 2008.

As a practical matter, this means that any SBP enrollee who retired on or after October 1, 1978 will enjoy the full benefit of the 30-year paid-up SBP provision. However, members who enrolled in SBP when it first became available in 1972 (and who have already been charged higher premiums than subsequent retirees) will have to continue paying premiums for up to 36 years to secure paid-up coverage.

The Military Coalition is very concerned about the delayed effective date, because the paid-up SBP proposal was initially conceived as a way to grant relief to those who have paid SBP premiums

from the beginning. Many of these members entered the program when it was far less advantageous and when premiums represented a significantly higher percentage of retired pay. In partial recognition of this problem, SBP premiums were reduced substantially in 1990, but these older members still paid the higher premiums for up to 18 years. The Coalition believes strongly that their many years of higher payments warrant at least equal treatment under the paid-up SBP option, rather than forcing them to wait four more years for relief, or as many retirees believe, waiting for them to die off.

By October 2006, a 1972 retiree already will have paid 25 percent more SBP premiums than a 1978 retiree will ever have to pay. Without legislative relief, those 1972 enrollees who survive until 2008 will have to pay 34 percent more than their 1978 counterparts.

We hope that, with only two years remaining before the change becomes law anyway, Congress will provide at least this last modest measure of relief to "Greatest Generation" retirees who already have paid far more than their fair share of SBP premiums.

The Military Coalition recommends a two-year acceleration of the implementation date for paid-up SBP coverage, so that it takes effect on October 1, 2006.

Final Retired Pay Check. The Military Coalition believes the policy requiring recovery of a deceased member's final retired pay check from his or her survivor should be changed to allow the survivor to keep the final month's retired pay payment.

Current regulations require the survivor to surrender the final month of retired pay, either by returning the outstanding paycheck or having a direct withdrawal recoupment from his or her bank account. In most cases, the latter method is used, which often imposes a sudden, severe and unexpected financial hardship on the survivor.

The Coalition believes this is an inappropriate and insensitive policy, coming at the most difficult time for a deceased member's next of kin. Unlike his or her active duty counterpart, the survivor of a retiree receives no death gratuity to assist with transition expenses. Many older retirees have been able to provide little or no financial cushion for surviving spouses in the case of a sudden demise. Very often, the surviving spouse already has had to spend the final retirement check/deposit before being notified by the military finance center that it must be returned. Then, to receive the partial month's pay of the deceased retiree up to the date of death, the spouse must file a claim for settlement – an arduous and frustrating task, at best – and wait for the military's finance center to disburse the payment. Far too often, this takes extended time and strains the surviving spouse's ability to meet the immediate financial obligations in the wake of the death of the average family's "bread winner."

The Military Coalition urges Congress to allow survivors of retirees to retain the full month's retired pay for the month in which the retired member dies.

RETIREMENT ISSUES

The Military Coalition is grateful to the Subcommittee for its historical support of maintaining a strong military retirement system to help offset the extraordinary demands and sacrifices inherent in a career of uniformed service.

Concurrent Receipt. The Military Coalition applauds the progress the Subcommittee has made in recent years to expand Combat-Related Special Compensation to all retirees with combat-related disabilities and authorize concurrent receipt of retired pay and veterans' disability compensation for retirees with disabilities of at least 50 percent.

While the concurrent receipt provisions enacted by Congress benefit tens of thousands of disabled retirees, an equal number are still excluded from the same principle that eliminates the disability offset for those with 50 percent or higher disabilities. The fiscal challenge notwithstanding, the principle behind eliminating the disability offset for those with disabilities of 50 percent is just as valid for those with 40 percent and below, and the Coalition urges the Subcommittee to be sensitive to the thousands of disabled retirees who are excluded from current provisions.

We recognized that many in Congress are looking to the Veterans Disability Benefits Commission for recommendations on this issue, and the Coalition fully expects the Commission will validate the principle that a military retiree should not forfeit any portion of earned retired pay simply because he or she also had the misfortune of incurring a service-connected disability.

But we are concerned that the recent one-year extension of the Commission's work can only delay an equitable outcome further. In the meantime, we believe action is needed on at least two critical areas on which we believe there should be little question as to their propriety.
As a priority, the Coalition asks the Subcommittee to consider those who had their careers cut short solely because they became disabled by combat, or combat-related events, and were forced into medical retirement before they could complete their careers.

Under current law, a member who is shot in the finger and retires at 20 years of service with a 10-percent combat-related disability is rightly protected against having that disability compensation from his or her earned retired pay.

But a member who is shot through the spine, becomes a quadriplegic and is forced to retire with 19 years and 11 months of service, suffers full deduction of VA disability compensation from his or her retired pay. This is grossly inequitable.

For chapter 61 (disability) retirees who have more than 20 years of service, the government recognizes that part of that retired pay is earned by service, and part of it is extra compensation for the service-incurred disability. The added amount for disability is still subject to offset by any VA disability compensation, but the service-earned portion (at 2.5% of pay times years of service) is protected against such offset.

The Coalition believes strongly that a member who is forced to retired short of 20 years of service because of a combat disability must be "vested" in the service-earned share of retired pay at the same 2.5% per year of service rate as members with 20+ years of service, as envisioned in H.R. 1366. This would avoid the "all or nothing" inequity of the current 20-year threshold, while recognizing that retired pay for those with few years of service is almost all for disability rather than for service and therefore still subject to the VA offset.

The Coalition urges the Subcommittee to expand Combat-Related Special Compensation to members who were medically compelled to retire short of 20 years of service solely because of their combat-incurred disabilities, as envisioned in H.R. 1366.

The Coalition also believes the Subcommittee recognizes the inequity of the current situation in which members paid as 100% disabled retirees by virtue of being designated by the VA as "unemployable" face significant discrimination. For purposes of Combat-Related Special Compensation, they suffer no disability offset, but those with non-combat disabilities – alone among all other 100%-disabled retirees – must wait many more years to see this inequity end.

In the FY2006 Defense Authorization Act, Congress reduced their 10-year wait to 6 years, and the Coalition doesn't want to appear ungrateful for that progress. However, we are extremely disappointed and perplexed that such blatant and unwarranted discrimination may be allowed to continue for three more years.

The Coalition urges the Subcommittee to end the disability offset to retired pay immediately for otherwise-qualifying members rated as "unemployable" by the VA.

Former Spouse Issues. The Military Coalition recommends corrective legislation to eliminate inequities in the Uniformed Services Former Spouse Protection Act (USFSPA) that were created through years of well-intended, piecemeal legislative action initiated outside the Subcommittee.

The Coalition supports recommendations in the Department of Defense's September 2001 report, which responded to a request from this committee for an assessment of USFSPA inequities and recommendations for improvement. The DoD recommendations to allow the member to designate multiple survivor benefit plan beneficiaries would eliminate the current unfair restriction that denies any SBP coverage to a current spouse if a former spouse is covered, and would allow dual coverage in the same way authorized by federal civilian SBP programs.

The Coalition also supports DoD recommendations to require the Defense Finance and Accounting Service (DFAS) to make direct payments to the former spouses, regardless of length of marriage; require DFAS to deduct SBP premiums from the uniformed services retired pay awarded to a former spouse if directed by a court order; and permit a former spouse to waive SBP coverage.

Also, DoD recommends basing prospective award amounts to former spouses on the member's grade and years of service at the time of divorce – rather than at the time of retirement. The Coalition supports this proposal, recognizing that a former spouse should not receive increased retired pay that is realized from the member's service and promotions earned after the divorce.

The Coalition believes that, at a bare minimum, the Subcommittee should approve those initiatives that have the consensus of all military and veterans' associations. The Coalition would be pleased to work with the Subcommittee to identify and seek consensus on other measures to ensure equity for both servicemembers and former spouses.

The Military Coalition urges legislation to eliminate inequities in the USFSPA.

CONCLUSION

The Military Coalition reiterates its profound gratitude for the extraordinary progress this Subcommittee has made in advancing a wide range of personnel and health care initiatives for all uniformed services personnel and their families and survivors in recent years. The Coalition is eager to continue its work with the Subcommittee in pursuit of the goals outlined in our testimony. Thank you very much for the opportunity to present the Coalition's views on these critically important topics.

Biography of Colonel Steven P. Strobridge, USAF (Retired)
Director, Government Relations, Military Officers Association of America; and
Co-Chairman, The Military Coalition

Steven P. Strobridge, a native of Vermont, was born April 3, 1947. A 1969 ROTC graduate from Syracuse University in Syracuse, NY, he was called to active duty in October 1969.

From October 1969 to October 1972, he served in the Air Force Basic Military School as a training officer and basic training squadron commander at Lackland AFB, TX. Beginning October 1972, he served a one-year assignment at Nakhon Phanom RTAFB, Thailand, as Supply Squadron Section Commander, then was transferred to Pope AFB, NC, for a three-year assignment as a military personnel officer.

From January 1977 to July 1981, he served at the Pentagon as a compensation and legislation analyst in the Entitlements Division of the Air Force's Directorate of Personnel Plans. While in this position, he researched and developed legislation on military pay comparability, military retirement and Survivor Benefit Plan issues.

In 1981, he attended the Armed Forces Staff College in Norfolk, VA, en route to a January 1982 transfer to Ramstein AB, Germany. Following assignments as Chief, Officer Assignments and Assistant for Senior Officer Management at HQ, U.S. Air Forces in Europe, he was selected to attend the National War College at Fort McNair, DC in 1985.

Transferred to the Office of the Secretary of Defense upon graduation in June 1986, he served as Deputy Director and then as Director, Officer and Enlisted Personnel Management. In this position, he was responsible for establishing DoD policy on military personnel promotions, utilization, retention, separation and retirement.

In June 1989, he returned to Headquarters USAF as Chief of the Entitlements Division, assuming responsibility for Air Force policy on all matters involving pay and entitlements, including the military retirement system and survivor benefits, and all legislative matters affecting active and retired military members and families.

He retired from that position on January 1, 1994 to become MOAA's Deputy Director for Government Relations.

In March 2001, he was appointed as MOAA's Director of Government Relations and also was elected Co-Chairman of The Military Coalition, an influential consortium of 35 military and veterans associations.

Colonel Strobridge's military decorations include the Defense Superior Service Medal, the Legion of Merit, the Meritorious Service Medal with two oak leaf clusters, the Air Force Commendation Medal with oak leaf cluster, and the Vietnam Campaign Medal with bronze service star.

DOCUMENTS SUBMITTED FOR THE RECORD

APRIL 6, 2006

Statement of
Reserve Officers Association of the United States
On Pay and Compensation

For the

Subcommittee on Personnel
House Armed Services Committee
United States House of Representatives

April 4, 2006

"Serving Those Who Serve™"

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The Reserve Officers Association of the United States (ROA) is a professional association of commissioned and warrant officers of our nation's seven uniformed services, and their spouses. ROA was founded in 1922 during the drawdown years following the end of World War I. It was formed as a permanent institution dedicated to National Defense, with a goal to teach America about the dangers of unpreparedness. When chartered by Congress in 1950, the act established the objective of ROA to: "...support and promote the development and execution of a military policy for the United States that will provide adequate National Security." The mission of ROA is to advocate strong Reserve Components and national security, and to support Reserve officers in their military and civilian lives.

The Association's 75,000 members include Reserve and Guard Soldiers, Sailors, Marines, Airmen, and Coast Guardsmen who frequently serve on Active Duty to meet critical needs of the uniformed services and their families. ROA's membership also includes officers from the U.S. Public Health Service and the National Oceanic and Atmospheric Administration who often are first responders during national disasters and help prepare for homeland security. ROA is represented in each state with 55 departments plus departments in Latin America, the District of Columbia, Europe, the Far East, and Puerto Rico. Each department has several chapters throughout the state. ROA has more than 450 chapters worldwide.

ROA is a member of The Military Coalition where it co-chairs the Tax and Social Security Committee. ROA is also a member of the National Military/Veterans Alliance. Overall, ROA works with 75 military, veterans and family support organizations.

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Reserve Officers Association is a private, member-supported, congressionally chartered organization. Neither ROA nor its staff receive, or have received, grants, sub-grants, contracts, or subcontracts from the federal government for the past three fiscal years. All other activities and services of the Association are accomplished free of any direct federal funding.

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INTRODUCTION

Mr. Chairman and distinguished members of the Senate Armed Services Committee, on behalf of its 75,000 members, the Reserve Officers Association thanks the committee for the invitation and opportunity to submit testimony on military pay and compensation issues.

ROA applauds the ongoing efforts by Congress to address recruiting and retention as evidenced by several provisions included in the FY2006 National Defense Authorization Act (NDAA). Further increase in bonus authorities for Active and Reserve Components were passed as well as an across the board pay raise of 3.1 percent. Thank you for also recognizing that foreign language proficiency is a skill that takes 365-days of a year to maintain.

EXECUTIVE SUMMARY

The Reserve Officers Association CY-2006 Legislative Priorities are:

- Full funding of equipment and training requirements for the National Guard and Reserves.

- Providing adequate resource and authorities to support the current recruiting and retention requirements of the National Guard and Reserves.

Issues supported by the Reserve Officers Association are:

Changes to retention policies:

- Continue support incentives for affiliation, reenlistment, retention and continuation in the Reserve Component (RC).
- Allow RC bonus payments through 20 years of service.
- Permit service beyond the current ROPMA limitations.
- Ensure that new non-prior servicemembers, who are over 40 years of age, are permitted to qualify for non-regular retirement.
- Continue to improve legislation on reducing the RC retirement age.
- Permit mobilized retirees to earn additional retirement points.

Pay and Compensation:

- Seek differential pay for federal employees.
- Remove the 90-point inactive point ceiling for the duration of the Global War on Terrorism and other contingencies.
- Provide professional pay for RC medical professionals.
- Eliminate the 1/30th rule for Aviation Career Incentive Pay, Career Enlisted Flyers Incentive Pay, Diving Special Duty Pay, and Hazardous Duty Incentive Pay.
- Simplify the Reserve duty order system without compromising drill compensation.
- Seek hearings on DFAS debt collect on overpayment to serving members.

Education:

- Include 4-year reenlistment contracts to qualify for MGIB-SR.
- Continue MGIB of Reservists who are involuntarily transferred from pay to non-pay and continue to maintain qualifying years.

Spouse Support:

- Repeal the SBP-Dependency Indemnity Clause (DIC) offset.

Only issues needing additional explanation are included below. Self-explanatory or issues covered by other testimony will not be elaborated upon, but ROA can provide further information if requested.

PAY AND COMPENSATION DISCUSSION

Cost of a Reserve Component Member: Attention is being focused on the personnel costs of maintaining a military force. The Reserve Component (RC) remains a cost effective means for meeting operational requirements. Most pay and benefits are given on a participating basis only. The tooth-to-tail ratio is better in the Guard and Reserve than it is on Active duty. There are savings because the infrastructure and overhead costs are far less in the Reserve Component.

Retirement costs are also typically only one-fourth of an active duty retirement. Health care costs have been improved yet are supported by cost sharing from Reservists with full TRICARE benefits only starting at age 60.

While much has been made of the non-pay benefits provided to military members, the return on investment for a RC member is an offset to the non-pay compensation of RC. The military profits from the civilian employment training and personal experience that is brought into the military from the private sector.

Creative thinking and innovation and have long been a historical contribution by Reservists to the military. Business and management techniques are also an additional benefit. For example, the Pentagon is relying on Reservists to introduce "Lean Sigma Six" into the Department of Defense, which is reducing consultant costs and speeding-up business transformation within DoD.

Effective use of the Guard and Reserve is not simply an issue of idealism. It is also about money and fundamental national policy. The cost of each service's Reserve Component before mobilization is about five percent of that Service's budget, making the National Guard and Reserve a way for the country to meet its manpower requirements in times of great need at a fraction of the cost of maintaining a much larger full-time volunteer force.

Efforts to compare day-to-day costs between Active and Reserve members are wasted. Costing is a challenge, annual duration is nebulous, and generated numbers

are comparing apples to oranges. It is intuitively obvious that an all-volunteer Active duty force is expensive to maintain, where the Reserve is a budget balancer.

The United States has been able to augment our armed forces with more than a million members of the Guard and Reserve who are capable of conducting combat operations side-by-side with the Active Component in every service.

This augmentation has bought the Pentagon time to implement a transformation and rebalancing of the Active Duty Force. With a capable Reserve Component when the Global War on Terrorism (GWOT) began, the U.S. was also able to continue fielding an all-volunteer force which was intended to provide national security as a peacetime, inter-war force.

In the GWOT, we are fighting the first truly sustained conflict with our all-volunteer force, and we are doing so without recourse to a draft because of the 500,000 men and women of the National Guard and Reserves who have surged to the battlefront to augment and reinforce our active forces. Keeping both components of that force together for future service requires a sustained recruiting and retention effort, which requires the appropriate pay and compensation.

PROPOSED LEGISLATION

ROA crafted this year's testimony to address issues to support recruiting, retention and incentives to encourage mobilization. Consideration has been given to budget concerns and the acknowledgement that there could be non-pay solutions.

Retirement: Four years ago, members in Congress first proposed legislation to lower the retirement age. In the first half of the 109th Congress, the Senate offered this legislation as an amendment to the National Defense Authorization Act, only to have it removed during conference.

Twelve proposals for early retirement were introduced in CY2006. Eight are for early retirement for Reservists at age 55, two were for a tiered reduction of one year for every two years served over 20 years of service, and the last was three months reduction in the retirement age for every 90 days in support of a contingency operations.

ROA recognizes the expense of the Age 55 proposals. This would be an all-inclusive, increase in retirement and health care costs at another 33 percent, and provide little incentive besides patriotism and professionalism to serve beyond 20 years.

The tiered system rewards senior enlisted and officer leadership that are now permitted longer tenure than middle-grade leaders. ROA could support this concept if the current ROMPA limitations for officers (O-3 and above) and higher tenure policy for enlisted (E-5 and above) were changed to permit optional service up to 30 years for serving Reservists without penalty for non-promotion.

Basing earlier retirement on mobilization in support of contingency orders after 9/11 excludes numerous individuals who have supported the GWOT under different types of orders, and others who are providing contributing support that permits Active duty personnel to be deployed. It also overlooks the fact that the Army has been recalling Reservists since 1995, and the Air Force, Navy and Marines since 1997. The National Guard has provided a security force in the Sinai as early as 1994.

1. **ROA proposes an early retirement plan that is based on accruement of retirement points.** Early retirement should not be based on the type of service, but on the aggregate of duty. It shouldn't matter if a member's contributions were paid or non-paid; on inactive duty or active duty for training, special works or for mobilization.

RC members earn one point toward retirement for each Reserve training drill. They can also earn one point for every day of active duty performed. An Active Duty year is measured as 360 points.

As the average Reservist retires with 24 years, ROA modeled a retirement base on that number of years of service. In addition, an assumption was made that a Reserve Component norm would be 4 years of active duty before affiliation in the RC. A matrix was developed using an 85-point year for inactive years. Points equated to 360 points (x) 4 years (+) 85 points (x) 20 years equals 3,140 points (+) 1 year of Active Duty or 3415 points to qualify for earlier retirement at age 59. For every additional year of active duty, the RC member can "buy down" his or her retirement by another year.

As Dr. David S.C. Chu, Under Secretary of Defense for Personnel and Readiness, has sent a 40-year pay chart to Congress for approval, ROA further modified its retirement matrix by multiplying 85 points (x) 40 years with 3,400 points becoming the early retirement threshold. If a non-prior service RC member can complete 40 years of service without any active duty, they deserve an earlier retirement by at least a year. To meet the minimum, a RC member would have served an equivalent of 9.5 years on Active duty.

ROA proposes the following table, which delineates ranges for earlier retirement.

Eligible Retirement Age	Pts Range
60	3,399 or below
59	3,400-3,674
58	3,675-3,949
57	3,950-4,224
56	4,225-4,499
55	4,500 or above

This approach provides the Guard or Reserve members with an element of personal control to determine when they retire and will encourage increased frequency of service and service beyond 20 years. Appendix "A" is the complete matrix proposed by ROA.

2. **With changes in the maximum recruitment age, ROA urges Congress to ensure that new non-prior servicemembers, who are over 40 years old, are permitted to qualify for non-regular retirement.** This would require a re-evaluation of the mandatory age maximum that is currently set at 60 years for O-6s/E-9s and below. Too often skilled civilians are recruited into the Reserves, only to learn that they don't have enough time in service to earn a non-regular retirement.

3. An additional problem has arisen for O-4 officers who, after a break in service, have returned to the Reserve Component. After being encouraged to return a number of officers find they are not eligible for non-regular retirement. When reaching 20 years of service they find they have only 15 good federal years. Current policy allows these individuals to have 24 years of commissioned time to earn 20 good federal years.
ROA urges Congress to make changes to allow O-4s with 14 to 15 good federal years to remain in the Reserve until they qualify for non-regular retirement.

4. Because of the nature of GWOT and that it will be "the long war," the uniformed services are turning to the retired ranks for special skill sets that are in high demand. Under current law, if an individual is recalled for less than two years, no adjustment to pay charts will be made.
ROA encourages Congress to develop pay incentives for both retired active and "gray area" Reservists who return to Active duty to recognize their special service.

Pay and Compensation:

1. *Differential Pay for Federal Reservists*: The federal government is one of the largest employers of Guard and Reservists. While it asks private employers to support deployed employees and praises employers who pay the differential between civilian and military salaries, the federal government does not have a similar practice. It should be setting the example. Federal pay differential should be viewed as a no cost benefit, as this pay has been budgeted to federal agencies before the individual Guard or Reserve member is recalled. As the pay differential will be less that the budgeted pay, there will be a net savings. Because of this, ROA feels that each federal agency, and not the Department of Defense, should pay this differential.
ROA urges Congress to enact legislation that would require a federal agency to pay the difference between the federal government civilian and military pays of its Reservist-employees who are mobilized.

2. *Removal of the 90-point ceiling on inactive points*: Guard and Reserve members are serving more inactive duty days than required as the minimum. Many units need added days of support that exceed the authorized levels for paid drill. Senior officers and enlisted are putting in additional administrative time to support Reserve units or active gaining command. Additional requirements exist for professional leadership training that is not accounted for in the regular schedule. During the GWOT, the ceiling limit should be removed from accruing inactive points.
ROA urges Congress to remove the 90-point inactive point ceiling for the duration of the Global War on Terrorism and during other contingencies.

3. *Defense Finance and Accounting Service Defaults*: Young men and women are returning from the Global War on Terrorism to find their lives in ruin. This is not because of life handicapping wounds or posttraumatic stress disorder, but because disbursing mistakes are being made during their deployment. While Reservists are protected under USERRA from civilian creditors, the federal government through DFAS is aggressively pursuing returning service members for reimbursement for errors that appear to have caused overpayment. The consequences of non-payment can affect credit ratings, security clearances, and future employment of these individuals.

Private collection agencies are being hired to hound service members. ROA is concerned that DFAS is turning over confidential information, such as name, address, social security number, and the name of one's civilian employer to private companies.
ROA feels there is a need for Congressional hearings to examine this recovery procedure and to talk to servicemembers whose lives have been impacted by the collection process.

Education:

1. *Montgomery "GI" Bill-Selected Reserve (MGIB-SR):* To assist in recruiting efforts for the Marine Corps Reserve and the other uniformed services, **ROA urges Congress to reduce the obligation period to qualify for MGIB-SR** (Section 1606) from six years in the Selected Reserve to four years in the Selected Reserve plus four years in the Individual Ready Reserve, thereby remaining a mobilization asset for eight years.

2. *Extending MGIB-SR eligibility:* Because of funding constraints, no Reserve Component member will be guaranteed a full career without some period in a non-pay status. Whether attached to a unit or as an individual mobilization augmentee, this status represents periods of drilling without pay. BRAC realignments are also restructuring the RC force and reducing available paid billets.

Under current law individuals who are no longer in paid billets lose their MGIB-SR benefit. **ROA urges Congress to change the law to continue MGIB-SR of Reservists who are involuntarily transferred from pay to non-pay status and continue to maintain qualifying years.**

CONCLUSION

ROA reiterates its profound gratitude for the progress in providing parity on pay and compensation between the Active and Reserve Components, yet the sub-committee also understands the difference in service between the two components.

ROA looks forward to working with the personnel sub-committee where we can present solutions to these and other issues, and offers our support in anyway.

Appendix "A"
ROA's Retirement Matrix

Years of Service

DRILL Pts	20	22	24	26	28	30	32	34	36	38	40
No Prior AD	1700	1870	2040	2210	2380	2550	2720	2890	3060	3230	3400
1 year AD	1975	2145	2315	2485	2655	2825	2995	3165	3335	3505	3675
2 year AD	2250	2420	2590	2760	2930	3100	3270	3440	3610	3780	3950
3 year AD	2525	2695	2865	3035	3205	3375	3545	3715	3885	4055	4225
4 year AD	2800	2970	3140	3310	3480	3650	3820	3990	4160	4330	4500
5 year AD	3075	3245	3415	3585	3755	3925	4095	4265	4435	4605	4775
6 year AD	3350	3520	3690	3860	4030	4200	4370	4540	4710	4880	5050
7 year AD	3625	3795	3965	4135	4305	4475	4645	4815	4985	5155	5325
8 year AD	3900	4070	4240	4410	4580	4750	4920	5090	5260	5430	5600
9 year AD	4175	4345	4515	4685	4855	5025	5195	5365	5535	5705	5875
10 year AD	4450	4620	4790	4960	5130	5300	5470	5640	5810	5980	6150
11 year AD	4725	4895	5065	5235	5405	5575	5745	5915	6085	6255	6425
12 year AD	5000	5170	5340	5510	5680	5850	6020	6190	6360	6530	6700
13 year AD	5275	5445	5615	5785	5955	6125	6295	6465	6635	6805	6975
14 year AD	5550	5720	5890	6060	6230	6400	6570	6740	6910	7080	7250
15 year AD	5825	5995	6165	6335	6505	6675	6845	7015	7185	7355	7525
16 year AD	6100	6270	6440	6610	6780	6950	7120	7290	7460	7630	7800

AD = Active Duty

Eligible Retirement Age

60
59
58
57
56
55

STATEMENT
BY
CMSGT (RET.) JAMES E. LOKOVIC
DEPUTY EXECUTIVE DIRECTOR AND
DIRECTOR, MILITARY AND GOVERNMENT RELATIONS
AIR FORCE SERGEANTS ASSOCIATION

FOR THE
HOUSE COMMITTEE ON ARMED SERVICES
PERSONNEL SUBCOMMITTEE

FY 2007 DEFENSE PRIORITIES FOR THOSE SERVING AND WHO HAVE SERVED OUR NATION

April 4, 2006

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CURRICULUM VITAE

CMSgt (Ret.) James E. Lokovic is the Deputy Executive Director and Director of Military and Government Relations of the Air Force Sergeants Association (AFSA). Reporting to the Executive Director, he serves as AFSA's representative on legislative matters to the White House, Congress, DoD, Air Force, other government agencies, and other associations. In regularly testifying before Congress and as one of AFSA's registered lobbyists, he represents the active and retired enlisted members of all components of the Air Force on Capitol Hill, and is AFSA's primary liaison to the office of the Chief Master Sergeant of the Air Force. He has served with AFSA since completing a 25-year Air Force career in 1994.

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Air Force Sergeants Association (AFSA) does not currently receive, nor has the association ever received, any federal money for grants or contracts. All of the association's activities and services are accomplished completely free of any federal funding.

Mr. Chairman and distinguished Subcommittee members, on behalf of the 130,000 members of the Air Force Sergeants Association, thank you for this opportunity to offer the views of our members on the FY 2007 priorities of the Department of Defense. The Air Force Sergeants Association represents Active Duty, Guard, Reserve, retired, and veteran enlisted Air Force members and their families. This hearing will address issues critical to those serving and who have served our nation. We will address the matter of military health care at another time.

Mr. Chairman, your efforts towards improving the quality of the lives of military members has made a real difference, and our members are grateful. Indeed, had this Subcommittee not taken its various positive actions over the years, a military existence would be extremely Spartan, the lives of military families would be far less satisfying, and the ability of this nation to recruit and retain members would simply be untenable. This Subcommittee is the custodian and the guarantor of the quality of the lives of military members and their families; and we take every opportunity to make sure our members understand that.

In this statement, I will list several specific goals that we hope this committee will pursue for FY 2007 on behalf of current and past enlisted members and their families. During the statement, I will use the term "enlisted" and "noncommissioned" interchangeably. The content of this statement reflects the views of our members as they have communicated them to us. As always, we are prepared to present more details and to discuss these issues with your staff.

COMPENSATION AND PERMANENT-CHANGE-OF-STATION (PCS) ISSUES

Senior NCO Pay Targeting. AFSA urges the Subcommittee to consider further pay targeting toward the senior noncommissioned ranks. These members are critical to the success of the military mission, and their roles and responsibilities have increased significantly in recent years. It is no exaggeration to state the many jobs formerly handled by commissioned officers are now handled by senior enlisted members.

In 1999, the Subcommittee recognized the ever-growing civilian-military pay gap, citing the gap at 13.5 percent. You immediately took action, realizing the need to maintain a quality all-volunteer force by mitigating a situation that was, no doubt, affecting recruiting and retention. Thanks to the work of the Subcommittee and subsequent adjustment to the military pay-raise formula, tying military pay to the Employment Cost Index and the raises that ensued, the gap has now been closed to a reported 4.4 percent.

Along with the overall pay formula adjustment came the recognition that both pay charts (officer and noncommissioned) needed to be readjusted due to variations and rounding over time, and the changing roles and responsibilities of the various rank groupings in each military service. This Subcommittee's action has taken a large step toward recognizing the increased role of senior NCOs, and for that we are also grateful.

However, more work needs to be done to achieve a closer balance of pay-vs-responsibility. In that sense, we hope the Subcommittee will continue looking at further targeted pay increases for senior NCOs. The goal should be to follow the recommendations of the 9th Quadrennial Review of Military Compensation that military pay should be set at the 70th percentile of earnings for private workers of comparable age, experience, and education.

Again, this Subcommittee has shown a great openness to objectively address the matter of military pay standards and the balance of the pay levels among the various military grades. ***AFSA urges the Subcommittee to once again take a close look at the pay charts and consider further pay targeting for senior noncommissioned officers.***

Standard Reenlistment Bonus. Each time military members reenlist, they commit to subjecting themselves to unlimited liability--putting their lives at risk, if need be, to defend the interests of this nation. These unique citizens are choosing to devote a significant portion of their days on Earth to freedom.

Despite our understanding that the current reenlistment bonus structure is strictly a force manipulation mechanism to adequately man hard-to-fill jobs, enlisted service members view the matter from a more-human, equity perspective. They see people they work side-by-side with getting large bonuses for jobs that may be relatively easier—while they get nothing. We believe that a standard reenlistment bonus for each reenlistment would send a clear signal to every military member that their added service is of great value to this nation, and that it would promote retention. AFSA urges the Subcommittee to ***consider a standard reenlistment bonus each time military members extend their military commitment.***

Reform the Basic Allowance for Housing (BAH) System. ***DoD's current BAH methodology is absolutely unfair to enlisted members.*** Those in the lower ranks are assigned a square-footage standard (regardless of their family status) which is used to determine what local properties are included in a housing survey to determine the various levels of BAH paid. The surveyed properties for lower-ranking service members, therefore, are very small apartments—generally the type that do not appreciate in value at the same rate as the properties surveyed for higher-ranking military members. Therefore, as each new survey is conducted, those receiving the highest levels receive even greater amounts, while the lower ranking members do not see such appreciation nor BAH increases.

The BAH system was certainly designed to support the quality-of-life of those holding the highest ranks in our military. We are not in any way referencing the propriety of higher pay of commissioned versus enlisted members. That is, of course, proper. In this case, however, we are referring to the well-being of enlisted members and their families in an area that should be the same for officers and noncommissioned members. ***Therefore, AFSA urges the Subcommittee to take a serious look at***

reforming the BAH system to protect the well-being of noncommissioned military members.

Tax Exemption for Health Care and Child Care Fees. Although not under the purview of this Subcommittee, AFSA urges that you act to ***influence the applicable committees to enact the required legislation to provide a tax exemption for fees, co-payments, and deductibles military members pay for TRICARE Prime, TRICARE Standard, the Active Duty and retiree dental plans, and Long Term Care.*** Such a change would serve to more fairly treat military families in relation to federal civilian employees and their families. Additionally, the fees paid for ***Child Care (which is so critical to military members) should also be pre-tax dollars***. These changes would, in part, put military members into equity with non-military federal employees.

Increased Household Goods (HHG) Weight Allowances for Senior NCOs during PCS Moves. AFSA thanks this Subcommittee for the modest increase in household goods weight allowances for senior NCOs provided in the FY 2006 NDAA. However, we urge that you increase these allowances even further. They represent a major career irritant and, frankly, infuriate the spouses of enlisted military members who must continuously sell furniture or do without because of the clearly inadequate weight allowances given to noncommissioned military members.

For two examples alone: Currently, the highest ranking enlisted members (E-9s) who are generally career-committed and have served the nation for over two decades are afforded approximately the same HHG weight allowances as a commissioned officer who has served only four years. An E-7, probably at the average career point of 15 years, is given roughly the same HHG weight allowance as an O-1, just entering military service.

HHG weight allowances should have some relation to average time in service, family size, probably accumulation of goods as a family grows, etc. It certainly should not be significantly different for commissioned and enlisted members. We believe the ethical, common-sense, way to provide this allowance would be parallel increases between the commissioned and enlisted rank charts with an E-1 and O-1 receiving the same HHG Weight Allowance, an E-2 receiving the same allowance as an O-2, etc.

Our request does not comment on the proper basic pay differences between officers and enlisted members. Rather, it is a matter of growing families and the proper standards needed to take care of them. Enlisted members have the identical responsibilities that commissioned officers do in this regard. ***It doesn't make sense that this nation allows the gross disparity between officers and enlisted members in the matter of PCS Household Goods Weight Allowances. Mr. Chairman and Subcommittee members, this is a plea to this Subcommittee to put somefairness into the assigning of HHG weight allowances during PCS moves.***

Ship Two Vehicles During PCS Moves. AFSA requests the support of the Subcommittee to authorize the shipment of a second personally owned vehicle (POV) at

government expense to accompanied overseas locations. Few families have only one car, with the vast majority of families finding both parents having to work—especially among noncommissioned families.

Those who are stationed in CONUS and who receive orders to an overseas location are usually forced to sell or store one of their vehicles—often at a significant personal financial loss. This is a particularly damaging situation for the families of noncommissioned members who receive far-lower pay than their commissioned counterparts. Their financial loss is, therefore, even more onerous.

Additionally, shipping only one auto creates a significant problem at many overseas (accompanied) locations. Military members are forced to purchase a second vehicle off the local economy. Oftentimes, the vehicles that are available in the overseas areas are of poor quality, but extremely overpriced. Often, "predatory" merchants lurk outside of military bases looking for opportunities to take advantage of the unmet needs of Americans. Just as happens here in the States, profit drives the market. The current policy of shipping only once vehicle sets up military families for these "sharks." Again, this is an even greater problem for noncommissioned families due to their absurdly low level of HHG Weight Allowances during PCS moves Military members are authorized, in many cases, to take time off for house hunting in advance of a PCS move. These house-hunting trips are, however, done at their own expense. Federal civilians receive government reimbursement for such trips, but military members do not. ***Request the Subcommittee consider at least partial reimbursement for military pre-PCS house-hunting trips.***

During a military career, military members are afforded a Dislocation Allowance (DLA) when they permanently change assignment locations. The purpose of DLA is to partially reimburse a service member, with or without dependents, for the expenses incurred in relocating the member's household on a PCS, housing moves ordered for the government's convenience, or incident to an evacuation. However, DLA is not paid for the final "change of station"—their move to a homestead following over two decades of service to this nation. When a member retires from the military, they also incur the expenses of packing up, closing accounts, moving their goods, and getting reestablished in a new home. ***AFSA requests the Subcommittee to provide retiring military members who have served a full career DLA for their final move upon retirement from military service.***

RETIREMENT/VETERAN/SURVIVOR ISSUES

Congress' Significant Commitment to Military Retirees. This Subcommittee has provided military retirees with historic gains in recent years, and the dedicated staff of this Subcommittee is second to none as it has worked to understand the proper balance of fiscal responsibility, national commitment, and balanced possibility. Steps forward in the areas of *Concurrent Retirement and Disability Pay* and *Combat-Related Special Compensation* have shown your wisdom and your commitment to those who have borne

the weight of battle for this nation, especially over a significant portion of the most productive years of their lives. Similarly, your leadership in steering the enactment of TRICARE for Life and TRICARE Senior Pharmacy has illustrated Congress' commitment to do its best to honor the commitments to career military members. ***However, on the national level, the message coming out of Washington has changed. That sense of appreciation and dedication to those who face the arduous lifestyle of a military life and face the daily threat of going into harm's way has been muddled by an apparently conflicted Executive Branch.***

Extremely Negative Administration Signals to Military Retirees. During the last several years, the Department of Defense has sent a signal to career military members and their families that they are "old news," an economic burden on this nation, and just plain too expensive. ***Great gains initiated by Congress have generally come about in the face of Administration veto threats.*** The Secretary of Defense and his undersecretaries have repeatedly cited the exorbitant price tag of this nation's military retired community.

The message has included three basic elements: (1) the current system is too heavily weighted toward "deferred compensation," i.e., military retirement benefits; (2) Military retirees, despite earlier government promises, must shoulder a greater share of their own benefit programs; and (3) Steps must be taken to reduce expenditures on these who have already fulfilled their commitment to a nation which depended on them but which no longer realizes a day-to-day return on investment from them.

There is little wonder that there is bitterness among the four-tenths of one percent of this nation's citizens who served in the military for a full career. There is no surprise that mid-career members are now questioning their earlier decision to "stay in." One should not be taken aback at the prospect that the children of career military families may well avoid military service ***because of the infidelity and lack of appreciation shown by one element of the United States government.***

To the current Department of Defense, these citizens who took us through the Vietnam War, through the first Persian Gulf War, Somalia, Grenada, and myriad other conflicts around the world are no longer desirable citizens—they are a burden. ***In light of this, we are incredibly grateful to those in Congress, such as those on this Subcommittee who have thus far provided career military members with cover—ironically against those who are paid to advocate the causes of those who serve***: the Administration and its Department of Defense.

Concurrent Retirement and Disability Pay (CRDP) and Combat-Related Special Compensation (CRSC). This Subcommittee has made progress on this matter in each of the last five or six years, and AFSA urges this progress continue. ***Specifically, we ask that you act to immediately provide full CRDP to those rated by the VA at 100 percent disabled due to unemployability. Also, we ask that you support CRSC for those Chapter 61 retirees (medically retired) who, through no fault of their own, were unable***

to complete 20 years of service. We recommend that you tie any such change to those with the highest disability ratings rather than years of service. This would most effectively address those with the most serious disabilities and help to serve those fighting in the current actions in Iraq and Afghanistan.

Make the SBP Paid-up Feature Immediate for Those Who are age 70 and Have Been Enrolled in SBP for at Least 30 years. This Subcommittee acted on this matter in the FY 1999 NDAA, providing a change in the law so that those who are at least 70 years of age and who have paid into the SBP program for at least 30 years are considered "paid up," and would have to pay no further premiums. However, Congress chose to delay this "paid" up feature by a decade (until October 1, 2008).

The rationale for the change we request today and, indeed, the reason the committee changed the program was because it felt it was the right thing to do. While the paid-up provision works well for those who retired on or after October 1, 1978 (and will reach the 30-years-of-enrollment point on or after October 1, 2008), those who enrolled in SBP when it first became available in 1972 will have paid into the program for 36 years by the time the paid-up provision becomes effective.

It is important to keep in mind that this older group (enrolled from the start of the program) paid the higher pre-1990 SBP premiums for an even longer period of time than the younger group. ***Therefore, it is important to recognize this group of military retirees by accelerating the SBP paid-up feature from October 1, 2008 to October 1, 2006. We ask the Subcommittee to take action on this matter this year.***

Eliminate the Survivor Benefit Plan(SBP)-Dependency and Indemnity Compensation (DIC) Offset. Currently, survivors receiving DIC from the VA see a dollar-for-dollar reduction in their SBP payments (provided by DoD). There are currently about 60,000 military widows/widowers affected by this DIC offset.

Just as in the case of the CRDP issue, SBP and DIC are paid for two very different reasons. SBP, a DoD program, is a paid-for "insurance policy" purchased by a military retiree to protect his/her survivor. When a military member dies prematurely due to military service itself, the survivor is entitled to DIC, paid by the VA. The fact that the military retiree opted into the SBP program and was also disabled or killed should not reduce one or the other.

Also, once again we have a situation where we ask the Subcommittee to look to federal-military equity. The surviving spouse of a federal civilian retiree who is disabled and dies of military service-related causes can receive DIC without any reduction in SBP. Service members deserve equity in this regard. ***We urge the Subcommittee to eliminate the SBP-DIC offset this year.***

Allow DIC Survivors to Remarry after age 55 Without Losing their DIC Entitlement. Congress provided some relief to these survivors by setting the remarriage

age without losing DIC entitlement at 57. ***To parallel other federal programs, we urge the Subcommittee to change the allowable remarriage age for these survivors at 55.***

Seamless DoD-VA Transition. AFSA urges the Subcommittee to continue to examine common use of medical records between DoD and the Veterans Administration, and to support other aspects of the transition from military service to veteran status. You have made great strides in recent years, and AFSA appreciates them. ***The issue of a comprehensive, effective transition from one status to the other, and the funding of programs to support it, has become even more critical during the time of the Global War on Terrorism***. AFSA offers the Subcommittee its support of your important efforts in this regard.

Repeal or Greatly Modify the Uniformed Services Former Spouses Protection Act (USFSPA-Public Law 97-252). AFSA urges this Subcommittee to repeal or, at least, support some fairness provisions for the USFSPA. While this law was passed with good intentions in the mid 1980s (Fiscal Year 1983 NDAA), the demographics of military service and their families have changed. As a result, military members are now the only U.S. citizens who are put at a significant disadvantage in divorce proceedings. Because of the USFSPA, the following situations now exist:

- A military member is subject to giving part of his/her military retirement pay (for the rest of his/her life) to anyone who was married to him/her during the military career regardless of the duration of the marriage.
- The divorce retirement pay separation is based on the military member's retirement pay--not what the member's pay was at the time of divorce (often many years later).
- A military retiree can be paying this "award" to multiple former spouses.
- It takes a military member 20 years to earn a retirement; it takes a former spouse only having been married to the member (for any duration, no matter how brief) to get a portion of the member's retirement pay.
- Under this law, in practice judges award part of the member's retirement pay regardless of fault or circumstances.
- There is no statute of limitations on this law; i.e., unless the original divorce decree explicitly waived separation of future retirement earnings, a former spouse who the military member has not seen for many years can have the original divorce decree amended and "highjack" part of the military member's retirement pay.
- The former spouse's "award" does not terminate upon remarriage of the former spouse.
- The "award" to a former spouse under this law is above and beyond child support and alimony.
- The law is unfair, illogical, and inconsistent. The member's military retired pay which the government refers to as "deferred compensation" is, under this law,

treated as property rather than compensation. Additionally, the law is applied inconsistently from state to state.

- In most cases, the military retiree has no claim to part of the former spouse's retirement pay.
- Of all U.S. citizens, it is unconscionable that military members who put their lives on the line are uniquely subjected to such an unfair and discriminatory law.
- While there may be unique cases (which can be dealt with by the court on a case-by-case basis) where a long-term, very supported former spouse is the victim, in the vast majority of the cases we are talking about divorces that arise which are the fault of either or both parties--at least half of the time not the military member. In fact, with the current levels of military deployments, more and more military members are receiving "Dear John" and "Dear Jane" letters while they serve.
- This is not a male-versus-female issue. More and more female military members are falling victim to this law.

These are just a few of the inequities of this unjust law. AFSA believes this law needs to be repealed or, at the least, greatly modified to be fairer to military members. We urge the Subcommittee to take action on this unfair law this year—for the benefit of those men and women who are currently defending the interests of this nation and its freedom.

EDUCATION ISSUES

An MGIB Enrollment Opportunity for VEAP-Era Military Members. The education program for military members that preceded the Montgomery G.I. Bill (MGIB) was the Veterans Educational Assistance Program (VEAP). This was a program where a member contributed up to $2,700, and the government matched the amount (as used for educational purposes) on a 2-for-1 basis. The maximum government contribution was $5,400.

Hundreds of thousands of military members declined enrollment in that program due to very poor educational counseling. Many tell us they were advised by education officials not to enroll in the VEAP since a better program was coming along. Unfortunately, when the MGIB came along, those who didn't enroll in the VEAP were not allowed to enroll in the far-more-beneficial MGIB.

DoD estimates last year indicated that there are (still serving) between 50,000 and 70,000 service members who declined enrollment in VEAP. H.R. 269, sponsored by Representative Dave Camp would correct this unfortunate situation. These members served since the mid 1980s, helped preserve peace, and deserve an opportunity to enroll in the MGIB program. ***AFSA urges the Subcommittee to provide that opportunity.***

Correct MGIB Enrollment Procedures. At basic military training, new service members must make a decision. If they want to enroll in the MGIB, they must agree to have $100 per month deducted from their pay for each of their first 12 months of military service. This is twice as difficult for noncommissioned members because they make roughly half the pay of a newly commissioned officer. Ironically, noncommissioned members need the program more: as it is, due to the differing education requirements for entering military service, commissioned officers have a college degree upon service entry. As a rule, enlisted members do not. Accordingly, it could be argued that the MGIB is far-more critical to noncommissioned members, and benefits and policies relative to the MGIB should be designed around the needs of the noncommissioned service members. ***We urge the Subcommittee to either eliminate the $1,200 user fee or allow enlisted members to make the payments over a 24-month period.***

Standardize the MGIB for all Enrollees. Realizing the far-more-beneficial aspects of the MGIB over the VEAP, in recent years, Congress gave those who were once enrolled in the VEAP an MGIB enrollment opportunity. Unfortunately, these former VEAPers were excluded from one aspect of MGIB enrollment: the ability to pay more to get more educational coverage. We urge the Subcommittee to extend the "buy up" option to all MGIB enrollees.

Allow Transferability of MGIB Benefits to Family Members. AFSA believes the MGIB benefit is earned, and military members ought to also be able to share the benefit with their family members, if they chose to do so. It would certainly serve to improve the quality of the lives of noncommissioned families. Transferability could be offered as a career incentive, should the Subcommittee choose to act on this. ***For example, transferability could become an aspect of the program for all noncommissioned enrollees after they complete 12 or 13 years in service.***

Full Impact Aid Funding. Impact Aid is supplemental funding provided to local school districts to compensate for the impact of having military members in that community. Local schools are primarily funded through property taxes. Those military members who reside on base do not pay into the property tax base. Recognizing this, each year Congress has provided supplemental dollars to such school districts. This funding is critical to quality education and the protection of the finances of military families. ***AFSA urges the Subcommittee to continue the great work it has done on this front in recent years by providing full Impact Aid funding to support the kids of military families.***

In-state Tuition Rates for Military Members. Military members are relocated from one military reservation to another at the pleasure of the government. Of course, service members serve the entire nation, and every state benefits from their service. We urge the Subcommittee to do what it can to urge states to ***provide immediate in-state tuition rates at state colleges and universities as soon as military members and their families are relocated into that state. This should apply to the military members, their spouses, and their children.***

GUARD AND RESERVE ISSUES

Age-55 Retirement. What has been true for years has become particularly evident in recent years—that members of the Guard and Reserve are full players in the defense of this nation. Yet they are the only federal employees that have to wait until age 60 to enjoy their retirement benefits. As it is, their retirement pay is a fraction of that received by retired Active Duty members. Guard and Reserve retirement is based on an accumulation of service points.

It is important to keep in mind that age-55 retirement is primarily a noncommmissioned issue due to the overall structure of the military and its officer-enlisted balance. Additionally, due to the "blue collar" nature of the jobs primarily handled by enlisted members during their career, they are most likely going to be physically more "spent" than their commissioned counterparts as a result of the tasks they have performed for this nation. Frankly speaking, age-55 retirement would be an important retention and morale boost for noncommissioned members.

The stair-stepped variations of age-55 retirement beg the question; AFSA urges this ***Subcommittee to address the patent inequity faced by members of the Guard and Reserve and allow noncommissioned Guard and Reserve members to retire as early as age 55 with full benefits.***

Health Care. In recent years, this Subcommittee has made great strides in addressing the Guard and Reserve health care situation. We urge that you continue along this path, expand the current provisions, and decrease the fees for TRICARE Reserve Select. Essentially, ***AFSA urges the committee to ensure a full fee-for-service (annual deductibles and co-payments) TRICARE program for all members of the Guard and Reserve not covered by employer health care plans.***

Tax Credits for Employers. AFSA urges this Subcommittee to influence the applicable committees that deal with taxation to provide tax credits to those who employ members of the Guard and Reserve. Also, such credits should be extended to self-employed citizens who serve in the Guard and Reserve. The impact of such service, and the willingness of employers to patriotically support the military duty of their employees should be rewarded. ***AFSA urges the Subcommittee to enact or move to influence employer- and self-employed tax credits this Congress.***

Change the Above-the-Line Deduction for Overnight Travel Expenses of Guard and Reserve Members. Restoration of full tax-deductibility of non-reimbursable expenses related to military training was addressed in the FY 2004 NDAA by setting the reimbursable travel distance at 100 miles. As other government agencies use 50 miles for travel compensation, ***AFSA believes that Title 10 should be reworded so that "the deductions allowed . . . for any period during which such individual is more than 50 miles away from home in connection with such services."***

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Mr. Chairman and Subcommittee members, we appreciate your contribution to the quality of the lives of those serving and who devoted their lives to military careers. We thank you for this opportunity to present the views of the Air Force Sergeants Association and ask that you seriously consider enacting some of the changes detailed in this statement.

NMFA
National Military Family Association
Serving the families of the seven Uniformed Services through education, information & advocacy

The Voice *for* Military Families

Statement of

THE NATIONAL MILITARY FAMILY ASSOCIATION

For the Record of the

SUBCOMMITTEE ON MILITARY PERSONNEL

of the

HOUSE ARMED SERVICES COMMITTEE

April 4, 2006

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The National Military Family Association (NMFA) is the only national organization whose sole focus is the military family. The Association's goal is to influence the development and implementation of policies that will improve the lives of those family members. Its mission is to serve the families of the seven uniformed services through education, information, and advocacy.

Founded in 1969 as the National Military Wives Association, NMFA is a non-profit 501(c)(3) primarily volunteer organization. NMFA represents the interests of family members and survivors of active duty, reserve component, and retired personnel of the seven uniformed services: Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service and the National Oceanic and Atmospheric Administration.

NMFA Representatives in military communities worldwide provide a direct link between military families and NMFA staff in the nation's capital. Representatives are the "eyes and ears" of NMFA, bringing shared local concerns to national attention.

NMFA receives no federal grants and has no federal contracts.

NMFA's website is located at ***http://www.nmfa.org***.

Mr. Chairman and Distinguished Members of this Subcommittee, the National Military Family Association (NMFA) would like to thank you for the opportunity to present testimony today on the quality of life of military families. Once again, we thank you for your focus on many of the elements of the quality of life package for service members and their families: access to a quality health care benefit, military pay and benefits, and support for families dealing with deployment.

NMFA endorses the recommendations contained in the statement submitted by The Military Coalition. In this statement, NMFA will expand on several issues of importance to military families in the following subject areas:

I. Family Readiness
   - What's Needed for Family Readiness?
   - Caring for Military Children and Youth
   - Spouse Employment

II. Families and Deployment
   - Return and Reunion Support Must be Increased

III. Families and Transition
   - Transformation, Global Rebasing, and BRAC
   - Survivors
   - Wounded Service members Have Wounded Families
   - Former Spouse Benefits

IV. Compensation and Benefits
   - Funding for Commissaries, Exchanges, and Other Programs
   - Permanent Change of Station Improvements
   - Thrift Savings Plans
   - Military Families and Safety Net Programs
   - Adjusting Housing Standards

V. Families and Community

Family Readiness

Service member readiness is imperative for mission readiness. Family readiness is imperative for service member readiness. Family readiness requires the availability of coordinated, consistent family support provided by well trained professionals and volunteers; adequate child care; easily available preventative mental health counseling as well as therapeutic mental health care; employment assistance for spouses; and youth programs that assist parents in addressing the concerns of their children during stressful times.

What's Needed for Family Readiness?

NMFA recognizes and appreciates the continued focus that all the Services are placing on the issue of family readiness. In particular, the increased access to information for family members has had a tremendous positive impact on their ability to sustain "normal" lives while dealing with the issues that arise in military life. There is, however, still much to be done.

In July, 2004, NMFA published ***Serving the Home Front: An Analysis of Military Family Support from September 11, 2001 through March 31, 2004.*** This report provided a snapshot of military family support for that specific time

frame and noted progress in improvements made to the military's support of its families during the first eighteen months of the Global War on Terror. Understanding the need for further research and information on the long-term effects of repeated deployments and the reunion and reintegration of both active and reserve component families, NMFA developed its ***Cycles of Deployment*** survey. This survey was active on the NMFA website between April and November 2005 and received 1,592 responses. NMFA has included a copy of its report on the survey results as an attachment to this testimony because we believe it provides very relevant insights—from military families themselves—about what is needed to ensure family readiness. Survey respondents' comments paint a picture of both successes and failures in the family support/readiness arena. A common theme was the desire for a "purple" family support system. As an active duty Army spouse stated: *"We are all in this together—it doesn't matter the branch of service."* What matters to the family is that the information and support that they are promised is provided in a consistent manner. Accessing the right information when they need it continues to be a critical issue for Guard and Reserve families who generally have very limited access to military installations. Like the families in our survey, NMFA believes family support agencies must reach out to all families located in their geographical area regardless of Service affiliation.

Evidence of this need for outreach by strong, well-coordinated programs was seen in the confusion and frustration experienced by so many uniformed service families in the wake of Hurricane Katrina and in the responses initiated by their Services. In the wake of the disaster and in response to calls from families and family support providers alike, NMFA worked quickly to compile contact and support information for all agencies and Services in order to be able to provide accurate and timely advice to families. While we were happy to provide a one-stop information portal for families from all the uniformed services and while the individual Services ended up offering a wide variety of information and support resources, we just kept thinking how nice it would have been if military leaders had focused more from the beginning on working together to meet families' needs.

NMFA has found Military OneSource, DoD's virtual assistance program, to be an excellent resource for military families. OneSource provides 24/7 access to counselors and information through the web (*www.militaryonesource.com*) and toll-free phone number. Because it is available 24/7, families do not have to wait for the installation family center to open or for someone to return a call. The counseling referrals are a boon for families who cannot, or are reluctant to, use the already-overburdened counseling resources on the installation. The next logical step would be to integrate training among OneSource counselors, installation-based family support professionals, and Family Assistance Center employees of the Guard and Reserve to facilitate information and collaboration efforts to best support military families.

NMFA notes, however, that Military OneSource is only available for members of the four Services under the authority of the Department of Defense. The parent Departments of the Coast Guard, Public Health Service, and National Oceanic and Atmospheric Administration (NOAA) operate their own Employee Assistance

Programs (EAPs) and provide some of the same information through them as Military OneSource. However, these EAPs may not be equipped with the resources and experience to provide the same type of deployment-related information and assistance as offered by Military OneSource. We ask Members of this Subcommittee to urge the appropriate Committees with jurisdiction over the three uniformed services not part of DoD to work with DoD and ensure deployed members of all uniformed services and their families have access to the same level of deployment-related assistance—including the face-to-face counseling services—provided under Military OneSource.

Overall, NMFA finds that families do feel that their needs are being heard and addressed by their senior leadership. They also understand many of these issues do not have quick and easy solutions. When problems arise, however, they want to be assured the solutions are forthcoming and the issues will be resolved. Family readiness affects a service member's entire career from recruitment to retention to retirement. DoD must continue to refine and improve family readiness programs not only because it is the right thing to do, but also to retain highly trained and qualified service members.

NMFA also suggests that it is time funding for the best practices, which have emerged over the past few years to support family readiness, now be institutionalized into Department operational accounts and not subject to emergency or annual authorization or appropriation add-ons. We have seen that the multiple services provided by Military OneSource—to include relocation assistance, spouse employment information, and the face-to-face counseling—have great benefit to families in dealing with the wide variety of military life challenges, not just deployment. Military OneSource needs to be incorporated in a greater way into the entire family readiness package, both in operations and in funding.

NMFA applauds the various initiatives designed to meet the needs of service members wherever they live and whenever they need them and requests adequate funding to ensure continuation both of the "bedrock" support programs and implementation of new initiatives. Whenever possible, these initiatives should focus on a joint solution and reach out to all family members, including parents of single service members.

Caring for Military Children and Youth

Frequent deployments and long work hours make the need for quality affordable and accessible child care critical. We thank Congress for making additional funding available for child care since the beginning of the Global War on Terror. Currently, DoD estimates it has a shortage of 31,000 child care spaces within the system, not counting the demand from the mobilized Guard and Reserve community. While efforts are being made to bridge this gap, thanks in part to Congressional funding for child care over the past few years, innovative new strategies are needed—sooner rather than later. DoD must make greater efforts to move beyond the 6:00 A.M. to six P.M. mindset in military child care. The magic hour of 6:00 P.M. is unrealistic given current operational conditions and the pace of work at installations. Many families tell us that even when their service members

are not deployed they are working twelve and fourteen hour days. Certainly a child development center that closes at 6:00 P.M. is not an adequate solution for single parent and dual military families who are also working these hours.

We congratulate the Navy for the incredible 24-hour centers they have opened in Norfolk and Hawaii. These centers provide a home-like atmosphere for children of Sailors working late night or varying shifts. More of these centers are needed, but they need to be funded at a level that enables them to provide the same quality of care as the standard the Navy has established in its first two centers. Quality 24-hour centers require different staffing levels and a different design than the standard child development centers. But providing high quality, after-hours care for service members working long hours in support of the mission is a cost of that mission.

Families continually tell NMFA that respite and drop-in care is in critically short supply worldwide. Families who cannot access military child development centers or family child care providers talk about the expense and difficulty they face in finding quality, affordable care. Programs such as *Military Child Care in Your Neighborhood* and *Operation Military Child Care,* which assist military families in finding and paying for child care, are welcome pieces of the solution, but are insufficient to completely meet the needs of our families.

Older children and teens cannot be overlooked. Schools want to be educated on issues affecting military students. Teachers and administrators want to be sensitive to the needs of military children. To achieve this goal they need tools. Parents need tools too. Parents tell us repeatedly they want resources to "help them help their children." Parents are the primary advocates for their children and they want the resources to help them accomplish this task. NMFA is working to meet this need through programs such as our Operation Purple summer camps and a pilot after school program for children of deployed service members. We also applaud the partnership between DoD and Johns Hopkins School of Public Health to assist school personnel in helping military children deal with frequent moves or the deployment of a parent. We urge Congress to increase its funding for schools educating large numbers of military children. This supplement to Impact Aid is vital to these districts, which have shouldered the impressive burden of ensuring military children receive a quality education despite the stresses of military life.

Schools serving military children, whether DoD or civilian schools, need the resources to meet military parents' expectation that their children receive the highest quality education possible. Because Impact Aid funding from the Department of Education is not fully funded and has remained flat in recent years, NMFA recommends increasing the DoD supplement to Impact Aid to $50 million to help districts better meet the additional demands caused by large numbers of military children, deployment-related issues, and the effects of military programs and policies such as family housing privatization. Initiatives to assist parents and to promote better communication between installations and schools should be expanded across all Services.

Spouse Employment

Today's military is comprised of predominantly young adults under the age of 35. Sixty-nine percent of all military spouses and 87 percent of junior enlisted spouses are in the labor force. For many families this second income is a critical factor in their financial well being. However, a 2003 Rand study found that the husband-and wife-earnings of a military family were $10,000 a year less than similar civilian families largely due to military wives' lower income potential because of frequent moves. With a concern that spouses desiring better careers will encourage service members to leave the military, we are pleased DoD is finally acknowledging the importance of efforts to support spouse employment. We are also doing our part to help spouses achieve their career goals. In 2004, NMFA launched a military spouse scholarship program in an effort to meet the critical need in the military community for additional support for spouse education. So far this year, we have received more than 5,500 applications for the scholarships. Applicants to the program tell us of the problems they have faced in obtaining an education and launching a career.

DoD has sponsored a variety of programs, including a partnership with Monster.com, to promote spouse employment. Spouses can also receive career counseling through Military OneSource. However, with 700,000 active duty spouses, the task of enhancing military spouse employment is too big for DoD to handle alone. Improvements in employment for military spouses and assistance in supporting their career progression will require increased partnerships and initiatives by a variety of government agencies and private employers. NMFA encourages more private employers to step up to the plate and form partnerships with local installations and DoD. We encourage DoD to reach out to potential employers and acquaint them with the merits of hiring members of this talented and motivated work force.

Despite greater awareness of the importance of supporting military spouse career aspirations, some roadblocks remain. State laws governing unemployment compensation vary greatly regarding eligibility for military spouses who have moved because of a service member's government ordered move. Although reimbursed for many expenses, military families still incur significant out-of pocket expenses when the service member is ordered to a new assignment. Lacking the financial cushion provided by the receipt of unemployment compensation, the military spouse must often settle for "any job to pay the bills" rather than being able to search for a job commensurate with his or her skills or career aspirations. NMFA is pleased to report that some states are examining their in-state tuition rules and licensing requirements to ease spouses' ability to obtain an education or to transfer their occupation as they move. NMFA is appreciative of the efforts by DoD to work with states to promote the award of unemployment compensation to military spouses, eligibility for in-state tuition, and reciprocity for professional licenses.

NMFA asks Congress to promote federal and state coordination to provide unemployment compensation for military spouses as a result of

Permanent Change of Station (PCS) orders. State governments should be encouraged to look at ways to make college credits and fees more easily transferable and also explore paths towards national standards or reciprocity for licensing and professional certification. DoD and private sector employers who protect employment flexibility of spouses and other family members impacted by deployment should be applauded and used as role models for others to follow. Last, but not least, military spouses should be encouraged to use all available resources to educate themselves about factors to consider regarding employment benefits, to include investments, health care, portability and retirement.

Families and Deployment

In the recent ***NMFA Cycles of Deployment Survey,*** the message from military families came through loud and clear: families cannot nor should they have to make it through a deployment alone. They expect family support to be available to all military families, regardless of their Service component or where the family lives. Respondents acknowledged that they had a role to play in their own family readiness; however they look to their commands, their unit volunteers, and their communities to recognize their sacrifice and help them make it through a deployment.

NMFA could not agree more. Although much has been done to improve existing deployment-support programs and develop new initiatives to meet emerging needs, NMFA believes effective deployment support initiatives require consistency in funding, the training of family readiness/support volunteers, and in the information and support provided across installations, Services, and components. Deployment support programs must also have the potential to be "purple." According to our survey respondents, "The Military" has established an expectation that the uniformed services are family friendly. Families assume all the support systems should work together. They do not know (and do not really care) who is in charge of what, who is paid or not. How far the family lives from the unit does not really matter, nor do Service or component distinctions. What does matter is that the promised support and information are provided. The Services are making strides in providing more staffing—whether uniformed or civilian—to support the logistics of family support and conducting family readiness activities, but NMFA believes more resources need to be detailed to support the family readiness volunteers who are on the front lines of deployment support.

Communication among service members, families, the unit/command, and family support providers is also key, both to deal with the separation of the deployment and to prepare for the reunion with the service member. Our survey results indicate that contact with the unit and its family readiness/support group during the deployment correlates to families being better able to deal with subsequent deployments. The support provided must be on going and not fade away as the deployment continues. As one spouse put it:

> *We are just now seeing the real results from deployment on the families and we have determined to a strong degree that*

communication is vital and makes dealing with the deployment less stressful, but if the info is not getting out or being provided at all this will undoubtedly have an adverse effect on all the people involved.

NMFA is pleased to note the progress made on innovative ways in which families can communicate with command and family readiness/support groups. The Army Virtual Family Readiness Group (VFRG) has just recently gone live and will soon be able to connect up to 800 battalions with family members and significant others, to include spouses, children, fiancés, parents, and extended family members. VFRGs should be a tremendous help in meeting the needs of geographically-dispersed service members, Guard and Reserve members, and individual augmentees and their families who feel left "out of the communication loop" and consistently ask: "who's my group?" This confusion and lack of support provoked one family member to say:

As the wife of an Army Reserve soldier who was cross-leveled to another unit in another state, the experience was awful... I could not attend FRG meetings due to the distance and only received a phone call once a week. Yes there was a newsletter that repeated everything I got in the phone call but there is too much lag time...information is not getting to the spouses in a timely manner.

Return and Reunion Support Must be Increased

As deployments have continued, the Services have refined programs dealing with the return and reunion process. Families worry about how the reunion will go even as they are worrying about the service member's safety in theater. Recent reports of a spike in divorce rates have prompted programs aimed at couples' reunion and reintegration, but according to our survey, families are also concerned about the relationships among other family members. How children, especially the very young or teenagers, will re-connect with a parent was a common theme. NMFA would like to see the concept behind the couples' programs extended to focus on the reintegration of the entire family. Attention needs to be placed on how children, at varying stages of their lives, reconnect with a parent who in all likelihood will be deployed again sometime soon.

The Services recognize the importance of educating service members and their families about how to achieve a successful homecoming and reunion and have taken steps to improve the return and reunion process. Information gathered in the now-mandatory post-deployment health assessments may also help identify service members who may need more specialized assistance in making the transition home. Successful return and reunion programs will require attention over the long term. Many mental health experts state that some post-deployment problems may not surface for several months after the service member's return. NMFA is especially concerned that not as many services are available to the families of returning Guard and Reserve members and service members who leave the military following the end of their enlistment. Although they may be eligible for transitional health care benefits and the service member may seek care through the Veterans' Administration, what happens when the military health benefits run out and

deployment-related stresses still affect the family? Families also need to be better educated in how to deal with problems that could surface months after the service member returns.

Multiple deployments are no longer the exception but rather the norm. Families experiencing a second or third deployment never start from the same place. Along with skills acquired during the first deployment, there are unresolved anxieties and expectations from the last. New families are entering the cycle, whether they are new recruits, service members deploying with new units, or families whose life situations have changed since the last deployment. More families seem willing to seek mental health care and counseling but it is not always readily available. Many of our survey respondents called for counselors to be assigned to unit family readiness groups, as well as on-call professionals who would be available to deal with troubled families or the emergency situations currently being thrust on often inadequately trained volunteers. NMFA applauds the Family Life Consultants Program, which was first used by the Army and Marine Corps Reserve to provide additional preventative counseling support to service members and their families, especially following the return from deployments. The number of Army installations using this program is growing and we have been pleased to learn it is being expanded to other Services and installations. NMFA recommends this program be made a permanent part of the Service family readiness/support systems.

NMFA also recognizes a need for continuous education in casualty assistance and notification so families know what to expect before the need for these services arise. Introducing casualty and wounded notification procedures at the pre-deployment briefings while the service member is present allows everyone to understand the process and relieves the burden from the service member. Training should be ongoing and should be included between deployments as new members are constantly joining units and procedures are not always the same. This goes for all aspects of the deployment cycle. Commanders, rear detachment/rear party personnel, family center staff, chaplains, and family readiness volunteers need to continue their innovation in reaching out to families.

Higher stress levels caused by open-ended and multiple deployments require a higher level of community support. We ask Congress to ensure the Services have sufficient resources to provide robust quality of life and family support programs during the entire deployment cycle: pre-deployment, deployment, post-deployment, and in that critical period between deployments. As we stated in our health care statement presented to this Subcommittee on March 29, 2006, NMFA believes the need for confidential, preventative mental health services will continue to rise. The military Services must balance the demand for mental health personnel in theater and at home to help service members and families deal with unique emotional challenges and stresses related to the nature and duration of continued deployments.

Families and Transition

Transitions are part of the military life. For the individual military family transitions start with the service member's entrance in the military and last through changes in duty station until the service member's separation or retirement from the service. Another transition comes with the injury or death of the service member. National Guard and Reserve families face a transition with each call-up and demobilization of the member. The transition to a restructured military under Service transformation initiatives, Global Rebasing, and Base Realignment and Closure (BRAC) will affect service members, their families, and their communities.

Transformation, Global Rebasing, and BRAC

As the Global Rebasing and the BRAC process are implemented military families look to Congress to ensure key quality of life benefits and programs remain accessible. Members of the military community, especially retirees, are concerned about the impact base closures will have on their access to health care and the commissary, exchange, and MWR benefits they have earned. They are concerned that the size of the retiree, survivor, Guard, and Reserve populations remaining in a location will not be considered in decisions about whether or not to keep commissaries and exchanges open. In the case of shifts in troop populations because of Service transformation initiatives, such as Army modularity and changes in Navy home ports, or the return of service members and families from overseas bases, community members at receiving installations are concerned that existing facilities and programs may be overwhelmed by the increased populations.

Quality of life issues that affect service members and families must be considered on an equal basis with other mission-related tasks in any plan to move troops or to close or realign installations. Maintaining this infrastructure cannot be done as an afterthought. Ensuring the availability of quality of life programs, services, and facilities at both closing and receiving installations, and easing service members and families' transition from one to another, will take additional funding and personnel. NMFA looks to Congress to ensure that DoD has programmed for costs of family support and quality of life as part of its base realignment and closure calculations from the beginning and receives the resources it needs. DoD cannot just program for costs of a new runway or tank maintenance facility. It must also program in the cost of a new child development center or new school, if needed.

NMFA cannot emphasize enough the urgency for DoD and Congress to allocate resources now to support communities involved in movements of large numbers of troops. The world in which the American overseas downsizing occurred a decade ago no longer exists. Troop movements and installation closings and realignments today occur against the backdrop of the ongoing war on terror and a heavy deployment schedule. The military of today is more dependent on contractors and civilian agencies to perform many of the functions formerly performed by uniformed military members. Changes in military health care system and the construction and operation of military family housing will have an impact on the ability of an installation to absorb large numbers of service members and

families returning from overseas. Increased visibility of issues such as the smooth transition of military children from one school to another and a military spouse's ability to pursue a career means that more family members will expect their leadership to provide additional support in these areas.

Army transformation has already had an impact in some communities. Installations such as Fort Drum, Fort Campbell, and Fort Lewis and their surrounding communities expect strains on housing availability—both on and off-base—health care access, and school capacity. Fort Riley and Fort Carson are already seeing the troops arriving from overseas installations being downsized. The latest news is that the Army will move approximately 7,200 soldiers and 11,000 family members from Germany to stateside installations during FY 2006. Over the next five or six years, U.S. Army Europe will reduce from 62,000 soldiers to 24,000. Several communities in Europe will also grow, as the remaining troops are consolidated into fewer locations. The Department of Defense must do more now to ensure that communities have the resources to support these increased populations.

Thanks to a Congressional focus on eliminating substandard military family and single service member housing, the provision of military construction funds for new or renovated housing, and the success of the housing privatization initiatives, the Services are on track to eliminate substandard single service member and family housing in a few years. But in communities experiencing a growth in military population, eliminating substandard housing on the installation will not mitigate what could become a housing crisis. Most of the Army installations expecting an increase in population have already privatized their housing or expect to do so soon. Privatization contracts were structured to deal with those installations' housing needs at the time the contracts were signed, and not in anticipation of the arrival of several thousand service members and their families. At most of these installations waiting lists for housing on the installation are common now. What will happen when the troops arrive from overseas? Where will their families live? A measure of the amount of substandard on-base housing will not be an accurate indicator of the housing capabilities of a community.

The Services generally deem that the amount of housing in the area surrounding an installation is adequate if enough exists within a forty-mile radius of the installation. Forcing military families, especially those of junior enlisted service members, to live that far from the installation will increase their financial hardships because of transportation costs, as well as their isolation from the military community. We ask you to seek information from the Services on the housing capacity, not just on the installations anticipating grown, but also in the surrounding communities. We also ask you to encourage DoD to re-negotiate housing privatization contracts or provide more military construction funding where appropriate to increase the housing stock on affected installations and to look for other innovative ways to meet housing demands caused by these troop movements. We urge you to pay particular attention to the effect of the influx of service members and families on local housing costs to ensure that sufficient funding is provided for Basic Allowance for Housing (BAH) in these communities.

Most importantly, we urge you to examine closely the potential effects of changed housing patterns and the influx of service members and families to certain communities without sufficient housing on or near an installation on access to Morale, Welfare and Recreation (MWR) programs, family support activities, and the military resale system. We are concerned the drawdown in Europe will have a devastating effect on the generation of revenues to support MWR programs. What will be the additional outreach needed by commissaries, exchanges, and family programs to ensure families needing these services, but who are located more than 30 miles away, will be able to access them? Are the commissaries and exchanges considering the effects on their bottom lines of competition from the many civilian retail establishments along the routes between where these families will have to live and where the service member is assigned? What is the impact for the military community when it is expected many families will not be able to find suitable housing on or near the installation? NMFA has spoken for years of the difficulties Service family support professionals have experienced in reaching out to the majority of military families who live off the installation. We anticipate this problem will get worse as even more families are forced to find housing elsewhere as a result of global rebasing or BRAC.

NMFA is pleased DoD has requested additional military construction funding for quality of life facilities at installations being affected by Service transformation initiatives and global rebasing in its FY 2007 budget proposal. After requesting only one or two Child Development Centers in recent years, DoD has requested funding for seven centers for FY 2007. The proposed centers are for communities currently seeing an increased need due to Army modularity moves and post-deployment baby booms. Because demand has already increased for child care services in these communities, NMFA applauds the inclusion of temporary authority in Section 2810 of the FY 2006 National Defense Authorization Act (NDAA) for the use of minor military construction funding to create temporary facilities. This type of bridge funding will be needed in many communities until demand stabilizes, additional child care resources are made available in the surrounding community, or new centers are constructed. This process may take several years. NMFA urges Congress to ensure DoD has and is making use of all available resources to increase the number of child care spaces available in military communities experiencing population growth.

We are also pleased that Congress has directed DoD to report on the impact of troop and family movements on schools. We thank Congress for providing funds to assist schools in meeting the additional costs that come with the arrival of large numbers of military students. We believe this DoD funding—$7 million appropriated for this year—will be needed in larger amounts for several years until districts are able to secure resources from other federal, state or local resources. As we have stated, many families in communities experiencing the increases due to transformation, global rebasing, and BRAC will be forced to find housing farther away from the installation than families now live. They may be forced to live in school districts that have little experience with military children, but will expect these schools to have the resources needed to educate their children properly.

Schools must have at least 20 percent military student enrollment to qualify for additional funds for schools experiencing an increase in student population due to transformation, rebasing, or BRAC, according to Section 572 of the FY 2006 NDAA. That means schools with the least experience with military children, who potentially could see significant increases in their military population, will not qualify for assistance from DoD. What message does this send to these communities, and to the military families who must move there, regarding DoD's concern about the quality of education there?

NMFA thanks the House of Representatives for including in its version of the FY 2006 NDAA the authorization for $50 million for the DoD Supplement to Impact Aid, plus $10 million to assist school districts experiencing an influx of military children. We are concerned the DoD Supplement to Impact Aid was lowered to $30 million in the final NDAA Conference Report and that only $7 million was appropriated to support increased enrollments. Because school districts experiencing an influx of military children will need to educate these children immediately—before other federal, state, and local sources of revenue become available—we recommend DoD funding be provided to serve as a bridge to these other sources for school districts affected by large troop movements until the end of the BRAC moves. We also recommend basing eligibility for this funding on increases in population alone and not on the percentage of military children currently in the district. DoD must provide support for all districts facing a large influx of military children, those facing rising enrollments of military students for the first time as well as those currently educating a high percentage. We want all districts to welcome military children and not blame them for cutbacks in services because the schools could not receive DoD funds to assist them in supporting their education.

NMFA believes every effort must be made to preserve the availability of health care, commissaries, exchanges, and MWR programs during shifts in troop populations. The size of the military retiree, National, Guard and Reserve population in the vicinity of a closing installation and the impact of closure on these beneficiaries should be considered before decisions are made to close commissaries and exchanges. We look to Congress to ensure DoD's plans for these troop shifts will maintain access to quality of life programs and support facilities until the last service member and family leaves installations to be closed. In the same manner, we ask you to ensure that housing, schools, child development and youth programs, and community services are in place to accommodate the surge of families a community can expect to receive as a result of the movement of troops to a new location.

Survivors

We believe the obligation as articulated by President Lincoln, "...to care for him who shall have borne the battle and for his widow and his orphan," is as valid today as it was at the end of the Civil War. NMFA appreciates the work done this year by the DoD and Services to improve the education of casualty assistance officers and to make sure survivors are receiving accurate information in a timely manner. A new DoD publication will soon be available for each surviving spouse

and/or parent outlining the benefits available to them. It is an on-line document and can be easily updated as changes occur. It will be supplemented by Service-specific information. NMFA also looks forward to the results of the GAO study on the casualty notification and assistance process.

DoD and the VA have formed a committee to examine procedures and review complaints that they hear about the present casualty notification and assistance process and have included stakeholders like the Gold Star Wives, TAPS, the military relief societies, and NMFA. All of these initiatives provide a response to the recent language included in the FY 2006 NDAA, which requires DoD to develop and implement a comprehensive casualty assistance program that offers training of casualty assistance officers, centralized case management, personalized benefits information for survivors, financial counseling, and liaison with VA and Social Security. While we still hear from some widows that they received wrong or incomplete information from their casualty assistance officer, these problems are quickly resolved when surfaced to the higher headquarters. We are concerned, however, about the widows or parents who still do not know who to call when there is a problem.

An area that NMFA feels could still be addressed is the need for specific training in bereavement and other counseling for family readiness group leaders, ombudsmen, and key volunteers. Many widows say they suddenly felt shut out by their old unit or community after the death of their service member. Often the perceived rejection is caused by a lack of knowledge on the part of other families about how to meet the needs of the survivors in their midst. Because they find contact with survivors difficult, they shy away from it. In some communities support groups outside the unit family support chain have been established to sustain the support of the surviving families in the days and months after the death of the service member. As part of the standardization and improvement of the casualty assistance process more effort needs to be placed at the command level on supporting the long-term emotional needs of survivors and of communities affected by loss. We have been especially pleased to note the development of the "Care Team" concept at a growing number of installations. Care Teams are family volunteers who receive special training to assist survivors immediately after the casualty notification. Key in making the Care Teams effective is the extensive training received by the volunteers and the de-briefing of these volunteers by chaplains or other trained counselors that occurs after their contact with the surviving family members.

NMFA believes the benefit change that will provide the most significant long term advantage to the surviving family's financial security would be to end the Dependency Indemnity Compensation (DIC) offset to the Survivor Benefit Plan (SBP). DIC is a special indemnity (compensation or insurance) payment that is paid by the Department of Veterans Affairs (VA) to the survivor when the service member's service causes his or her death. It is a flat rate monthly payment of $1,033 for the surviving spouse and $257 for each surviving child. The SPB annuity, paid by the Department of Defense (DoD), reflects the longevity of the service of the military member. It is ordinarily calculated at 55% of retired pay.

Surviving active duty spouses can make several choices, dependent upon their circumstances and the ages of their children. Because SBP is offset by the DIC payment, the spouse may choose to waive this benefit and select the "child only" option. In this scenario, the spouse would receive the DIC payment and her children would receive the full SBP amount until the last child turns 18 (23 if in college), as well as the individual child DIC until each child turns 18 (or 23 if in college). Once the children have left the house, this leaves the spouse who has chosen this option with an annual income of $12,396. In each case, this is a significant drop in income from what the family had been earning while on active duty. The percentage of loss is even greater for survivors whose service members had served longer. Those who give their lives for their country deserve more fair compensation for their surviving spouses. We urge Congress to intensify efforts to eliminate this unfair "widow's tax" this year.

NMFA recommends that the DIC offset to SPB be eliminated. Doing so would recognize the length of commitment and service of the career service member and spouse and relieve the spouse of making hasty financial decisions at a time when he or she is emotionally vulnerable.

To a child, the loss of a parent is a life-changing event. As he or she goes through the process of grieving for the parent some help may be required. The VA offers grief counseling to families. NMFA hopes the VA will identify the needs of surviving children and promote programs and initiatives to support those needs. The VA will also need additional resources in the future to meet its responsibilities to support surviving family members of service members who die in service to their country.

To ensure the VA continues to meet survivors' long-term needs, NMFA recommends the establishment of a Survivor Office within the VA to provide long-term information and support for surviving spouses and children and offer individualized information about each surviving family's benefit package.

Wounded Service Members Have Wounded Families

Post-deployment transitions could be especially problematic for injured service members and their families. NMFA asserts that behind every wounded service member is a wounded family. Spouses, children, parents, and siblings of service members injured defending our country experience many uncertainties. Fear of the unknown and what lies ahead in future weeks, months, and even years, weighs heavily on their minds. Other concerns include the injured service member's return and reunion with their family, financial stresses, and navigating the transition process to the VA. It is NMFA's belief that, when designing support for the wounded/injured in today's conflict, the government, especially the VA, must take a more inclusive view of military families. Those who have the responsibility to care for the wounded service member must also consider the needs of the spouse, children, and the parents of single service members and their siblings.

Support, assistance, and counseling programs staffed by real people who provide face to face contact are needed for the families of wounded/injured service members. The key to a successful transition is planning, part of which includes counseling and guidance for family members on the entire transition process. NMFA congratulates DoD on the expansion of Military OneSource services to include support for the wounded and their families through its Military Severely Injured Center. We also applaud the Services for taking an idea from the special needs community and funding the soon-to-be-released caregiver continuity notebooks: *Keeping it all Together: An Organizing Notebook for Injured Service members and Their Families.* The idea behind this caregiver notebook is to involve caregivers in the injured service member's recovery early on and help them feel more in control of the often-complicated process of the service member's rehabilitation. We hope funding will be in place to ensure this valuable resource is available for all families caring for wounded service members.

The financial impact on the member and his/her family when they are confronted with increased expenses during the recovery can be overwhelming. NMFA appreciates Congressional efforts to enhance the financial stability of the military family during this difficult time. We extend appreciation for the recently implemented Traumatic Servicemembers' Group Life Insurance Program (TSGLI) as a rider on the Servicemembers' Group Life Insurance Program, to provide a payment based on the severity of the injury to assist the family in meeting their financial needs during the service member's recovery. We also applaud the establishment of the new combat-related injury rehabilitation pay, which provides $430 per month to service members who are hospitalized due to wounds, injuries, or illnesses incurred in a combat zone until they are released from the hospital or receive their TSGLI payment.

NMFA recognizes wounded service members receive a letter offering them financial counseling with their TSGLI payment voucher. However, we strongly suggest that financial counseling efforts be more than just a letter. Young service members and their families who receive these payments may not realize that the funds are intended to help them meet recovery-related expenses and may be tempted to squander the money unwisely. Severely wounded service members and their families have a lot on their minds and thus may be vulnerable targets for predators with unscrupulous business practices. We continue to ask that financial counseling be offered to service members receiving lump sums for their injuries.

The Office of the Secretary of Defense and each military Service have developed unique programs for treating seriously injured service members: the Army Wounded Warrior (AW2) Program, the Marine For Life (M4L), the Navy Safe Harbor, the Air Force Palace HART, and the DoD Military Severely Injured Center. These programs have each made progress in the delivery of information and support services for the injured and their families. However, transition time lines, the identification of service members eligible for assistance, and available services extended to wounded service members sometimes vary by Service. Unfortunately, these programs do not yet offer a consistent level and package of support services for the injured service member.

NMFA applauds recent provisions in FY 2006 NDAA that require standards for assisting wounded and injured service members. NMFA strongly encourages the Services to cooperate and expedite the standardization of programs. NMFA has heard from families of wounded service members that they are not offered the "same services." An injured Soldier, Airman, Seaman, or Marine should be offered access to the same services as the Soldier, Airman, Seaman, or Marine recuperating in the bed next to them in a military hospital. We continue to ask that the role of the DoD and the VA be clearly explained and delineated and joint efforts between all the Services and the VA, in support of the service member and family, continue to be the priority.

Because so many injured service members are continuing their care at their home installations following a stay in Walter Reed or Bethesda, NMFA has been pleased to learn of local initiatives designed to support them and their families. Camp Lejeune, North Carolina, opened the first of its kind barracks for injured Marines. Having the barracks enables these wounded warriors to recover with the support of the Marine Corps and the camaraderie of one another, rather than in isolation. A driver is assigned to take them to any appointments and nurses, chaplains, and counselors, as well as members of local veterans' organizations, make regular visits. Each room is handicapped accessible, designed to enable the young Marine to recuperate and eventually return to duty without ever feeling he is off the team. Recognizing that some injured Marines have wives and children who are also dealing with readjustment issues related to the Marine's injury and return, the command is now reaching out to form support groups for these Marines and their families.

To support wounded and injured service members and their families, NMFA recommends that Congress direct DoD to:

- ***Enhance service member and spouse education benefits and employment support***
- ***Establish a Family Assistance Center at every MTF caring for wounded service members***
- ***Encourage local efforts to create a seamless support system for injured service members and their families.***

Former Spouse Benefits

NMFA believes now is the time to address needed improvements to the Uniformed Services Former Spouse Protection Act. The DoD review of the Act completed in 2001 contained recommendations for changes that we believe would be beneficial to all parties and enhance equity. These recommendations include: basing the property award on grade or years of service at the time of divorce and not retirement; limiting payments in arrears to 2 years for reopened divorces; extending health care, commissary, and exchange benefits to 20/20/15 spouses; eliminating the 10 year rule for direct payment of the award by DFAS; and making corrections to the Survivor Benefit Plan (SBP), including providing for the designation of multiple SBP beneficiaries.

NMFA agrees wholeheartedly with the recommendations regarding changes to the Uniformed Services Former Spouse Protection Act put forth in the testimony presented by The Military Coalition and urges you to consider these changes this year.

Compensation and Benefits

NMFA appreciates the pay raises for service members over the past several years. They serve as both an acknowledgement of service and recognition of the need for financial incentives as a retention tool. As DoD prepares its Quadrennial Review of Military Compensation, NMFA hopes that Congress, in evaluating its recommendations, considers the effects of those recommendations on the whole pay and compensation package. Changes in individual elements of that package can have unintended consequences on other elements or on the package as a whole. And, while pay raises are important, equally important is the need to maintain the non-pay benefit package that makes up such a vital part of military compensation.

Funding for Commissaries, MWR and other Programs

Commissaries, exchanges, recreational facilities and other Morale, Welfare, and Recreation (MWR) programs are an integral part of military life and enhance the overall quality of life for service members and their families. Respondents to NMFA's recent survey on military benefits spoke emphatically about the value of commissaries, exchanges, and MWR programs. Almost three-quarters of the respondents stated the commissary benefit was important to their family; more than half voiced a similar opinion about military exchanges. The majority of respondents used at least one MWR activity monthly. Families also value their installation family centers. Delegates at the recent Army Family Action Plan Conference, for example, rated Army Community Services as their most valued service.

NMFA was dismayed to hear in the last year, however, about installations being forced to cut MWR services, limit child development center hours, and limit access to facilities because of the shortage of base operating funds. At high deployment installations, just when families needed them most, they were being asked to do without. Commanders should not have to make a choice of paying the installation utility bills or providing family support services. While we understand the Services have obligated additional funds this year to installation operations accounts, we still hear from families that some services are being cut back or that these accounts are being funded at less than 100 percent of the need. We urge increased funding for installation operations so that valuable support programs remain available to communities undergoing the multiple stresses of deployment and high operations tempo at home.

Permanent Change of Station Improvements

NMFA is grateful for recent increases in Permanent Change of Station (PCS) weight allowances for senior enlisted members included in the FY 2006 NDAA. Weight allowances for these ranks were dramatically out of sync with the expected accumulation of goods over the course of a career and with the responsibility

shouldered by these service members. These increases, while still below the levels NMFA believes are appropriate, will ease the financial burden for many service members and their families when the government orders them to move. NMFA asks Congress to continue reviewing the weight allowance tables and increase them to better reflect the needs and responsibilities of today's force.

While applauding this much needed change in weight allowances, families still wait for what they view as the most important improvement to the PCS process: full replacement value reimbursement for household goods lost or damaged in a government-ordered move. In the FY 2004 NDAA, based on promises that the DoD household goods re-engineering initiative, "Families First," would be implemented in the fall of 2004, Congress authorized full replacement value reimbursement for military moves, but tied its implementation to the implementation of the re-engineering project. Unfortunately for families, "Families First" has not yet been implemented. The Military Surface Deployment and Distribution Command, the agency in charge of the household goods move process, announced last fall that, after many other delays, the implementation of "Families First" is in a "strategic pause." NMFA finds it disappointing that families have been anything but first in DoD's efforts to improve the move process. We urge Congress to press DoD to implement "Families First" and begin paying full replacement value reimbursement as promised more than two years ago. The delay to implement this improved program has gone on long enough. We believe DoD must have this program in place **BEFORE** the bulk of the overseas rebasing and BRAC moves occur. Military families want and deserve a program that works and have waited long enough.

NMFA strongly endorses full funding for full replacement value reimbursement for goods lost or damaged in military PCS moves and the immediate implementation of the Families First Program.

The shipment of a second vehicle for all uniformed services members moving to an OCONUS assignment (including Alaska and Hawaii) has been a major quality of life issue for service members and their families stationed overseas. With service members' long work hours in support of the mission, having only one car available to the family limits a spouse's employment options and family members' access to commissaries, children's schools and activities, and installation support programs. NMFA hopes Congress will address this concern and authorize and fund the costs of shipping a second vehicle for overseas PCS moves.

PCS mileage reimbursement rates are no more than 20 cents per mile and then, only if four persons are in the vehicle. The official explanation for this rate is that the Monetary Allowance in Lieu of Transportation (MALT) and PCS rates were never intended to reimburse the transportation costs for driving a car; they are based on commercial fares and are a payment instead of providing the member or employee with Government-procured transportation. The MALT/PCS mileage rates do not reflect the price of gasoline. As we all know, commercial carriers are raising their rates because of the increased price of fuel. NMFA feels that an increase in the PCS mileage rates would reflect the increase in the commercial rate and provide a

more realistic reimbursement for mileage to service members and families as they relocate.

Military Allowances and Safety Net Programs

In Congressional testimony ever since June 2003, NMFA has raised a long-standing frustration for military families: the confusion involved in how and when military allowances are counted to determine eligibility for military and civilian programs. NMFA again reinforces the need for Members of Congress as well as state officials to assist in bringing a sense of order in how military allowances are counted for federal and state programs. We ask you to help ensure equitable access to these safety net services and protect families against disruptions in benefit eligibility caused by the receipt of deployment pays. No family should have to face the prospect of losing valuable benefits for a disabled child because a service member has received deployment orders.

Families living off the installation are often there only because of insufficient on-base housing, yet endure higher expenses than families living on an installation. Ideally, therefore, NMFA believes tax free allowances such as BAH should not be counted under any safety net program, which is how they are now treated in determining eligibility for the Earned Income Tax Credit (EITC). NMFA understands this could increase the number of military families eligible for some of these programs, but believe this is justified given the need for equitable treatment of all service members, as well as the loss of spouse income due to military relocations and high operations tempo.

Inconsistent treatment of military allowances in determining eligibility for safety net programs creates confusion and can exact a financial penalty on military families. A start in correcting this inequity would be to adopt a common standard in how BAH should be counted in eligibility formulas and to ensure that the receipt of deployment-related allowances do not cause military family members to become ineligible for support services for which they would otherwise be eligible.

Adjusting Housing Standards

Increased funding for Basic Allowance for Housing over the past six years has been a quality of life success story for military families. This funding has cut families' out-of-pocket costs tremendously, especially in high cost of living areas. DoD's claims that out-of-pocket costs for military families living off the installation have been "zeroed out" only apply, however, to averages. Many service members' BAH still does not cover their families' total housing costs. This disparity is due, in part, to the housing standard tied to a service member's rank.

The trend in housing construction on military installations, whether through military construction or the privatization contracts, has been to construct larger homes that meet so-called "community standards." The standard on the installation for assigning or offering housing is based on rank and the number of family members. If an E-5 with three dependents is lucky enough to live on the installation in privatized housing, they may be living in a three-bedroom duplex or townhouse.

Yet, if that E-5's family is forced to live off the installation, the rate of BAH they receive is based on the E-5 standard of a two bedroom townhouse. Service members needing a larger home off-base cover the additional rental costs out of their own pockets. An enlisted member must be an E-9 before "deserving" sufficient BAH to rent a single family dwelling.

NMFA believes that it is time to revisit and possibly revamp the housing standards used to determine Basic Allowance for Housing to better reflect the "community standards" used in constructing housing on military installations and the responsibilities placed on service members.

Families and Community

Military families are members of many communities. There are family communities consisting of moms and dads, grandparents, aunts and uncles, siblings and, in the case of the single service member, significant others. There is the community just outside the installation gate: Fayetteville, North Carolina; Watertown, New York; San Antonio, Texas; and San Diego California, to name a few. Communities small and large in every corner of the United States now have military families, due to the increased deployment and utilization of National Guard and Reserve members since the beginning of the Global War on Terror. NMFA has heard how these communities want to help the uniformed service families in their midst. They want to be better informed on how to provide this help. How can this be accomplished?

Starting at the smallest end of the spectrum with the family community, NMFA hopes more family members can avail themselves of the electronic and printed information that is available to them. With service member permission, extended family members and significant others can join in the virtual functions of family readiness groups described earlier. NMFA is constantly amazed by the number of parents and other family members who step up to the plate and assume leadership roles in family readiness groups for the National Guard and Reserve communities. The information provided by Joint Family Assistance Centers at the state and regional level is available to all those who are concerned about deployed service members.

As the sacrifice of service members and families continues in the Global War on Terror, many states have implemented military family friendly programs and passed legislation to support families. NMFA applauds the states assisting service members and their families with in-state tuition, unemployment compensation for spouses, licensing reciprocity, and education and sports provisions for military children. The DoD State Liaison office works to promote these policies and publicizes them on the DoD website *USA4MilitaryFamilies.org*, a web forum for sharing information about state and local initiatives to support military families. Of special importance is the work this office is doing to improve community-based support for disabled service members. It is also working to deter the payday lenders, check cashing stores, title loan companies, and other financial predators that plague service members. DoD is promoting financial literacy programs to insure stability for the members and their families. NMFA has worked closely with

the State Liaison Office on several state initiatives concerning spouse unemployment compensation, predatory lending, and in-state tuition.

Many states recognize the financial difficulties facing some National Guard and Reserve families. Some have instituted state-coordinated emergency funds financed through corporate and individual donations or through state residents' designations on their state income tax forms. Others pay the differential between state employees' military and civilian pay when the employee is mobilized or pay the health insurance premiums to enable the Guard or Reserve member's family to maintain continuity of health care. New Mexico pays the SGLI premium for the deployed National Guard and Reserve members from their state.

Concern for deployed service members from North Carolina and compassion for their loved ones left behind prompted the creation of a unique partnership to help the combatants' families, particularly those in remote areas. The Citizen-Soldier Support Program (CSSP) is a collaborative effort, funded by Congress through a DoD grant, and coordinated by the University of North Carolina at Chapel Hill. CSSP is designed to mobilize communities and make them aware of the needs of local military families so people can reach out and help when help is needed. The program is designed as a preventative measure, as opposed to a crisis-response structure, to help with little things before they become big things. The support program uses existing agencies within counties and communities to broadcast the needs of military families. Liaisons also seek help from representatives of Rotary Clubs, Lions Clubs, the American Legion, and Veterans of Foreign War units who are interested in helping military families. Other states have expressed interest in starting similar programs. We hope North Carolina will be the training center to expand the program to other states and communities.

NMFA recommends authorization of community-based programs, including the North Carolina Citizen-Soldier Support Program, to reach out to meet the needs of geographically dispersed service members and their families.

NMFA would like to thank the many military community members, community organizations, schools, youth groups, fraternal and service groups, and churches who reach out the military families in their midst and offer them support, a hug, a listener, a lawn mowed, a tire changed. They too are part of the tapestry of support. By keeping military families strong, they are ensuring the force will remain strong. We thank Members of this Subcommittee for your concern as well for strong families and a strong force. Thank you for your ongoing support for military families!

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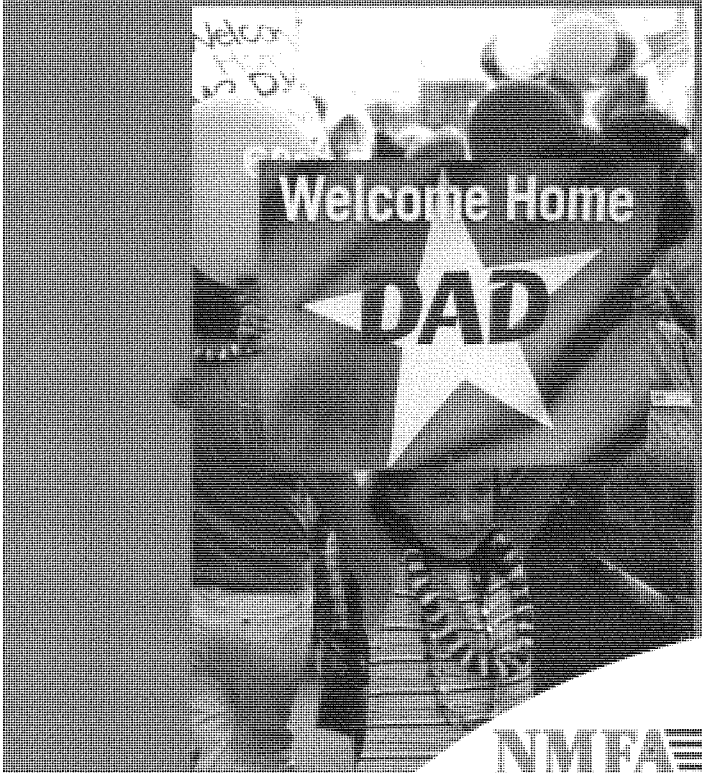

NMFA

National Military Family Association

Report on the

Cycles of Deployment:

An Analysis of Survey Responses from
April through September, 2005

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NMFA thanks the families of the uniformed services who completed this survey and shared their stories and suggestions with us.

This publication is a free publication intended to educate the public at large. No part of this publication may be reproduced or used in any manner without referencing the National Military Family Association as the author.

For further information on NMFA surveys and this report, contact NMFA, 2500 N Van Dorn St. Ste. 102, Alexandria, VA 22302 or families@nmfa.org or 800-260-0218.

Cover photo courtesy U.S. Navy by Photographer's Mate Airman John P. Curtis.

National Military Family Association Report on the Cycles of Deployment Survey An Analysis of Survey Responses from April–September, 2005

Forward

In July 2004, the National Military Family Association (NMFA) published *Serving the Home Front: An Analysis of Military Family Support from September 11, 2001 through March 31, 2004*. This report provided a snapshot of family support for that specific timeframe and noted the progress made in the support of uniformed services families during the first 18 months of the Global War on Terror. In its 2004 report, NMFA noted that more research would be needed on the long-term effects of repeated deployments and the reunion and reintegration of families. NMFA conducted a Return and Reunion Survey on its website (www.nmfa.org) in late 2004, which again indicated a need for further input from uniformed services families regarding the effects of multiple deployments.

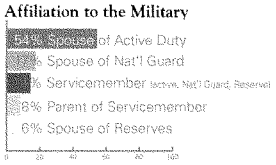
Using lessons learned from the Return and Reunion Survey, as well as the web survey and focus groups conducted as part of the *Serving the Home Front* project, the NMFA Government Relations Department developed its *Cycles of Deployment* survey, which was posted on the NMFA website from April through September 2005. The survey was marketed through the NMFA website and publications, DoD and Service family support professionals, the *Military Times* newspapers, NMFA installation Representatives, and word of mouth among families.

A copy of the survey questions is available in Appendix 1 of this report. A total of 1,592 respondents, representing both active and reserve components from six of the seven uniformed services (Army, Navy, Marine Corps, Air Force, Coast Guard, Public Health Service), completed the survey, with 70 percent of respondents offering comments and personal stories regarding their deployment experiences. Follow-up telephone interviews were conducted with twelve respondents. Half of the 1,592 respondents had their servicemember currently deployed.

Maj. Scott Benson is trampled by his three sons after returning home April 19 from a three-month deployment in Southwest Asia. Major Benson is assigned to the 41st Airlift Squadron here. (U.S. Air Force photo by Claire Dattilo)

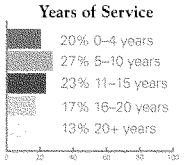
Survey Demographics

Affiliation to the Military



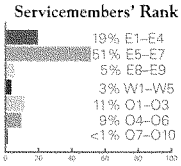
77% of respondents were military spouses.

Years of Service

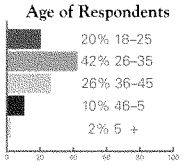


47% of respondents have 10 years or less in service.

Servicemembers' Rank

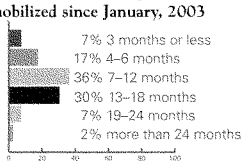


Age of Respondents

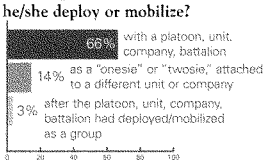


62% of respondents are 35 years of age or younger.

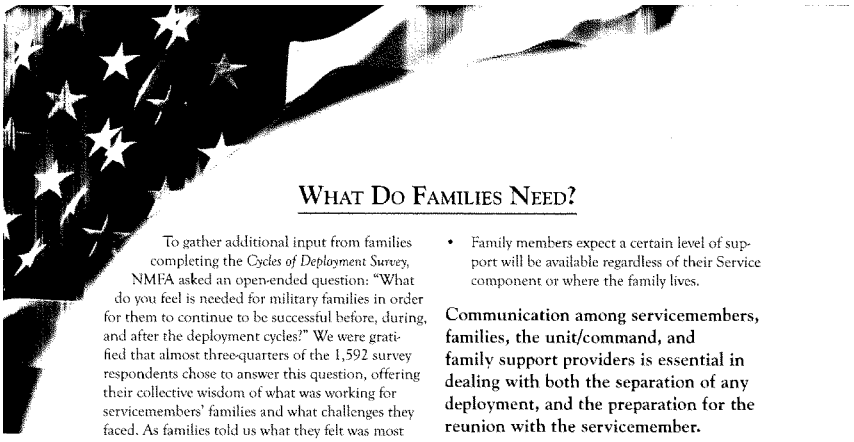
Total length of time servicemember has been deployed or mobilized since January, 2003



When the servicemember last deployed, how did he/she deploy or mobilize?



* Percentages rounded to nearest whole number (non-responses not shown)



What Do Families Need?

To gather additional input from families completing the *Cycles of Deployment Survey*, NMFA asked an open-ended question: "What do you feel is needed for military families in order for them to continue to be successful before, during, and after the deployment cycles?" We were gratified that almost three-quarters of the 1,592 survey respondents chose to answer this question, offering their collective wisdom of what was working for servicemembers' families and what challenges they faced. As families told us what they felt was most needed, they also provided the very clear message that families cannot—nor should they have to—make it through a deployment alone. They expect family support to be available to all families, regardless of their Service component or where the family lives. Respondents acknowledged they had a role to play in their own family readiness; however, they looked to their commands, their unit volunteers, and their communities to recognize their sacrifice and help them make it through a deployment.

Throughout this report, we have included representative responses from survey respondents' answers to the question: "What do families need?" Most responses fell into several general categories, the most common of which were:

- Communication among servicemembers, families, the unit/command, and family support providers is essential in dealing with both the separation of any deployment and the preparation for the reunion with the servicemember.
- Deployment lengths, the frequency of deployments, and the day-to-day operational tempo (OPTEMPO) of servicemembers are taking a toll on servicemembers' families.
- Continuous training of support providers and families is needed and must extend into the reunion phase.
- Family members expect a certain level of support will be available regardless of their Service component or where the family lives.

Communication among servicemembers, families, the unit/command, and family support providers is essential in dealing with both the separation of any deployment, and the preparation for the reunion with the servicemember.

"My son is currently in Iraq. He and two other members of his platoon are separated from the rest of the group so we no longer have good communication from his command. He no longer has regular access to phone or internet, so we're much more out of touch. His family readiness officer updates us on whether or not they are safe, which is very nice."

–Marine Corps Parent

In its 2004 report, NMFA stated: "Commitment to communication is the key to coordinating family support programs. This communication needs to be a continuous flow of accurate, timely information from the highest levels of the Services to the individual servicemembers and their families." Commitment to communication remains a priority today, but with a slightly different emphasis than earlier in the war. Then, the logistical challenges of communicating with the servicemember and command were the common complaints. These included slow postal mail, servicemembers' difficulties in accessing phones or computers in the theater of operation, or units' unsophisticated communication channels with isolated families. Families of servicemembers who are remotely assigned or in specialties such as submariners still reported they do not have regular communication with their family members; however, the majority of family members regularly correspond with their servicemembers via e-mail, phone,

and mail. "Hearing that voice" is very important. Family members worry about the expense of buying phone cards, maintaining Internet service, and mailing packages. They would also like to have longer than fifteen to twenty minute phone conversations once or twice a week. Seventeen percent of the survey respondents reported that communication with the servicemembet was the top challenge during the deployment.

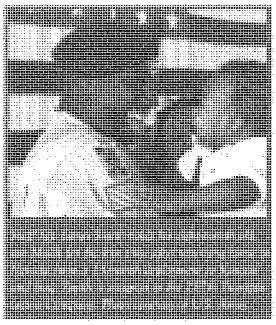
"[We need] consistent communication from the leadership of my husband, telling us what is going on. So often the servicemember downplays situations and doesn't get the real truth so we have a false picture and the media does not help."
–Marine Duty Spouse

"Successful deployments are about communication."
–Army Soldier

Even though some families still talked of challenges in maintaining regular communication with their servicemember, respondents in the *Cycles of Deployment Survey* were just as likely to talk about the quality of communication and their expectations regarding communication with their servicemember's unit, command, and volunteer network. Families emphasized the need for open lines of communication between themselves and the servicemember's unit, command, and volunteers as an important element of effective support. In fact, many indicated that what they needed and expected first and foremost from the unit or its representatives was frequent communication regarding unit activities and the well-being of the deployed servicemembers. They also wanted to know someone cared about their well-being and understood the challenges they faced. Their comments indicated families believe that good family support starts with good communication.

"We understand the need for being a little evasive as to what the soldiers are doing, where they are, etc... but it would be nice to know what they are doing in general."
–Army Parent

Families understand the need for operational security, but desite more information from the chain of command. They would like to know when the servicemember is deploying and where he/she is going. Only one-third of the survey respondents reported having communication with the unit or unit volunteer network at the critical pre-deployment stage. Once the servicemember is deployed, family members want to know generally what the servicemember's unit is doing, how the members of the unit are faring, and when he/she will return, even if it is just a "ballpark figure." Not knowing even that approximate date is stressful. One-third of the survey participants reported contact with the unit early in the deployment. When the command or unit fails to relay this information, the families want to know: "What are they hiding from us?" It is at the mid-point of the deployment cycle that more than a quarter of the families reported feeling the greatest stress. Families bombarded by press reports about the war want to be able to combat the sometimes negative press with accurate information.



"Ongoing support groups would be a great help as it gives spouses the opportunity to connect with others who are experiencing many of the same circumstances as they are going through. Younger spouses are able to meet and talk to more experienced spouses giving them the opportunity to gain knowledge from their life experience."
–Navy Spouse

Families also cited communication with other military family members as very important. Spouses and parents want to commiserate with someone who understands, someone in the same situation, and especially someone who has experienced a prior deployment. Personal contact from a representative of the unit, whether it is the rear detachment commander or a unit volunteer leader checking to see if the family is okay, makes one feel less alone.

"[Families need] contact with other families who are deployed with your servicemember. I know we have our own life but even a phone call is helpful."
–Coast Guard Spouse

Survey results indicate that contact with the unit and its family readiness/support group during the deployment correlates to families' improved ability to deal with subsequent deployments. Almost 13 percent of all respondents reported no contact with their unit or unit volunteer groups. In addition, 3 percent chose not to have contact with their unit or its volunteer group. A higher percentage of respondents who indicated they were better able to deal with multiple deployments had contact from the unit or unit volunteer network during the deployment than did those respondents who stated it was harder to deal with subsequent deployments. Only 5 percent of family members who reported an increased ability to deal with deployments had no contact with these avenues of information and support, an indication of at least one tool for successful families.

Families indicated the support provided must be ongoing and not fade away as the deployment continues. When asked about stress during deployment, respondents indicated that not all families react to deployment in the same way or at the same time. The ability to handle the mid-deployment routine seems to be crucial for families' handling of subsequent deployments. Among respondents who said subsequent deployments were harder than the first, 37 percent stated they experienced the most stress during the middle of the deployment.

"Return dates have not been released, I've stopped hearing from the battalion which was quite spread out in Iraq, and with as difficult as this deployment has been I know we are going to need to be prepared due to changes at home and changes for our servicemember."
–Navy Reserve Spouse

"[Families need] preparation for the psychological changes affecting the soldier upon return home. Things do not immediately return to 'normal.' Soldiers go through emotional 'homesickness' for the soldiers they were deployed with, and that was not something I was prepared for."
–Army Parent

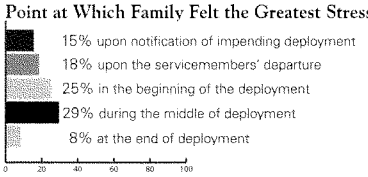
One of the most significant survey findings was that the information uniformed services families desire is not solely what they need to get them through the actual deployment. They also want to know what the servicemember is experiencing so they will be more prepared for the reunion. "Forewarned is forearmed" seems to be the attitude. For example, if the family knows that a particular unit has had difficulty relating to the Iraqi people, then it will be less puzzling when the servicemember exhibits a great deal of anger after returning home. What stood out in many survey responses was that for families, communication during deployment is directly linked to the reunion process, the reintegration of the family, and the mental health needs of all concerned.

Deployment lengths, the frequency of deployments, and the day-to-day OPTEMPO of servicemembers are taking a toll on servicemembers' families.

"If there was some way to shorten the length to six or seven months, it would be a little more doable for families to see the end in sight. People don't realize how much happens in six months let alone a whole year or more. Families cannot continue to make things work with multiple year-long tours. The whole concept of feeling defeated before you have even started is overwhelming. You feel as though the cards are stacked against you."
–Army Spouse

"People are not realizing that the National Guard and Reserves make up half of our Nation's military. It is an awful feeling and we were not prepared for 18 months of deployment."
–Army National Guard Spouse

Point at Which Family Felt the Greatest Stress



The amount of time servicemembers and their families have together is limited and very valuable. While families from all Services commented that deployments kept lengthening, it was no surprise that Army National Guard and Reserve families reported the greatest stress concerning deployment length.

Their servicemembers typically experience family separations of close to eighteen months—several months of training prior to the deployment, twelve months "boots on the ground," and at least a few weeks following the servicemember's return home. These families are quick to point out they are experiencing the longest family separation of any Service families and that the length of these deployments is having a detrimental effect. Family members comment about the time spent "training" before departing for foreign soil. They want to be assured that the time is used wisely and that the servicemember is not just "sitting around." Eighteen months is two sets of holidays for many who feel that a twelve- or six-month deployment is more "doable." As one spouse related, "I can do a six month deployment standing on my head." As the deployment lengthens, family members worry more about the effect of the servicemember's absence on the family dynamic.

"I have made 6 total deployments. The actual deployment is NOT the greatest obstacle. The workup cycle is the hardest part, at least for the Navy. We start the cycle 6-9 months prior. We go underway for 2-3 weeks at a time (sometimes longer, sometimes shorter). We return home and need to reintegrate into our families. The actual deployment is by far easier to deal with; we know we are gone, we know our approximate return date."
–Navy Sailor

"The optempo for our unit was VERY high. I had anxiety over accidents occurring because they were 'on the razor's edge' for so long. I think there needs to be a balance before and after. Unfortunately, this isn't always able to occur due to sudden changes in deployments."
–Navy Spouse

"Allow servicemembers to have some time off to readjust to family life!!! Preferably without having to use up all their leave days. Give them an 'adjustment to real life' period before running them like crazy just after they get back. Chaos is not healthy after a deployment (especially a lengthy one)."
–Army Soldier

As the operational tempo remains high both during deployments and at the home installations, families are concerned their servicemembers are working long hours without a break preparing for or recovering from deployments. When asked about their greatest challenges after the servicemember's return, 43 percent of the respondents cited concern the servicemember would have to deploy again. Respondents referenced a need for mandatory leave to replenish the spirit. Families worry about the long-term effects on the family of the "there, but not really" servicemember, who seems to come home only long enough to eat a meal and sleep. Families worry about the physical, emotional, and mental health of maintaining this pace and that OPTEMPO at home and the prospect of a subsequent deployment are making their reintegration with the servicemember difficult.

Continuous training of support providers and families is needed and must extend into the reunion phase.

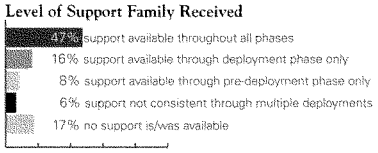
When asked about their greatest challenges after the servicemember's return, 43 percent of the respondents cited concern the servicemember would have to deploy again.

"With deployments happening out of the blue, there need to be steps made to ensure that the families and servicemembers are prepared before they even know when deployment is, so things aren't rushed."
–Navy Spouse

"Have training sessions for 'how are you coping now' like the pre-deployment things. We forget a lot of the info we get in pre-deployment meetings. Even our notes are not enough. We think we can remember more than we really can."
–Army National Guard Spouse

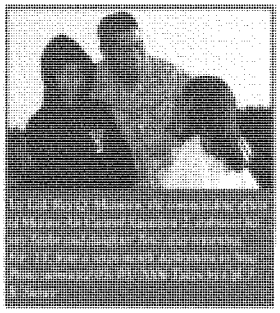
"After the reunion stress–please consider adding something to the extent of learning how to share household responsibilities again. So many of us do it all while our spouse is deployed and get irritated when duties are shared again or if our spouse may unknowingly criticize the way we did something while he/she was deployed. Based on my own experience and talking with friends, this is a common experience post-deployment that many couples struggle with."
–Army Spouse

Level of Support Family Received



NMFA's *Serving the Home Front* report noted that: "Training is a continuous step... and the challenge lies in reaching the families who need it." Responses to the *Cycles of Deployment Survey* indicate this challenge remains, despite the increased activities of family support providers and commands and the increased realization by families of the need to become ready. Less than one-half of the respondents reported a consistent level of family support throughout the pre-deployment, deployment, and post-deployment phases and 17 percent reported no support was available.

Families are eager to know what to expect and how to locate needed resources. Respondents noted briefings and special activities are usually held when a large group of servicemembers are deployed, but the families of the individual augmentees—the "onesies and twosies"—are often forgotten. This training needs to be conducted repeatedly throughout the deployment cycle rather than as an optional, one-time session. This continuity of the information flow is most critical to the "suddenly military" National Guard/Reserve community. A pre-deployment briefing held the same weekend that the servicemember deploys is not meeting the need for these families to make the transition from weekend warrior to active duty.



"I think the hardest part for my family was the fact that as a Guard family, we had never been through a deployment before. I knew nothing about that life, the phases, anything. I felt very unsure about where my resources were and who to call for help. I really think that, regardless of military status, every family needs to have a basic knowledge of deployment life...be it written resources, workshops, what have you."

—Air National Guard Spouse

"The initial phase was difficult and I felt that the Army information was thrown at us at one of the most emotional times and I couldn't absorb who could help me when. I still haven't had time to figure that out. I think if I had been given that information the same time as my husband was activated, or while he was at the training prior to leaving for Iraq when life was still sort of normal because I could talk to him often, I would have been better prepared."

—Army National Guard Spouse

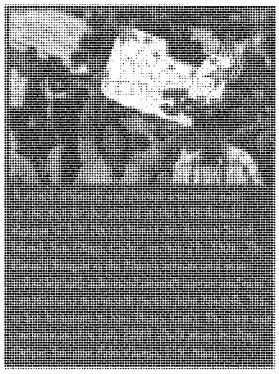
Most active duty family members are used to the "military lifestyle." They live near other Service families and have experience dealing with the military bureaucracy. The "suddenly military" National Guard and Reserve families often do not. Prior to September 11, 2001, these reserve component families could expect their servicemembers to participate in two weeks of annual training or a short mobilization for natural disasters. Many are lost in the military bureaucracy because they do not necessarily know how the complex support systems work.

Despite extensive efforts by National Guard and Reserve leaders and family program staff to expand their outreach and information efforts, National Guard and Reserve families were the most vocal of all survey respondents regarding their need for additional information, especially in the pre-deployment phase. They want briefings sooner rather than later, with detailed information about TRICARE, finances, and family support resources. They also want briefings offered more than once. Preparing for a servicemember's deployment requires a great deal of new information that may take time to absorb. Question and answer sessions after a period of time for reading the information provided, exploring the websites, and attempting to access the system or find a TRICARE provider increase the likelihood of a family's successful adjustment. Guard and Reserve families stated the need for a single poinr of contact when a problem arises or when they need information. Some talked about needing a reference book containing all the accurate and updated contact numbers and available community resources, both civilian and military, to keep all the information in one place.

"I am new to the military family scene and it would be nice to find out if there is someone that can tell me what to expect when he comes home. I am finding it difficult to find this type of information. I have talked to several counseling services and they don't offer this and I am referred to another service that doesn't offer it either."

–Navy Spouse

In the deployment cycle, few things are as eagerly anticipated as the servicemember's return. However, survey respondents reported a high level of stress throughout the deployment in anticipation of the reintegration of the servicemember into the family and community. They wanted to know what to expect, what is normal/abnormal, and what to do about it. As we have stated, regular communication from the unit and command during the actual deployment is part of this requested information. Reunion/reintegration briefings for the servicemember and the family members before they are reunited are important, but many families are not taking advantage of any of the formal reunion programs to prepare for their servicemembers' homecoming. Only one out of every three survey participants stated they did something specifically to prepare for the reunion, either taking part in a formal reunion training program or talking to others who have been through the reunion process before.



"The largest 'adjustment' issue we had to deal with was his redeployment, that looming over our heads, being recently married, and dealing with back to back deployments as a reservist is very frustrating. Also, in the readjustment phase after his return, finding our 'role' in what we each want to do...that compromise, and not always doing what we wanted to do individually...having time to ourselves, knowing he was leaving again was very hard."

–Marine Corps Reserve Spouse

Family members are concerned about the relationships within the family. The need for marriage counseling and couples retreats was a common theme among the respondents. How the children, especially the very young or the teenagers, will re-connect with a parent who may have been absent for most of their lives, was another common concern. Three-quarters of the survey respondents stated that zero to three months after the servicemember's return was the time of greatest stress.

"Three deployments have caused great mental strain on me as the spouse of a servicemember. Thank goodness for mental health services, which I have used for more than a year now and will continue to use. I have to work daily on managing depression and anxiety, which I feel are a direct result of the deployments."

–Air National Guard Spouse

The good news for family support professionals who believe military families are reluctant to seek help for mental health issues is that many survey respondents did recognize counseling is an option for them. Families perceive counseling and mental health support as especially helpful if it is confidential and with a professional familiar with the military. Anger management classes and family counseling for the servicemember, spouse, and children apart and together were requested by the respondents. Almost half commented that they have used or would use counseling. This percentage increased among families who had dealt with multiple deployments. Three quarters of those who stated they were better able to deal with subsequent deployments found counseling services to be helpful.

Family members expect a certain level of support will be available regardless of their Service component or where the family lives.

"I feel with the reserve units there is not enough contact with the command and the family service centers. My husband was active duty for 10 years and I am aware of the support that is available to them, and the support for reserve families is practically non-existent. It should be more available to them even when they are a great distance from a military installation."

–Navy Reserve Spouse

"Our situation is unusual because the servicemember did not actually deploy for 2004, but was in Korea for nearly 15 months, unaccompanied. Now we face a deployment to Iraq. I think support needs to be available when servicemembers are gone at any time, not just deployments, and that has not been the case so far."

–Army Spouse

In the eyes of the survey respondents, "The Military" has established an expectation that the uniformed services are family-friendly. As a consequence, just as they expect their servicemember will probably have to deploy in support of the mission, families expect there to be a certain level of family support available to them when they need it. Families expect this support to be integrated across the Services and components. They expect their commanders to recognize their needs. They assume all the suppott systems of all types of units should work together. The families do not give specific grades to each part. As far as they are concerned, the boundaries among their rear detachment/rear party, family readiness/support volunteers, and professional support staff at their Service or installation family centers are blurred. This expectation extends to TRICARE, regardless of where their health care is delivered or who is providing health benefit information and customer service.

"We are all in this together—it doesn't matter the branch of service."

–Army Reserve Spouse

Survey respondents countered the assumption made by commanders at all levels that families already know what their family support resources are and how to access them. They sent a powerful message that most families do not know (and don't really care) who is in charge of what, who is paid or not. How far the family lives from the unit does not really matter, nor do Service or component distinctions. What does matter is that the promised support and information are provided.

"Family Readiness Groups are the most productive way for families to reach the end of a deployment in the best shape possible."

–Army National Guard Spouse

"The Family Support Group is often the difference between feeling supported and doing well during long underway periods or feeling alone and not coping well. Someone should give them money. They are always struggling for fundraising, often paying out of wives' pockets for really key things, like welcome baskets, kid's X-mas parties, etc. These things may sound trivial, but when you haven't seen your husband for 4 months, and you're not sure you're going to make it through without losing your mind, they are key."

–Navy Spouse

The family support expectation needs to mesh with the reality of services and programs that can be provided. As NMFA said in its *Serving the Home Front* report: "The expectations of servicemembers, family members, and 'the military' all need to be established and communicated." The backbone of much of this support is the Family Readiness Groups (FRG), Family Support Groups (FSG), Key Volunteers (KV), and Ombudsman programs. Many families see these programs as the main source of their support and think of them in the same way they regard unit representatives and family center personnel. However, as unrealistic as this expectation might be, many families, especially the new and inexperienced members, expect the leaders of these groups to be well-trained and available when needed (24/7) throughout the deployment.

Many respondents expressed concern that volunteers were becoming fatigued and subject to "burn-out." They stated that the leaders of their unit family groups should be paid or have paid professional support personnel assigned to their groups. They noted that command support of the groups and their leadership is essential in establishing the need, the guidelines, the information flow, and the quality control. Families expect commands to be involved. If commanders at all levels do not communicate that these programs are important, stay involved in their activities, and give them the resources they need, families' expectations will not be met.

"It's important for me to try and establish a foundation with the families of our unit. I do not want my first contact with them to be a deployment. Because it's the Reserves, everyone has other lives. However, this war and any future wars are depending upon the Reserves like they were active duty. It's time that Family Readiness Groups became more involved with their families in Reserve units."

–Army Reserve Spouse

Unit family readiness/support groups are a lifeline for many family members. Membership in these groups is automatic and the group is an expected part of military life. If the group is organized after

the deployment starts, located many miles away from families, fails to include extended family members, or doesn't have active command support, then discontent will follow. The quality of the family readiness/support group can make or break a successful deployment for a family trying to cope. More importantly, many families gauge the commitment of the whole Service chain of command to their well-being by what happens or does not happen in their unit family group.

"My husband is deployed...out of Korea so this has been a 'unique' experience which has been handled horribly by the Army. Family members ...have NOT been contacted by command and no official FRG meetings were established until they were in the 6th and 7th months of deployment—and even then info is sketchy. We are told to check one site for official news and updates but nothing is updated, then the site is changed and no one is told, then it's changed back to the original site and no one is told. We hear everything through 'unofficial' channels (i.e. my husband said this, her husband said that). There are family members (spouses, parents, children) located all across the country who have been abandoned by the military during this deployment."

—Army Spouse

"I feel it's an injustice for soldiers to be cross-leveled from their original unit to another unit. The gaining unit doesn't stay in contact with their new soldier's family and their original unit drops them from their lists and the family is left out on their own to try and find someone or resources to help them through the difficult time of deployment."

—Army Reserve Spouse

"Most support groups focus on the spouse left behind. There are a large number of us who did not leave a spouse behind but we left our kids with grandparents. Not a lot of resources available to a non-military set of grandparents. The military could make it much easier to put our kids in the hands of our parents when we deploy. This isn't the first time we have done this; before, the kids went to my parents' home from my home base. Nothing special was done or even offered for them, they went and found it on their own. Spouses' groups of deployed servicemembers were available but not appropriate for my situation."

—Air Force Servicemember

"Extended family needs services also—I am the sister of a soon-to-be deployed servicemember, and we live and have raised her son together. There doesn't seem to be anything for someone in my position—family, but not on the same level as a spouse and children for support."

—Army Sister

Families whose servicemembers deployed from unaccompanied tours in Korea to Iraq ask, "Where's my group?" Families of individual augmentees ask, "Who is my group?" One-third of the survey participants who identified their servicemember as deploying as a "onesie or twosie" stated that no support was available to them. Families of cross-leveled servicemembers deploying with units other than their home unit ask: "Do I belong to the losing unit's group or the gaining unit's—or both?" Families who have just completed a Permanent Change of Station (PCS) move ask: "How do I find my group when I've just moved and my servicemember has already deployed?" Extended family members know there should be a group for them, but are unsure where to find it. Whose responsibility is it to help them connect to the support that is available for them?

Although the current cycles of deployment are challenging, families are proud of their servicemember and their own special service to our country. They understand that family support is primarily their personal responsibility, but they expect "The Military" to be involved in that support as well.

What Else Did Respondents Say?

While the majority of respondents' comments were linked to the four themes described above—communication, OPTEMPO, training, and expectations regarding support—many also referenced the day-to-day challenges faced by families dealing with deployment. Experienced families know that when the servicemember leaves, whether for a deployment or a training exercise, a major appliance will break, the children will get sick, and the car will break down. These day-to-day hassles of dealing with a deployment can become overwhelming if the family is focusing so much on the well-being of the servicemember. Child care concerns, school issues, house maintenance, and tensions at the spouse's workplace can all add up. Although the problems in each area may be minor, the sum of all is major stress.

> With 2 small children and a full-time job it is hard to juggle all of the requirements. You have to pick your battles.
>
> —Army National Guard Spouse

"I would like to see some no-cost child care in our community for dependents of deployed servicemembers, especially when they are new to the area and don't know anyone they can ask. When my husband was deployed I never felt I could afford child care for my 3 children for me to go out, have time for me as the mother. Now I realize, after the deployment is finished, that would have really helped alleviate a lot of stress for me."

—*Marine Corps Spouse*

"School involvement! ...Anything that helps out our children during a deployment also helps us as spouses left behind. When I see my children, I see a piece of my husband, and when he's gone, I become ultra sensitive to their needs."

—*Marine Corps Spouse*

Almost 500,000 military children are five years of age or younger. Much has been done to help military families obtain affordable child care in their communities. But there remains a need. Sometimes just a three or four hour period away from young children can make or break a spouse's week. Guard and Reserve families reported that dealing with the children was one of their greatest challenges during a deployment.

More than 600,000 children of servicemembers are school-aged. They primarily attend civilian public schools. In many cases, these children are a distinct minority in their school. Respondents noted that the staffs at their children's schools may not understand what these children experience when a family member is gone. The remaining adults in that family take on the additional burden of having to educate their children's educators. While military parents know they must act as their children's advocate, they are frustrated at the lack of teacher training in this area.

"I have used approximately two months of vacation time from work for the purpose of helping my family prepare for the deployment and 15 day R&R [Rest and Recuperation], We need to lobby Congress to pass the Military Families Leave Act to protect the rights of immediate family members who are assisting our soldiers."

—*Army National Guard Spouse*

"Should I quit my job during his deployment so I can re-apply in 4-6 months and start over at the beginning of my career? Recovering financially upon the servicemember's return means you took 2-steps back instead of getting ahead."

—*Air Force Spouse*

Sixty percent of military spouses are employed outside the home. While this survey did not specifically ask about their workplace or employer concerns, some told us of employment problems they had encountered. Several asked about the viability of military family leave for the pre-deployment period, during the servicemember's R&R leave, and post-deployment. Some asked for help with educational opportunities and employment searches. Still others related they had quit their job to stay home with their children or that they were considering the feasibility of doing so.

Some families expressed a need for financial counseling. Even with the additional deployment pays and allowances and the combat zone tax advantages, respondents still referenced low pay, running "two households," child care costs, and juggling the

responsibilities of running the household alone as imposing a toll on financial stability. National Guard and Reserve spouses reported that balancing the spouse's career and family responsibilities were the greatest challenge they faced during a deployment. In addition, Guard and Reserve families worry about the servicemember's employment-related issues: the disparity between civilian and military wages, saving their servicemembers' small businesses, and re-gaining civilian employment.

Conclusions and Recommendations

"This has been so far the hardest experience I've ever had to deal with. I expected that. I thought there would be peaks and valleys of happiness and strain. That has not been the case. Even the most wonderful moments are shadowed in the pain that he isn't here. It has been a constant struggle. It isn't getting easier, it isn't getting more comfortable. Not having my husband, my children's father, around has left a hole in this family that can't be filled with routine or time. He is too important to us. His spirit is too much a part of this family. Everyday I tell myself we're one day closer. That is what keeps me going. Regardless of the hurt and sadness that goes with deployment, we believe in him and what he's doing. We know other fathers, other husbands will go home tonight because he's protecting freedom. We just miss him so much, and we want him home."

–Army National Guard Spouse

As stated in NMFA's *Serving the Home Front* analysis report, certain elements are essential for a military family support system that works: communication, continuous training, partnerships to enhance family support efforts, and community support. The *Cycles of Deployment* data reinforces those findings, even as they show that both family readiness programs and family challenges have evolved. As NMFA predicted in the 2004 report, the issues of return and reunion and how families handle multiple deployments necessitate new approaches to family readiness. The most striking conclusion to emerge from this survey is that we were probably mistaken to talk of the "Cycles of Deployment." Families' descriptions of the issues they faced pre-deployment, during deployment, post-deployment, and then gearing up again indicate a spiral and not a cycle. Families never come back to the same place they started. When entering a second or third deployment, they carry the unresolved anxieties and expectations from the last deployment(s) with them along with the skills they gained. While they may have more knowledge of the resources available to them, respondents whose servicemember had deployed multiple times also reported being more fatigued and more concerned about their children and their family relationships.

We did find good news in the survey results. Given the opportunity to vent when answering the question about what families need, many respondents instead praised programs that are working well. They talked of the responsibility families have to seek out the information and support they need and of the strategies they were using to cope during deployment. Almost half reported that support was available to them throughout the pre-deployment, deployment, and post-deployment cycle. And, in a community known to fear the stigma of seeking mental health care, more than one-half knew counseling services were available and almost 50 percent said they had used or would use counseling services. This percentage increased for families experiencing a second or third deployment.

Based on its observations regarding deployment-related challenges facing uniformed services families today—and supported by the results of the *Cycles of Deployment Survey*—NMFA makes the following recommendations to strengthen military family readiness:

1. **Address return and reunion challenges throughout the deployment cycle:** When survey respondents talked of communication challenges, they often spoke of the need for information that would help with the reintegration of the servicemember with the family after deployment. Families worry about how the reunion will go even as they are worrying about the servicemember's safety in theater. Since most families are not taking advantage of specific return and reunion briefings and activities, family support professionals and commanders must look for innovative ways to help families and servicemembers prepare for the challenge of reintegration. They must also take full advantage of the various post-deployment assessments to gauge not only the servicemember's readjustment to life at home, but also the readjustment of the family.
2. **Direct more resources to support family volunteers:** Even the respondents who praised their family readiness volunteers and support groups noted the need for more resources and "professionals" to support their efforts. Generally, these calls came for the assistance of counselors and administrative support detailed to specific units. The Services are making strides in providing more staffing—whether uniformed or civilian—to support the logistics of family support and conducting family readiness activities. However, survey respondents called for counselors assigned to unit family readiness groups, as well as on-call professionals who would be available to deal with troubled families or the emergency situations currently being thrust on often inadequately trained volunteer family members, who are dealing with the deployment of their own servicemember. Given widely-publicized concerns over family relationships, children, and the mental health of the returning servicemember, NMFA believes more professional support must be directed to the unit level to assist families in meeting these challenges.
3. **Recognize that family time is important:** For many survey respondents, the joy of their servicemembers' return was short-lived because of a high operational tempo at the home installation or the prospect of a subsequent deployment. NMFA understands the demands of the mission on an over-extended force, but encourages Service leaders to give family time a higher priority when planning operational activities, especially for servicemembers who have only been back from deployment for a few months. The impact on family time of Permanent Change of Station (PCS) moves, servicemember attendance at schools, and training activities that take the servicemember away from the home installation must also be considered.
4. **Expand program and information outreach:** While more families are accessing family support services and maintaining touch with their commands and unit family group, a sizeable number still remain outside the fold. They may have expectations about a certain level of support, but are located too far from either the unit or other families to feel a connection to the military. Integrating the "suddenly military" Guard and Reserve family into the support system needs to begin prior to the activation of the servicemember and continue through the reintegration of the servicemember back into the community. It cannot continue to be a one-time use-and-dispose system. We did not ask about the use of Military OneSource (*www.militaryonesource.com*) on this survey, but have in other queries and have generally been pleased that awareness and use of this program is gradually increasing among active duty, National Guard, and Reserve families. It remains the best example of a joint family readiness program that is not dependent on a family's Service or geographic location.
5. **Assist families in developing realistic expectations, and then meet them:** Although challenged by the demands of deployment, families are proud of their servicemember and their own special service to our country. They understand that family support is primarily their personal responsibility, but they expect "The Military" to be involved in that support as well. Some families, especially those of servicemembers deploying for the first time, may expect someone in the military to ensure they have help with even the simplest household tasks. Others may think they have to handle everything on their own—that asking for help would reflect badly on their servicemember. Families need connections

with other family members to show them the ropes. They need accurate information about their benefits and available programs. They need to feel their command cares about them and is interested in keeping them informed. They need their servicemembers to assist them in gaining the tools they need to meet deployment challenges.

6. **Never assume families know what they need to know:** As units continue to deploy, some commanders, professional family support staff, and even family readiness volunteers may assume families do not need the same kind of intensive support they required earlier in the war. Cutting back on pre-deployment briefings because "we've done this all before" short-changes the new spouse or the parents of the new recruit. Experienced family members may find new challenges during a subsequent deployment or find the accumulated stress from multiple deployments creates the need for re-engagement with the family readiness/support group or for accessing different support personnel. Commanders, rear detachment/rear party personnel, family center staff, chaplains, and family readiness volunteers must continually devise innovative ways to reach out to families, gauging what they need and meeting those needs. A consistent level of resources is crucial in giving them the flexibility to create the comprehensive, responsive support system families need in order to succeed in the face of repeated deployments.

Appendix

Cycles of Deployment Survey

(as posted on the NMFA website: April through September, 2005)

Since Operation Enduring Freedom and Operation Iraqi Freedom have begun, our servicemembers have experienced deployments into combat zones, longer work hours, and intensive training schedules and military families have continued to support the commitment to their servicemember.

NMFA wants to know what your family is experiencing as cycles of deployment, longer work hours and rigorous training programs continue. Please take a moment to answer the following questions regarding you and your family's experiences.

Deployment / Mobilization

1. How many times has the servicemember been deployed or mobilized since January 2003?
- ❑ None
- ❑ Once
- ❑ Twice
- ❑ Three times
- ❑ More than three times

2. What is the total length of time the servicemember has been deployed or mobilized since January 2003?
- ❑ 3 months or less
- ❑ 4-6 months
- ❑ 7-12 months
- ❑ 13-18 months
- ❑ 19-24 months
- ❑ More than 24 months

3. Is the servicemember currently deployed?
- ❑ Yes
- ❑ No

4. If the servicemember is not currently deployed, when did the servicemember return from the most recent deployment?
- ❑ 0-3 months
- ❑ 4-6 months
- ❑ 7-12 months
- ❑ More than one year
- ❑ Not Applicable

5. Has a date or time frame been set for the servicemember's next deployment?
- ❑ Yes
- ❑ No
- ❑ Don't Know
- ❑ Not Applicable

6. When the servicemember last deployed, how did the servicemember deploy or mobilize:
- ❑ With a platoon, unit, company, battalion
- ❑ As a "onsie" or "twosie" attached to a different unit or company
- ❑ After the platoon, unit, company, battalion had deployed/mobilized as a group
- ❑ Not Applicable

7. When did you have contact with the unit or unit volunteer group (check all that apply):
- ❑ Before the deployment/mobilization
- ❑ During the deployment/mobilization
- ❑ After the deployment/mobilization
- ❑ No contact from the unit or volunteer group
- ❑ Chose not to have contact with the unit or volunteer group
- ❑ Not applicable

8. At what point during the deployment did your family feel the greatest stress?
- ❑ Upon notification of impending deployment
- ❑ Upon departure of deployment
- ❑ In the beginning of the deployment
- ❑ During the middle of the deployment
- ❑ At the end of the deployment
- ❑ Not Applicable

9. What is/was the greatest challenge for your family during deployment or mobilization? (check all that apply)
- ❑ Communication with servicemember
- ❑ Financial challenges
- ❑ Health challenges (physical, mental or emotional)
- ❑ Health insurance/TRICARE changes
- ❑ Balancing spouse's career and family responsibilities
- ❑ Challenges with children
- ❑ Concern for servicemember's safety
- ❑ None
- ❑ Other
- ❑ Not Applicable

10. If your servicemember has deployed more than once since January 2003, rate your ability to deal with repeated deployments.
- ❑ I am better able to deal with subsequent deployments
- ❑ I have not noticed any change in my ability to deal with subsequent deployments
- ❑ It's harder for me to deal with subsequent deployments
- ❑ Not Applicable

Reunion

11. What is/was the best resource when preparing for the reunion with the servicemember?
- ❑ Participated in a formal reunion program
- ❑ Talked with someone who had been through reunion before
- ❑ Talked with a professional (chaplain, counselor, etc)
- ❑ Relied on past personal experience
- ❑ Did nothing special

12. How prepared did you feel your family is/was for reunion before the servicemember returned?
- ❑ Excellent
- ❑ Very Good
- ❑ Good
- ❑ Fair
- ❑ Unacceptable

13. How prepared did you feel your family is/was for reunion after the servicemember returned?
- ❑ Excellent
- ❑ Very Good
- ❑ Good
- ❑ Fair
- ❑ Not at all prepared

14. At what point after the reunion did your family feel the greatest stress?
- ❑ 0-3 months
- ❑ 4-6 months
- ❑ 7-9 months
- ❑ 10-12 months
- ❑ Over 12 months

15. What is/was the greatest challenge for your family after the reunion? (check all that apply)
- ❑ Concern of deploying/mobilizing again
- ❑ Longer work hours/change in unit
- ❑ Relocated to new area
- ❑ Financial challenges
- ❑ Balancing spouse's career and family responsibilities
- ❑ Challenges with children or family
- ❑ Health of family members (physical, mental or emotional)
- ❑ Health of servicemember (physical, mental or emotional)
- ❑ Health insurance/TRICARE changes
- ❑ None
- ❑ Other

Day-to-Day Challenges

16. Are counseling services available for your family within a reasonable distance?
- ❑ Yes
- ❑ No
- ❑ Don't know

17. Would your family use or has anyone in your family used counseling services?
- ❑ Yes
- ❑ No
- ❑ Don't know

18. If you did use counseling services, were they helpful?
- ❑ Yes
- ❑ No
- ❑ Not Applicable

19. What support services are offered for families whose servicemembers are not deployed to assist them in dealing with the stresses of military life, to include: high operations tempo, servicemember training in preparation for deployment, and return and reunion issues that emerge months after the servicemember's return?
- ❑ No-cost child care
- ❑ Ongoing family readiness group activities
- ❑ Family center programs
- ❑ Chaplains' programs
- ❑ Counseling
- ❑ Special support activities offered by organizations in surrounding civilian community
- ❑ Nothing offered beyond regular programs open to all families
- ❑ Other

20. Choose the one that best describes the level of support your family has received:
- ❑ Support available throughout the pre-deployment, deployment, and post-deployment
- ❑ Support available throughout the pre-deployment phase only
- ❑ Support available throughout the deployment phase only
- ❑ Support available throughout the post-deployment phase only
- ❑ Support available throughout the first deployment, but not at the same level on continuous deployments
- ❑ No support is/was available

21. What do you feel is needed for military families in order for them to continue to be successful before, during, and after the deployment cycles?

22. Would be willing for us to contact you with further questions about your family's deployment experience?
- ❑ Yes
- ❑ No

23. If you would like to be contacted, please provide your email address

24. Comments

Demographic Information

25. What is YOUR affiliation to the military?
- ❑ National Guard (activated or not activated)
- ❑ Reserve
- ❑ Active Duty
- ❑ Spouse of National Guard
- ❑ Spouse of Reserves
- ❑ Spouse of Active Duty
- ❑ Parent of servicemember
- ❑ Civilian or government employee
- ❑ Retired
- ❑ Other

26. With what branch of uniformed service is the servicemember affiliated?
- ❑ Army
- ❑ Navy
- ❑ Air Force
- ❑ Marine Corps
- ❑ Coast Guard
- ❑ NOAA
- ❑ Public Health Service

27. How many years has the servicemember been in service?
- ❑ 0-4 years
- ❑ 5-10 years
- ❑ 11-15 years
- ❑ 16-20 years
- ❑ 20+ years

28. What rank category is the servicemember?
- ❑ E1-E4
- ❑ E5-E7
- ❑ E8-E9
- ❑ W1-W4
- ❑ O1-O3
- ❑ O4-O6
- ❑ O7-O10

29. What is YOUR age category?
- ❑ 18-25
- ❑ 26-35
- ❑ 36-45
- ❑ 46-55
- ❑ 55+

30. Do you have dependent children?
- ❑ Yes
- ❑ No

The National Military Family Association is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies that will improve the lives of the families of the Army, Navy, Air Force, Marine Corps, Coast Guard and the Commissioned Corps of the Public Health Service and the National Oceanic and Atmospheric Administration. For more than 35 years, its staff and volunteers, comprised mostly of military family members, have built a reputation for being the leading experts on military family issues. Visit *www.nmfa.org* for more information.

NMFA thanks DefenseWeb Technologies, whose support made the printing of this report possible.

DefenseWeb Technologies, Inc. *(www.defenseweb.com)* provides customized software solutions including web portals, electronic screening tools, case management systems, and online training systems to address the needs of military servicemembers and their families.

The company's solutions are used by all branches of the U.S. military to make health and family programs more effective, more efficient, and less expensive. Recently, DefenseWeb developed the Army's Virtual Family Readiness Group (vFRG), an online community portal to help families communicate and stay connected to regional support services, improving quality of life and military readiness.

National Military Family Association
2500 N Van Dorn St., Ste. 102, Alexandria, VA 22302
(800) 260-0218, www.nmfa.org

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

APRIL 6, 2006

QUESTIONS SUBMITTED BY MRS. DRAKE

Mrs. DRAKE. General Hagenbeck, would you be supportive of a policy change regarding the outsourcing of certain administrative functions within the United States Army Recruiting Command (USAREC) to private industry?

General HAGENBECK. A number of Army recruiting administrative functions have already been outsourced, including recruiting company office coverage, telephone answering, travel orders preparation, and checks on applicants shipping to the training centers. Another outsourced task is live chat room and email responses for the www.goarmy.com recruiting website. The Center for Accessions Research (CAR), USA Accessions Command, is currently studying the feasibility of outsourcing certain administrative functions at the recruiting company level with the intent of allowing the recruiters to concentrate on their primary mission-recruit. This study currently involves evaluating four civilian companies' abilities to conduct security background checks in a timely and accurate manner. Results of this study will help provide information on the feasibility of outsourcing certain administrative functions.

Mrs. DRAKE. Last year, this subcommittee addressed what it perceived as a critical gap in our military capability by approving significant retention bonuses for experienced soldiers within the special operations community. Considering the Quadrennial Defense Review's call for a 15% increase in Special Operations Forces (SOF)—a call which I echoed in the House Armed Services Committee's Congressional Defense Review process—I am particularly concerned that our recruitment and retention efforts are currently not at the level they need to be in order to meet this important and yet challenging goal. Neither an increased focus on retention nor on recruitment alone will allow us to maximize our SOF capability. We need to employ a multi-faceted strategy employing all the tools at our disposal. While I strongly believe that SOF capabilities are critical to the Global War on Terror, I am also keenly aware of the community's culture of the "silent professional" and how this low-profile image has impacted recruitment.

Under Secretary Chu, can you elaborate on whether the retention bonuses Congress recently authorized have been effective in curtailing the historically high attrition rates within the SOF community?

Dr. CHU. SOF retention is very good, and the retention programs for our SOF warriors are working. In Fiscal Year 2005, we approved the SOF Retention Incentive Initiative, impacting most SOF operators. This incentive authorized a Critical Skills Retention Bonus (CSRB) for senior operators for a maximum of six years of service up to 25 years of service, an Assignment Incentive Pay (AIP) for our most senior operators with more than 25 years of service, and a Warrant Officer Accession Bonus. Further, the retention initiative raised Special Duty Assignment Pay (SDAP) for most operators.

- Since implementation of the CSRB program for SOF personnel, 905 out of 1,960 (46% take rate) eligible Service members have accepted the bonus. The CSRB is not authorized for non-SOF personnel.
- Enlisted members and warrant officers who have more than 25 years of service will receive AIP in the amount of $750 per month. Currently, 212 members have enrolled into the program, agreeing to stay on active duty for at least an additional 12 months.
- Since the Warrant Officer Accession Bonus was announced, 69 Service members have entered into the SOF Warrant Officer program.
- The SDAP was authorized at a standard allotment of $375 for all SOF members.
- In addition to the new incentives, the Military Services will continue to offer SOF personnel Selective Reenlistment Bonuses as needed.

Mrs. DRAKE. Last year, this subcommittee addressed what it perceived as a critical gap in our military capability by approving significant retention bonuses for experienced soldiers within the Special Operations community. Considering the Quadrennial Defense Review's call for a 15% increase in Special Operations Forces (SOF)—a call which I echoed in the House Armed Services Committee's Congressional Defense Review process—I am particularly concerned that our recruitment

and retention efforts are currently not at the level they need to be in order to meet this important and yet challenging goal. Neither an increased focus on retention nor on recruitment alone will allow us to maximize our SOF capability. We need to employ a multi-faceted strategy employing all the tools at our disposal. While I strongly believe that SOF capabilities are critical to the Global War on Terror (GWOT), I am also keenly aware of the community's culture of the "silent professional" and how this low-profile image has impacted recruitment.

In light of the recruitment challenge that I alluded to above, what more can the Department of Defense do to actively promote SOF and increase recruitment into the SOF community?

Dr. CHU. You are correct in stating that it will take a multi-faceted approach, utilizing all available tools, to achieve this critical recruiting mission. Since the onset of GWOT, the Services have worked aggressively to identify the means by which to improve the manning of SOF. Successful recruitment of potential SOF candidates requires individuals with extremely high physical fitness standards and extraordinary skills. Finding candidates that meet the rigorous requirements for SOF, coupled with the decrease in physical readiness among our youth in society today, while simultaneously trying to expand the market, has proved challenging.

We continue to look for ways to penetrate the market, to include focused marketing in order to attract specifically interested and motivated candidates; improved means of selecting candidates for the SOF communities in order to expand the number of potential candidates who will qualify and successfully complete training; and, reviews at Service level to ensure training and in service attrition are minimized without jeopardizing the quality of the SOF. We appreciate the support that Congress has provided us in our efforts to attract these highly qualified individuals. We believe that the Department must continue to try to expand the market, improve enlistment incentives, reduce attrition in the training process, and improve our SOF reenlistment rates.

Mrs. DRAKE. While on the topic of attrition, specifically with regards to the "silent professional," I recently spoke to a retired Petty Officer 2nd Class, a former operator in a Naval Special Boat Unit, who spoke to me about his ordeal receiving medical care when he was on active duty. According to this E–5, who was injured on numerous occasions throughout his 15 years of service, there seemed to be a significant disconnect between the doctor assigned to his group and the doctor—who had greater authority—assigned to him at Portsmouth Naval. Because the understanding and knowledge of the special warfare community was not present at Portsmouth, this E–5 claims that he did not receive the level of care over the years that he would have expected.

How can we ensure that the needs—particularly medical—of our SOF community are being met considering the differences in culture that exist within our military between unconventional and conventional forces? How can we ensure that these differences do not adversely affect retention rates?

Dr. CHU. One of the most important features of the Military Health System (MHS) is that physicians in the direct care system practice one standard of care; i.e., it is our expectation that every beneficiary will receive care that is consistent with the nationally accepted standard of care. As a general rule, the physicians assigned to the large military treatment facilities (MTFs) such as Naval Medical Center (NMC) Portsmouth are either fully trained, board eligible, or certified specialists who have completed at least three years of graduate medical education after medical school, or physicians in training under the supervision of the fully trained specialists. Physicians assigned to a SOF unit are usually general medical officers (GMOs) who have completed one year of graduate medical education. It is not necessarily true that the specialist at the MTF has greater authority than the GMO, but it is nearly always true that the attending physician at the MTF has greater expertise and experience than a GMO. Therefore, the direction of the attending physician is what guides the patient's care.

It is standard practice in military medicine (and in the civilian sector, as well) that once a patient is referred by a GMO, or other primary care provider, to a specialist, the specialist's treatment plan would be used as the roadmap for the goal of returning a Service member to duty without medical limitations. While there may be rare cases in which the SOF GMO's treatment plan is more appropriate to the operational setting than that of the specialist, cooperation and communication between specialists will provide the highest quality of care in the vast majority of cases. Because the MHS offers one standard of care, a SOF operator with a particular illness or injury receives the same high quality care that is offered to every other beneficiary with the same illness or injury.

In geographical areas where SOF units are located near MTFs, MTFs often take special measures to ensure that SOF operators receive timely and efficient care. For

example, in recognition of previous delays in care related to the secrecy surrounding SOF activities, and to expedite care for SOF Service members, NMC Portsmouth implemented the following initiatives during the past year:

- The Director for Surgical Services (DSS) is now the sole "conduit" for all SOF patients. The SOF unit physician contacts the DSS directly. If admission is required, the DSS arranges a direct admission to the hospital, without any stop in the Emergency Department. If outpatient services are required, the DSS arranges the appointments.
- The DSS has a high-level security clearance, so the SOF physician can describe where the injury or illness occurred and provide details about the related circumstances that may be important in diagnosis or treatment of the patient, etc.
- The DSS facilitates SOF patient care as rapidly as possible, so that there is no waiting for specialty consultations, operating room time, physical therapy, etc.
- NMC Portsmouth invites SOF unit physicians to become part of its own medical staff so they can work with their colleagues (orthopedists, infectious disease physicians, etc.) to improve communication and trust.
- NMC Portsmouth physicians spend time in the branch medical clinics where the SOF physicians work between deployments so they gain familiarity with the medical personnel and assets available at the SOF unit level.

In these ways, the MHS attempts to bridge the gap in knowledge and experience between the operational medical personnel and the garrison medical personnel. Open communication and partnership between the conventional and unconventional medical personnel, as appropriate, can facilitate improved medical care for sick or injured SOF operators.

Mrs. DRAKE. It is my understanding that the Department of Defense's (DOD's) collocation rule affects only those support units that constantly collocate with direct ground combat maneuver battalions. However, I am concerned that female soldiers may have been placed in Forward Support Companies (FSCs), which collocate with all-male infantry and armor maneuver battalions. Can you provide me a complete list—per Department regulations promulgated on January 13, 1994—of positions in each Service that the DOD considers as open to Service women as well as a list of those considered as closed to women?

Dr. CHU. The Department believes that the assignment of women complies with policy and that the Army is vigilant in ensuring that assignments of women to all units (including FSCs) are accomplished within existing policy and guidelines. Section 541 of Public Law 109–163, however, requires that we submit a report on current and future application of the policy, and directs that the review examine Army personnel policies and practices to ensure conformity with the Department's 1994 memorandum. The DOD and Army are in the process of conducting this review, with a specific focus on adherence to the policy in relation to the ongoing transformation of the Army to modular units. The FSC is one of these modular units. The RAND Corporation's National Defense Research Institute is assisting the Department in this examination. We anticipate that the final report, along with the Department's subsequent analysis, will be forwarded to Congress later this year. I expect that the concerns expressed by your questions and requests for specific data will be addressed in a more analytical and helpful manner through this formal report.

A comprehensive list of positions would be voluminous and unmanageable. Position data and titles vary across the Services and within organizations within the Services. The Department, however, monitors those fields and specialties open to women where at least 80% of the personnel assigned are men. These specialties, listed by Service, follow the "History" below. Information about specialties that exclude women or are less than 80% male is provided annually to Congress, in accordance with Section 562 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003. A representation of fields and specialties closed to women is provided.

History

April 1993: Congress repealed the law that prohibited women from being assigned to combat aircraft (1992–93 National Defense Authorization Act).

December 1993: Congress repealed the naval combatant exclusion law (Public Law 103–160).

January 1994: The Secretary of Defense opened combat aviation.

February 1994: The Secretary of Defense allowed women to be permanently assigned to surface combatant vessels (repeal of title 10, code 6015).

October 1994: The DOD Risk Rule was rescinded by the Secretary of Defense. Women became eligible for all positions for which they were qualified, except for those assignments to units below the brigade level whose primary mission was to engage in direct combat on the ground. (Women were eligible to become bomber pilots, fighter and rotary wing pilots, and sailors on combat ships. However, the direct ground combat definition restricted female soldiers).

May 1999: Navy opens Mine Countermeasure and Coastal Mine Hunter ships to women officers (berthing available at no modification cost, for officers only).

February 2003: Army opened some Air Defense Artillery Enlisted positions to women.

April 2005: Navy opens Patrol Coastal Ships to women officers (berthing available at no modification cost for officers only). Submarines remain closed to women due to high modification costs for berthing.

Army

Officer Fields

Acquisition
Air Defense Artillery
Aviation
Chaplain
Civil Affairs
Dental Corps
Engineers
Field Artillery (select specialties)
Force Development
Foreign Area Officer
Logistics
Military Intelligence
Ordnance
Signal Corps

Warrant Officer Fields

Air Defense Artillery
Ammunition
Aviation
Corps of Engineers
Field Artillery (select specialties)
Medical Service Corps
Military Intelligence
Military Police
Ordnance
Signal Corps
Transportation Corps
Veterinary Corps

Enlisted Fields

Air Defense Artillery
Ammunition
Aviation
Communications Systems and Information
Electronic Maintenance and Calibrations
Engineer
Field Artillery (select specialties)
Mechanical Maintenance
Military Intel Systems Maintenance/Integration
Military Intelligence
Military Police
Psychological Operations
Recruitment and Reenlistment

Navy

Officer Fields

Aviation (General Aviation, Pilot and Naval Flight Officer)
Chaplain
Civil Engineer Corps

Cryptology
Engineering Duty Officer (EDO)/Aerospace EDO (AEDO)
Intelligence
Special Operations (Mammal Handler)
Supply
Surface Warfare Officer

Limited Duty Officer Fields

Administration
Aviation
Band Master
Civil Engineer Corps
LDO Communications
Cryptology
Intelligence
Meteorology
Photography
Security
Submarine tender
Supply
Surface Warfare Officer

Warrant Officer Fields

Aviation
Cryptology
Food Service
Intelligence
Security
Submarine tender
Supply
Surface Warfare Officer

Enlisted Fields

Aviation
Combat Systems
Construction
Engineering
Operations
Non-Rated (Seaman, Airman)

Air Force

Officer Fields

Acquisition Manager
Aerospace Medicine Physician
Air Battle Management
Air Force Operations Staff Officer
Air Traffic Control
Aircraft Maintenance and Munitions
Bioenvironmental Engineer
Bomber Navigator
Bomber Pilot
Chaplain
Civil Engineer
Commander
Communications and Information
Developmental Engineer
Executive Officer above Wing Level
Fighter Navigator
Fighter Pilot
Foreign Area Officer
General Officer
Generalist Pilot
Helicopter Pilot
International Politico-Military Affairs
Mobility Navigator
Mobility Pilot

Navigator Trainee
Operations Commander
Pilot Trainee
Planning and Programming
Recon/Surveillance/Electronic War Navigator
Recon/Surveillance/Electronic Warfare Pilot
Security Forces
Space and Missile Maintenance
Space and Missile Operations
Special Operations Navigator
Special Operations Pilot
Student Officer Authorization
Support Commander
Surgeon
Trainer Pilot
Weather

Enlisted Fields

Security Forces
Aerospace Maintenance
Tactical Aircraft Maintenance
Communications-Computer Sys Operations
Aircraft Armament Sys
Munitions Sys
Aerospace Propulsion
Bomber Avionics Sys
Air Transportation
Aerospace Ground Equip
Fuels
Aircraft Electrical and Environmental Sys
Fire Protection
Aircraft Structural Maintenance
Communications-Computer Sys Control
Electronic Computer and Switching Sys
Recruiter
Ground Radio Communications
Avionics Test Station and Components
Satellite and Wideband Communications Equip
Vehicle Operations
Aircraft Loadmaster
Aircraft Hydraulic Sys

Marines

Officer Fields

Air Command and Control Officer
Air Intelligence Officer
Aircraft Maintenance Officer
Aviation Supply Officer
Billet Designator-Any Pilot/Naval Flight Officer
Billet Designator-Fixed Wing Pilot
Billet Designator-Unrestricted Ground Officer
Billet Designator-Unrestricted Officer
CH–53 A/D Qualified
Colonel, Ground
Command and Control Systems Officer
Engineer Officer
F/A–18D Weapons System Officer
Financial Management Officer
Ground Supply Officer
Judge Advocate
KC–130 Aircraft Commander
KC–130 Co-Pilot (T2P/T3P)
Logistics Officer
Marine Air/Ground Task Force (MAGTF) Intelligence Officer
Military Police Officer
Pilot HMH CH–53E
Pilot HMH/M/L/A AH–1

Pilot HMH/M/L/A CH–46
Pilot HMH/M/L/A UH–1
Pilot VMA–AV–8B
Pilot VMFA F/A–18
Qualified EA–6B Electronic Warfare Officer
Signal Intelligence/Ground Electronic Warfare Officer

Warrant Officer Fields

Engineer Equipment Officer
Nuclear, Biological & Chemical Defense Officer
Aircraft Maintenance Engineering Off
Aviation Ordnance Officer
Motor Transport Maintenance Officer
Avionics Officer
Data/Communications Maintenance Officer
Embarkation Officer
Personnel Officer

Enlisted Fields

Engineer Equipment Operator
Combat Engineer
Engineer Equipment Mechanic
Small Arms Repairer/Technician
Recruiter
Organizational Automotive Mechanic
Sergeant Major/First Sergeant
Bulk Fuel Specialist
Motor Vehicle Operator
Aircraft Ordnance Technician
Guard
Billet Designator-Enlisted
Logistics Vehicle System Operator
Military Police
Drill Instructor
Field Radio Operator
Embarkation/Logistics and Combat Service Support Specialist
Intelligence Specialist
Field Wireman
Food Service Specialist
Ammunition Technician
Supply Administration & Operations Clerk
Personnel Clerk
Administrative Clerk
Warehouse Clerk
Aviation Supply Clerk
Personnel/Administrative Chief
Tactical Network Specialist
Data Network Specialist

Examples of Specialties Closed to Women

Officer

Infantry
Armor
Special Forces/Special Tactics Officer
Special Operations Aviation
Underwater Special Operations
Military Free Fall Special Operations
Ranger
Submariner
Combat Rescue Officer

Enlisted

Infantryman
Field Artillery
Special Forces/Special Operations
Armor

Combat Engineer
Artillery Mechanic
Bradley Fighting Vehicle Mechanic
M1 Abrams Tank System Mechanic
Submariner
Para Rescue
Combat Controller

Mrs. DRAKE. How many female soldiers are currently trained or placed, whether "assigned," "attached," or "op-conned," in support units that collocate with land combat maneuver battalions in Army brigade combat teams within the 1st Cavalry Division, the 3rd and 4th Infantry Divisions, the 10th Mountain Division, the 101st Airborne Division, and other units that deliberately engage the enemy in direct ground combat? I am requesting numbers for Fiscal Year (FY) 2002 through FY 2006 in the active-duty Army, National Guard, and Reserve components.

Dr. CHU. The Department believes that the assignment of women complies with policy and that the Army is vigilant in ensuring that assignments of women to all units (including Forward Support Companies (FSCs)) are accomplished within existing policy and guidelines. Section 541 of Public Law 109–163, however, requires that we submit a report on current and future application of the policy, and directs that the review examine Army personnel policies and practices to ensure conformity with the Department's 1994 memorandum. The DOD and Army are in the process of conducting this review, with a specific focus on adherence to the policy in relation to the ongoing transformation of the Army to modular units. The FSC is one of these modular units. The RAND Corporation's National Defense Research Institute is assisting the Department in this examination. We anticipate that the final report, along with the Department's subsequent analysis, will be forwarded to Congress later this year. I expect that the concerns expressed by your questions and requests for specific data will be addressed in a more analytical and helpful manner through this formal report.

Mrs. DRAKE. How many female soldiers are being trained to serve, whether "assigned," "attached," or "op-conned," in support units that collocate with land combat maneuver battalions in any Army or Marine units that deliberately engage the enemy in direct ground combat? I am requesting numbers for Fiscal Year (FY) 2007 through FY 2010 in the active-duty Army, National Guard, and Reserve components.

Dr. CHU. The Department believes that the assignment of women complies with policy and that the Army is vigilant in ensuring that assignments of women to all units (including Forward Support Companies (FSCs)) are accomplished within existing policy and guidelines. Section 541 of Public Law 109–163, however, requires that we submit a report on current and future application of the policy, and directs that the review examine Army personnel policies and practices to ensure conformity with the Department's 1994 memorandum. The DOD and Army are in the process of conducting this review, with a specific focus on adherence to the policy in relation to the ongoing transformation of the Army to modular units. The FSC is one of these modular units. The RAND Corporation's National Defense Research Institute is assisting the Department in this examination. We anticipate that the final report, along with the Department's subsequent analysis, will be forwarded to Congress later this year. I expect that the concerns expressed by your questions and requests for specific data will be addressed in a more analytical and helpful manner through this formal report.

Mrs. DRAKE. A May 17, 2005 letter from Army Staff Director Lt. Gen. James L. Campbell claimed that, if legislation cosponsored by House Armed Services Committee Chairman Duncan Hunter and Military Personnel Subcommittee Chairman John McHugh passed, a total of 21,925 spaces in Army Brigade and Stryker Combat Teams currently open for assignment to female soldiers would be closed. What data regarding the placement of female soldiers in Forward Support Companies (FSCs)—present or future—supports this claim?

Dr. CHU. The Department believes that the assignment of women complies with policy and that the Army is vigilant in ensuring that assignments of women to all units (including FSCs) are accomplished within existing policy and guidelines. Section 541 of Public Law 109–163, however, requires that we submit a report on current and future application of the policy, and directs that the review examine Army personnel policies and practices to ensure conformity with the Department's 1994 memorandum. The DOD and Army are in the process of conducting this review, with a specific focus on adherence to the policy in relation to the ongoing transformation of the Army to modular units. The FSC is one of these modular units. The RAND Corporation's National Defense Research Institute is assisting the Department in this examination. We anticipate that the final report, along with the

Department's subsequent analysis, will be forwarded to Congress later this year. I expect that the concerns expressed by your questions and requests for specific data will be addressed in a more analytical and helpful manner through this formal report.

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